Q2 2022 Financial Results

Align Technology, Inc.

July 27, 2022

Conference Details

Conference call

Speakers:

- Joe Hogan, President and CEO
- John Morici, CFO
- Shirley Stacy, VP, Corporate Communications & Investor Relations

Replay and Webcast Archive:

- Telephonic replay will be available through 5:30 pm ET, August 10, 2022
- Domestic callers: 866-813-9403
- International callers: 929-458-6194
- Access code: 137829
- Audio webcast archive will be available at http://investor.aligntech.com for one month

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Safe Harbor and Forward-Looking Statements

- This presentation, including the tables below, contains forward-looking statements, including statements of beliefs and expectations regarding market opportunities, factors, events and circumstances impacting macro-economic conditions and predictability, the impact of new products and innovations, our positioning and ability to lead the digital revolution of orthodontic treatment, the benefits of our operating model and balance sheet, our ability to manage investments and our areas of focus and commitment. Forward-looking statements contained in this presentation relating to expectations about future events or results are based upon information available to Align as of the date hereof. Readers are cautioned that these forward-looking statements reflect our best judgments based on currently known facts and circumstances and are subject to risks, uncertainties, and assumptions that are difficult to predict. As a result, actual results may differ materially and adversely from those expressed in any forward-looking statement.

- Factors that might cause such a difference include, but are not limited to:
  - macroeconomic conditions, including inflation, fluctuations in currency exchange rates, weakness in general economic conditions and recessions;
  - customer and consumer purchasing behavior and changes in consumer spending habits as a result of, among other things, prevailing economic conditions, levels of employment, salaries and wages, inflationary pressure, declining consumer confidence, the military conflict in Ukraine, fluctuations in currency exchange rates, and the impact of efforts by central banks to combat inflation and recession;
  - the impact of the COVID-19 pandemic and its variants on the health and safety of our employees, customers, patients, and our suppliers, as well as the physical and economic impacts of the various recommendations, orders, and protocols issued by local and national governmental agencies in light of continual evolution of the pandemic, including any periodic reimplementation of preventative measures in various global locations;
  - the economic and geopolitical ramifications of the military conflict in Ukraine, including sanctions, retaliatory sanctions, nationalism, supply chain disruptions and other consequences, any of which may or continue to adversely impact our commercial and research and development activities inside and outside of Russia;
  - the timing and availability and cost of raw materials, components, products and other shipping and supply chain constraints;
  - unexpected or rapid changes in the growth or decline of our domestic and/or international markets;
  - competition from existing and new competitors;
  - rapidly evolving and groundbreaking advances that fundamentally alter the dental industry or the way new and existing customers market and provide products and services to consumers;
  - the ability to protect our intellectual property rights;
  - continued compliance with regulatory requirements;
  - declines in, or the slowing of the growth of, sales of our intraoral scanners domestically and/or internationally and the impact either would have on the adoption of Invisalign products;
  - the willingness and ability of our customers to maintain and/or increase product utilization in sufficient numbers;
  - the possibility that the development and release of new products or enhancements to existing products do not proceed in accordance with the anticipated timeline or may themselves contain bugs, errors or defects in software or hardware requiring remediation and that the market for the sale of these new or enhanced products may not develop as expected;
  - a tougher consumer demand environment in China generally, especially for manufacturers and service providers whose headquarters or primary operations are not based in China;
  - the risks relating to our ability to sustain or increase profitability or revenue growth in future periods (or minimize declines) while controlling expenses;
  - expansion of our business and products;
  - the impact of excess or constrained capacity at our manufacturing and treat operations facilities and pressure on our internal systems and personnel;
  - the compromise of our systems or networks, including any customer and/or patient data contained therein, for any reason;
  - the timing of case submissions from our doctors within a quarter as well as an increased manufacturing costs per case;
  - foreign operational, political, military and other risks relating to our operations; and
  - the loss of key personnel, labor shortages or work stoppages for us or our suppliers.

- The foregoing and other risks are detailed from time to time in our periodic reports filed with the Securities and Exchange Commission, including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the Securities and Exchange Commission ("SEC") on February 25, 2022 and our latest Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, which was filed with the SEC on May 5, 2022. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

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About Non-GAAP Financial Measures

- To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States ("GAAP"), we may provide investors with certain non-GAAP financial measures which may include constant currency net revenues, gross profit, gross margin, operating expenses, income from operations, operating margin, constant currency income from operations, constant currency operating margin, interest income and other income (expense), net, net income before provision for income taxes, provision for income taxes, effective tax rate, net income and/or diluted net income per share, which excludes certain items that may not be indicative of our fundamental operating performance including, foreign currency exchange rate impacts, discrete cash and non-cash charges or gains that are included in the most directly comparable GAAP measure. Unless otherwise indicated, when we refer to non-GAAP financial measures they will exclude the effects of stock-based compensation, amortization of certain acquired intangibles, deferred tax asset amortization related to the intra-entity transfer of non-inventory assets, acquisition-related costs, and arbitration award gain, and, if applicable, any associated tax impacts.
- We use non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes that the use of certain non-GAAP financial measures provide meaningful supplemental information regarding our recurring core operating performance. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal evaluation of period-to-period comparisons. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the performance of our business.
- There are limitations to using non-GAAP financial measures, though, because they are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which charges are excluded from the non-GAAP financial measures. We compensate for these limitations by analyzing current and future results on a GAAP as well as a non-GAAP basis and also by providing GAAP measures in our public disclosures. The presentation of non-GAAP financial information is meant to be considered in addition to, not as a substitute for or in isolation from, the directly comparable financial measures prepared in accordance with GAAP. We urge investors to review the reconciliation of our GAAP financial measures to the comparable non-GAAP financial measures included herein and not to rely on any single financial measure to evaluate our business. For more information on these non-GAAP financial measures, please see the tables captioned "Unaudited GAAP to Non-GAAP Reconciliation."

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align

25

years of smiles

Transforming smiles, changing lives.


align™ | invisalign® | iTero™ | exocad™
Over **13.4M** total Invisalign® patients treated to date, including **3.5M** teens.

align™ | invisalign® | iTero™ | exocad™

25 years – From appliance to platform

Revenue Y/Y%

2001–2015
+23%

2016–2021
+30%

1997 – 2006

Invisalign® clear aligners

ClinCheck® software

3D Printing SLA

2007 – 2012

Force system biomechanics

G-Series

Attachments

PowerRidge

Vivera™ retainers

SmartForce™

iTero™ intraoral scanners

2013 – 2016

G-Series

SmartTechnology

SmartTrack™

SmartForce™

SmartStage™

ClinCheck® Pro

Biteramps

Mandibular advancement

iTero Element™

Invisalign® Outcome Simulator

2017 – 2022

G-Series

ClinCheck® Pro 6.0

iTero Element™ 5D imaging system NIRI

Invisalign First™

My Invisalign™ app

Invisalign Smile Architect™

Invisalign® Virtual Care

exocad™ lab software

Retention

Subscription

E-Commerce

Diagnostics

Invisalign® Practice App

Professional Whitening

Enhanced precision wings for Invisalign treatment with mandibular advancement

Align™ Digital Platform

- The **Align Digital Platform** is an integrated suite of proprietary technologies and services delivered as a seamless end-to-end solution to customers, to transform smiles and change lives.

- This seamless end-to-end treatment experience, the **Align Digital Workflow**, guides you from first consultation through to final smile, delivering to you and your patients' superior clinical outcomes, treatment efficiency, and an elevated patient experience.

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Align Digital Workflow

Connect
Drive consumer demand & connect it to your practice

$300M annual investment in consumer demand

My Invisalign™ app

Invisalign SmileView™

Invisalign® Doctor Locator

Scan
Enable doctor diagnosis, efficient planning & patient acceptance

iTero™ scanners with NIRI technology

iTero Element™ 5D

iTero™ TimeLapse

Invisalign® Outcome Simulator Pro

Invisalign Photo Uploader

Plan
Digitally visualize & plan your ortho & restorative treatments

ClinCheck® Pro 6.0 In-Face Visualization

ClinCheck® Live Update for 3D controls

Invisalign® Personal Plan (“IPP”)

Invisalign Smile Architect™

Cone Beam Computed Tomography (“CBCT”) integration feature for ClinCheck® digital treatment planning software

