Q2 2023
Financial Results

Align Technology, Inc.

July 26, 2023

Conference Details

Conference call

- **Speakers:**
  - Joe Hogan, President and CEO
  - John Morici, CFO
  - Shirley Stacy, VP, Finance, Investor Relations and Corporate Communications
- **Replay and Webcast Archive:**
  - Telephonic replay will be available through 5:30 p.m. ET, August 9, 2023
  - Domestic callers: 929-458-6194
  - International callers: 44-204-525-0658
  - Access code: 342791
  - Audio webcast archive will be available at http://investor.aligntech.com for one month

Contacts

- Website: http://investor.aligntech.com/
- Email: investorinfo@aligntech.com
- Tel: (602) 742-2000
- Corporate and Investor Communications:
- Shirley Stacy, sstacy@aligntech.com
- Madelyn Valente, mvalente@aligntech.com

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, our ability to deliver products and technologies, anticipated clear aligner volumes and ASP, anticipated Systems and Services revenue, our expectations for Q3'23 revenues and GAAP and Non-GAAP operating margin, and 2023 revenues 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 macro-economic conditions, levels of employment, salaries and wages, debt obligations, discretionary income, inflationary pressure, declining consumer confidence, and the military conflict in Ukraine;
- 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 will continue to adversely impact our operations, assets and research and development activities inside and outside of Russia;
- variations in our product mix, product adoption and selling prices regionally and globally;
- competition from existing and new competitors;
- 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;
- 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 clear aligners and 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 doctor customers 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, 2022, which was filed with the Securities and Exchange Commission ("SEC") on February 27, 2023, and our latest Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, which was filed with the SEC on May 5, 2023. 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 in the United States ("GAAP"), we may provide investors with certain non-GAAP financial measures which may include constant currency net revenues, constant currency gross profit, constant currency gross margin, constant currency income from operations, constant currency operating margin, gross profit, gross margin, operating expenses, income from operations, 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 and discrete cash and non-cash charges or gains that are included in the most directly comparable GAAP measure. In Q4'22, we changed to a long-term non-GAAP effective tax rate in our computation of the non-GAAP income tax provision to provide better consistency across reporting periods. Our previous methodology for calculating our non-GAAP effective tax rate included certain non-recurring and period-specific items, that produced fluctuating effective tax rates that management does not believe are reflective of the Company's long-term effective tax rate. This new methodology became effective January 1, 2022 and we recast prior periods in 2022. 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, restructuring and other charges, acquisition-related costs, and arbitration award gain, and associated tax impacts.
- 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 limitations to using non-GAAP financial measures as 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 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."

15.7M total Invisalign® patients treated to date, including **4.3M** teens.

25 years – From appliance to platform

align | invisalign | iTero | exocad

Revenue Y/Y%

2001–2022
+23%

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
Invisalign® Virtual Care AI
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™

TRANSFORMING SMILES, CHANGING LIVES

Connect

Scan & Diagnose

Plan

Treat

Monitor

Retain

invisalign | iTero | exocad | vivera

Align® Digital Workflow

A seamless end-to-end treatment experience that guides doctor customers from first consultation through to final smile, delivering to them and their patients' superior clinical outcomes, treatment efficiency, and an elevated patient experience.

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® Personalized 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

Invisalign® Virtual Care AI

My Invisalign™ app

Retain
Maintain beautiful teeth for life

Vivera™ retainers

Invisalign® Professional Whitening System

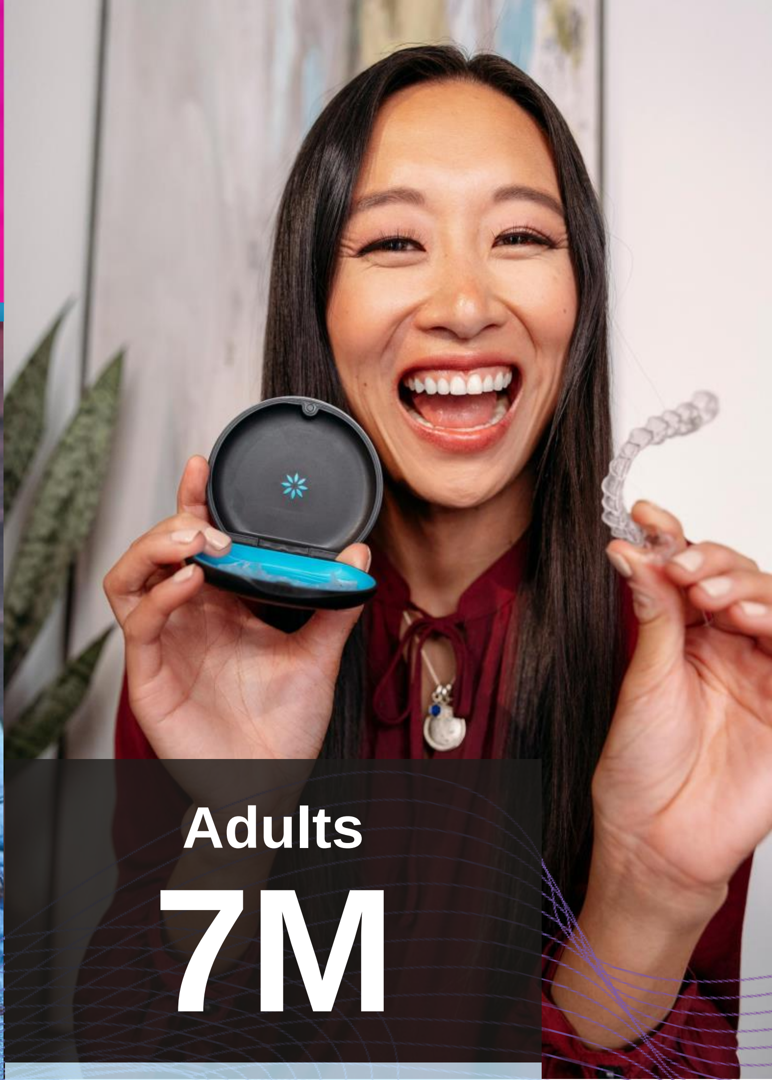
Invisalign Outcome Simulator Pro is available on all iTero Element Plus Series scanners and imaging systems.
Due to the individual nature of each doctors' approach to different cases, IPP is being scaled gradually in phases across our customer population.

