
**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 March 31, 2023

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
(State or other jurisdiction of
incorporation or organization)

94-3267295
(I.R.S. Employer
Identification Number)

410 North Scottsdale Road, Suite 1300
Tempe, Arizona 85288
(Address of principal executive offices, including 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 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

The number of shares outstanding of the registrant's Common Stock, \$0.0001 par value, as of April 28, 2023 was 76,516,951.

ALIGN TECHNOLOGY, INC.

TABLE OF CONTENTS

PART I	FINANCIAL INFORMATION	3
Item 1.	Financial Statements (Unaudited):	3
	Condensed Consolidated Statements of Operations	3
	Condensed Consolidated Statements of Comprehensive Income	4
	Condensed Consolidated Balance Sheets	5
	Condensed Consolidated Statements of Stockholders' Equity	6
	Condensed Consolidated Statements of Cash Flows	7
	Notes to Condensed Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	33
Item 4.	Controls and Procedures	34
PART II	OTHER INFORMATION	34
Item 1.	Legal Proceedings	34
Item 1A.	Risk Factors	34
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	51
Item 3.	Defaults Upon Senior Securities	52
Item 4.	Mine Safety Disclosures	52
Item 5.	Other Information	52
Item 6.	Exhibits	53
	Signatures	55

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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 March 31,	
	2023	2022
Net revenues	\$ 943,147	\$ 973,219
Cost of net revenues	282,493	263,873
Gross profit	660,654	709,346
Operating expenses:		
Selling, general and administrative	439,691	439,457
Research and development	87,447	71,807
Total operating expenses	527,138	511,264
Income from operations	133,516	198,082
Interest income and other income (expense), net:		
Interest income	2,337	677
Other income (expense), net	(1,229)	(11,273)
Total interest income and other income (expense), net	1,108	(10,596)
Net income before provision for income taxes	134,624	187,486
Provision for income taxes	46,826	53,188
Net income	\$ 87,798	\$ 134,298
Net income per share:		
Basic	\$ 1.14	\$ 1.71
Diluted	\$ 1.14	\$ 1.70
Shares used in computing net income per share:		
Basic	76,921	78,742
Diluted	77,111	79,193

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 March 31,	
	2023	2022
Net income	\$ 87,798	\$ 134,298
Other comprehensive income (loss):		
Change in foreign currency translation adjustment, net of tax	10,474	(7,311)
Change in unrealized gains (losses) on investments, net of tax	1,645	(2,728)
Other comprehensive income (loss)	12,119	(10,039)
Comprehensive income	<u>\$ 99,917</u>	<u>\$ 124,259</u>

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)

	March 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 832,383	\$ 942,050
Marketable securities, short-term	51,644	57,534
Accounts receivable, net of allowance for doubtful accounts of \$11,192 and \$10,343, respectively	884,430	859,685
Inventories	311,885	338,752
Prepaid expenses and other current assets	251,540	226,370
Total current assets	2,331,882	2,424,391
Marketable securities, long-term	37,379	41,978
Property, plant and equipment, net	1,262,815	1,231,855
Operating lease right-of-use assets, net	117,889	118,880
Goodwill	414,222	407,551
Intangible assets, net	93,320	95,720
Deferred tax assets	1,589,640	1,571,746
Other assets	54,301	55,826
Total assets	\$ 5,901,448	\$ 5,947,947
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 130,561	\$ 127,870
Accrued liabilities	497,248	454,374
Deferred revenues	1,376,789	1,343,643
Total current liabilities	2,004,598	1,925,887
Income tax payable	126,541	124,393
Operating lease liabilities	99,002	100,334
Other long-term liabilities	191,258	195,975
Total liabilities	2,421,399	2,346,589
Commitments and contingencies (Notes 6 and 7)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value (5,000 shares authorized; none issued)	—	—
Common stock, \$0.0001 par value (200,000 shares authorized; 76,516 and 77,267 issued and outstanding, respectively)	8	8
Additional paid-in capital	1,104,693	1,044,946
Accumulated other comprehensive income (loss), net	1,835	(10,284)
Retained earnings	2,373,513	2,566,688
Total stockholders' equity	3,480,049	3,601,358
Total liabilities and stockholders' equity	\$ 5,901,448	\$ 5,947,947

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 March 31, 2023	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss), Net	Retained Earnings	Total
	Shares	Amount				
Balance as of December 31, 2022	77,267	\$ 8	\$ 1,044,946	\$ (10,284)	\$ 2,566,688	\$ 3,601,358
Net income	—	—	—	—	87,798	87,798
Net change in unrealized gains (losses) from investments	—	—	—	1,645	—	1,645
Net change in foreign currency translation adjustment	—	—	—	10,474	—	10,474
Issuance of common stock relating to employee equity compensation plans	191	—	14,256	—	—	14,256
Tax withholdings related to net share settlements of equity awards	—	—	(20,857)	—	—	(20,857)
Common stock repurchased and retired	(942)	—	(11,387)	—	(280,973)	(292,360)
Equity forward contract related to accelerated stock repurchase	—	—	40,000	—	—	40,000
Stock-based compensation	—	—	37,735	—	—	37,735
Balance as of March 31, 2023	<u>76,516</u>	<u>\$ 8</u>	<u>\$ 1,104,693</u>	<u>\$ 1,835</u>	<u>\$ 2,373,513</u>	<u>\$ 3,480,049</u>

Three Months Ended March 31, 2022	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss), Net	Retained Earnings	Total
	Shares	Amount				
Balance as of December 31, 2021	78,710	\$ 8	\$ 999,006	\$ 4,326	\$ 2,619,374	\$ 3,622,714
Net income	—	—	—	—	134,298	134,298
Net change in unrealized gains (losses) from investments	—	—	—	(2,728)	—	(2,728)
Net change in foreign currency translation adjustment	—	—	—	(7,311)	—	(7,311)
Issuance of common stock relating to employee equity compensation plans	239	—	14,827	—	—	14,827
Tax withholdings related to net share settlements of equity awards	—	—	(51,533)	—	—	(51,533)
Common stock repurchased and retired	(144)	—	(1,634)	—	(73,402)	(75,036)
Stock-based compensation	—	—	31,621	—	—	31,621
Balance as of March 31, 2022	<u>78,805</u>	<u>\$ 8</u>	<u>\$ 992,287</u>	<u>\$ (5,713)</u>	<u>\$ 2,680,270</u>	<u>\$ 3,666,852</u>

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)

	Three Months Ended March 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 87,798	\$ 134,298
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred taxes	(18,417)	17,464
Depreciation and amortization	35,820	29,626
Stock-based compensation	37,735	31,621
Non-cash operating lease cost	7,755	7,526
Other non-cash operating activities	11,586	8,612
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(32,734)	(55,543)
Inventories	24,008	(49,455)
Prepaid expenses and other assets	(26,850)	(48,665)
Accounts payable	5,993	7,025
Accrued and other long-term liabilities	37,420	(126,400)
Long-term income tax payable	2,119	5,405
Deferred revenues	27,662	68,984
Net cash provided by operating activities	199,895	30,498
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(64,119)	(87,328)
Purchase of marketable securities	(2,371)	(15,041)
Proceeds from maturities of marketable securities	10,870	6,095
Proceeds from sales of marketable securities	2,785	8,528
Other investing activities	6	(2,452)
Net cash used in investing activities	(52,829)	(90,198)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	14,256	14,827
Common stock repurchases	(292,360)	(75,036)
Payments for equity forward contracts related to accelerated share repurchase agreements	40,000	—
Payroll taxes paid upon the vesting of equity awards	(20,857)	(51,533)
Net cash used in financing activities	(258,961)	(111,742)
Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	2,221	(1,826)
Net decrease in cash, cash equivalents, and restricted cash	(109,674)	(173,268)
Cash, cash equivalents, and restricted cash at beginning of the period	942,355	1,100,139
Cash, cash equivalents, and restricted cash at end of the period	\$ 832,681	\$ 926,871

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

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by Align Technology, Inc. (“we”, “our”, “Company”, or “Align”) on a consistent basis with the audited Consolidated Financial Statements for the year ended December 31, 2022, and contains all adjustments, including normal recurring adjustments, necessary to fairly state the information set forth herein. The 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.”).

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, 2022. The results of operations for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 or any other future period, and we make no representations related thereto.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) in the U.S. requires our management to make estimates and assumptions that affect the amounts reported in the 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, useful lives of intangible assets and property and equipment, long-lived assets and 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.

Certain Risks and Uncertainties

Our business has been materially impacted by fluctuations in macroeconomic conditions and exacerbated by ongoing geopolitical issues. While the situation is highly uncertain and evolving, we have been and continue to be impacted by factors such as inflation, supply chain challenges, rising interest rates, volatilities in the financial market, foreign currency exchange rate fluctuations, impacts on consumer confidence and purchasing power, and global recession concerns which could further subject our business to materially adverse consequences should any portion of its impacts become prolonged or escalate beyond its current scope. Additionally, we could also be materially adversely affected by uncertain or reduced demand, labor shortages, delays in collection of outstanding receivables and the impact of any initiatives or programs that we may undertake to address financial and operational challenges faced by our customers.

While the overall impact of the COVID-19 pandemic is gradually declining, we continue to be exposed to risks and uncertainties posed by it which varies by geographic regions at different levels. The extent to which our business could be impacted in the future by the pandemic is highly uncertain and difficult to predict.

Recent Accounting Pronouncements

(i) Recent Accounting Pronouncements Not Yet Effective

We continue to monitor new accounting pronouncements issued by the FASB and do not believe any of the recently issued accounting pronouncements will have a material impact on our consolidated financial statements or related disclosures.

Note 2. Financial Instruments
Cash, Cash Equivalents and Marketable Securities

The following tables summarize our cash and cash equivalents, and marketable securities on our Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022 (in thousands):

March 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Reported as:		
					Cash and Cash Equivalents	Marketable securities, short-term	Marketable securities, long-term
Cash	\$ 650,946	\$ —	\$ —	\$ 650,946	\$ 650,946	\$ —	\$ —
Money market funds	181,437	—	—	181,437	181,437	—	—
Corporate bonds	62,003	—	(2,187)	59,816	—	35,284	24,532
U.S. government treasury bonds	17,057	7	(356)	16,708	—	12,039	4,669
Asset-backed securities	4,859	2	(24)	4,837	—	1,887	2,950
Municipal bonds	2,470	—	(36)	2,434	—	2,434	—
U.S. government agency bonds	5,280	2	(54)	5,228	—	—	5,228
Total	\$ 924,052	\$ 11	\$ (2,657)	\$ 921,406	\$ 832,383	\$ 51,644	\$ 37,379

December 31, 2022	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Reported as:		
					Cash and Cash Equivalents	Marketable securities, short-term	Marketable securities, long-term
Cash	\$ 712,921	\$ —	\$ —	\$ 712,921	\$ 712,921	\$ —	\$ —
Money market funds	229,129	—	—	229,129	229,129	—	—
Corporate bonds	69,390	—	(2,915)	66,475	—	36,510	29,965
U.S. government treasury bonds	20,559	—	(549)	20,010	—	15,404	4,606
Asset-backed securities	4,514	1	(37)	4,478	—	2,909	1,569
Municipal bonds	3,447	—	(61)	3,386	—	2,711	675
U.S. government agency bonds	5,231	1	(69)	5,163	—	—	5,163
Total	\$ 1,045,191	\$ 2	\$ (3,631)	\$ 1,041,562	\$ 942,050	\$ 57,534	\$ 41,978

The following table summarizes the fair value of our available-for-sale marketable securities classified by contractual maturity as of March 31, 2023 and December 31, 2022 (in thousands):

	March 31, 2023	December 31, 2022
Due in 1 year or less	\$ 45,512	\$ 51,037
Due in 1 year through 5 years	43,511	48,475
Total	\$ 89,023	\$ 99,512

The securities that we invest in are generally deemed to be low risk based on their credit ratings from the major rating agencies. The longer the duration of these securities, the more susceptible they are to changes in market interest rates and bond yields. As interest rates increase, those securities purchased at a lower yield show a mark-to-market unrealized loss. Our unrealized losses as of March 31, 2023 and December 31, 2022 are primarily due to changes in interest rates and credit spreads.

The following tables summarize the gross unrealized losses as of March 31, 2023 and December 31, 2022, aggregated by investment category and length of time that individual securities have been in a continuous loss position (in thousands):

March 31, 2023	As of March 31, 2023					
	Less than 12 months		12 Months of Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds	\$ 1,793	\$ (9)	\$ 58,022	\$ (2,178)	\$ 59,815	\$ (2,177)
U.S. government treasury bonds	—	—	14,698	(356)	14,698	(356)
Asset-backed securities	2,780	(13)	1,053	(11)	3,833	(24)
Municipal bonds	—	—	2,154	(36)	2,154	(36)
U.S. government agency bonds	2,037	(1)	1,150	(53)	3,187	(54)
Total	\$ 6,610	\$ (23)	\$ 77,077	\$ (2,634)	\$ 83,687	\$ (2,657)

December 31, 2022	As of December 31, 2022					
	Less than 12 months		12 Months of Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds	\$ 10,639	\$ (440)	\$ 54,634	\$ (2,475)	\$ 65,273	\$ (2,915)
U.S. government treasury bonds	5,262	(177)	14,748	(372)	20,010	(549)
Asset-backed securities	2,636	(17)	1,275	(20)	3,911	(37)
Municipal bonds	—	—	2,412	(61)	2,412	(61)
U.S. government agency bonds	3,017	(5)	1,136	(64)	4,153	(69)
Total	\$ 21,554	\$ (639)	\$ 74,205	\$ (2,992)	\$ 95,759	\$ (3,631)

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 accounts receivables and include the cash proceeds as a part of our cash flows from operations in the Condensed Consolidated Statements of Cash Flows. Total accounts receivable sold under the factoring arrangements was \$8.0 million during the three months ended March 31, 2023. Factoring fees on the sales of receivables were recorded in other income (expense), net in our Condensed Consolidated Statement of Operations and were not material.

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 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 — Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability. We obtain fair values for our Level 2 investments. Our custody bank and asset managers independently use professional pricing services to gather pricing data which may include quoted market prices for identical or comparable financial instruments, or inputs other than quoted prices that are observable either directly or indirectly, and we are ultimately responsible for these underlying estimates.

Level 3 — Unobservable inputs to the valuation methodology that are supported by little or no market activity and that are significant to the measurement of the fair value of the assets or liabilities. Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies or similar valuation techniques, as well as significant management judgment or estimation.

The following tables summarize our financial assets measured at fair value as of March 31, 2023 and December 31, 2022 (in thousands):

Description	Balance as of March 31, 2023	Level 1	Level 2
Cash equivalents:			
Money market funds	\$ 181,437	\$ 181,437	\$ —
Short-term investments:			
U.S. government treasury bonds	12,039	12,039	—
Corporate bonds	35,284	—	35,284
Municipal bonds	2,434	—	2,434
Asset-backed securities	1,887	—	1,887
Long-term investments:			
U.S. government treasury bonds	4,669	4,669	—
Corporate bonds	24,532	—	24,532
Municipal bonds	—	—	—
U.S. government agency bonds	5,228	—	5,228
Asset-backed securities	2,950	—	2,950
	<u>\$ 270,460</u>	<u>\$ 198,145</u>	<u>\$ 72,315</u>

Description	Balance as of December 31, 2022	Level 1	Level 2
Cash equivalents:			
Money market funds	\$ 229,129	\$ 229,129	\$ —
Corporate bonds	—	—	—
Municipal bonds	—	—	—
Short-term investments:			
U.S. government treasury bonds	15,404	15,404	—
Corporate bonds	36,510	—	36,510
Municipal bonds	2,711	—	2,711
Asset-backed securities	2,909	—	2,909
Long-term investments:			
U.S. government treasury bonds	4,606	4,606	—
Corporate bonds	29,965	—	29,965
Municipal bonds	675	—	675
U.S. government agency bonds	5,163	—	5,163
Asset-backed securities	1,569	—	1,569
	<u>\$ 328,641</u>	<u>\$ 249,139</u>	<u>\$ 79,502</u>

Investments in Privately Held Companies

Our investments in privately held companies in which we cannot exercise significant influence and do not own a majority equity interest or otherwise control are accounted for under the measurement alternative. Under the measurement alternative, the carrying value of our equity investment is adjusted to fair value for observable transactions for identical or similar investments of the same issuer. Investments in equity securities are reported on our Consolidated Balance Sheet as other assets, and we periodically evaluate them for impairment. We record any change in carrying value of our equity securities, in other income (expense), net in our Consolidated Statement of Operations. The carrying value of our equity investments in privately held companies without readily determinable fair values were not material as of March 31, 2023 or 2022 and the associated adjustments to the carrying values of the investments were not material during the quarter ended March 31, 2023 and 2022.