Treat
Delivery of customized, digitally designed aligners

Invisalign® clear aligner system

Invisalign® Practice App

Enhanced precision wings for Invisalign treatment with mandibular advancement

Monitor
Virtual treatment tracking between visits & ongoing patient care

Invisalign® Virtual Care

My Invisalign™ app

Retain
Maintain beautiful teeth for life

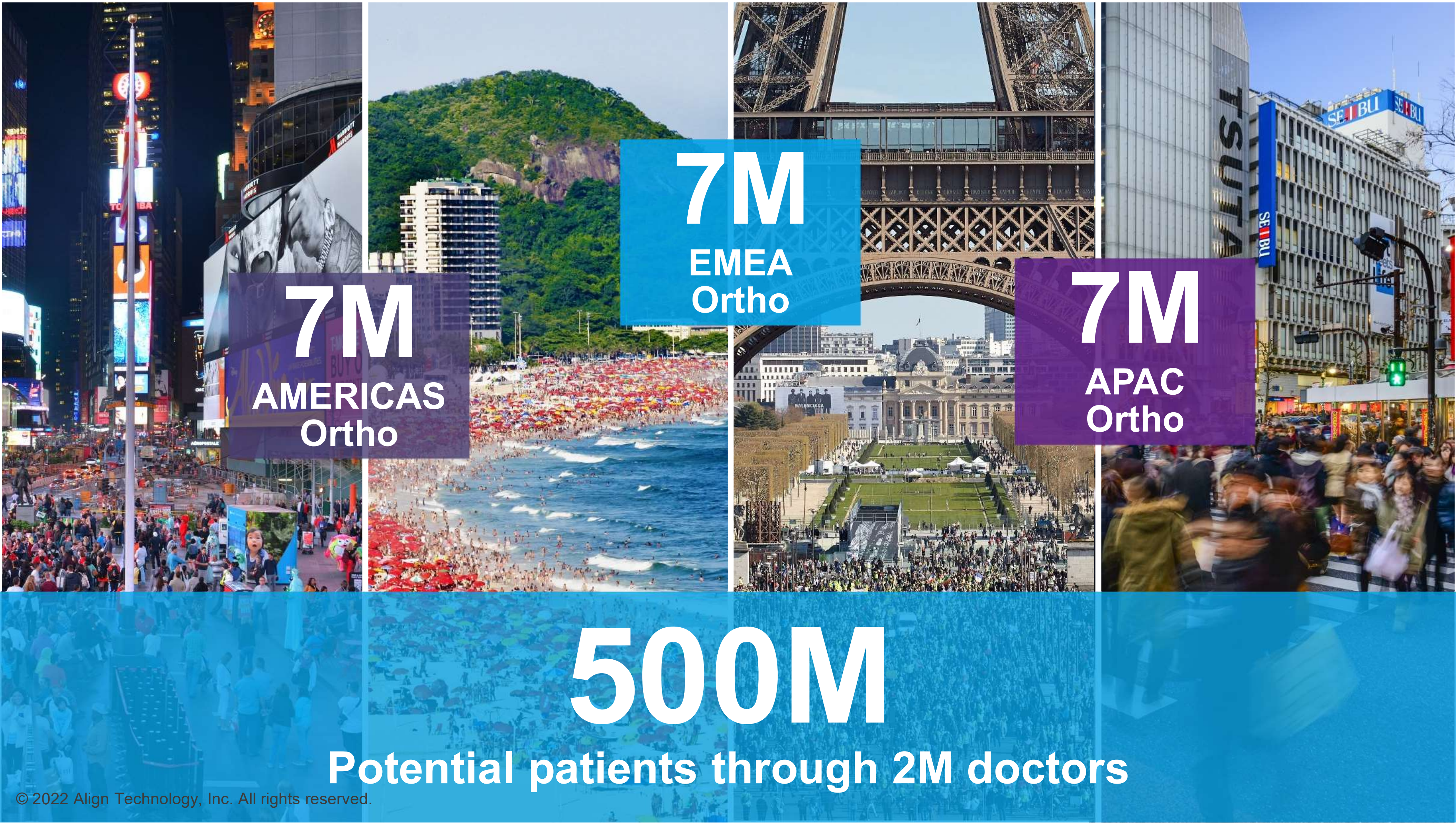
Vivera™ retainers

Invisalign® Professional Whitening System

To learn more:
https://investor.aligntech.com/news-releases/news-release-details/align-technology-introduces-invisalign-outcome-simulator-pro
https://investor.aligntech.com/news-releases/news-release-details/align-technology-launches-new-invisalign-system-innovations
https://investor.aligntech.com/news-releases/news-release-details/align-technology-continues-revolutionize-orthodontic-and

Invisalign Outcome Simulator Pro is currently in limited market release and will be available on all iTero Element Plus Series scanners and imaging systems starting in the second half of 2022.
The CBCT integration feature for ClinCheck treatment planning software is currently in technical design assessment (TDA) and will be scaled in phases across our customer population starting in the second half of 2022.
Due to the individual nature of each doctors’ approach to different cases, IPP is being scaled gradually in phases across our customer population.
Invisalign Smile Architect is being piloted on the full line of Invisalign Go™ offerings only.

Unprecedented Opportunity



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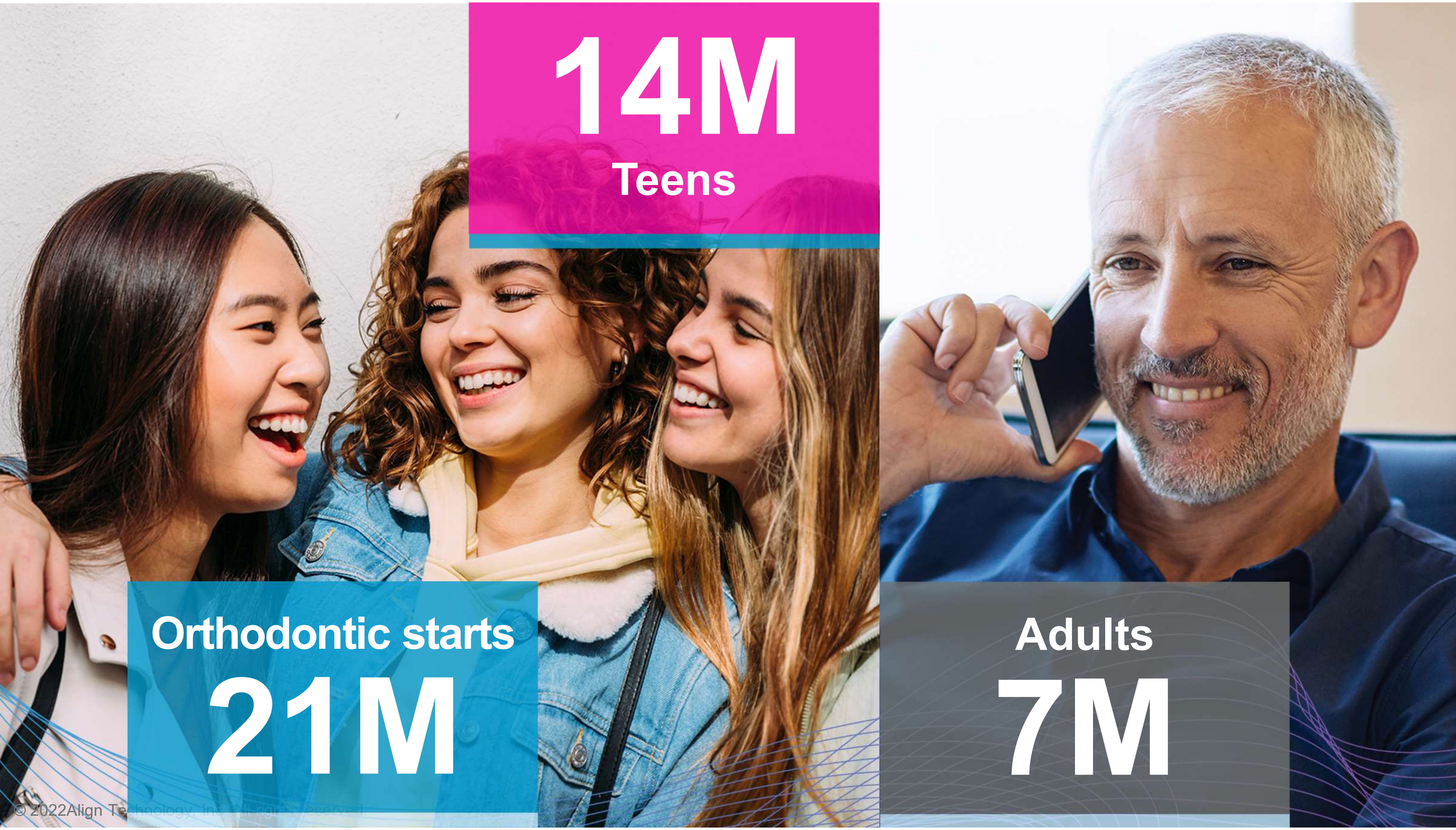

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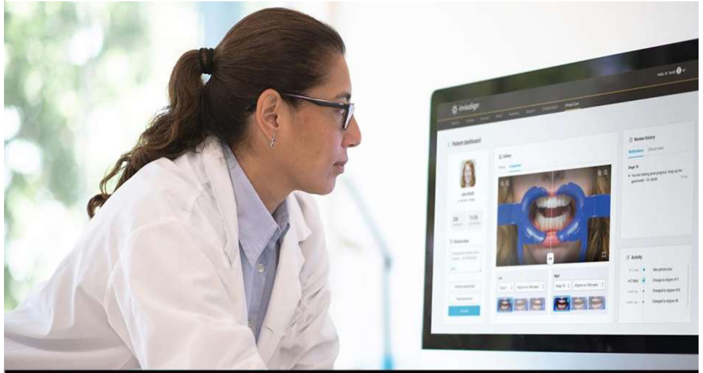
Relentless focus and execution on our strategic growth drivers

International expansion

Patient demand & conversion



Orthodontist utilization

GP dentist treatment

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Opening Commentary

We're pleased to report solid second quarter results with top line revenues relatively unchanged from Q1 and operating margin of approximately 20% despite the impact from unfavorable foreign exchange.

