UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 000-32259

ALIGN TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-3267295**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

410 North Scottsdale Road, Suite 1300
Tempe, Arizona 85288
(Address of principal executive offices) (Zip Code)
(602) 742-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.0001 par value	**ALGN**	**The NASDAQ Stock Market LLC (NASDAQ Global Select Market)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 30, 2026, the number of shares outstanding of the registrant's Common Stock, $0.0001 par value, was 70,487,053.

ALIGN TECHNOLOGY, INC.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net revenues	$ 1,014,763	$ 995,692	$ 3,111,042	$ 2,987,403
Cost of net revenues	317,292	356,491	919,554	959,977
Gross profit	697,471	639,201	2,191,488	2,027,426
Operating expenses:				
Selling, general and administrative	410,554	417,800	1,338,567	1,314,115
Research and development	93,873	93,276	294,563	286,875
Restructuring and other charges	17,231	31,827	17,231	31,827
Legal settlements and contingencies	6,649	—	75,995	4,178
Total operating expenses	528,307	542,903	1,726,356	1,636,995
Income from operations	169,164	96,298	465,132	390,431
Interest income and other income (expense), net:				
Interest income	6,212	3,249	14,759	11,424
Other income (expense), net	(5,302)	(4,813)	(12,238)	6,837
Total interest income and other income (expense), net	910	(1,564)	2,521	18,261
Net income before provision for income taxes	170,074	94,734	467,653	408,692
Provision for income taxes	35,030	37,981	111,544	134,101
Net income	$ 135,044	$ 56,753	$ 356,109	$ 274,591
Net income per share:				
Basic	$ 1.90	$ 0.78	$ 4.99	$ 3.77
Diluted	$ 1.90	$ 0.78	$ 4.98	$ 3.77
Shares used in computing net income per share:				
Basic	70,993	72,377	71,303	72,831
Diluted	71,015	72,419	71,473	72,880

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

ALIGN TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 135,044	$ 56,753	$ 356,109	$ 274,591
Other comprehensive income:				
Change in foreign currency translation adjustment, net of tax	(4,851)	4,185	(13,653)	59,394
Other comprehensive income (loss)	(4,851)	4,185	(13,653)	59,394
Comprehensive income	$ 130,193	$ 60,938	$ 342,456	$ 333,985

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

ALIGN TECHNOLOGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)

	September 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,144,931	$ 1,094,908
Accounts receivable, net of allowance for doubtful accounts of $26,837 and $34,213, respectively	1,163,854	1,101,757
Inventories	224,654	226,343
Prepaid expenses and other current assets	192,636	165,571
Assets held for sale	—	27,983
Total current assets	2,726,075	2,616,562
Property, plant and equipment, net	1,134,486	1,131,453
Operating lease right-of-use assets, net	140,616	108,322
Goodwill	495,279	491,833
Intangible assets, net	90,620	93,933
Deferred tax assets	1,478,052	1,513,542
Other assets	455,481	278,048
Total assets	$ 6,520,609	$ 6,233,693
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 117,876	$ 121,450
Accrued liabilities	633,487	536,749
Deferred revenues	1,162,134	1,261,816
Total current liabilities	1,913,497	1,920,015
Income tax payable	72,138	68,200
Operating lease liabilities	112,296	82,507
Other long-term liabilities	117,101	113,824
Total liabilities	2,215,032	2,184,546
Commitments and contingencies (Note 7 and Note 8)		
Stockholders' equity:		
Preferred stock, $0.0001 par value (5,000 shares authorized; none issued)	—	—
Common stock, $0.0001 par value (200,000 shares authorized; 70,690 and 71,364 issued and outstanding, respectively)	7	7
Additional paid-in capital	1,608,420	1,509,595
Accumulated other comprehensive income, net	61,735	75,388
Retained earnings	2,635,415	2,464,157
Total stockholders' equity	4,305,577	4,049,147
Total liabilities and stockholders' equity	$ 6,520,609	$ 6,233,693

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

ALIGN TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

Three Months Ended September 30, 2026	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss), Net	Retained Earnings	Total
Balance as of June 30, 2026	71,245	$ 7	$ 1,570,297	$ 66,586	$ 2,595,563	$ 4,232,453
Net income	—	—	—	—	135,044	135,044
Net change in foreign currency translation adjustment	—	—	—	(4,851)	—	(4,851)
Issuance of common stock relating to employee equity compensation plans	73	—	8,221	—	—	8,221
Tax withholdings related to net share settlements of equity awards	(1)	—	(75)	—	—	(75)
Common stock repurchased and retired	(627)	—	(9,050)	—	(95,192)	(104,242)
Stock-based compensation	—	—	39,027	—	—	39,027
Balance as of September 30, 2026	70,690	$ 7	$ 1,608,420	$ 61,735	$ 2,635,415	$ 4,305,577

Nine Months Ended September 30, 2026	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss), Net	Retained Earnings	Total
Balance as of December 31, 2025	71,364	$ 7	$ 1,509,595	$ 75,388	$ 2,464,157	$ 4,049,147
Net income	—	—	—	—	356,109	356,109
Net change in foreign currency translation adjustment	—	—	—	(13,653)	—	(13,653)
Issuance of common stock relating to employee equity compensation plans	689	—	19,939	—	—	19,939
Tax withholdings related to net share settlements of equity awards	(157)	—	(29,241)	—	—	(29,241)
Common stock repurchased and retired	(1,206)	—	(17,384)	—	(184,851)	(202,235)
Stock-based compensation	—	—	125,511	—	—	125,511
Balance as of September 30, 2026	70,690	$ 7	$ 1,608,420	$ 61,735	$ 2,635,415	$ 4,305,577

Three Months Ended September 30, 2025	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income, Net	Retained Earnings	Total
Balance as of June 30, 2025	72,486	$ 7	$ 1,426,541	$ 61,187	$ 2,425,044	$ 3,912,779
Net income	—	—	—	—	56,753	56,753
Net change in foreign currency translation adjustment	—	—	—	4,185	—	4,185
Issuance of common stock relating to employee equity compensation plans	80	—	7,839	—	—	7,839
Tax withholdings related to net share settlements of equity awards	(3)	—	(402)	—	—	(402)
Common stock repurchased and retired	(523)	—	(7,209)	—	(64,864)	(72,073)
Stock-based compensation	—	—	48,377	—	—	48,377
Balance as of September 30, 2025	72,040	$ 7	$ 1,475,146	$ 65,372	$ 2,416,933	$ 3,957,458

Nine Months Ended September 30, 2025	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income, Net	Retained Earnings	Total
Balance as of December 31, 2024	73,849	$ 7	$ 1,362,234	$ 5,978	$ 2,483,766	$ 3,851,985
Net income	—	—	—	—	274,591	274,591
Net change in foreign currency translation adjustment	—	—	—	59,394	—	59,394
Issuance of common stock relating to employee equity compensation plans	488	—	21,748	—	—	21,748
Tax withholdings related to net share settlements of equity awards	(103)	—	(20,232)	—	—	(20,232)
Common stock repurchased and retired	(2,194)	—	(30,186)	—	(341,424)	(371,610)
Stock-based compensation	—	—	141,582	—	—	141,582
Balance as of September 30, 2025	72,040	$ 7	$ 1,475,146	$ 65,372	$ 2,416,933	$ 3,957,458

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

ALIGN TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 356,109	$ 274,591
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred taxes	32,973	(9,409)
Depreciation and amortization	136,128	135,441
Stock-based compensation	125,511	141,582
Non-cash operating lease cost	31,952	29,504
Impairment loss on assets held for sale	—	23,142
Gain on assets held for sale	(11,699)	—
Fair value adjustment for equity investment	(7,499)	85
Other non-cash operating activities	12,894	29,349
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(91,279)	(117,709)
Inventories	(11,188)	3,055
Prepaid expenses and other assets	(14,223)	(4,053)
Accounts payable	(1,031)	6,729
Accrued and other long-term liabilities	61,919	(67,730)
Long-term income tax payable	4,360	14,130
Deferred revenues	(98,211)	(88,661)
Net cash provided by operating activities	526,716	370,046
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions, net of cash acquired	(18,963)	—
Purchase of property, plant and equipment	(111,477)	(66,529)
Investment in convertible notes	(71,866)	—
Purchase of equity investments	(100,491)	(10,000)
Proceeds from sale of property, plant and equipment	42,000	—
Net cash used in investing activities	(260,797)	(76,529)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	19,939	21,749
Common stock repurchases, net of excise tax	(201,191)	(368,691)
Payroll taxes paid upon the vesting of equity awards	(29,241)	(20,232)
Net cash used in financing activities	(210,493)	(367,174)
Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	(5,324)	34,502
Net increase (decrease) in cash, cash equivalents, and restricted cash	50,102	(39,155)
Cash, cash equivalents and restricted cash at beginning of the period	1,096,186	1,044,963
Cash, cash equivalents and restricted cash at end of the period	$ 1,146,288	$ 1,005,808

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

ALIGN TECHNOLOGY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation and Preparation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by Align Technology, Inc. ("we", "our", the "Company" or "Align") on a consistent basis with the audited Consolidated Financial Statements for the year ended December 31, 2025, and contain all adjustments, including normal recurring adjustments, necessary to fairly state the information set forth herein. These unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"), and, therefore, omit certain information and footnote disclosures necessary to present the unaudited Condensed Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Consolidated Financial Statements and notes thereto included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the SEC on February 27, 2026. The results of operations for the three and nine months ended September 30, 2026, are not necessarily indicative of the results that may be expected for the year ending December 31, 2026, or any other future period, and we make no representations related thereto.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition and deferred revenues, useful lives of intangible assets and property, plant and equipment, goodwill, income taxes, contingent liabilities, the fair values of financial instruments, stock-based compensation and the valuation of investments in privately held companies among others. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

In connection with the 2025 Restructuring activities discussed in *Note 15 "Restructuring and Other Charges,"* we committed to a plan to dispose of, other than by sale, specifically identified manufacturing assets prior to the end of their estimated useful lives during the third quarter of 2025. Accordingly, we have revised the estimated useful lives of these assets to reflect our use through the disposal date. For the nine months ended September 30, 2026, we recorded $15.6 million of accelerated depreciation expense related to these assets. The increase in depreciation expense negatively impacted Net income, net of tax, by $11.9 million or $0.17 per basic share and $0.17 per diluted share. We have materially completed the disposition of these assets as of March 31, 2026.

Certain Risks and Uncertainties

Financial instruments which potentially expose the Company to concentration of credit risk, consist principally of cash and cash equivalents. These instruments have minimal credit risk exposures. Management regularly monitors their compositions and maturities. The Company maintains its cash and cash equivalents in bank accounts that exceed federally insured FDIC limits. Through September 30, 2026, the Company has not experienced any material credit losses on such deposits.

We purchase certain inventory from sole suppliers. Additionally, we rely on a limited number of hardware manufacturers. The inability of any supplier or manufacturer to fulfill our supply requirements could materially and adversely impact our future operating results.

Recent Accounting Pronouncements

(i) New Accounting Pronouncements Recently Adopted

On July 30, 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-05 ("ASU 2025-05"), *"Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets."* The amendments in this update provide a practical expedient for entities estimating expected

credit losses for current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, R*evenue from Contracts with Customers*. Under this practical expedient, an entity is allowed to assume that the current conditions it has applied in determining credit loss allowances for current accounts receivable and current contract assets remain unchanged for the remaining life of those assets. The guidance is effective for fiscal years beginning after December 15, 2025, and interim reporting periods in those years. The Company adopted ASU 2025-05 effective January 1, 2026, on a prospective basis. The adoption of ASU 2025-05 did not have a material impact on the financial statements and related disclosures.

(ii) Recent Accounting Pronouncements Not Yet Effective

On September 29, 2025, the FASB issued ASU 2025-07, "Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract," which applies to all entities that enter into non-exchange-traded contracts with underlyings based on operations or activities specific to one of the parties to the contract. The new guidance excludes from derivative accounting non-exchange-traded contracts with underlyings that are based on operations or activities specific to one of the parties to the contract. ASU 2025-07 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those periods. Early adoption is permitted. The Company does not believe the adoption of the standard will have a material effect on the Company’s consolidated financial position or results of operations.

On September 18, 2025, the FASB issued ASU 2025-06, “Intangibles-Goodwill and Other-Internal-Use Software.” The amendments in this ASU simplify the accounting for internal-use software by eliminating the existing project development stages and introducing new guidance for evaluating the probable-to-complete threshold for capitalization. The amendments in this ASU also require the application of ASC 360-10 disclosure requirements for all capitalized internal-use software costs, regardless of how those costs are presented in the financial statements. The provisions of ASU 2025-06 are effective for all entities for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. Early adoption is permitted. The Company is evaluating the effect of this pronouncement on its annual consolidated financial statements.

On November 4, 2024, the FASB issued ASU 2024-03, “Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures.” The amendments in this ASU require a public entity to disclose, in the notes to the financial statements, specified information about certain costs and expenses, including the amounts of inventory purchases, employee compensation, depreciation and intangible asset amortization. For public business entities, the provisions of ASU 2024-03 are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. There will be no impact on our consolidated balance sheets or statements of operations; however, the Company is evaluating the effect of this pronouncement on our consolidated financial statement disclosures.

Note 2. Financial Instruments

Cash and Cash Equivalents

The following tables summarize our cash and cash equivalents balances in our Condensed Consolidated Balance Sheets as of September 30, 2026, and December 31, 2025 (in thousands):

	September 30, 2026	December 31, 2025
Cash	$ 845,361	$ 770,051
Money market funds	283,885	308,940
Certificate of deposits	15,685	15,917
Total	$ 1,144,931	$ 1,094,908

We had no short-term or long-term marketable securities as of September 30, 2026, or December 31, 2025.

Fair Value Measurements

Fair value is an exit price, representing the amount that would be received from selling an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. We use the U.S. GAAP fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value:

Level 1 — Inputs to the valuation techniques that are quoted prices in active markets for identical assets or liabilities.

Level 2 — Inputs to the valuation techniques that are other than quoted prices but are observable for the assets or liabilities, either directly or indirectly.

Level 3 — Inputs to the valuation techniques that are unobservable for the assets or liabilities.

The following tables summarize our financial assets measured at fair value as of September 30, 2026, and December 31, 2025 (in thousands):

Description	Balance as of September 30, 2026	Level 1
Cash equivalents:		
Money market funds	$ 283,885	$ 283,885
Certificate of deposits	15,685	15,685
Total	$ 299,570	$ 299,570

Description	Balance as of December 31, 2025	Level 1
Cash equivalents:		
Money market funds	$ 308,940	$ 308,940
Certificate of deposits	15,917	15,917
Total	$ 324,857	$ 324,857

We have investments in convertible notes of $84.7 million, including $2.9 million of accrued interest, which are classified as loans receivable and measured on an amortized cost basis, net of an allowance for credit losses and included in Other assets within our Condensed Consolidated Balance Sheets. The notes are unsecured, are not guaranteed, interest rates range up to 10%, and mature at various dates through August 2036. One borrower represented approximately 69% of the aggregate carrying amount as of September 30, 2026.

The allowance for credit losses is based on our estimate of lifetime expected credit losses, which we reassess at each reporting date on an individual note basis, considering the borrower's financial condition, liquidity, ability to obtain additional financing, and the probability and timing of conversion or repayment. Although these notes are not measured at fair value on a recurring basis, the estimated fair value of the instruments is classified within Level 3 of the fair value hierarchy as the fair value is derived from techniques in which one or more significant inputs are unobservable. As of September 30, 2026, the carrying value of our loans receivable approximated the fair value, and the credit losses are expected to be immaterial.

We had no Level 3 instruments measured at fair value on a recurring basis as of September 30, 2026, or December 31, 2025.

Accounts Receivable Factoring

We enter into factoring transactions on a non-recourse basis with financial institutions to sell certain of our non-U.S. accounts receivable. We account for these transactions as sales of financial assets as control over the transferred receivables is surrendered. Cash proceeds from the sale of receivable are included within cash flows from operations in the Condensed Consolidated Statements of Cash Flows. Total accounts receivable sold under factoring arrangements were $0.6 million and $10.0 million during the three months ended September 30, 2026 and 2025, respectively, and $18.8 million and $34.6 million during the nine months ended September 30, 2026 and 2025, respectively. Factoring fees on the sales of receivables were recorded in Other income (expense), net in our Condensed Consolidated Statements of Operations and were not material.

Investments in Privately Held Companies

We hold investments in equity securities of privately held companies in which we do not have a controlling interest or the ability to exercise significant influence. These investments do not have readily determinable fair values, and we have elected to account for them using the measurement alternative, which is cost, less any impairment, adjusted for changes in fair value resulting from observable transactions for identical or similar investments of the same issuer. These investments are reported in Other assets in our Condensed Consolidated Balance Sheets, and any adjustments to their carrying value, including impairments, are recorded in Other income (expense), net in our Condensed Consolidated Statements of Operations.

On April 24, 2023, and April 22, 2024, we entered into Subscription Agreements (the "Heartland Subscription Agreements") with Heartland Dental Holding Corporation ("Heartland"). Pursuant to the Subscription Agreements, we acquired less than a 5% equity interest in total through the purchase of Class A Common Stock for $150.0 million ($75.0 million each in April 2023 and April 2024). In the fourth quarters of 2024 and 2025, we recorded a $6.0 million and $18.0 million increase to the carrying value of our Heartland investment, respectively. These adjustments increased the total carrying value of our investment in Heartland to $174.0 million as of December 31, 2025.

On March 19, 2026, we entered into a new Subscription Agreement with Heartland (the "March 2026 Subscription Agreement"). Pursuant to the March 2026 Subscription Agreement, we acquired additional Class A Common Stock for $50.0 million. Following this investment, our total equity interest in Heartland was still less than 5%. Based on a review of the relevant facts and circumstances, primarily observable transactions for identical investments, we recorded a $7.7 million increase to the carrying value of our Heartland investment in the first quarter of 2026. These adjustments increased the total carrying value of our investment in Heartland to $231.7 million as of March 31, 2026.

On May 15, 2026, we entered into a new Subscription Agreement with Heartland (the "May 2026 Subscription Agreement"). Pursuant to the May 2026 Subscription Agreement, we acquired additional Class A Common Stock for $50.0 million. Following this investment, our total equity interest in Heartland was still less than 5%. The total carrying value of our investment in Heartland was $281.7 million as of September 30, 2026.

On December 19, 2024, and June 5, 2025, we entered into Subscription Agreements (the "Smile Doctors Subscription Agreements") with New SD Holding Company, L.P. ("SD Holding Company"). Pursuant to the Smile Doctors Subscription Agreements, we acquired less than a 3% equity interest through the purchase of Class A Common Units for $40 million. SD Holding Company owns a controlling interest, through intermediary entities, in Smile Doctors, LLC. Based on a review of the relevant facts and circumstances, primarily observable transactions for identical investments, we determined that no adjustment to the carrying value of our investment was necessary for the three months ended September 30, 2026.

Our investments in privately held companies in which we can exercise significant influence are accounted for as equity method investments. We have elected to account for our equity method investments under the fair value option. As of September 30, 2026, we did not hold any material investments in which we exercised significant influence.

The carrying value of our investments in equity securities and equity method investments are reported in our Condensed Consolidated Balance Sheets as Other assets and any price adjustments or impairment, if any, are recorded in Other income (expense), net in our Condensed Consolidated Statements of Operations.

The following table shows the changes to the carrying amount of other investments without a readily determinable fair value for the nine months ended September 30, 2026:

(Dollars in thousands)	Nine Months Ended September 30, 2026	Cumulative Adjustments
Measurement alternative:		
Carrying value at September 30, 2026	$ 324,479	
Carrying value adjustments:		
Upward adjustments from observable price changes	$ 7,724	$ 31,724
Impairment and downward adjustments from observable price changes	—	(4,290)
Foreign currency translation adjustments	(2)	2

The following table shows the changes to the carrying amount of other investments without a readily determinable fair value for the year ended December 31, 2025:

(Dollars in thousands)	Year Ended December 31, 2025	Cumulative Adjustments
Measurement alternative:		
Carrying value at December 31, 2025	$ 216,266	
Carrying value adjustments:		
Upward adjustments from observable price changes	$ 18,000	$ 24,000
Impairment and downward adjustments from observable price changes	—	(4,290)
Foreign currency translation adjustments	7	3

Derivatives Not Designated as Hedging Instruments

We enter into foreign currency forward contracts to minimize the short-term impact of foreign currency exchange rate fluctuations on certain assets and liabilities. These forward contracts are classified within Level 2 of the fair value hierarchy using observable market-based inputs, including foreign currency spot and forward rates. As a result of the settlement of foreign currency forward contracts, we recognized a net gain of $3.1 million and a net gain of $3.3 million during the three months ended September 30, 2026 and 2025, respectively, and a net gain of $11.5 million and a net loss of $35.3 million, during the nine months ended September 30, 2026 and 2025, respectively. Recognized gains and losses from the settlement of foreign currency forward contracts are recorded in Other income (expense), net in our Condensed Consolidated Statements of Operations. As of September 30, 2026 and December 31, 2025, the fair value of outstanding foreign exchange forward contracts was not material.