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 trade and intercompany receivables and payables. These forward contracts are classified within Level 2 of the fair value hierarchy. As a result of the settlement of foreign currency forward contracts, we recognized a net loss of \$6.4 million during the three months ended March 31, 2023 and the net losses we recognized during the three months ended March 31, 2022 were not material. As of March 31, 2023 and December 31, 2022, the fair value of foreign exchange forward contracts outstanding was not material.

The following tables present the gross notional value of all our foreign exchange forward contracts outstanding as of March 31, 2023 and December 31, 2022 (in thousands):

	March 31, 2023	
	Local Currency Amount	Notional Contract Amount (USD)
Euro	€203,780	\$ 222,215
Canadian Dollar	C\$97,500	72,007
Chinese Yuan	¥478,805	69,842
Polish Zloty	PLN277,000	64,459
British Pound	£42,920	53,198
Japanese Yen	¥6,170,000	46,513
Brazilian Real	R\$158,800	31,055
Swiss Franc	CHF25,600	28,081
Israeli Shekel	ILS53,600	14,864
Mexican Peso	M\$230,000	12,744
New Zealand Dollar	NZ\$10,500	6,575
Korean Won	₩6,400,000	4,946
New Taiwan Dollar	NT\$83,000	2,737
Australian Dollar	A\$3,900	\$ 2,615
Czech Koruna	Kč56,000	2,589
		<u>\$ 634,440</u>

	December 31, 2022	
	Local Currency Amount	Notional Contract Amount (USD)
Euro	€186,900	\$ 200,010
Polish Zloty	PLN365,988	83,307
Canadian Dollar	\$109,000	80,514
Chinese Yuan	¥471,000	68,223
British Pound	£41,200	49,677
Japanese Yen	¥6,200,000	47,196
Israeli Shekel	ILS110,030	31,383
Swiss Franc	CHF25,000	27,165
Brazilian Real	R\$141,200	26,839
Mexican Peso	M\$230,000	11,746
New Zealand Dollar	NZ\$6,000	3,806
Australian Dollar	A\$4,000	2,721
Czech Koruna	Kč56,000	2,469
New Taiwan Dollar	NT\$60,000	1,959
		<u>\$ 637,015</u>

Note 3. Balance Sheet Components

Inventories consist of the following (in thousands):

	March 31, 2023	December 31, 2022
Raw materials	\$ 146,435	\$ 172,758
Work in process	91,325	96,558
Finished goods	74,125	69,436
Total inventories	<u>\$ 311,885</u>	<u>\$ 338,752</u>

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

	March 31, 2023	December 31, 2022
Value added tax receivables	\$ 144,668	\$ 140,484
Prepaid expenses	84,363	69,124
Other current assets	22,509	16,762
Total prepaid expenses and other current assets	<u>\$ 251,540</u>	<u>\$ 226,370</u>

Accrued liabilities consist of the following (in thousands):

	March 31, 2023	December 31, 2022
Accrued payroll and benefits	\$ 171,354	\$ 149,508
Accrued income taxes	105,038	74,323
Accrued expenses	51,212	64,341
Accrued sales and marketing expenses	36,227	36,407
Current operating lease liabilities	27,776	26,574
Accrued property, plant and equipment	18,186	19,922
Other accrued liabilities	87,455	83,299
Total accrued liabilities	<u>\$ 497,248</u>	<u>\$ 454,374</u>

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

	Three Months Ended March 31,	
	2023	2022
Balance at beginning of period	\$ 17,873	\$ 16,169
Charged to cost of net revenues	4,532	3,536
Actual warranty expenditures	(3,476)	(3,612)
Balance at end of period	<u>\$ 18,929</u>	<u>\$ 16,093</u>

Deferred revenues consist of the following (in thousands):

	March 31, 2023	December 31, 2022
Deferred revenues - current	\$ 1,376,789	\$ 1,343,643
Deferred revenues - long-term ¹	\$ 157,341	\$ 160,662

¹ Included in Other long-term liabilities within our Condensed Consolidated Balance Sheet

During the three months ended March 31, 2023 and 2022, we recognized \$943.1 million and \$973.2 million of net revenues, respectively, of which \$205.7 million and \$184.9 million was included in the deferred revenues balance at December 31, 2022 and 2021, respectively.

Our unfulfilled performance obligations, including deferred revenues and backlog, as of March 31, 2023 were \$1,540.9 million. These performance obligations are expected to be fulfilled over six months to five years.

Note 4. Goodwill and Intangible Assets

Goodwill

The change in the carrying value of goodwill for the three months ended March 31, 2023, categorized by reportable segments, is as follows (in thousands):

	Clear Aligner	Systems and Services	Total
Balance as of December 31, 2022	\$ 109,480	\$ 298,071	\$ 407,551
Foreign currency translation adjustments	852	5,819	6,671
Balance as of March 31, 2023	<u>\$ 110,332</u>	<u>\$ 303,890</u>	<u>\$ 414,222</u>

Intangible Long-Lived Assets

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

	Weighted Average Amortization Period (in years)	Gross Carrying Amount as of March 31, 2023	Accumulated Amortization	Accumulated Impairment Loss	Net Carrying Value as of March 31, 2023
Existing technology	10	\$ 112,051	\$ (36,486)	\$ (4,328)	\$ 71,237
Customer relationships	10	21,500	(6,450)	—	15,050
Trademarks and tradenames	10	17,200	(6,901)	(4,122)	6,177
Patents	8	6,511	(5,487)	—	1,024
		<u>\$ 157,262</u>	<u>\$ (55,324)</u>	<u>\$ (8,450)</u>	<u>93,488</u>
Foreign currency translation adjustments					(168)
Total intangible assets, net ¹					<u>\$ 93,320</u>

¹ Also includes \$33.5 million of fully amortized intangible assets related to customer relationships.

	Weighted Average Amortization Period (in years)	Gross Carrying Amount as of December 31, 2022	Accumulated Amortization	Accumulated Impairment Loss	Net Carrying Value as of December 31, 2022
Existing technology	10	\$ 112,051	\$ (33,537)	\$ (4,328)	\$ 74,186
Customer relationships	10	21,500	(5,913)	—	15,587
Trademarks and tradenames	10	17,200	(6,442)	(4,122)	6,636
Patents	8	6,511	(5,288)	—	1,223
		<u>\$ 157,262</u>	<u>\$ (51,180)</u>	<u>\$ (8,450)</u>	<u>97,632</u>
Foreign currency translation adjustments					(1,912)
Total intangible assets, net					<u>\$ 95,720</u>

The total estimated annual future amortization expense for these acquired intangible assets as of March 31, 2023 is as follows (in thousands):

Fiscal Year Ending December 31,	Amortization
Remainder of 2023	\$ 12,357
2024	15,335
2025	14,959
2026	14,353
2027	11,992
Thereafter	24,492
Total	\$ 93,488

Amortization expense for the three months ended March 31, 2023 and 2022 was \$4.1 million and \$4.3 million, respectively.

Note 5. Credit Facility

We have a credit facility that provides for a \$300.0 million unsecured revolving line of credit, along with a \$50.0 million letter of credit. On December 23, 2022, we amended certain provisions in our credit facility which included extending the maturity date on the facility to December 23, 2027 and replacing the interest rate from the existing LIBOR with SOFR (“2022 Credit Facility”). The 2022 Credit Facility requires us to comply with specific financial conditions and performance requirements. Loans under the 2022 Credit Facility bear interest, at our option, at either a rate based on the SOFR for the applicable interest period or a base rate, in each case plus a margin. As of March 31, 2023, we had no outstanding borrowings under the 2022 Credit Facility and were in compliance with the conditions and performance requirements in all material respects.

Note 6. Legal Proceedings

2019 Shareholder Derivative Lawsuit

In January 2019, three derivative lawsuits were filed in the U.S. District Court for the Northern District of California which were later consolidated, purportedly on our behalf, naming as defendants the then current members of our Board of Directors along with certain of our executive officers. The complaints assert various state law causes of action, including for breaches of fiduciary duty, insider trading, and unjust enrichment. The complaints seek unspecified monetary damages on our behalf, which is named solely as a nominal defendant against whom no recovery is sought, as well as disgorgement and the costs and expenses associated with the litigation, including attorneys’ fees. The consolidated action is currently stayed. Defendants have not yet responded to the complaints.

On April 12, 2019, a derivative lawsuit was also filed in California Superior Court for Santa Clara County, purportedly on our behalf, naming as defendants the members of our Board of Directors along with certain of our executive officers. The allegations in the complaint are similar to those in the derivative suits described above. The matter is currently stayed. Defendants have not yet responded to the complaint.

We believe these claims are without merit. We are currently unable to predict the outcome of these lawsuits and therefore cannot determine the likelihood of loss nor estimate a range of possible loss.

Antitrust Class Actions

On June 5, 2020, a dental practice named 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 monetary damages 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. A jury trial is scheduled to begin in this matter on June 29, 2024. We believe the plaintiffs’ claims are without merit and we intend to vigorously defend ourselves.

On May 3, 2021, an individual named Misty 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 monetary damages and injunctive relief relating to our alleged market activities in alleged clear aligner and intraoral scanner markets. Plaintiff filed an amended complaint on July 30, 2021 adding new plaintiffs and various state law claims. Plaintiffs filed a second amended

complaint on October 21, 2021. On March 2, 2022, Plaintiffs filed a third amended complaint. On October 3, 2022, Plaintiffs filed a fourth amended complaint. On March 24, 2023, Plaintiffs requested the court grant leave to file a fifth amended complaint. That motion is pending before the court. A jury trial is scheduled to begin in this matter on June 29, 2024 for issues related to Section 2 allegations. A jury trial is scheduled to begin in this matter on September 30, 2024 for issues related to Section 1 allegations. We believe the plaintiffs' claims are without merit and we intend to vigorously defend ourselves.

We are currently unable to predict the outcome of these lawsuits and therefore we cannot determine the likelihood of loss, if any, nor estimate a range of possible loss.

SDC Dispute

On August 27, 2020, we initiated a confidential arbitration proceeding against SmileDirectClub LLC ("SDC") before the American Arbitration Association in San Jose, California. This arbitration relates to the Strategic Supply Agreement ("Supply Agreement") entered into between the parties in 2016. The complaint alleges that SDC breached the Supply Agreement's terms, causing damages to us in an amount to be determined. On January 19, 2021, SDC filed a counterclaim alleging that we breached the Supply Agreement. On May 3, 2022, SDC filed an additional counterclaim alleging that we breached the Supply Agreement. We deny SDC's allegations in the counterclaims and we intend to vigorously defend ourselves against them. The arbitration hearing on our claims and SDC's first counterclaim was held on July 18-27, 2022 in Chicago, Illinois.

On October 27, 2022, the arbitrator issued an interim award on our claims and SDC's first counterclaim finding that SDC breached the Supply Agreement, we did not breach the Supply Agreement, and SDC caused harm to us. Based on these findings, the arbitrator awarded us an interim award.

On December 2, 2022, SDC filed a motion to re-open the arbitrator's interim award in Align's favor. On March 3, 2023, the arbitrator denied SDC's motion to re-open. On March 6, 2023, Align filed a petition to confirm the arbitrator's interim award. When confirmed, the interim award may be material to our results in the quarter reported. We anticipate recognizing the amount ultimately realizable following confirmation of the final award.

The arbitration hearing on SDC's second counterclaim was held on February 21-23, 2023 in Chicago, Illinois. We are currently unable to predict the outcome of SDC's second counterclaim and therefore cannot determine the likelihood of loss or success nor estimate a range of possible loss or success, if any.

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.

Note 7. Commitments and Contingencies

Off-Balance Sheet Arrangements

As of March 31, 2023, we had no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures or capital resources other than certain items disclosed in *Note 8 "Commitments and Contingencies"* of the *Notes to Consolidated Financial Statements* included in our Annual Report on Form 10-K for the year ended December 31, 2022.

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 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 March 31, 2023, we did not have any material indemnification claims that were probable or reasonably possible.

Note 8. Stockholders' Equity

As of March 31, 2023, the 2005 Incentive Plan, as amended, has a total reserve of 27,783,379 shares of which 2,736,263 shares are available for issuance.

Summary of Stock-Based Compensation Expense

The stock-based compensation related to our stock-based awards and employee stock purchase plan for the three months ended March 31, 2023 and 2022 is as follows (in thousands):

	Three Months Ended March 31,	
	2023	2022
Cost of net revenues	\$ 1,807	\$ 1,514
Selling, general and administrative	28,691	24,725
Research and development	7,237	5,382
Total stock-based compensation	<u>\$ 37,735</u>	<u>\$ 31,621</u>

Restricted Stock Units ("RSUs")

The fair value of RSUs is based on our closing stock price on the date of grant. RSUs granted generally vest over a period of four years. A summary for the three months ended March 31, 2023 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, 2022	489	\$ 427.23		
Granted	487	316.22		
Vested and released	(171)	392.09		
Forfeited	(13)	411.99		
Unvested as of March 31, 2023	<u>792</u>	<u>\$ 366.76</u>	2.0	<u>\$ 264,520</u>

As of March 31, 2023, we expect to recognize \$246.2 million of total unamortized compensation costs, net of estimated forfeitures, related to RSUs over a weighted average period of 3.2 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 Align's stock price relative to the performance of a stock market index over the vesting period. MSUs vest over a period of three years and the maximum number eligible to vest in the future is 250% of the MSUs initially granted.

The following table summarizes the MSU performance activity for the three months ended March 31, 2023:

	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, 2022	144	\$ 725.73		
Granted ¹	82	629.53		
Vested and released	(25)	392.67		
Forfeited	(41)	392.67		
Unvested as of March 31, 2023	160	\$ 812.75	2.2	\$ 53,545

¹ Includes MSUs vested during the period above 100% of the grant as actual shares released is based on Align's stock performance over the vesting period.

As of March 31, 2023, we expect to recognize \$76.1 million of total unamortized compensation costs, net of estimated forfeitures, related to MSUs over a weighted average period of 2.2 years.

Restricted Stock Units with Performance Conditions ("PSUs")

In the first quarter of 2023, we did not grant any PSUs to any employees. As of March 31, 2023, we expect to recognize \$0.7 million of total unamortized compensation costs, net of estimated forfeitures, related to PSUs over a weighted average term of 1.8 years. Total PSUs granted were 4,728 and the weighted average grant date fair value for the PSUs was \$201.63.

Employee Stock Purchase Plan

As of March 31, 2023, we have 2,046,725 shares available for future issuance under our Amended and Restated 2010 Employee Stock Purchase Plan (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:

	Three Months Ended March 31,	
	2023	2022
Expected term (in years)	1.8	1.5
Expected volatility	58.6 %	48.6 %
Risk-free interest rate	4.8 %	1.0 %
Expected dividends	—	—
Weighted average fair value at grant date	\$ 138.13	\$ 196.97

As of March 31, 2023, we expect to recognize \$34.7 million of total unamortized compensation costs related to future employee stock purchases over a weighted average period of 1.2 years.

