

ALIGN TECHNOLOGY, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data)

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Fiscal 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Fiscal 2024	Q1 2025
Clear Aligner Shipments:											
WW Teenagers	187,005	200,715	221,405	196,585	805,710	199,235	216,675	236,285	215,945	868,140	225,755
WW Adults	403,930	421,900	380,930	396,050	1,602,810	405,825	426,050	380,935	412,785	1,625,595	416,550
Total Shipments	590,935	622,615	602,335	592,635	2,408,520	605,060	642,725	617,220	628,730	2,493,735	642,305
Invisalign doctors cases shipped to WW											
Total Invisalign doctors cases shipped to WW	82,730	83,440	85,195	83,700	125,845	83,510	86,135	87,380	85,685	130,370	85,275
Net Revenues:											
Clear Aligner Net Revenues ⁽¹⁾⁽²⁾	789,804	832,674	794,939	781,912	3,199,329	817,251	831,738	786,844	794,289	3,230,122	796,843
Imaging Systems and CAD/CAM Services Net Revenues	153,343	169,499	165,275	174,814	662,931	180,180	196,752	191,028	200,930	768,890	182,419
Total Worldwide Net Revenues	<u>943,147</u>	<u>1,002,173</u>	<u>960,214</u>	<u>956,726</u>	<u>3,862,260</u>	<u>997,431</u>	<u>1,028,490</u>	<u>977,872</u>	<u>995,219</u>	<u>3,999,012</u>	<u>979,262</u>
Cost of Net Revenues:											
Cost of net revenues Clear Aligner	223,665	229,423	232,608	225,595	911,291	238,105	243,201	234,003	236,827	952,136	234,754
Cost of net revenues Imaging Systems and CAD/CAM Services	58,828	59,141	64,530	61,607	244,106	61,510	62,661	62,095	61,451	247,717	64,400
Total cost of net revenues	282,493	288,564	297,138	287,202	1,155,397	299,615	305,862	296,098	298,278	1,199,853	299,154
Gross profit	660,654	713,609	663,076	669,524	2,706,863	697,816	722,628	681,774	696,941	2,799,159	680,108
Operating Expenses:											
Selling, general and administrative	439,691	453,193	407,992	402,503	1,703,379	451,822	452,262	434,138	424,971	1,763,193	447,629
Research and development	87,447	88,485	88,738	82,160	346,830	91,859	92,193	85,272	94,878	364,202	97,201
Restructuring and other charges	-	-	-	13,316	13,316	-	-	-	-	33,168	-
Legal settlement loss	-	-	-	-	-	-	31,127	66	(225)	30,968	4,178
Total operating expenses	527,138	541,678	496,730	497,979	2,063,525	543,681	575,582	519,476	552,792	2,191,531	549,008
Operating Income	133,516	171,931	166,346	171,545	643,338	154,135	147,046	162,298	144,149	607,628	131,100
Interest income and other income (expense), net:											
Interest income	2,337	4,421	5,522	4,978	17,258	4,392	3,301	4,003	8,522	20,218	5,316
Other income (expense), net	(1,229)	(4,763)	(9,757)	(3,643)	(19,392)	(141)	(6,481)	(371)	(11,894)	(18,887)	4,026
Total interest income and other income (expense), net	1,108	(342)	(4,235)	1,335	(2,134)	4,251	(3,180)	3,632	(3,372)	1,331	9,342
Net income before provision for (benefit from) income taxes	134,624	171,589	162,111	172,880	641,204	158,386	143,866	165,930	140,777	608,959	140,442
Provision for (benefit from) income taxes	46,826	59,775	40,684	48,866	196,151	53,358	47,302	49,967	36,970	187,597	47,212