The following tables present the gross notional value of all our foreign exchange forward contracts outstanding as of September 30, 2026 and December 31, 2025 (in thousands):

	September 30, 2026	
	Local Currency Amount	Notional Contract Amount (USD)
Euro	€234,900	$ 267,078
Canadian Dollar	C$108,500	76,623
British Pound	£33,300	44,239
Polish Zloty	PLN145,800	37,952
Israeli Shekel	ILS70,600	23,009
Japanese Yen	¥2,900,000	18,532
Brazilian Real	R$92,400	17,702
Chinese Yuan	¥105,500	15,760
Swiss Franc	CHF5,400	6,500
New Taiwan Dollar	NT$160,900	5,030
Korean Won	₩3,500,000	2,579
Australian Dollar	A$3,800	2,644
Czech Koruna	Kč21,300	991
Total notional contract amount		$ 518,639

	December 31, 2025	
	Local Currency Amount	Notional Contract Amount (USD)
Euro	€183,700	$ 215,895
Canadian Dollar	C$90,000	65,802
British Pound	£38,500	51,782
Polish Zloty	PLN174,800	48,605
Israeli Shekel	ILS80,500	25,283
Japanese Yen	¥3,200,000	20,447
Brazilian Real	R$63,500	11,440
Chinese Yuan	¥52,000	7,461
Swiss Franc	CHF4,200	5,316
New Taiwan Dollar	NT$121,500	3,851
New Zealand Dollar	NZ$6,020	3,474
Korean Won	₩4,600,000	3,207
Australian Dollar	A$3,500	2,337
Czech Koruna	Kč26,000	1,262
Total notional contract amount		$ 466,162

Note 3. Balance Sheet Components

Inventories consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Raw materials	$ 106,192	$ 107,296
Work in process	61,405	65,679
Finished goods	57,057	53,368
Total inventories	$ 224,654	$ 226,343

Prepaid expenses and other current assets consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Value added tax receivables[1]	$ 41,470	$ 55,819
Prepaid expenses	83,424	62,478
Other current assets	67,742	47,274
Total prepaid expenses and other current assets	$ 192,636	$ 165,571

[1] Refer to *Note 8 "Commitments and Contingencies" of the Notes to Condensed Consolidated Financial Statements* for discussion of tax matter.

Accrued liabilities consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Accrued payroll and benefits	$ 248,813	$ 226,149
Accrued expenses	70,663	61,049
Accrued professional fees	45,393	12,245
UK VAT settlement[1]	43,140	—
Accrued income taxes	37,011	44,049
Current operating lease liabilities	34,163	31,939
Accrued sales and marketing expenses	33,762	29,941
Accrued property, plant and equipment	16,171	10,469
Other accrued liabilities	104,371	120,908
Total accrued liabilities	$ 633,487	$ 536,749

[1] Refer to *Note 8 "Commitments and Contingencies" of the Notes to Condensed Consolidated Financial Statements* for discussion of tax matter.

Accrued warranty, which is included in the “Other accrued liabilities” category of the Total accrued liabilities table above, consists of the following activity (in thousands):

	Nine Months Ended September 30,	
	2026	2025
Balance at beginning of period	$ 24,411	$ 31,211
Charge (credit) to cost of net revenues	(9,838)	12,596
Actual warranty expenditures	(2,767)	(9,108)
Balance at end of period	$ 11,806	$ 34,699

Deferred revenues consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Deferred revenues - current	$ 1,162,134	$ 1,261,816
Deferred revenues - long-term [1]	88,513	85,543
Total deferred revenues	$ 1,250,647	$ 1,347,359

[1] Included in Other long-term liabilities within our Condensed Consolidated Balance Sheets.

During the three months ended September 30, 2026 and 2025, we recognized $1,014.8 million and $995.7 million of net revenues, respectively, of which $194.5 million and $200.0 million was included in the deferred revenues balance at December 31, 2025 and 2024, respectively.

During the nine months ended September 30, 2026 and 2025, we recognized $3,111.0 million and $2,987.4 million of net revenues, respectively of which $675.2 million and $675.3 million was included in the deferred revenues balance at December 31, 2025 and 2024, respectively.

Our unfulfilled performance obligations, including deferred revenues and backlog, as of September 30, 2026 were $1,251.1 million. These performance obligations are expected to be fulfilled over a period of up to five years. Substantially all remaining performance obligations relate to clear aligner contracts and system and services arrangements, with the associated transaction price largely reflected in deferred revenue balances.

Note 4. Leases

Lessee Information

We have operating leases for our digital treatment planning and office facilities, retail spaces, vehicles and office equipment. The components of lease expense consist of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Lease Cost	**2026**	**2025**	**2026**	**2025**
Operating lease cost [1]	$ 11,973	$ 10,847	$ 34,347	$ 32,222
Variable lease cost [2]	980	996	3,298	3,234
Total lease cost	$ 12,953	$ 11,843	$ 37,645	$ 35,456

[1] Includes expense associated with short-term leases, lease terms of 12 months or less, which is not material.

[2] Includes payments related to agreements with embedded leases that are not otherwise reflected on the balance sheet.

The following table provides a summary of our operating lease terms and discount rates:

Remaining Lease Term and Discount Rate	September 30, 2026	December 31, 2025
Weighted average remaining lease term (in years)	6.3	5.1
Weighted average discount rate	4.9 %	4.1 %

As of September 30, 2026, the future payments related to our operating lease liabilities are as follows (in thousands):

	Operating Leases
Year 1	$ 29,689
Year 2	36,370
Year 3	27,369
Year 4	17,896
Year 5	13,471
Thereafter	52,948
Total lease payments	177,743
Less: Imputed interest	(31,284)
Total lease liabilities	$ 146,459

As of September 30, 2026, we had additional leases that had not commenced with future lease payments of $1 million. These leases will commence during 2026 with non-cancelable lease terms of 1 to 5 years.

Note 5. Goodwill and Intangible Assets

Goodwill

The change in the carrying value of goodwill for the nine months ended September 30, 2026, categorized by reportable segment, is as follows (in thousands):

	Clear Aligner	Systems and Services	Total
Balance as of December 31, 2025	$ 164,255	$ 327,578	$ 491,833
Additions from acquisition[1]	—	18,588	18,588
Foreign currency translation adjustments	(3,048)	(12,094)	(15,142)
Balance as of September 30, 2026	$ 161,207	$ 334,072	$ 495,279

[1] We recorded $18.6 million of goodwill within the Systems and Services segment for an immaterial acquisition that was completed in the first quarter of 2026. The amount recorded is based on preliminary estimates of the fair values of assets acquired and liabilities assumed and is subject to adjustment during the measurement period.

Intangible Assets

Acquired intangible assets, excluding intangibles that were fully amortized, are as follows (in thousands):

	Weighted Average Amortization Period (in years)	Gross Carrying Amount as of September 30, 2026	Accumulated Amortization	Net Carrying Value as of September 30, 2026
Existing technology	11	$ 141,520	$ (72,884)	$ 68,636
Customer relationships	10	21,500	(13,975)	7,525
Trademarks and tradenames	7	9,800	(9,100)	700
Patents	8	1,176	(362)	814
Total finite-lived intangible assets		173,996	(96,321)	77,675
In-process research and development[1]		12,558		12,558
Foreign currency translation adjustments				387
Total intangible assets, net				$ 90,620

[1] In connection with the immaterial acquisition completed during the first quarter of 2026, the Company recorded $12.6 million in acquired in-process research and development within the Systems and Services segment. Acquired in-process research and development is considered an indefinite-lived intangible asset until completion of the associated research and development efforts at which time the asset will be amortized over its estimated useful life.

	Weighted Average Amortization Period (in years)	Gross Carrying Amount as of December 31, 2025	Accumulated Amortization	Net Carrying Value as of December 31, 2025
Existing technology	11	$ 146,651	$ (67,138)	$ 79,513
Customer relationships	10	21,500	(12,363)	9,137
Trademarks and tradenames	7	9,800	(8,050)	1,750
Patents	12	480	(320)	160
Total finite-lived intangible assets		$ 178,431	$ (87,871)	90,560
Foreign currency translation adjustments				3,373
Total intangible assets, net				$ 93,933

The total estimated future amortization expense for the acquired finite-lived intangible assets as of September 30, 2026 is as follows (in thousands):

Fiscal Year Ending December 31,	Amortization
Remainder of 2026	$ 4,387
2027	15,747
2028	14,645
2029	14,645
2030	6,467
2031	3,708
Thereafter	18,076
Total	$ 77,675

Amortization expense for the three months ended September 30, 2026 and 2025 was $4.5 million and $4.8 million, respectively. Amortization expense for the nine months ended September 30, 2026 and 2025 was $14.2 million and $14.0 million, respectively.

Note 6. Credit Facility

We maintain a revolving credit facility, as amended in March 2026, which provides for a $300.0 million unsecured revolving commitment, including a $50.0 million letter of credit sub-limit. The amendment included certain modifications to non-financial and immaterial terms of the facility. The facility matures on December 23, 2027 and loans under the facility accrue interest, at our election, based on either the Secured Overnight Financing Rate (“SOFR”) for the applicable period or a base rate, in each case plus an applicable margin.

The facility includes financial covenants and performance requirements. As of September 30, 2026, we had no outstanding borrowings under the facility, the full $300.0 million revolving commitment remained available, and we were in compliance with the terms and conditions of the facility in all material respects.

Note 7. Legal Proceedings

Under Securities and Exchange Commission Regulation S-K, Item 103, we are required to briefly describe any material pending legal proceedings other than ordinary routine litigation incidental to our business, to which we or any of our subsidiaries are a party or of which any of our or our subsidiaries’ property is subject.

The descriptions below are intended to comply with such regulations based on information reasonably known to us as of the date of this Quarterly Report on Form 10-Q. These descriptions are not intended to imply or predict outcomes in any of the matters described or any other litigation or disputes to which we are or may hereafter be a party. We are currently unable to predict the outcome of these lawsuits or any future litigation, and therefore we cannot determine the likelihood of loss, if any, nor estimate a range of possible loss except as otherwise disclosed below.

As of September 30, 2026, we accrued $32.7 million for legal settlements, substantially all of which relates to the Section 2 and related state law claims brought by Misty Snow, which are described below under the heading “Antitrust Class Actions”.

Antitrust Class Actions

On June 5, 2020, a dental practice, Simon and Simon, PC (doing business as City Smiles), brought an antitrust action in the U.S. District Court for the Northern District of California on behalf of itself and a putative class of similarly situated practices seeking treble monetary damages, interest, costs, attorneys’ fees, and injunctive relief relating to our alleged market activities in alleged clear aligner and intraoral scanner markets. Plaintiff filed an amended complaint and added VIP Dental Spas as a plaintiff on August 14, 2020. On December 18, 2023, the court certified a class of persons or entities that purchased Invisalign directly from us between January 1, 2019 and March 31, 2022. The court denied Plaintiffs’ motion to certify a class of purchasers of scanners. On February 21, 2024, the court granted our motion for summary judgment on all claims brought by the plaintiffs. Plaintiffs appealed the district court’s summary judgment ruling to the United States Court of Appeals for the Ninth Circuit. On October 5, 2026, the Ninth Circuit issued a decision reversing the district court’s decision and remanding the matter for further proceedings. Align is evaluating its options with regard to the Ninth Circuit’s ruling.

On May 3, 2021, an individual named Misty Snow (“Snow”) brought an antitrust action in the U.S. District Court for the Northern District of California on behalf of herself and a putative class of similarly situated individuals seeking treble monetary damages, interest, costs, attorneys’ fees, and injunctive relief relating to our alleged market activities in alleged clear aligner and intraoral scanner markets based on Section 2 of the Sherman Act. After various procedural actions since the inception of the Snow matter, the Company decided to explore potential settlements. On August 10, 2026, the parties reached a settlement in principle and executed a binding term sheet that includes a $32 million cash payment by Align. The October 5, 2026, decision by the Ninth Circuit also reversed and remanded the Snow matter, but the effect of the settlement makes that ruling moot as to the Snow plaintiffs.

Straumann Litigation

On April 11, 2024, we filed a lawsuit in the U.S. District Court for the Western District of Texas against ClearCorrect Operating, LLC, ClearCorrect Holdings, Inc. and Institut Straumann AG, (collectively the “Defendants”). The complaint asserted infringement of our patents related to aligner material, treatment planning, and intraoral scanner technologies. Among other things, the complaint sought relief enjoining the Defendants’ infringement of multiple Align multilayer material patents through Defendants’ manufacture, sale and offer for sale of aligners made with Zendura FLX/ClearQuartz materials.

On July 9, 2024, Defendants filed counterclaims against us alleging antitrust violations and unfair competition. Among other things, the counterclaims sought injunctive relief and money damages. On August 29, 2025, Defendants filed amended counterclaims, which additionally alleged that Align procured certain materials patents by fraud.

A jury trial commenced on June 22, 2026, and concluded on July 2, 2026. On July 2, the jury returned a verdict in Align’s favor on the Defendants’ antitrust and unfair competition claims. The jury also rendered a verdict in Align’s favor on Defendants’ claim that Align procured certain patents by fraud.

The jury found that the Defendants infringed the asserted claims of four of Align’s patents (US Patent Nos. 10,973,613; 11,154,384, 11,648,090, and 11,648,091 or the “Asserted Materials Patents”) by the making, using, selling, and offering for sale of aligners made with Zendura FLX/ClearQuartz materials. The jury found that the asserted claims of the Asserted Materials Patents were invalid for lack of enablement.

Before trial, the District Court judge found that the asserted claims 1, 2, 11 and 39 of US Patent No. 8,038,444 (the treatment planning patent) were invalid under 35 U.S.C. § 101 and during the trial, granted Defendants’ motion for judgment as a matter of law on the asserted claims of US Patent No. 10,791,936 (the scanner patent).

On August 14, 2026, Align filed a post-trial motion seeking judgment as a matter of law that the asserted claims of the Asserted Materials Patents are not invalid for lack of enablement, or in the alternative, sought a new trial on enablement. Defendants filed a post-trial motion seeking judgment as a matter of law that the asserted claims of the Asserted Materials Patents are not infringed by the making, using, selling, and offering for sale of aligners made with Zendura FLX/ClearQuartz materials, or in the alternative, sought a new trial on infringement. Briefing on the post-trial motions is complete and pending decision. Align is evaluating a potential appeal relating to certain of the District Court judge’s and jury’s determinations relating to its patents. To the extent Defendants appeal the jury verdict in Align’s favor on the Defendants’ antitrust and unfair competition claims on Defendants’ claim that Align procured certain patents by fraud, or otherwise, Align intends to continue to vigorously defend itself.

On April 10, 12 and 14, 2025, Defendants filed eight *inter partes* review ("IPR") petitions with the United States Patent Trial and Appeal Board ("PTAB"), alleging that eight of the patents asserted by Align to have been infringed by the Defendants are unpatentable. On October 23, 2025, the PTAB issued decisions denying institution of two of Defendants eight IPRs. On October 23, October 27, October 30, and November 6, 2025, the PTAB issued decisions instituting proceedings on the remaining six IPRs. On September 29, 2026, the PTAB issued a decision concluding that the challenger had not established that any of the challenged claims of US Patent No. 10,791,936 were unpatentable. We anticipate final decisions from the PTAB on each of the remaining challenged claims will be issued no later than November 9, 2026. We believe the petitions are without merit and intend to defend ourselves vigorously.

Angelalign Litigation

On August 15, 2025, we initiated two actions in the European Unified Patent Court against various Angelalign entities including Angelalign Technology, Inc.; Angelalign France Technology SASU; Europe Angelalign Technology B.V.; Angelalign Technology (Germany) GmbH; Italy Angelalign Technology S.R.L. and Shanghai EA Medical Instruments Co., Ltd. One of these actions, alleging infringement of a patent related to user interfaces for treatment planning, sought provisional measures (i.e., provisional remedies) including a preliminary injunction. The other action alleged infringement of a patent related to the "power ridge" feature of clear aligners. Subsequently, on November 27, 2025, we initiated a third action in the Unified Patent Court against the same entities seeking provisional measures for infringement of a patent related to treatments in complex cases. The accused entities challenged the validity of the asserted patent in each of these actions. On January 13, 2026, Angelalign Technology (Germany) GmbH filed an action in the European Patent Office challenging the validity of the treatment-planning patent referenced above and on May 11, 2026, it also filed an action in the European Patent Office challenging the validity of the patent related to treatments in complex cases referenced above.

On February 12, 2026, the Unified Patent Court issued its decision in the provisional-measures action related to treatment planning, entering a preliminary injunction in Align's favor and against Angel that prohibits Angel from using its "Live Now" feature, a user interface for treatment planning. Angel must pay €20,000 EUR per day or cease offering this infringing software feature. Angel was also ordered to pay interim costs of €400,000 EUR to Align. Angel has appealed the decision issued in this provisional-measures action. On July 8, 2026, the Court of Appeal of the Unified Patent Court issued its decision, rejecting Angel's appeal and maintaining the preliminary injunction, as well as ordering Angel to pay the costs of the proceedings. In parallel, on March 16, 2026, Align initiated a merits infringement action under the treatment-planning patent seeking a permanent injunction and damages. This merits action additionally named UK Angelalign Technology Ltd. and Angel Technology Spain, S.L. as defendants.

On May 12, 2026, the Unified Patent Court issued its decision in the provisional-measures action related to complex cases, declining to award a preliminary injunction on the basis that there was insufficient evidence in those accelerated proceedings to determine that the patent was infringed. The decision in the provisional-measures proceedings was not appealed, yet Align can still enforce that same patent through a merits infringement action before the Unified Patent Court.

The hearing in the merits action before the Unified Patent Court related to the "power ridge" feature referenced above took place on September 4, 2026. On October 16, 2026, the Unified Patent Court concluded that Align's "power ridge" was both valid and infringed by Angel. The court ordered an injunction against Angel's use of infringing products in the territory of the Unified Patent Court; that Angel recall, remove from commerce, or destroy infringing products; that Angel pay Align damages from the period July 12, 2023 onward; and that Angel pay Align's legal expenses in prosecuting the claim. Subsequent proceedings to determine an appropriate damages award will occur at a date to be determined. The merits action related to the treatment-planning feature is currently pending.

On August 18, 2025, we initiated an action in the U.S. District Court for the Eastern District of Texas against Angelalign Technology Inc; Wuxi EA Medical Instruments Technologies Ltd.; Wuxi EA Bio-Tech Co., Ltd.; and Shanghai EA Medical Instruments Co., Ltd. This action alleges infringement of patents related to multilayer materials for clear aligners and "bite ramp" and "power ridge" features of clear aligners. On January 2, 2026, following institution of an investigation by the U.S. International Trade Commission, referenced below, this action was stayed pending further order of the court.

On August 18, 2025, we initiated two actions in China's Zhengzhou Intermediate People's Court against Shanghai Angelalign Medical Devices Co., Ltd.; Wuxi Angelalign Medical Device Technology Co., Ltd.; and Wuxi Angelalign Biotechnology Co., Ltd. These actions allege infringement of patents related to tooth attachments and treatment planning. Separately, on September 10, 2025, we filed an action against the same entities in the Jinan Intermediate People's Court alleging infringement of a patent related to extraction site closure. And on January 12, 2026, we filed an action against these entities in the Fuzhou Intermediate People's Court alleging infringement of a patent related to extraction site closure. On April 4, 2026, we initiated an additional civil action against these entities alleging infringement of a patent related to treatment planning. These actions are currently pending. On June 26, 2026, the Zhengzhou Intermediate People's Court issued first-

instance judgments finding no infringement of Align's two patents relating to tooth attachments and treatment planning. Align disagrees with the court's findings and filed appeals with the Supreme People's Court of China ("SPC") on July 23, 2026. On August 10, 2026, Jinan Intermediate People's Court issued its first-instance judgment, granting an injunction against Angel's premolar extraction solution and awarding damages of RMB 10 million. Angel filed an appeal with SPC on August 24, 2026.

On January 16, 2026 and March 11, 2026, Shanghai Angelalign Medical Devices Co., Ltd. filed a petition with the China National Intellectual Property Administration ("CNIPA") challenging the validity of our two patents related to extraction site closure, which patent is the subject of the above-referenced infringement action filed before Jinan Intermediate People's Court and Fuzhou Intermediate People's court. On January 22 and February 12, 2026, Shanghai Angelalign Medical Devices Co., Ltd. filed two separate petitions with the CNIPA challenging the validity of our patent related to tooth attachments and another patent related to treatment planning, both of which are the subject of the above-referenced infringement actions filed with Zhengzhou Intermediate People's Court. On August 24, 2026, Shanghai Angelalign Medical Devices Co., Ltd. filed another petition with the CNIPA seeking invalidation of another Align patent related to treatment planning, which is the subject of the above-referenced infringement action pending before the Fuzhou Intermediate People's Court. These invalidity actions are currently pending.

On August 22, 2025, Shanghai Angelalign Medical Devices Co., Ltd. and Wuxi Angelalign Medical Devices Technology Co., Ltd. initiated an action against us in the Beijing Intellectual Property Court. The complaint alleged that we infringe a patent relating to undercut detection for mold manufacturing. On September 29, 2026, Beijing IP court issued its ruling approving Angel's withdrawal of the infringement action. On January 19, 2026, we filed a petition with the CNIPA challenging the validity of the above-referenced Angel patent related to undercut detection for mold manufacturing. On July 31, 2026, CNIPA issued a decision invalidating all the claims of this patent.

On September 23, 2025, we filed a complaint at the U.S. International Trade Commission ("ITC") against Angelalign Technology Inc., Wuxi EA Medical Instruments Technologies Ltd.; Wuxi EA Bio-Tech Co., Ltd.; Shanghai EA Medical Instruments Co., Ltd.; and USA Angelalign Technology Corp. (collectively, "the ITC Respondents"). This complaint alleges unlawful importation and sale of clear aligners that infringe patents related to multilayer materials for clear aligners and "bite ramp" and "power ridge" features of clear aligners, in violation of 19 U.S.C.§ 1337. Further, the complaint requests that the ITC institute an investigation and issue an exclusion order blocking the ITC Respondents' importation of infringing products into the United States, and a cease-and-desist order prohibiting the ITC Respondents from selling, marketing, or transferring infringing products within the United States. On December 19, 2025, the ITC instituted the requested investigation, which is currently pending. On January 26, 2026, the Chief Administrative Law Judge ("CALJ") presiding over the investigation set a 14.7-month target date of March 22, 2027, which is the date by which the ITC's final determination is expected to be issued. On July 20-24, 2026, the CALJ presided over the evidentiary hearing in Washington, D.C. The CALJ's initial determination on the merits is due by November 20, 2026.

On August 11, 2026, Wuxi Angelalign Medical Device Technology Co., Ltd. filed an administrative action against us in the Jiangsu Provincial IP Bureau contending that Align's treatment planning workflow and aligners manufactured based on treatment planning in that workflow violate a patent Angel holds relating to the monitoring of tooth correction. This matter is in its early stages, with Align only having been served on October 9, 2026, but we believe that these allegations are without merit and intend to defend ourselves vigorously.

