

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

	Q3 2022	Q4 2022	Fiscal 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Fiscal 2023	Q1 2024	Q2 2024	Q3 2024
Clear Aligner Shipments:											
WW Teenagers	203,980	184,490	746,050	187,005	200,715	221,405	196,585	805,710	199,235	216,675	236,285
WW Adults	384,595	411,865	1,652,320	403,930	421,900	380,930	396,050	1,602,810	405,825	426,050	380,935
Total Shipments	588,575	596,355	2,398,370	590,935	622,615	602,335	592,635	2,408,520	605,060	642,725	617,220
Invisalign doctors cases shipped to WW											
Total Invisalign doctors cases shipped to WW	84,430	82,895	124,525	82,730	83,440	85,195	83,700	125,845	83,510	86,135	87,380
Net Revenues:											
Clear Aligner Net Revenues ⁽¹⁾											
Americas	\$ 355,791	\$ 349,411	\$ 1,471,930	\$ 366,513	\$ 381,145	\$ 366,606	\$ 348,716	\$ 1,462,989	\$ 372,313	\$ 371,836	\$ 348,196
International	312,701	319,004	1,348,968	354,201	378,385	355,302	361,565	1,449,453	370,640	383,027	361,538
Non-case ⁽²⁾	64,345	63,239	251,687	69,090	73,144	73,031	71,631	286,896	74,298	76,875	76,110
Total Clear Aligner Net Revenues	732,837	731,654	3,072,585	789,804	832,674	794,939	781,912	3,199,329	817,251	831,738	786,844
Imaging Systems and CAD/CAM Services Net Revenues	157,511	169,861	662,050	153,343	169,499	165,275	174,814	662,931	180,180	196,752	191,028
Total Worldwide Net Revenues	890,348	901,515	3,734,635	943,147	1,002,173	960,214	956,726	3,862,260	997,431	1,028,490	977,872
Cost of Net Revenues:											
Cost of net revenues Clear Aligner	213,450	213,812	844,415	223,665	229,423	232,608	225,595	911,291	238,105	243,201	234,003
Cost of net revenues Imaging Systems and CAD/CAM Services	57,729	70,002	256,445	58,828	59,141	64,530	61,607	244,106	61,510	62,661	62,095
Total cost of net revenues	271,179	283,814	1,100,860	282,493	288,564	297,138	287,202	1,155,397	299,615	305,862	296,098
Gross profit	619,169	617,701	2,633,775	660,654	713,609	663,076	669,524	2,706,863	697,816	722,628	681,774
Operating Expenses:											
Selling, general and administrative	398,547	410,067	1,674,469	439,691	453,193	407,992	402,503	1,703,379	451,822	452,262	434,138
Research and development	76,966	83,520	305,258	87,447	88,485	88,738	82,160	346,830	91,859	92,193	85,272
Restructuring and other charges	-	11,453	11,453	-	-	-	13,316	13,316	-	-	-
Litigation settlement loss	-	-	-	-	-	-	-	-	-	31,127	66
Total operating expenses	475,513	505,040	1,991,180	527,138	541,678	496,730	497,979	2,063,525	543,681	575,582	519,476
Operating Income	143,656	112,661	642,595	133,516	171,931	166,346	171,545	643,338	154,135	147,046	162,298
Interest income and other income (expense), net:											
Interest income	1,685	2,760	5,367	2,337	4,421	5,522	4,978	17,258	4,392	3,301	4,003
Other income (expense), net	(22,700)	(100)	(48,905)	(1,229)	(4,763)	(9,757)	(3,643)	(19,392)	(141)	(6,481)	(371)
Total interest income and other income (expense), net	(21,015)	2,660	(43,538)	1,108	(342)	(4,235)	1,335	(2,134)	4,251	(3,180)	3,632
Net income before provision for (benefit from) income taxes	122,641	115,321	599,057	134,624	171,589	162,111	172,880	641,204	158,386	143,866	165,930
