Q2 2024 Financial Results

Align Technology, Inc.

July 24, 2024

Q2 2024 Conference Call Details

Conference call

- **Speakers:**
  - Joe Hogan, President and CEO
  - John Morici, CFO
  - Shirley Stacy, VP, Finance, Investor Relations and Corporate Communications
- **Webcast Archive:**
  - 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 our ability to successfully control our business and operations and pursue our strategic growth drivers, our expectations regarding the release, availability, regulatory clearance, effectiveness and customer desire for new products and technologies, our expectations regarding the timing of settlements of litigation matters, our expectations for market opportunities, our expectations for Q3'24 worldwide revenues, Clear Aligner volumes, Clear Aligner ASP, Systems and Services revenues and GAAP and non-GAAP operating margin, and 2024 total revenues, Clear Aligner ASP, and GAAP and non-GAAP operating margin, as well as capital expenditures. Forward-looking statements contained in this news release 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, rising interest rates, market volatility, weakness in general economic conditions and recessions and the impact of efforts by central banks and federal, state and local governments to combat inflation and recession;
- customer and consumer purchasing behavior and changes in consumer spending habits as a result of, among other things, prevailing macroeconomic conditions, levels of employment, salaries and wages, debt obligations, discretionary income, inflationary pressure, declining consumer confidence, and the military conflict in Ukraine and in the Middle East;
- variations in our geographic, channel and product mix, product adoption, and selling prices regionally and globally, including product mix shifts to lower priced products or to products with a higher percentage of deferred revenue;
- competition from existing and new competitors;
- declines in, or the slowing of the growth of, sales of our clear aligners and intraoral scanners domestically and/or internationally and the impact either would have on the adoption of Invisalign products;
- the economic and geopolitical ramifications of the military conflict in the Middle East and Ukraine, including trade disruptions, tariffs, sanctions, or boycotts, retaliatory sanctions, nationalism, supply chain disruptions and other consequences, any of which could adversely impact our operations and assets;
- 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;
- the timing and availability and cost of raw materials, components, products and other shipping and supply chain constraints and disruptions;
- unexpected or rapid changes in the growth or decline of our domestic and/or international markets;
- 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;
- our ability to protect our intellectual property rights;
- continued compliance with regulatory requirements;
- the willingness and ability of our customers to maintain and/or increase product utilization in sufficient numbers;
- 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 doctor customers within a quarter as well as an increased manufacturing costs per case; 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 ("SEC"), including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on February 28, 2024 and our latest Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, which was filed with the SEC on May 3, 2024. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

About Non-GAAP Financial Measures

- To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles ("GAAP") in the United States, we use the following non-GAAP financial measures: constant currency net revenues, constant currency gross profit, constant currency gross margin, constant currency income from operations, constant currency operating margin, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP income from operations, non-GAAP operating margin, non-GAAP net income before provision for income taxes, non-GAAP provision for income taxes, non-GAAP effective tax rate, non-GAAP net income and non-GAAP diluted net income per share.

- These non-GAAP financial measures exclude certain items that may not be indicative of our fundamental operating performance, including foreign currency exchange rate impacts, the effects of stock-based compensation, amortization of certain acquired intangibles, restructuring and other charges, acquisition-related costs, associated tax impacts and discrete cash and non-cash charges or gains that are included in the most directly comparable GAAP financial measure. Our management believes that the use of certain non-GAAP financial measures provides 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. 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 material limitations to using non-GAAP financial measures as they are not prepared in accordance with GAAP and may be different from similarly titled non-GAAP financial measures used by other companies. Non-GAAP financial measures exclude certain items that may have a material impact upon our reported financial results, which can limit their usefulness for comparison purposes. 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 both a GAAP and non-GAAP basis and by providing specific information regarding the GAAP amounts excluded from these non-GAAP financial 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, superior to, 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 and a reconciliation of GAAP to non-GAAP measures, please see the tables captioned "Unaudited GAAP to Non-GAAP Reconciliation."


INVISALIGN® SMILES
Invisalign patients treated
+18M
including
+5M
Teens & Kids
*As of Q2'24


Making clear aligner treatment available
for EVERYONE
through DOCTORS

600M

POTENTIAL PATIENTS

through

+2M

DOCTORS

with an
iTero™ scanner at
EVERY CHAIR

27 YEARS

From appliance to platform

Revenue Y/Y%
LTM 20% - 30%

2001–2023
+22.5%

1997 – 2006

Invisalign® clear aligners
ClinCheck® software
Attachments
3D Printing SLA

2007 – 2012

Force system biomechanics
G-Series
Vivera™ retainers
Teen product
SmartForce™ features
ClinCheck® Pro
iTero™ intraoral scanners

2013 – 2016

SmartTrack™ material
Biteramps
Invisalign® Outcome Simulator
SmartStage™ technology
iTero Element™ scanner
Mandibular advancement

2017 – 2023

Invisalign First™
My Invisalign™ app
iTero Element™ 5D imaging system NIRI
ClinCheck® Pro 6
exocad™ lab software
Invisalign® Virtual Care
Professional Whitening
Subscription
E-Commerce
Diagnostics
Invisalign® Practice App
Invisalign Smile Architect™
Invisalign® Virtual Care AI
Enhanced precision wings for Invisalign treatment with mandibular advancement
Invisalign® Palatal Expander System
SmartForce™ attachment-free aligner activation feature
Plan Editor in ClinCheck® treatment planning software
Align™ Oral Health Suite
iTero-exocad Connector™

2024

iTero Lumina™ intraoral scanner
iTero Multi-Direct Capture™ technology
ClinCheck® Smile Video
iTero™ Design Suite

Pictured: iTero Lumina™ intraoral scanner

Pictured: Invisalign® Palatal Expander System

● Software ● New products ● Services

invisalign | iTero | exocad | vivera

align™ digital platform

TRANSFORMING SMILES, CHANGING LIVES

Connect

Scan

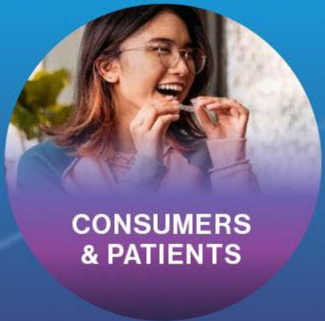
Diagnose

Plan

Treat

Monitor

Retain



CONSUMERS & PATIENTS

DOCTORS

DENTAL LABS

invisalign | iTero | exocad | vivera

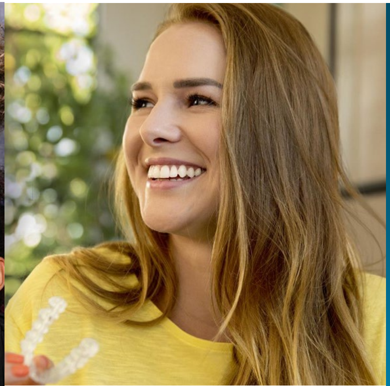
ENORMOUS OPPORTUNITY

INTERNATIONAL EXPANSION

PATIENT DEMAND

ORTHODONTIST UTILIZATION

GP DENTIST TREATMENT



Focused Execution

STRATEGIC GROWTH DRIVERS

Align's unique position and COMPETITIVE ADVANTAGE

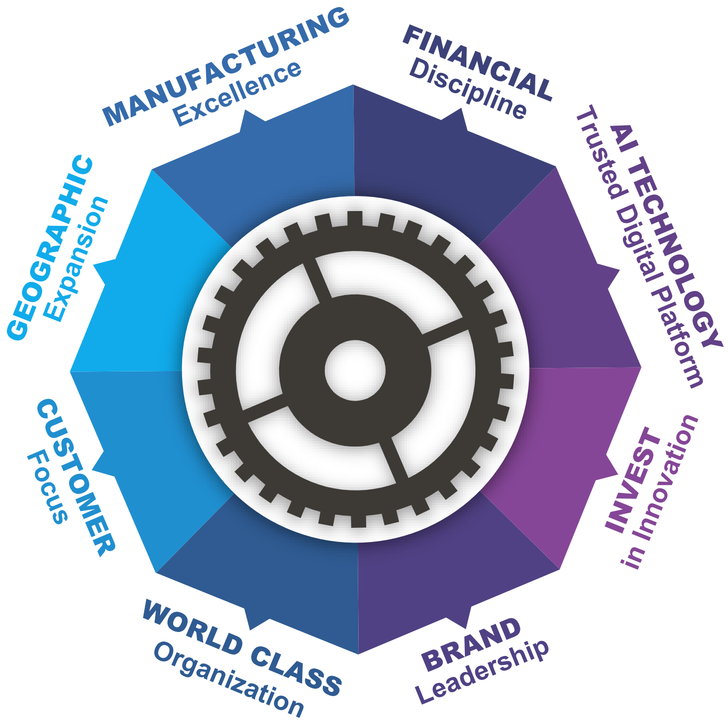
multivariable equation that is very difficult to replicate