Note 9. Common Stock Repurchase Programs

In May 2021, our Board of Directors authorized a plan to repurchase up to \$1.0 billion of our common stock ("May 2021 Repurchase Program"). As of March 31, 2023, the authorization under the May 2021 Repurchase Program was completed. In January 2023, our Board of Directors authorized a plan to repurchase up to \$1.0 billion of our common stock ("January 2023 Repurchase Program"), none of which had been utilized as of March 31, 2023. The January 2023 Repurchase Program does not have an expiration date.

Accelerated Share Repurchase Agreements (“ASRs”)

During the three months ended March 31, 2023, we entered into or completed ASRs providing for the repurchase of our common stock based on the volume-weighted average price during the term of the agreement, less an agreed upon discount. The following table summarizes the information regarding repurchases of our common stock under the ASRs:

Agreement Date	Repurchase Program	Amount Paid (in millions)	Completion Date	Total Shares Received	Average Price per Share
Q4 2022	May 2021	N/A ¹	Q1 2023	136,448	\$ 293.15
Q1 2023	May 2021	\$ 250.0	Q1 2023	805,908	\$ 310.21

¹ During the fourth quarter of 2022, we entered into a \$200.0 million ASR which was not completed as of December 31, 2022. During the first quarter of 2023, we paid a final \$40.0 million related to the \$200.0 million ASR, closing this ASR with the final delivery of shares.

Note 10. Accounting for Income Taxes

Our provision for income taxes was \$46.8 million and \$53.2 million for the three months ended March 31, 2023 and 2022, respectively, representing effective tax rates of 34.8% and 28.4%, respectively. Our effective tax rate differs from the statutory federal income tax rate of 21% for both the three months ended March 31, 2023 and 2022 primarily due to the recognition of additional tax expense resulting from foreign income taxed at different rates, state income taxes, and non-deductible expenses in the U.S.

We exercise significant judgment in regards 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.

Our total gross unrecognized tax benefits, excluding interest and penalties, were \$145.3 million and \$141.6 million as of March 31, 2023 and December 31, 2022, 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 months ended March 31, 2023.

Note 11. 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 March 31,	
	2023	2022
Numerator:		
Net income	\$ 87,798	\$ 134,298
Denominator:		
Weighted average common shares outstanding, basic	76,921	78,742
Dilutive effect of potential common stock	190	451
Total shares, diluted	77,111	79,193
Net income per share, basic	\$ 1.14	\$ 1.71
Net income per share, diluted	\$ 1.14	\$ 1.70
Anti-dilutive potential common shares ¹	578	151

¹ Represents RSUs and MSUs not included in the calculation of diluted net income per share as the effect would have been anti-dilutive.

Note 12. Supplemental Cash Flow Information

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

	Three Months Ended March 31,	
	2023	2022
Non-cash investing and financing activities:		
Acquisition of property, plant and equipment in accounts payable and accrued liabilities	\$ 30,907	\$ 58,876
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 7,871	\$ 7,292
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 5,559	\$ 12,262

Note 13. 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 for decision making and performance assessment as the basis for determining our reportable segments. The performance measures of our reportable segments include net revenues, gross profit and income from operations. Income from operations for each segment includes all geographic revenues, related cost of net revenues and operating expenses directly attributable to the segment. Certain operating expenses are attributable to operating segments and each allocation is measured differently based on the specific facts and circumstances of the costs being allocated. Costs not specifically allocated to segment income from operations include various corporate expenses such as stock-based compensation and costs related to IT, facilities, human resources, accounting and finance, legal and regulatory, and other separately managed general and administrative costs outside the operating segments and restructuring costs. We group our operations into two reportable segments: Clear Aligner segment and Imaging Systems and CAD/CAM services (“Systems and Services”) segment.

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

	Three Months Ended March 31,	
	2023	2022
Net revenues		
Clear Aligner	\$ 789,804	\$ 809,696
Systems and Services	153,343	163,523
Total net revenues	<u>\$ 943,147</u>	<u>\$ 973,219</u>
Gross profit		
Clear Aligner	\$ 566,139	\$ 605,696
Systems and Services	94,515	103,650
Total gross profit	<u>\$ 660,654</u>	<u>\$ 709,346</u>
Income from operations		
Clear Aligner	\$ 277,521	\$ 312,719
Systems and Services	35,576	50,799
Unallocated corporate expenses	(179,581)	(165,436)
Total income from operations	<u>\$ 133,516</u>	<u>\$ 198,082</u>
Stock-based compensation		
Clear Aligner	\$ 4,654	\$ 2,854
Systems and Services	321	214
Unallocated corporate expenses	32,760	28,553
Total stock-based compensation	<u>\$ 37,735</u>	<u>\$ 31,621</u>
Depreciation and amortization		
Clear Aligner	\$ 16,398	\$ 13,767
Systems and Services	8,146	6,922
Unallocated corporate expenses	11,276	8,937
Total depreciation and amortization	<u>\$ 35,820</u>	<u>\$ 29,626</u>

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 March 31,	
	2023	2022
Total segment income from operations	\$ 313,097	\$ 363,518
Unallocated corporate expenses	(179,581)	(165,436)
Total income from operations	133,516	198,082
Interest income	2,337	677
Other income (expense), net	(1,229)	(11,273)
Net income before provision for income taxes	<u>\$ 134,624</u>	<u>\$ 187,486</u>

Geographical Information

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

	Three Months Ended March 31,	
	2023	2022
Net revenues ¹ :		
U.S.	\$ 411,138	\$ 420,920
Switzerland	313,131	331,739
Other International	218,878	220,560
Total net revenues	<u>\$ 943,147</u>	<u>\$ 973,219</u>

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

Tangible 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):

	March 31, 2023	December 31, 2022
	Long-lived assets ¹ :	
Switzerland	\$ 563,557	\$ 532,921
U.S.	212,323	214,804
Other International ²	604,824	603,010
Total long-lived assets	<u>\$ 1,380,704</u>	<u>\$ 1,350,735</u>

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

² Certain prior period immaterial amounts have been reclassified to conform to current presentation.

Note 14. Restructuring and Other Charges

During the fourth quarter of 2022, we initiated a restructuring plan to increase efficiencies across the organization which is expected to be completed in the first half of 2023. During fiscal 2022 we incurred approximately \$10.2 million in restructuring expenses, of which \$3.9 million remained unpaid and was included in Accrued liabilities as of December 31, 2022. During the first quarter of 2023, we paid \$3.7 million, and recorded incremental restructuring expenses in Restructuring and other charges of approximately \$0.1 million, with \$0.3 million remaining unpaid and included in Accrued liabilities as of March 31, 2023.

Note 15. Subsequent Event

Subsequent to our quarter end on April 24, 2023, we entered into a Subscription Agreement (the "Subscription Agreement") with Heartland Dental Holding Corporation ("Heartland") which provides, among other things, for us to acquire less than a 5% equity interest in Heartland through the purchase of Class A Common Stock for \$75 million. In connection with the Subscription Agreement, we entered into a Stockholders' Agreement, by and among us, Heartland Dental Topco, LLC ("Topco") and funds and accounts managed by affiliates of KKR & Co. Inc. ("KKR"), and a Side Letter, by and among us, Heartland, Topco and KKR (the "Side Letter"). Subject to certain restrictions set forth in the Side Letter, we agreed to provisions applicable to Heartland's stockholders, including certain drag-along and voting obligations.

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, as amended (the “Securities Act”), 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 and the means to achieve them, our beliefs and expectations regarding macroeconomic conditions, including inflation, fluctuations in currency exchange rates, rising interest rates, market volatility, weakness in general economic conditions and recessions and the impact of efforts by central banks and federal, state and local governments to combat inflation and recession, our expectations and beliefs regarding customer and consumer purchasing behavior and changes in consumer spending habits, our expectations regarding the impact of the military conflict in Ukraine and our operations and assets in Russia, our expectations regarding the near and long-term implications of the COVID-19 pandemic on the global and regional economies, our marketing and efforts to build our brand awareness, our estimates regarding the size and opportunities of the markets we are targeting along with our expectations for growth in those markets, our beliefs regarding the impact of technological innovation in general, and in our solutions and products in particular, on target markets and patient care, our beliefs regarding digital dentistry and its potential to impact our business, our intentions regarding expanding our business, including its impact on our operational flexibility and responsiveness to customer demand, our beliefs regarding the importance of our manufacturing operations on our success, 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 beliefs regarding our business strategy and growth drivers, our expectations regarding product mix and product adoption, 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 sales growth of our intraoral scanner sales in international markets, our expectations regarding the productivity impact additional sales representatives will have on our sales and the impact of specialization of those representatives in sales channels, our expectations regarding the continued expansion of our international markets and their growth, our expectations regarding competition and our ability to compete in our target markets, our expectations regarding 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 beliefs regarding our culture and commitment and its impact on our financial and operational performance and its importance to our future success, our expectations for future investments in and benefits from consumer demand 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 intentions to control spending and for investments, our intentions regarding the investment of our international earnings from operations, 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 expectations regarding our tax positions and the judgements we make related to our tax obligations, 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, 2022 as filed with the Securities and Exchange Commission (the “SEC”).

Executive Overview of Results

Trends and Uncertainties

Our business strategic priorities remain focused on four principal pillars for growth: (i) international expansion; (ii) general practitioner dentists (“GPs”) adoption; (iii) patient demand and conversion; and (iv) orthodontic utilization. Our growth strategy depends on our ability to facilitate the digital transformation of dentistry happening around the world, 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. Below is a discussion of the significant trends and uncertainties that could impact our operations:

Macroeconomic Challenges and Military Conflict in Ukraine

Our revenues are susceptible to fluctuations in macroeconomic conditions, in line with inflation, rising interest rates, threats of or actual recessions, fluctuations in currency exchange rates, supply chain challenges, market volatility, actual and threatened wars and military actions, and other factors, each of which impact customer confidence, consumer sentiment and demand. Many of these same factors also impact our costs and those of our suppliers through higher raw material prices, transportation costs, labor costs, supply and distribution operations. Additionally, many of our international operations are denominated in currencies other than the U.S. dollar which were impacted in 2022 by macroeconomic slowing or contraction causing weakening against the U.S. dollar, which negatively impacted our financial condition and results of operations. In the first quarter of 2023, the U.S. dollar weakened against a number of these other currencies, favorably impacting our financial condition and results of operations. We expect this moderation of the strength of the dollar to continue, although we also expect the dollar to remain historically strong compared to many of these currencies. The nature and extent of the impact of these factors varies by time and region and remains uncertain and unpredictable.

The military conflict between Russia and Ukraine increased the unpredictability of the volatile macroeconomic conditions in 2022 and is likely to continue doing so in 2023. While we continue to employ research and development personnel in Russia as well as limited post-sales support and administrative personnel, our total number of employees in Russia was materially reduced in 2022 following actions and initiatives designed to align the size of our operations with our ongoing resource needs. We do not anticipate the military conflict between Russia and Ukraine to materially impact our 2023 financial condition and results of operations although we expect the conflict will continue to create market uncertainties and dampen consumer sentiment and demand, particularly in Europe.

COVID-19 Pandemic Update

Although there remains significant uncertainty surrounding the COVID-19 pandemic for regional economies, its global impact continues to decline. During 2022, we experienced the impacts of the COVID-19 pandemic primarily in the Asia Pacific region, particularly in China, where lockdowns decreased economic activity throughout most of the year. With the easing of the COVID-19 restrictions in China in late 2022 and early 2023, rates of infection in China increased early in the first quarter of 2023 and decreased as the quarter progressed. We expect the impacts of the COVID-19 pandemic to remain unpredictable in 2023, although we expect them to decrease compared to 2022. Nevertheless, comparing our financial results for the reporting periods of 2023 to the same reporting periods of 2022 or earlier may not be a useful means by which to evaluate our business and results of operations due to volatility in regional business environments caused by the pandemic.

Evolving Product Offerings

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 evolve and competition to supplant traditional bracket and wires to increase. We expect to succeed in these evolving markets by continuing 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. Our efforts to succeed with these innovative treatment options may result in larger and unpredictable variations in geographic and product mix and selling prices, causing uncertainty, including variations in products sold, changes in the amount and timing of deferred revenues and other potential impacts on our financial statements and business operations.

We strive to manage the challenges from the macroeconomic conditions, the conflict in Ukraine, COVID-19 and the evolution of our target markets by focusing on improving our operations, building flexibility and efficiencies in our processes, adjusting our business models to changing circumstances and offering products that meet market demand. Specifically, we are managing cost impacts through pricing actions, cost saving measures that drive value and maintaining control of our employee headcount. We also continue to innovate, introducing new and enhanced products that augment our doctor customer and patient experiences.

Further discussion of the impact of these challenges on our business may be found in Part II, Item 1A of this Quarterly Report on Form 10-Q under the heading "Risk Factors."

Key Financial and Operating Metrics

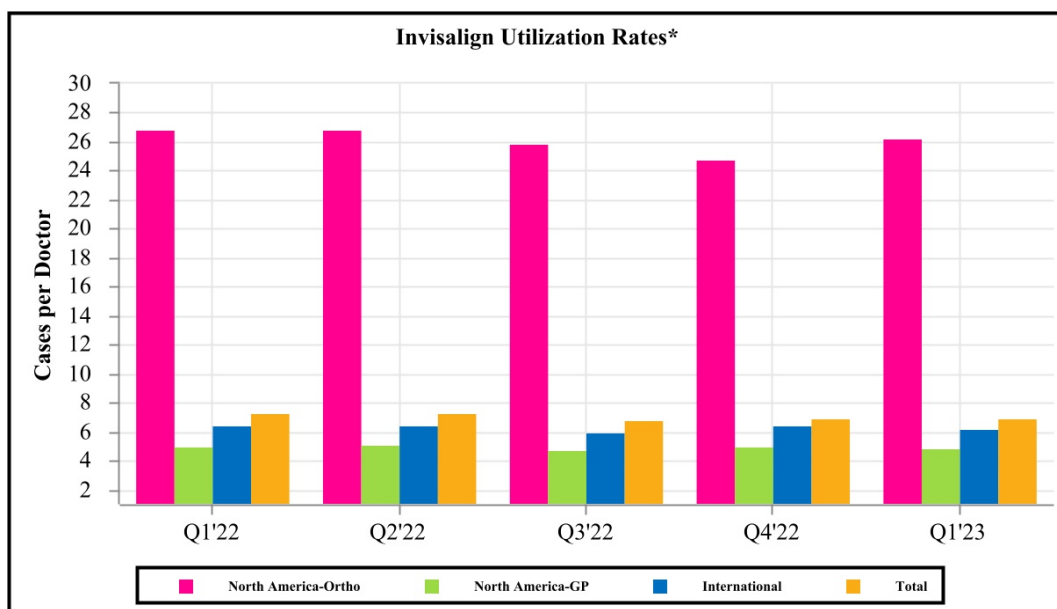
We measure our performance against these strategic priorities by the achievement of key financial and operating metrics.