Unprecedented Opportunity

500M

Potential patients through 2M doctors


14M
Teens
Orthodontic starts
21M


Adults
7M

Relentless focus and execution on our strategic priorities

International expansion

Patient demand & conversion

Orthodontist utilization

GP dentist treatment

Our unique position and sustainable competitive advantage

Multivariable equation that is very difficult to replicate

Manufacturing Excellence

- ✓ 1M unique clear aligner parts / day
- ✓ > 55K treatment plans / day
- ✓ Proven & Scalable Technology

Geographical Expansion

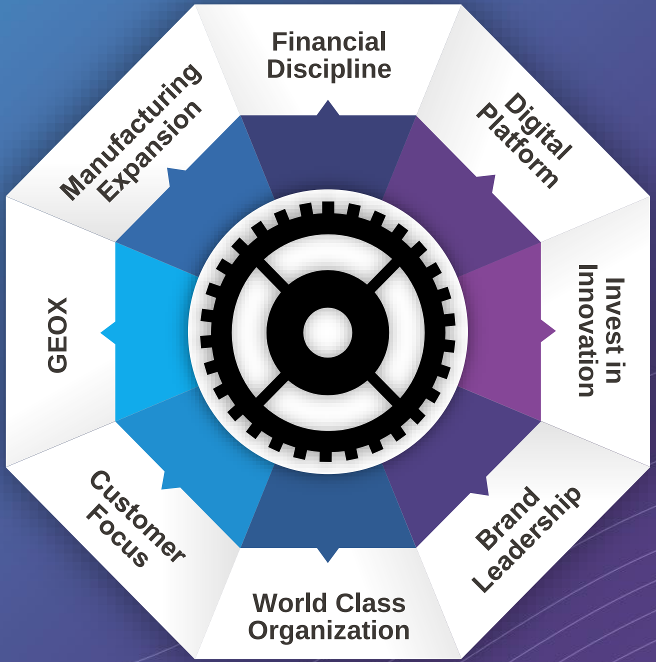
- ✓ > 120 Markets
- ✓ 14 Fab & Treat locations

Diversified Customer Base

- ✓ ~247K Orthos and GP dentists
- ✓ 50K+ software installations

Strong Workforce

- ✓ ~4K 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® & iTero™ scanners
- ✓ Flexible design (integrate exocad)

Product, Technology, and IP

- ✓ Consistent product launches (G7,G8)
- ✓ Partnership with leading universities
- ✓ Healthy Product / Technology pipeline

Top Brand for Aligner & Scanner

- ✓ $300M+ annual brand investment
- ✓ 15.7M+ satisfied patients

Opening Commentary

Overall, we're pleased to report another better than expected quarter with Q2 revenues and operating margins that exceeded our guidance. Q2 results reflect improving trends across regions and strength in teen and younger patient volumes, driven by momentum in both submitters and utilization as well as continued growth from Invisalign First™. In the teen segment, which represents the largest portion of the 21 million annual orthodontic case starts, 195 thousand teens and kids started treatment with Invisalign® clear aligners during the second quarter, an increase of 7% sequentially and 10% year-over-year, reflecting the highest annual growth rate in the teen segment since 2021.

For Systems and Services, second quarter revenues of $169.5 million were up 10.5% sequentially and down very slightly 1.0% year over year. For Q2, sequential increase in Systems and Services revenues reflects increased scanner volumes across the regions, and higher services and non-system revenues, reflecting increased sales of certified pre-owned (CPO) scanners and higher subscription revenues. On a year over year basis, Q2 services revenues increased primarily due to higher subscription revenues from the larger number of iTero™ scanners in the field. We also had higher non-system scanner revenues related to our certified pre-owned (CPO) sales, and our scanner leasing and rental programs.

For Q2, total Clear Aligner revenues of $832.7 million was up 5.4% sequentially and 4.3% year over year. Q2 sequential revenue growth rate is consistent with our historical 3-year average and reflects growth across all regions. Q2 Non-Case revenues of $80.0 million was up 6.2% sequentially and 17.9% year over year, reflecting continued growth from Vivera™ retainers, the Invisalign Doctor Subscription Program (DSP) our monthly subscription-based clear aligners program, and Commerce sales for aligner-related consumable like aligner cases, and whitening and cleaning products.

Quarterly Highlights

Q2 2023 Revenues and Operating Margin

TOTAL REVENUES	TOTAL SYSTEMS AND SERVICES REVENUES	TOTAL CLEAR ALIGNER REVENUES	GAAP OP PROFIT MARGIN
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
Q2'22	**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
Q2'23 FX Impact: • Q/Q: ~$1.3M favorable impact from FX(1) • Y/Y: ~$19.4M unfavorable impact from FX(1)	**Q2'23 FX Impact:** • Q/Q: ~$0.1M favorable impact from FX(1) • Y/Y: ~$3.1M unfavorable impact from FX(1)	**Q2'23 FX Impact:** • Q/Q: ~$1.2M favorable impact from FX(1) • Y/Y: ~$16.3M unfavorable impact from FX(1)	**Q2'23 FX Impact:** • Y/Y: ~1.1 pts unfavorable impact from FX(1)

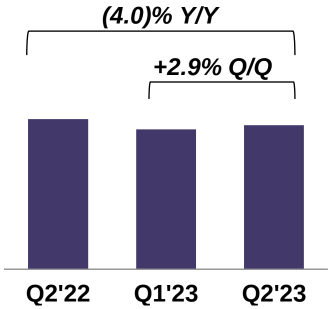
(1) See table: Unaudited GAAP to Non-GAAP Reconciliation

Business and Regional Review

Clear Aligner segment

Americas Clear Aligner Metrics

Americas Clear Aligner Shipments

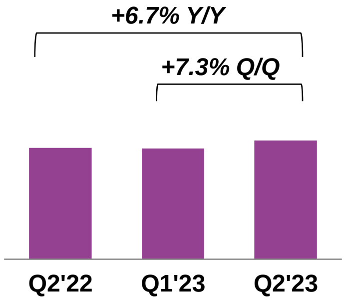


North Americas Utilization*

	Q2'22	Q1'23	Q2'23
NA Ortho**	26.8	26.2	26.3
NA GP	5.1	4.9	5.2

International Clear Aligner Metrics

International Clear Aligner Shipments



International Utilization*

Q2'22	Q1'23	Q2'23
6.4	6.2	6.6

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

**Q2'22 NA Ortho utilization with Touch Up cases 28.1; Q1'23 NA Ortho utilization with Touch Up cases 28.7; and Q2'23 NA Ortho utilization with Touch Up cases 29.2

Q2 2023 Non-Case Revenues

- Q2 Non-Case revenues of $79.0M was up 6.2% Q/Q and 17.9% Y/Y, reflecting continued growth from Vivera™ retainers, the Invisalign Doctor Subscription Program (DSP) our monthly subscription-based clear aligners program, and Commerce sales for aligner-related consumable like aligner cases, and whitening and cleaning products.

- DSP has been successful in addressing an important and growing opportunity for experienced Invisalign doctors. It is our first subscription-based clear aligner program that enables doctors to reach new patients and provide them with a better overall experience. DSP enables doctors flexibility to treat simple “touch up” cases or offer their patients a superior, flexible and convenient retention solution.

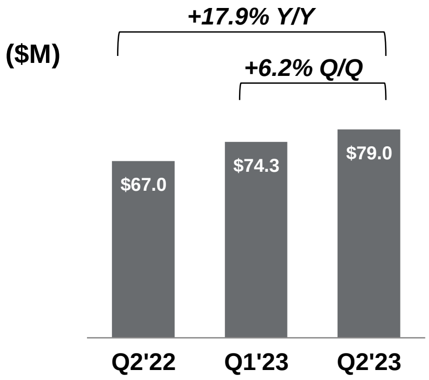
- We introduced DSP in the U.S. and Canada in 2021, expanded into Spain and the Nordic countries in Q2’23 and will launch DSP in France and in the UK in the second half of this year. We have also extended DSP to DSO partners who recognize the value of our Invisalign subscription aligner model.