On August 17, 2026, Wuxi Angelalign Medical Device Technology Co., Ltd. and Shanghai Angelalign Medical Devices Co., Ltd. jointly filed a patent infringement action against Align Technology, Inc., Ziyang AFAB, Align Shanghai, and Wuxi Ziyuan Xidong Dental Clinic Co., Ltd. in the Wuxi Intermediate People's Court seeking an injunction and damages for the alleged infringement of another patent regarding undercut processing. We believe that these allegations are without merit and intend to defend ourselves vigorously.

In addition to the above, in the ordinary course of our operations, we are involved in a variety of claims, suits, investigations, and proceedings, including actions with respect to intellectual property claims, patent infringement claims, government investigations, labor and employment claims, breach of contract claims, tax, and other matters. Regardless of the outcome, these proceedings can have an adverse impact on us because of defense costs, diversion of management resources, and other factors. Although the results of complex legal proceedings are difficult to predict and our view of these matters may change in the future as litigation and events related thereto unfold; we currently do not believe that these matters, individually or in the aggregate, will materially affect our financial position, results of operations or cash flows. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, or other similar matters, if unfavorable, may be materially adverse to our financial position, results of operations or cash flows.

Note 8. Commitments and Contingencies

Tax Matter

Beginning in the third quarter of 2023 and continuing through the first quarter of 2024, we received cumulative assessments of approximately $100 million from His Majesty's Revenue and Customs ("HMRC") for unpaid value added tax ("VAT") related to certain clear aligner sales made during the period of October 2019 through May 2023. We were required to pay these assessments prior to contesting or litigating the matter in statutory appeal. We have historically asserted and continue to assert that doctor prescribed clear aligners sold by dentists for the orthodontic treatment of patient malocclusions are exempt from VAT, that we have reasonably relied upon statements and guidance by HMRC and that our interpretation of United Kingdom legislation is appropriate.

In October 2024, the Company and HMRC reached a settlement agreement regarding the unpaid VAT related to certain aligner sales made during the period of October 2019 through mid-October 2023. As part of the settlement, HMRC agreed to vacate the judicial review (before the Administrative Court) originally scheduled for October 9th and October 10th, 2024, refund to the Company all assessments paid for the period of October 2019 through May 2023 and withdraw any potential assessments for the period from June 2023 through mid-October 2023. HMRC has refunded to the Company the assessed amounts, approximately $100 million.

A statutory appeal (before the First-tier Tribunal - "Tax Tribunal") was held on January 27th through January 30th, 2025. On April 24, 2025, the Tax Tribunal issued a ruling in our favor indicating that clear aligners are "dental prostheses for the purposes of VAT", which is a key condition for the VAT exemption. On June 13, 2025, HMRC applied for permission to appeal the Tax Tribunal decision, which was granted on July 15, 2025. On August 1, 2025, HMRC lodged their grounds for appeal to the Upper Tribunal.

In August 2025, we stopped charging VAT to our United Kingdom ("UK") customers.

A hearing in front of the Upper Tribunal was held on May 7, 2026. On July 7, 2026, the Upper Tribunal released its decision and held that aligners are not "dental prostheses" for the purposes of VAT and are therefore subject to VAT in the UK. We sought and obtained permission to appeal the Upper Tribunal's decision to the Court of Appeal. A hearing date has not yet been set.

Based on the information available, we determined that a loss is probable and reasonably estimable and recorded an estimated liability of approximately $43.1 million, inclusive of estimated interest, related to UK VAT as Legal settlements and contingencies under Accrued liabilities in our Condensed Consolidated Balance Sheets as of September 30, 2026. The recorded amount reflects our best estimate of the obligation as of the reporting date. We intend to exhaust all available appeals and vigorously defend our position; however, the ultimate resolution of this matter remains subject to significant uncertainty.

Indemnification Provisions

In the normal course of business, to facilitate transactions in our services and products, we indemnify certain parties: customers, vendors, lessors and other parties with respect to certain matters, including, but not limited to, services to be provided by us and intellectual property infringement claims made by third parties. In addition, we have entered into indemnification agreements with our directors and our executive officers that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. Several of these agreements limit the time within which an indemnification claim can be made and the amount of the claim.

It is not possible to make a reasonable estimate of the maximum potential amount of future payments, if any, under these indemnification agreements due to the unique facts and circumstances involved in each particular agreement. Additionally, we have a limited history of prior indemnification claims and the payments we have made under such agreements have not had a material adverse effect on our results of operations, cash flows or financial position. However, to the extent that valid indemnification claims arise in the future, future payments by us could be significant and could have a material adverse effect on our results of operations or cash flows in a particular period. As of September 30, 2026, we did not have any material indemnification claims that were probable or reasonably possible.

Note 9. Stockholders' Equity

As of September 30, 2026, the Align Technology, Inc. 2005 Incentive Plan, as amended, has a total reserve of 34,668,895 shares, of which 2,998,800 shares are available for issuance.

Summary of Stock-Based Compensation Expense

Stock-based compensation related to our stock-based awards and employee stock purchase plan for the three and nine months ended September 30, 2026 and 2025 is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of net revenues	$ 1,819	$ 1,540	$ 5,285	$ 4,714
Selling, general and administrative	26,390	35,226	88,393	99,577
Research and development	10,818	11,611	31,833	37,291
Total stock-based compensation	$ 39,027	$ 48,377	$ 125,511	$ 141,582

Restricted Stock Units ("RSUs")

The fair value of RSUs is based on the closing price of our stock on the date of grant. Generally, RSUs vest over a period of four years.

A summary for the nine months ended September 30, 2026 is as follows:

	Number of Shares Underlying RSUs (in thousands)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Unvested as of December 31, 2025	1,250	$ 256.80		
Granted	829	188.09		
Vested and released	(455)	282.93		
Forfeited	(110)	223.77		
Unvested as of September 30, 2026	1,514	$ 213.73	1.51	$ 220,026

As of September 30, 2026, we expect to recognize $226.4 million of total unamortized compensation costs, net of estimated forfeitures, related to RSUs over a weighted average period of 2.6 years.

Market-Performance Based Restricted Stock Units ("MSUs")

We grant MSUs to members of senior management. Each MSU represents the right to one share of our common stock. The actual number of MSUs which will be eligible to vest will be based on the performance of our stock price relative to the performance of a stock market index over the vesting period. The fair value of MSUs was estimated using a Monte Carlo model. Because the awards contain a market condition, the related compensation expense is recognized over the service period regardless of whether the market condition is ultimately achieved, provided the service condition is satisfied. MSUs vest over a period of three years and the maximum number of shares eligible to vest is 250% of the number of MSUs initially granted.

The following table summarizes the MSU performance activity for the nine months ended September 30, 2026:

	Number of Shares Underlying MSUs (in thousands)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Unvested as of December 31, 2025	263	$ 507.88		
Granted	156	378.44		
Vested and released[1]	(63)	622.37		
Forfeited	(61)	489.77		
Unvested as of September 30, 2026	295	$ 418.85	1.69	$ 42,878

[1] Includes MSUs vested during the period below 100% of the original grant as actual shares released are based on our stock performance relative to a market index over the vesting period.

As of September 30, 2026, we expect to recognize $57.3 million of total unamortized compensation costs, net of estimated forfeitures, related to MSUs over a weighted average period of 1.69 years.

Employee Stock Purchase Plan ("ESPP")

As of September 30, 2026, we have 1,556,905 shares available for future issuance under the Align Technology, Inc. 2010 Employee Stock Purchase Plan (as amended and restated, the "2010 Purchase Plan").

The fair value of the option component of the 2010 Purchase Plan shares was estimated at the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	Nine Months Ended September 30,	
	2026	2025
Expected term (in years)	1.3	1.2
Expected volatility	49.4 %	56.2 %
Risk-free interest rate	4.0 %	4.0 %
Expected dividends	—	—
Weighted average fair value at grant date	$ 61.13	$ 64.94

As of September 30, 2026, we expect to recognize $4.9 million of total unamortized compensation costs related to future employee stock purchases over a weighted average period of 1.0 years.

Note 10. Common Stock Repurchase Programs

In January 2023, our Board of Directors authorized a plan to repurchase up to $1.0 billion of our common stock (the "January 2023 Repurchase Program"). The January 2023 Repurchase Program was completed in its entirety in the second quarter of 2025.

In April 2025, our Board of Directors authorized a plan to repurchase up to $1.0 billion of our common stock (the "April 2025 Repurchase Program"). The April 2025 Repurchase Program is expected to be completed over a period of up to three years. As of September 30, 2026, we have $630.0 million remaining available for repurchase under the April 2025 Repurchase Program.

The following tables summarize the total repurchases of our common stock pursuant to Accelerated Share Repurchase ("ASR") agreements and Open Market Repurchase ("OMR") programs under the January 2023 and April 2025 Repurchase Programs:

Accelerated Share Repurchase Agreements

Agreement Date	Repurchase Program	Amount Paid (in millions)	Completion Date	Total Shares Received	Average Price per Share
Q4 2023	January 2023	$ 250.0	Q1 2024	1,086,334	$ 230.13

Open Market Repurchases

Agreement Date	Repurchase Program	Amount Paid (in millions)	Completion Date	Total Shares Received	Average Price per Share
Q4 2023	January 2023	$ 100.0	Q4 2023	465,518	$ 214.81
Q2 2024	January 2023	$ 150.0	Q2 2024	598,302	$ 250.73
Q4 2024	January 2023	$ 275.0	Q1 2025	1,241,509	$ 221.50
Q1 2025	January 2023	$ 225.0	Q2 2025	1,339,124	$ 168.02
Q3 2025	April 2025	$ 200.0	Q1 2026	1,390,364	$ 143.85
Q2 2026	April 2025	$ 200.0	Q4 2026[1]	1,226,994	$ 163.00

[1] In October 2026, we completed the open market repurchases under the Q2 2026 Agreement. In total we repurchased approximately 1.2 million shares of our common stock at an average price of $163 per share for an aggregate purchase price of approximately of $200.0 million.

During the three months ended September 30, 2026, we repurchased approximately 0.6 million shares of our common stock under the April 2025 Repurchase Program at an average price of $164.73 per share for an aggregate purchase price of approximately $103.3 million. At September 30, 2026, $630.0 million remained available for repurchase under the program.

In October 2026, we repurchased approximately 0.2 million shares of our common stock under the April 2025 Repurchase Program at an average price of $145.45 per share for an aggregate purchase price of approximately $30.0 million; completing the open market repurchases under the Q2 2026 Agreement and leaving $600.0 million available for future repurchase under the April 2025 Repurchase Program.

Note 11. Accounting for Income Taxes

Our provision for income taxes was $35.0 million and $38.0 million for the three months ended September 30, 2026 and 2025, respectively, representing effective tax rates of 20.6% and 40.1%, respectively. Our provision for income taxes was $111.5 million and $134.1 million for the nine months ended September 30, 2026 and 2025, respectively, representing effective tax rates of 23.9% and 32.8%. Our effective tax rate differs from the statutory federal income tax rate of 21% for the three months ended September 30, 2026, primarily due to foreign income taxed at different rates and U.S. tax on foreign earnings, partially offset by state income taxes and non-deductible expenses in the U.S. Our effective tax rate differs from the statutory federal income tax rate of 21% for the nine months ended September 30, 2026, primarily due to the recognition of additional tax expense resulting from U.S. taxes on foreign earnings, state income taxes, and non-deductible expenses in the U.S., partially offset by the foreign income taxed at different rates. Our effective tax rate differs from the statutory federal income tax rate of 21% for the three and nine months ended September 30, 2025, primarily due to the recognition of additional tax expense resulting from U.S. taxes on foreign earnings, state income taxes, and non-deductible expenses in the U.S., partially offset by the foreign income taxed at different rates.

We exercise significant judgment in regard to estimates of future market growth, forecasted earnings and projected taxable income in determining the provision for income taxes and for purposes of assessing our ability to utilize any future benefit from deferred tax assets. We continue to assess the realizability of the deferred tax assets as we take into account new information. We may be required to adjust the valuation allowance for deferred tax assets if we determine, based on available evidence at the time of the determination, that it is more likely than not that some portion or all of the deferred tax assets will not be realized. This assessment includes deferred tax assets associated with our Switzerland tax deductible basis created from our 2020 intra-entity transfer of intellectual property, which have a finite utilization period and depend on our ability to generate sufficient taxable income in that jurisdiction. If we are unable to generate sufficient taxable income in Switzerland within the applicable utilization period, we may be required to establish a valuation allowance against some portion of these

deferred tax assets. Any changes to the valuation allowance, particularly those related to our Switzerland deferred tax assets, could have a material adverse effect on our results of operations.

Our total gross unrecognized tax benefits, excluding interest and penalties, were $121.8 million and $117.4 million as of September 30, 2026 and December 31, 2025, respectively, a material amount of which would impact our effective tax rate if recognized. The increase in our unrecognized tax benefits relates primarily to positions taken on income tax return calculations finalized during the three and nine months ended September 30, 2026.

Note 12. Net Income per Share

The following table sets forth the computation of basic and diluted net income per share attributable to common stock (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net income	$ 135,044	$ 56,753	$ 356,109	$ 274,591
Denominator:				
Weighted average common shares outstanding, basic	70,993	72,377	71,303	72,831
Dilutive effect of potential common stock	22	42	170	49
Total shares, diluted	71,015	72,419	71,473	72,880
Net income per share, basic	$ 1.90	$ 0.78	$ 4.99	$ 3.77
Net income per share, diluted	$ 1.90	$ 0.78	$ 4.98	$ 3.77

The number of common share equivalents excluded from the computation of diluted earnings per share because the effect would have been anti-dilutive were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
MSUs	233	—	252	—
RSUs	1,351	1,321	849	1,273
ESPP	1	—	—	—
Total	1,585	1,321	1,101	1,273

Note 13. Supplemental Cash Flow Information

The supplemental cash flow information consists of the following (in thousands):

	Nine Months Ended September 30,	
	2026	2025
Non-cash investing and financing activities:		
Acquisition of property, plant and equipment in accounts payable and accrued liabilities	$ 22,521	$ 11,997
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 31,818	$ 29,503
Non-cash lease activities:		
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 61,022	$ 19,996

Note 14. Segments and Geographical Information

Segment Information

We report segment information based on the management approach. The management approach designates the internal reporting used by our Chief Operating Decision Maker (“CODM”), our Chief Executive Officer, for decision making and performance assessment as the basis for determining our reportable segments. We group our operations into two reportable segments; Clear Aligner segment and Imaging Systems and CAD/CAM services (“Systems and Services”) segment, which are based on our predominant product lines.

Our CODM uses gross profit and income from operations to assess each reportable segment's performance, by reviewing each measure against internal forecasts and historical performance. Our CODM may also benchmark each segment's performance against our competitors and external expectations.

Summarized financial information by reportable segment is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net revenues				
Clear Aligner	$ 839,272	$ 805,799	$ 2,566,170	$ 2,407,259
Systems and Services	175,491	189,893	544,872	580,144
Total net revenues	$ 1,014,763	$ 995,692	$ 3,111,042	$ 2,987,403
Cost of net revenues[1]				
Clear Aligner	$ 257,915	$ 282,941	$ 750,440	$ 758,506
Systems and Services	59,377	73,550	169,114	201,471
Total cost of net revenues	$ 317,292	$ 356,491	$ 919,554	$ 959,977
Gross profit				
Clear Aligner	$ 581,357	$ 522,858	$ 1,815,730	$ 1,648,753
Systems and Services	116,114	116,343	375,758	378,673
Total gross profit	$ 697,471	$ 639,201	$ 2,191,488	$ 2,027,426
Other Segment expenses				
Clear Aligner	$ 271,144	$ 272,150	$ 872,245	$ 870,810
Systems and Services	49,073	56,502	164,989	174,632
Unallocated corporate expenses	208,090	214,251	689,122	591,553
Total operating expenses	$ 528,307	$ 542,903	$ 1,726,356	$ 1,636,995
Segment income from operations				
Clear Aligner	$ 310,213	$ 250,708	$ 943,485	$ 777,943
Systems and Services	67,041	59,841	210,769	204,041
Total segment income from operations	$ 377,254	$ 310,549	$ 1,154,254	$ 981,984

[1] Management has identified Cost of net revenues as a significant expense for our Clear Aligner and Systems and Services reportable segments.

Other segment expenses typically include employee related costs, marketing and advertising costs and depreciation and amortization expense incurred by various functions including selling, marketing, general and administrative and research and development.

Income from operations for each segment includes all geographic revenues, related cost of net revenues and operating expenses directly attributable to the reportable segment. Certain operating expenses are not directly attributable to a reportable segment and must be allocated. Each allocation is measured differently based on the nature of the cost being allocated. Certain other operating expenses are not specifically allocated to segment income from operations and generally include various corporate expenses such as stock-based compensation and costs related to information technology ("IT"), facilities, human resources, accounting and finance, legal and regulatory, other separately managed general and administrative costs outside the reportable segments and restructuring costs.

The following table reconciles total segment income from operations in the table above to net income before provision for income taxes (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Total segment income from operations	$ 377,254	$ 310,549	$ 1,154,254	$ 981,984
Unallocated corporate expenses	(208,090)	(214,251)	(689,122)	(591,553)
Total income from operations	169,164	96,298	465,132	390,431
Interest income	6,212	3,249	14,759	11,424
Other income (expense), net	(5,302)	(4,813)	(12,238)	6,837
Net income before provision for income taxes	$ 170,074	$ 94,734	$ 467,653	$ 408,692

The following table includes certain non-cash expenses for each reportable segment (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Stock-based compensation				
Clear Aligner	$ 6,503	$ 6,069	$ 18,839	$ 17,952
Systems and Services	367	419	1,150	1,225
Unallocated corporate expenses	32,157	41,889	105,522	122,405
Total stock-based compensation	$ 39,027	$ 48,377	$ 125,511	$ 141,582
Depreciation and amortization				
Clear Aligner[1]	$ 21,855	$ 32,976	$ 81,275	$ 71,375
Systems and Services	7,268	11,160	28,374	28,931
Unallocated corporate expenses	10,326	11,581	26,479	35,135
Total depreciation and amortization	$ 39,449	$ 55,717	$ 136,128	$ 135,441

[1] Includes $15.6 million of accelerated depreciation for the nine months ended September 30, 2026 as disclosed in *Note 1 "Summary of Significant Accounting Policies."*

Our CODM does not regularly review total assets at the reportable segment level; however, we have provided geographical information related to our long-lived assets below.

Geographical Information

Net revenues are presented below by geographic area (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net revenues[1]:				
U.S.	$ 384,287	$ 410,560	$ 1,183,949	$ 1,256,679
Switzerland	220,487	210,844	714,253	670,223
Other International	409,989	374,288	1,212,840	1,060,501
Total net revenues	$ 1,014,763	$ 995,692	$ 3,111,042	$ 2,987,403

[1] Net revenues are attributed to countries based on the location of where revenues are recognized by our legal entities.

Long-lived assets, which includes Property, plant and equipment, net and Operating lease right-of-use assets, net, are presented below by geographic area (in thousands):

	September 30, 2026	December 31, 2025
Long-lived assets[1]:		
Switzerland	$ 485,642	$ 493,584
U.S.	225,206	200,343
Other International	564,254	545,848
Total long-lived assets	$ 1,275,102	$ 1,239,775

[1] Long-lived assets are attributed to countries based on the location of our entity that owns or leases the assets.

Note 15. Restructuring and Other Charges

2024 Restructuring

In the fourth quarter of 2024, we incurred approximately $37.0 million in restructuring expenses, of which $13.0 million remained unpaid and were included in Accrued liabilities as of December 31, 2024. During the year ended 2025, we reduced our December 31, 2024 restructuring liability by approximately $14.6 million primarily due to cash payments, offset by

approximately $2.1 million of additional restructuring expense recorded in Cost of net revenues. As of September 30, 2026, we had no remaining restructuring liability related to the 2024 Restructuring.

2025 Restructuring

In the third quarter of 2025, we initiated a plan to realign certain business groups and reduce our global workforce as part of our continued effort to right size our labor force in response to the current macroeconomic environment. In the third and fourth quarter of 2025, we incurred approximately $40.9 million in restructuring expenses, of which $17.1 million remained unpaid and were included in Accrued liabilities as of December 31, 2025. For the nine months ended September 30, 2026, we reduced our December 31, 2025 restructuring liability by approximately $15.4 million primarily due to cash payments and an adjustment of approximately $0.7 million, most of which was recorded in Selling, general and administrative expense in our Condensed Consolidated Statements of Operations. As of September 30, 2026, $1.1 million remained unpaid and was included in Accrued liabilities in our Condensed Consolidated Balance Sheets.

We have completed the 2025 restructuring plan and incurred approximately $40.2 million in total restructuring expenses. We do not expect to incur additional restructuring expenses in connection with the 2025 restructuring plan.

2026 Restructuring

During the third quarter of 2026, we initiated a plan to realign certain business groups and reduce our global workforce. This plan represents our continued effort to right size our labor force with the current macroeconomic environment. We anticipate incurring between $35.0 million and $37.0 million in total restructuring expenses, primarily related to involuntary termination benefits, including employee severance and other post- employment benefits. We recorded $11.2 million in Cost of net revenues and $17.2 million in Restructuring and other charges in our Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2026. All charges recorded to Cost of net revenues were allocated to our Clear Aligner reportable segment and all charges to Restructuring and other charges were unallocated corporate expenses. As of September 30, 2026, $20.7 million remained unpaid and was included in Accrued liabilities in our Condensed Consolidated Balance Sheets.

The 2024, 2025 and 2026 restructuring activities were primarily related to involuntary termination benefits, including employee severance and other post-employment benefits.