The underlying market for orthodontics continues to be impacted by macro-economic environmental factors and lingering effects of COVID-19 variants in certain markets. Notwithstanding these headwinds, we continued to deliver on our strategic initiatives, including opening new offices in the Middle East and Africa and our new manufacturing facility in Poland, launching new solutions to better support the way our customers want to do business, such as the Doctor Subscription Program and Teen case packs, and announcing new products and innovation to help our doctors and their patients.

These new innovations are revolutionizing digital treatment planning and helping to drive the evolution of digital orthodontics and comprehensive dentistry.

Align is well positioned to withstand the current market conditions to lead the digital revolution in orthodontics and dentistry as the environment and growth trends improve.

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Quarterly Highlights

Solid second quarter results

Top line revenues relatively unchanged from Q1 and operating margin of ~20% despite the impact from unfavorable FX

TOTAL REVENUES	TOTAL SYSTEMS AND SERVICES REVENUES	TOTAL CLEAR ALIGNER REVENUES	GAAP OP PROFIT MARGIN
Q2'22	**Q2'22**	**Q2'22**	**Q2'22**
$969.6M	**$171.2M**	**$798.4M**	**$188.2M | 19.4%**
Q/Q (0.4)% Y/Y (4.1)%	Q/Q +4.7% Y/Y +0.8%	Q/Q (1.4)% Y/Y (5.1)%	Q/Q (0.9)% pts Y/Y (7.2)% pts
Q2'21	**Q2'21**	**Q2'21**	**Q2'21**
$1,010.8M	**$169.8M**	**$841.0M**	**$268.9M | 26.6%**
Q/Q +13.0% **Y/Y +186.9%**	Q/Q +20.0% **Y/Y +214.7%**	Q/Q +11.6% **Y/Y +181.9%**	Q/Q +1.4% pts **Y/Y +47.3% pts**
Q2'22 FX Impact: • Q/Q: ~$15.3M unfavorable impact from FX(1) • Y/Y: ~$39.9M unfavorable impact from FX(1)	**Q2'22 FX Impact:** • Q/Q: ~$2.9M unfavorable impact from FX(1) • Y/Y: ~$7.0M unfavorable impact from FX(1)	**Q2'22 FX Impact:** • Q/Q: ~$12.3M unfavorable impact from FX(1) • Y/Y: ~$32.9M unfavorable impact from FX(1)	**Q2'22 FX Impact:** • Q/Q: ~1.1 pts unfavorable impact from FX(1) • Y/Y: ~2.4 pts unfavorable impact from FX(1)

(1) See table: Unaudited GAAP to Non-GAAP Reconciliation.

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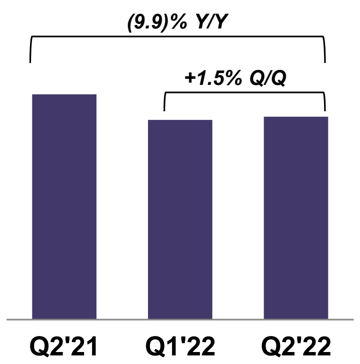
Business and Regional Review

Clear Aligner business

Americas Clear Aligner Metrics

Americas Clear Aligner Shipments

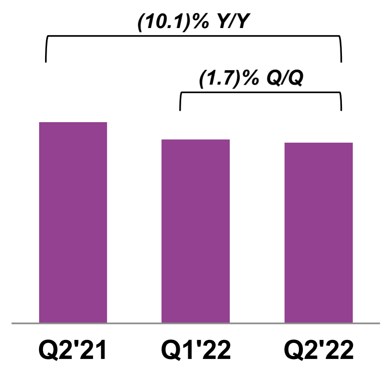


North Americas Utilization*

	Q2’21	Q1’22	Q2’22
NA Ortho	29.4	26.8	26.8
NA GP	5.3	5.0	5.1

International Clear Aligner Metrics

International Clear Aligner Shipments

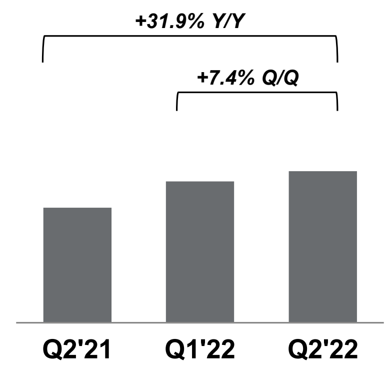


International Utilization*

Q2’21	Q1’22	Q2’22
7.1	6.4	6.4

Non-Case Clear Aligner Metrics

Non-Case Clear Aligner Revenues



*number of cases shipped/number of doctors to whom cases were shipped

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Retention, Doctor Subscription Program ("DSP"), and Accessories/e-Commerce

- For other non-case revenues, which include retention products such as Vivera™ retainers, clinical training and education, accessories/e-Commerce and our new subscription programs such as DSP, revenues were up both Q/Q and Y/Y
- For retainers, Q2 shipments had strong momentum, with growth across all regions. Growth was driven by both submitters and utilization
- Momentum in DSP continued and Q2 revenues increased +60% Q/Q

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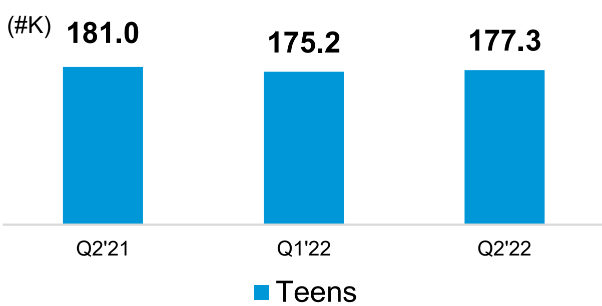
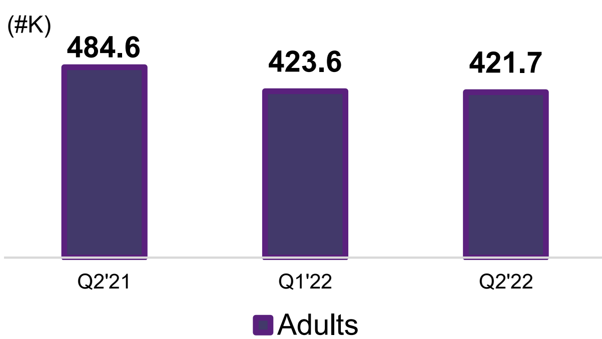
+3.5M Teen and Kids treated with the Invisalign system, to date

- For Q2, Invisalign First™ for kids as young as 6 grew Y/Y and was strong across all regions