- Over the past two years, our DSP subscription program has continued to ramp and in Q2 drove strong volume growth in “touch-up” cases -- typically 5 to 10 stages of aligners. For Q2’23, we shipped over 18K DSP touch-up cases in North America, up from 15.5K in Q1’23 and more than double the case volume in Q2’22 last year.

- Given its continued success and contribution to our growth this year, DSP touch-up cases are included in our overall commentary for our clear aligners. Unless otherwise specified in our remarks, our case volumes and metrics do not include DSP and "touch-up" cases

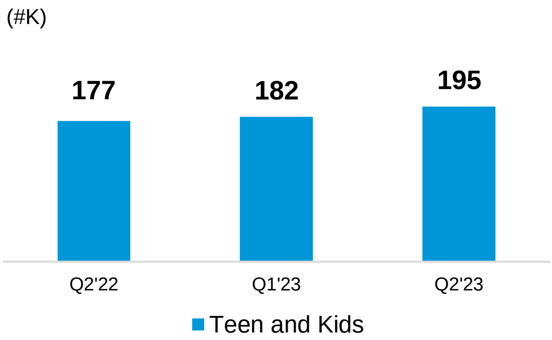
Non-Case Clear Aligner Metrics

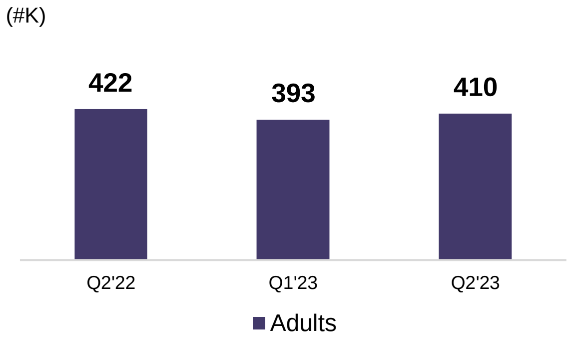
Non-Case Clear Aligner Revenues



4.3M Teen and Kids treated with the Invisalign® System, to date

- Teen orthodontic treatment is the largest segment of the orthodontic market worldwide and represents our largest opportunity for clear aligners sales to Orthos. We continue to focus on gaining share from traditional metal braces through teen specific sales and marketing programs and product features unique to the Invisalign System.
- For Q2, total Clear Aligner cases for teenagers were up 7% Q/Q and 9.7% Y/Y, reflecting improving trends across the regions. On a sequential basis, growth was driven by increased submitters in the APAC and EMEA regions. On a Y/Y basis, teen case starts were up in the APAC region driven by increased submitters and in the EMEA region driven by increased submitters and utilization, both in the orthodontic channel.
- Last year we introduced Invisalign Teen Case Packs in the US and Canada and in Q1/Q2 we launched them in France, Scandinavia, and Iberia. For the quarter, teen case packs increased Q/Q and Y/Y driven by strength in EMEA.
- Invisalign First was also up Q/Q and Y/Y across all regions and continues to drive adoption of Invisalign treatment among young patients. Invisalign First aligners are designed for phase 1 treatment, typically in growing children 6-10 years old, making up about 20% of orthodontic case starts. And because Invisalign First is removable, younger patients can continue to brush and floss, maintaining good oral hygiene. There's also no discomfort from rubbing brackets or poking wires from metal braces. These benefits, along with positive compliance experience may also contribute to continued momentum for Invisalign First. In fact, the majority of surveyed Invisalign orthodontists agree that their young patients are highly compliant with Invisalign First treatment.* Understanding that younger kids are highly compliant and that Invisalign First provides an opportunity to support overall practice growth can be contributing factors.





* Data on file at Align Technology.

Power of consumer brand

Focusing on educating consumers about the Invisalign® System and driving demand to Invisalign doctors' offices

- The Invisalign® System is one of the most trusted brands in the Orthodontic industry globally among both doctors and patients. On the consumer marketing front, we delivered 10.3B impressions and had 30.9M visits to our websites in Q2'23.

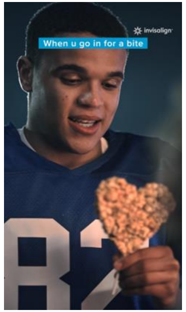
- To increase awareness and educate young adults, parents and teens about the benefits of the Invisalign brand, we continued to invest in top media platforms such as TikTok, YouTube, SnapChat, and Instagram across markets, as well as key social media influencers and brand ambassadors.

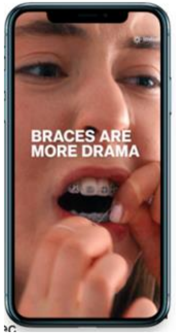
- In the Americas, we focused on reaching young adults as well as teens and their parents through our influencer and creator centric campaigns, partnering with leading Smile Squad creators including Marsai Martin, Rylie Shaw and Jeremy Lin. Each of these creators shared their personal experiences with Invisalign treatment and why they chose to transform their smile with Invisalign aligners. Additionally, in the US we worked closely with athletes on OverTime, a high school sports social media platform, to showcase the benefits of Invisalign treatment. Brand interest remained strong throughout the quarter with +9.2M consumers visiting our websites in the Americas region, representing 17% growth Y/Y.

- In the EMEA region, we partnered with new influencers to reach consumers across social media platforms including TikTok and Meta. In Germany we launched new testimonial campaigns highlighting the stories of seven young adults and teens who share why they chose Invisalign treatment and how it impacted their lives. Our consumer campaigns delivered more than 1.7B media impressions and 9.7M visitors to our website.

- We continued to invest in consumer advertising across the APAC region, resulting in more than 12M visitors to our websites, and over 4.8B impressions. We expanded our reach in Japan and India via TikTok, Meta and YouTube, and partnered with key influencers like Rima Kallingal and Kamiya Jain. We saw increased brand interest from consumers as evidenced by a 271% Y/Y increase in unique visitors to our website in India and a 46% Y/Y increase in Japan.

- Adoption of MyInvisalign Consumer and Patient app continued to increase with 3.1M+ downloads to-date and over 350K monthly active users, a 28% Y/Y growth. Usage of our other digital tools also continued to increase. ClinCheck® Live Update was used by 40K doctors on more than 577.9K cases, reducing time spent in modifying treatment by 19.6%. Invisalign Practice app is increasing in adoption with 88K doctors who are actively using this app and 5.1M photos were uploaded in Q2 via the Invisalign Practice app.