MANUFACTURING EXCELLENCE
- > 1M unique clear aligner parts / day
- > 59K treatment plans / day
- Proven & Scalable Technology

GEOGRAPHIC EXPANSION
- > 100 Markets
- 13 Fab & Treat locations

DIVERSIFIED CUSTOMER BASE
- > 266K Orthos and GP dentists
- 90K+ software installations

STRONG WORKFORCE
- > 2K Specialty Reps
- 1K+ Engineers
- ~ 12K+ Manufacturing Experts



RELIABLE FINANCIAL RESULTS
- Excellent Top-line & profit growth
- Strong Balance Sheet
- Great cash generation

LEADING DIGITAL PLATFORM
- Strong Digital Technology in ClinCheck® software & iTero™ scanners
- Flexible design (integrate exocad)

PRODUCT, TECHNOLOGY, AND IP
- Investing >$300M in technology this year
- Partnership with leading universities
- Healthy Product / Technology pipeline
- > 1.9K+ patents

TOP BRAND FOR ALIGNER & SCANNER
- $200M+ annual brand investment
- +18.2M+ satisfied patients

Q2 2024 Earnings Call CEO Opening commentary

- Overall, we’re pleased to report solid second quarter results. Total Q2’24 revenues of $1,028.5 million were up 3.1% sequentially and 2.6% year-over-year, reflecting growth in both Clear Aligner volumes and Imaging Systems and CAD/CAM Services revenues. Q2’24 total revenues were unfavorably impacted by foreign exchange of approximately $11.6 million or 1.1% sequentially and unfavorably impacted by approximately $18.1 million or 1.7% year-over-year.
- For Clear Aligners, Q2’24 volumes increased 6.2% sequentially and 3.2% year-over-year, driven by growth from adult patients, and strong teen case starts across the regions, led by strength in Asia Pacific, EEMA, and Latin America.
- Our Q2 results also reflect a record number of doctors submitting cases, and record doctors shipped to for the quarter. Q2'24 Clear Aligner ASPs were down sequentially and lower than anticipated in our second quarter outlook, due in part to greater impact of unfavorable foreign exchange across multiple currencies, especially the Japanese yen, Euro, and Brazilian real, as well as discounts, and product mix shift to lower ASP products. As a result, total Q2 revenues were slightly below the expected range for our Q2 quarterly revenues. Notwithstanding these factors, non-GAAP operating margin for the second quarter was 22.3%, up 2.5 points sequentially, and up 1.0-point year-over-year.
- For Imaging Systems and CAD/CAM Services, Q2’24 revenues increased 9.2% sequentially and 16.1% year-over-year reflecting continued adoption of our next-gen iTero™ Lumina scanner, which made up the majority of our equipment sales, iTero Lumina wand upgrades, and iTero™ Element scanner trade-ins, as well as increased iTero scanner leases.

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q2 2024 Highlights

Q2 2024 Revenues and Operating Margin

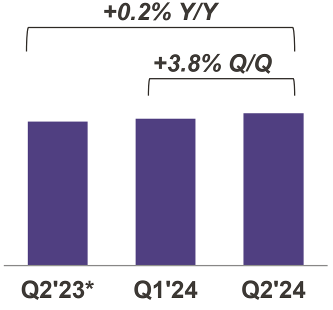
TOTAL REVENUES	TOTAL SYSTEMS AND SERVICES REVENUES	TOTAL CLEAR ALIGNER REVENUES	GAAP OP PROFIT MARGIN
Q2'24	**Q2'24**	**Q2'24**	**Q2'24**
$1,028.5M	**$196.8M**	**$831.7M**	**$147.0 | 14.3%**
Q/Q +3.1% Y/Y +2.6%	Q/Q +9.2% Y/Y +16.1%	Q/Q +1.8% Y/Y (0.1)%	Q/Q (1.2)% pts Y/Y (2.9)% pts
Q2'23	**Q2'23**	**Q2'23**	**Q2'23**
$1,002.2M	**$169.5M**	**$832.7M**	**$171.9M | 17.2%**
Q/Q +6.3% Y/Y +3.4%	Q/Q +10.5% Y/Y (1.0)%	Q/Q +5.4% Y/Y +4.3%	Q/Q +3.0% pts Y/Y (2.2)% pts
Q2'24 FX Impact: • Q/Q: ~$11.6M unfavorable impact from FX(1) • Y/Y: ~$18.1M unfavorable impact from FX(1)	**Q2'24 FX Impact:** • Q/Q: ~$2.1M unfavorable impact from FX(1) • Y/Y: ~$3.4M unfavorable impact from FX(1)	**Q2'24 FX Impact:** • Q/Q: ~$9.5M unfavorable impact from FX(1) • Y/Y: ~$14.7M unfavorable impact from FX(1)	**Q2'24 FX Impact:** • Q/Q: ~0.6 pts unfavorable impact from FX(1) • Y/Y: ~1.2 pts unfavorable impact from FX(1)

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

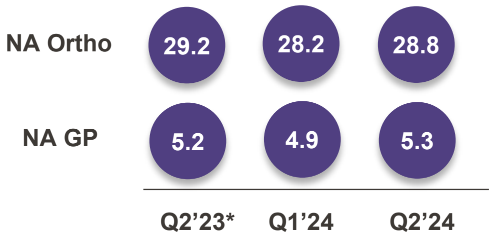
Q2 2024 Clear Aligner segment

Americas Clear Aligner Metrics

Americas Clear Aligner Shipments

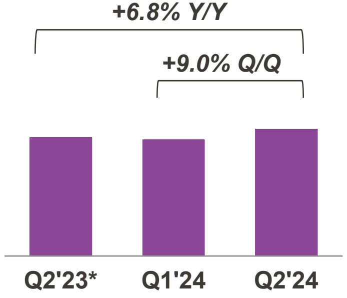


North Americas Utilization**

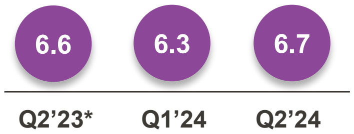


International Clear Aligner Metrics

International Clear Aligner Shipments

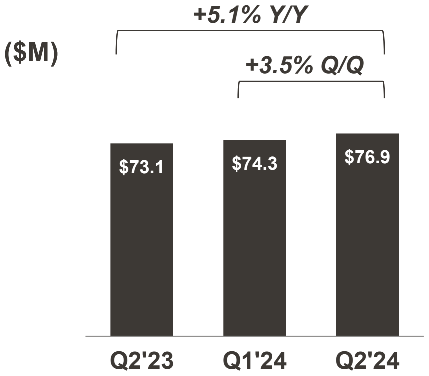


International Utilization**



Non-Case Clear Aligner Metrics

Non-Case Clear Aligner Revenues

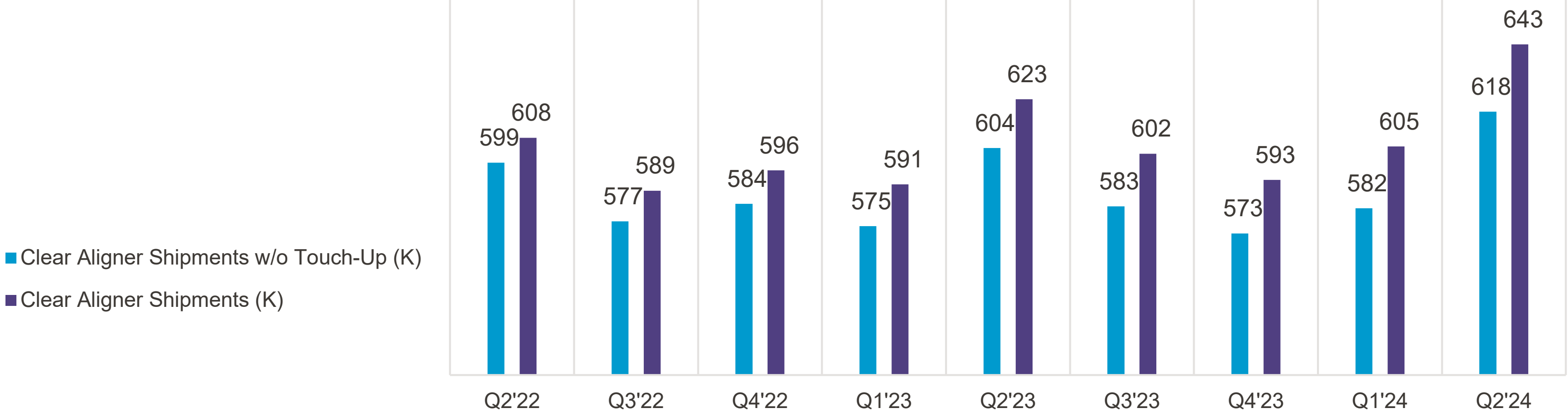


Non-case revenues include our Vivera retainers, which include retention aligners ordered through our Doctor Subscription Program (DSP), clinical training and education, accessories and eCommerce. Q2 non- case revenues were up 3.5% sequentially and up 5.1% year-over-year, primarily due to continued growth in retainers and DSP

*As of Q3'23, Doctor Subscription Program touch up cases are included in Clear Aligner shipments in North America and EMEA, utilization rates and Non-Case revenues. Prior periods have been recast.
**Number of cases shipped/number of doctors to whom cases were shipped

Q2 2024 Invisalign® Doctor Subscription Program ("DSP") Touch-Up Cases

- For Q2, total Clear Aligner shipments include ~25 thousand Invisalign DSP Touch-Up cases – a record high quarter - up 37% Y/Y from Q2 last year.
- DSP continues to drive growth and is currently available in North America and certain EMEA countries. During the quarter we extended DSP into more countries in Europe, and we anticipate expanding into additional markets going forward. As a result, Touch-Up cases increased significantly in Q2.
- DSP is also now available in a 14-stage Touch-Up aligner offering across all markets where it's available.