Net Income	<u>\$ 87,798</u>	<u>\$ 111,814</u>	<u>\$ 121,427</u>	<u>\$ 124,014</u>	<u>\$ 445,053</u>	<u>\$ 105,028</u>	<u>\$ 96,564</u>	<u>\$ 115,963</u>	<u>\$ 103,807</u>	<u>\$ 421,362</u>	<u>\$ 93,230</u>
Net Income per share											
- basic	\$ 1.14	\$ 1.46	\$ 1.59	\$ 1.64	\$ 5.82	\$ 1.40	\$ 1.28	\$ 1.55	\$ 1.39	\$ 5.63	\$ 1.27
- diluted	\$ 1.14	\$ 1.46	\$ 1.58	\$ 1.64	\$ 5.81	\$ 1.39	\$ 1.28	\$ 1.55	\$ 1.39	\$ 5.62	\$ 1.27
Shares used in computing net income per share											
- basic	76,921	76,524	76,569	75,703	76,426	75,175	75,184	74,736	74,419	74,877	73,562
- diluted	77,111	76,689	76,826	75,802	76,568	75,322	75,223	74,757	74,465	74,993	73,615
Margin Analysis:											
Gross margin	70.0%	71.2%	69.1%	70.0%	70.1%	70.0%	70.3%	69.7%	70.0%	70.0%	69.5%
-Clear Aligner	71.7%	72.4%	70.7%	71.1%	71.5%	70.9%	70.8%	70.3%	70.2%	70.5%	70.5%
-Imaging Systems and CAD/CAM Services	61.6%	65.1%	61.0%	64.8%	63.2%	65.9%	68.2%	67.5%	69.4%	67.8%	64.7%
Selling, general and administrative	46.6%	45.2%	42.5%	42.1%	44.1%	45.3%	44.0%	44.4%	42.7%	44.1%	45.7%
Research and development	9.3%	8.8%	9.2%	8.6%	9.0%	9.2%	9.0%	8.7%	9.5%	9.1%	9.9%
Restructuring and other charges	0.0%	0.0%	0.0%	1.4%	0.3%	0.0%	0.0%	0.0%	3.3%	0.8%	0.0%
Legal settlement loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.4%
Operating margin	14.2%	17.2%	17.3%	17.9%	16.7%	15.5%	14.3%	16.6%	14.5%	15.2%	13.4%
Net margin	9.3%	11.2%	12.6%	13.0%	11.5%	10.5%	9.4%	11.9%	10.4%	10.5%	9.5%
Year Over Year Analysis:											
Clear Aligner shipments change YoY	-2.4%	2.4%	2.3%	-0.6%	0.4%	2.4%	3.2%	2.5%	6.1%	3.5%	6.2%
Invisalign doctors cases shipment change YoY	0.3%	1.4%	0.9%	1.0%	1.1%	0.9%	3.2%	2.6%	2.4%	3.6%	2.1%
Net Revenues	-3.1%	3.4%	7.8%	6.1%	3.4%	5.8%	2.6%	1.8%	4.0%	3.5%	-1.8%
-Clear Aligner	-2.5%	4.3%	8.5%	6.9%	4.1%	3.5%	-0.1%	-1.0%	1.6%	1.0%	-2.5%
-Imaging Systems and CAD/CAM Services	-6.2%	-1.0%	4.9%	2.9%	0.1%	17.5%	16.1%	15.6%	14.9%	16.0%	1.2%
Gross profit	-6.9%	3.8%	7.1%	8.4%	2.8%	5.6%	1.3%	2.8%	4.1%	3.4%	-2.5%
Operating expense	3.1%	8.5%	7.5%	-1.4%	3.6%	3.1%	6.3%	4.6%	11.0%	6.2%	1.0%
Operating income (loss)	-32.6%	-8.6%	15.8%	52.3%	0.1%	15.4%	-14.5%	-2.4%	-16.0%	-5.6%	-14.9%
Net income (loss)	-34.6%	-0.9%	67.0%	196.9%	23.1%	19.6%	-13.6%	-4.5%	-16.3%	-5.3%	-11.2%
Quarter Over Quarter Analysis (Sequential):											
Clear Aligner shipments change QoQ	-0.9%	5.4%	-3.3%	-1.6%	-	2.1%	6.2%	-4.0%	1.9%	-	2.2%
Invisalign doctors cases shipment change QoQ	-0.2%	0.9%	2.1%	-1.8%	-	-0.2%	3.1%	1.4%	-1.9%	-	-0.5%
Net Revenues	4.6%	6.3%	-4.2%	-0.4%	-	4.3%	3.1%	-4.9%	1.8%	-	-1.6%
-Clear Aligner	7.9%	5.4%	-4.5%	-1.6%	-	4.5%	1.8%	-5.4%	0.9%	-	0.3%
-Imaging Systems and CAD/CAM Services	-9.7%	10.5%	-2.5%	5.8%	-	3.1%	9.2%	-2.9%	5.2%	-	-9.2%
Gross profit	7.0%	8.0%	-7.1%	1.0%	-	4.2%	3.6%	-5.7%	2.2%	-	-2.4%
Operating expense	4.4%	2.8%	-8.3%	0.3%	-	9.2%	5.9%	-9.7%	6.4%	-	-0.7%
Operating income	18.5%	28.8%	-3.2%	3.1%	-	-10.1%	-4.6%	10.4%	-11.2%	-	-9.1%
Net income	110.2%	27.4%	8.6%	2.1%	-	-15.3%	-8.1%	20.1%	-10.5%	-	-10.2%

(1) Americas region includes North America and LATAM. International region includes EMEA and APAC.