Connecting consumers with top Invisalign® doctors

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

Q2 2023 Invisalign® Brand Consumer Concierge

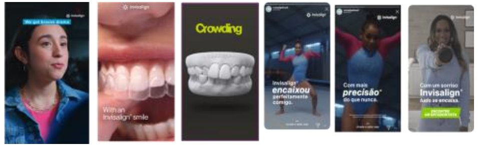
- The Invisalign® Brand Consumer Concierge service teams have connected **+122K** potential consumers with Invisalign doctors and reached **+5.1M** consumers globally. The Invisalign Brand Consumer Concierge program successfully provides leads to doctors they otherwise may not obtain
- The Invisalign 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

+5.1M	+587K	+122K
Consumers contacted	Consultations scheduled	Invisalign cases started

Q2 2023 Invisalign® Brand Consumer Marketing

Americas

9.2M	3.7B
Website Visitors	Impressions

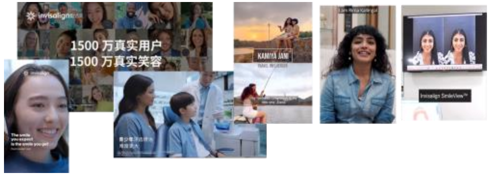


EMEA

9.7M	1.3B
Website Visitors	Impressions

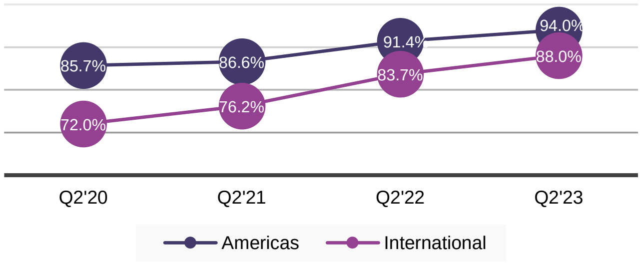
APAC

12M	4.8B
Website Visitors	Impressions



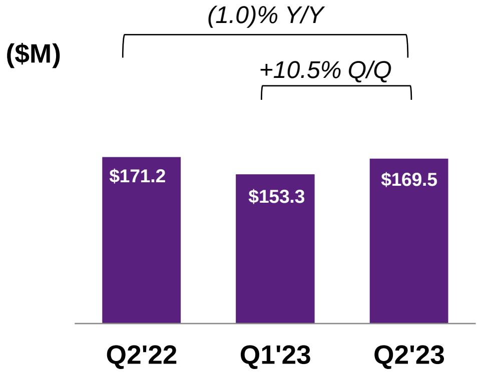
Systems and Services segment

Intraoral digital scans for Invisalign® case submission



Imaging Systems and CAD/CAM Services

Systems and Services Revenues



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

exocad Q2 2023 Highlights

exocad releases *ChairsideCAD 3.1 Rijeka* with many new features for an easy path to digitally designed restorations

- The latest version of its CAD software for single-visit restorations features a new tool to easily customize tooth abrasion in real time
- Reusing anatomical designs for multiple restorations lets clinicians save valuable time along the patient journey when creating clip-on smiles for patient engagement, temporaries, and final restorations.
- Instant in-face visualization of the design with the Smile Creator add-on module now helps engage patients and increase treatment commitment. The Smile Window provides real-time visualization of the smile makeover throughout the design process.
- iTero™ NIRI (near-infrared imaging) and intraoral camera images are now automatically incorporated via the iTero-exocad Connector™ when designing restorations, making it possible to visualize the internal and external tooth structure and optimize the process of margin line tracing.

exocad's global CAD/CAM conference "Insights 2024" returns to Palma de Mallorca

- Insights 2024, the fourth global gathering for dental labs and clinics, will be held on **May 9–10, 2024**, under the motto "**Network. Innovate. Lead.**"
- Two-days of lectures from top-tier dental speakers, break-out learning sessions, new product launches, a comprehensive dental exhibition and an evening event at the modern Palau de Congressos de Palma awaits the participants.

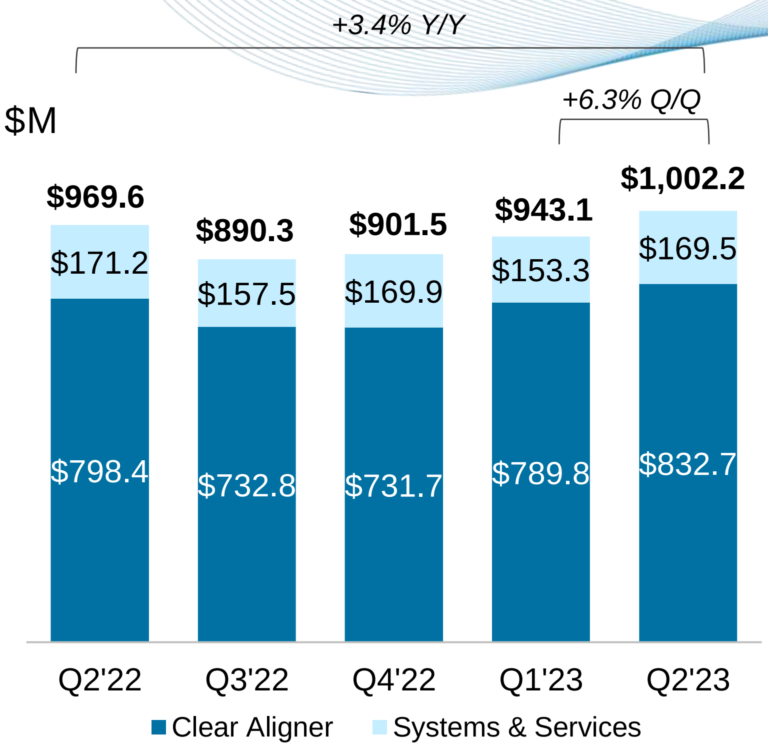
Online trainings for *exoplan* now available

- exocad offers **personalized trainings for its implant planning software exoplan** via its web shop
- exocad resellers focusing on distribution can leverage the new resource
- Up to five attendees per lab or clinic are trained by exocad's technical helpdesk specialists. Sessions are recorded and available afterward.

Q2 2023 Financial Review

Revenues Trend

Q2’23 highlights



- **Total revenues of $1,002.2M, +6.3% Q/Q and +3.4% Y/Y**
  - Q/Q, revenues were favorably impacted by FX of ~$1.3M*
  - Y/Y, revenues were unfavorably impacted by FX of ~$19.4M*
- **Clear Aligners revenues of $832.7M, +5.4% Q/Q and +4.3% Y/Y**
  - Q/Q, increase primarily from higher volumes, higher non-case revenues, and higher ASPs
  - Y/Y, increase primarily due to higher ASPs, higher non-case revenues, and higher volumes
  - Q/Q, revenues benefitted from favorably FX of ~$1.2M or ~0.1%*
  - Y/Y, revenues were unfavorably impacted by FX of ~$16.3M or ~1.9% Y/Y*
- **Invisalign® ASPs for comprehensive treatment decreased Q/Q and increased Y/Y**
  - Q/Q, ASPs reflect larger discounts and product mix shift to lower priced products, partially offset by price increases
  - Y/Y, the increase in ASPs reflect price increases and higher additional aligners, partially offset by product mix shift, larger discounts, and unfavorable FX
- **Invisalign® ASPs for non-comprehensive treatment increased both Q/Q and Y/Y**
  - Q/Q, the increase in ASPs reflect lower discounts, higher additional aligners, price increases, and favorable FX
  - Y/Y, the increase in ASPs reflect price increases and higher additional aligners, partially offset by product mix shift, larger discounts, and unfavorable FX
- **Systems and Services revenues of $169.5M,+10.5% Q/Q and (1.0)% Y/Y**
  - Q/Q, increase mostly due to higher scanner volume, higher revenues from our CPO program, and higher services revenues from our larger base of scanners sold, partially offset by unfavorable ASPs
  - Y/Y, decline primarily due to lower scanner volume and unfavorable ASPs, partially offset by higher services revenues from our larger base of scanners sold and higher revenues from our CPO and leasing/rental programs
  - Q/Q, revenues benefitted from favorable FX of ~$0.1M or ~0.1%*
  - Y/Y, revenues were unfavorably impacted by FX of ~$3.1M or ~1.8%*