For the three months ended March 31, 2023, our business operations reflect the following:

- Revenues of \$943.1 million, a decrease of 3.1% year-over-year;
- Clear Aligner revenues of \$789.8 million, a decrease of 2.5% year-over-year;
 - Americas Clear Aligner revenues of \$361.3 million, a decrease of 4.0% year-over-year;
 - International Clear Aligner revenues of \$354.2 million, a decrease of 4.5% year-over-year;
 - Clear Aligner case volume decrease of 3.9% year-over-year and Clear Aligner case volume increase for teenage patients of 3.8% year-over-year;
- Imaging Systems and CAD/CAM Services revenues of \$153.3 million, a decrease of 6.2% year-over-year;
- Income from operations of \$133.5 million and operating margin of 14.2%;
- Effective tax rate of 34.8%;
- Net income of \$87.8 million with diluted net income per share of \$1.14;
- Cash, cash equivalents and marketable securities of \$921.4 million as of March 31, 2023;
- Operating cash flow of \$199.9 million;
- Capital expenditures of \$64.1 million, predominantly related to increases in our manufacturing capacity and facilities; and
- Number of employees was 23,035 as of March 31, 2023, a decrease of 2.5% year-over-year.

Other Statistical Data and Trends

- As of March 31, 2023, approximately 15.1 million people worldwide have been treated with our Invisalign system. Management measures these results by comparing to the millions of people who can benefit from straighter teeth and uses this data to target opportunities to expand the market for orthodontics by educating consumers about the benefits of straighter teeth using the Invisalign system.
- For the first quarter of 2023, total Invisalign cases submitted with a digital scanner in the Americas increased to 93.1%, up from 90.6% in the first quarter of 2022 and international scans increased to 87.0%, up from 82.8% in the first quarter of 2022. For the first quarter of 2023, 97.7% of Invisalign cases submitted by North American orthodontists were submitted digitally.
- The total utilization rate in the first quarter of 2023 decreased to 7.0 cases per doctor compared to 7.3 cases per doctor in the first quarter of 2022. Utilization rates in North America and our International locations were as follows:
 - *North America:* The utilization rate among our North American orthodontist customers decreased to 26.2 cases per doctor in the first quarter of 2023 compared to 26.8 cases per doctor in the first quarter of 2022 and the utilization rate among our North American GP customers decreased to 4.9 cases per doctor in the first quarter of 2023 compared to 5.0 cases per doctor in the first quarter of 2022.
 - *International:* International doctor utilization rate was 6.2 cases per doctor in the first quarter of 2023 compared to 6.4 cases per doctor in the first quarter of 2022.



* Invisalign utilization rates are calculated by the number of cases shipped divided by the number of doctors to whom cases were shipped. Our International region includes Europe, Middle East and Africa (“EMEA”) and Asia Pacific (“APAC”). Latin America (“LATAM”) is excluded from the International region based on its immateriality to the quarter; however is included in the Total utilization.

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 and Invisalign First.
 - Non-Comprehensive Products include, but are not limited to, Invisalign Moderate, Lite and Express packages and Invisalign Go and Invisalign Go Plus.
 - Non-Case products include, but are not limited to, retention products, 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. We also offer in the U.S. and Canada, a Doctor Subscription Program which is a monthly subscription program based on the doctor’s monthly need for retention or limited treatment. The program allows doctors the flexibility to order both “touch-up” or retention 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.
- Our Systems and Services segment consists of our iTero intraoral scanning systems, which includes a single hardware platform and restorative or orthodontic software options. Our services include subscription software, disposables, rentals, leases, 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 by region for the three months ended March 31, 2023 and 2022 are as follows (in millions):

Net Revenues	Three Months Ended March 31,		Change	
	2023	2022		
Clear Aligner net revenues:				
Americas	\$ 361.3	\$ 376.2	\$ (15.0)	(4.0)%
International	354.2	371.1	(16.9)	(4.5)%
Non-case	74.3	62.4	12.0	19.2 %
Total Clear Aligner net revenues	\$ 789.8	\$ 809.7	\$ (19.9)	(2.5)%
Systems and Services net revenues	153.3	163.5	(10.2)	(6.2)%
Total net revenues	\$ 943.1	\$ 973.2	\$ (30.1)	(3.1)%

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

Case volume data which represents Clear Aligner case shipments for the three months ended March 31, 2023 and 2022 is as follows (in thousands):

	Three Months Ended March 31,		Change	
	2023	2022		
Total case volume	575.3	598.8	(23.6)	(3.9)%

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

For the three months ended March 31, 2023, total net revenues decreased \$30.1 million as compared to the same period in 2022, primarily due to a decrease in both Clear Aligner case volumes and scanner volumes and unfavorable foreign exchange rates, partially offset by increases in service revenues and Clear Aligner non-case revenues.

Clear Aligner - Americas

For the three months ended March 31, 2023, Americas net revenues decreased by \$15.0 million as compared to the same period in 2022 due to a 5.3% decrease in case volumes, which reduced net revenues by \$20.0 million, partially offset by an increase in ASP which increased net revenues by \$5.0 million. Higher ASP was mainly due to price increases on most products which increased revenues by \$19.3 million along with higher additional aligners which increased net revenues by \$5.0 million. The increases in ASP were partially offset by unfavorable promotional discounts which decreased net revenues by \$15.8 million and a product mix shift to lower priced products which decreased net revenues by \$2.6 million.

Clear Aligner - International

For the three months ended March 31, 2023, International net revenues decreased by \$16.9 million as compared to the same period in 2022, due to a 2.3% decrease in case volumes, which decreased net revenues by \$8.4 million, and lower ASP which decreased net revenues by \$8.5 million. Lower ASP was largely due to a product mix shift to lower priced products which decreased net revenues by \$33.1 million, unfavorable foreign exchange rates which resulted in lower net revenues of \$26.4 million, and unfavorable promotional discounts which decreased net revenues \$6.0 million. The decrease in ASP was partially offset by higher additional aligners which increased net revenues by \$30.9 million and price increases on most products which increased net revenues by \$24.4 million.

Clear Aligner - Non-Case

For the three months ended March 31, 2023, non-case net revenues increased by \$12.0 million as compared to the same period in 2022 mainly due to increased volumes from the Doctor Subscription program and retention products across all regions primarily driven by Vivera retainers.

Systems and Services

For the three months ended March 31, 2023, Systems and Services net revenues decreased by \$10.2 million as compared to the same period in 2022 primarily due to by a lower number of scanners sold which decreased net revenues by \$27.3 million.

The decrease in net revenue due to lower scanner volume was partially offset by higher service and other revenues which increased net revenues by \$15.2 million mostly due to a larger scanner installed base and higher scanner ASP which increased net revenues \$1.9 million.

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

	Three Months Ended March 31,		
	2023	2022	Change
Clear Aligner			
Cost of net revenues	\$ 223.7	\$ 204.0	\$ 19.7
% of net segment revenues	28.3 %	25.2 %	
Gross profit	\$ 566.1	\$ 605.7	\$ (39.6)
Gross margin %	71.7 %	74.8 %	
Systems and Services			
Cost of net revenues	\$ 58.8	\$ 59.9	\$ (1.0)
% of net segment revenues	38.4 %	36.6 %	
Gross profit	\$ 94.5	\$ 103.7	\$ (9.1)
Gross margin %	61.6 %	63.4 %	
Total cost of net revenues	\$ 282.5	\$ 263.9	\$ 18.6
% of net revenues	30.0 %	27.1 %	
Gross profit	\$ 660.7	\$ 709.3	\$ (48.7)
Gross margin %	70.0 %	72.9 %	

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 related costs, depreciation on capital equipment and facilities used in the production process, amortization of acquired intangible assets and training costs.

Clear Aligner

For the three months ended March 31, 2023, our gross margin percentage decreased as compared to the same period in 2022 primarily due to increased manufacturing spend as we continue to ramp our new manufacturing facility in Poland in addition to higher mix of additional aligners.

Systems and Services

For the three months ended March 31, 2023, our gross margin percentage decreased as compared to the same period in 2022 primarily due to manufacturing inefficiencies from lower production volumes and higher inventory costs. These factors were partially offset by higher service revenues and higher ASP.

Selling, general and administrative (in millions):

	Three Months Ended March 31,		
	2023	2022	Change
Selling, general and administrative	\$ 439.7	\$ 439.5	\$ 0.2
% of net revenues	46.6 %	45.2 %	

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, clinical education, marketing materials, 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 Information Technology ("IT").

For the three months ended March 31, 2023, selling, general and administrative expense remained flat compared to the same period in 2022 primarily due to higher salaries expense, fringe benefits and stock-based and incentive compensation, offset by lower advertising and marketing costs and outside service costs.

Research and development (in millions):

	Three Months Ended March 31,		Change
	2023	2022	
Research and development	\$ 87.4	\$ 71.8	\$ 15.6
% of net revenues	9.3 %	7.4 %	

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 March 31, 2023, research and development expense increased compared to the same period in 2022 primarily due to higher salaries expense, fringe benefits and stock-based and incentive compensation as we continue to focus on our investments in innovation and research.

Income from operations (in millions):

	Three Months Ended March 31,		Change
	2023	2022	
Clear Aligner			
Income from operations	\$ 277.5	\$ 312.7	\$ (35.2)
Operating margin %	35.1 %	38.6 %	
Systems and Services			
Income from operations	\$ 35.6	\$ 50.8	\$ (15.2)
Operating margin %	23.2 %	31.1 %	
Total income from operations ¹	\$ 133.5	\$ 198.1	\$ (64.6)
Operating margin %	14.2 %	20.4 %	

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

¹ Refer to Note 13 "Segments and Geographical Information" of the Notes to Condensed Consolidated Financial Statements for details on unallocated corporate expenses and the reconciliation to Condensed Consolidated Income from Operations.

Clear Aligner

For the three months ended March 31, 2023, our operating margin percentage decreased compared to the same period in 2022 primarily due to lower gross margin.

Systems and Services

For the three months ended March 31, 2023, our operating margin percentage decreased compared to the same period in 2022 primarily due to higher operating expenses as a percentage of net revenues as well as lower gross margin.

Interest income (in millions):

	Three Months Ended March 31,			Change
	2023	2022		
Interest income	\$ 2.3	\$ 0.7	\$ 1.7	
% of net revenues	0.2 %	0.1 %		

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 months ended March 31, 2023, interest income increased compared to the same period in 2022 primarily due to higher interest rates in the first quarter of 2023.

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

	Three Months Ended March 31,			Change
	2023	2022		
Other income (expense), net	\$ (1.2)	\$ (11.3)	\$ 10.0	
% of net revenues	(0.1)%	(1.2)%		

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 March 31, 2023, other income (expense), net increased compared to the same period in 2022 primarily due to the favorable impact of foreign exchange rates and higher interest rates.

Provision for income taxes (in millions):

	Three Months Ended March 31,			Change
	2023	2022		
Provision for income taxes	\$ 46.8	\$ 53.2	\$ (6.4)	
Effective tax rates	34.8 %	28.4 %		

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 both the three month periods ended March 31, 2023 and 2022 primarily due to the recognition of additional tax expense resulting from foreign income taxed at different rates, state income taxes, and non-deductible expenses in the U.S.

The increase in our effective tax rate for the three months ended March 31, 2023 compared to the same period in 2022 is primarily attributable to the decrease and change in our jurisdictional mix of income, foreign income taxed at different rates, and lower excess tax benefits from stock-based compensation.

Liquidity and Capital Resources
Liquidity and Trends

As of March 31, 2023 and December 31, 2022, we had the following cash and cash equivalents and short-term and long-term marketable securities (in thousands):

	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 832,383	\$ 942,050
Marketable securities, short-term	51,644	57,534
Marketable securities, long-term	37,379	41,978
Total	<u>\$ 921,406</u>	<u>\$ 1,041,562</u>

As of March 31, 2023 and December 31, 2022, approximately \$610.9 million and \$653.7 million, respectively, of cash, cash equivalents and marketable securities were held by our foreign subsidiaries. We intend to continue reinvesting our foreign subsidiary earnings indefinitely and expect the additional costs upon repatriation of these foreign earnings not to be significant. We generate sufficient domestic operating cash flow and have access to external funding under our \$300.0 million 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.

The sanctions against Russian banks or international bank messaging systems due to the military conflict between Ukraine and Russia could impact our ability to access our cash in Russia but would not materially impact our liquidity position. As of March 31, 2023, cash and cash equivalents domiciled in Russia, which is required to fund their current operating requirements, represent approximately 2.2% of our total cash, cash equivalents and marketable securities.

Our material cash requirements are as follows:

- For 2023, we expect our investments in capital expenditures to exceed \$200.0 million. Capital expenditures primarily relate to building construction and improvements as well as additional manufacturing capacity to support our international expansion. This includes our investment in an aligner fabrication facility in Wroclaw, Poland which began serving doctors during the second quarter of 2022 as a part of our strategy to bring operational facilities closer to customers. As we continue growing, we intend to expand our investments in research and development, manufacturing, treatment planning, sales and marketing operations to meet actual and anticipated local and regional demands.
- During the three months ended March 31, 2023, we entered into or completed ASRs providing for the repurchase of our common stock based on the volume-weighted average price during the term of the agreement, less an agreed upon discount. As of March 31, 2023, the May 2021 Repurchase Program was completed. In January 2023, our Board of Directors authorized a plan to repurchase up to \$1.0 billion of our common stock ("January 2023 Repurchase Program"), none of which had been utilized as of March 31, 2023. Refer to *Note 9 "Common Stock Repurchase Program" of the Notes to Condensed Consolidated Financial Statements* for details on our stock repurchase programs.
- There have been no material changes to our purchase commitments for goods and services and future operating lease payments during the periods covered by this 10-Q outside the normal course of business compared to the disclosures in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022.

Sources and Uses of Cash

The following table summarizes our condensed consolidated cash flows for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
Net cash flow provided by (used in):		
Operating activities	\$ 199,895	\$ 30,498
Investing activities	(52,829)	(90,198)
Financing activities	(258,961)	(111,742)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	2,221	(1,826)
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>\$ (109,674)</u>	<u>\$ (173,268)</u>

Operating Activities

For the three months ended March 31, 2023, cash flows from operations of \$199.9 million resulted primarily from our net income of approximately \$87.8 million as well as the following:

Significant adjustments to net income

- Stock-based compensation of \$37.7 million related to equity awards granted to employees and directors;
- Depreciation and amortization of \$35.8 million related to our investments in property, plant and equipment and intangible assets;
- Deferred taxes of \$18.4 million related to increase in long term deferred tax position; and
- Non-cash operating lease costs of \$7.8 million related majority to amortization of deferred commissions.

Significant changes in working capital

- Increase of \$37.4 million in accrued and other long-term liabilities primarily due to higher incentive accruals for 2023, as well as timing of payment of other activities;
- Decrease of \$32.7 million in accounts receivable due to timing of collections and offset by an increased sales volumes;
- Increase of \$27.7 million in deferred revenues due to the deferral of revenue on shipments over the period as well as timing of revenue recognition; and
- Increase of \$24.0 million in inventories primarily due our efforts to manage stock at appropriate levels as required.

Investing Activities

Net cash used in investing activities was \$52.8 million for the three months ended March 31, 2023 which primarily consisted of purchases of property, plant and equipment of \$64.1 million and purchases of marketable securities of \$2.4 million, partially offset by sales and maturities of our marketable securities of \$13.7 million.

Financing Activities

Net cash used in financing activities was \$259.0 million for the three months ended March 31, 2023 which consisted of common stock repurchases of \$252.4 million and payroll taxes paid for equity awards through share withholdings of \$20.9 million which were partially offset by \$14.3 million of proceeds from the issuance of common stock under our employee stock purchase plan.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations is based upon 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 on-going basis, including those related to revenue recognition, goodwill and finite-lived acquired intangible assets, income taxes, legal proceedings and litigations. We use authoritative pronouncements, historical experience and other assumptions as the basis for making the estimates. Actual results could differ from those estimates.

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 changing trends and market conditions, historical prices, 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 result 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 revenues 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.

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, the military conflict between Russia and Ukraine and the COVID-19 pandemic. Further discussion on these risks may be found in Item 1A of this is Quarterly Report on Form 10-Q under the heading "Risk Factors."