Activity related to the restructuring liabilities associated with our restructuring initiatives consists of the following (in thousands):

	For the twelve months ended December 31, 2025		
	2024 Restructuring	2025 Restructuring[2]	Total
Balance at beginning of period[1]	$ 13,001	$ —	$ 13,001
Restructuring and other charges	2,056	40,888	42,944
Cash payments and adjustments	(14,569)	(23,776)	(38,345)
Balance at end of period[1]	$ 488	$ 17,112	$ 17,600

	For the nine months ended September 30, 2026			
	2024 Restructuring	2025 Restructuring[2]	2026 Restructuring	Total
Balance at beginning of period[1]	$ 488	$ 17,112	$ —	$ 17,600
Restructuring and other charges	—	(678)	28,462	27,784
Cash payments and adjustments	(488)	(15,376)	(7,757)	(23,621)
Balance at end of period[1]	$ —	$ 1,058	$ 20,705	$ 21,763

[1] Included in "Accrued liabilities" within our Condensed Consolidated Balance Sheets.
[2] 2025 restructuring activities include an immaterial amount of charges not related to post-employment benefits.

Note 16. Assets Held for Sale

In connection with the 2025 restructuring activities discussed in *Note 15 "Restructuring and Other Charges,"* during the third quarter of 2025, we classified a disposal group associated with a manufacturing facility in Juarez, Mexico as held for sale and recognized an impairment loss of $23.1 million.

During the first quarter of 2026, we recognized a gain of $11.7 million resulting from an increase in fair value less costs to sell, driven by updated market-based information. The gain did not exceed the cumulative impairment losses previously recognized on the disposal group. The gain was recorded within Cost of net revenues in our Condensed Consolidated Statements of Operations and was attributable to our Clear Aligner reportable segment.

During the second quarter of 2026, we completed the sale of the disposal group associated with the manufacturing facility in Juarez, Mexico and received net proceeds of approximately $42 million. The carrying value of the disposal group had been adjusted to fair value less cost to sell as of March 31, 2026 and accordingly, no material gain or loss was recognized upon sale.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

In addition to historical information, this Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include, among other things, our expectations and intentions regarding our strategic objectives, business strategy and growth drivers, and the means to achieve them; our beliefs and expectations regarding macroeconomic conditions, including fluctuations in currency exchange rates, higher interest rates, elevated gasoline and other energy costs, market volatility, uncertainty surrounding future United States trade policies, tariffs, customs duties and fees, and retaliatory actions by other nations, inflation, threats of or actual economic slowdowns or recessions and geopolitical tensions; our expectations and beliefs regarding customer and consumer confidence, purchasing behavior and demand for dental services and changes in consumer spending habits; our expectations regarding product mix, product launches, product pilots and product adoption; our expectations regarding competition and our ability to compete in our target markets; our expectations regarding the sales growth of our clear aligners, intraoral scanners and other products; our expectations regarding the impact of the military conflicts in the Middle East, Ukraine and China, on our employees, operations and assets; our marketing and efforts to build our brand awareness; our estimates regarding the size and opportunities of our target markets along with our expectations for growth in those markets; our beliefs regarding the general impact of technological innovation and on our particular solutions and products; our beliefs regarding digital dentistry and its potential to impact our business and transform dentistry; our intentions regarding expansion of our business and any impacts on our operational flexibility and responsiveness to customer demand; our expectations regarding the timing and amount of future stock repurchases; our expectations regarding our tax positions and the judgments we make related to our tax obligations, including value-added tax positions and related contingent liabilities; our beliefs regarding the importance of our manufacturing operations on our success and our plans to open a manufacturing facility in Hyderabad, India in 2027; our beliefs regarding the need for and benefits of our technological development on Invisalign treatment, the areas of development in which we focus our efforts, and the advantages of our intellectual property portfolio; our expectations regarding the utilization rates for our products, including the impact of marketing on those rates and causes for periodic fluctuations of the rates; our expectations regarding the existence and impact of seasonality; our expectations regarding the continued expansion of our international markets and their growth; our expectations regarding impacts or staying in compliance with laws and regulations currently applicable to, or which may become applicable to, our business both in the United States and internationally; our expectations regarding the outcomes and timing of ongoing litigation matters and regulatory developments; our expectations for future investments in and benefits from sales and marketing activities; our preparedness and our customers' preparedness to react to changing circumstances and demand; our expectations for our expenses and capital obligations and expenditures in particular; our expectations regarding restructuring plans, workforce reductions, and related charges and savings; our expectations regarding acquisitions, dispositions, divestitures, held-for-sale classifications, and related fair-value estimates and measurement-period adjustments; our intentions to control spending and for investments, our intentions regarding the investment of and ability to repatriate foreign earnings; our belief regarding the sufficiency of our cash and investment balances and borrowing capacity; our judgments regarding the estimates used in our revenue recognition and assessment of goodwill and intangible assets; our predicted level of operating expenses and gross margins and other factors beyond our control, as well as other statements regarding our future operations, financial condition and prospects and business strategies.

These statements may contain words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," or other words indicating future results. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations," and in particular, the risks discussed below in Part II, Item 1A "Risk Factors." We undertake no obligation to revise or update these forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

The following discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the Securities and Exchange Commission (the "SEC") on February 27, 2026.

Executive Overview of Results

Our Strategic Growth Drivers

We strive to help our doctor customers move their practices forward by connecting them with new patients, providing digital solutions to help increase practice efficiency and helping them deliver the best possible treatment outcomes and

experiences to millions of people around the world. We strive to achieve this through our continued focus on, and execution of, our strategic growth drivers: (i) International Expansion; (ii) General Practitioner dentists ("GP") treatment; (iii) Patient Demand; and (iv) Orthodontic Utilization. Our growth strategy depends on our ability to facilitate the digital transformation of dentistry, our continuous focus on innovation, and expansion to meet and exceed evolving customer expectations as the array of products and services available to them increases.

Recent Developments

New Manufacturing Facility: During the second quarter, we announced plans to expand our global manufacturing network with a new facility in Hyderabad, India, which is expected to commence operations in 2027 and will represent our first manufacturing facility in India. We expect to invest approximately $200 million over the next several years in connection with the project, including both capital expenditures and operating costs. The planned expansion is intended to support growth in high-demand markets, enhance supply chain resiliency, increase manufacturing capacity, improve operational efficiency, and further diversify our global manufacturing footprint.

UK VAT Update: On July 7, 2026, the Upper Tribunal (Tax and Chancery Chamber) of the United Kingdom issued a decision reversing the April 24, 2025 decision of the First-tier Tribunal and holding that clear aligners are not "dental prostheses" and are therefore subject to value added tax in the United Kingdom at the standard rate. We have recorded an estimated liability of approximately $43.1 million as of September 30, 2026, which reflects management's best estimate of the obligation as of the reporting date. We intend to exhaust all available appeals and vigorously defend our position, but the ultimate resolution of this matter remains subject to significant uncertainty. Effective September 7, 2026, invoices due to UK customers for clear aligners and retainers include VAT at the applicable rate. For more information, see *Note 8* "*Commitments and Contingencies*" *of the Notes to Condensed Consolidated Financial Statements.*

Trends and Uncertainties

Below is a discussion of the significant trends and uncertainties that could impact our operations:

Macroeconomic Challenges, Trade Impediments and Geopolitical Tensions

Our revenues may fluctuate as a result of various events and circumstances impacting customer confidence, consumer sentiment, discretionary spending and ultimately demand for dental services and our products. These events and circumstances include, but are not limited to, macroeconomic conditions, fluctuations in foreign currency exchange rates, uncertainty surrounding the durability, scope, and enforceability of existing and future tariff measures, retaliatory tariffs or protectionist trade measures taken in response to such tariffs, inflation, elevated interest rates, actual or potential slowdowns or recessions, wages, employment levels and health insurance coverage, debt obligations, discretionary income, supply chain challenges, market volatility, geopolitical conditions, military actions, and other factors. For more information on events and circumstances that could impact our revenues, refer to Part II, Item 1A "Risk Factors—Macroeconomic and External Risks."

Many of these factors may contribute to, among other things, higher raw material prices, increased transportation and labor costs, and interruptions in supply and distribution operations, each of which can also impact the availability of certain raw materials, parts and components used in our products as well as our costs and those of our suppliers. For example, we believe that in the beginning of the second quarter of 2025, sales of our products were adversely impacted compared to the same period in prior years by certain macroeconomic conditions, including global tariff volatility, inflation, and higher interest rates, which we believe may continue to impede dental patient demand. Patient traffic growth has been uneven for many doctors, with orthodontic starts down for four consecutive years. We believe uncertainty not only impacts consumer purchasing decisions but also the decisions and recommendations that doctors make, especially doctors who offer both clear aligners and wires and brackets in their practices and have the additional time to treat patients with wires and brackets when orthodontic starts are slowing or diminishing. We believe this has resulted in an increase in orthodontic starts using wires and brackets in lieu of clear aligners that was more pronounced in the second quarter of 2025. We believe these trends are continuing and will impede future sales for so long as consumer economic uncertainty persists, particularly to the extent it impairs discretionary spending. Additionally, we believe that the ongoing military conflicts in the Middle East, including the hostilities involving Israel, Iran, and the United States that began in 2025 and escalated in 2026, together with elevated gasoline and energy costs and related market volatility, have and may continue to contribute to declines in widely reported measures of consumer confidence, and we anticipate these conditions will continue to add to market uncertainties and dampen consumer sentiment and demand.

More directly, we believe government actions relating to actual or proposed tariffs and retaliatory actions in key strategic countries or regions, particularly in the United States, China, Europe, Brazil, Canada, Israel and Mexico may adversely impact our revenue and cost of goods sold. Additionally, the trade war and geopolitical tensions between the United States and China may result in the limitation or prohibition of the availability of certain raw materials, components and parts necessary for our

products or the products of our suppliers. The degree of our exposure depends on, among other things, the type of goods subject to any tariffs or trade restrictions enacted, the tariff rates or limits imposed, the timing of the tariffs or restrictions and any other retaliatory measures enacted. The impact may vary by time and region, making operational results uncertain and difficult to predict. These events may also cause a shift in public opinion about companies based in the United States and this may have an adverse impact on our reputation and business. We continue to closely monitor the foregoing issues, assess their potential impact on our operations and financial results, and implement plans to seek to mitigate the impact of any adverse events.

Additionally, a material amount of our revenues are derived internationally and many of our international operations are denominated in currencies other than the U.S. dollar. In the third quarter of 2026, foreign currency movements unfavorably impacted our revenues compared to the prior-year period. Foreign exchange volatility and the subsequent strengthening or weakening of the U.S. dollar against other currencies remains uncertain and unpredictable.

We continue to monitor the potential for violence and military actions that may directly or indirectly impact our personnel, manufacturing, supply chain, and sales. For instance, the ongoing conflict in Ukraine and unstable environment in the Middle East, as well as increased geopolitical tensions involving Taiwan and the South China Sea may further exacerbate general and regional macroeconomic instability. This is particularly true if fighting erupts, intensifies, spreads to other locations, creates shipping and logistical challenges or cost increases, leads to sanctions or boycotts, or otherwise materially impacts our operations or consumer spending. Our iTero business is headquartered in Israel and, although the sales, delivery times and cost of shipping have not been materially impacted to date, the situation remains fluid. We have implemented contingency planning and business continuity measures to mitigate these risks, but it is uncertain whether further escalation could disrupt our operations. While there have been export and import restrictions imposed against products originating from and businesses operating in Israel, they have not materially impacted our sales or operations to date although we continue to monitor the risk.

2026 Restructuring

During the third quarter of 2026, we initiated a plan to realign certain business groups and reduce our global workforce as part of our continued effort to right size our labor force in response to the current macroeconomic environment. We anticipate incurring between $35.0 million and $37.0 million in total restructuring expenses in connection with the 2026 restructuring plan, primarily related to involuntary termination benefits, including employee severance and other post-employment benefits. As of September 30, 2026, we incurred a total of $28.5 million in restructuring charges under this plan, of which $20.7 million remained unpaid.

For more information, see *Note 15.* "*Restructuring and Other Charges*" *of the Notes to Condensed Consolidated Financial Statements.*

Changing Product Preferences

As the markets for clear aligners and digital processes and workflows used to transform the practice of dentistry continue to mature, we anticipate customer and patient expectations and demands will continue to evolve. We expect to meet customer demands with innovative treatment options that include more choices to address a wider scope of treatment goals and budgets based on our existing and new products, such as streamlined Clear Aligner configurations with limited or no additional aligners. This may result in larger and unpredictable variations in geographic and product mix and selling prices with uncertain implications on our financial statements and business operations. For example, we have and may continue to experience a shift from certain products with higher average selling prices ("ASP") to those with lower ASPs.

We strive to manage the challenges presented by the foregoing trends and uncertainties, including the macroeconomic conditions, tariffs and retaliatory measures, military conflicts and the evolution of our target markets, by focusing on improving our operations, further increasing flexibility and efficiencies in our processes, adjusting our business models to changing circumstances and offering products that meet market demand. Specifically, we are managing financial impacts by implementing strategic product innovations, introductions and pricing actions, implementing cost saving measures, and evaluating hiring needs.

Further discussion of the impact of these challenges on our business may be found in Part II, Item 1A "Risk Factors."

Key Financial and Operating Metrics

We measure our performance against the foregoing strategic priorities by the achievement of key financial and operating metrics. For the three months ended September 30, 2026, our business operations reflect the following:

- Revenues of $1,015 million, an increase of 1.9% year-over-year;
- Clear Aligner revenues of $839 million, an increase of 4.2% year-over-year;
- Clear Aligner case volume increased 6.6% year-over-year and Clear Aligner case volume for teens and growing patients increased from 256.0 thousand shipments to 274.6 thousand or 7.3% year-over-year;
- Imaging Systems and CAD/CAM services revenues of $175 million, a decrease of 7.6% year-over-year;
- Income from operations of $169 million and operating margin of 16.7%;
- Effective tax rate of 20.6%;
- Net income of $135 million with diluted net income per share of $1.90;
- Cash and cash equivalents of $1,145 million as of September 30, 2026;
- Cash provided by operating activities of $183 million;
- Capital expenditures of $45 million, primarily related to investments in our manufacturing capacity and facilities; and
- Number of employees was 20,180 as of September 30, 2026, a decrease of 4.2% year-over-year primarily due to workforce reduction associated with the 2025 restructuring plan.

Other Statistical Data and Trends

- As of September 30, 2026, approximately 24 million people worldwide have been treated with our Invisalign system.

- For the third quarter of 2026, the total number of Invisalign-trained doctors that submitted cases and received shipments (doctor submitters) was 90.9 thousand compared to 88.2 thousand in the third quarter of 2025, a 3.1% increase.

- The total utilization rate (case shipments divided by the number of doctor submitters) in the third quarter of 2026 increased to 7.6 cases per doctor compared to 7.3 cases per doctor in the third quarter of 2025.

- Clear aligner revenue per case shipment (clear aligner revenues divided by case shipments) decreased from $1,245 in the third quarter of 2025 to $1,215 in the third quarter of 2026, a 2.4% decrease.

Results of Operations

Net Revenues by Reportable Segment

We group our operations into two reportable segments: Clear Aligner segment and Systems and Services segment.

- Our Clear Aligner segment consists of Comprehensive Products, Non-Comprehensive Products and Non-Case revenues as defined below:

  - Comprehensive Products include, but are not limited to, Invisalign Comprehensive, Invisalign First and Invisalign Comprehensive 3in3.

  - Non-Comprehensive Products include, but are not limited to, Invisalign Moderate, Lite and Express packages, Invisalign Go and Invisalign Go Plus and Invisalign Palatal Expander.

  - In the United States, Canada and EMEA, we also offer a Doctor Subscription Program which is our monthly subscription-based clear aligner program. The program allows doctors the flexibility to order retainers and low-stage “touch-up” clear aligners within their subscribed tier and is designed for a segment of experienced Invisalign trained doctors who are currently not regularly using our retainers or low-stage aligners. The low-stage aligners, the Touch up product, are included as a Non-Comprehensive Product.

  - Non-Case revenues include, but are not limited to, retention products including retention aligners ordered through the Doctor Subscription Program, Invisalign training, adjusting tools used by dental professionals during the course of treatment and Invisalign Accessory Products that are complementary to our doctor-prescribed principal products such as aligner cases (clamshells), teeth whitening products, cleaning solutions (crystals, foam and other material) and other oral health products available in certain commerce channels in select markets.

- Our Systems and Services segment consists of sales related to our iTero intraoral scanning systems, which includes a single hardware platform and restorative or orthodontic software options, scanner wand upgrades, and non-system revenues from leases of scanner systems, sales of pre-owned scanner systems, subscription software, disposables, pay

per scan services, as well as exocad's CAD/CAM software solutions that integrate workflows to dental labs and dental practices.

Net revenues for our Clear Aligner and Systems and Services segments for the three and nine months ended September 30, 2026 and 2025 are as follows (in millions):

	Three Months Ended September 30,				Nine Months Ended September 30,			
Net Revenues	**2026**	**2025**	**Change**		**2026**	**2025**	**Change**	
Clear Aligner net revenues	$ 839.3	$ 805.8	$ 33.5	4.2 %	$ 2,566.2	$ 2,407.3	$ 158.9	6.6 %
Systems and Services net revenues	175.5	189.9	(14.4)	(7.6)%	544.9	580.1	(35.3)	(6.1)%
Total net revenues	$ 1,014.8	$ 995.7	$ 19.1	1.9 %	$ 3,111.0	$ 2,987.4	$ 123.6	4.1 %

Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding.

Clear Aligner Case Volume

Case volume data which represents Clear Aligner case shipments for the three and nine months ended September 30, 2026 and 2025 is as follows (in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	**2025**	**Change**		**2026**	**2025**	**Change**	
Total case volume	690.6	647.8	42.9	6.6 %	2,068.1	1,934.4	133.6	6.9 %

Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding.

For the three and nine months ended September 30, 2026, total net revenues increased by $19 million and $124 million respectively, compared to the same period in 2025, primarily due to an increase in Clear Aligner volume and favorable deferred revenue.

Clear Aligner

For the three months ended September 30, 2026, Clear Aligner net revenues increased by $33 million compared to the same period in 2025, primarily due to an increase in volume, which increased net revenues by $48 million, partially offset by $11 million from product mix shift to lower-priced countries and products and $4 million from unfavorable foreign exchange rates.

For the nine months ended September 30, 2026, Clear Aligner net revenues increased by $159 million compared to the same period in 2025, primarily due to an increase in volume and favorable foreign exchange rates, which increased net revenues by $150 million and $45 million, respectively. These increases were partially offset by higher discounts and product mix shift to lower-priced countries and products resulting in a decrease in net revenues of $36 million.

Systems and Services

For the three months ended September 30, 2026, Systems and Services net revenues decreased by $14 million compared to the same period in 2025, primarily due to decrease of $19 million from mix shift to lower-priced products and unfavorable foreign exchange rates and $3 million from lower scanner wand sales. These decreases were partially offset by higher system volume of $3 million and an increase of $5 million from higher non-system sales.

For the nine months ended September 30, 2026, Systems and Services net revenues decreased by $35 million compared to the same period in 2025, primarily due to a decrease of $64 million from mix shift to lower-priced products, and $32 million from lower scanner wand sales. These decreases were partially offset by higher system volume of $38 million and an increase of $23 million from higher non-system sales and favorable foreign exchange.

Cost of net revenues and gross profit (in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Clear Aligner						
Cost of net revenues	$ 257.9	$ 282.9	$ (25.0)	$ 750.4	$ 758.5	$ (8.1)
% of net segment revenues	*30.7 %*	*35.1 %*		*29.2 %*	*31.5 %*	
Gross profit	$ 581.4	$ 522.9	$ 58.5	$ 1,815.7	$ 1,648.8	$ 167.0
Gross margin %	*69.3 %*	*64.9 %*		*70.8 %*	*68.5 %*	
Systems and Services						
Cost of net revenues	$ 59.4	$ 73.6	$ (14.2)	$ 169.1	$ 201.5	$ (32.4)
% of net segment revenues	*33.8 %*	*38.7 %*		*31.0 %*	*34.7 %*	
Gross profit	$ 116.1	$ 116.3	$ (0.2)	$ 375.8	$ 378.7	$ (2.9)
Gross margin %	*66.2 %*	*61.3 %*		*69.0 %*	*65.3 %*	
Total cost of net revenues	$ 317.3	$ 356.5	$ (39.2)	$ 919.6	$ 960.0	$ (40.4)
% of net revenues	*31.3 %*	*35.8 %*		*29.6 %*	*32.1 %*	
Gross profit	$ 697.5	$ 639.2	$ 58.3	$ 2,191.5	$ 2,027.4	$ 164.1
Gross margin %	*68.7 %*	*64.2 %*		*70.4 %*	*67.9 %*	

Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding.

Cost of net revenues includes personnel-related costs including payroll and stock-based compensation for staff involved in the production process, the cost of materials, packaging, freight and shipping, depreciation on capital equipment and facilities used in the production process, amortization of acquired intangible assets and training costs.

For the three months ended September 30, 2026, our gross margin percentage increased as compared to the same period in 2025 primarily due to operational efficiencies, tariff refunds, roll-off of accelerated depreciation partially offset by lower ASPs.

For the nine months ended September 30, 2026, our gross margin percentage increased as compared to the same period in 2025 primarily due to operational efficiencies and tariff refunds partially offset by lower clear aligner ASPs.

Clear Aligner

For the three months ended September 30, 2026, our gross margin increased compared to the same period in 2025, primarily due to operational efficiencies and roll-off of accelerated depreciation, partially offset by restructuring charges and lower ASPs.

For the nine months ended September 30, 2026, our gross margin increased compared to the same period in 2025, primarily due to operational efficiencies partially offset by accelerated depreciation and foreign exchange.

Systems and Services

For the three months ended September 30, 2026, our gross margin increased compared to the same period in 2025, primarily due to lower Cost of net revenues from restructuring expenses, operational efficiencies, tariff refunds, partially offset by lower ASPs and foreign exchange.

For the nine months ended September 30, 2026, our gross margin increased compared to the same period in 2025, primarily due to operational efficiencies, tariff refunds, and foreign exchange partially offset by lower ASPs.

Selling, general and administrative (in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Selling, general and administrative	$ 410.6	$ 417.8	$ (7.2)	$ 1,338.6	$ 1,314.1	$ 24.5
% of net revenues	*40.5 %*	*42.0 %*		*43.0 %*	*44.0 %*	

Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding.