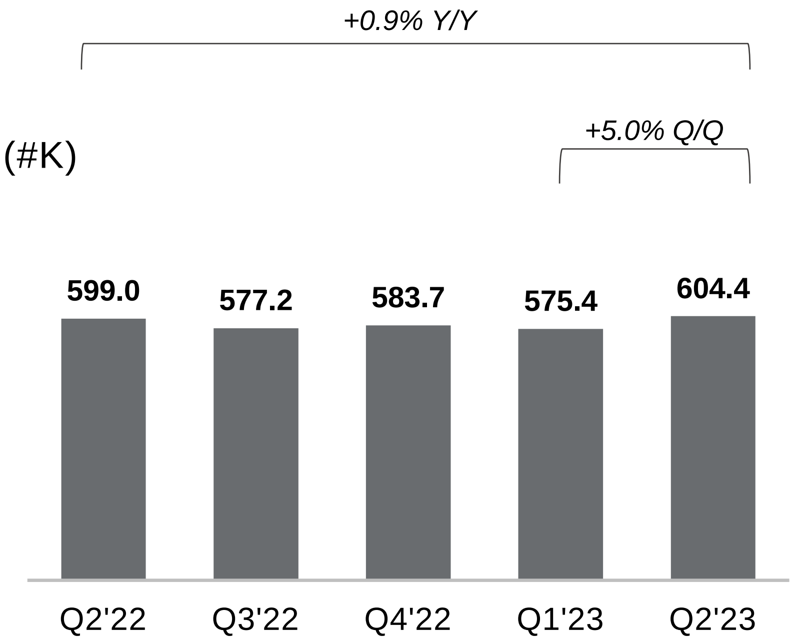
*See table: Unaudited GAAP to Non-GAAP Reconciliation

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

align | invisalign | iTero | exocad

Clear Aligner Shipments Trend

Q2'23 highlights

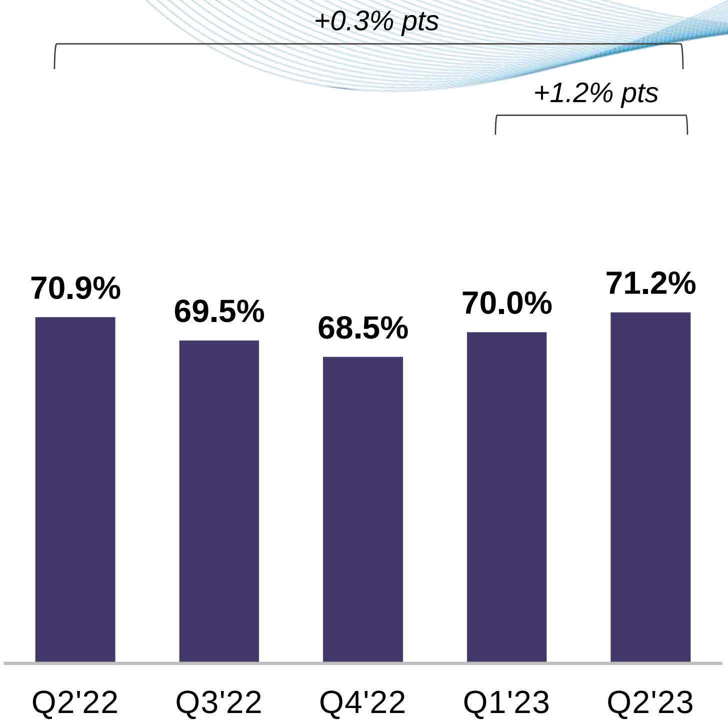


- In Q2, Clear Aligner case volume was +5.0% Q/Q, and +0.9% Y/Y

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

GAAP Gross Margin Trends

Q2’23 highlights



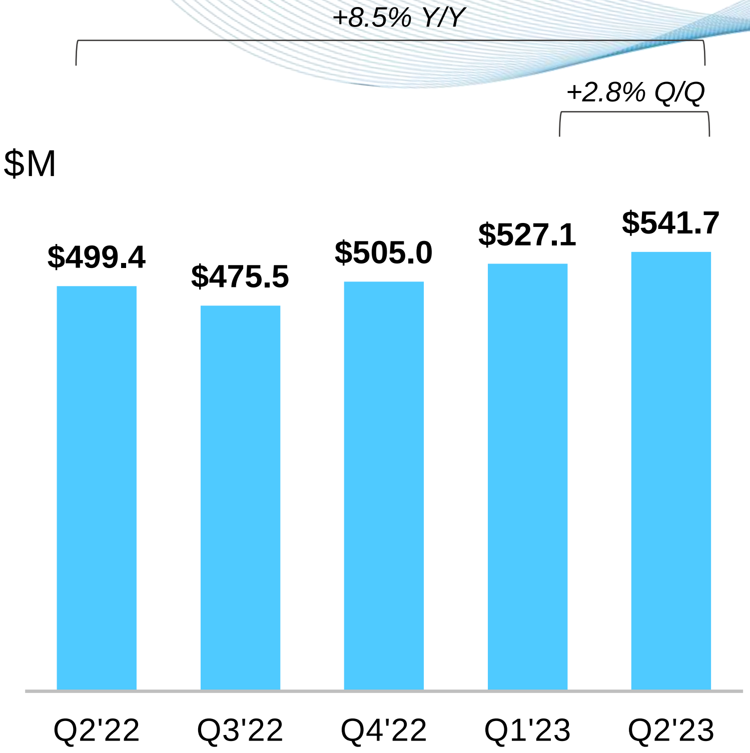
- Overall gross margin was 71.2%, +1.2 pts Q/Q and +0.3 pts Y/Y
  - Y/Y, overall gross margin was unfavorably impacted by FX of ~0.5 pts
- Clear Aligner gross margin was 72.4%
  - +0.7 pts Q/Q primarily due to lower mix of additional aligners, favorable manufacturing variances, and higher ASPs
  - (0.9) pts Y/Y primarily due to increased manufacturing spend as we continue to ramp up operations at our new manufacturing facility in Poland and a higher mix of additional aligner volume, partially offset by higher ASPs and lower freight
- Systems and Services gross margin was 65.1%
  - +3.5 pts Q/Q primarily from lower service and freight costs, partially offset by lower ASPs
  - +5.3 pts Y/Y primarily from lower service and freight costs and higher service revenues, partially offset by lower ASPs