(2) Non-case net revenues include retention products, Invisalign training, adjusting tools used by dental professionals during the course of treatment and ancillary consumer products and other oral health products. We also offer in the U.S., Canada and Iberia, a Doctor Subscription Program which is a monthly subscription program based on the doctor's monthly need for retention or limited treatment.

(3) During the third quarter of 2023, we began including Touch Up cases revenues that were previously included in Non-Case revenues and have recast business metrics for the periods presented above accordingly.

ALIGN TECHNOLOGY, INC.
UNAUDITED GAAP TO NON-GAAP RECONCILIATION
(in thousands except per share data)

	Three Months Ended March 31,	
	2025	2024
GAAP gross profit	\$ 680,108	\$ 697,816
Stock-based compensation	1,538	2,064
Amortization of intangibles ⁽¹⁾	3,549	3,724
Restructuring charges ⁽²⁾	2,253	-
Non-GAAP gross profit	<u>\$ 687,448</u>	<u>\$ 703,604</u>
GAAP gross margin	69.5%	70.0%
Non-GAAP gross margin	70.2%	70.5%
GAAP total operating expenses	\$ 549,008	\$ 543,681
Stock-based compensation	(43,459)	(36,724)
Amortization of intangibles ⁽¹⁾	(841)	(863)
Restructuring and other charges ⁽²⁾	197	-
Legal settlement loss	(4,178)	-
Non-GAAP total operating expenses	<u>\$ 500,727</u>	<u>\$ 506,094</u>
GAAP income from operations	\$ 131,100	\$ 154,135
Stock-based compensation	44,997	38,788
Amortization of intangibles ⁽¹⁾	4,390	4,587
Restructuring and other charges ⁽²⁾	2,056	-
Legal settlement loss	4,178	-
Non-GAAP income from operations	<u>\$ 186,721</u>	<u>\$ 197,510</u>
GAAP operating margin	13.4%	15.5%
Non-GAAP operating margin	19.1%	19.8%
GAAP net income before provision for income taxes	\$ 140,442	\$ 158,386
Stock-based compensation	44,997	38,788
Amortization of intangibles ⁽¹⁾	4,390	4,587
Restructuring and other charges ⁽²⁾	2,056	-
Legal settlement loss	4,178	-
Non-GAAP net income before provision for income taxes	<u>\$ 196,063</u>	<u>\$ 201,761</u>
GAAP provision for income taxes	\$ 47,212	\$ 53,358
Tax impact on non-GAAP adjustments	(8,000)	(13,036)
Non-GAAP provision for income taxes	<u>\$ 39,212</u>	<u>\$ 40,322</u>
GAAP effective tax rate	33.6%	33.7%
Non-GAAP effective tax rate	20.0%	20.0%
GAAP net income	\$ 93,230	\$ 105,028
Stock-based compensation	44,997	38,788
Amortization of intangibles ⁽¹⁾	4,390	4,587
Restructuring and other charges ⁽²⁾	2,056	-
Legal settlement loss	4,178	-
Tax impact on non-GAAP adjustments	8,000	13,036
Non-GAAP net income	<u>\$ 156,851</u>	<u>\$ 161,439</u>
GAAP diluted net income per share	<u>\$ 1.27</u>	<u>\$ 1.39</u>
Non-GAAP diluted net income per share	<u>\$ 2.13</u>	<u>\$ 2.14</u>
Shares used in computing diluted net income per share	<u>73,615</u>	<u>75,322</u>

Notes:

⁽¹⁾ Amortization of intangible assets related to certain acquisitions

⁽²⁾ During the fourth quarters of 2023 and 2024, we initiated restructuring plans to reduce headcount and increase efficiencies across the organization and lower the overall cost structure. Restructuring charges are primarily related to severance and other post-employment one-time benefits.

⁽³⁾ Other Non-GAAP items from the fourth quarter of 2024 primarily include settlements of various indirect tax obligations related to prior years.