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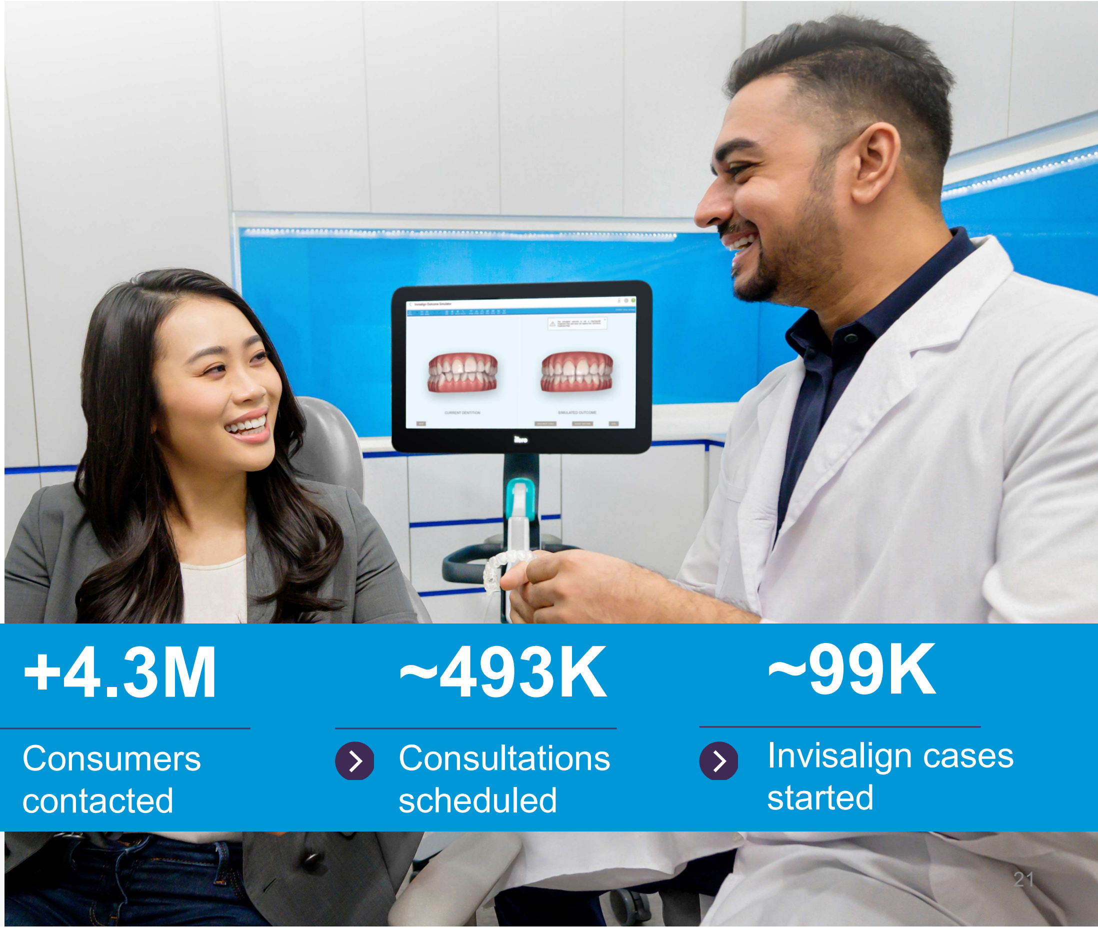
Connecting consumers with top Invisalign® doctors

Delivering a best-in-class experience to achieve a happy and healthy smile through doctors

- The Invisalign Brand Consumer Concierge service teams have connected approximately **493K** potential consumers with Invisalign doctors and reached more than **4.3M** consumers globally. The Invisalign Brand Consumer Concierge program successfully provides leads to doctors they otherwise may not obtain
- The Invisalign Brand Consumer Concierge service teams are located in the U.S., Brazil, Singapore, the Philippines, China, Australia, the UK, Poland, Bulgaria, Saudi Arabia, United Arab Emirates, and Germany



+4.3M	~493K	~99K
Consumers contacted	Consultations scheduled	Invisalign cases started

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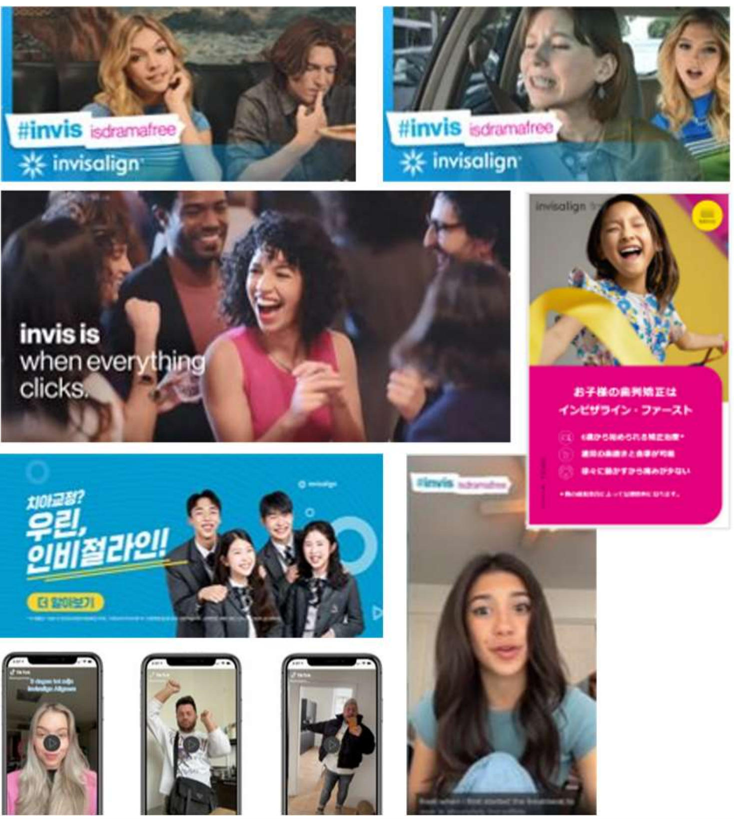
Power of consumer brand



- For Q2, we had **+16.2M** visits to our websites, a 15% Y/Y increase and delivered **+6.3B** impressions. Both metrics were lower versus Q1, as we chose to right size our media spend in Q2 given the macro-economic environment
- In Q2, we built on our successful "Invis Is" multi-media campaign and launched the next evolution with two new campaigns "**Invis is Drama Free**" targeted at teens and "**Invis is When Everything Clicks**" targeted at adults. Both campaigns were launched in the U.S. and will be rolled out to markets around the world in Q3
- Adoption of our **Consumer and Patient app, "My Invisalign"** continued to increase with **1.8M downloads,** to date. Usage of our four digital tools continues to increase – for example, **Invisalign Virtual Appointment tool** was used **over 12K times**, and our **insurance verification feature** was used **36K times** in Q2. Further, we received **>91K patient photos** in our Invisalign® Virtual Care feature globally, which continues to provide us with rich data to leverage our AI capabilities and improve our services for doctors and patients

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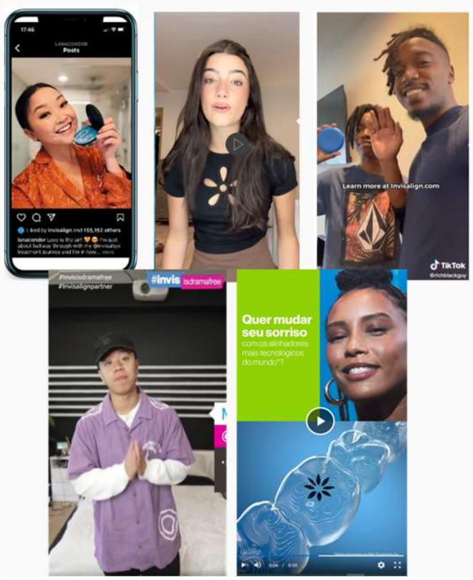
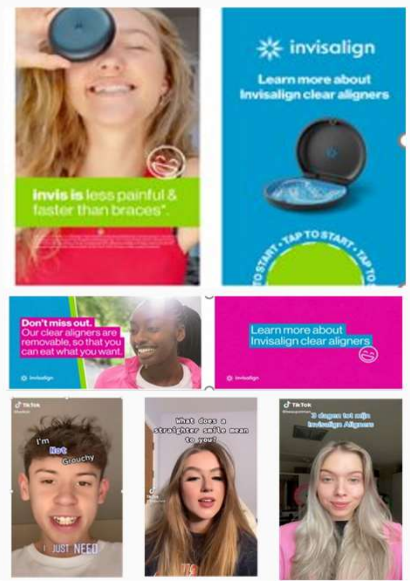
Q2 2022 Invisalign® Brand Consumer Marketing

	AMERICAS		EMEA		APAC	
	Website Visitors	Impressions	Website Visitors	Impressions	Website Visitors	Impressions
Q2'22	8.5M	3.5B	4.1M	953M	3.6M	1.8B
Q1'22	11.8M	4.4B	8.8M	2.5B	3.1M	1B

- Social media and influencer marketing
- Teen, Adult and Moms of teens



- Social media and influencer marketing



- Social media and influencer marketing
- KOL campaigns

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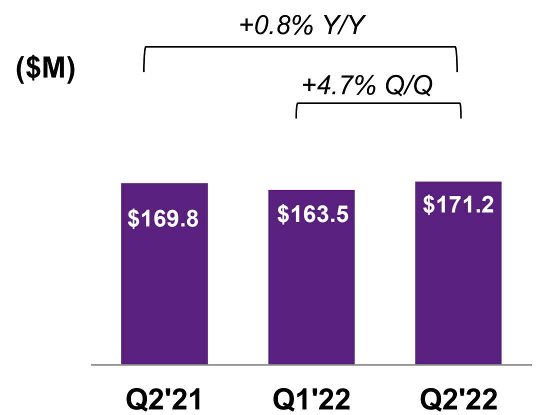
Systems and Services business

Intraoral digital scans for Invisalign case submissions

Americas	85.7%	83.2%	84.0%	85.5%	86.6%	87.9%	89.1%	90.6%	**91.4%**
International	72.0%	72.1%	73.7%	75.1%	76.2%	79.3%	80.8%	82.8%	**84.4%**
	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	**Q2'22**

Imaging Systems and CAD/CAM Services

Systems and Services Revenues



Services revenues represent approximately **40%** of our Systems and Services business