*See table: Unaudited GAAP to Non-GAAP Reconciliation

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

GAAP Operating Expense Trends

Q2'23 highlights

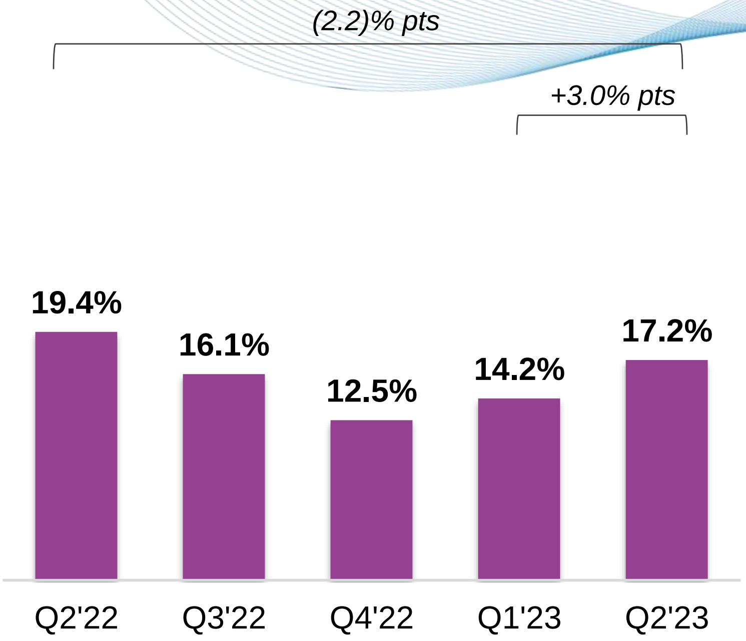


- Operating expenses were $541.7M, +2.8% Q/Q and +8.5% Y/Y
  - Q/Q, operating expenses +$14.5M, primarily from higher consumer marketing spend and higher incentive compensation
  - Y/Y, operating expenses +42.3M, primarily due to higher incentive compensation and our continued investments in sales and R&D activities, partially offset by controlled spending on advertising and marketing as a part of our efforts to proactively manage costs
  - On a non-GAAP basis, excluding stock-based compensation and amortization of acquired intangibles related to certain acquisitions, partially offset by restructuring and other charges, operating expenses were $505.0M, +2.9% Q/Q and +8.4% Y/Y

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

GAAP Operating Margin and Earnings Per Share Trends

Q2’23 highlights



	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Diluted Earnings Per Share	**$1.44**	**$0.93**	**$0.54**	**$1.14**	**$1.46**

- Operating income of $171.9M resulted in an operating margin of 17.2%,+3.0 pts Q/Q and (2.2) pts Y/Y
  - Q/Q increase primarily attributable to higher gross margin
  - Y/Y decrease primarily attributable to investments in our go-to-market teams and technology as well as unfavorable impact from FX by ~1.1 pts*
  - On a non-GAAP basis, which excludes stock-based compensation, amortization of intangibles related to certain acquisitions, offset by restructuring and other charges, operating margin for the second quarter was 21.3%, +2.8 pts Q/Q and (2.0) pts Y/Y
- Interest and other income & expense, net for the second quarter was a loss of $0.3M compared to an income of $1.1M in the first quarter and a loss of $14.6M in the second quarter a year ago, primarily due to FX
- The GAAP effective tax rate in the second quarter was 34.8%, consistent with the first quarter effective tax rate of 34.8%, and 35.0% in the second quarter of the prior year
- As a reminder, in Q4'22 we changed our methodology for the computation of our non-GAAP effective tax rate to a long-term projected tax rate and have given effect to the new methodology from January 1, 2022, and recast previously reported quarterly periods in 2022
- Our non-GAAP effective tax rate in the second quarter was 20.0%, reflecting the change in our methodology
- Second quarter net income per diluted share was $1.46, up Q/Q $0.32 and up $0.02 compared to the prior year. Our EPS was unfavorably impacted by $0.02 on a Q/Q basis and unfavorably impacted by $0.15 on a Y/Y basis due to FX. On a non-GAAP basis, net income per diluted share was $2.22 for the second quarter, up $0.40 Q/Q and up $0.07 Y/Y. Note that the prior year 2022 non-GAAP net income per diluted share and our prior year 2022 non-GAAP EPS reflects the Q4’22 change in our methodology for the computation of the non-GAAP effective tax rate

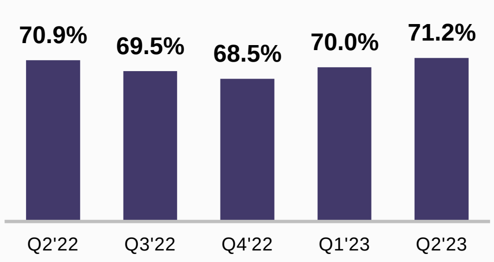
*See table: Unaudited GAAP to Non-GAAP Reconciliation

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

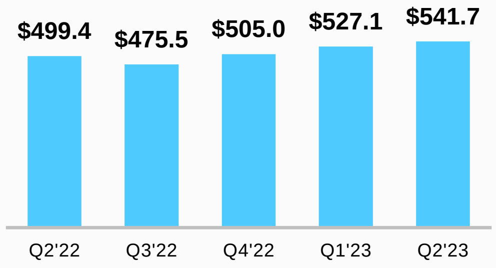
Trended financials

GAAP

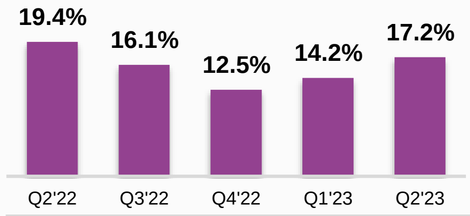
Gross Margin %



Operating Expense ($M)



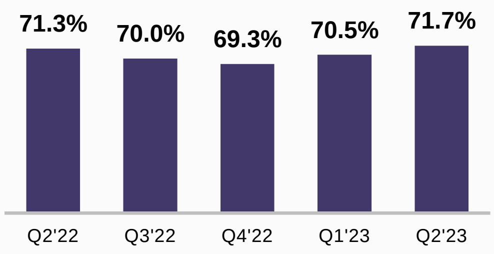
Operating Margin % & EPS



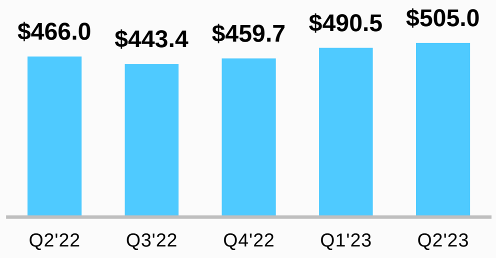
Diluted Earnings Per Share	$1.44	$0.93	$0.54	$1.14	$1.46

Non-GAAP

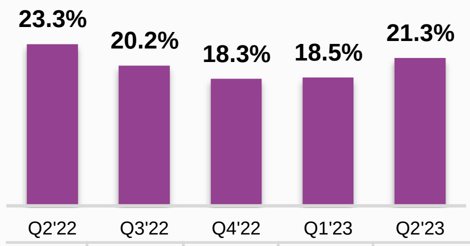
Gross Margin %



Operating Expense ($M)