	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
DSP Touch-Up Shipments (K)	**9.3**	**11.4**	**12.4**	**15.5**	**18.2**	**19.6**	**19.9**	**23.1**	**24.9**
Clear Aligner Shipments w/o Touch-Up Y/Y%	-10.0%	-11.9%	-7.5%	-3.9%	0.9%	1.0%	-1.9%	1.1%	2.2%
Clear Aligner Shipments Y/Y%	**-8.9%**	**-10.7%**	**-6.3%**	**-2.4%**	**2.4%**	**2.3%**	**-0.6%**	**2.4%**	**3.2%**

NOTE: As of Q3'23, Invisalign DSP Touch-Up cases have been reclassified to the non-comprehensive clear aligner segment and are reflected in our reported case volumes and metrics. Prior to this quarter, they were reported in the Non-Case category. Unless otherwise stated, all metrics include Invisalign DSP "Touch-Up" cases in reported Clear Aligner volumes.

DSP TOUCH-UP CASE:
compared to Invisalign® Express and Invisalign® Lite Products

DSP TOUCH-UP*

Up to **14 STAGES** with **ANNUAL SUBSCRIPTION**

Discounted at slightly higher than **ADVANTAGE DIAMOND+ DOCTORS**

Above average **GROSS MARGIN**

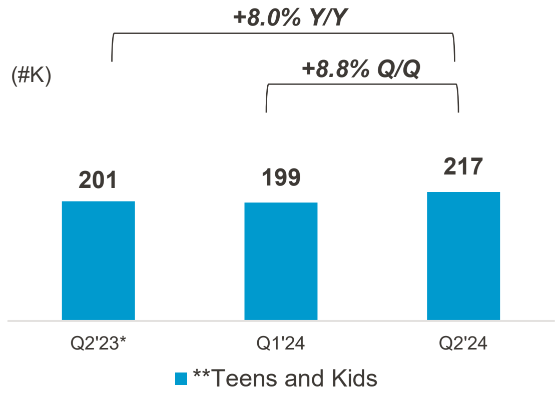
	Invisalign Express 5	Invisalign System Express	Invisalign Express 10	Invisalign Lite 14
List Price	$ 459 - $ 605	$ 569 - $ 749	$ 759 - $ 1,009	$ 1,015 - $ 1,349
Stages	Up to 5	Up to 7	Up to 10	Up to 14

*NA DSP program

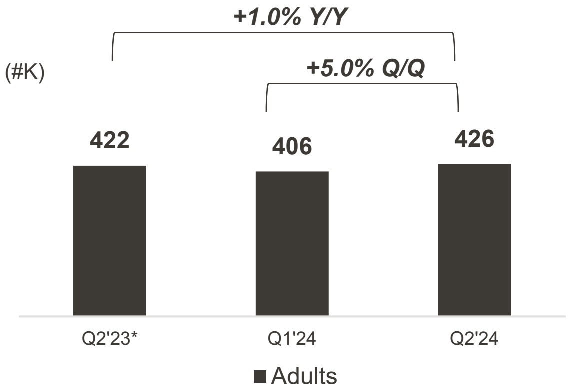
+5M Teens and Kids treated with the Invisalign® System, to date

- For Q2’24, adult patient case starts were up 5.0% Q/Q and 1.0% Y/Y – reflecting our highest number of adult shipments in 8 quarters – driven by strength in the GP channel, led by North American and APAC dentists. In the teen and growing kids’ segment, over 216K teens and younger patients started treatment with Invisalign clear aligners during the second quarter, an increase of 8.8% Q/Q and up 8.0% Y/Y, reflecting growth across regions, especially from Invisalign First™ in the EMEA and APAC regions. In Q2, the number of doctors submitting teen or younger patient case starts was up 8% year-over-year, led by continued strength from doctors treating young kids also known as “growing patients.”

Clear Aligner Shipments Teens and Kids



Clear Aligner Shipments Adults



5 million teen smiles
invisalign

*As of Q3’23, Doctor Subscription Program Touch-Up cases are included in Clear Aligner shipments in North America and EMEA. Prior periods have been recast.
**Q4'23-Q1'20 is recast based on adjustment to prior recast.
Certain charts may not sum or recalculate due to rounding.

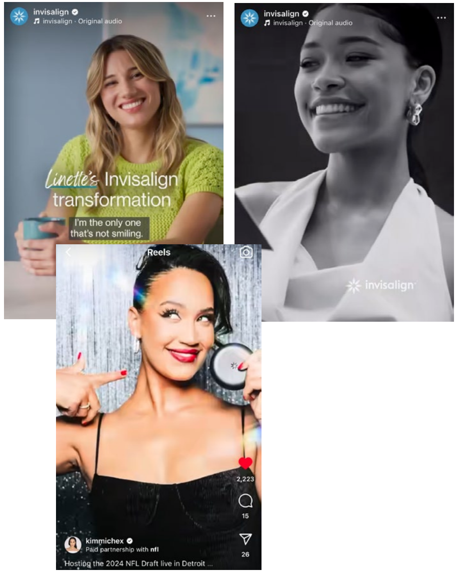
*Data on file at Align Technology.

Q2 2024 Invisalign® Brand Consumer Marketing

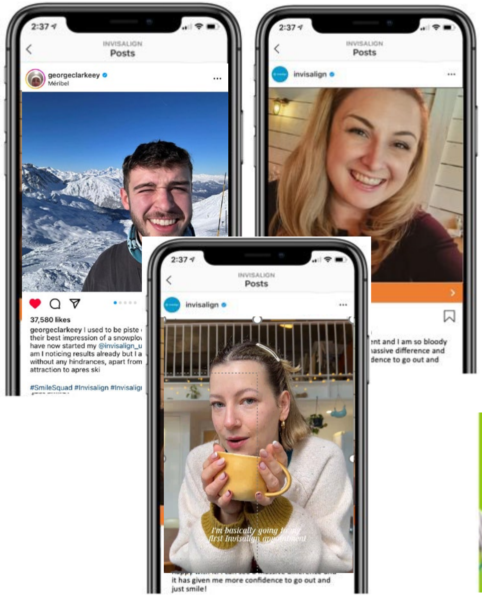
AMERICAS		EMEA		APAC	
15.5M Website Visitors	**4.68B** impressions	**8.1M** Website Visitors	**1.4B** impressions	**26.5M** Website Visitors	**11.1B** impressions

Social media and influencer marketing

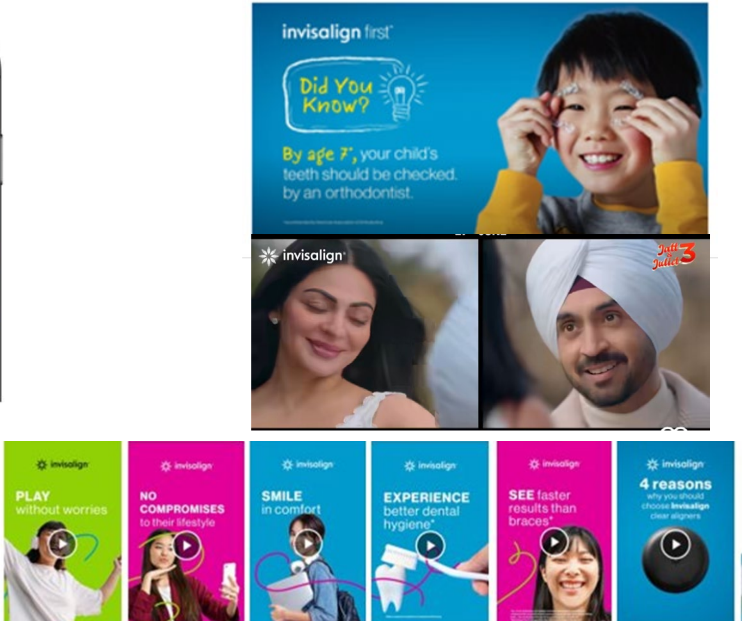
Teen, Adult and Moms of teens



Social media and influencer marketing



Social media and influencer marketing



Data on file at Align Technology.