Interest Rate Risk

Changes in interest rates could impact our anticipated interest income on our cash equivalents and investments in marketable securities. Our investments are fixed-rate short-term and long-term securities. Fixed-rate securities may have their fair market value adversely impacted due to a rise in interest rates, and, as a result, our future investment income may fall short of expectations due to changes in interest rates or we may suffer losses in principal if forced to sell securities which have declined in market value due to changes in interest rates. As of March 31, 2023, we had approximately \$89.0 million invested in available-for-sale marketable securities. An immediate 10% change in interest rates would not have a material adverse impact on our future operating results and cash flows.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. As of March 31, 2023, we are not subject to risks from immediate interest rate increases on our unsecured revolving line of credit facility.

Currency Rate Risk

As a result of our international business activities, our financial results have been affected by factors such as changes in foreign currency exchange rates as well as economic conditions in foreign markets, and there is no assurance that exchange rate fluctuations will not harm our business 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 generally denominated in their local currencies. Regardless of this natural hedging, our results of operations may be adversely impacted by exchange rate fluctuations.

We enter into foreign currency forward contracts for currencies where we have exposures, primarily the Euro, Chinese Yuan, Polish Zloty, Canadian Dollar, to minimize the short-term impact of foreign currency exchange rate fluctuations on cash and certain trade and intercompany receivables and payables. These forward contracts are not designated as hedging instruments and do not subject us to material balance sheet risk due to fluctuations in foreign currency exchange rates. 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. These instruments are generally one month in original maturity and are marked to market through earnings every period. 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. It is difficult to predict the impact forward contracts could have on our results of operations.

Although we will continue to monitor our exposure to currency fluctuations, and, where appropriate, may 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.

Military Conflict in Ukraine

After beginning in 2022, the military conflict between Russia and Ukraine has continued to escalate and create challenges to already uncertain macroeconomic conditions. As of March 31, 2023, we do not expect these events to have any material impact on our operations. Our Russia net revenues as a percentage of our consolidated net revenues and our assets domiciled in Russia, including cash and cash equivalents, as a percentage of our total assets, are immaterial.

Inflation Risk

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

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we have 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 March 31, 2023, 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 rules and forms.

Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2023 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.

For a discussion of legal proceedings, refer to Note 6 “*Legal Proceedings*” of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

Item 1A. Risk Factors.

The following discusses some of the risks that may affect our business, results of operations, financial condition and the price of our 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 others. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this report because they could cause our actual results and conditions to differ materially from those statements. Before you invest in Align, you should know that investing involves risks, including those described below. The risks below are not the only ones 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.

Summary of Risk Factors

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. These risks are discussed more fully below and include, but are not limited to:

Macroeconomic and External Risks

- Global and regional economic conditions
- Major health crises
- Political events, international disputes, war and terrorism
- Natural disasters

Business and Industry Risks

- Changes in demand for our products
- Increased competition
- Failure of our new products, or changes to our existing products, to attract or retain consumers or generate revenue
- Our ability to successfully integrate our acquisitions

Operational Risks

- Business disruptions
- Predicting demand
- Availability of supplies
- Shipping delays
- Personnel development and retention
- Effectiveness of marketing and our ability to attract consumers

Legal, Regulatory and Compliance Risks

- Government investigations, enforcement actions, and settlements
- Our ability to comply with laws and regulatory and legislative mandates or guidance
- Privacy, cybersecurity and data protection
- Litigation, including class action lawsuits

Intellectual Property Risks

- Our ability to obtain, maintain, protect, and enforce our intellectual property rights

Financial, Tax and Accounting Risks

- Impairment of our goodwill
- Compliance with accounting, financial reporting, and tax laws
- Management of our stock plans
- Volatility of our stock

Macroeconomic and External Risks

Our operations and financial performance depend on global and regional economic conditions. Inflation, fluctuations in currency exchange rates, changes in consumer confidence and demand, and general economic weakness and threats, or actual recessions, have and could in the future materially affect our business, results of operations, and financial condition.

Macroeconomic conditions impact consumer confidence and discretionary spending, which can adversely affect demand for our products. Consumer spending habits are affected by, among other things, inflation, fluctuations in currency exchange rates, general economic weakness, threats or actual recessions, pandemics, wars and military actions, employment levels, wages, debt obligations, discretionary income, interest rates, volatility in capital, and consumer confidence and perceptions of current and future economic conditions. Changes and uncertainty can, among other things, reduce or shift spending away from elective procedures, drive patients to purchase orthodontic treatments that cost less than our Invisalign treatment options, decrease the number of orthodontic and dental case starts, reduce patient traffic in dentists' offices or reduce demand for dental services generally. Further, decreased demand for dental services can cause dentists and labs to postpone investments in capital equipment, such as intraoral scanners and CAD/CAM equipment and software. The recent declines in, or uncertain economic outlooks for, the U.S., Chinese, European and certain other international economies have and may continue to adversely affect consumer and dental practice spending. The increase in the cost of fuel and energy, food and other essential items along with higher interest rates could reduce consumers' disposable income, resulting in decreased discretionary spending for products like ours. Decreases in disposable income and discretionary spending or changes in consumer confidence and spending habits has and may continue to adversely affect our revenues and operating results.

Inflation continues to adversely impact spending and trade activities, causing unpredictable impacts on global and regional economies. Higher inflation has also increased domestic and international shipping costs, raw material prices, and labor rates, which has adversely impacted the costs of producing, procuring and shipping our products. Our ability to recover these cost

increases through price increases may continue to lag, resulting 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. Further, we cannot predict the impact of efforts by central banks and federal, state and local governments to combat higher inflation. If their efforts are too aggressive, they may lead to a recession. Alternatively, if they are insufficient or are not sustained long enough to lower inflation to acceptable levels, consumer spending may be adversely impacted for a prolonged period of time. Additionally, the responses by regulators to recent bank failures could cause or continue to cause volatility in the credit or capital markets, market-wide liquidity issues, bank-runs and general concern across the global financial industry that may adversely impact consumer spending. While we have not been materially impacted by any of the recent bank failures, these conditions may also limit access to capital for us and our vendors and customers, making it difficult to accurately forecast and plan future business activities. Any of these events could materially affect our business and operating results.

We have international operations and sales outside the U.S. We earn a large portion of our total revenues from international sales generated through our foreign direct and indirect operations and we expect to increase our sales and presence outside the U.S., particularly in markets we believe have high-growth potential. Moreover, we perform most of our key production steps in locations outside of the U.S. For instance, we perform our digital treatment planning and aligner fabrication in multiple international locations, including large-scale operations in Mexico, Costa Rica, Poland, Japan and China. Additionally, we maintain significant global sales and marketing operations in Switzerland, Singapore and China, along with research and development operations globally, including in the U.S., Spain, Israel, Armenia and Germany. Our reliance on international operations and sales exposes us to fluctuations in foreign currencies that may adversely impact our business or results of operations. Although the U.S. dollar is our reporting currency, a growing portion of our net revenues and net income are generated in foreign currencies. While we utilize forward contracts to reduce the adverse earnings impact from the effect of exchange rate fluctuations on certain assets and liabilities, our hedging strategies may not be successful, and currency exchange rate fluctuations have and could continue to have a material adverse effect on our operating results and cash flows. In addition, our foreign currency exposure on assets, liabilities and cash flows that we do not hedge have and could continue to have a material impact on our financial results in periods when the U.S. dollar significantly fluctuates in relation to foreign currencies.

Our business could be impacted by political events, trade and other international disputes, war, and terrorism, including the military conflict between Russia and Ukraine.

Political events, trade and other international disputes, war, and terrorism could harm or disrupt international commerce and the global economy and could have a material effect on our business as well as our customers, suppliers, contract manufacturers, distributors, and other business partners. Such risks include inflation, supply chain and trade disruptions, trade sanctions, reduced consumer spending, disruptions to our IT systems, including through network failures, malicious or disruptive software, or cyberattacks, energy shortages or rationing that adversely impacts our manufacturing facilities, rising fuel or rising costs of producing, procuring and shipping our products, fluctuations to foreign currency exchange rates, and constraints, volatility or disruption in the financial markets.

Political events, trade and other international disputes, wars, and terrorism can lead to unexpected tariffs or trade restrictions, which may adversely impact our business. Tariffs increase the cost of our products and the components and raw materials used to make them. Increased costs could adversely impact our gross margin and reduce demand for our products. Countries may also adopt other measures, such as controls on imports or exports of goods, technology or data, that adversely impact our operations and supply chain, limit our ability to offer products and services or inhibit our ability to comply due to contradictions with other laws. These measures could require us to take various actions, including changing suppliers or restructuring business relationships. Complying with new or changed trade restrictions is expensive, time-consuming and disruptive to our operations. Such restrictions can be announced with little or no advance notice and we may be unable to effectively mitigate their adverse impacts. If disputes and conflicts escalate in the future, the responses by governments may be significantly more restrictive and could materially affect our business.

Political unrest, threats, tensions, actions and responses to any social, economic, business, geopolitical, military, terrorism, or acts of war involving key commercial, development or manufacturing markets such as China, Mexico, Israel, Europe, or other countries could materially impact our international operation. For example, our employees in Israel could be obligated to perform reserve duty in the Israeli military and be called for additional active duty under emergency circumstances. If any of these events or conditions occur, the impact to us, our employees and customers is uncertain, particularly if emergency circumstances, armed conflicts or an escalation in political instability or violence disrupts our product development, data or information exchange, payroll or banking operations, product or materials shipping by us or our suppliers and other unanticipated business disruptions, interruptions and limitations in telecommunication services or critical systems or applications reliant on a stable and uninterrupted communications infrastructure.

The military conflict between Russia and Ukraine has materially adversely impacted global economies. Our commercial operations have been impacted by the conflict and if we fail to support existing customers, we may harm our reputation, and be subject to legal and regulatory actions in Russia. Additionally, although the majority of our research and development personnel

formerly headquartered in Russia have relocated, some personnel remain. Whether those that are in Russia or those in their new locations remain with us over the long-term is unknown. If we are unable to retain key skilled personnel, or we are unable to quickly replace such personnel with individuals of equivalent technical expertise and qualifications, our business and financial condition could be materially effected. Moreover, production could be impaired as a result of the military conflict in other countries such as Poland, where one of our aligner fabrication facilities is located. We have no way to predict the progress or outcome of the conflict in Ukraine or the reactions by governments, businesses or consumers but it could have a material effect on our business and operating results.

Our business could be impacted by major public health issues, including pandemics, and our business has been materially affected by the global and regional spread of COVID-19.

Major public health issues, including pandemics such as COVID-19, have adversely affected, and could in the future materially affect, our business due to their impact on the global and regional economies, demand for consumer products, and the imposition or removal of public safety measures. Public health concerns may also limit the movement of goods between regions, disrupt or delay supply chains and sales and distribution channels, resulting in interruptions of the supply of products. Insurance coverage, if available, may be insufficient to cover all losses that may arise.

COVID-19 created significant, widespread and unprecedented volatility, uncertainty, and economic instability, disrupting broad aspects of global and regional economies, our operations and the businesses of our customers and suppliers. Therefore, comparing our financial results for the reporting periods of 2023 to the same reporting periods of 2022 or earlier may not be a useful means by which to evaluate the health of our business and our results of operations. We cannot predict future direct and ancillary impacts on our business or results of operations from the COVID-19 pandemic, although they may be material to our business as well as the businesses of our customers, suppliers and economic activity generally.

Our operations may be impacted by natural disasters, which may become more frequent or severe as a result of climate change, and may adversely impact our business and operating results as well as those of our customers and suppliers.

Natural disasters can impact our operations as well as those of our customers and critical suppliers. Natural disasters include earthquakes, tsunamis, floods, droughts, hurricanes, wildfires, and other extreme weather conditions that can cause deaths, injuries, and critical health crises, power outages, restrictions and shortages of food, water, shelter, and medical supplies, telecommunications failures, materials scarcity, price volatility and other ramifications. Climate change is likely to increase both the frequency and severity of natural disasters and, consequently, risks to our business and operations. Our digital dental modeling and certain of our customer facing operations are primarily processed in our facilities located in Costa Rica. Our aligner molds and finished aligners are fabricated in China, Mexico and Poland. Our locations in Costa Rica and Mexico as well as others are in earthquake and hurricane zones and may be subject to other natural disasters. Moreover, a significant portion of our research and development activities are located in California, which suffers from earthquakes, periodic droughts, heat waves, flooding, power shortages and wildfires. If a natural disaster occurs in a region where one of these facilities is located, our employees could be impacted, our research lost, and our ability to create treatment plans, respond to customer inquiries or manufacture and ship our aligners or intraoral scanners could be compromised which could result in our customers experiencing significant product and services delays.

The effects of climate change on regional and global economies could change the supply, demand or availability of sources of energy or other resources material to our products and operations and affect the availability or cost of natural resources and goods and services on which we and our suppliers rely.

Business and Industry Risks

Demand for our products may not increase or may decrease due to resistance to non-traditional treatment methods, which could have a material impact on our business and operating results.

Invisalign treatment is a significant change from traditional metal wires and brackets orthodontic treatment, and customers and consumers may not find it cost-effective or preferable to traditional treatment. For instance, a number of dental professionals continue to believe Invisalign treatment is only appropriate for a limited percentage of patients or are reluctant to move from analog to digital. Increased market acceptance of our products depends in part on the recommendations of dental professionals, as well as other factors including efficacy, safety, ease of use, reliability, aesthetics, and price compared to competing products and treatment methods. If demand for our products fails to increase, our business and operating results may be harmed.

Our net revenues depend primarily on our Invisalign system and iTero scanners and any decline in sales or average selling price of these products may adversely affect net revenues, gross margin and net income.

Our net revenues remain largely dependent on sales of our Invisalign system of clear aligners and iTero intraoral scanners. Of the two, we expect net revenues from the sale of the Invisalign system, primarily our comprehensive products, will continue to account for the majority of our net revenues, making the continued and widespread acceptance of the Invisalign system by orthodontists, GPs and consumers critical to our success. Our iTero business also contributes a material percentage of our overall net revenues. Our CAD/CAM software solutions are important to the continuing evolution of our Align Digital Platform and our business overall. Our operating results could be harmed if:

- orthodontists and GPs experience a reduction in consumer demand for orthodontic services;
- consumers are unwilling to adopt Invisalign system treatment as rapidly or in the volumes we anticipate and at the prices offered;
- orthodontists or GPs choose to continue using wires and brackets or competitive products rather than the Invisalign system or the rates at which they utilize the Invisalign system fail to increase or increase as rapidly as anticipated;
- sales of our iTero scanners decline or fail to grow sufficiently or as anticipated;
- the growth of CAD/CAM solutions does not produce the results anticipated; or
- the average selling price of our products declines.

The average selling prices of our products, particularly our Invisalign system, are influenced by numerous factors, including the type and timing of products sold (particularly the timing of orders for additional clear aligners for certain Invisalign products) and foreign exchange rates. In addition, we sell a number of products at different list prices which may differ based on country. Our average selling prices for our Invisalign system and iTero scanners have been impacted in the past and may be adversely affected again in the future if:

- we introduce new or change existing promotions, general or volume-based discount programs, product or services bundles, or consumer rebate programs;
- participation in any promotions or programs unexpectedly increases, decreases or drives demand in unexpected and 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 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 or sell any of our new or existing products or services;
- governments impose pricing regulations such as volume-based procurement regulations in China; or
- estimates used in the calculation of deferred revenue differ from actual average selling prices.

If our average selling prices decline, our net revenues, gross margin and net income may be adversely affected.

Competition in the markets for our products is increasing and we expect aggressive competition from existing competitors, other companies that may introduce new technologies or products in the future and customers who alone or with others create orthodontic appliances and solutions or other products or services that compete with us.