Provision for (benefit from) income taxes	49,941	73,546	237,484	46,826	59,775	40,684	48,866	196,151	53,358	47,302	49,987
Net income	\$ 72,700	\$ 41,775	\$ 361,573	\$ 87,798	\$ 111,814	\$ 121,427	\$ 124,014	\$ 445,053	\$ 105,028	\$ 96,564	\$ 115,983
Net income per share											
- basic	\$ 0.93	\$ 0.54	\$ 4.62	\$ 1.14	\$ 1.46	\$ 1.59	\$ 1.64	\$ 5.82	\$ 1.40	\$ 1.28	\$ 1.55
- diluted	\$ 0.93	\$ 0.54	\$ 4.61	\$ 1.14	\$ 1.46	\$ 1.58	\$ 1.64	\$ 5.81	\$ 1.39	\$ 1.28	\$ 1.55
Shares used in computing net income per share											
- basic	78,093	77,541	78,190	76,921	76,524	76,569	75,703	76,426	75,175	75,184	74,736
- diluted	78,237	77,883	78,420	77,111	76,689	76,826	75,802	76,568	75,322	75,223	74,757
Margin Analysis:											
Gross margin	69.5%	68.5%	70.5%	70.0%	71.2%	69.1%	70.0%	70.1%	70.0%	70.3%	69.7%
- Clear Aligner	70.9%	70.8%	72.5%	71.7%	72.4%	70.7%	71.1%	71.5%	70.9%	70.8%	70.3%
- Imaging Systems and CAD/CAM Services	63.3%	58.8%	61.3%	61.6%	65.1%	61.0%	64.8%	63.2%	65.9%	68.2%	67.5%
Selling, general and administrative	44.8%	45.5%	44.8%	46.6%	45.2%	42.5%	42.1%	44.1%	45.3%	44.0%	44.4%
Research and development	8.6%	9.3%	8.2%	9.3%	8.8%	9.2%	8.6%	9.0%	9.2%	9.0%	8.7%
Restructuring and other charges	0.0%	1.3%	0.3%	0.0%	0.0%	1.4%	0.3%	0.0%	0.0%	0.0%	0.0%
Litigation settlement loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	0.0%
Operating margin	16.1%	12.5%	17.2%	14.2%	17.2%	17.3%	17.9%	16.7%	15.5%	14.3%	16.6%
Net margin	8.2%	4.6%	9.7%	9.3%	11.2%	12.6%	13.0%	11.5%	10.5%	9.4%	11.9%
Year Over Year Analysis:											
Clear Aligner shipments change YoY	-10.6%	-6.3%	-6.3%	-2.4%	2.4%	2.3%	-0.6%	0.4%	2.4%	3.2%	2.5%
Invisalign doctors cases shipment change YoY	-1.3%	-0.8%	1.6%	0.3%	1.4%	0.9%	1.0%	1.1%	0.9%	3.2%	2.6%
Net Revenues	-12.4%	-12.6%	-5.5%	-3.1%	3.4%	7.8%	6.1%	3.4%	5.8%	2.6%	1.8%
- Clear Aligner	-12.5%	-10.3%	-5.4%	-2.5%	4.3%	8.5%	6.9%	4.1%	3.5%	-0.1%	-1.0%
- Imaging Systems and CAD/CAM Services	-11.7%	-21.3%	-6.2%	-4.2%	-1.0%	4.9%	2.9%	0.1%	17.5%	16.1%	15.6%
Gross profit	-18.0%	-17.0%	-10.3%	-6.9%	3.8%	7.1%	8.4%	2.8%	5.6%	1.3%	2.8%
Operating expense	-3.7%	-3.6%	1.6%	3.1%	8.5%	4.5%	-1.4%	3.6%	3.1%	6.3%	4.6%
Operating income (loss)	-45.0%	-49.0%	-34.2%	-32.6%	-8.6%	15.8%	52.3%	0.1%	15.4%	-14.5%	-2.4%
Net income (loss)	-59.8%	-78.1%	-53.2%	-34.6%	-0.9%	67.0%	196.9%	23.1%	19.6%	-13.6%	-4.5%
Quarter Over Quarter Analysis (Sequential):											
Clear Aligner shipments change QoQ	-3.2%	1.3%	-	-0.9%	5.4%	-3.3%	-1.6%	-	2.1%	6.2%	-4.0%
Invisalign doctors cases shipment change QoQ	2.6%	-1.8%	-	-0.2%	0.9%	2.1%	-1.8%	-	-0.2%	3.1%	1.4%
Net Revenues	-8.2%	1.3%	-	4.6%	6.3%	-4.2%	-0.4%	-	4.3%	3.1%	-4.9%
- Clear Aligner	-8.2%	-0.2%	-	7.9%	5.4%	-4.5%	-1.6%	-	4.5%	1.8%	-5.4%
- Imaging Systems and CAD/CAM Services	-8.0%	7.8%	-	-9.7%	10.5%	-2.5%	5.8%	-	3.1%	9.2%	-2.9%
Gross profit	-9.9%	-0.2%	-	7.0%	8.0%	-7.1%	1.0%	-	4.2%	3.6%	-5.7%
Operating expense	-4.8%	6.2%	-	4.4%	2.8%	-8.3%	0.3%	-	9.2%	6.9%	-9.7%
Operating income	-23.7%	-21.6%	-	18.5%	28.8%	-3.2%	3.1%	-	-10.1%	-4.6%	10.4%
Net income	-35.5%	-42.5%	-	110.2%	27.4%	8.6%	2.1%	-	-15.3%	-8.1%	20.1%