Operating Margin % & EPS

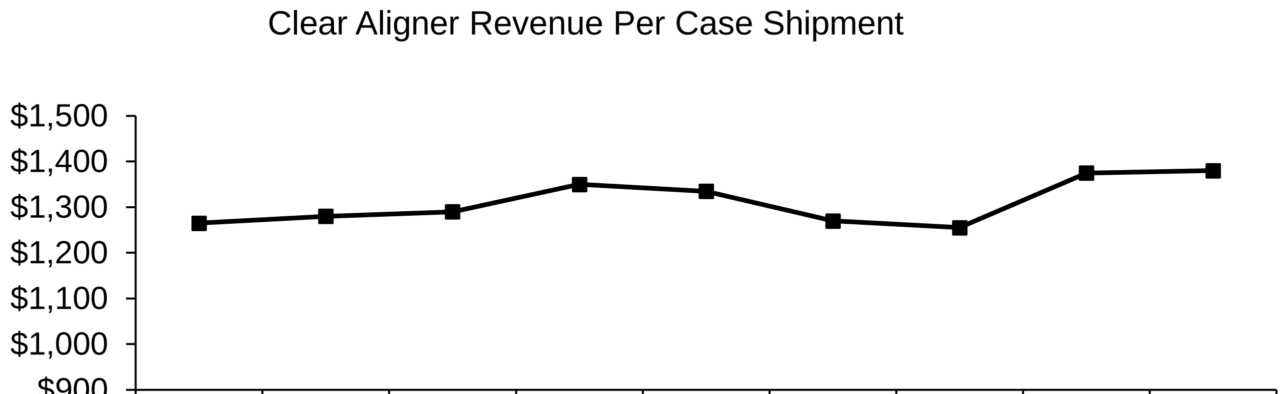


Diluted Earnings Per Share	$2.15	$1.63	$1.73	$1.82	$2.22

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Percentages are based on actual values. Rounding may affect totals

Clear Aligner Revenue Per Case Shipment



	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Worldwide ASP	$1,265	$1,280	$1,290	$1,350	$1,335	$1,270	$1,255	$1,375	$1,380

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

Balance Sheet, Cash Flow, & Stock

($ in millions except for DSO)	Q2’22	Q1’23	**Q2’23**
Accounts Receivables, net	$931.9	$884.4	**$908.4**
DSO	85 days	83 days	**81 days**
Cash, Cash Equivalents, and Short-Term and Long-Term Marketable Securities	$977.2	$921.4	**$1,033.8**
Cash Flow from Operations	$127.0	$199.9	**$251.8**
Capital Expenditures	$(76.0)	$(64.1)	**$(58.5)**
Free Cash Flow*	$51.0	$135.8	**$193.3**

**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 $1.0 billion balance, $314.3M was held in the U.S. and $719.5M was held by our international entities
- In Q2, we completed a $75M equity investment in Heartland Dental, a multidisciplinary DSO with GP and Ortho practices across the US
- During Q1’23, we announced that our Board of Directors authorized a new $1.0 Billion Stock Repurchase Program to succeed the 2021 $1 billion program. Currently $1.0B remains available for repurchases under the 2023 $1.0 Billion Stock Repurchase Program
- Clear Aligner deferred revenues on the balance sheet +$13.0M or +1.0% Q/Q and +$138.6M or +12.2% Y/Y and will be recognized as the additional aligners are shipped
- Systems and Services deferred revenues on the balance sheet was -$2.3M or (0.8)% Q/Q primarily due to the decrease in the deferral of service revenues included with the scanner purchase, and +$8.6M or +3.3% Y/Y 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

Closing Comments

Business trends commentary

We are pleased with our Q2 results. While the macroeconomic environment still remains uncertain, we have seen improvements in the operating environment and consumer demand signals that influence our outlook.

- For Q3'23, we anticipate our WW Revenue to be in the range of $990M to $1,010M, up approximately 12% year-over-year at the midpoint.
- We expect our Q3’23 GAAP and Non-GAAP operating margin to be slightly up from Q2'23, as we continue to strategically prioritize our investments in R&D and go-to-market activities to drive growth.
- For full year 2023, assuming no circumstances occur that are beyond our control, we anticipate our 2023 WW Revenues to be in the range of $3.970B to $3.990B.
- We also expect our full year 2023 GAAP operating margin to be slightly above 17% and our 2023 Non-GAAP operating margin to be slightly above 21%, a 1-point improvement from the guidance we provided in April 2023.
- For 2023, we expect investments in capital expenditures to be approximately $200M. Capital expenditures are expected to primarily relate to building construction and improvements as well as manufacturing capacity in support of our continued international expansion.

Closing commentary

Overall, we're pleased with our second quarter results and feel good about our continued growth despite an economic slowdown and uncertain environment. Q2 results demonstrate our resilience and adaptability. While we cannot predict future economic conditions, we are confident in our ability to focus and execute on our strategic growth initiatives. As a leader in digital transformation, we offer a powerful suite of innovative digital tools that make up the Align Digital Platform™ which provides a seamless end-to-end digital experience for doctors and their patients. Innovations launched over the last year include:

1. ClinCheck® Live Update for 3D Controls – enables doctors to generate modified Invisalign patient treatment plans in real time, reducing modifications that used to take weeks to as little as two minutes, improving practice productivity, while also improving quality of treatment plans.
2. Invisalign® Personalized Plan – streamlines the treatment planning process and helps doctors achieve their desired treatment plans more consistently and efficiently.
3. Invisalign Smile Architect™ – allows general dentists to integrate clear aligner therapy into their comprehensive treatment plans by combining teeth alignment and restorative planning in a single platform.
4. Invisalign® Virtual Care – equips doctors with a next generation remote monitoring solution that has new artificial intelligence-assisted capabilities to streamline their workflows.
5. Cone Beam Computed Tomography (CBCT) - enables doctors to visualize a patient's roots as part of the digital treatment planning process.
6. Invisalign Outcome Simulator Pro is available on iTero Element™ Plus Series scanners and imaging systems. Invisalign Outcome Simulator Pro expands Align's existing Invisalign Outcome Simulator technology and adds the benefits of the company's ClinCheck "In-Face" Visualization tool that combines a photo of a patient's face with their 3D treatment simulation, creating a truly personalized view of how their new smile could look.
7. iTero-exocad Connector™ – integrates iTero intraoral camera and NIRI images within exocad DentalCAD 3.1 software and allows dental professionals to visualize the internal and external structure of teeth.

In addition to these and other incredible innovations in the coming years, we will continue to build the Align Digital Platform and add new capabilities to improve clinical outcomes and elevate patient experiences to drive continued practice growth and positive patient experiences.

Thank you for your time today. We look forward to speaking to you at our upcoming investor day on September 6, where we'll share our views about the incredible market opportunity we have and how Align is uniquely positioned to continue leading the transformation of the digital orthodontic industry.

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 and year-over-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).