The dental industry is in a period of immense and rapid digital transformation involving products, technologies, distribution channels and business models. While solutions such as our Invisalign system, iTero scanners and CAD/CAM software facilitate this transition, whether our technologies will achieve market acceptance and, if adopted, whether and when they may become obsolete, remains unclear.

Currently, the Invisalign system competes primarily against traditional metal wires and brackets and increasingly against clear aligners manufactured and distributed by new market entrants and manufacturers of traditional wires and brackets, and from traditional medical device companies, laboratories, startups and, in some cases, doctors and Dental Support Organizations ("DSOs") themselves. The number and types of competitors are diverse and growing rapidly. They vary by segment, geography, and size, and include new and well-established regional competitors in dental markets, as well as larger companies or divisions of larger companies with substantial sales, marketing, research and financial capabilities. Our competitors also include direct-to-consumer ("DTC") companies that provide clear aligners using a remote business model requiring little or no in-office care from trained and licensed doctors, and doctors and DSOs who manufacture custom aligners in their offices using 3D printing technology. Large consumer product companies may also start supplying orthodontic products.

The manipulation and movement of teeth and bone is a complex and delicate process with potentially painful and debilitating results if improperly performed or monitored. Accordingly, we deliver our Invisalign system solutions primarily through trained and skilled doctors and are reliant on their recommendations and support of our products. The Invisalign system requires a doctor's prescription and an in-person physical examination of the patient's dentition before beginning treatment; however, with the advent of DTC providers, there has been a shift away from traditional dental practices that may impact our primary selling channels. Doctors and DSOs are sampling alternative products and taking advantage of competitive promotions and sale opportunities. In addition, we face competition from companies that introduce new technologies and we may be unable

to compete with these competitors or they may render our technology obsolete or economically unattractive. If we are unable to compete effectively with existing products or respond effectively to any new technologies, our business could be harmed.

Our iTero intraoral scanner can be used to start clear aligner therapy, as well as other dental procedures, including restorative, implant planning and dentures, and also functions as a diagnostic tool. The iTero intraoral scanner competes with polyvinyl siloxane (“PVS”) impressions that doctors use for clear aligner therapy or other dental procedures, as well as other intraoral scanners. It also competes with traditional bite wing 2D dental x-rays for detecting interproximal caries. If we are unable to compete effectively with these existing products, existing competitors, new market entrants, or respond effectively to new technologies, our Systems and Services segment could be harmed.

To stimulate product and services demand, we have a history of offering volume discounts, price reductions and other promotions to targeted customers and consumers. Whether or not successful, these promotional campaigns have had and may in the future have unexpected and unintended consequences, including reduced gross margins, profitability and average selling prices, net revenues, volume growth, and net income.

We cannot be sure that we will be able to compete successfully against our current or future competitors or that competitive pressures will not have a material effect on our business, results of operations and financial condition.

Our success depends on our ability to successfully develop, introduce, achieve market acceptance of, and manage new products and services.

Our success depends on our ability to profitably and quickly develop, manufacture, market, obtain and maintain regulatory approval or clearance of new products and services along with improvements to existing products and services. There is no assurance we can successfully develop, sell and achieve market acceptance of our new or improved products and services. The extent and rate at which new products or services may achieve market acceptance and penetration is a function of many variables, including our ability to:

- successfully predict and timely innovate and develop new technologies, applications and products preferred by customers and consumers and that have features and functionality to meet the needs of patients;
- successfully and timely obtain regulatory approval or clearance of new and improved products or services from government agencies such as the FDA and analogous agencies in other countries;
- cost-effectively and efficiently develop, manufacture, quality test, market, dispose of, and sell new or improved products and services offerings, including localized versions for international markets;
- 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 products and services offerings and technologies;
- differentiate our products and product offerings from our competitors as well as other products in our own portfolio and successfully articulate the benefits to our customers;
- manage the impact of nationalism or initiatives encouraging consumer purchases from domestic vendors, or dissuade interoperability of products and technologies between companies;
- qualify for third-party reimbursement for procedures involving our products or services; and
- encourage customers to adopt new technologies and provide the needed technical, sales and marketing support to make new product and services launches successful.

If we fail to accurately predict the needs and preferences of customers and their patients, or fail to produce viable technologies, we may invest heavily in research and development that does not lead to significant revenues. Even if we successfully innovate and develop new products and product improvements, we may incur substantial costs doing so and our profitability may suffer. It may be difficult to gain market share and acceptance for new or improved products. 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 until patients complete their treatments. For instance, it can take up to 24 months or longer to complete treatment using our Invisalign system.

In addition, we periodically introduce new business and sales initiatives to meet customers’ needs and demands. In general, our internal resources support these initiatives without clear indications they will prove successful or be without short-term execution challenges. Should these initiatives be unsuccessful, our business, results of operations and financial condition could be materially impacted.

We may invest in or acquire other businesses, products or technologies which may require significant management attention, disrupt our business, dilute stockholder value and adversely affect our results of operations.

Periodically, we have and may in the future acquire, or make investments in, companies, products or technologies. Alternatively, we may be unable to find suitable investment or acquisition targets or be unable to complete investments or acquisitions on favorable terms, if at all. If we make investments or complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals or desired synergies, and investments or acquisitions we complete could be viewed negatively by our customers, securities analysts and investors. Moreover, to the extent we make strategic investments, the companies in which we invest may fail or we may ultimately own less than a majority of the outstanding shares of the company and be outvoted on critical issues that could harm us or the value of our investment.

Additionally, as an organization we do not have a history of significant acquisitions or integrating their operations and cultures with our own. As such, we are subject to various risks when making a strategic investment or acquisition which could materially impact our business or results of operations, including that we may:

- 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 improprieties, bribery, corruption or other compliance liabilities;
- fail to comply with regulations, governmental orders or decrees;
- experience IT security and privacy compliance issues;
- invest in companies that generate net losses or the markets for their products, services or technologies may be slow or fail to develop;
- not realize a positive return on investment or determine that our investments have declined in value, such that it may be necessary to record impairments such as future impairments of intangible assets and goodwill;
- have to pay cash, incur debt or issue equity securities to pay for an acquisition, adversely affecting our liquidity, financial condition or the value of our common stock. The sale of equity or issuance of debt to finance any acquisition could result in dilution to our stockholders. The occurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that impede our ability to manage our operations;
- 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 any or all or material portions of the expected synergies and benefits of the acquisition; or
- unsuccessfully evaluate or utilize the acquired technology or acquired company's know-how or fail to successfully integrate the technologies acquired.

Moreover, opposition to one or more acquisitions may lead to negative ratings by analysts or investors, give rise to stockholder objections or result in stockholder activism, any of which could disrupt our operations or harm our stock price.

Operational Risks

Business disruptions could seriously harm our financial condition.

Our global operations have been disrupted in the past and will likely be disrupted and harmed again in the future. The occurrence of any material or prolonged business disruptions, whether internal or at key suppliers, could harm our business and results of operations, result in material losses, seriously harm our revenues, profitability and financial condition, adversely affect our competitive position, increase our costs and expenses, and require substantial expenditures and recovery time in order to fully resume operations.

When business disruptions occur, they may, individually or in the aggregate, affect our ability to provide products, services and solutions to our customers, and could cause production delays or limitations, create adverse effects on distributors, disrupt supply chains, result in shipping and distribution disruptions and reduce the availability of or access to one or more facilities. We have policies and procedures which are intended to mitigate the impact of the business disruptions and crises that we believe could be most significant, and we train employees and work with suppliers to prepare for potential disruptions. However, the design or implementation of these policies and practices may fail to adequately address particular disruptions, which could materially and adversely affect our business, financial condition and results of operations.

Our operating results have and will continue to fluctuate in the future, which makes predicting the timing and amount of customer demand, our revenues, costs and expenditures difficult.

Our quarterly and annual operating results have and will continue to fluctuate for a variety of reasons, including as a result of changing doctor and consumer product demand. In addition to the factors otherwise described herein, some of the other factors that have historically, and could in the future, cause our operating results to fluctuate include:

- higher manufacturing, delivery and inventory costs;
- the creditworthiness, liquidity and solvency of our customers and their ability to timely make payments when due;
- changes in the timing of revenue recognition and our average selling prices, including as a result of the timing of receipt of product orders and shipments, product and services mix, geographic mix, product and services deferrals, the introduction of new products and software releases, product pricing, bundling and promotions, pricing for fees or expenses, modifications to our terms and conditions such as payment terms, or as a result of new accounting pronouncements or changes to critical accounting estimates including, without limitation, estimates based on matters such as our predicted usage of additional aligners;
- seasonal fluctuations, including those related to patient demographics or seasonality as well as the availability of doctors to take appointments;
- longer customer payment cycles and greater difficulty in accounts receivable collection for our international sales;
- costs and expenditures, including in connection with new treatment planning and fabrication facilities, the hiring and deployment of personnel, and litigation; and
- timing and fluctuation of spending around marketing and brand awareness campaigns and industry trade shows.

If we underestimate product demand, demand may exceed our manufacturing capacity or that of one or more of our suppliers, we may be understaffed and we may not have sufficient materials needed for production. Specifically, our manufacturing process relies on sophisticated computer software and requires new technicians to undergo a relatively long training process, often 120 days or longer. As a result, if we are unable to accurately predict demand, we may have an insufficient number of trained technicians to ensure products are timely manufactured and delivered to meet customers' expectations, which could damage our relationships with our existing customers or harm our ability to attract new customers. Specifically, production levels for our intraoral scanner are generally forecasted based on forecasts and historic product demand and we often place orders with suppliers for materials, components and sub-assemblies ("materials and components") as well as finished products weeks or more in advance of projected customer orders.

Conversely, if we overestimate customer demand, we may lose opportunities to increase revenues and profits, we may have excessive staffing, materials, components and finished products, or capacity. If we hire and train too many technicians in anticipation of demand that does not materialize or materializes slower than anticipated, our costs and expenditures may outpace our revenues or revenue growth, harming our gross margin and financial results. Additionally, to secure supplies for production of products, we periodically enter into non-cancelable minimum purchase commitments with vendors, which could impact our ability to adjust inventory for declining demand. If product demand decreases or increases more than forecast, we may be required to purchase or lease additional or larger facilities and additional equipment, or we may be unable to fulfill customer demand in the time frames and with the quantities required. Responding to unanticipated changes in demand may take time to accomplish, lower our gross margin, inhibit sales or harm our reputation. Production of our Invisalign clear aligners and iTero intraoral scanners are also limited by capacity constraints due to a variety of factors, including labor shortages, shipping delays, our dependency on third-party vendors for key materials, parts, components and equipment, and limited production yields. Any or all of these problems could result in the loss of customers, provide an opportunity for competing products to gain market acceptance and otherwise harm our business and financial results and those of our business partners.

Improvements to or changes in our products may affect the demand, making it less predictable. We routinely review inventory for usage potential, including fulfillment of customer warranty obligations and spare part requirements, and write down to the lower of cost or net realized value the excess and obsolete inventory, which may materially affect our results of operations. For instance, periodically we announce new 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. These risks increase the difficulty of accurately forecasting demand for discontinued and new products as well as the likelihood of inventory obsolescence, loss of revenue and associated gross profit.

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. Most 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 our 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 net revenues shortfall.

We are subject to operating risks, including excess or constrained capacity and operational inefficiencies, which could adversely affect our results of operations.

We are subject to operating risks, including excess or constrained capacity and pressure on our internal systems, personnel and suppliers. 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

suppliers remain diverse and capable of meeting demand for the systems, raw materials, parts and components essential to the manufacture and delivery of our products. We may be unable 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 needed for long term efficiencies. Any such failure could have a material impact on our business, operations and prospects.

Additionally, we have established treatment planning and manufacturing facilities closer to our international customers to provide them with better experiences, improve their confidence using our products to treat patients, create efficiencies, and provide redundancy should other facilities be temporarily or permanently unavailable. Our ability to obtain and maintain regulatory clearance and certifications and equip facilities is subject to significant risk and uncertainty. If a facility is temporarily or permanently, partially or fully shut down, or if demand for our products outpaces our ability to hire qualified personnel and effectively implement systems and infrastructure, we may be unable to fulfill orders timely, or at all, which may negatively impact our financial results, reputation and overall business.

Our products and information technology systems are critical to our business. Issues with product development or enhancements, IT system and software integration, implementation, updates and upgrades have previously and could again in the future disrupt our operations and have a material impact on our business, our reputation and operating results.

We rely on the efficient, uninterrupted and secure operation of our own complex IT systems and are dependent on key third party software embedded in our products and IT systems as well as third-party hosted IT systems to support our operations. All software and IT systems are vulnerable to damage, cyber attacks or interruption from a variety of sources. 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, increasingly sophisticated cyber threats, and changing customer preferences. Expanded remote working and increased usage of online and hosted technology platforms by us, our customers and suppliers, including teledentistry and new or expanded use of online service platforms, products and solutions such as video conferencing applications, doctor, consumer and patient apps have increased the demands on and risks to our IT systems and personnel. Moreover, we continue to transform certain business processes, extend established processes to new subsidiaries and/or implement additional functionality in our enterprise resource planning, product development, manufacturing, and other software and IT systems which entails certain risks, including disruption of our operations, such as our ability to develop and update products that are safe and secure, 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 and IT systems may materially impact our financial position, results of operations and cash flows.

We have a complex, global iTero intraoral scanner installed base of older and newer models. These models are continually updated to add, expand or improve features with new hardware from us or third parties, or to provide repair or replacement parts. We have experienced hardware issues in the past and may in the future, including issues relating to manufacturing, design, quality, or safety, of which we become aware only after products or changes have been introduced into the market. We also have not been and may be unable to ensure that third party components or changes to them will be compatible with, or not have a negative impact on the functionality of, our iTero intraoral scanners. As a result, there have been and may be widespread failures of our iTero intraoral scanners or we may experience epidemic failures of our iTero intraoral scanner to perform as anticipated. Previously, we have not been and in the future may not be prepared for, or have the infrastructure to, timely and adequately remediate or implement corrective measures for such failures, including due to our dependency on third party providers or suppliers. As a consequence, remediation has been and may be in the future time-consuming and difficult to achieve, which may materially impact our customers and our business partners, damage our reputation and result in lost business and revenue opportunities, and could be materially costly.

Additionally, we continuously upgrade and issue new releases of customer facing software applications, upon which customer facing, manufacturing and treatment planning operations depend. Software applications and products containing software frequently contain errors or defects, especially when first introduced or when new versions are released. Additionally, the third-party software integrated into or interoperable with our products and services will routinely reach end of life, and as a consequence, certain models of our iTero intraoral scanners may be exposed to additional vulnerabilities, including increased security risks, errors and malfunctions that may be irreparable or difficult to repair. 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 may cause adverse consequences, including: delay or loss of revenues, significant remediation costs, delay in market acceptance, loss of data, disclosure of financial, health or other personal information of our customers or their patients, product recalls, damage to our reputation, loss of market share or increased service costs, any of which could have a material effect on our business, financial condition or results of our operations and the operations of our customers or our business partners.

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. Failures of all or any portion of ours or third-party software or other components or systems to interoperate with iTero or third-party scanners, termination of interoperability with third-party scanners, malware or ransomware attacks, 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 a system outage for any reason have harmed our operations previously and in the future could affect materially and adversely our ability to accept scans, manufacture clear aligners or restorative procedures or treatments and services or otherwise service our customers which may, amongst other things, harm our sales, damage our reputation, adversely impact our strategic partners or result in litigation.

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 and operating results could be harmed if supply is restricted or ends, or if the price of raw materials used in our manufacturing process increases.