(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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
GAAP gross profit	\$ 681,774	\$ 663,076	\$ 2,102,218	\$ 2,037,339
Stock-based compensation	3,070	1,974	7,716	5,682
Amortization of intangibles ⁽¹⁾	3,702	2,825	11,104	8,409
Restructuring charges ⁽²⁾	-	-	-	(8)
Non-GAAP gross profit	\$ 688,546	\$ 667,875	\$ 2,121,038	\$ 2,051,422
GAAP gross margin	69.7%	69.1%	70.0%	70.1%
Non-GAAP gross margin	70.4%	69.6%	70.6%	70.6%
GAAP total operating expenses	\$ 519,476	\$ 496,730	\$ 1,638,739	\$ 1,565,546
Stock-based compensation	(45,969)	(37,628)	(127,139)	(109,515)
Amortization of intangibles ⁽¹⁾	(880)	(885)	(2,618)	(2,631)
Restructuring and other charges ⁽³⁾	89	-	446	300
Litigation settlement loss	(66)	-	(31,193)	-
Non-GAAP total operating expenses	\$ 472,650	\$ 458,217	\$ 1,478,235	\$ 1,453,700
GAAP income from operations	\$ 162,298	\$ 166,346	\$ 463,479	\$ 471,793
Stock-based compensation	49,039	39,602	134,855	115,197
Amortization of intangibles ⁽¹⁾	4,582	3,710	13,722	11,040
Restructuring and other charges ^{(2),(3)}	(89)	-	(446)	(308)
Litigation settlement loss	66	-	31,193	-
Non-GAAP income from operations	\$ 215,896	\$ 209,658	\$ 642,803	\$ 597,722
GAAP operating margin	16.6%	17.3%	15.4%	16.2%
Non-GAAP operating margin	22.1%	21.8%	21.4%	20.6%
GAAP net income before provision for income taxes	\$ 165,930	\$ 162,111	\$ 468,182	\$ 468,324
Stock-based compensation	49,039	39,602	134,855	115,197
Amortization of intangibles ⁽¹⁾	4,582	3,710	13,722	11,040
Restructuring and other charges ^{(2),(3)}	(89)	-	(446)	(308)
Litigation settlement loss	66	-	31,193	-
Non-GAAP net income before provision for income taxes	\$ 219,528	\$ 205,423	\$ 647,506	\$ 594,253
GAAP provision for income taxes	\$ 49,967	\$ 40,684	\$ 150,627	\$ 147,285
Tax impact on non-GAAP adjustments	(6,061)	418	(21,156)	(28,417)
Non-GAAP provision for income taxes	\$ 43,906	\$ 41,102	\$ 129,471	\$ 118,868
GAAP effective tax rate	30.1%	25.1%	32.2%	31.4%
Non-GAAP effective tax rate	20.0%	20.0%	20.0%	20.0%
GAAP net income	\$ 115,963	\$ 121,427	\$ 317,555	\$ 321,039
Stock-based compensation	49,039	39,602	134,855	115,197
Amortization of intangibles ⁽¹⁾	4,582	3,710	13,722	11,040
Restructuring and other charges ^{(2),(3)}	(89)	-	(446)	(308)
Litigation settlement loss	66	-	31,193	-
Tax impact on non-GAAP adjustments	6,061	(418)	21,156	28,417
Non-GAAP net income	\$ 175,622	\$ 164,321	\$ 518,035	\$ 475,385
GAAP diluted net income per share	\$ 1.55	\$ 1.58	\$ 4.23	\$ 4.18
Non-GAAP diluted net income per share	\$ 2.35	\$ 2.14	\$ 6.89	\$ 6.19
Shares used in computing diluted net income per share	74,757	76,826	75,149	76,849

Notes:

⁽¹⁾ Amortization of intangible assets related to certain acquisitions

⁽²⁾ During the fourth quarter of 2022, we initiated a restructuring plan to reduce headcount and increase efficiencies across the organization and lower the overall cost structure. Restructuring charges recorded to Cost of net revenues relate primarily to severance costs and impairment charges.