Invisalign® is the Most Trusted Brand in Orthodontics

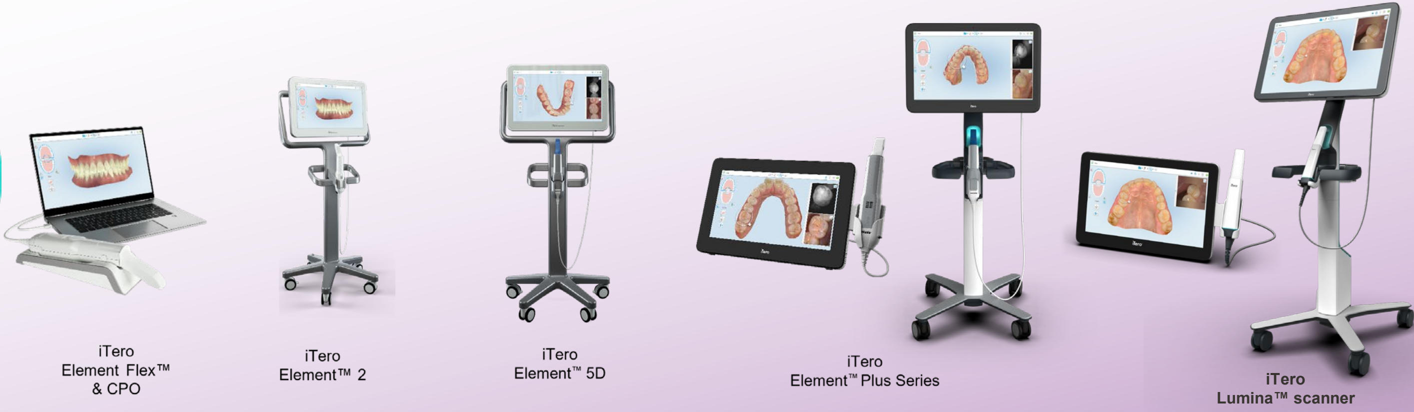
Q2 2024 Consumer Demand Creation and Digital Tools

- Today, Invisalign is the most recognized orthodontic brand globally and Invisalign clear aligner treatment is faster and more effective than traditional metal braces, yet the underlying market opportunity continues to remain huge and untapped. We continue to invest in consumer marketing and demand creation initiatives that raise awareness and drive potential patients to Invisalign practices globally. In Q2, we had more than 17B impressions and 50M visitors to our websites globally.
- To increase awareness and educate young adults, parents and teens about the benefits of the Invisalign brand, we continued to invest and create campaigns in social media platforms such as TikTok, Instagram, YouTube, SnapChat, WeChat, and Douyin across markets.
- The underlying market opportunity for clear aligner treatment, especially for teens and kids, remains huge and significantly underpenetrated. We know Invisalign clear aligner treatment is faster and more effective than braces, yet the vast majority of orthodontic cases are still treated using brackets and wires.
- Differentiation and communicating superiority are key to increasing Invisalign share of orthodontic case starts – especially among teens and their parents. We are continuing to differentiate through novel creative executions such as our new "Invis is Drama Free" teen campaign – which uses humor to juxtapose the significant benefits of Invisalign treatment over metal braces.
- Similarly, to differentiate Invisalign treatment for adults, we continue to expand campaigns globally using powerful patient testimonials that share how important a smile is and how Invisalign treatment increases self-confidence that transforms lives.
- Reaching young adults as well as teens and their parents also requires the right engagement through Invisalign influencers and creator-centric campaigns.
- In the Americas, our influencer and social media campaigns featured Olympic athletes such as Rebeca Andrade from Brazil, Andre De Grasse from Canada, Jordan Chiles from the U.S. and Paralympic athlete Lizzi Smith from the U.S. To bolster teen demand, we launched new activations with teen high school sports social media platform, OverTime, including several programs focused on showcasing elite high school athletes across boys' football, girls' basketball and girls' soccer. We highlighted why they chose to transform their smile with Invisalign aligners and showcased their results. Our campaigns delivered more than 4.68B impressions and 15.5M unique visitors to our consumer websites across the Americas.
- In the EMEA region, we partnered with influencers to reach consumers across social media platforms including TikTok and Meta and launched our global consumer campaigns for teens and parents. Our campaigns delivered more than 1.4B media impressions and 8.1M visitors to our website.
- And in APAC, we continued to invest in consumer advertising across the region, resulting in more than 11B impressions and 26.5M visitors to our websites, a 119% increase Y/Y. We expanded our reach in Japan and India via Meta and YouTube, and partnered with key influencers, such as music artist Diljit Dosanjh, to increase awareness and consideration with consumers. We saw increased brand interest from consumers as evidenced by an 174% Y/Y increase in unique visitors to our website in India and a 32% increase in Japan.
- Finally, adoption of the My Invisalign™ consumer and patient app continued to increase with over 4M downloads to-date and over 384K monthly active users, an 8% Y/Y increase. Usage of our other digital tools also continued to increase. ClinCheck® Live Update was used by almost 50K doctors on more than 692K cases, reducing time spent in modifying treatment plans by an average of 16.3%. Invisalign® Practice app is increasing in adoption with 85K doctors who are actively using this app and 5.9M photos were uploaded in Q2 via the Invisalign Practice app.

iTero™ intraoral scanners

Accelerating digital practice transformation

The iTero scanner is at the front end of digital dentistry. Today, we have over 100K iTero scanners sold or roughly half of the intraoral scanning market globally. We have a scanner portfolio that consists of value to premium products, having introduced breakthrough technologies in the last few years, making the iTero scanner a comprehensive oral health system.



100K+ scanners sold | **5M+ restorative scans/year** | **20K+ labs**

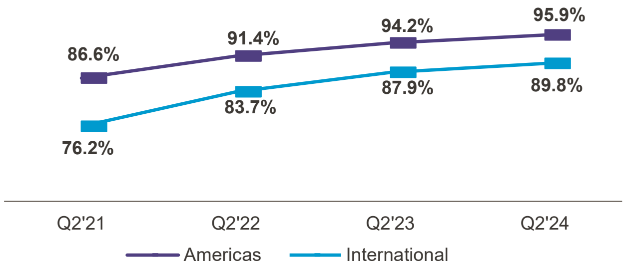
The iTero Lumina™ intraoral scanner with Ortho capabilities is available since February 2024 and we now anticipate the commercial launch of the iTero™ Lumina with restorative capabilities to be in Q1'25.
The iTero Element™ 5D Plus Series scanner is available in U.S., Canada , the majority of EMEA and selected APAC and LATAM markets.
The iTero Lumina™ scanner is available in U.S., Canada , the majority of Europe and selected APAC and Africa markets.

*Data on file at Align Technology.

Q2 2024 Systems and Services segment

Imaging Systems and CAD/CAM Services

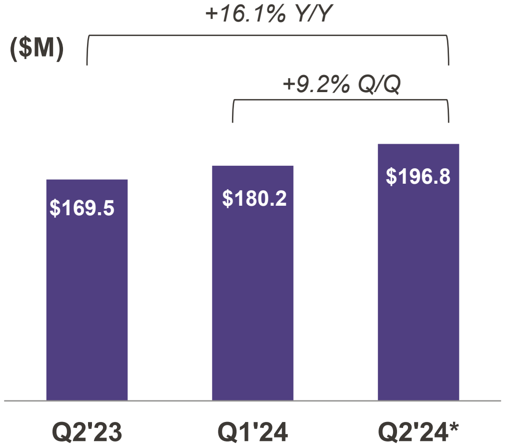
Intraoral digital scans for Invisalign® case submission



*As of Q3'23, Doctor Subscription Program Touch-Up cases are now included in Clear Aligner shipments in North America and EMEA, utilization rates and Non-Case revenues. Prior periods have been recast.

Invisalign® scans reflects digital scans for new Invisalign® treatment. Data on file at Align Technology.

Systems and Services Revenues

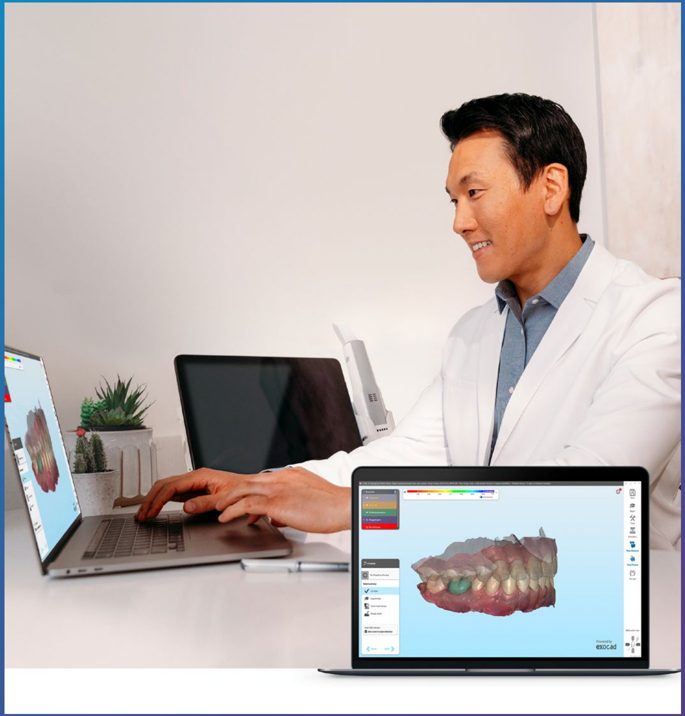


CAD/CAM and Services revenues represent ~45%* of our Systems and Services business.