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, 2023	March 31, 2023	Impact % of Revenue
GAAP net revenues	$ 1,002,173	$ 943,147	
Constant currency impact [1]	(1,346)		(0.1)%
Constant currency net revenues [1]	$ 1,000,827		
GAAP Clear Aligner net revenues	$ 832,674	$ 789,804	
Clear Aligner constant currency impact [1]	(1,213)		(0.1)%
Clear Aligner constant currency net revenues [1]	$ 831,461		
GAAP Imaging Systems and CAD/CAM Services net revenues	$ 169,499	$ 153,343	
Imaging Systems and CAD/CAM Services constant currency impact [1]	(133)		(0.1)%
Imaging Systems and CAD/CAM Services constant currency net revenues [1]	$ 169,366		

Year-over-year constant currency analysis:

	Three Months Ended June 30,		
	2023	2022	Impact % of Revenue
GAAP net revenues	$ 1,002,173	$ 969,553	
Constant currency impact [1]	19,381		1.9 %
Constant currency net revenues [1]	$ 1,021,554		
GAAP Clear Aligner net revenues	$ 832,674	$ 798,398	
Clear Aligner constant currency impact [1]	16,325		1.9 %
Clear Aligner constant currency net revenues [1]	$ 848,999		
GAAP Imaging Systems and CAD/CAM Services net revenues	$ 169,499	$ 171,155	
Imaging Systems and CAD/CAM Services constant currency impact [1]	3,056		1.8 %
Imaging Systems and CAD/CAM Services constant currency net revenues [1]	$ 172,555		

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.

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, 2023	Three Months Ended March 31, 2023
GAAP gross profit	$ 713,609	$ 660,654
Constant currency impact on net revenues	(1,346)	
Constant currency gross profit	$ 712,263	

	Three Months Ended June 30, 2023	Three Months Ended March 31, 2023
GAAP gross margin	71.2 %	70.0 %
Gross margin constant currency impact [1]	—	
Constant currency gross margin [1]	71.2 %	

Year-over-year constant currency analysis:

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
GAAP gross profit	$ 713,609	$ 687,559
Constant currency impact on net revenues	19,381	
Constant currency gross profit	$ 732,990	

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
GAAP gross margin	71.2 %	70.9 %
Gross margin constant currency impact [1]	0.5	
Constant currency gross margin [1]	71.8 %	

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.

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, 2023	March 31, 2023
GAAP income from operations	$ 171,931	$ 133,516
Income from operations constant currency impact (1)	(483)	
Constant currency income from operations (1)	$ 171,448	

	Three Months Ended	
	June 30, 2023	March 31, 2023
GAAP operating margin	17.2 %	14.2 %
Operating margin constant currency impact (2)	—	
Constant currency operating margin (2)	17.2 %	

Year-over-year constant currency analysis:

	Three Months Ended June 30,	
	2023	2022
GAAP income from operations	$ 171,931	$ 188,196
Income from operations constant currency impact (1)	14,835	
Constant currency income from operations (1)	$ 186,766	

	Three Months Ended June 30,	
	2023	2022
GAAP operating margin	17.2 %	19.4 %
Operating margin constant currency impact (2)	1.1	
Constant currency operating margin (2)	18.3 %	

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.
3) In Q4'22, we changed our methodology for the computation of the non-GAAP effective tax rate to a long-term projected tax rate and have given effect to the new methodology from January 1, 2022, and recast previously reported quarterly periods in 2022.

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,	
	2023	2022	2023	2022
GAAP gross profit	$ 713,609	$ 687,559	$1,374,263	$1,396,905
Stock-based compensation	1,901	1,614	3,708	3,128
Amortization of intangibles (1)	2,810	2,393	5,584	4,880
Restructuring charges (2)	—	—	(8)	—
Non-GAAP gross profit	$ 718,320	$ 691,566	$1,383,547	$1,404,913
GAAP gross margin	71.2 %	70.9 %	70.6 %	71.9 %
Non-GAAP gross margin	71.7 %	71.3 %	71.1 %	72.3 %
GAAP total operating expenses	$ 541,678	$ 499,363	$1,068,816	$1,010,627
Stock-based compensation	(35,959)	(32,526)	(71,887)	(62,633)
Amortization of intangibles (1)	(879)	(872)	(1,746)	(1,782)
Restructuring and other charges (2)	123	—	300	—
Non-GAAP total operating expenses	$ 504,963	$ 465,965	$ 995,483	$ 946,212
GAAP income from operations	$ 171,931	$ 188,196	$ 305,447	$ 386,278
Stock-based compensation	37,860	34,140	75,595	65,761
Amortization of intangibles (1)	3,689	3,265	7,330	6,662
Restructuring and other charges (2)	(123)	—	(308)	—
Non-GAAP income from operations	$ 213,357	$ 225,601	$ 388,064	$ 458,701
GAAP operating margin	17.2 %	19.4 %	15.7 %	19.9 %
Non-GAAP operating margin	21.3 %	23.3 %	19.9 %	23.6 %
GAAP total interest income and other income (expense), net	$ (342)	$ (14,587)	$ 766	$ (25,183)
Arbitration award gain (5)	—	—	—	—
Non-GAAP total interest income and other income (expense), net	$ (342)	$ (14,587)	$ 766	$ (25,183)
GAAP net income before provision for income taxes	$ 171,589	$ 173,609	$ 306,213	$ 361,095
Stock-based compensation	37,860	34,140	75,595	65,761
Amortization of intangibles (1)	3,689	3,265	7,330	6,662
Restructuring and other charges (2)	(123)	—	(308)	—
Non-GAAP net income before provision for income taxes	$ 213,015	$ 211,014	$ 388,830	$ 433,518
GAAP provision for income taxes	$ 59,775	$ 60,809	$ 106,601	113,997
Tax impact on non-GAAP adjustments (3)	(17,209)	(18,606)	(28,835)	(27,293)
Non-GAAP provision for income taxes (3)	$ 42,566	$ 42,203	$ 77,766	$ 86,704
GAAP effective tax rate	34.8 %	35.0 %	34.8 %	31.6 %
Non-GAAP effective tax rate (3)	20.0 %	20.0 %	20.0 %	20.0 %
GAAP net income	$ 111,814	$ 112,800	$ 199,612	$ 247,098
Stock-based compensation	37,860	34,140	75,595	65,761
Amortization of intangibles (1)	3,689	3,265	7,330	6,662
Restructuring and other charges (2)	(123)	—	(308)	—
Tax impact on non-GAAP adjustments (3)	17,209	18,606	28,835	27,293
Non-GAAP net income (3)	$ 170,449	$ 168,811	$ 311,064	$ 346,814
GAAP diluted net income per share	$ 1.46	$ 1.44	$ 2.60	$ 3.13
Non-GAAP diluted net income per share (3)	$ 2.22	$ 2.15	$ 4.05	$ 4.40
Shares used in computing diluted net income per share	76,689	78,545	76,897	78,840

Fiscal 2023 Outlook – GAAP to Non-GAAP Reconciliation

Note:

1) Amortization of intangible assets related to certain acquisitions.

ALIGN TECHNOLOGY, INC.
Q3 2023 OUTLOOK - GAAP TO NON-GAAP RECONCILIATION

	Three Months Ended September 30, 2023
GAAP operating margin	**slightly above 17.2%**
Stock-based compensation	~4%
Amortization of intangibles (1)	~0.4%
Non-GAAP operating margin	**slightly above 21.3%**

ALIGN TECHNOLOGY, INC.
FISCAL 2023 OUTLOOK - GAAP TO NON-GAAP RECONCILIATION

	Year Ended December 31, 2023
GAAP operating margin	**slightly above 17%**
Stock-based compensation	~4%
Amortization of intangibles (1)	~0.4%
Non-GAAP operating margin	slightly above 21%