Selling, general and administrative expense generally includes personnel-related costs, including payroll, stock-based compensation and commissions for our sales force, marketing and advertising expenses, including media, market research, marketing materials, clinical education, trade shows and industry events, legal and outside service costs, equipment, software and maintenance costs, depreciation and amortization expense and allocations of corporate overhead expenses including facilities and IT.

For the three months ended September 30, 2026, selling, general and administrative expense decreased compared to the same period in 2025, primarily due to lower advertising and marketing expense, lower stock-based compensation, and lower equipment and maintenance costs offset by higher spend on outside legal services and higher employee costs, including salaries, fringe benefits and bonus.

For the nine months ended September 30, 2026, selling, general and administrative expense increased compared to the same period in 2025, primarily due to higher spend on employee costs, including salaries, fringe benefits and bonus, higher legal services spend and higher software costs offset by lower advertising and marketing expense, lower stock-based compensation, lower commissions, and lower equipment and maintenance costs.

Research and development (in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Research and development	$ 93.9	$ 93.3	$ 0.6	$ 294.6	$ 286.9	$ 7.7
% of net revenues	*9.3 %*	*9.4 %*		*9.5 %*	*9.6 %*	

Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding.

Research and development expense generally includes personnel-related costs, including payroll and stock-based compensation, outside service costs associated with the research and development of new products and enhancements to existing products, software, equipment, material and maintenance costs, depreciation and amortization expense and allocations of corporate overhead expenses including facilities and IT.

For the three months ended September 30, 2026, research and development expense increased marginally compared to the same period in 2025, primarily due to higher employee costs, including salaries, fringe benefits and bonus costs, other operating expenses, software and materials, and depreciation on capitalized labor costs related to internal-use software, partially offset by lower outside services and capitalization of labor costs related to internal use software.

For the nine months ended September 30, 2026, research and development expense increased compared to the same period in 2025, primarily due to higher employee costs, including salaries, fringe benefits and bonus costs, depreciation on capitalized labor costs related to internal-use software, and cloud tool spending, other operating expense, software and materials partially offset by capitalization of labor costs related to internal use software, lower stock-based compensation, and reduced outside service provider spend.

Restructuring and other charges (in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Restructuring and other charges	$ 17.2	$ 31.8	$ (14.6)	$ 17.2	$ 31.8	$ (14.6)
% of net revenues	*1.7 %*	*3.2 %*		*0.6 %*	*1.1 %*	

Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding.

For the three and nine months ended September 30, 2026, restructuring and other charges decreased compared to the same period in 2025. Refer to *Note 15 "Restructuring and other charges" of the Notes to the Condensed Consolidated Financial Statements for more information*.

Legal settlements and contingencies (in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Legal settlements and contingencies	$ 6.6	$ —	$ 6.6	$ 76.0	$ 4.2	$ 71.8
% of net revenues	*0.7 %*	*— %*		*2.4 %*	*0.1 %*	

Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding.

For the three months ended September 30, 2026, we recorded $0.8 million and $5.6 million related to legal settlements and UK VAT contingency loss, respectively. Refer to *Note 7* "*Legal Proceedings*" and *Note 8 "Commitments and Contingencies*" *of the Notes to Condensed Consolidated Financial Statements* for more information.

For the nine months ended September 30, 2026, we recorded $32.7 million and $43.1 million related to legal settlements and UK VAT contingency loss, respectively. Refer to *Note 7* "*Legal Proceedings*" and *Note 8 "Commitments and Contingencies*" *of the Notes to Condensed Consolidated Financial Statements* for more information.

Income from operations (in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Clear Aligner						
Income from operations	$ 310.2	$ 250.7	$ 59.5	$ 943.5	$ 777.9	$ 165.5
Operating margin %	*37.0 %*	*31.1 %*		*36.8 %*	*32.3 %*	
Systems and Services						
Income from operations	$ 67.0	$ 59.8	$ 7.2	$ 210.8	$ 204.0	$ 6.7
Operating margin %	*38.2 %*	*31.5 %*		*38.7 %*	*35.2 %*	
Total income from operations [1]	$ 169.2	$ 96.3	$ 72.9	$ 465.1	$ 390.4	$ 74.7
Operating margin %	*16.7 %*	*9.7 %*		*15.0 %*	*13.1 %*	

[1] Refer to *Note 14 "Segments and Geographical Information" of the Notes to Condensed Consolidated Financial Statements* for details on unallocated corporate expenses and the reconciliation to Income from operations.

Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding.

Clear Aligner

For the three months ended September 30, 2026, our operating margin increased compared to the same period in 2025, primarily due to higher gross margin and lower advertising and marketing expense, partially offset by an increase in employee costs and credit card transaction fees.

For the nine months ended September 30, 2026, our operating margin increased compared to the same period in 2025, primarily due to higher gross margin and lower advertising and marketing expense, lower credit card transaction fees and outside services, partially offset by an increase in employee costs and equipment.

Systems and Services

For the three months ended September 30, 2026, our operating margin increased compared to the same period in 2025, primarily due to higher gross margin and a decrease in operating expenses related to lower employee costs.

For the nine months ended September 30, 2026, our operating margin increased compared to the same period in 2025, primarily due to higher gross margin and a decrease in operating expenses related to lower employee costs, advertising and outside services partially offset by an increase in credit card transaction fees and equipment.

Interest income (in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Interest income	$ 6.2	$ 3.2	$ 3.0	$ 14.8	$ 11.4	$ 3.3
% of net revenues	*0.6 %*	*0.3 %*		*0.5 %*	*0.4 %*	

Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding.

Interest income generally includes interest earned on cash, cash equivalents and investment balances.

For the three and nine months ended September 30, 2026, interest income increased compared to the same period in 2025, primarily due to interest earned on cash and cash equivalent balances.

Other income (expense), net (in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Other income (expense), net	$ (5.3)	$ (4.8)	$ (0.5)	$ (12.2)	$ 6.8	$ (19.1)
% of net revenues	*(0.5)%*	*(0.5)%*		*(0.4)%*	*0.2 %*	

Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding.

Other income (expense), net, generally includes foreign exchange gains and losses, gains and losses on foreign currency forward contracts, interest expense, gains and losses on equity investments and other miscellaneous charges.

For the three months ended September 30, 2026, other income (expense), net decreased compared to the same period in 2025, primarily due to an unfavorable impact from foreign exchange rates.

For the nine months ended September 30, 2026, other income (expense), net decreased compared to the same period in 2025, primarily due to an unfavorable impact from foreign exchange rates, partially offset by a gain recorded on our equity investment and lower accounts receivable factoring fees.

Provision for income taxes (in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Provision for income taxes	$ 35.0	$ 38.0	$ (3.0)	$ 111.5	$ 134.1	$ (22.6)
Effective tax rates	*20.6 %*	*40.1 %*		*23.9 %*	*32.8 %*	

Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding.

Our effective tax rate differs from the statutory federal income tax rate of 21% for the three months ended September 30, 2026, primarily due to foreign income taxed at different rates and U.S. tax on foreign earnings, partially offset by state income taxes and non-deductible expenses in the U.S. Our effective tax rate differs from the statutory federal income tax rate of 21% for the nine months ended September 30, 2026, primarily due to the recognition of additional tax expense resulting from U.S. taxes on foreign earnings, state income taxes, and non-deductible expenses in the U.S., partially offset by the foreign income taxed at different rates. Our effective tax rate differed from the U.S. statutory federal income tax rate of 21% for the three and

nine months ended September 30, 2025, primarily due to the recognition of additional tax expense resulting from U.S. taxes on foreign earnings, state income taxes, and non-deductible expense in the U.S., partially offset by the foreign income taxed at different rates.

The decrease in our effective tax rate for the three months ended September 30, 2026 compared to the same period in 2025 is primarily attributable to a decrease in U.S. taxes on foreign earnings, partially offset by the change in our jurisdictional mix of income.

The decrease in our effective tax rate for the nine months ended September 30, 2026 compared to the same period in 2025 is primarily attributable to the change in our jurisdictional mix of income.

Liquidity and Capital Resources

Liquidity and Trends

As of September 30, 2026 and December 31, 2025, we had cash and cash equivalents of $1,145 million and $1,095 million, respectively, of which approximately $860 million and $929 million, respectively, were held by our foreign subsidiaries. We continue to evaluate opportunities to repatriate our foreign earnings if or when needed. We do not expect to incur significant additional costs upon repatriation of these foreign earnings. We generate sufficient operating cash flow from our domestic operations and have access to $300 million under our revolving line of credit. We believe that our current cash balances and the borrowing capacity under our credit facility, if necessary, will be sufficient to fund our business for at least the next 12 months.

Capital Resources

Our material cash requirements as of September 30, 2026 are as follows:

- Our purchase commitments consist primarily of open purchase orders for goods and services, including manufacturing inventory, supplies and services, sales and marketing, research and development services and technological services, issued in the normal course of business. There have been no material changes to our purchase commitments for goods and services during the nine months ended September 30, 2026 as compared to the year ended December 31, 2025.

- There have been no material changes to our future operating lease payments of $179 million at September 30, 2026 compared to 184 million at December 31, 2025. Refer to *Note 4 "Leases" of the Notes to the Condensed Consolidated Financial Statements* for details related to our leases.

- We expect our investments in capital expenditures for fiscal year 2026 to be $125 million to $150 million. Capital expenditures primarily relate to technology upgrades, additional manufacturing capacity as well as ongoing maintenance.

- In April 2025, our Board of Directors authorized a plan to repurchase up to $1.0 billion of our common stock. The April 2025 Repurchase Program is expected to be completed over a period of up to three years. We continually evaluate opportunities to repurchase shares of our common stock depending on various factors including our share price and current liquidity requirements. We repurchased approximately $201.2 million during the nine months ended September 30, 2026. In October 2026, we repurchased an additional $30.0 million, leaving $600.0 million available for future repurchase under the April 2025 Repurchase Program. Refer to *Note 10 “Common Stock Repurchase Programs” of the Notes to Condensed Consolidated Financial Statements* for details on our stock repurchase programs.

- As of September 30, 2026, we had no material off-balance sheet arrangements that have or are reasonably likely to have a current or future material impact on our liquidity or capital resources.

Sources and Uses of Cash

The following table summarizes our Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2026 and 2025 (in thousands):

	Nine Months Ended September 30,	
	2026	2025
Net cash provided by (used in):		
Operating activities	$ 526,716	$ 370,046
Investing activities	(260,797)	(76,529)
Financing activities	(210,493)	(367,174)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(5,324)	34,502
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 50,102	$ (39,155)

During the quarter ended June 30, 2026, we announced plans to construct a new manufacturing facility in Hyderabad, India, expected to commence operations in 2027. The project represents a multi-year investment of approximately $200 million, including both capital expenditures and operating costs. We do not currently expect this investment to have a material impact on our short-term liquidity position.

Operating Activities

For the nine months ended September 30, 2026, cash flows from operations of $527 million resulted primarily from our net income of approximately $356 million as well as the following:

Significant adjustments to reconcile net income to net cash provided by operating activities

- Deferred taxes of $33 million related to a decrease in our long-term deferred tax position;
- Depreciation and amortization of $136 million related to our investments in property, plant and equipment and intangible assets;
- Stock-based compensation of $126 million related to equity awards granted to employees and directors;
- Non-cash operating lease costs of $32 million;
- Gain on assets held for sale of $12 million resulting from an increase in fair value less costs to sell;
- Fair value adjustment gain of $7 million related to our investment in Heartland; and
- Other non-cash operating activities of $13 million primarily related to an increase in our bad debt allowance.

Significant changes in working capital

- Net outflow of $91 million in accounts receivable due to timing of collections;
- Net outflow of $14 million in prepaid expenses and other assets primarily due to the renewal of enterprise technology service agreements;
- Net outflow of $11 million in inventories;
- Net inflow of $62 million in accrued and other long-term liabilities; and
- Net outflow of $98 million in deferred revenue.

Investing Activities

Net cash used in investing activities was $261 million for the nine months ended September 30, 2026, primarily driven by $111 million of purchases of property, plant and equipment, a $100 million additional investment in Heartland, $72 million for our investment in convertible notes, and $19 million related to an immaterial acquisition, offset by $42 million of proceeds from the sale of property, plant and equipment.

Financing Activities

Net cash used in financing activities was $210 million for the nine months ended September 30, 2026, primarily driven by outflows of $201 million for share repurchases and $29 million for payroll taxes paid for vested equity awards, offset by $20 million of proceeds from the issuance of common stock under our employee stock purchase plan.

Critical Accounting Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our Condensed Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and disclosures at the date of the financial statements. We evaluate our estimates on an ongoing basis, including those related to revenue recognition, goodwill and finite-lived intangible assets, income taxes and legal proceedings and litigation. We use authoritative pronouncements, historical experience and other assumptions as the basis for making estimates. Actual results could differ from those estimates. There have been no material changes to our critical accounting estimates as compared to those disclosed in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2025.

Revenue Recognition

Our revenues are derived primarily from the sale of aligners, scanners and services from our Clear Aligner and Systems and Services segments. We enter into sales contracts that may consist of multiple distinct performance obligations where certain performance obligations of the sales contract are not delivered in one reporting period. We measure and allocate revenues according to ASC 606-10, *"Revenues from Contracts with Customers."*

Determining the standalone selling price ("SSP") in order to allocate consideration from the contract to the individual performance obligations is the result of various factors, such as historical prices, changing trends and market conditions, costs and gross margins. While changes in the allocation of the SSP between performance obligations will not affect the amount of total revenues recognized for a particular contract, any material changes could impact the timing of revenue recognition, which would have a material effect on our financial position and results of operations. This is because the contract consideration is allocated to each performance obligation, delivered or undelivered, at the inception of the contract based on the SSP of each distinct performance obligation.

We allocate consideration for each clear aligner treatment plan based on each unit's SSP. Management considers a variety of factors such as same or similar product historical sales, costs and gross margin, which may vary over time depending upon the unique facts and circumstances related to each performance obligation in making these estimates. In addition to historical data, we take into consideration changing trends and market conditions. For treatment plans with multiple options, we also consider usage rates, which is the number of times a customer is expected to order more aligners after the initial shipment. Our process for estimating usage rates requires significant judgment and evaluation of inputs, including historical usage data by region, country and channel.

We estimate the SSP of each element in a scanner system and services sale taking into consideration same or similar product historical prices as well as our discounting strategies. For CAD/CAM services, we estimate the SSP of each element, including the initial software license and maintenance and support, using data such as historical prices.

Recent Accounting Pronouncements

See *Note 1* "*Summary of Significant Accounting Policies*" *of the Notes to Condensed Consolidated Financial Statements* for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, we are exposed to interest rate, foreign currency exchange and inflation risks that could impact our financial position and results of operations. In addition, we are subject to the broad market risk that is created by the global market disruptions and uncertainties resulting from macroeconomic challenges, various military conflicts and consumer confidence. Further discussion on these risks may be found in *Part II, Item 1A "Risk Factors."*

Interest Rate Risk

Changes in interest rates could impact our anticipated interest income earned on our cash and cash equivalents balance. As of September 30, 2026, we are not exposed to interest rate risk on our unsecured revolving line of credit because we had no outstanding borrowings. An immediate 10% change in interest rates would not have a material adverse impact on our future operating results and cash flows. As of September 30, 2026, we had no short term or long-term marketable securities.

We have not historically used derivative financial instruments to manage our exposure to changes in interest rates.

Foreign Currency Exchange Rate Risk

As a result of our international business activities, our financial results have been affected by changes in foreign currency exchange rates as well as economic conditions in foreign markets. There is no assurance that exchange rate fluctuations will not adversely impact our results of operations or financial condition in the future. We generally sell our products in the local currency of the respective countries. This provides some natural hedging because most of the subsidiaries' operating expenses are also generally denominated in their local currencies.

We enter into foreign currency forward contracts for currencies where we have exposures, primarily the Euro, British Pound, Canadian Dollar, Polish Zloty and Israeli Shekel, to minimize the short-term impact of foreign currency exchange rate fluctuations on certain assets and liabilities. These forward contracts are not designated as hedging instruments and are generally one month in original maturity and are marked to market through earnings every period. The gains and losses on these forward contracts are intended to offset the gains and losses in the underlying foreign currency denominated monetary assets and liabilities being economically hedged. We do not enter into foreign currency forward contracts for trading or speculative purposes. As our international operations grow, we will continue to reassess our approach to managing the risks relating to fluctuations in currency rates.

Although we will continue to monitor our exposure to currency fluctuations, and, where appropriate, use forward contracts to minimize the effect of these fluctuations, the impact of an aggregate change of 10% in foreign currency exchange rates relative to the U.S. dollar on our results of operations and financial position could be material.

Inflation Risk

The economy has been impacted by certain macroeconomic challenges which have contributed to a rising inflationary trend that has impacted both our revenues and costs globally. If our costs become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. There is no assurance that our results of operations and financial condition will not be adversely impacted by inflation in the future.

Investment Risk

We hold equity securities in privately held companies, which are subject to equity price risks and exposures from the evolving macroeconomic environment, including uncertainty and volatility in financial markets and other changes in economic conditions, such as an increase in trade tensions and related tariffs, that could have a material impact on the carrying value of our investments.

Our investments in privately held companies primarily consist of equity securities without readily determinable fair values. We elected to account for our investments in privately held companies using the measurement alternative, which is cost, less any impairment, adjusted for changes in fair value resulting from observable transactions for identical or similar investments of the same issuer. We perform a qualitative assessment at each reporting date to determine whether there are triggering events for impairment. The qualitative assessment considers factors such as but not limited to, the investee's financial performance and business prospects; industry performance; economic environment; and other relevant events and factors affecting the investee. Valuations of our equity investments are complex due to the lack of readily available market data and observable transactions. The carrying value of our investments in privately held companies was $324.5 million at September 30, 2026 and $216.3 million at December 31, 2025. The increase was primarily driven by an additional investment in Heartland and a carrying value adjustment resulting from observable transactions for identical or similar investments of this issuer.

Additionally, we may hold investments in privately held companies in which we exercise significant influence. Such investments are generally accounted for as equity method investments, although we may elect the fair value option when appropriate. As of September 30, 2026, we did not hold any material investments accounted for under this model.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures.

Our management, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective as of September 30, 2026, to provide reasonable assurance that information

required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Changes in internal control over financial reporting.

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth in *Note 7* "*Legal Proceedings*" *of the Notes to Condensed Consolidated Financial Statements* in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors.

The following discusses some of the risks and uncertainties that may affect our business, reputation, results of operations, financial condition, cash flows, and the price of our common stock. You should carefully review this section, as well as our Condensed Consolidated Financial Statements and notes thereto and other information appearing in this Quarterly Report on Form 10-Q, for important information regarding these and other risks that may affect us. The order we have chosen to list the risks below or the sections in which we have identified them should not be interpreted to mean we deem any risks to be more or less important or likely to occur or, if any do occur, that their impact may be any less significant than any others. These risk factors should be considered in connection with the forward-looking statements contained in this Quarterly Report on Form 10-Q because they could cause our actual results of operations and financial condition to differ materially from those statements. Before you invest in our common stock, know that investing involves risks, including those described below, which are not the only risks we face. If any of the risks actually occur, our business, financial condition and results of operations could be negatively affected, the trading price of our common stock could decline, and you may lose all or part of your investment.

Macroeconomic and External Risks

Global and regional economic conditions have and could in the future materially affect our business, financial condition and results of operations.

Macroeconomic conditions impact consumer confidence and discretionary spending, which can reduce or shift spending away from elective procedures, drive patients to pursue less costly orthodontic treatments, decrease the number of orthodontic case starts, reduce patient traffic in dental offices, or reduce demand for dental services generally. Consumer spending habits are affected by, among other things, fluctuations in foreign currency exchange rates, changes in consumer confidence and demand, inflation, elevated gasoline and other energy costs, general economic weakness, actual or potential slowdowns or recessions, employment levels, health insurance coverage, wages, debt obligations, discretionary income, interest rates, cultural and social influences, market volatility and perceptions of current and future economic conditions. For instance, decreased demand for dental services has and may in the future cause doctors and labs to revert to wires and brackets and postpone investments in capital equipment. Uncertain economic outlooks for, or declines in the economic outlooks of, the United States, Chinese, European and other economies have and could in the future materially adversely affect consumer demand and dental practice spending. Higher interest rates have and could in the future reduce consumers' disposable income, which could cause a decrease in discretionary spending for our products.

Inflation has and may continue to adversely impact spending and trade activities, and may unpredictably impact global and regional economies. Efforts by central banks and federal, state and local governments to combat inflation could result in an economic recession or slowdown or adversely impact consumer spending for a prolonged period of time. Higher inflation, as well as the cost of fuel, energy and domestic and international shipping costs, food and other essential or discretionary items, raw material prices and labor rates, has and may continue to rise, which could adversely impact the costs of producing, procuring and shipping our products. We may not be able to fully mitigate the impact of the increased costs or pass price increases on to our customers, which could result in downward pressure on our operating results. Attempts to offset cost increases with price increases may reduce sales, increase customer dissatisfaction or otherwise harm our reputation. Any of these events could materially affect our business, financial condition or results of operations.

We are subject to foreign currency exchange fluctuations, which could have a material adverse effect on our financial condition or results of operations.

We have significant international operations and sales and are therefore exposed to fluctuations in foreign currencies that have and may continue to adversely impact our business, financial condition or results of operations. Although the U.S. dollar is our reporting currency, a large portion of our net revenues and expenses are generated in foreign currencies. While we forecast

our balance sheet exposures to foreign currency fluctuations and utilize foreign currency forward contracts to moderate the impact of currency fluctuations on certain assets and liabilities, these contracts may not eliminate our exposure. Currency exchange rate fluctuations have and may continue to materially adversely affect our results of operations and cash flows.

Geopolitical events, tariffs and trade policies, and military conflicts have and could in the future materially affect our business, financial condition and results of operations.