*Q2'24

iTero Lumina™ intraoral scanner with Ortho capabilities is available since February 2024 and we now anticipate the commercial launch of the iTero™ Lumina with restorative capabilities to be in Q1'25

iTero™ Design Suite



- Today, we introduced the iTero™ Design Suite, offering doctors an intuitive way to facilitate designs for 3D printing of models, bite splints, and restorations in practice. This software innovation is designed to help doctors increase their practice efficiency and elevate patient experiences by shortening the time to treatment through an intuitive way to design for in-practice 3D printing. The Align™ Digital Platform provides an innovative portfolio of customer-focused technologies that enables seamless end-to-end workflows for dental professionals.

- iTero™ Design Suite is currently available through an early access program. Doctors using an iTero scanner can submit their interest via their scanner or the MyiTero™ portal. The software is expected to be available in select markets later this year.

Q2 2024 exocad Highlights

exocad Insights 2024 event in Mallorca welcomed 850 digital dental professionals

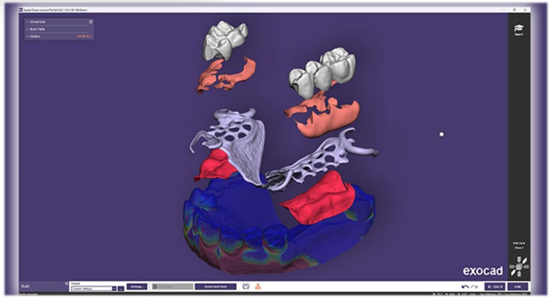
exocad's global event delivered visionary approaches on how to collaboratively improve treatment outcomes under the motto "Network. Innovate. Lead."

The educational program for dental technicians and dentists from more than 45 countries offered informative presentations from top industry speakers, in-depth learning sessions, and a comprehensive dental exhibition

exocad introduces PartialCAD 3.2 Elefsina for more design flexibility for partial dentures

The new release of the software for the design of high-quality removable partial dentures introduced *QuickSnap*, a new workflow to design the first complete digital partial dentures

PartialCAD 3.2 Elefsina allows for the streamlined design of screw-retained hybrid dentures

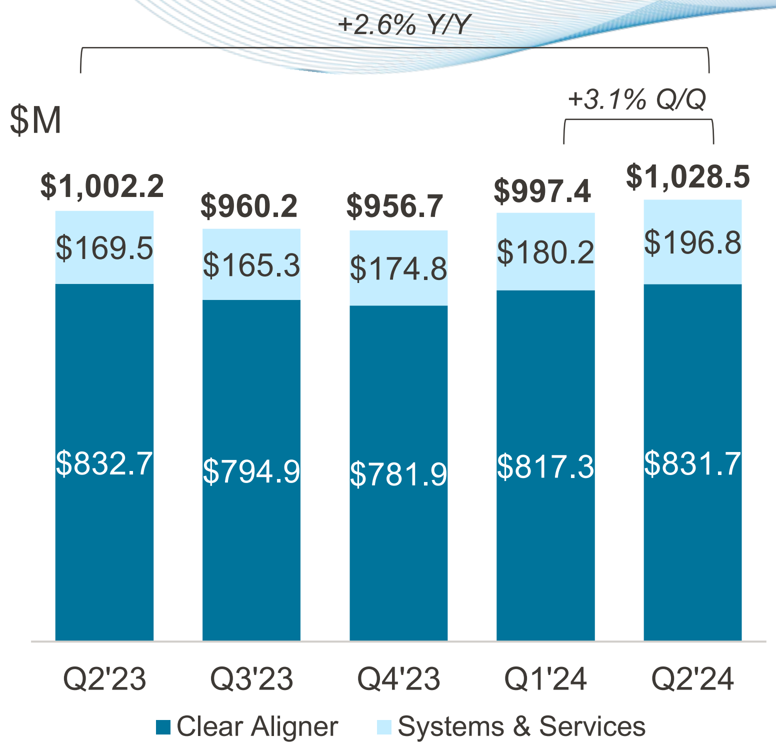


align™ | invisalign® | iTero™ | exocad™

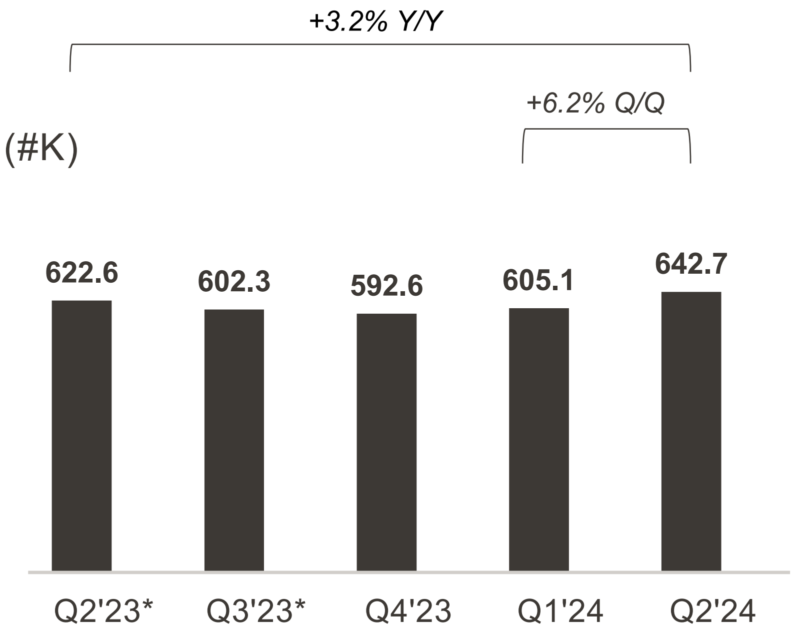
Q2 2024 Financial Review

Trended Revenues and Volumes

Q2'24 highlights



Q2'24 Clear Aligner Case Volume



*As of Q3'23, Doctor Subscription Program Touch-Up cases are included in Clear Aligner shipments in North America and EMEA. Prior periods have been recast.

Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals

Q2 2024 Financial Summary Commentary

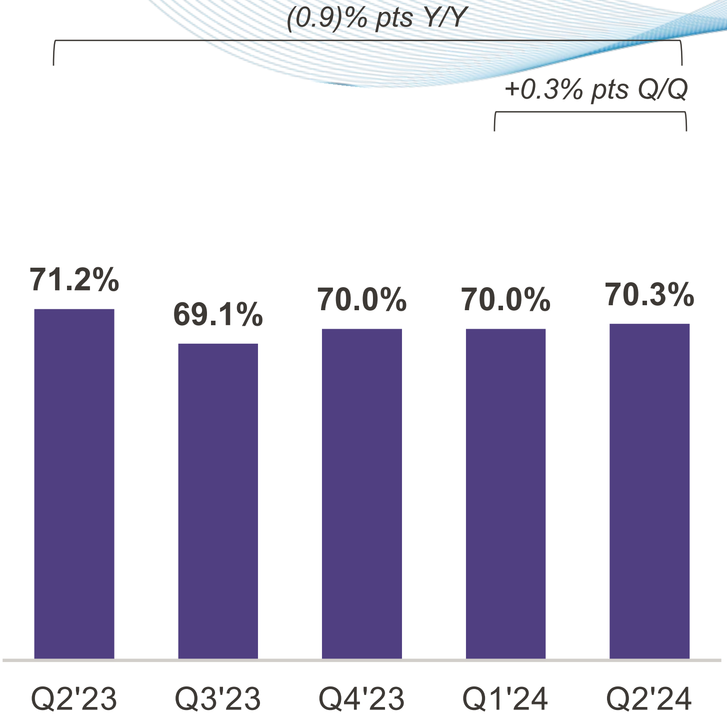
- **Q2'24 Total revenues of $1,028.5M, +3.1% Q/Q and +2.6% Y/Y**
  - Q/Q, Q2'24 revenues were unfavorably impacted by FX of ~$11.6M or ~1.1%*
  - Y/Y, Q2'24 revenues were unfavorably impacted by FX of ~$18.1M or ~1.7%*
- **Q2'24 Clear Aligners revenues of $831.7M, +1.8% Q/Q and flat Y/Y**
  - Q/Q, Q2'24 increase primarily from higher volumes, partially offset by lower ASP's
  - Y/Y, Q2'24 flat primarily due to higher discounts, a product mix shift to lower ASP products, and the unfavorable impact from FX, offset by lower net revenue deferrals, higher volumes, and price increases
  - Q/Q, Q2'24 revenues were unfavorably impacted by FX of ~$9.5M or ~1.1%*
  - Y/Y, Q2'24 revenues were unfavorably impacted by FX of ~$14.7M or ~1.7%*
- **Q2'24 Invisalign® ASPs for comprehensive treatment decreased Q/Q and Y/Y**
  - Q/Q, the decline in ASP's primarily reflects higher discounts, a product mix shift to lower ASP products, and the unfavorable impact of FX
  - Y/Y, the decline in ASP's primarily reflects higher discounts, a product mix shift to lower ASP products, and the unfavorable impact from FX, mostly offset by lower net deferrals and price increases
- **Q2'24 Invisalign® ASPs for non-comprehensive treatment decreased Q/Q and Y/Y**
  - Q/Q, the decline in ASP's reflects the unfavorable impact from FX, higher net revenue deferrals, and a product mix shift to lower ASP products, partially offset by price increases
  - Y/Y, the decrease ASP's reflects higher discounts, a product mix shift to lower ASP products, the unfavorable impact of FX, and the unfavorable impact of a price adjustment in the UK to make the recent mandatory application of VAT to our aligners cost neutral to customers
- **Q2'24 Systems and Services revenues of $196.8M, +9.2% Q/Q and +16.1% Y/Y**
  - Q/Q, increase primarily due to higher volumes, higher ASPs, and non-system revenues mostly related to upgrades
  - Y/Y, increase primarily due to higher ASPs, increased non-system revenues mostly related to upgrades and our leasing/rental programs, and higher service revenues
  - Q/Q, Q2'24 revenues were unfavorably impacted by FX of ~$2.1M or ~1.0%*
  - Y/Y, Q2'24 revenues were unfavorably impacted by FX of ~$3.4M or ~1.7%*