Invisalign® scans include but not limited to additional aligner order scans, progress tracking, and does not reflect total Invisalign case shipments. Data on file at Align Technology
The iTero Element™ 2 and the iTero Element™ Flex intraoral scanners are currently available in the U.S., Canada, China, and majority of EMEA and APAC markets. The iTero Element™ 5D imaging system is available in the U.S., Canada, China, and the majority of EMEA and select APAC and LATAM markets

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exocad Q2 2022 Highlights

Launch of *DentalCAD™ 3.1 Rijeka* Release

exocad's released its new powerful lab software which saves design time and offers more intuitive workflows along the design journey from CAD to CAM. In addition to the Rijeka release, exocad launched the new my.exocad portal, introducing mandatory end-user software use registration that for the first time allows exocad to collect information about who and how customers are using the software. This expands the opportunities for future product improvements

New long-term contract with Amann Girrbach

Also, during the quarter, we signed a new, long-term contract with exocad's largest customer **Amann Girrbach**, further strengthening our relationship

AMANNGIRRBACH

Cellerant Award for *ChairsideCAD 3.0 Galway*

exocad's intuitive clinical software receives 2021 Cellerant best of Class Technology Award for **fourth consecutive year**

Milestone of 50,000 licenses achieved

exocad reached the **50,000-license milestone** in Q2'22

exoplan™ 3.0 Galway released in the U.S.

Latest version of exocad's implant planning software is now U.S. Food and Drug Administration ("FDA")-cleared and available for use in the United States

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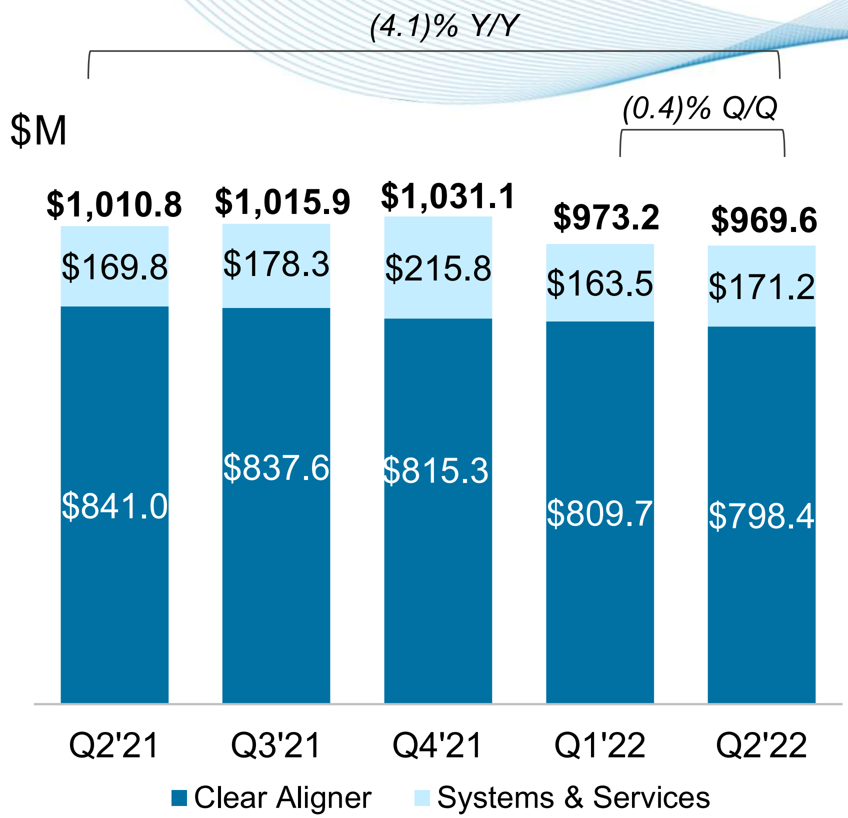
Q2 2022 Financial Review

Revenues Trend

Q2'22 highlights



*See table: Unaudited GAAP to Non-GAAP Reconciliation.

- **Total revenues of $969.6M, (0.4)% Q/Q and (4.1)% Y/Y**
  - Compared to Q2'21 revenues of $1.0 billion which had a Y/Y growth rate of 186.9%
- **Clear Aligners revenues of $798.4M, (1.4)% Q/Q and (5.1)% Y/Y**
  - Q/Q decline primarily due to product mix and unfavorable FX, partially offset by higher non-case revenues
  - Y/Y decline primarily reflecting lower volumes, unfavorable impact from FX, and product mix shift, partially offset by higher additional aligners, per-order processing fees and higher non-case revenues
  - Clear Aligner revenues were unfavorably impacted by FX of ~$12.3M or ~1.5% Q/Q and ~$32.9M or ~4.0% Y/Y*
- **Invisalign® Comprehensive ASPs decreased Q/Q and increased Y/Y**
  - Q/Q, the decline in Comprehensive ASPs reflect higher discounts and unfavorable impact from FX partially offset by higher additional aligners
  - Y/Y, higher Comprehensive ASPs reflect the impact of higher additional aligners and per-order processing fees, partially offset by the impact of unfavorable FX and higher discounts
- **Non-Comprehensive ASPs increased Q/Q and Y/Y**
  - Q/Q, Invisalign Non-Comprehensive ASPs were favorably impacted by lower discounts, partially offset by product mix and unfavorable FX
  - Y/Y, higher Invisalign Non-Comprehensive ASPs reflect lower discounts, per-order processing fees, and higher additional aligners, partially offset by the impact of unfavorable FX and product mix shift
- **Systems and Services revenues of $171.2M, +4.7% Q/Q, +0.8% Y/Y**
  - Q/Q growth primarily due to primarily due to higher scanner volume and ASP
  - Y/Y increase primarily from higher services revenues from our larger installed base partially offset by lower scanner volume and lower ASP
  - Q/Q, revenues were unfavorably impacted by FX of ~$2.9M or ~1.7%*
  - Y/Y, revenues were unfavorably impacted by FX of ~$7.0 M or ~3.9%*

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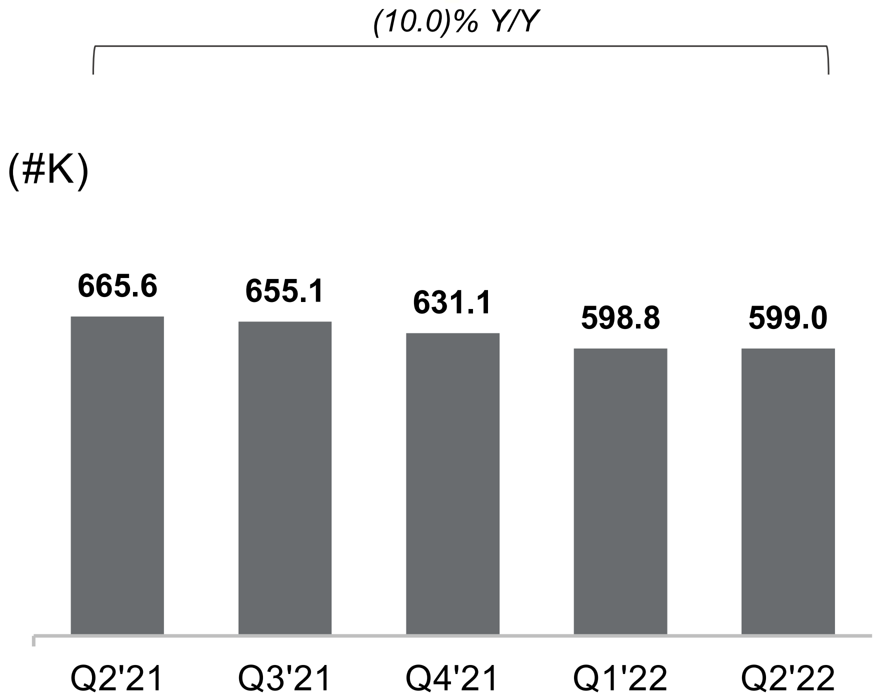
Clear Aligner Shipments Trend

Q2'22 highlights



- In Q2, Invisalign case volume was flat Q/Q, and (10.0)% Y/Y
- In addition, we shipped clear aligners to 82.3K Invisalign doctors worldwide