⁽³⁾ Restructuring and other charges recorded to Operating expenses primarily relate to severance costs, lease termination charges and asset impairments.

⁽⁴⁾ Acquisition-related costs for professional fees related to our 2020 exocad acquisition

⁽⁵⁾ Gain from the SDC arbitration award regarding the value of Align's capital account balance

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)

	Q3 2022	Q4 2022	Fiscal 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Fiscal 2023	Q1 2024	Q2 2024	Q3 2024
GAAP gross profit	\$ 619,169	\$ 617,701	\$ 2,633,775	\$ 660,654	\$ 713,609	\$ 663,076	\$ 669,524	\$ 2,706,863	\$ 697,816	\$ 722,628	\$ 681,774
Stock-based compensation	1,651	1,659	6,438	1,807	1,901	1,974	1,780	7,462	2,064	2,582	3,070
Amortization of intangibles ⁽¹⁾	2,644	2,610	10,134	2,774	2,810	2,825	2,773	11,182	3,724	3,678	3,702
Restructuring charges ⁽²⁾	-	2,866	2,866	(8)	-	-	673	673	-	-	-
Non-GAAP gross profit	\$ 623,464	\$ 624,836	\$ 2,653,213	\$ 665,227	\$ 718,320	\$ 667,875	\$ 674,750	\$ 2,726,180	\$ 703,604	\$ 728,888	\$ 688,546
GAAP gross margin	69.5%	68.5%	70.5%	70.0%	71.2%	69.1%	70.0%	70.1%	70.0%	70.3%	69.7%
Non-GAAP gross margin	70.0%	69.3%	71.0%	70.5%	71.7%	69.6%	70.5%	70.6%	70.5%	70.9%	70.4%
GAAP total operating expenses	\$ 475,513	\$ 505,040	\$ 1,991,180	\$ 527,138	\$ 541,678	\$ 496,730	\$ 497,979	\$ 2,063,525	\$ 543,681	\$ 575,582	\$ 519,476
Stock-based compensation	(31,267)	(33,029)	(126,929)	(35,928)	(35,959)	(37,628)	(37,049)	(146,564)	(36,724)	(44,446)	(45,969)
Amortization of intangibles ⁽¹⁾	(825)	(810)	(3,417)	(867)	(879)	(885)	(866)	(3,497)	(863)	(875)	(880)
Restructuring and other charges ⁽³⁾	-	(11,453)	(11,453)	177	123	-	(13,316)	(13,316)	-	357	89
Acquisition-related costs ⁽⁴⁾	-	-	-	-	-	-	-	-	-	-	-
Litigation settlement loss	-	-	-	-	-	-	-	-	-	(31,127)	(66)
Non-GAAP total operating expenses	\$ 443,421	\$ 459,748	\$ 1,849,381	\$ 490,520	\$ 504,963	\$ 458,217	\$ 446,748	\$ 1,900,148	\$ 506,094	\$ 499,491	\$ 472,650
GAAP income from operations	\$ 143,656	\$ 112,661	\$ 642,595	\$ 133,516	\$ 171,931	\$ 166,346	\$ 171,545	\$ 643,338	\$ 154,135	\$ 147,046	\$ 162,298
Stock-based compensation	32,918	34,688	133,367	37,735	37,860	39,602	38,829	154,026	38,788	47,028	49,039
Amortization of intangibles ⁽¹⁾	3,469	3,420	13,551	3,641	3,689	3,710	3,639	14,679	4,587	4,553	4,582
Restructuring and other charges ^{(2),(3)}	-	14,319	14,319	(185)	(123)	-	13,989	13,989	-	(357)	(89)
Litigation settlement loss	-	-	-	-	-	-	-	-	-	31,127	66
Non-GAAP income from operations	\$ 180,043	\$ 165,088	\$ 803,832	\$ 174,707	\$ 213,357	\$ 209,658	\$ 228,002	\$ 826,032	\$ 197,510	\$ 229,397	\$ 215,896
GAAP operating margin	16.1%	12.5%	17.2%	14.2%	17.2%	17.3%	17.9%	16.7%	15.5%	14.3%	16.6%
Non-GAAP operating margin	20.2%	18.3%	21.5%	18.5%	21.3%	21.8%	23.8%	21.4%	19.8%	22.3%	22.1%