Geopolitical events, wars, military actions, terrorism, or major public health crises have and could in the future harm or disrupt international commerce and the global economy, and could materially adversely affect our business. Such events have and could result in, among other things, supply chain and trade disruptions, changes in diplomatic and trade relationships, new and retaliatory tariffs, trade protection measures, quotas, embargoes, trade sanctions and countersanctions, customs investigations or restrictions, boycotts, reduced consumer spending, government shutdowns, cyberattacks, energy shortages or power outages, energy rationing that adversely impacts our manufacturing facilities, rising fuel or rising costs of producing, procuring, and shipping our products, constraints, volatility or disruption in the financial markets, employee deaths or injuries, restrictions and shortages of food, water, shelter and medical supplies, data or information exchange, disruptions, interruptions or limitations in telecommunication services, critical systems or applications reliant on a stable and uninterrupted communications infrastructure, and protests that may impact delivery of our products to customers or destruction of property. Such events may also cause a shift in public opinion about companies based in the United States or in the regions where we operate or plan to operate, which could adversely impact our reputation and business.

Tariffs or proposed tariffs, customs duties, or fees, and any retaliatory tariffs, international trade disputes, or protectionist trade measures taken in response to such tariffs may increase the cost of our products and the components or the raw materials used to make them, reduce demand for our products and adversely impact our gross margin and results of operations, limit our ability to sell to certain customers, limit or prohibit the availability of certain raw materials, components and parts necessary for our products or the products of our suppliers, or impede or slow the movement of our goods across borders. For example, the U.S. Department of Commerce has initiated its investigation under Section 232 of the Trade Expansion Act of 1962, as amended, to determine the effects on the national security of imports of personal protective equipment (PPE), medical consumables, and medical equipment including devices. No actions with respect to the investigation have been announced to date, and the timing, scope and outcome of any resulting trade measures remain uncertain.

A significant portion of the products we sell, and the components and raw materials used in our products are originally manufactured or sourced outside the United States. For example, we manufacture clear aligners in our facility in Mexico and ship them to the United States, primarily for our United States customers, with the remainder eventually shipped to other international locations. Tariffs have and could in the future result in additional costs for our products, which may reduce demand for our products and adversely impact our gross margin and results of operations, and we may not be able to fully or substantially mitigate the impact of any new or increased tariffs or pass price increases on to our customers and to the extent we do, we may experience reduced demand for our products.

On February 20, 2026, the U.S. Supreme Court ruled that certain tariffs imposed under the International Emergency Economic Powers Act ("IEEPA") were unlawful. Following that decision, the United States imposed a temporary import surcharge on most imports under Section 122 of the Trade Act of 1974, effective February 24, 2026, which was subsequently held unlawful by the U.S. Court of International Trade in a decision that is currently stayed pending appeal, and which expired in accordance with its terms on July 24, 2026. Immediately following the expiration of the Section 122 surcharges, on July 24, 2026, the Office of the United States Trade Representative imposed additional duties under Section 301 of the Trade Act of 1974 on imports from the top 60 U.S. trade partners. Unlike the Section 122 surcharge, the Section 301 duties are not subject to a statutory rate cap or a fixed expiration date and may remain in effect indefinitely. The scope, rates, extent and duration of tariffs under these or other authorities, the outcome of pending litigation challenging them, and the resulting impact on general economic conditions and on our business, financial condition and results of operations are uncertain.

Foreign countries have and may continue to adopt other measures such as controls on the import or export of goods, technology or data, including personal data, which could adversely impact our operations and supply chains or limit our ability to offer certain products or services. We may take various actions in response to these measures, including changing suppliers, where we manufacture our products, or restructuring business relationships. Such actions may be expensive, time-consuming, disruptive to our logistics and operations, irreversible, and more costly for us and our customers. Trade restrictions may be announced with little or no advance notice and we may be unable to effectively mitigate any adverse impacts in a timely manner or at all.

Military conflicts, wars, and escalation of terrorist or gang activities have and may in the future materially adversely impact the economies in which we operate. Our iTero operations, headquartered in Israel, are close to areas that have been affected by ongoing military conflicts in the Middle East, including the hostilities involving Israel, Iran, and the United States that began in 2025 and escalated in 2026, which have resulted in instability in the region and disrupted global oil and gas shipments, with cascading effects on energy prices and global economic conditions, including consumer discretionary spending. Additionally, our supply chains and demand for our products could be impaired as a result of political instability, drug trafficking, the continuation or escalation of terrorist or gang activities (particularly with respect to our manufacturing operations in Mexico), hostilities, export and import restrictions, sanctions or boycotts. These events could disrupt ongoing operations and may materially impact the logistics, timing and cost of shipping of our products and materials or our ability to operate out of impacted areas, and our ongoing contingency planning and business continuity measures to mitigate these risks may not be sufficient. Additionally, China's territorial conflicts with other neighboring countries may impact our operations and sales in China. We cannot predict the progress or outcome of these events or the reactions by governments, businesses or consumers and each event could, individually or in the aggregate, materially adversely affect our business, financial condition and results of operations.

Natural disasters may adversely impact our business, financial condition and results of operations, as well as those of our customers and consumers, suppliers, contract manufacturers, commercial intermediaries and other business partners.

Natural disasters and extreme weather conditions (including those caused by climate change) can cause deaths, injuries and major public health crises, power outages, property damage, restrictions and shortages of food, water, shelter and medical supplies, telecommunications failures, materials scarcity, price volatility and other adverse consequences. If a natural disaster occurs in a region where one of our facilities or those of our customers or suppliers are located, our or their employees or facilities could be impacted, valuable research could be lost, and our ability to create treatment plans, respond to customer inquiries or manufacture and ship our products could be compromised, causing significant delays and reputational harm. Climate change could increase the frequency and severity of natural disasters such as hurricanes, tornadoes, earthquakes, wildfires, droughts, extreme temperatures, or flooding which could cause supply chain interruptions, increase demand and negatively impact availability of sources of energy or resources material to manufacturing our products and operations, or cause damage to our products and facilities. It could also affect the availability or cost of materials, goods, and services on which we and our suppliers, contract manufacturers, commercial intermediaries and other business partners rely, which could materially adversely impact our business, financial condition and results of operations.

Business and Industry Risks

Demand for our products and services may not increase or may decrease for many reasons, including resistance to the innovative and business-model-disruptive nature of some of our products and services.

Our products and services require our customers and consumers to forego traditional treatment methods. For example, Invisalign treatment is a significant departure from traditional orthodontic wires and brackets, and our customers and consumers may not find it cost-effective or preferable. A number of dental professionals believe Invisalign treatment is only appropriate for a limited percentage of patients. Additionally, our clear aligners and iTero products utilize digital technology and some dental professionals have and may continue to resist moving to a digital platform. Increased acceptance of our products and services depends in part on the recommendations of dental professionals, professional associations, societies and organizations, as well as other factors, including efficacy, safety, ease of use, reliability, aesthetics, third-party reimbursement, price compared to traditional treatment methods and competing products, and perceptions regarding single-use or non-recyclable plastics. Additionally, negative experiences with clear aligner products manufactured or distributed by competitors may adversely affect our reputation and demand for the Invisalign System if consumers or dental professionals attribute these negative experiences to clear aligner therapy generally, even if our products differ significantly in design, quality, and clinical effectiveness. If demand for our products or services fails to increase, or decreases, our business, financial condition and results of operations may be materially adversely affected.

Our net revenues depend primarily on sales of the Invisalign System and iTero intraoral scanners and declines in volume or the average selling price ("ASP") may adversely affect net revenues, gross profit, operating profit and net income.

Our net revenues are primarily dependent on sales of the Invisalign System, and iTero intraoral scanners and related services. Of the two, we expect the Invisalign System to continue to represent the majority of our net revenues and remain critical to our success.

The ASPs of our products, particularly the Invisalign System, are influenced by numerous factors, including the mix of product treatment packages, geographical mix, channel mix and timing of products sold, promotions and discounts, inflation and foreign currency exchange rates. In addition, we sell our products at different prices and with varying shipping and handling charges or processing fees that may differ by country. Our ASPs for the Invisalign System and iTero intraoral scanners have been and could in the future be adversely affected if:

- we offer promotions or general or volume-based discount programs, product or services bundles, large account sales or consumer rebate programs;
- participation in promotions or programs unexpectedly increases, decreases or changes demand in material ways;
- our geographic, channel or product mix shifts to lower-priced products or to products with a higher percentage of deferred revenue;
- we decrease prices or are unable to increase prices on one or more products or services in response to increasing competitive pricing pressures;
- we introduce new or change existing products or services, or modify how we market, lease or sell any of our new or existing products or services;
- we modify our pricing strategies for certain products or adjust pricing for certain items based on cancellation fees, shipping and handling charges or processing fees;
- we participate in government tenders, such as volume-based procurement in China; or
- our critical accounting estimates materially differ from actual results.

We have a history of offering volume discounts, price reductions and other promotions to targeted customers and consumers and releasing lower priced products which have had, and may in the future have, unexpected and unintended consequences, including reduced net revenues, gross profit, operating profit and net income.

Competition in the markets for our products and services is increasing.

The dental industry is experiencing immense and rapid digital transformation and we may be unable to compete with existing competitors and emerging companies that introduce new technologies, products or services, and customers who alone or with others create orthodontic appliances and solutions or other products or services that compete with us. While our product

portfolio facilitates this transition, our competitors may render our technology or products obsolete or economically unattractive, particularly as competitors incorporate AI into new or existing services and technologies that facilitate changes in doctor-patient interactions, expectations and treatment workflows. We may be unable to devote adequate financial resources to develop or acquire new AI technologies and systems in the future and sufficiently meet evolving industry trends and consumer demands.

We also face competition from traditional products and services, such as wires and brackets, which doctors have historically been able to purchase at a lower price. We have and will likely continue to experience price-focused competition as we continue to expand into new markets, which could contribute to the commoditization of our products or services if we are unable to otherwise differentiate our offerings from those of our competitors.

The number and types of competitors we face are diverse and growing rapidly. The Invisalign System competes primarily against traditional wires and brackets and increasingly with clear aligners manufactured and distributed by new market entrants and existing competitors, including traditional medical device companies, laboratories, startups and, in some cases, doctors and dental service organizations (**"**DSOs**"**). Our competitors also include direct to consumer (**"**DTC**"**) companies that provide clear aligners using a business model requiring little to no in-office care from trained and licensed doctors, and doctors and DSOs who manufacture custom aligners or procure products from third-party white-label providers. Large consumer product companies may also start supplying orthodontic products. Orthodontists, GPs and DSOs have and may continue to sample competitive and alternative products, take advantage of competitive promotions and sale opportunities, or engage in "bait and switch," "margin steering" or similar practices that take advantage of the significant brand recognition of Invisalign to offer alternative products.

Our iTero intraoral scanners compete with polyvinyl siloxane impressions and numerous new and existing intraoral scanners and traditional impression methods, as well as traditional bite wing 2D dental X-rays and dental imaging systems that leverage near infrared imaging technology and AI for detecting interproximal caries. We have and may continue to experience competition with respect to our scanners and software solutions from competitors who introduce products at lower prices or with enhanced features or functionalities that better meets customer demand, including expansion of their portfolios in the digital ecosystem. If we are unable to compete effectively with existing products, existing competitors, new market entrants, or respond effectively to new technologies, our business, financial condition, and results of operations could be materially adversely impacted.

Our success depends on our ability to quickly and profitably develop, manufacture, market, and obtain and maintain regulatory approvals or clearances of new, improved or refurbished products and services.

The extent and rate at which our products or services achieve market acceptance and penetration depends on many factors, including our ability to:

- cost-effectively and efficiently predict, timely innovate, develop, manufacture, quality test, market, launch, dispose of and sell new or improved technologies, applications, features, products and services to meet market demand and keep pace with changes in technology, customers' demands and industry standards;
- successfully and timely obtain and maintain regulatory approvals or clearances of new or improved products or services from government agencies such as the FDA and analogous agencies in other countries;
- properly forecast the amount and timing of new or improved product and services demand;
- allocate our research and development funding to products and services with higher growth prospects;
- ensure the compatibility of our technology, services and systems with those of our customers;
- anticipate and rapidly innovate in response to new competitive offerings and technologies;
- differentiate our products and services from those of our competitors as well as other products and services in our own portfolio and successfully articulate the benefits to potential customers;
- design and manufacture products that achieve the clinical and practice outcomes necessary for market acceptance;
- manage the impact of nationalism or initiatives encouraging consumer purchases from domestic vendors;
- qualify for third-party reimbursement for procedures involving our products or services;
- offer attractive and competitive products, services and subscription plans;
- encourage customers to adopt new or improved technologies and provide the needed technical, sales and marketing support to make new or improved product and services launches successful;
- manage government procurement program restrictions; and
- source and receive quality raw materials or parts from our suppliers.

If we fail to accurately predict the needs and preferences of customers and their patients, or fail to offer viable products or services, we may invest heavily in research and development that does not lead to significant revenues. Even if we successfully innovate and develop new or improved products and services, we may incur substantial costs doing so and our profitability may suffer. Introduction and acceptance of any products and services may take significant time and effort, particularly if they require doctor education and training to understand their benefits or doctors choose to withhold judgment on a product or service until patients complete their treatments. In addition, we periodically introduce new business and sales initiatives to meet customers' needs and demands, which may not be successful and may involve short-term execution challenges. Should these initiatives fail, our business, financial condition and results of operations could be materially adversely impacted.

We may not realize the anticipated benefits of acquisitions, investments or other strategic transactions, and they may require significant management attention, disrupt our business, dilute stockholder value or adversely affect our business, financial condition and results of operations.

We have and may in the future acquire, or make investments in, companies, businesses, products, technologies or other assets, which may not ultimately strengthen our competitive position or achieve our desired synergies and integration.

Alternatively, we may be unable to find suitable investment or acquisition opportunities or be unable to complete investments or acquisitions on favorable terms. We are subject to various risks when making a strategic investment or acquisition and integrating the operations and cultures of acquired businesses within our own, including that we may:

- ultimately own less than a majority of the outstanding shares of the company and be unable to control or have significant influence over critical issues that could harm the value of our investment;
- fail to perform proper due diligence and inherit unexpected material issues or assets, including intellectual property ("IP") or other litigation or ongoing investigations, accounting irregularities or compliance liabilities;
- experience information technology ("IT") security and privacy compliance issues;
- invest in companies that generate net losses or are slow or fail to develop;
- not realize a positive return on our investment or determine that investments have declined in value, which could require recording impairments;
- need to pay cash, incur debt or issue equity securities to pay for an acquisition, adversely affecting our liquidity, financial condition or the trading price of our common stock;
- find it difficult to implement and harmonize company-wide financial reporting, forecasting and budgeting, accounting, billing, IT and other systems due to inconsistencies in standards, internal controls, procedures and policies;
- require significant time and resources to effectuate the integration;
- fail to retain key personnel or harm our existing culture or the culture of an acquired entity;
- not realize material portions of the expected synergies and benefits of the investment or acquisition; or
- unsuccessfully evaluate or utilize the acquired technology or acquired company's know-how or fail to successfully integrate the technologies acquired.

Operational Risks

Our quarterly and annual results of operations have and will continue to fluctuate in the future, and we may not accurately predict the timing and amount of customer demand and our revenues, costs, and expenditures.

Some of the factors that have and could in the future cause our operating results to fluctuate include:

- changes in consumer, customer and industry demand;
- changes in manufacturing, packaging, delivery and inventory costs;
- the creditworthiness, liquidity and solvency of our customers and their ability to timely make payments when due;
- our ability to collect payments;
- our acceptance of longer customer payment cycles;
- changes in the timing of revenue recognition and our ASPs as a result of changes to the amount allocated to the standalone selling price of the distinct performance obligations under sales contracts;
- seasonal fluctuations;
- geographic, channel or product mix shifts to lower priced products or to products with a higher percentage of deferred revenue;
- improvements to or changes in our products, capabilities or technologies that replace or shorten the life cycles of legacy products or cause customers to defer or stop purchasing legacy products until new products become available;
- changes in costs and expenditures, including in connection with new treatment planning and fabrication facilities and the hiring and deployment of personnel;
- the timing of clear aligner treatment order submissions, acceptance, processing and fulfillment and scanner orders and shipments, which can cause fluctuations in our backlog;
- new, proposed or retaliatory tariffs; and
- timing and fluctuation of spending around marketing and brand awareness campaigns and industry trade shows.

If we fail to accurately predict product demand, our manufacturing capacity, staffing, supplies, components, or materials, or those of one or more of our suppliers may be inadequate. If we fail to timely manufacture and deliver products to meet demand, this could damage our relationships with existing customers or harm our ability to attract new customers and adversely affect our business, financial condition and results of operations.

We may make business decisions that adversely affect our operating results such as modifications to our pricing policies and payment terms, promotions, development efforts, product releases, business structure or operations. The majority of our expenses, such as employee compensation and lease obligations, are relatively fixed in the short term. Moreover, our expense levels are based, in part, on expectations for future revenues. As a result, if our net revenues for a particular period are below expectations, we may be unable to timely or effectively reduce spending to offset any shortfalls.

Our results of operations may be adversely affected if doctors at DSOs, orthodontic service organizations ("OSOs") or other large group practices reduce, delay, or do not increase their purchasing of our products and services in ways that reduce adoption of our products and services.

DSOs, OSOs and other large group practices have become an increasingly important channel for adoption of our products and services. If doctors at DSOs, OSOs or other large group practices reduce, delay, or do not expand their purchasing of our products and services, or otherwise change priorities, protocols, or workflows in ways that reduce utilization of our products, demand for our products and services may not increase or may decrease, which could have a material impact on our business, financial condition and results of operations. In addition, on behalf of the doctors in their affiliated practices, DSOs and other large group practices may have greater leverage to negotiate pricing, volume-based discounts, rebates, extended payment terms, or other commercial concessions, which could adversely affect our ASPs, gross margins and profitability.

We are subject to operating risks, including excess or constrained capacity, operational inefficiencies and pressure on our internal systems, personnel and suppliers, including as a result of our past and any future restructuring efforts, which could adversely affect our results of operations.

To manage current and anticipated future operations effectively, we must continually implement and improve our operational, financial and management information systems, hire, train, motivate, manage and retain employees, and ensure our supply chain is diversified and resilient, and is capable of meeting demand for the systems, raw materials, parts and components essential to product manufacturing and delivery. We may fail to balance near-term efforts to meet existing demand with future demand, including adding personnel, creating scalable, secure and robust systems and operations, and automating processes for long-term efficiencies. Production of the Invisalign System and iTero intraoral scanners could also be limited by capacity constraints due to a variety of factors, including labor shortages, shipping delays, our dependency on third-party vendors, including contract manufacturers and logistics providers, for key materials, parts, components and equipment, the quality of or changes in product components, and limited production yields. Any such failure could materially impact our business, financial condition and results of operations.

Additionally, we have established treatment planning and manufacturing facilities closer to our international customers to provide better experiences, create efficiencies and provide redundancy should other facilities become unavailable. Despite these benefits, if one of these facilities is temporarily, partially or fully shut down, we may still be unable to timely fulfill orders, which may negatively impact our reputation, business, financial condition and results of operations.

Security breaches, data breaches, cybersecurity attacks, or other cybersecurity incidents could materially adversely impact our operations and patient care, and our reputation, business, financial condition and results of operations could be harmed.

Our IT systems, policies and contracts and the policies of our third-party vendors, and their IT systems safeguard employee, applicant and customer personal, health and financial, and our own proprietary information and data essential to our operations. Our cybersecurity controls also depend on our customers, many of whom are individual or small healthcare providers with limited IT experience and inadequate or untested security protocols, to successfully manage data privacy and security requirements. We and our service providers, third-party vendors and other third parties could be targeted by or subject to physical break-ins, computer viruses and other malicious code, unauthorized or fraudulent access, programming errors or other technical malfunctions, hacking attacks, phishing, vishing, deepfakes, and other social engineering attacks, malware, ransomware, employee noncompliance, error or malfeasance, cybersecurity attacks, malicious code, and other breaches of, or incidents impacting, IT systems or similar malicious or otherwise disruptive actions, including by organized groups and nation-state actors, which may disrupt or limit the availability of, or result in damage to, our IT systems and result in loss or unavailability of, damage to, or the unauthorized acquisition, use, disclosure, or other processing of confidential information. We have experienced, and may again experience in the future, cybersecurity incidents, data incidents, and unauthorized internal employee exfiltration of information.

Our cybersecurity risk management program and processes, including our policies, controls or procedures, may not be successfully implemented, complied with or effective in protecting our systems and information or any other information we maintain or otherwise process. Further, the frequency and sophistication of third-party cybersecurity attacks are increasing, particularly with the advancement of AI technologies. For example, threat actors are increasingly using AI technologies, including generative and agentic AI and frontier models, to identify previously unknown vulnerabilities, automate complex, multi-stage attacks and create more convincing social engineering campaigns, including fraud that relies on “deepfake” impersonation, which has increased and may continue to increase the frequency, speed, scale and sophistication of cyber threats. These developments may compress the time available for us and our vendors to detect, patch and remediate vulnerabilities before they are exploited and may require more frequent emergency remediation efforts, which could increase our costs and heighten the risk of operational disruption.

Significant service disruptions, breaches, incidents, interruptions or other disruptive events impacting our infrastructure and IT systems, or other cybersecurity incidents, or any belief or reporting that any of the foregoing has occurred, could expose us to regulatory investigations, private claims, demands, litigation or other proceedings, impair our reputation and competitive position, distract management and require significant time and resources to address. In addition, patient care could suffer, and we could be liable if our products, services or IT systems fail to timely deliver accurate and complete information.

Additionally, our iTero intraoral scanners may be independently or collectively the target of cybersecurity incidents or attacks or subject to security vulnerabilities, bugs, errors, defects, or viruses or other malicious code. Due to the large and growing number of these decentralized devices, we may be unable, or not have the capacity, knowledge or infrastructure, to respond to or remedy a cybersecurity incident in a timely manner. Any such cybersecurity incident may cause loss or damage to us, our customers or strategic business partners or may cause further malfunctions in, or damage to, our products, services, or IT systems, damage to, or loss, unavailability, or unauthorized acquisition, use, or other processing of our data, or disruption, interruption or temporary cessation of our operations. Further, any such security breach or incident, or other cybersecurity incident, or any belief or reporting that any of the foregoing has occurred, may otherwise have a negative impact upon our business or reputation.