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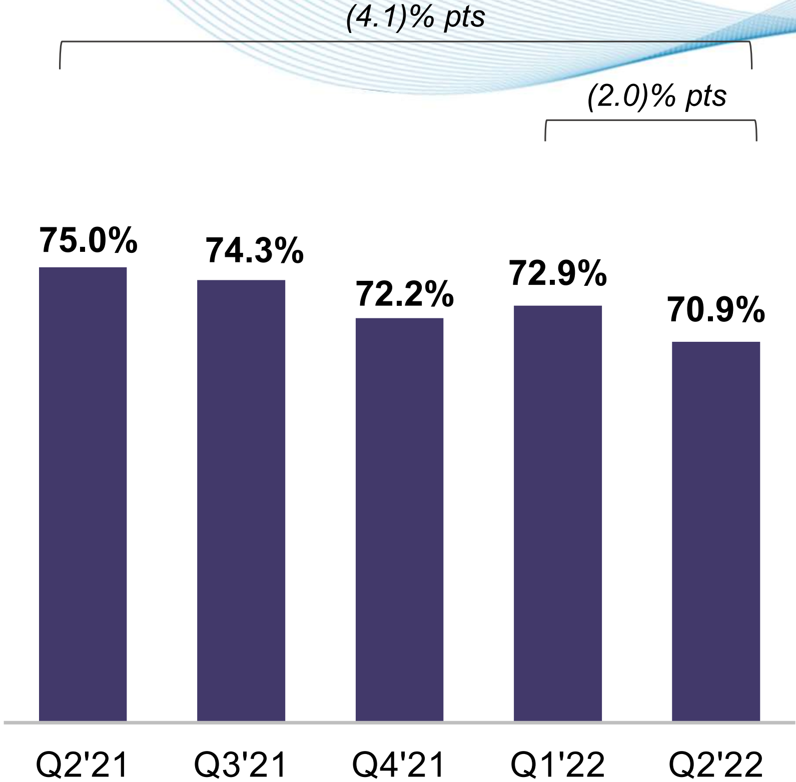
GAAP Gross Margin Trends
Q2'22 highlights



- Overall gross margin was 70.9%, (2.0) pts Q/Q and (4.1) pts Y/Y
- Overall gross margin was unfavorably impacted by ~0.5 pts Q/Q and ~1.1 pts Y/Y, due to FX
- Clear Aligner gross margin was 73.3%
  - (1.5) pts Q/Q due to lower ASPs and higher freight costs
  - (3.6) pts Y/Y due to a higher mix of additional aligner volume, higher freight, and manufacturing spend, partially offset by higher ASPs
- Systems and Services gross margin was 59.8%
  - (3.6) pts Q/Q due to higher manufacturing variances and freight costs, partially offset by higher ASPs
  - (6.1) pts Y/Y due to lower ASPs and higher manufacturing variances, partially offset by higher service mix

Q/Q and Y/Y percentages are based on actual values. Rounding may affect total
See reconciliation of GAAP to Non-GAAP

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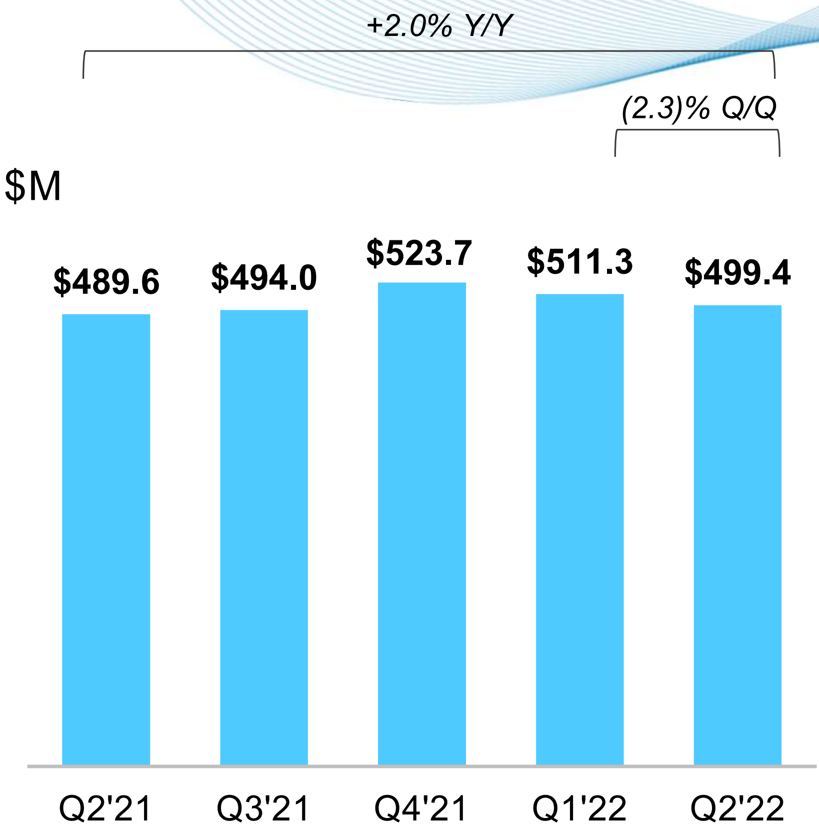
GAAP Operating Expense Trends

Q2'22 highlights



- Operating expenses were $499.4M, (2.3)% Q/Q and +2.0% Y/Y
  - Q/Q, operating expenses $(11.9M) mainly due to lower incentive compensation and controlled spend on advertising and marketing as a part of our efforts to proactively manage costs
  - Y/Y, operating expenses +$9.7M, reflecting our continued investment in marketing, sales and R&D activities, and investments commensurate with business growth
- On a non-GAAP basis, excluding stock-based compensation, amortization of acquired intangibles related to certain acquisitions, and acquisition costs, operating expenses were $466.0M, (3.0)% Q/Q and +1.0% Y/Y

Q/Q and Y/Y percentages are based on actual values. Rounding may affect total
See reconciliation of GAAP to Non-GAAP

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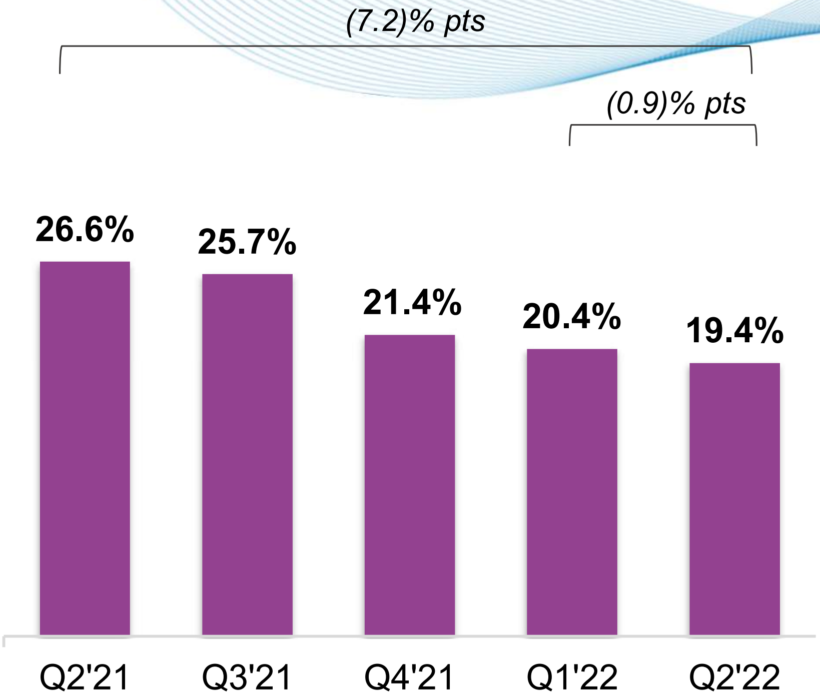
GAAP Operating Margin and Earnings Per Share Trends

Q2'22 highlights



Diluted Earnings Per Share	**$2.51**	**$2.28**	**$2.40**	**$1.70**	**$1.44**

*See table: Unaudited GAAP to Non-GAAP Reconciliation.

- Operating income of $188.2M resulted in an operating margin of 19.4%, (0.9) pts Q/Q and (7.2) pts Y/Y
  - Operating margin was unfavorably impacted by ~1.1 pts Q/Q due to FX*
  - Y/Y decrease in operating margin primarily attributable to lower gross margin, investments in our go-to-market teams and technology, as well as unfavorable impact from FX by ~2.4 pts*
  - On a non-GAAP basis, which excludes stock-based compensation, amortization of intangibles related to certain acquisitions, and acquisition costs, operating margin for the second quarter was 23.3%, (0.7) pts Q/Q and (6.5) pts Y/Y
- Interest and other income & expense, net for the second quarter was a loss of $14.6M, $(4.0M) Q/Q and $(14.5M) Y/Y, primarily due to larger net FX losses from the weakening of certain foreign currencies against the U.S. dollar
- The GAAP effective tax rate in the second quarter was 35.0% compared to 28.4% in the first quarter and 25.7% in the second quarter of the prior year. Our non-GAAP effective tax rate was 25.6% in the second quarter compared to 24.2% in the first quarter and 19.5% in the second quarter of the prior year
- The second quarter GAAP effective tax rate was higher than the first quarter effective tax rate primarily due to foreign income taxed at different rates and lower excess tax benefits from stock-based compensation
- Second quarter net income per diluted share was $1.44, $(0.26) Q/Q, $(1.07) Y/Y. Our EPS was unfavorably impacted by $0.26 Q/Q and $0.42 Y/Y due to FX. On a non-GAAP basis, net income per diluted share was $2.00 for the second quarter, $(0.13) Q/Q and $(1.04) Y/Y