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

ALIGN TECHNOLOGY, INC.
UNAUDITED GAAP TO NON-GAAP RECONCILIATION
(in thousands except per share data)

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Fiscal 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Fiscal 2024	Q1 2025
GAAP gross profit	\$ 660,654	\$ 713,609	\$ 663,076	\$ 669,524	\$ 2,706,863	\$ 697,816	\$ 722,628	\$ 681,774	\$ 696,941	\$ 2,799,159	\$ 680,108
Stock-based compensation	1,807	1,901	1,974	1,780	7,462	2,064	2,582	3,070	(721)	6,995	1,538
Amortization of intangibles ⁽¹⁾	2,774	2,810	2,825	2,773	11,182	3,724	3,678	3,702	3,699	14,803	3,549
Restructuring charges ⁽²⁾	(8)	-	-	673	673	-	-	-	3,823	3,823	2,253
Other Non-GAAP Items ⁽³⁾	-	-	-	-	-	-	-	-	1,410	1,410	-
Non-GAAP gross profit	\$ 665,227	\$ 718,320	\$ 667,875	\$ 674,750	\$ 2,726,180	\$ 703,604	\$ 728,888	\$ 688,546	\$ 705,152	\$ 2,826,190	\$ 687,448
GAAP gross margin	70.0%	71.2%	69.1%	70.0%	70.1%	70.0%	70.3%	69.7%	70.0%	70.0%	69.5%
Non-GAAP gross margin	70.5%	71.7%	69.6%	70.5%	70.6%	70.5%	70.9%	70.4%	70.0%	70.7%	70.2%
GAAP total operating expenses	\$ 527,138	\$ 541,678	\$ 496,730	\$ 497,979	\$ 2,063,525	\$ 543,681	\$ 575,582	\$ 519,476	\$ 552,792	\$ 2,191,531	\$ 549,008
Stock-based compensation	(35,928)	(35,959)	(37,628)	(37,049)	(146,564)	(36,724)	(44,446)	(45,969)	(39,569)	(166,708)	(43,459)
Amortization of intangibles ⁽¹⁾	(867)	(879)	(885)	(866)	(3,497)	(863)	(875)	(880)	(879)	(3,497)	(841)
Restructuring and other charges ⁽²⁾	177	123	-	(13,316)	(13,316)	-	357	89	(33,168)	(32,722)	197
Legal settlement loss	-	-	-	-	-	-	(31,127)	(66)	225	(30,968)	(4,178)
Other Non-GAAP Items ⁽⁴⁾	-	-	-	-	-	-	-	-	(4,676)	(4,676)	-
Non-GAAP total operating expenses	\$ 490,520	\$ 504,963	\$ 458,217	\$ 446,748	\$ 1,900,148	\$ 506,094	\$ 499,491	\$ 472,650	\$ 474,725	\$ 1,952,960	\$ 500,727
GAAP income from operations	\$ 133,516	\$ 171,931	\$ 166,346	\$ 171,545	\$ 643,338	\$ 154,135	\$ 147,046	\$ 162,298	\$ 144,149	\$ 607,628	\$ 131,100
Stock-based compensation	37,735	37,860	39,602	38,829	154,026	38,788	47,028	49,039	38,848	173,703	44,997
Amortization of intangibles ⁽¹⁾	3,641	3,689	3,710	3,639	14,679	4,587	4,553	4,582	4,578	18,300	4,390
Restructuring and other charges ^{(2),(3)}	(185)	(123)	-	13,989	13,989	-	(357)	(89)	36,991	36,545	2,056
Legal settlement loss	-	-	-	-	-	-	31,127	66	(225)	30,968	4,178
Other Non-GAAP Items ⁽⁴⁾	-	-	-	-	-	-	-	-	6,086	6,086	-
Non-GAAP income from operations	\$ 174,707	\$ 213,357	\$ 209,658	\$ 228,002	\$ 826,032	\$ 197,510	\$ 229,397	\$ 215,896	\$ 230,427	\$ 873,230	\$ 186,721
GAAP operating margin	14.2%	17.2%	17.3%	17.9%	16.7%	15.5%	14.3%	16.6%	14.5%	15.2%	13.4%
Non-GAAP operating margin	18.5%	21.3%	21.8%	23.8%	21.4%	19.8%	22.3%	22.1%	23.2%	21.8%	19.1%
GAAP net income before provision for income taxes	\$ 134,624	\$ 171,589	\$ 162,111	\$ 172,880	\$ 641,204	\$ 158,386	\$ 143,866	\$ 165,930	\$ 140,777	\$ 608,959	\$ 140,442
Stock-based compensation	37,735	37,860	39,602	38,829	154,026	38,788	47,028	49,039	38,848	173,703	44,997
Amortization of intangibles ⁽¹⁾	3,641	3,689	3,710	3,639	14,679	4,587	4,553	4,582	4,578	18,300	4,390
Restructuring and other charges ^{(2),(3)}	(185)	(123)	-	13,989	13,989	-	(357)	(89)	36,991	36,545	2,056