Issues with IT system and software integration, implementation, updates, and upgrades, or third-party software have previously and could again in the future disrupt our operations.

We rely on the efficient, uninterrupted, and secure operation of complex IT systems and are dependent on key third-party software embedded in IT systems as well as third-party hosted IT systems to support our operations, including third-party cloud platforms. To effectively manage and improve our operations, our IT systems and applications require an ongoing commitment of significant expenditures and resources to maintain, protect, upgrade, enhance, and restore existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving industry and regulatory standards, and changing customer preferences. Usage of online and hosted technology platforms by us, our customers, and suppliers, including remote working, teledentistry, and new or expanded use of online service platforms, products, and solutions such as doctor, consumer, and patient apps have increased the demands on and risks to our IT systems and personnel. Moreover, we continue to transform business processes, extend established processes to new subsidiaries, and implement additional functionality in our enterprise resource planning, product development, manufacturing, and other software and IT systems. This entails certain risks, including operational disruptions, such as our ability to continue developing and updating products while addressing safety and security, track orders and timely ship products, manage our supply chain, and aggregate financial and operational data. Failure to adequately protect and maintain the integrity of our products, IT systems and data in those systems, and those of our suppliers and customers may materially impact our reputation, business, financial condition, and results of operations.

Additionally, we continuously upgrade and issue new software releases upon which customer facing manufacturing and treatment planning operations depend. Software applications and products containing software may contain errors or defects, especially when first introduced or released. The discovery of a defect, error, or security vulnerability in our products, software applications or IT systems, incompatibility with customers' computer operating systems and hardware configurations with a new release or upgraded version or the failure of our products or primary IT systems, that we are unable to timely cure, may cause adverse consequences. These may include delays, loss of revenues, significant remediation costs, market acceptance delays, data damage, loss, or unavailability, unintended disclosure or other processing of financial, health or other information relating to individuals, product recalls, loss of market share or increased service costs, any of which could have a material effect on our reputation, business, financial condition or results of our operations and those of our customers or our business partners.

Products in our Systems and Services segment, such as our iTero intraoral scanners, are subject to software and hardware risks that, if improperly managed, could have a material adverse impact on our business and financial results.

Our Systems and Services segment is subject to software and hardware risks related to the manufacturing, design, quality and safety of our complex, global installed base of iTero intraoral scanners, which are continually updated to add, expand or improve features with new hardware or software, to integrate new or existing software or other components manufactured by third parties, or to provide repair or replacement parts, any of which may contain errors or exhibit failures, especially when products are first introduced. We may be unable to ensure that third-party components or changes to them will be completely compatible with our scanners, which could cause our scanners to fail to perform as anticipated. Additionally, the third-party software, operating systems and other components integrated into or interoperable with our scanners routinely reach end of life or end of support, and as a consequence, certain applications and models may be exposed to additional vulnerabilities, including security risks, errors, and malfunctions that may be irreparable or difficult to repair. We may not timely and adequately remediate or implement corrective measures for such failures, including due to reliance on third-party providers or suppliers. Consequently, any remediation may be time-consuming or difficult to achieve, which may materially impact our customers and business partners, damage our reputation, and result in lost business and revenue opportunities, and could be materially costly. If our products experience component aging, errors, or performance problems, or do not otherwise satisfy our stringent quality processes and controls we may choose to or be compelled to recall certain products, which may include, product withdrawals from the market, labeling changes, design changes, customer notifications, and notifications to global regulatory bodies.

A significant portion of our clear aligner production is dependent on digital scans from our globally dispersed and decentralized installed base of iTero and third-party intraoral scanners, and if we or third parties discontinue commercial availability or support for older versions of these scanners, our clear aligner revenues could be adversely impacted. Failures of all or any portion of our or third-party software or other components or systems to interoperate with iTero or third-party scanners, termination of interoperability with third-party scanners, product or system vulnerabilities or defects, interference or disruptions for us, our customers, labs or other business partners in the use of our products or the transmission or processing of data needed for the use or ordering of our products, or system outages, regardless of cause, have harmed our operations previously and in the future could materially and adversely affect our ability to accept scans, manufacture clear aligners or restorative procedures or treatments and services, or otherwise service our customers. Any of these events could harm our sales, damage our reputation, adversely impact our strategic partners, or result in claims, demands, litigation, and liabilities, which could have a material effect on our reputation, business, financial condition or results of our operations and the operations of our customers or business partners.

We are highly dependent on third-party suppliers, some of whom are sole source suppliers, for certain key machines, components and materials, and our business, financial condition and results of operations could be materially adversely affected if supply is restricted or ends or the price materially increases.

We are highly dependent on our supply chain, particularly suppliers, extruders, and manufacturers of specialized and customized scanning equipment, rapid prototyping machines, resin and other advanced materials, as well as the optics, electronic and other mechanical components of our iTero scanners. We maintain single and sole supply relationships in limited locations for materials and manufacturing, which exposes us to multiple supply chain vulnerabilities. We are reliant upon manufacturers that we contract with for quality and stability and any failures on their part may have an impact on our ability to supply our products.

Because of our dependence on our suppliers, changes in key relationships can materially disrupt our supply chain. For instance, we may be unable to quickly establish or qualify replacement suppliers, which could create production interruptions, delays and inefficiencies. Finding substitute manufacturers may be expensive, time-consuming or impossible and could result in

significant interruptions in the supply of one or more products, product retesting or additional product registration, causing us to lose revenues and damage customer relationships. Technology changes by our service providers, vendors and other third parties could disrupt access to required manufacturing capacity or require expensive, time-consuming development efforts to adapt and integrate new equipment or processes. In the event of technology changes, delivery delays, labor stoppages or shortages, or increases in price for these items, sales may decrease and our business and prospects may be harmed.

We contract with commercial intermediaries to distribute a portion of the importation, marketing and sales of our products and services, which exposes us to risks to our sales, operations and reputation, including the risk these intermediaries do not comply with applicable laws or our internal procedures.

In addition to our direct sales force, we have and expect to continue to use distributors, resellers or other commercial intermediaries to import, market, sell, service and support our products and services. Our distribution agreements are generally non-exclusive and terminable by either party with customary notice. If qualified and acceptable alternative commercial intermediaries cannot be quickly found and trained in the use, marketing, sales and support of our products and services, our revenues and ability to sell or service our products and services in key markets could be adversely affected. These commercial intermediaries may also choose to sell alternative or competing products or services. In addition, we may be held responsible for the actions of these commercial intermediaries, their employees and commercial intermediaries for non-compliance with laws and regulations, including fair competition, bribery and corruption, import and export compliance, safety, data privacy, false advertising or unfair and deceptive trade practices, and marketing and sales activities. If these commercial intermediaries fail to satisfy customers, our reputation and brand loyalty could be harmed. An intermediary may also affect our ability to effectively market our products in certain foreign countries or regulatory jurisdictions if it holds the regulatory authorization in such countries or within such regions and causes, by action or inaction, the suspension of such marketing authorization or sanctions for non-compliance or prevents us from taking control of any such authorization. It may be difficult, expensive, and time-consuming for us to re-establish market access or regulatory compliance.

A disruption in the operations of a primary freight carrier, higher shipping costs or shipping delays could disrupt our supply chain and impact our operating and financial results.

We depend on commercial freight carriers, primarily United Parcel Service, Inc., to deliver our products. If the operations of commercial freight carriers are disrupted or we fail to mitigate any disruptions, we may still be unable to timely deliver products to our customers who may choose alternative products, causing our net revenues and gross margin to decline, possibly materially. Moreover, when fuel costs increase, our freight costs generally do as well, including through carrier fuel surcharges applied in future periods. In addition, we earn an increasingly larger portion of our total revenues from international sales, which carry higher shipping costs that negatively impact our gross margin and results of operations. If freight costs materially increase and we are unable to successfully pass all or significant portions of the increases along to our customers, or we cannot otherwise offset such increases, our gross margin and financial results could be materially affected.

If we cannot attract, motivate, train or retain personnel, it will be difficult to achieve our strategic priorities, which could materially adversely affect our business, financial condition and results of operations.

The loss of the services and knowledge of any key personnel, particularly executive management, research and development, or sales personnel, could harm our business and prospects and impede the achievement of our research and development, operational or strategic objectives. Competition for highly skilled personnel, particularly technical and digital talent, is intense, and traditional and emerging competitors have and are likely to continue to recruit our personnel as the dental industry undergoes rapid digital transformation on a global scale. Various internal and external factors can impact our ability to hire and retain talent, including our compensation and benefit arrangements, advancement or career opportunities at our organization, and our past and any future restructuring efforts, such as the restructuring plans we have implemented in each of the past three fiscal years, and most recently in the third quarter of 2026. Additionally, approximately 91% of our employees are located internationally, and restrictive immigration or travel policies or legal or regulatory developments relating to immigration in the United States and other countries may negatively affect our efforts to attract, motivate, train or retain qualified personnel.

Seamless leadership transitions for key positions are critical to sustaining our culture and organizational success. If our succession planning is ineffective, it could adversely impact our business. Organizational changes could also increase attrition and adversely impact our ability to successfully attract, motivate, and retain key personnel. For example, in September, 2025, we required most of our employees to return to working five days per week in the office for most locations, which could impact our ability to attract and retain qualified personnel, particularly if companies that we compete with for talent have adopted work policies and arrangements that our employees may consider to be more appealing. We have experienced and may continue to experience difficulties attracting and retaining personnel that meet the qualifications, experience, compliance mindset and values we expect and share our core values of Agility, Customer and Accountability, which could impact our ability to achieve our strategic objectives and maintain compliance with obligations under our internal controls and other requirements. We provide significant training and experience to our personnel that, for certain roles, can make key personnel, such as our commercial and sales personnel, highly desirable to competitors and lead to increased attrition.

We have personnel represented by works councils and trade unions in certain countries and others that may be or may become eligible to be represented by works councils, trade unions and other employee associations. Labor disputes and work stoppages involving our personnel may disrupt our operations and could materially impact our results or operations.

We depend on our marketing activities to deepen our market penetration and raise awareness of our brands, products, and services, which may prove unsuccessful or may become less effective or more costly to maintain in the long term.

Our marketing efforts and costs are significant and include national and regional campaigns in multiple countries involving television, film, print, search, digital media, social media, and alliances with professional sports teams, athletes, social media influencers and other strategic partners. Our advertising campaigns may not achieve the desired returns on advertising spend, increase brand, product or services awareness sufficiently or generate goodwill and positive reputational goals among the non-adult and adult markets, enable us to maintain commercial relationships with social media influencers and other strategic partners, or differentiate our products from those featured in the growing number of advertising campaigns by competitors promoting similar products and messaging. Moreover, should any entity or individual endorsing us, our products or services take actions, make or publish statements in support of, or lend support to events or causes which are perceived by a portion of society negatively, our sponsorships or support of these entities or individuals may be questioned, our products and services boycotted and our brand image and reputation harmed, any of which could materially affect our business, financial condition and results of operations. The harm of negative publicity, particularly on social media platforms, may be immediate, without affording us an opportunity for redress or correction.

In addition, many countries prohibit certain types of marketing activities, such as DTC advertising of medical devices. We have and may in the future be alleged to violate marketing restrictions and be ordered to stop certain marketing activities or prevented from selling our products and services. Moreover, competitors do not always follow these restrictions, which can create an unfair advantage and make it more difficult and costly to compete.

Additionally, we rely heavily on data generated from our campaigns to target specific audiences and evaluate their effectiveness, particularly data generated from internet activities on mobile devices. To obtain this data, we are dependent on third parties and popular mobile operating systems, networks, technologies, products and standards we do not control, such as the Android and iOS operating systems, and mobile browsers. Changes in such systems that degrade or eliminate our ability to target or measure the results of ads or increase costs to target audiences could adversely affect our campaigns. Operating systems could also include data privacy settings that may limit our ability to interpret, target and measure ads effectively.

Legal, Regulatory and Compliance Risks

We are subject to antitrust and competition regulations, litigation and enforcement that may result in fines, penalties, restrictions on our business practices, and product, services or operational changes which could materially impact our business, financial condition and results of operations.

We currently are and may in the future be subject to antitrust, competition or unfair competition-related investigations, enforcement actions or claims by governmental agencies, competitors, consumers, customers and others which, even if unfounded, could cause us to incur substantial costs (including fines), enter into settlements or consent decrees, be subject to judgments, receive negative publicity, forego certain mergers, acquisitions, business combinations, investments or other transactions, divert management time and attention, or change our business in ways that could have a material adverse effect on our business practices, revenues and results of operations, such as limiting our ability to provide certain benefits to our customers and consumers, reducing the attractiveness of our products, services and the net revenue derived from them. Governments and regulators are actively developing new competition laws, regulations and actions aimed at the technology sector, AI and digital platforms, and global activities and expansion, including in large markets such as the United States, the EU, and China, compliance with which may incur additional costs, time, effort, and financial resources.

On June 29, 2026, the European Commission announced a formal investigation to assess whether our practices relating to our Invisalign clear aligners and iTero intraoral scanners in the European Economic Area infringe EU competition rules prohibiting the abuse of a dominant market position. We cannot predict the duration or outcome of the investigation, and an adverse outcome could subject us to substantial fines, require us to modify our business practices or accept binding commitments, and expose us to follow-on private litigation, any of which could materially affect our business, financial condition and results of operations.

Antitrust considerations may also hinder our ability to settle such matters on favorable terms, as certain types of settlement agreements may be subject to heightened scrutiny by antitrust authorities. In the E.U., for instance, antitrust regulators closely monitor settlement agreements for compliance with competition laws, adding another layer of complexity and potential risk to these proceedings.

Failure to obtain or maintain approvals or comply with regulations and government actions regarding our products or services or those of our suppliers could materially harm our sales, result in substantial penalties and fines, interrupt our supply chain and cause harm to our reputation.

We and many of our healthcare provider customers, suppliers and commercial intermediaries are subject to extensive and evolving regulations and government actions under numerous federal, state, local, and foreign laws, including those regulating:

- the access, storage, transmission, disclosure, and other processing of, and security measures with respect to, personal, financial and medical information as well as healthcare records, including children's personal and health data;
- websites and application advertising, including those involving the use of cookies or involving the collection, use, disclosure, or other processing of data relating to individuals for marketing purposes and other business purposes;
- prohibitions against the offer, payment or receipt of remuneration to induce referrals to entities providing healthcare services or goods or to induce the order, purchase or recommendation of our products and services, and requirements to track and report payments and other transfers of value to healthcare professionals;
- the practice of dentistry and orthodontics, including professional licensure and corporate practice of dentistry requirements; and
- the design, manufacture, marketing and advertising of our products and services.

The healthcare and technology markets are also highly regulated and subject to evolving political, economic and regulatory influences and government actions. Global regulators are expanding and changing regulations and guidance for products and services, which can limit their potential benefits and cause protracted review timelines for new products and services. Our critical third-party vendors and service providers are subject to similar regulations. Our failure or the failure of our suppliers, customers, advertisers, consultants, and influencers to strictly adhere to clearances or approvals in the labeling, marketing and sales of our products and services could subject us to claims or litigation, including allegations of false or misleading advertising or violations of laws or regulations, which may result in costly investigations, fines, penalties, as well as material judgments, settlements or decrees. We are also subject to complex, new and evolving environmental, health and safety regulations. There can be no assurance we will adequately address the risks associated with the implementation and compliance with such laws and our internal processes and procedures to comply with such laws or that we will be able to take advantage of any resulting business opportunities.

Furthermore, we frequently must obtain regulatory clearance or approval before we can sell a new medical device or market a new use of, or claim for, an existing product. For instance, in the United States, FDA regulations are wide-ranging and govern, among other things, product design, product materials, development, manufacturing and testing, product labeling and product storage. It takes significant time, effort, and expense to obtain and maintain clearances and approvals of products and services, and there is no guarantee we will timely succeed, if at all, in the countries in which we do business. In other countries, the requirements, time, effort and expense to obtain and maintain clearances may differ materially. Moreover, these laws may change, resulting in additional time, expense or loss of market access. If the requirements to market our products or services are delayed, we may be unable to offer them in markets we deem important. Additionally, failure to comply with applicable regulatory requirements could result in enforcement actions with sanctions, including fines, civil penalties and criminal prosecution. Delays or failures to obtain or maintain regulatory approvals or clearances, or to comply with regulatory requirements, may materially adversely affect our domestic or international operations, and adversely impact our business. We and certain of our third-party vendors must also comply with and adhere to facility registration and product listing requirements in the FDA's Quality Management System Regulation ("QMSR"), which became effective on February 2, 2026 and incorporates by reference the international standard ISO 13485:2016, and analogous quality-system requirements in other jurisdictions. The FDA enforces the QMSR through inspections, which may be unannounced. Failure to satisfactorily correct an adverse inspection finding or comply with applicable regulations can result in enforcement actions, or require us to find alternative manufacturers, which could be a long and costly process and may cause reputational harm. Enforcement actions by regulators could have a material effect on our business, financial condition and results of operations.

We are also subject to anti-corruption and anti-bribery ("ABAC") laws such as the Foreign Corrupt Practices Act ("FCPA") and the U.K. Bribery Act of 2010, which generally prohibit payments to foreign officials for the purpose of obtaining or maintaining business, securing an advantage and directing business to another. ABAC laws require us to maintain accurate books and records and a system of internal accounting controls. Under the FCPA, we may be held liable for corruption by directors, officers, employees, agents, or other strategic or local partners, intermediaries or representatives acting on our behalf.

While we have policies and procedures requiring compliance with applicable laws and regulations and we provide training to foster compliance, our employees, third parties acting on our behalf, and customers may not adhere to our policies and procedures or applicable laws or regulations, including the use of certain electronic communications and maintaining accurate books and records. If our personnel or the personnel of our agents or suppliers fail to comply with any laws, regulations, policies or procedures, or we fail to audit and enforce compliance, our reputation may be harmed, we may lose customers or revenues or we may face regulatory investigations, actions and fines.

We are subject to various laws relating to privacy, data protection, data governance and cybersecurity, and face risks related to the data we collect, process, and share.

We are or may become, or alleged to be or become, subject to stringent federal, state, and foreign laws and regulations, such as HIPAA, which regulates the security and privacy of patient healthcare information applicable to healthcare providers and their business associates, and the California Consumer Privacy Act, as amended by the California Privacy Rights Act, which regulates privacy, data security, content regulation and consumer protection. Numerous other states have enacted, or plan to enact, laws relating to privacy, data protection, data governance and cybersecurity, with such enacted laws either in operation or slated to go into operation over the next several years. Outside of the United States, relevant legal requirements continue to evolve. For example, the collection and use of health data and other personal information is governed in the EU by the EU GDPR, which imposes significant obligations upon companies and rights for individuals, with substantial penalties for noncompliance. Numerous other jurisdictions maintain similar legislation or other laws or regulations addressing privacy, data protection, data governance, or cybersecurity. Several jurisdictions, including the EU, United States, China, Australia, and Japan, have enacted data export restrictions and international transfer laws and regulations that established legal requirements for cross-border transfers of all or certain personal information and certain jurisdictions have also established legal requirements for data localization, which may require us to maintain separate servers located in those countries so that all or certain personal information is maintained locally.

These laws, regulations and other obligations relating to privacy, data protection, data governance and cybersecurity are constantly evolving and may be created, interpreted or enforced in ways that could impose new, substantially uncertain, and relatively burdensome obligations on our global operations, restrict our activities and our ability to provide our products and services in certain jurisdictions, require us to cease operations or modify our policies and business practices in a materially limiting manner, prevent us from resolving issues quickly or force us to resolve them in unanticipated ways, require us to engage in additional contractual negotiations, increase our costs and obligations and limit our ability to efficiently transfer personal data across borders, cause us to incur significant costs, expenses and damages, and present challenges in adapting our policies and practices to address their requirements. Any failure or perceived failure by us or our vendors, customers, or service

providers to comply with applicable privacy and data protection laws or to adequately safeguard personal data or patient healthcare information, even if unfounded, may result in regulatory investigations, enforcement actions, litigation (including class actions), and financial penalties, any of which could materially affect our operations and financial performance. Additionally, concerns over our practices with respect to privacy, data protection, data governance, and cybersecurity could adversely affect our reputation and deter customers and consumers from using our products and services.

We have cybersecurity and other forms of insurance coverage related to cyberattacks, breaches, and other incidents or security problems, but we cannot guarantee applicable insurance will be available to us in the future on economically reasonable terms or at all. Damages and claims arising from incidents may not be covered, may exceed coverage limits, and may not cover the time and effort we incur investigating and responding to any incidents, or other costs or liabilities, which may be material. The costs to eliminate, mitigate, or recover from security problems and cybersecurity attacks and incidents could be material and require us to implement additional or different security controls or other measures and, depending on the nature and extent of the problem and the products, services or IT systems impacted, such security problems and cybersecurity attacks and incidents may result in network, IT system interruptions or other disruptions, decreased product sales, data loss, damage, unavailability, or other liabilities, any of which may have a material impact on our operations, net revenues and operating results. The costs associated with cybersecurity tools and infrastructure and competition for scarce cybersecurity and IT resources could limit our ability to identify, eliminate or remediate cybersecurity or other security vulnerabilities or problems or enact changes to minimize the attack surface of our network.

Our business exposes us to potential liability for the quality and safety of our products and services, how we advertise and market those products and services, and how and to whom we sell them, and we may incur substantial expenses or be found liable for substantial damages or penalties if we are subject to claims or litigation.

Our products and services involve an inherent risk of claims concerning their design, materials, manufacture, safety, and performance, how we package, bundle, or sell them to individual customers or companies, including hospitals and clinics, and how we train and support doctors, their staffs and patients who use our products and services. Moreover, consumer products and services are routinely subject to claims of false, deceptive or misleading advertising, labeling, consumer fraud and unfair business practices. Additionally, we may be held liable if our products or services cause injury or are otherwise found unhealthy. If our products and services are safe but they are promoted for use or used in unintended or unexpected ways or for which we have not obtained clearance ("off-label" usage), we may be investigated, fined or have our products or services enjoined or approvals rescinded or we may be required to defend ourselves in litigation. Although we maintain insurance for product liability, business practices, and other types of activities we make or offer, coverage may not be available on acceptable terms, if at all, and may be insufficient for actual liabilities. Any claim for product liability, sales, advertising and business practices, regardless of its merit or eventual outcome, could result in material legal defense costs and damage our reputation, increase our expenses, and divert management's attention.