Q/Q and Y/Y percentages are based on actual values. Rounding may affect total
See reconciliation of GAAP to Non-GAAP

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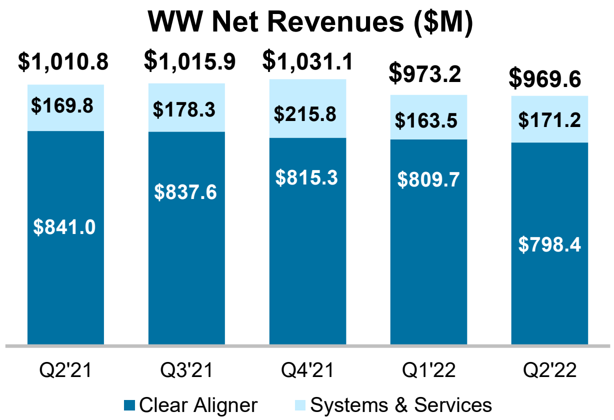
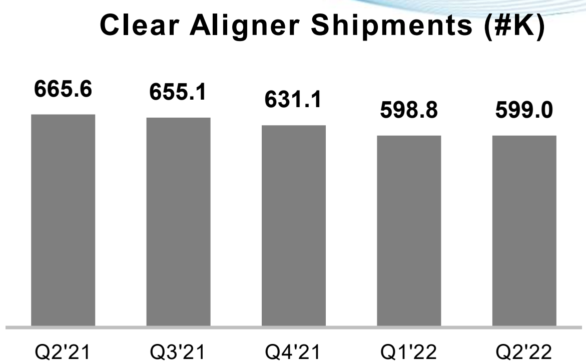
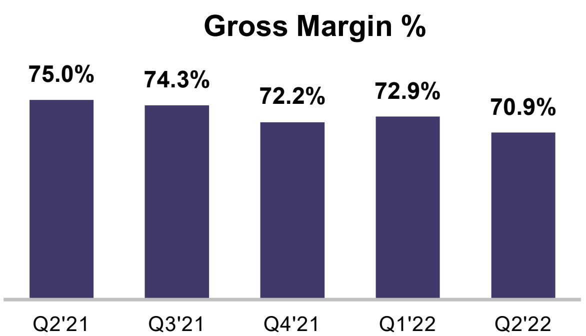
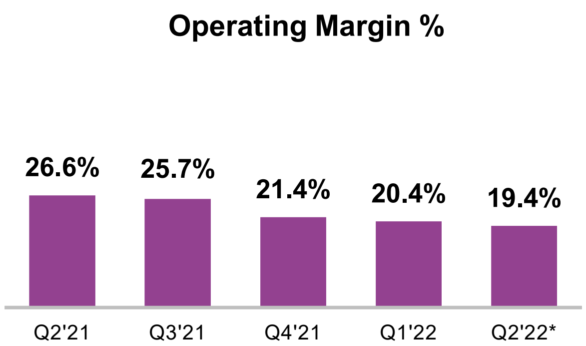
Trended GAAP financials









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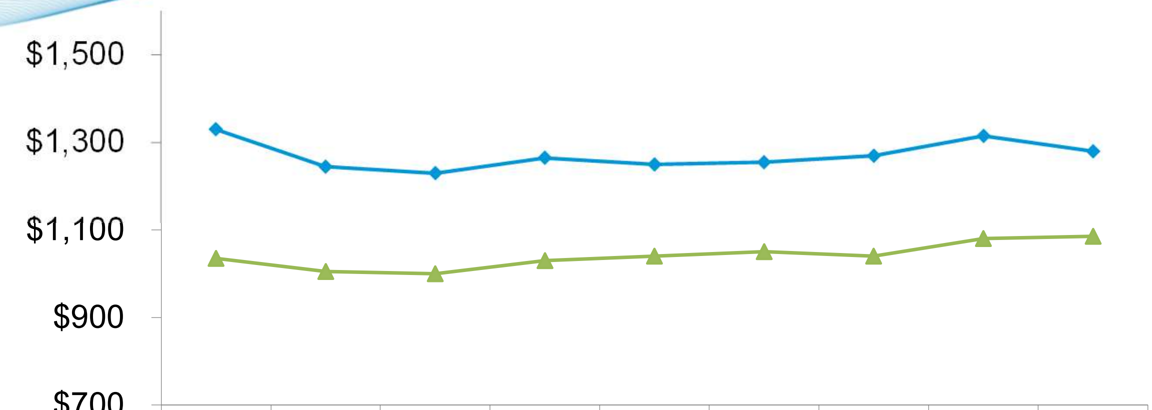
Percentages are based on actual values. Rounding may affect totals

Invisalign® Average Selling Price (“ASP”)

Product groups



	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Comprehensive Products	$1,330	$1,245	$1,230	$1,265	$1,250	$1,255	$1,270	$1,315	$1,280
Non-comprehensive Products	$1,035	$1,005	$1,000	$1,030	$1,040	$1,050	$1,040	$1,080	$1,085

- **Comprehensive Products:** Comprehensive Products include, but are not limited to, Invisalign Comprehensive, Invisalign Assist, Invisalign First, and Teen Package
- **Non-Comprehensive Products:** Non-Comprehensive Products include, but are not limited to, Invisalign Moderate, Invisalign Lite, Invisalign Express packages and Invisalign Go
- **ASP:** Invisalign case revenue / Invisalign case shipments

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Balance Sheet, Cash Flow, & Stock

($ in millions except for DSO)	Q2'21	Q1'22	Q2'22
Accounts Receivables, net	$808.1	$950.9	**$931.9**
DSO	72 days	87 days	**85 days**
Cash, Cash Equivalents, and Short-Term and Long-Term Marketable Securities	$1,086.4	$1,120.6	**$977.2**
Cash Flow from Operations	$317.5	$30.5	**$127.0**
Capital Expenditures	$(124.2)	$(87.3)	**$(76.0)**
Free Cash Flow*	$193.3	$(56.8)	**$51.0**

**Free cash flow is defined as cash flow from operations less purchase of property, plant and equipment and is a non-GAAP measure. Rounding may affect totals.*

- In Q2, we purchased $200.0M of our common stock through an accelerated share repurchase, receiving approximately 757K shares at an average price of $264.37 per share
- We are over halfway through our May 2021 $1.0 Billion Repurchase Program and have approximately $450.0M remaining available for repurchase
- Clear Aligner deferred revenues on the balance sheet +$25.4M or +2.3% Q/Q and +$231.0M or +25.5% Y/Y and will be recognized as the additional aligners are shipped
- Systems and Services deferred revenues on the balance sheet was +$13.3M or +5.4% Q/Q and +$99.6M or +62.3% Y/Y primarily due to the increase in scanner sales and the deferral of service revenues included with the scanner purchase, which will be recognized ratably over the service period

"In times like these, our strong fundamental business differentiates Align and we are grateful to have a profitable underlying business model that generates strong cash flow, as well as a healthy balance sheet that provides flexibility to invest in our growth while supporting our employees, customers, and shareholders. As we move into the second half of the year, we will continue to manage investments to account for headwinds and uncertainty, while focusing on successfully delivering on our strategic growth drivers."

John Morici, CFO

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Closing Comments

Business trends commentary

- **Overall, our Q2 results were solid, and we feel good about our execution across the business, especially in an increasingly challenging global economic environment.** Delivering revenues and volumes relatively unchanged from Q1 and down only slightly year over year despite unfavorable impacts from foreign exchange speaks to the strength of our underlying products and services and the size of our market opportunity.
- We remain confident in the huge under-penetrated market for digital orthodontics and restorative dentistry, our technology and industry leadership, and our ability to execute and make progress toward our long-term model of 20% to 30% revenue growth. We also remain committed to our goal for fiscal 2022 to deliver GAAP operating margin above 20%, while making strategic investments in sales, marketing, R&D, and operations. Notwithstanding the impact from unfavorable foreign exchange which was not factored into our operating margin guidance for the full year.
- Capital expenditures primarily relate to building construction and improvements, as well as digital manufacturing capacity to support our international expansion. For 2022, we expect our investment in capital expenditure to exceed $300 million. This includes our investment in our aligner fabrication facility in Wroclaw, Poland.

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Closing commentary

In closing, Q2 and the first half of 2022 has proved to be tougher than we expected. As we continue to navigate macroeconomic uncertainty and weaker consumer confidence, and impacts related to COVID-19 variants, we cannot lose sight of the strong fundamentals of our business and the enormous market opportunity for digital orthodontics and restorative dentistry.

The decisions we make this year will have lasting strategic implications to the future of our industry and the competitive landscape. We are holding true to our business strategy and making good progress in a very difficult operating environment.