Legal settlement loss	-	-	-	-	-	-	31,127	66	(225)	30,968	4,178
Other Non-GAAP Items ⁽⁴⁾	-	-	-	-	-	-	-	-	6,086	6,086	-
Non-GAAP net income before provision for income taxes	\$ 175,815	\$ 213,015	\$ 205,423	\$ 229,337	\$ 823,898	\$ 201,761	\$ 226,217	\$ 219,528	\$ 227,055	\$ 874,561	\$ 196,063
GAAP provision for income taxes	\$ 46,826	\$ 59,775	\$ 40,684	\$ 48,866	\$ 196,151	\$ 53,358	\$ 47,302	\$ 49,967	\$ 36,970	\$ 187,597	\$ 47,212
Tax impact on non-GAAP adjustments	(11,626)	(17,209)	418	(2,998)	(31,415)	(13,036)	(2,059)	(6,061)	8,441	(12,715)	(8,000)
Non-GAAP provision for income taxes	\$ 35,200	\$ 42,566	\$ 41,102	\$ 45,868	\$ 164,736	\$ 40,322	\$ 45,243	\$ 43,906	\$ 45,411	\$ 174,882	\$ 39,212
GAAP effective tax rate	34.8%	34.8%	25.1%	28.3%	30.6%	33.7%	32.9%	30.1%	26.3%	30.8%	33.6%
Non-GAAP effective tax rate	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
GAAP net income	\$ 87,798	\$ 111,814	\$ 121,427	\$ 124,014	\$ 445,053	\$ 105,028	\$ 96,564	\$ 115,963	\$ 103,807	\$ 421,362	\$ 93,230
Stock-based compensation	37,735	37,860	39,602	38,829	154,026	38,788	47,028	49,039	38,848	173,703	44,997
Amortization of intangibles ⁽¹⁾	3,641	3,689	3,710	3,639	14,679	4,587	4,553	4,582	4,578	18,300	4,390
Restructuring and other charges ^{(2),(3)}	(185)	(123)	-	13,989	13,989	-	(357)	(89)	36,991	36,545	2,056
Legal settlement loss	-	-	-	-	-	-	31,127	66	(225)	30,968	4,178
Other Non-GAAP Items ⁽⁴⁾	-	-	-	-	-	-	-	-	6,086	6,086	-
Tax impact on non-GAAP adjustments	11,626	17,209	(418)	2,998	31,415	13,036	2,059	6,061	(8,441)	12,715	8,000
Non-GAAP net income	\$ 140,615	\$ 170,449	\$ 164,321	\$ 183,469	\$ 659,162	\$ 161,439	\$ 180,974	\$ 175,622	\$ 181,644	\$ 699,679	\$ 156,851
GAAP diluted net income per share	\$ 1.14	\$ 1.46	\$ 1.58	\$ 1.64	\$ 5.81	\$ 1.39	\$ 1.28	\$ 1.55	\$ 1.39	\$ 5.62	\$ 1.27
Non-GAAP diluted net income per share	\$ 1.82	\$ 2.22	\$ 2.14	\$ 2.42	\$ 8.61	\$ 2.14	\$ 2.41	\$ 2.35	\$ 2.44	\$ 9.33	\$ 2.13
Shares used in computing diluted net income per share	77,111	76,689	76,826	75,802	76,568	75,322	75,223	74,757	74,465	74,993	73,615

Notes:

⁽¹⁾ Amortization of intangible assets related to certain acquisitions

⁽²⁾ During the fourth quarters of 2022, 2023 and 2024, we initiated restructuring plans to reduce headcount and increase efficiencies across the organization and lower the overall cost structure. Restructuring charges recorded to Cost of net revenues in 2022 primarily relate to severance and other one-time post-employment benefits and impairment charges. Restructuring charges recorded to Cost of net revenues in 2023 and 2024 primarily relate to severance and other one-time post-employment benefits.

⁽³⁾ Restructuring charges recorded to Operating expenses in 2022 primarily relate to severance and other one-time post-employment benefits, lease termination charges and asset impairments. Restructuring charges recorded to Operating expenses in 2023 and 2024 primarily relate to severance and other one-time post-employment benefits.

⁽⁴⁾ Other Non-GAAP items from the fourth quarter of 2024 primarily include settlements of various indirect tax obligations related to prior years.

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