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals

Trended GAAP Gross Margins

Q2'24 highlights



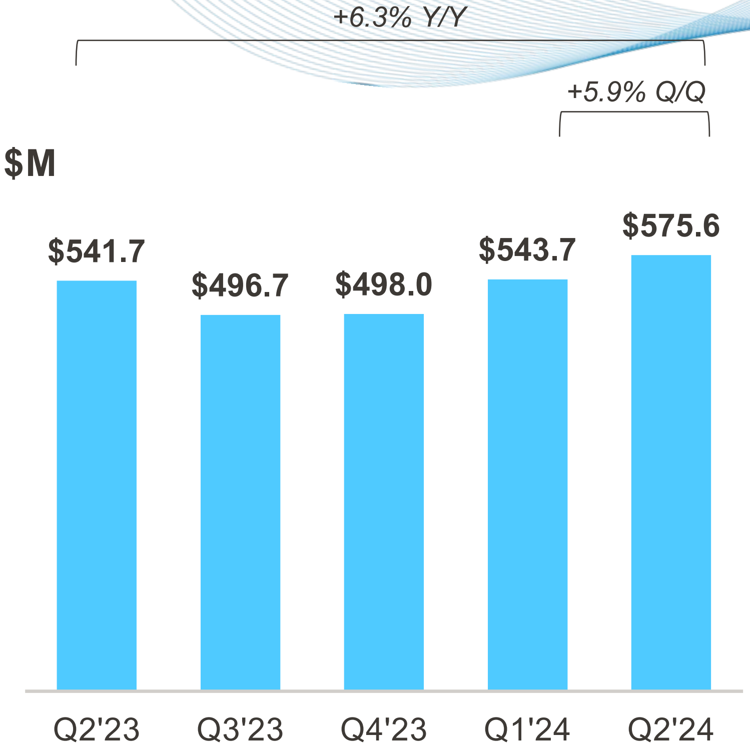
- Overall Q2'24 gross margin was 70.3%, +0.3 pts Q/Q and (0.9) pts Y/Y
  - Q/Q, overall gross margin was unfavorably impacted by FX of ~0.3 pts*
  - Y/Y, overall gross margin was unfavorably impacted by FX of ~0.5 pts*
- Q2'24 non-GAAP gross margin was 70.9%, +0.4 pts Q/Q and (0.8) pts Y/Y
- Q2'24 Clear Aligner gross margin was 70.8%
  - (0.1) pts Q/Q due primarily to lower ASP's, partially offset by lower additional aligners and leveraged manufacturing spend
  - (1.7) pts Y/Y due primarily to lower ASP's and higher manufacturing spend as we continue to ramp our Poland manufacturing facility and the impact of unfavorable FX
- Q2'24 Systems and Services gross margin was 68.2%
  - +2.3 pts Q/Q due primarily to higher ASP's and manufacturing efficiencies
  - +3.0 pts Y/Y for the reasons stated above

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals

Trended GAAP Operating Expense

Q2'24 highlights



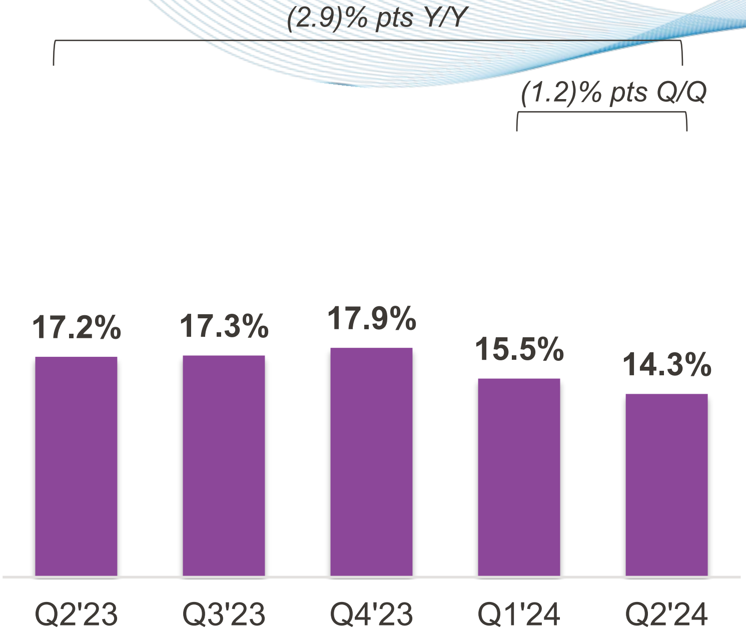
- Q2'24 Operating expenses were $575.6M, +5.9% Q/Q and +6.3% Y/Y
  - Q/Q, Q2'24 operating expenses +$31.9M, due primarily to about $31 million in legal settlements
  - Y/Y, Q2'24 operating expenses +$33.9M, primarily due to legal settlements and higher employee compensation, partially offset by lower outside services and advertising, and marketing expenses
  - On a non-GAAP basis, excluding stock-based compensation, amortization of acquired intangibles related to certain acquisitions, restructuring and other charges, and legal settlements, operating expenses were $499.5M, (1.3)% Q/Q and (1.1)% Y/Y

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals

GAAP Operating Margin and Earnings Per Share Trends

Q2’24 highlights



Diluted Earnings Per Share	**$1.46**	**$1.58**	**$1.64**	**$1.39**	**$1.28**

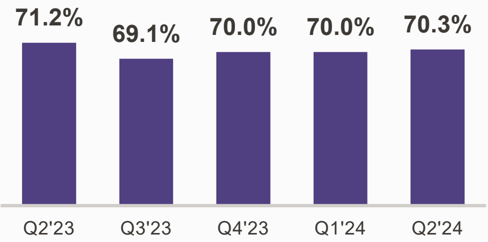
- Q2'24 Operating income of $147.0M resulting in an Q2'24 operating margin of 14.3%, (1.2) pts Q/Q and (2.9) pts Y/Y
  - Q2’24 Operating margin was unfavorably impacted from FX of ~0.6 pts Q/Q and unfavorably impacted by ~1.2 pts Y/Y*
  - On a non-GAAP basis, which excludes stock-based compensation and amortization of intangibles related to certain acquisitions, restructuring, legal settlements, and other chargers, Q2'24 operating margin was 22.3%, +2.5 pts Q/Q and +1.0 pt Y/Y
- Q2'24 Interest and other income & expense, net was an expense of $3.2M, primarily due to unfavorable FX. For comparison, in Q1’24, income was $4.3M and an expense of $0.3M in Q2’23. Recall that Q1’24 included a non-recurring gain on our equity investments.
- The GAAP effective tax rate in Q2'24 was 32.9%, compared to 33.7% in Q1’24, and 34.8% in the second quarter of the prior year
- Q2'24 GAAP effective tax rate was lower than Q1’24 effective tax rate, primarily due to discrete tax expenses recognized in Q1’24, that did not recur in Q2’24 and that benefit was partially offset by an increase in non-deductible expenses
- Our non-GAAP effective tax rate in Q2'24 was 20.0%, which reflects our long-term projected tax rate
- Q2'24 net income per diluted share was $1.28, down Q/Q $0.11 and down $0.18 compared to the prior year. Our Q2'24 EPS was unfavorably impacted by $0.11 on a Q/Q basis due to FX and was unfavorably impacted by $0.17 on a Y/Y basis due to FX. On a non-GAAP basis, Q2'24 net income per diluted share was $2.41, up $0.27 Q/Q and up $0.19 Y/Y