We remain committed to balancing investments to drive growth and long-term strategic priorities with near-term headwinds, while acting with a sense of urgency to ensure we are ready to capitalize and extend our global innovation leadership as growth resumes.

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Transforming smiles changing lives

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Appendix

Unaudited GAAP to Non-GAAP Reconciliation Constant Currency Revenues

Note:

1) We define constant currency revenues as total revenues excluding the effect of foreign exchange rate movements and use it to determine the constant currency revenue percentage change on year-on-year and quarter-on-quarter basis. Constant currency impact in dollars is calculated by translating the current period GAAP net revenues using the foreign currency exchange rates that were in effect during the previous comparable period and subtracting it by the current period GAAP net revenues. The percentage for the constant currency impact is calculated by dividing the constant currency impact in dollars(numerator) by constant currency net revenues in dollars (denominator).

ALIGN TECHNOLOGY, INC.
UNAUDITED GAAP TO NON-GAAP RECONCILIATION
CONSTANT CURRENCY REVENUES
(in thousands, except percentages)

Sequential constant currency analysis:

	Three Months Ended June 30, 2022	Three Months Ended March 31, 2022	Impact % of Revenue
GAAP net revenues	$ 969,553	$ 973,219	
Constant currency impact (1)	15,268		1.6 %
Constant currency net revenues (1)	$ 984,821		
GAAP Clear Aligner net revenues	$ 798,398	$ 809,696	
Clear Aligner constant currency impact (1)	12,323		1.5 %
Clear Aligner constant currency net revenues (1)	$ 810,721		
GAAP Imaging Systems and CAD/CAM Services net revenues	$ 171,155	$ 163,523	
Imaging Systems and CAD/CAM Services constant currency impact (1)	2,945		1.7 %
Imaging Systems and CAD/CAM Services constant currency net revenues (1)	$ 174,100		

Year-over-year constant currency analysis:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Impact % of Revenue
GAAP net revenues	$ 969,553	$ 1,010,808	
Constant currency impact (1)	39,888		4.0 %
Constant currency net revenues (1)	$ 1,009,441		
GAAP Clear Aligner net revenues	$ 798,398	$ 840,959	
Clear Aligner constant currency impact (1)	32,935		4.0 %
Clear Aligner constant currency net revenues (1)	$ 831,333		
GAAP Imaging Systems and CAD/CAM Services net revenues	$ 171,155	$ 169,849	
Imaging Systems and CAD/CAM Services constant currency impact (1)	6,953		3.9 %
Imaging Systems and CAD/CAM Services constant currency net revenues (1)	$ 178,108		

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Unaudited GAAP to Non-GAAP Reconciliation Constant Currency Income from Operations and Operating Margin

Notes:

1) We define constant currency income from operations as GAAP income from operations excluding the effect of foreign exchange rate movements for GAAP net revenues and operating expenses. Constant currency impact in dollars is calculated by translating the current period GAAP net revenues and operating expenses using the foreign currency exchange rates that were in effect during the previous comparable period and subtracting it by the current period GAAP net revenues and operating expenses.

2) We define constant currency operating margin as constant currency income from operations as a percentage of constant currency net revenues. Operating margin constant currency impact is the increase or decrease in constant currency operating margin compared to the GAAP operating margin.

ALIGN TECHNOLOGY, INC.
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED
CONSTANT CURRENCY INCOME FROM OPERATIONS AND OPERATING MARGIN
(in thousands, except percentages)

Sequential constant currency analysis:

	Three Months Ended June 30, 2022	Three Months Ended March 31, 2022
GAAP income from operations	$ 188,196	$ 198,082
Income from operations constant currency impact [1]	13,917	
Constant currency income from operations [1]	$ 202,113	

	Three Months Ended June 30, 2022	Three Months Ended March 31, 2022
GAAP operating margin	19.4 %	20.4 %
Operating margin constant currency impact [2]	1.1	
Constant currency operating margin [2]	20.5 %	

Year-over-year constant currency analysis:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
GAAP income from operations	$ 188,196	$ 268,902
Income from operations constant currency impact [1]	31,871	
Constant currency income from operations [1]	$ 220,067	

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
GAAP operating margin	19.4 %	26.6 %
Operating margin constant currency impact [2]	2.4	
Constant currency operating margin [2]	21.8 %	

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Unaudited GAAP to Non-GAAP Reconciliation Financial Measures Other Than Constant Currency

Notes:

1) Amortization of intangible assets related to certain acquisitions
2) Acquisition-related costs for professional fees related to our 2020 exocad acquisition
3) Gain from the SDC arbitration award regarding the value of Align's capital account balance
4) Amortization and related adjustments to the benefit from the transferred intangible assets of our Swiss entity

ALIGN TECHNOLOGY, INC.
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED
FINANCIAL MEASURES OTHER THAN CONSTANT CURRENCY
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
GAAP gross profit	$ 687,559	$ 758,538	$1,396,905	$1,435,636
Stock-based compensation	1,614	1,418	3,128	2,724
Amortization of intangibles [1]	2,393	2,175	4,880	4,350
Non-GAAP gross profit	$ 691,566	$ 762,131	$1,404,913	$1,442,710
GAAP gross margin	70.9 %	75.0 %	71.9 %	75.3 %
Non-GAAP gross margin	71.3 %	75.4 %	72.3 %	75.7 %
GAAP total operating expenses	$ 499,363	$ 489,636	$1,010,627	$ 941,288
Stock-based compensation	(32,526)	(27,437)	(62,633)	(53,372)
Amortization of intangibles [1]	(872)	(887)	(1,782)	(1,775)
Acquisition-related costs [2]	—	(68)	—	(104)
Non-GAAP total operating expenses	$ 465,965	$ 461,244	$ 946,212	$ 886,037
GAAP income from operations	$ 188,196	$ 268,902	$ 386,278	$ 494,348
Stock-based compensation	34,140	28,855	65,761	56,096
Amortization of intangibles [1]	3,265	3,062	6,662	6,125
Acquisition-related costs [2]	—	68	—	104
Non-GAAP income from operations	$ 225,601	$ 300,887	$ 458,701	$ 556,673
GAAP operating margin	19.4 %	26.6 %	19.9 %	25.9 %
Non-GAAP operating margin	23.3 %	29.8 %	23.6 %	29.2 %
GAAP total interest income and other income (expense), net	$ (14,587)	$ (100)	$ (25,183)	$ 36,075
Arbitration award gain [3]	—	—	—	(43,403)
Non-GAAP total interest income and other income (expense), net	$ (14,587)	$ (100)	$ (25,183)	$ (7,328)
GAAP net income before provision for income taxes	$ 173,609	$ 268,802	$ 361,095	$ 530,423
Stock-based compensation	34,140	28,855	65,761	56,096
Amortization of intangibles [1]	3,265	3,062	6,662	6,125
Acquisition-related costs [2]	—	68	—	104
Arbitration award gain [3]	—	—	—	(43,403)
Non-GAAP net income before provision for income taxes	$ 211,014	$ 300,787	$ 433,518	$ 549,345
GAAP provision for income taxes	$ 60,809	$ 69,088	$ 113,997	$ 130,333
Tax impact on non-GAAP adjustments	4,317	6,218	15,105	13,373
Tax related non-GAAP items [4]	(11,065)	(16,651)	(21,234)	(34,845)
Non-GAAP provision for income taxes	$ 54,061	$ 58,655	$ 107,868	$ 108,861
GAAP effective tax rate	35.0 %	25.7 %	31.6 %	24.6 %
Non-GAAP effective tax rate	25.6 %	19.5 %	24.9 %	19.8 %
GAAP net income	$ 112,800	$ 199,714	$ 247,098	$ 400,090
Stock-based compensation	34,140	28,855	65,761	56,096
Amortization of intangibles [1]	3,265	3,062	6,662	6,125
Acquisition-related costs [2]	—	68	—	104
Arbitration award gain [3]	—	—	—	(43,403)
Tax impact on non-GAAP adjustments	(4,317)	(6,218)	(15,105)	(13,373)
Tax related non-GAAP items [4]	11,065	16,651	21,234	34,845
Non-GAAP net income	$ 156,953	$ 242,132	$ 325,650	$ 440,484
GAAP diluted net income per share	$ 1.44	$ 2.51	$ 3.13	$ 5.02
Non-GAAP diluted net income per share	$ 2.00	$ 3.04	$ 4.13	$ 5.52
Shares used in computing diluted net income per share	78,545	79,638	78,840	79,737

Notes:
[1] Amortization of intangible assets related to certain acquisitions
[2] Acquisition-related costs for professional fees related to our 2020 exocad acquisition
[3] Gain from the SDC arbitration award regarding the value of Align's capital account balance
[4] Amortization and related adjustments to the benefit from the transferred intangible assets of our Swiss entity

Refer to *"About Non-GAAP Financial Measures"* section of press release.

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Thank you