Current and anticipated sustainability and social ("Sustainability") laws and scrutiny of our Sustainability policies and practices may materially increase our costs, expose us to liability, and adversely impact our reputation, employee retention, willingness of customers and suppliers to do business with us and willingness of investors to invest in us.

Our operations are subject to rapidly changing and varied expectations and requirements regarding Sustainability issues from a wide range of stakeholders, such as governmental and self-regulatory organizations, including U.S. federal and state governments, and the EU, as well as investor advocacy groups, institutional investors, investment funds, proxy advisory services, stockholders and customers. We are also subject to the SEC's long-standing climate change disclosure guidance and other SEC disclosure requirements applicable to climate-related matters, as well as the European Union's Corporate Sustainability Reporting Directive ("CSRD"). If we fail to adopt Sustainability standards or practices as quickly as stakeholders desire, comply with or timely report on our Sustainability efforts or practices accurately, or satisfy the disclosure and other expectations of stakeholders, our brand, reputation, employee retention, business, financial performance, growth, and stock price may be adversely impacted.

Our compliance obligations span all aspects of our business and operations, including product design and development, materials sourcing and other procurement activities, product packaging, product safety, energy and natural resources usage, facilities design and utilization, recycling and collection, transportation, disposal activities, workers welfare and human rights. U.S. and foreign regulators have or are considering enacting new or additional disclosure requirements or limits on the emissions of greenhouse gases from power generated by fossil fuels. Additionally, customers and consumers may demand our products, packaging and operations be more sustainable, which could affect how we manufacture and package our products, increase our costs and those of our suppliers, and result in manufacturing, transportation and supply chain disruptions if clean energy sources are unavailable in adequate amounts when required. Moreover, clean energy sources, coupled with reduced investments in traditional energy production and infrastructure, may not provide the predictable and reliable energy we, our suppliers and other business partners require.

Other restrictions apply to the substances incorporated into our products, including the chemical compounds in our clear aligners, electronics in our scanners and the packaging in which they are shipped. These laws and regulations are proliferating, and the substances they restrict are expanded regularly, which may require us to undertake additional reporting or to phase out certain substances and materials, such as per- and polyfluoroalkyl substances (PFAS) and, as regulation in this area develops, other substances and materials such as microplastics. We may be required to re-design our products or identify new suppliers to maintain compliance with these laws. Further, these laws and regulations may decrease the number of suppliers capable of supplying our needs, thereby negatively affecting our ability to manufacture products in sufficient quantities at competitive prices, leading customers to potentially choose competitive goods and services.

Meeting our obligations under existing Sustainability laws and regulations is costly for us and our suppliers, and we expect these regulations and costs to increase as the regulatory frameworks in each jurisdiction in which we operate become more complex and distinct. Additionally, regulators may perform investigations, inspections and periodically audit our compliance with these laws and regulations, and our efforts or operations may not be compliant. If we fail to comply with any requirements, we could be subject to significant penalties or liabilities and we may be required to implement new and materially more costly processes and procedures. Even if we successfully comply with these laws and regulations, our suppliers may not. We may also suffer financial and reputational harm if customers require, and we cannot deliver, certification that our products are compliant. In all of these situations, customers may stop purchasing products from us, and may take legal action against us, which could harm our reputation, business, financial condition and results of operations.

AI and machine learning technologies (including generative and agentic AI) in our products, services and IT systems may result in legal and regulatory risks, reputational harm or have other adverse consequences to our business.

We have and are continuing to incorporate AI and machine learning technologies into certain of our products, services and IT systems, while continuing to explore the opportunities that AI could bring to our company. However, there can be no assurance that we or our customers will realize the expected benefits from these investments. AI innovation presents risks and challenges that could impact our business. Our or our vendors' AI technologies may be developed using inaccurate, incomplete, flawed or biased algorithms, training methodologies or data, which could lead to the dissemination of false information and result in competitive harm, regulatory penalties, legal liability, or brand or reputational harm.

AI is subject to a dynamic and rapidly evolving legal and regulatory environment, which, without appropriate review, governance and risk management, could expose us to unforeseen legal or regulatory scrutiny and liabilities. For example, the U.S. AI regulatory framework remains in development and has been introduced at the federal level through executive orders and legislation has been introduced and enacted at the state level. In Europe, the EU AI Act entered into force on August 1, 2024, and its obligations apply in phases: certain prohibitions have applied since February 2025, obligations for general-purpose AI models since August 2025, and certain transparency obligations from August 2026. In 2026, the EU adopted targeted amendments to the EU AI Act that, among other things, defer the application of obligations for high-risk AI systems until December 2027 (for stand-alone high-risk systems) and August 2028 (for AI systems embedded in regulated products, such as medical devices), while introducing additional prohibited practices. The scope, timing and interpretation of these requirements remain subject to change.

Other jurisdictions are considering similar legislation. Although we do not engage in developing or providing AI systems for which their placement on the market, putting into service, or use would qualify as "prohibited AI practices," restrictions and obligations under this regulation, to the extent applicable to us, could have a negative impact on our business, global systems, financial condition and results of operations. Additionally, other jurisdictions have proposed, and in certain cases enacted, laws and regulations addressing aspects of the use and development of AI. The evolving AI regulatory environment may, among other impacts, result in inconsistencies among AI regulations and frameworks across jurisdictions; onerous compliance, governance, and research and development obligations that may require us to rework or reevaluate products or services to be compliant or result in the development of products that are unacceptable under new or revised regulatory frameworks; increased risk of exposure to investigations, proceedings and claims related to our AI models; increased liability related to the use of AI by our customers, consumers or suppliers beyond our control; delays in the deployment of new products and services; competitive and reputational harm; and increased cybersecurity risks.

Additionally, as we offer more third-party AI models in our solutions, we face risks inherent in how third-party AI models used in our solutions have been developed and deployed, including situations in which the third party may lack a proper license or consent for the training data used for their model. The use and availability of third-party AI models in our solutions could result in scrutiny and legal liability, including intellectual property infringement claims. In addition, access to third-party AI models may be suspended, restricted or offered on less favorable terms by providers or governments, including due to safety concerns, regulatory mandates or changing commercial priorities, which could disrupt, delay or increase the cost of AI-enabled features in our products and services. Such claims or scrutiny could cause reputational harm and loss of customers, and adversely impact our business and financial results. In addition, new competition regulations on AI development and deployment could impose new requirements on our markets that could impact our business and financial results.

The input of confidential information or trade secrets into AI systems may result in the loss of intellectual property, proprietary rights or attorney-client privilege in such information or trade secrets. The use of AI technologies for developing products or services may adversely affect or preclude our intellectual property rights in such products or services, or may expose us to liability related to the infringement, misappropriation or other violation of third-party intellectual property. Further, particularly given the nascent stage of the technology, the use of AI can lead to unintended consequences, including the generation of outputs that appear correct but are factually inaccurate, misleading, or that result in unintended biases and discriminatory outcomes, or are otherwise flawed, which could harm our reputation and business and expose us to risks related to such inaccuracies or errors in these outputs.

Intellectual Property Risks

Our success depends in part on our proprietary technology, and if we fail to successfully obtain or enforce our IP rights, our competitive position may be harmed.

Our success depends in part on our ability to maintain existing IP rights and obtain, maintain and enforce further IP protections for our products. Our inability to do so could harm our competitive position.

We rely on our portfolio of issued and pending patent applications in the United States and other countries to protect a large part of our IP and competitive position; however, these patents may not prevent third parties from producing competing

products similar in design to ours if they are invalidated, held unenforceable, circumvented or otherwise limited in scope. Furthermore, our foreign patent protections may be more limited in scope than those under U.S. patent and IP laws.

Additionally, any of our patent applications may not result in an issued patent or the scope of the patent ultimately issued may be narrower than initially sought. We may not be afforded the protection of a patent if our currently pending or future patent filings do not result in the issuance of patents or if we fail to timely apply for patent protection. We may not apply for a patent if our personnel fail to timely disclose or recognize new patentable ideas or innovations. We may choose not to file a foreign patent application if the limited protections provided by a foreign patent do not outweigh the costs to obtain it. Further, third parties may file patents or develop IP strategies that prevent or limit the effectiveness of our patents.

We also protect our IP through copyrights, trademarks, trade secrets and confidentiality obligations. We generally enter into confidentiality agreements with our employees, consultants and collaborative partners upon commencement of a relationship with us. However, despite the existence of these protections, our proprietary information has been misappropriated in the past and could be misappropriated again in the future. If these agreements do not provide meaningful protection against the unauthorized use or disclosure of our trade secrets or other confidential information, adequate remedies may not exist to prevent unauthorized uses or disclosures. Furthermore, if these agreements are breached through the unauthorized use or disclosure of our trade secrets or other confidential information, available remedies may be insufficient to adequately compensate for damages caused by the unauthorized use or disclosure, even with successful enforcement of a breach of contract or trade secret claim.

Enforcement of our IP rights is time-consuming and costly, and could ultimately prove to be unsuccessful. In certain jurisdictions, enforcement of IP rights is more difficult due to legislation and geopolitical circumstances. As we launch our products in different regions at different times, our products may be acquired and reverse engineered by potential competitors in regions where infringement is more difficult to pursue.

Our inability to maintain the proprietary nature of our technology through patents, copyrights, or trade secrets could impair our competitive advantages and could have a material effect on our operating results, financial condition, and future growth prospects. In particular, failure in protecting and enforcing our IP rights might allow competitors to copy our technology or create counterfeit or pirated versions of our products, which could adversely affect our reputation, pricing, and market share.

Litigation regarding our IP rights, rights claimed by third parties or IP litigation by any vendors on whose products or services we rely for our products and services may impact our ability to grow our business and adversely impact our reputation and results of operations.

Extensive litigation over IP rights is common in technologies and industries on which our products and services are based. Litigation, interferences, oppositions, reexaminations, inter partes reviews, post-grant reviews or other proceedings have been necessary and will likely be needed in the future to determine the validity and scope of certain of our IP rights and those claimed by third parties. These proceedings are used to determine the validity, scope or non-infringement of certain IP rights pertinent to the manufacture, use or sale of our products and the products of competitors. We have been, and may in the future be, sued and need to defend against lawsuits alleging infringement of third parties' IP rights or other legal claims challenging our IP rights. In addition, we periodically receive letters from third parties drawing our attention to their IP rights and there may be other third-party IP rights of which we are presently unaware. As dentistry continues to become more digital, competitors may make defense of our IP more challenging. Asserting or defending these proceedings can be unpredictable (e.g., due to differences in forums, judges, and jurisdictions; case law that continues to evolve with time; changes in administrative policies, etc.), protracted, time-consuming, expensive, and distracting to management and technical personnel. Their outcomes may adversely affect our ability to manufacture and market our products and services, require us to seek licenses for infringing products or technologies, or result in the assessment of significant monetary damages. Unfavorable rulings could also include monetary damages, injunctions prohibiting us from selling our products, or exclusion orders preventing us from importing our products in one or more countries. Moreover, independent actions by competitors, customers, or others have alleged that our efforts to enforce our IP rights constitute unfair competition or violations of antitrust laws. Investigations and additional litigation based on the same or similar claims may be brought in the future. The potential effects on our business operations resulting from litigation, whether or not ultimately determined in our favor or settled by us, are costly and could materially affect our reputation, business, financial condition and results of operations.

Financial, Tax and Accounting Risks

If our goodwill, finite-lived intangible or long-lived assets become impaired, we may be required to record material charges to income.

Under U.S. GAAP, we review our goodwill annually or more frequently if we identify events or circumstances that indicate it is more likely than not the fair value of a reporting unit has been reduced below its carrying value. We review finite-lived intangible assets and long-lived assets for impairment when events or circumstances indicate the carrying value of the asset (asset group) may not be recoverable. The qualitative analysis performed by management to identify indicators of impairment or the quantitative analysis used to determine fair value requires management to exercise significant judgment in determining appropriate assumptions and estimates, including revenue growth rates, gross and operating margins, and discount rates. Consequently, we may be required to record material charges to income during the period in which any impairment of goodwill, finite-lived intangible assets or long-lived assets is determined.

Changes in, or interpretations of, accounting rules and regulations, could result in unfavorable accounting charges.

We prepare our consolidated financial statements in conformity with U.S. GAAP. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles. A change in these

principles or in the way these principles are interpreted by us or by our regulators could materially affect our current or previously issued financial statements.

We are required to annually assess our internal control over financial reporting and any adverse results from such assessment may result in a loss of investor confidence in our financial reports and adversely affect our stock price.

Establishing, testing and maintaining an effective system of internal control over financial reporting requires significant resources and time commitments by management and our finance staff, and may require additional staffing and infrastructure investments and increases our costs of doing business. If we are unable to assert that our internal control over financial reporting is effective, if our auditors are unable to express an opinion on the effectiveness of our internal controls, or conclude that our internal controls are ineffective, the timely filing of our financial reports could be delayed or we could be required to restate past reports. This could cause our investors to lose confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price.

Our effective tax rate may vary significantly from period to period, which could result in volatility of our operating results and adversely affect our financial results.

Our future effective tax rate may be impacted by various internal and external factors, such as changes in the global economic environment, our legal entity structure or activities performed within our entities, our business operations, tax laws, regulations and/or rates, changes to existing accounting pronouncements, changes in interpretations of existing tax laws or regulations, the relative proportions of revenues and income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates, overall levels of pretax earnings, settlements of income tax audits, non-deductible goodwill impairments, and changes in the valuation allowance offsetting deferred tax assets. Furthermore, we may continue to experience variation in our effective tax rate related to excess tax benefits or tax expense on stock-based compensation, particularly in the first quarter of each year when the majority of our equity awards vest.

New tax laws and practices, changes to existing tax laws and practices, or disputes regarding the positions we take regarding tax laws, could negatively affect our provision for income taxes as well as our ongoing operations.

Compliance with tax laws requires significant judgment concerning our worldwide provision for income taxes. Changes in tax laws, such as the Inclusive Framework on Base Erosion and Profit Shifting ("BEPS") established by Organization for Economic Cooperation and Development ("OECD"), the OECD/G20 Framework's Pillar Two 15% global minimum tax, and the One Big Beautiful Bill Act, or changes to how those laws are applied to our business could affect the amount of tax which we are subject to and the manner in which we operate. We continue to monitor the enactment of legislation to evaluate the impact of changing global tax laws, which could adversely affect our provision for income taxes or operations.

The application of indirect taxes (such as sales and use tax ("SUT"), value-added tax ("VAT"), goods and services tax ("GST"), and other indirect taxes) to our operations is complex and evolving. U.S. states, local and foreign taxing jurisdictions have differing rules and regulations governing differing types of taxes, and these rules and regulations are subject to varying interpretations and exemptions that may change over time. We collect and remit SUT, VAT, GST and other taxes in many jurisdictions and we are routinely subject to audits. The positions we take regarding taxes as well as the amounts we collect or remit have and may continue to be challenged and we may be liable for failing to collect or remit all taxes deemed owed or the taxes could exceed our estimates. Certain jurisdictions have applied novel or aggressive interpretations of their laws in new ways in an effort to raise additional tax revenue from U.S. based companies such as us, and we may experience similar developments in the future. In addition, ongoing volatility due to international trade may prompt foreign governments to expand regulatory authority or adopt new measures, increasing compliance risks, taxes, and operational complexities. We have and may continue to dispute rulings or positions taken by tax authorities, which have and may continue to incur significant expenses, time, and effort to defend our positions.

The application of existing and new tax laws, and the results of audits could harm our business. Furthermore, there have been and will continue to be substantial ongoing costs associated with complying with the various tax requirements and defending our positions in the numerous markets in which we conduct or will conduct business.

Risks Related to Ownership of our Common Stock

Historically, the market price for our common stock has been volatile.

The market price of our common stock is subject to rapid and large price fluctuations attributable to various factors, many of which are beyond our control. The factors include:

- quarterly variations in our results of operations and liquidity, our ability to meet or exceed our forecasts and guidance or changes to or withdrawal of our previous forecasts and guidance;
- our ability to regain or sustain our historical growth rates;
- changes in recommendations or valuation models for our stock by the investment community, or speculation in the press or investment community regarding estimates of our net revenues, results of operations, or other key performance indicators;
- negative publicity or unfavorable consumer perceptions, whether accurate or inaccurate, concerning our products or the company;
- announcements by us, our competitors, or new market entrants, including strategic actions, management changes, and material transactions, investments or acquisitions;

- technical factors in the public trading markets for our stock that may produce price movements inconsistent with macroeconomic, industry, or company-specific fundamentals, including the sentiment of retail investors (as it may be expressed on financial trading and other social media sites), the amount and status of short interest in our securities, access to margin debt, trading in options and other derivatives on our common stock, fractional share trading, and other technical trading factors or strategies;
- stockholder activism or securities class action litigation;
- announcements regarding stock repurchases, sales or purchases of our common stock by us, our officers or directors, credit agreements, and debt issuances;
- announcements of technological innovations or new, additional or revised programs, business models, products, or product offerings by us, our customers, or competitors;
- key decisions in pending litigation, new litigation, settlements, judgments, or decrees;
- changes in investor sentiment or perceptions regarding the impact of evolving technologies, including AI, on our business, industry or competitors;
- short selling or other hedging activity in our stock; and
- general economic market conditions, including elevated interest rates, new, proposed or retaliatory tariffs, uncertainty regarding changes in trade policies, including trade wars, inflationary pressures, recessions, consumer sentiment and demand, global geopolitical conflict, and industry factors unrelated to our actual performance.

In addition, the stock market in general, and the market for technology and medical device companies, in particular, often experience extreme price and volume fluctuations unrelated or disproportionate to corporate operating performance. Volatility in our stock price has increased, and may continue to increase, our susceptibility to securities class action litigation, which could result in substantial costs and divert management's attention and resources, which may adversely affect our business.

We may not continue repurchasing our common stock and any repurchases may not achieve our desired objectives.

Future stock repurchase programs are contingent on a variety of factors, including our financial condition, market conditions, results of operations, business requirements, and our continuing determination that stock repurchases are in the best interests of our stockholders and in compliance with all applicable laws and agreements. There is no assurance we will continue repurchasing our common stock in the future at historical levels or at all, or that our stock repurchase programs will beneficially impact our stock price. Additionally, the Inflation Reduction Act imposes a 1% excise tax on our stock repurchases, net of certain stock issuances, which increases our tax liabilities and the cost to repurchase stock and may impact if and how much stock we choose to repurchase in the future.

Future sales of significant amounts of our common stock may depress our stock price.

A significant percentage of our outstanding common stock is currently owned by a small number of stockholders. These stockholders have sold in the past, and may sell in the future, large amounts of our stock over relatively short periods of time. Sales of substantial amounts of our stock by existing stockholders may adversely affect the market price of our stock by creating the perception of difficulties or problems with our business, which may depress our stock price.

Our business could be negatively impacted as a result of shareholder activism.

Publicly traded companies are increasingly subject to campaigns by activist shareholders advocating corporate actions such as operational, governance or management changes, or sales of assets or entire segments. We are currently subject to shareholder activism and may continue to be in the future. The corporate actions by shareholder activists may not align with our current business strategies and the best interests of all of our stakeholders. The actions of activist shareholders may cause fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals or prospects of our business. In addition, responding to the actions of activist shareholders can be costly and time-consuming, disrupting our business and diverting the attention of our board of directors and management from pursuing our business strategies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Equity Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes our stock repurchase activity for the three months ended September 30, 2026.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[1]
July 1, 2026 through July 31, 2026	207,449	$ 176.75	207,449	$ 696,671,000
August 1, 2026 through August 31, 2026	188,609	$ 167.89	188,609	$ 665,004,000
September 1, 2026 through September 30, 2026	231,238	$ 151.36	231,238	$ 630,003,000
Total	627,296		627,296	

[1] *April 2025 Repurchase Program.* In April 2025, we announced that our Board of Directors had authorized a plan to repurchase up to $1,000,000,000 of our common stock ("April 2025 Repurchase Program"). The April 2025 Repurchase Program is expected to be completed over a period of up to three years. See Note 10 "*Common Stock Repurchase Programs" of the Notes to Condensed Consolidated Financial Statements* for details on the April 2025 Repurchase Program.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the fiscal quarter ended September 30, 2026, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408 of Regulation S-K).

Item 6. Exhibits.

(a) Exhibits:

Exhibit Number	Description	Filing	Date	Exhibit Number	Filed herewith
3.1	Amended and Restated Certificate of Incorporation of Align Technology, Inc.	10-Q	8/06/2025	3.1	
3.2	Amended and Restated Bylaws of Align Technology, Inc.	8-K	2/26/2026	3.1	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934				X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934				X
32.1†	Certifications pursuant to 18 U.S.C. Section 1350				X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

† Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALIGN TECHNOLOGY, INC.

November 4, 2026 By: /s/ JOSEPH M. HOGAN

Joseph M. Hogan
President and Chief Executive Officer
(Principal Executive Officer)

November 4, 2026 By: /s/ JOHN F. MORICI

John F. Morici
Chief Financial Officer and Executive Vice President, Global Finance (Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Joseph M. Hogan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Align Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2026

/s/ JOSEPH M. HOGAN

Joseph M. Hogan

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, John F. Morici, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Align Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2026

/s/ JOHN F. MORICI

John F. Morici

Chief Financial Officer and Executive Vice President, Global Finance

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Align Technology, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOSEPH M. HOGAN
Name: **Joseph M. Hogan**
Title: **President and Chief Executive Officer**

Date: November 4, 2026

In connection with the Quarterly Report of Align Technology, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN F. MORICI
Name: **John F. Morici**
Title: **Chief Financial Officer and Executive Vice President, Global Finance**

Date: November 4, 2026