GAAP net income before provision for income taxes	\$ 122,641	\$ 115,321	\$ 599,057	\$ 134,624	\$ 171,589	\$ 162,111	\$ 172,880	\$ 641,204	\$ 158,386	\$ 143,866	\$ 165,930
Stock-based compensation	32,918	34,688	133,367	37,735	37,860	39,602	38,829	154,026	38,788	47,028	49,039
Amortization of intangibles ⁽¹⁾	3,469	3,420	13,551	3,641	3,689	3,710	3,639	14,679	4,587	4,553	4,582
Restructuring and other charges ^{(2),(3)}	-	14,319	14,319	(185)	(123)	-	13,989	13,989	-	(357)	(89)
Litigation settlement loss	-	-	-	-	-	-	-	-	-	31,127	66
Non-GAAP net income before provision for income taxes	\$ 159,028	\$ 167,748	\$ 760,294	\$ 175,815	\$ 213,015	\$ 205,423	\$ 229,337	\$ 823,898	\$ 201,761	\$ 226,217	\$ 219,528
GAAP provision for income taxes	\$ 49,941	\$ 73,546	\$ 237,484	\$ 46,826	\$ 59,775	\$ 40,684	\$ 48,866	\$ 196,151	\$ 53,358	\$ 47,302	\$ 49,967
Tax impact on non-GAAP adjustments	(18,136)	(39,997)	(85,426)	(11,626)	(17,209)	418	(2,998)	(31,415)	(13,036)	(2,059)	(6,061)
Non-GAAP provision for income taxes	\$ 31,805	\$ 33,549	\$ 152,058	\$ 35,200	\$ 42,566	\$ 41,102	\$ 45,868	\$ 164,736	\$ 40,322	\$ 45,243	\$ 43,906
GAAP effective tax rate	40.7%	63.8%	39.6%	34.8%	34.8%	25.1%	28.3%	30.6%	33.7%	32.9%	30.1%
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	\$ 72,700	\$ 41,775	\$ 361,573	\$ 87,798	\$ 111,814	\$ 121,427	\$ 124,014	\$ 445,053	\$ 105,028	\$ 96,564	\$ 115,963
Stock-based compensation	32,918	34,688	133,367	37,735	37,860	39,602	38,829	154,026	38,788	47,028	49,039
Amortization of intangibles ⁽¹⁾	3,469	3,420	13,551	3,641	3,689	3,710	3,639	14,679	4,587	4,553	4,582
Restructuring and other charges ^{(2),(3)}	-	14,319	14,319	(185)	(123)	-	13,989	13,989	-	(357)	(89)
Litigation settlement loss	-	-	-	-	-	-	-	-	-	31,127	66
Tax impact on non-GAAP adjustments	18,136	39,997	85,426	11,626	17,209	(418)	2,998	31,415	13,036	2,059	6,061
Non-GAAP net income	\$ 127,223	\$ 134,199	\$ 608,236	\$ 140,615	\$ 170,449	\$ 164,321	\$ 183,469	\$ 659,162	\$ 161,439	\$ 180,974	\$ 175,622
GAAP diluted net income per share	\$ 0.93	\$ 0.54	\$ 4.61	\$ 1.14	\$ 1.46	\$ 1.58	\$ 1.64	\$ 5.81	\$ 1.39	\$ 1.28	\$ 1.55
Non-GAAP diluted net income per share	\$ 1.63	\$ 1.73	\$ 7.76	\$ 1.82	\$ 2.22	\$ 2.14	\$ 2.42	\$ 8.61	\$ 2.14	\$ 2.41	\$ 2.35
Shares used in computing diluted net income per share	78,237	77,683	78,420	77,111	76,689	76,826	75,802	76,568	75,322	75,223	74,757

Notes:

⁽¹⁾ Amortization of intangible assets related to certain acquisitions

⁽²⁾ During the fourth quarter of 2022, we initiated a restructuring plan to reduce headcount and increase efficiencies across the organization and lower the overall cost structure. Restructuring charges recorded to Cost of net revenues relate primarily to severance costs and impairment charges.

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