*See table: Unaudited GAAP to Non-GAAP Reconciliation

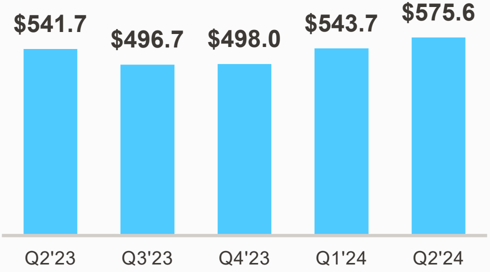
Trended Quarterly Financials

GAAP

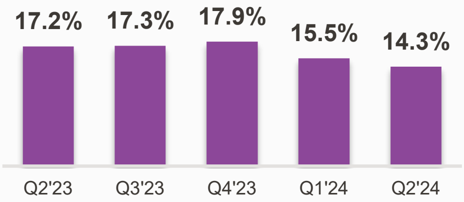
Gross Margin %



Operating Expense ($M)



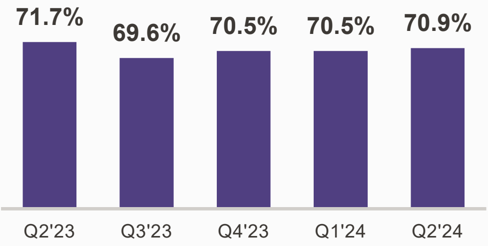
Operating Margin % & EPS



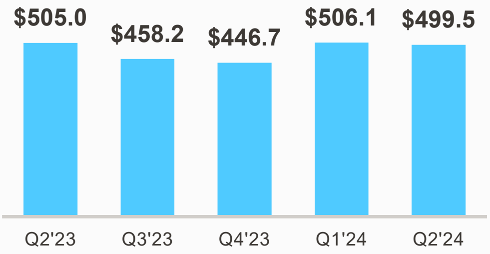
Diluted Earnings Per Share	**$1.46**	**$1.58**	**$1.64**	**$1.39**	**$1.28**

Non-GAAP

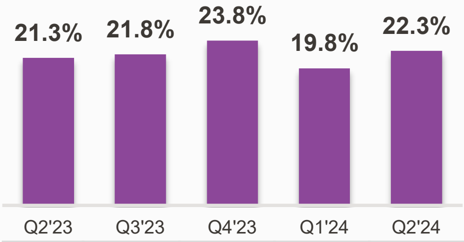
Gross Margin %



Operating Expense ($M)



Operating Margin % & EPS

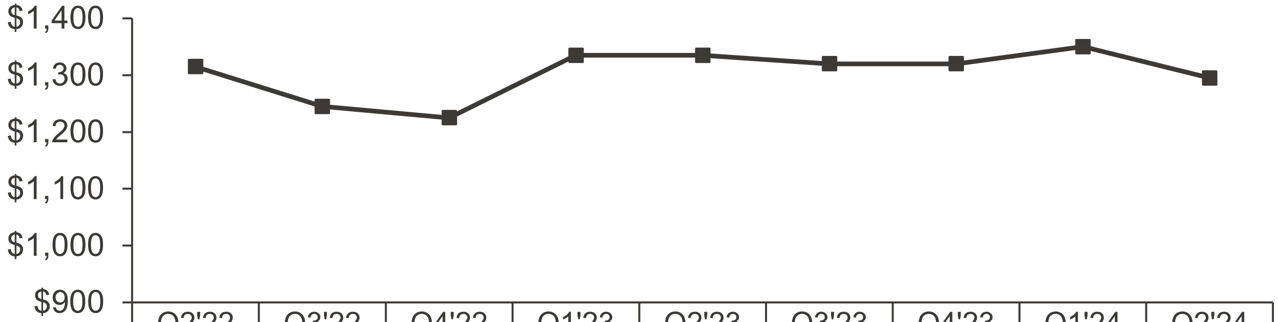


Diluted Earnings Per Share	**$2.22**	**$2.14**	**$2.42**	**$2.14**	**$2.41**

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q2 2024 Clear Aligner Revenue Per Case Shipment

Clear Aligner Revenue Per Case Shipment



	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Worldwide ASP	$1,315	$1,245	$1,225	$1,335	$1,335	$1,320	$1,320	$1,350	$1,295

- **Average Selling Price ("ASP"):** Clear aligner revenues / Case shipments

*As of Q3'23, Doctor Subscription Program Touch-Up cases are included in Clear Aligner shipments in North America and EMEA. Prior periods have been recast.

Balance Sheet, Cash Flow & Stock

($ in millions except for DSO)	Q2'23	Q1'24	Q2'24
Accounts Receivables, net	$908.4	$950.7	**$1,020.1**
DSO	81 days	86 days	**89 days**
Cash, Cash Equivalents, and Short-Term and Long-Term Marketable Securities	$1,033.8	$902.5	**$782.1**
Cash Flow from Operations	$251.8	$28.7	**$159.8**
Capital Expenditures	$(58.5)	$(9.4)	**$(53.5)**
Free Cash Flow*	$193.3	$19.3	**$106.4**

*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

- Of our $782.1M cash and investments balance, $140.0M was held in the U.S. and $642.1M was held by our international entities
- During Q2'24, we repurchased approximately 0.6M shares of our common stock at an average price per share of $250.73 through $150.0M of open market repurchases. As of June 30, 2024, $500.0M remains available for repurchases of our common stock under the January 2023 Repurchase Program
- During the quarter, we completed a $75.0M equity investment in Heartland Dental, a multidisciplinary DSO with GP and Ortho practices across the U.S.
- Clear Aligner deferred revenues on the balance sheet -$7.8M or (0.6)% Q/Q and -$5.2M or (0.4)% Y/Y and will be recognized as the additional aligners are shipped
- Systems and Services deferred revenues on the balance sheet was -$20.4M or (8.3)% Q/Q and -$43.4M or (16.2)% Y/Y primarily due to the recognition of services revenues which are recognized ratably over the service period. The decline in deferred revenues both Q/Q and Y/Y primarily reflects the shorter duration of service contracts applicable to initial scanner purchases

Closing Comments

Fiscal 2024 business outlook

Fiscal 2024 business outlook

Now, turning to our outlook, assuming no circumstances occur beyond our control we provide the following business outlook for Q3'24 and fiscal 2024.

Third quarter 2024 outlook:

For Q3'24, we are providing the following business outlook:

- We expect our Q3 worldwide revenues to be in the range of $980M to $1,000M
- We expect Clear Aligner volume to be down sequentially as a result of Q3 seasonality, and Clear Aligner ASPs to be down sequentially, primarily due to foreign exchange and product mix
- We also expect Systems and Services revenues to be down sequentially because of Q3 seasonality
- We expect our Q3'24 GAAP operating margin to be below Q3'23 GAAP operating margin and Q3'24 non-GAAP operating margin to be flat to Q3'23 non-GAAP operating margin

Full year 2024 outlook:

For fiscal 2024, we are providing the following business outlook:

- We expect fiscal 2024 total revenue growth to be up 4% to 6% year-over-year, due in part to lower Clear Aligner ASPs from continued unfavorable foreign exchange and product mix. In addition, our revised revenue outlook reflects our anticipated commercial launch of the iTero™ Lumina with restorative capabilities to occur in Q1'25, instead of 2024 as previously anticipated
- We expect fiscal 2024 GAAP operating margin to be slightly below 2023 GAAP operating margin and 2024 non-GAAP operating margin to be above the 2023 non-GAAP operating margin
- We expect investments in capital expenditures for fiscal 2024 to be approximately $100M. Capital expenditures primarily relate to building construction and improvements as well as manufacturing capacity in support of continued expansion

Q2 2024 Earnings Call CEO Closing commentary

- In summary, we are pleased with our overall performance for Q2 and the growth we delivered across the business – for clear aligner volumes, as well as strong revenues from scanner and services.
- Notwithstanding the impact of unfavorable foreign exchange on our revenues, we believe the end-markets are stable overall, and we are committed to supporting doctor customers and the future of digital innovation.
- Our purpose is to transform smiles and change lives with the goal of being the standard of care in orthodontics with Invisalign clear aligner treatment. Clinically, we believe that we can treat the vast majority of orthodontic cases today, from the simplest to the most complex – clinical efficacy is no longer a question. We're now focused on the treatment experience for patients and on efficiency and growth for our doctor customers.
- The orthodontic case start market is vastly under-penetrated and there are millions of consumers who would benefit from digital orthodontics. We continue to evolve to better meet the needs of doctors and potential patients who increasingly seek convenient, elevated digital experiences. Our digital platform of integrated technologies, software, and services has helped improve orthodontic treatment for millions by delivering seamless workflows in dental practices, on mobile devices, and through remote monitoring, and are designed to help doctors and patients realize the benefits of truly seamless end-to-end digital workflows and patient experiences.
- But the journey from analog to digital has proven difficult for some practices. The orthodontic practice of the future requires full digital transformation to realize the promise of digital. And we believe there is no other MedTech company in the world that is better positioned to help practices meet this challenge.
- With that, we thank you for your time today. We look forward to sharing our continued progress as we move the industry forward through digital orthodontics.