We are highly dependent on our supply chain, particularly manufacturers of specialized scanning equipment, rapid prototyping machines, resin and other advanced materials, as well as the optics, electronic and other mechanical components of our intraoral scanners. We maintain single supply relationships for many of these machines and materials such as our CT scanning and stereolithography equipment and resin and polymer used in clear aligner manufacturing. By using single suppliers in limited locations for materials and manufacturing, we are exposed to multiple supply chain vulnerabilities. For example, damage to or destruction of a facility can materially disrupt the delivery of key parts, components and materials or products or a supplier could encounter financial, operating or other difficulties, be unable to hire or maintain personnel, fail to timely obtain supplies, or fail to maintain manufacturing standards or controls. The occurrence of any of these may adversely impact our supply chain.

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 creating production interruptions, delays and inefficiencies. Finding substitute manufacturers may be expensive, time-consuming or impossible and could result in a significant interruption in the supply of one or more products causing us to lose revenues and suffer damage to our 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 shortages of, or increases in price for these items, sales may decrease and our business and prospects may be harmed.

We use distributors for a portion of the importation, marketing and sales efforts related to our products and services, which exposes us to risks to our sales and operations and reputation, including the risk that these distributors 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 to import, market, sell, service and support our products. Our agreements with these distributors are generally non-exclusive and terminable by either party with little notice. If alternative distributors must 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 in markets key to our business could be adversely affected. These distributors may also choose to sell alternative or competing products or services. In addition, we may be held responsible for the actions of these distributors and their employees and agents for compliance with laws and regulations, including fair competition, bribery and corruption, trade compliance, safety, data privacy and marketing and sales activities. The conduct of these distributors also reflects on us and our brand. If our distributors fail to satisfy customers, our reputation and brand loyalty could be harmed. A distributor 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 revenues or gross margin.

We are dependent on commercial freight carriers, primarily UPS, to deliver our products. If the operations of carriers are disrupted or if we fail to mitigate the impacts from freight carrier disruptions, we may be unable to timely deliver our 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 so as well. In addition, we earn an increasingly larger portion of our total revenues from international sales, which carry higher shipping costs that could 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 in our cost of net revenues, our gross margin and financial results could be materially affected.

Our success depends on our personnel. If we cannot attract, motivate, train or retain our personnel, it may be difficult to grow effectively and pursue our strategic priorities, materially affecting our results of operations.

We are highly dependent on the talent and efforts of our personnel, including highly skilled personnel like orthodontists and production technicians in our treatment planning facilities, and employees on our clinical engineering, technology development and sales teams. We strive to retain our personnel by providing competitive compensation and benefits, development opportunities and training, flexible work options, and an inclusive corporate culture. However, there is substantial competition in our industry for highly-skilled personnel, in particular significantly higher demand for technical and digital talent. Furthermore, our compensation and benefit arrangements, such as our equity award programs, may not successfully attract new employees and retain and motivate existing employees. In addition, other internal and external factors can impact our ability to hire and retain talent, including insufficient advancement or career opportunities and restrictive immigration policies. The loss of any of our key personnel, particularly executive management, key research and development personnel or key sales team personnel, could harm our business and prospects and could impede the achievement of our research and development, operational or strategic objectives.

We provide significant training to our personnel and our business will be harmed if our training fails to properly prepare them to perform the work required, we are unable to successfully instill technical expertise in new and existing personnel or if our techniques prove unsuccessful or are not cost-effective. Moreover, for certain roles, this training and experience can make key personnel, such as our sales personnel, highly desirable to competitors and lead to increased attrition. The loss of the services and knowledge of our highly-skilled employees may significantly delay or prevent the achievement of our development and business objectives that may harm our business. For example, it can take up to twelve months or more to train sales representatives to successfully market and sell our products and for them to establish strong customer relationships.

Additionally, facilitating seamless leadership transitions for key positions is critical to sustaining the culture and maintaining our organizational success. If our succession planning efforts are ineffective, it could adversely impact our business. We continue to assess the key personnel we believe essential to our long-term success. Moreover, future organizational changes could cause our employee attrition rate to increase. If we fail to effectively manage any organizational or strategic changes, our financial condition, results of operations, and reputation, as well as our ability to successfully attract, motivate and retain key employees, could be harmed.

We have adopted a hybrid work schedule in many of our offices, allowing employees the opportunity to collaborate and connect with others for several days each week while providing the option to work remotely other days. This hybrid work approach may materially increase our costs or create unforeseen challenges or complications, including:

- difficulties maintaining our corporate culture, disruption of morale or decreased loyalty;
- difficulties with hiring and retention, particularly if we must compete against other companies that offer generous or broad remote working policies or employees who prefer to work in offices or geographies different from where they were hired or are expected to work;
- negative impacts to collaboration, performance and productivity;
- increased stress, fatigue or “burn out” by employees unable to disengage their work life from home life;
- increased operational, governance, compliance, and tax risks;
- problems managing office space requirements;
- concerns regarding favoritism or discrimination;
- strains to our business continuity plans and difficulties achieving our strategic objectives; and
- increased labor and employment claims and litigation.

Also, we believe a key to our success has been the culture we have created that emphasizes a shared vision and values focusing on agility, customer success and accountability. We believe this culture fosters an environment of integrity, innovation, creativity, and teamwork. We have experienced and may continue to experience in the future, difficulties attracting and retaining employees that meet the qualifications, experience, compliance mindset and values we expect. If we cannot attract and retain personnel that meet our selection criteria or relax our standards our corporate culture, ability to achieve our strategic objectives, and our compliance with obligations under our internal controls and other requirements may be harmed. This could have a material adverse effect on our results of operations and our ability to maintain market share.

We depend on our marketing activities to deepen our market penetration and raise awareness of our brands and products, which may not prove successful 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, print and social media and alliances with professional sports teams, social media influencers and other strategic partners. We design our advertising campaigns to increase brand awareness, adoption and goodwill; however, there is no assurance they will achieve the returns on advertising spend desired, increase brand or product awareness sufficiently or generate goodwill and positive reputational goals. Moreover, should any entity or individual endorsing us or our products take actions, make or publish statements in support of, or lend support to events or causes which may be perceived by a portion of

society negatively, our sponsorships or support of these entities or individuals may be questioned, our products boycotted, and our reputation harmed, any of which could have a material effect on our financial results and business overall.

In addition, various countries prohibit certain types of marketing activities. For example, some countries restrict direct to consumer advertising of medical devices. We have in the past and may again in the future be alleged to violate certain marketing restrictions and be ordered to stop certain marketing activities or prevented from selling our products. Moreover, competitors do not always follow these restrictions, creating an unfair advantage and making it more difficult and costly for us 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 that 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 the effectiveness of our campaigns. For example, Apple has released mobile operating systems that include significant data privacy changes 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 or operational changes which could materially impact our business.

We are and may in the future be subject to antitrust or competition related investigations, enforcement actions by governmental agencies, competitors, consumers, customers, and others which could cause us to incur substantial costs, enter into settlements, consents or be subject to judgments. Resolving these matters may require us to change our business practices in a manner materially adverse to our business. Governments and regulators are actively developing new competition laws and regulations aimed at the technology sector, artificial intelligence and digital platforms and coordinating their activities globally, including in large markets such as the EU, U.S., and China. Government regulatory actions and court decisions may result in fines or hinder our ability to provide certain benefits to our consumers, reducing the attractiveness of our products and the revenue derived from them. Other companies and government agencies have in the past and may in the future allege that our actions violate antitrust or competition laws or otherwise constitute unfair competition. Such claims and investigations, even if unfounded, may be expensive to defend, involve negative publicity, and divert management time and attention, any of which may materially impact our results of operations.

Obtaining approvals and complying with governmental regulations, particularly those related to personal healthcare and financial information, quality systems, anti-corruption and anti-bribery are expensive and time-consuming. Any failure to obtain or maintain approvals or comply with regulations regarding our products or services or those of our suppliers could materially harm our sales, result in substantial penalties and fines and cause harm to our reputation.

We and many of our healthcare provider customers, suppliers and distributors are subject to extensive and frequently changing regulations under numerous federal, state, local and foreign laws, including those regulating:

- the storage, transmission and disclosure of personal and medical information as well as healthcare records;
- 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
- the design, manufacture marketing and advertising of our products.

The healthcare and technology markets are also highly regulated and subject to changing political, economic and regulatory influences. Global regulators are expanding and changing regulations and guidance for products, which can limit the potential benefits of products and cause protracted review timelines for new products. As we continue to incorporate artificial intelligence, including machine learning and independent algorithms, into our software to make it more effective for us, our customers, suppliers and consumers, it subjects us to risks of compliance with the expanding and changing regulations regarding the use and scope of artificial intelligence. Our critical vendors and service providers are similarly subject to various regulations. Our failure or the failure of our suppliers, customers, advertisers 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 and changing environmental and health and safety regulations. Additionally, a large portion of our revenues are derived from international sales and we are dependent on our international operations, which exposes us to additional foreign regulations not otherwise described in these risk factors. There can be no assurance we can adequately address the business 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, before we can sell a new medical device or market a new use of or claim for an existing product, we must frequently obtain clearance or approval to do so. For instance, in the U.S., FDA regulations are wide ranging and govern, among other things, product design, 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 from those of the FDA. Moreover, these laws may change, resulting in additional time and expense or loss of market access. If approvals to market our products or services are delayed, we may be unable to offer them in markets we deem important to our business. Additionally, failure to comply with applicable regulatory requirements could result in enforcement actions with sanctions including, among other things, fines, civil penalties and criminal prosecution. Delays or failures to obtain or maintain regulatory approvals or to comply with regulatory requirements may materially harm our domestic or international operations, and adversely impact our business.

We and certain of our vendors must also comply with and adhere to facility registration and product listing requirements for Quality System regulations. The FDA enforces its Quality System regulations through periodic unannounced inspections. Failure to satisfactorily correct an adverse inspection finding or to comply with applicable manufacturing regulations can result in enforcement actions, or we may be required 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.

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 corrupt payments to foreign officials for the purpose of obtaining or maintaining business, securing an advantage and directing business to another. To comply with ABAC laws, regulators require we 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 or representatives.

In addition, while we have policies requiring compliance with applicable laws and regulations and we provide significant training to foster compliance, our employees, third parties acting on our behalf and customers may not properly adhere to our policies or applicable laws or regulations, including the use of certain electronic communications and maintaining accurate books and records. If our personnel or those 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, revenues, or face regulatory investigations, actions and fines.

Security breaches, data breaches, cyber attacks, other cybersecurity incidents or the failure to comply with privacy, security and data protection laws could materially impact our operations, patient care could suffer, we could be liable for damages, and our business, operations and reputation could be harmed.

We retain confidential customer personal and financial, patient health and our own proprietary information and data essential to our business operations. We rely on the effectiveness of our IT systems, our policies and contracts and policies of our vendors and the IT systems of our service providers and other third parties to safeguard the information and data. Additionally, our success is dependent on the success of healthcare providers, many of whom are individual or small operations with limited IT experience and inadequate or untested security protocols, to manage data privacy and security requirements. It is critical that the facilities, infrastructure and IT systems on which we depend and the products we develop remain secure and be perceived by the marketplace and our customers as secure. Despite the implementation of security features in our products and security measures in our IT systems, we and our service providers, vendors, and other third parties are 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 or phishing attacks, malware, ransomware, employee error or malfeasance, cyber attacks, and other breaches of IT systems or similar disruptive actions, including by organized groups and nation-state actors. For example, we have experienced, and may again experience in the future, cybersecurity incidents and unauthorized internal employee ex filtration of company information.

Further, the frequency and sophistication of third-party cyber-attacks is increasing. In 2022, to respond to potential increases in cyber-attacks due to the military conflict in Ukraine, we increased efforts to identify and respond to attacks, including placing our cybersecurity operations team on high alert. Significant service disruptions, breaches in our infrastructure and IT systems or other cybersecurity incidents could expose us to litigation or regulatory investigations, impair our reputation and competitive position, be distracting to management, and require significant time and resources to address. Affected parties or regulatory agencies could initiate legal or regulatory action against us, which could prevent us from resolving issues quickly or force us to resolve them in unanticipated ways, cause us to incur significant expense and damages, or result in orders forcing us to cease operations or modify our business practices in ways that could materially limit or restrict the capabilities of our products and services. Concerns over our privacy practices could adversely affect others’ perception of us and deter customers and patients from using our products. In addition, patient care could suffer, and we could be liable if our products or IT systems fail to timely deliver accurate and complete information. We have internal monitoring and detection systems as well as

cybersecurity and other forms of insurance coverage related to a breach event. However, damages and claims arising from such incidents may not be covered or may exceed the amount of any coverage and do not cover the time and effort we incur investigating and responding to any incidents, which may be material. The costs to eliminate, mitigate or recover from security problems and cyber attacks and incidents could be material and depending on the nature and extent of the problem and the networks or products impacted, may result in network or systems interruptions, decreased product sales, or data loss that may have a material impact on our operations, net revenues and operating results.

Additionally, our globally-dispersed installed base of iTero intraoral scanners at customer, strategic business partner or other locations may be independently or collectively the target of cybersecurity incidents or attacks or subject to viruses, bugs, or other similar negative intruders. Due to the large and growing number of these decentralized devices, we may be unable to, or not have the capacity, knowledge, or infrastructure to, respond to or remedy a cybersecurity issue in a timely manner, which may cause loss or damage to us or our customers or strategic business partners or may cause further malfunctions in, or damage to, our servers, databases, systems or products and services, loss or damage of our data, interruption or temporary cessation of our operations, or an overall negative impact to our business or reputation.

We are also subject to federal, state and foreign laws and regulations respecting the security and privacy of patient healthcare information applicable to healthcare providers and their business associates, such as HIPAA, as well as those relating to privacy, data security, content regulation, and consumer protection. We are subject to various national and regional data localization or data residency laws such as the EU General Data Protection Regulation and analogous laws in China which generally require certain types of data collected within a country be stored and processed only within that country or approved countries. Other countries are considering similar data localization or data residency laws. We have and likely will again in the future be required to implement new or expand existing data storage protocols, build new storage facilities, and/or devote additional resources to comply with such laws, any of which could be costly. We are also subject to data export restrictions and international transfer laws which prohibit or impose conditions upon the transfer of such data. These laws and regulations are constantly evolving and may be created, interpreted, applied, or amended in ways that adversely affect our business.

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 they are marketed and advertised in a complex framework of highly regulated domestic and international laws and regulations, 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. Moreover, consumer products and services are routinely subject to claims of false, deceptive or misleading advertising, consumer fraud and unfair business practices. Additionally, we may be held liable if products we market and sell or services we offer or perform cause injury or are otherwise found unhealthy. If our products 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.

Increased focus on current and anticipated environmental, social and governance (“ESG”) laws and scrutiny of our ESG policies and practices may materially increase our costs, expose us to liability, 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 a variety of existing local, regional and global ESG laws and regulations, and we will likely be required to comply with new, broader, more complex and more costly laws and regulations that focus on ESG matters. Our compliance obligations will likely 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 and workers’ rights.

Environmental regulations related to greenhouse gases are expected to have an increasingly larger impact on our or our suppliers’ energy sources. Many U.S. and foreign regulators have or are considering enacting new or additional disclosure requirements or limits on the emissions of greenhouse gases, including carbon dioxide and methane, from power generation units using fossil fuels. The effects of greenhouse gas emission limits on power generation are subject to significant uncertainties, including the timing of any new requirements, levels of emissions reductions and the scope and types of emissions regulated. These limits may increase our costs and those of our suppliers and could result in manufacturing, transportation and supply chain disruptions if clean energy alternatives are not readily available in adequate amounts when

required. Moreover, alternative energy sources, coupled with reduced investments in traditional energy production and infrastructure, may not provide predictable, reliable, and consistent energy that we, our suppliers and other businesses require.