Transforming

changing lives

Appendix

Unaudited GAAP to Non-GAAP Reconciliation Constant Currency Net Revenues

Note:

1) We define constant currency net revenues as total net revenues excluding the effect of foreign exchange rate movements and use it to determine the percentage for the constant currency impact on net revenues on a sequential, year-over-year and current year versus prior year 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 on net revenues is calculated by dividing the constant currency impact in dollars (numerator) by constant currency net revenues in dollars (denominator).

(+) Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

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

Sequential constant currency analysis:

	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024	Impact % of Revenue
GAAP net revenues	$ 1,028,490	$ 997,431	
Constant currency impact [1]	11,598		1.1 %
Constant currency net revenues [1]	$ 1,040,088		
GAAP Clear Aligner net revenues	$ 831,738	$ 817,251	
Clear Aligner constant currency impact [1]	9,547		1.1 %
Clear Aligner constant currency net revenues [1]	$ 841,285		
GAAP Imaging Systems and CAD/CAM Services net revenues	$ 196,752	$ 180,180	
Imaging Systems and CAD/CAM Services constant currency impact [1]	2,051		1.0 %
Imaging Systems and CAD/CAM Services constant currency net revenues [1]	$ 198,803		

Year-over-year constant currency analysis:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Impact % of Revenue
GAAP net revenues	$ 1,028,490	$ 1,002,173	
Constant currency impact [1]	18,077		1.7 %
Constant currency net revenues [1]	$ 1,046,567		
GAAP Clear Aligner net revenues	$ 831,738	$ 832,674	
Clear Aligner constant currency impact [1]	14,702		1.7 %
Clear Aligner constant currency net revenues [1]	$ 846,440		
GAAP Imaging Systems and CAD/CAM Services net revenues	$ 196,752	$ 169,499	
Imaging Systems and CAD/CAM Services constant currency impact [1]	3,374		1.7 %
Imaging Systems and CAD/CAM Services constant currency net revenues [1]	$ 200,126		

Unaudited GAAP to Non-GAAP Reconciliation Constant Currency Gross Profit and Gross Margin

Note:

1) We define constant currency gross margin as constant currency gross profit as a percentage of constant currency net revenues. Gross margin constant currency impact is the increase or decrease in constant currency gross margin compared to the GAAP gross margin.

(+) Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

ALIGN TECHNOLOGY, INC.
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED[+]
CONSTANT CURRENCY GROSS PROFIT AND GROSS MARGIN
(in thousands, except percentages)

Sequential constant currency analysis:

	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024
GAAP gross profit	$ 722,628	$ 697,816
Constant currency impact on net revenues	11,598	
Constant currency gross profit	$ 734,227	

	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024
GAAP gross margin	70.3 %	70.0 %
Gross margin constant currency impact (1)	0.3	
Constant currency gross margin (1)	70.6 %	

Year-over-year constant currency analysis:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
GAAP gross profit	$ 722,628	$ 713,609
Constant currency impact on net revenues	18,077	
Constant currency gross profit	$ 740,705	

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
GAAP gross margin	70.3 %	71.2 %
Gross margin constant currency impact (1)	0.5	
Constant currency gross margin (1)	70.8 %	

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 on a sequential and year-over-year basis. 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.

(+) Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

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, 2024	Three Months Ended March 31, 2024
GAAP income from operations	$ 147,046	$ 154,135
Income from operations constant currency impact (1)	7,617	
Constant currency income from operations (1)	$ 154,663	

	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024
GAAP operating margin	14.3 %	15.5 %
Operating margin constant currency impact (2)	0.6	
Constant currency operating margin (2)	14.9 %	

Year-over-year constant currency analysis:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
GAAP income from operations	$ 147,046	$ 171,931
Income from operations constant currency impact (1)	14,924	
Constant currency income from operations (1)	$ 161,970	

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
GAAP operating margin	14.3 %	17.2 %
Operating margin constant currency impact (2)	1.2	
Constant currency operating margin (2)	15.5 %	

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

Notes:

(1) Amortization of intangible assets related to certain acquisitions.

(2) Restructuring and other charges recorded in Gross Profit and Operating expenses primarily relate to severance costs, lease termination charges and asset impairments.

(+) Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

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,	
	2024	2023	2024	2023
GAAP gross profit	$ 722,628	$ 713,609	$1,420,444	$1,374,263
Stock-based compensation	2,582	1,901	4,646	3,708
Amortization of intangibles (1)	3,678	2,810	7,402	5,584
Restructuring charges (2)	—	—	—	(8)
Non-GAAP gross profit	$ 728,888	$ 718,320	$1,432,492	$1,383,547
GAAP gross margin	70.3 %	71.2 %	70.1 %	70.6 %
Non-GAAP gross margin	70.9 %	71.7 %	70.7 %	71.1 %
GAAP total operating expenses	$ 575,582	$ 541,678	$1,119,263	$1,068,816
Stock-based compensation	(44,446)	(35,959)	(81,170)	(71,887)
Amortization of intangibles (1)	(875)	(879)	(1,738)	(1,746)
Restructuring and other charges (2)	357	123	357	300
Litigation settlement loss	(31,127)	—	(31,127)	—
Non-GAAP total operating expenses	$ 499,491	$ 504,963	$1,005,585	$ 995,483
GAAP income from operations	$ 147,046	$ 171,931	$ 301,181	$ 305,447
Stock-based compensation	47,028	37,860	85,816	75,595
Amortization of intangibles (1)	4,553	3,689	9,140	7,330
Restructuring and other charges (2)	(357)	(123)	(357)	(308)
Litigation settlement loss	31,127	—	31,127	—
Non-GAAP income from operations	$ 229,397	$ 213,357	$ 426,907	$ 388,064
GAAP operating margin	14.3 %	17.2 %	14.9 %	15.7 %
Non-GAAP operating margin	22.3 %	21.3 %	21.1 %	19.9 %
GAAP net income before provision for income taxes	$ 143,866	$ 171,589	$ 302,252	$ 306,213
Stock-based compensation	47,028	37,860	85,816	75,595
Amortization of intangibles (1)	4,553	3,689	9,140	7,330
Restructuring and other charges (2)	(357)	(123)	(357)	(308)
Litigation settlement loss	31,127	—	31,127	—
Non-GAAP net income before provision for income taxes	$ 226,217	$ 213,015	$ 427,978	$ 388,830
GAAP provision for income taxes	$ 47,302	$ 59,775	$ 100,660	106,601
Tax impact on non-GAAP adjustments	(2,059)	(17,209)	(15,095)	(28,835)
Non-GAAP provision for income taxes	$ 45,243	$ 42,566	$ 85,565	$ 77,766
GAAP effective tax rate	32.9 %	34.8 %	33.3 %	34.8 %
Non-GAAP effective tax rate	20.0 %	20.0 %	20.0 %	20.0 %
GAAP net income	$ 96,564	$ 111,814	$ 201,592	$ 199,612
Stock-based compensation	47,028	37,860	85,816	75,595
Amortization of intangibles (1)	4,553	3,689	9,140	7,330
Restructuring and other charges (2)	(357)	(123)	(357)	(308)
Litigation settlement loss	31,127	—	31,127	—
Tax impact on non-GAAP adjustments	2,059	17,209	15,095	28,835
Non-GAAP net income	$ 180,974	$ 170,449	$ 342,413	$ 311,064
GAAP diluted net income per share	$ 1.28	$ 1.46	$ 2.68	$ 2.60
Non-GAAP diluted net income per share	$ 2.41	$ 2.22	$ 4.55	$ 4.05
Shares used in computing diluted net income per share	75,223	76,689	75,315	76,897

Q3 2024 and Fiscal 2024 Outlook – GAAP to Non-GAAP Reconciliation

ALIGN TECHNOLOGY, INC.
Q3 2024 OUTLOOK - GAAP TO NON-GAAP RECONCILIATION

GAAP operating margin	slightly below 16.5%
Stock-based compensation	~4.8%
Amortization of intangibles [1]	~0.5%
Non-GAAP operating margin	~21.8%

ALIGN TECHNOLOGY, INC.
FISCAL 2024 OUTLOOK - GAAP TO NON-GAAP RECONCILIATION

GAAP operating margin	slightly below 16.0%
Stock-based compensation	~4.5%
Amortization of intangibles [1]	~0.4%
Litigation settlement [2]	~0.7%
Non-GAAP operating margin	above 21.4%

[1] Amortization of intangible assets related to certain acquisitions.
[2] Full-year impact of Q2'24 litigation settlement.

Notes:

(1) Amortization of intangible assets related to certain acquisitions.

(2) Full-year impact of Q2'24 litigation settlement.