Regulations related to the sourcing of certain metals may have an impact on our business. For instance, the sourcing and availability of metals used in the manufacture of, or contained in, our products may be affected by laws and regulations regarding the use of minerals obtained from certain regions of the world like the Democratic Republic of Congo and adjoining countries. Although we do not believe we source minerals from this region, our expanding geographic operations may increase the risk of purchasing conflict minerals. Further, these laws and regulations may decrease the number of suppliers capable of supplying our needs for certain metals, 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 ESG laws, rules, or regulations is costly to us and our suppliers, and we expect those costs to increase, possibly materially. Additionally, we expect regulators to perform investigations, inspections and periodically audits of our compliance with these laws and regulations, and we cannot provide assurance that our efforts or operations will 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 to come into compliance. Further these laws are subject to unpredictable changes. 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 are unable to deliver, certification that our products are conflict free. In all of these situations, customers may stop purchasing products from us, and may take legal action against us, which could harm our reputation, revenues and results of operations.

Investor advocacy groups, institutional investors, investment funds, proxy advisory services, stockholders, and customers are also increasingly focused on corporate ESG practices. Additionally, public interest and legislative pressure related to companies' ESG practices continues to grow. If our ESG practices fail to meet investor or other industry stakeholders' evolving and frequently evolving expectations and standards, including environmental stewardship, support for local communities, board of director and employee diversity, human capital management, employee health and safety practices, product quality, supply chain management, corporate governance and transparency and employing ESG strategies in our operations, our brand, reputation and employee retention may be harmed, customers and suppliers may be unwilling to do business with us and investors may be unwilling to invest in us. We also expect to incur additional costs and require additional resources to monitor, report, and comply with our various ESG practices. If we fail to adopt ESG standards or practices as quickly as stakeholders desire, report on our ESG efforts or practices accurately, or satisfy the disclosure and other expectations of stakeholders, our reputation, business, financial performance, growth, and stock price may be adversely impacted.

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 and maintain further IP protection 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 U.S. and other countries to protect a large part of our IP and our competitive position; however, these patents may be insufficient because our patents may be challenged, invalidated, held unenforceable, circumvented, or may not be broad enough to prevent third parties from producing competing products similar in design to ours and foreign patents protections may be more limited 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 we fail to timely apply for patent protection. We may fail to apply for a patent if our personnel fail to disclose or recognize new patentable ideas or innovations. Remote working can decrease the opportunities for our personnel to collaborate, thereby reducing the opportunities for effective invention disclosures and patent application filings. 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.

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, we have experienced incidents in which our proprietary information has been misappropriated and believe it will 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.

Our inability to maintain the proprietary nature of our technology through patents, copyrights or trade secrets would impair our competitive advantages and could have a material effect on our operating results, financial condition and future

growth prospects. In particular, a failure to protect 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, adversely impact our results of operations and adversely impact our reputation.

Extensive litigation over IP rights is common in medical device, optical scanner, 3D printing and other technologies and industries on which our products and services are based. Litigation, interferences, oppositions, re-exams, *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 patent rights pertinent to the manufacture, use or sale of our products and the products of competitors. We have been sued for infringement of third parties' patents in the past and are currently defending patent infringement lawsuits and other legal claims. 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. Asserting or defending these proceedings can be unpredictable, protracted, time-consuming, expensive and distracting to management and technical personnel. Their outcomes may adversely affect the validity and scope of our IP rights, hinder our ability to manufacture and market our products, require us to seek licenses for infringing products or technologies or result in the assessment of significant monetary damages. Unfavorable rulings could 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 and 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 results of operations and reputation.

Financial, Tax and Accounting Risks

If our goodwill or long-lived assets become impaired, we may be required to record a material charge to earnings.

Under GAAP, we review our goodwill and long-lived asset group for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Additionally, goodwill must be tested for impairment at least annually. The qualitative and quantitative analysis used to test goodwill are dependent upon various assumptions and reflect management's best estimates. Changes in certain assumptions, including revenue growth rates, discount rates, earnings multiples and future cash flows may cause a change in circumstances indicating that the carrying value of goodwill or the asset group may be impaired and assessing these assumptions and predicting and forecasting future events can be difficult. Goodwill and purchased assets require periodic fair value assessments to determine if they have become impaired. Consequently, we may be required to record a material charge to earnings in the financial statements during the period in which any impairment of goodwill or long-lived asset group 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 GAAP. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting policies. A change in these policies or in the way these policies are interpreted by us or regulators could materially effect our reported results and may even retroactively affect previously reported 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.

We are required to furnish in our Form 10-K a report by our management regarding the effectiveness of our internal control over financial reporting that includes, among other things, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year, including a statement as to whether it is effective. Our internal controls may become inadequate because of changes in personnel, updates and upgrades to or migration away from existing software, failure to maintain accurate books and records, changes in accounting standards or interpretations of existing standards, and, as a result, the degree of compliance of our internal control over financial reporting with the existing policies or procedures may become ineffective. Establishing, testing and maintaining an effective system of internal control over financial reporting requires significant resources and time commitments on the part of our management and our finance staff, 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 in any future period (or 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, and cause us to lose investor confidence in the accuracy and completeness of our financial reports in the future, which could have an adverse effect on our stock price.

If we fail to manage our exposure to global financial and securities market risks successfully, our operating results and financial statements could be materially impacted.

A majority of our marketable investments are investment grade, liquid, fixed-income securities and money market instruments denominated in U.S. dollars. If the carrying value of an investment exceeds the fair value, and the decline in fair value is deemed to be other-than-temporary, we are required to write down the value of the investment, which could materially harm our results of operations and financial condition. Moreover, the performance of certain securities in our investment portfolio correlates with the credit condition of the U.S. financial sector. In an unstable credit or economic environment, it is necessary to assess the value of our investments more frequently and we might incur material realized, unrealized or impairment losses associated with these investments. Additionally, bank failures could cause or continue to cause volatility in the credit or capital markets, market-wide liquidity issues, bank-runs and general concern across the global financial industry. These conditions could limit our access to capital or impair the value of assets we hold.

Our effective tax rate may vary significantly from period to period.

Align operates globally and is subject to taxes in the U.S. and foreign countries. Various internal and external factors may affect our future effective tax rate. These factors include changes in the global economic environment, changes in our legal entity structure or activities performed within our entities, changes in our business operations, changes in tax laws, regulations and/or rates, new or changes to existing accounting pronouncements, changing interpretations of existing tax laws or regulations, changes in relative proportions of revenues and income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates, changes in overall levels of pretax earnings, the future levels of tax benefits of stock-based compensation, settlement of income tax audits and non-deductible goodwill impairments.

Our effective tax rate is also dependent in part on forecasts of full year results which can vary materially. Furthermore, we may continue to experience significant variation in our effective tax rate related to excess tax benefits 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 or changes to how those laws are applied to our business in practice, could affect the amount of tax to which we are subject and the manner in which we operate. Additionally, the Organization for Economic Cooperation and Development's ("OECD") Base Erosion and Profit Shifting ("BEPS") project has resulted in considerable new reporting obligations worldwide. The OECD continues to publish guidance pursuant to the BEPS and other projects which, if adopted by member countries, may affect our tax positions in many of the countries in which we do business.

Moreover, 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. We are also routinely audited regarding our tax reporting and remissions by local and national governments, and may also be subject to audits in jurisdictions for which we have not accrued tax liabilities. The positions we take regarding taxes as well as the amounts we collect or remit may be challenged and we may be liable for failing to collect or remit all or any portion of taxes deemed owed or the taxes could exceed our estimates. One or more U.S. states or countries may seek to impose incremental or new sales, use, or other tax collection obligations on us or may determine that such taxes should have but have not been paid by us. If we dispute rulings or positions taken by tax authorities, we may incur expenses and expend significant time and effort to defend our positions, which may be costly.

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.

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 or changes in our forecasts and guidance;
- our ability to regain or sustain our historical growth rates;
- changes in recommendations by the investment community or speculation in the press or investment community regarding estimates of our net revenues, operating results or other performance indicators;
- announcements by us or our competitors or new market entrants, including strategic actions, management changes, and material transactions or acquisitions;

- technical factors in the public trading markets for our stock that may produce price movements inconsistent with macro, 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;
- 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, 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; and
- general economic market conditions, including rising interest rates, inflationary pressures, recessions, consumer sentiment and demand, global political 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, have experienced extreme price and volume fluctuations often unrelated to or disproportionate to corporate operating performance. These broad market and industry factors may include market expectations of, or actual changes in, monetary policies that have the goal of easing or tightening interest rates such as the U.S. federal funds rate and austerity measures of governments intended to control budget deficits. Historically, securities litigation, including securities class action lawsuits and securities derivative lawsuits, is often brought against an issuer following periods of volatility in the market price of its securities and we have not been exempt from such litigation.

We cannot guarantee that we will continue to repurchase our common stock in the future, and any repurchases that we may make may not achieve our desired objectives.

We have a history of recurring stock repurchase programs intended to return capital to our investors. Future stock repurchase programs are contingent on a variety of factors, including our financial condition, results of operations, business requirements, and our Board of Directors' 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 that 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, effective January 1, 2023, the IRA imposes a 1% excise tax on our stock repurchases, which will increase our tax liabilities and the cost to retire 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 that may depress our stock price.

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 the stock repurchase activity for the three months ended March 31, 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs ⁽¹⁾⁽²⁾
January 1, 2023 through January 31, 2023	—	\$ —	—	\$ 290,000,067
February 1, 2023 through February 28, 2023	719,368	\$ 333.63	719,368	\$ 50,000,148
March 1, 2023 through March 31, 2023	222,988	\$ 224.23	222,988	\$ —
Total	942,356		942,356	

¹ *May 2021 Repurchase Program.* On May 13, 2021, we announced that our Board of Directors had authorized a plan to repurchase up to \$1.0 billion of our common stock. See Note 9 “Common Stock Repurchase Programs” of the Notes to Consolidated Financial Statements for details on the May 2021 Repurchase Program.

² *January 2023 Repurchase Program.* On February 1, 2023, we announced that our Board of Directors had authorized a plan to repurchase up to \$1.0 billion of our common stock (“January 2023 Repurchase Program”), none of which had been utilized as of March 31, 2023. The repurchase program does not have an expiration date. See Note 9 “Common Stock Repurchase Programs” of the Notes to Consolidated Financial Statements for additional details.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None

Item 6. Exhibits.

(a) Exhibits:

<u>Exhibit Number</u>	<u>Description</u>	<u>Filing</u>	<u>Date</u>	<u>Exhibit Number</u>	<u>Filed herewith</u>
3.1	Amended and Restated Certificate of Incorporation of registrant	S-1, as amended (File No. 333-49932)	12/28/2000	3.1	
3.1A	Certificate of Amendment to the Amended and Restated Certificate of Incorporation	8-K	5/20/2016	3.01	
3.2	Amended and Restated Bylaws of registrant	8-K	3/01/2023	3.1	
10.1	Form of Restricted Stock Unit Agreement under Registrant's 2005 Incentive Plan (CEO Form)				*
10.2	Form of Restricted Stock Unit Agreement under Registrant's 2005 Incentive Plan (Executive Officer Form for officers appointed after September 2016)				*
10.3	Form of Restricted Stock Unit Agreement under Registrant's 2005 Incentive Plan (Executive Officer Form for officers appointed prior to September 2016)				*
10.4	Form of Market Stock Unit Agreement under Registrant's 2005 Incentive Plan (CEO Form)				*
10.5	Form of Market Stock Unit Agreement under Registrant's 2005 Incentive Plan (Executive Officer Form for officers appointed after September 2016)				*
10.6	Form of Market Stock Unit Agreement under Registrant's 2005 Incentive Plan (Executive Officer Form for officers appointed prior to September 2016)				*
10.7	Fixed Dollar Accelerated Share Repurchase Transaction between Citibank, N.A. and Align Technology, Inc. dated February 3, 2023				*
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				*
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				*
32.1†	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				*
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).				*
101.SCH	Inline XBRL Taxonomy Extension Schema Document				*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				*
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				*

† The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the SEC and are not to be incorporated by reference into any filing of the Registrant under the Securities Act or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

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.

May 5, 2023

By: _____
Joseph M. Hogan
President and Chief Executive Officer

May 5, 2023

By: _____
John F. Morici
Chief Financial Officer and Executive Vice President, Global Finance

Align Technology, Inc.
 ID: 94-3267295
 410 North Scottsdale Road, Suite 1300
 Tempe, AZ 85288

**AMENDED AND RESTATED 2005 INCENTIVE PLAN
 NOTICE OF GRANT OF RESTRICTED STOCK UNITS**

Unless otherwise defined herein, the terms defined in the Amended and Restated 2005 Incentive Plan (the "Plan") will have the same defined meanings in this Notice of Grant of Restricted Stock Units (the "Notice of Grant").

Award Number:
Plan:
ID:

You have been granted the right to receive Restricted Stock Units, subject to the terms and conditions of the Plan, this Notice of Grant and the Restricted Stock Unit Agreement attached hereto as Exhibit A (the "Agreement") as follows:

- Award Number:
- Date of Grant:
- Vesting Commencement Date:
- Total Number of Restricted Stock Units:
- the Award shall terminate and expire on

Vesting Schedule:

<u>Shares</u>	<u>Full Vest Date</u>	<u>Vest Type</u>
	On Vest Date	
	On Vest Date	
	On Vest Date	
	On Vest Date	

(a) Subject to paragraphs (b) through (e) below, in the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the right to acquire the Shares to be issued pursuant to the Restricted Stock Unit, the Restricted Stock Unit and Participant's right to acquire any Shares hereunder will immediately terminate.

(b) **General Release.** Any other provision of this Notice of Grant, the Plan or the Agreement notwithstanding, paragraphs (c) through (e) below shall not apply unless the Participant (i) has executed a general release in a form prescribed by the Company of all known and unknown claims that he may then have against the Company or persons affiliated with the Company and such release becomes effective and irrevocable no later than sixty (60) days following the applicable event giving rise to the accelerated or continued vesting under paragraphs (c) through (e) below (such event, an "Additional Vesting Event") or such earlier date specified in such release (the "Release Deadline"), and (ii) has agreed not to prosecute any legal action or other proceeding based upon any of such claims.

(c) **Termination due to Death or Disability.** Notwithstanding the paragraph (a) above, if, during Participant's employment by the Company, the Participant's employment with the Company terminates due death or Disability (as defined below) before or after a Change of Control (as defined in the employment agreement between the Company and Participant (the "Employment Agreement")), then Participant will be entitled to 100% accelerated vesting of all outstanding and unvested Restricted Stock Units subject to this Notice of Grant.

"Disability" means Participant is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering Company employees.

(d) **Qualifying Retirement.** Notwithstanding paragraph (a) above, upon a Qualifying Retirement (as defined below), then Participant will be entitled to continued vesting of the Restricted Stock Units subject to this Notice of Grant during the twelve (12) month period following the date of the Qualifying Retirement (in accordance with the vesting schedule above), subject to Participant continuing to comply with the terms of any non-competition, non-solicitation, and confidentiality provisions (to the extent such provisions are permitted by applicable laws) in any agreement between Participant and the Company or Affiliate.

"Qualifying Retirement" means Participant's resignation from service as an Employee that satisfies all of the following conditions: (i) Participant has provided the Executive Vice President of Global Human Resources of the Company at least twelve (12) months' advance written notice of such resignation (such notice, the "Resignation Notice"), (ii) as of the date the Company receives the Resignation Notice, Participant has attained an age of at least fifty-five (55) years and has completed at least ten (10) years of continuous service as an Employee, (iii) prior to the date of termination of Participant's employment pursuant to this section ("Retirement Date"), the chairperson of the Company's Board of Directors has approved such resignation in writing, (iv) such Retirement Date occurs on or after the date that is six (6) months after the Date of Grant, and (v) such resignation is a "separation from service" within the meaning of Section 409A (as defined below).

(e) **Upon a Change of Control.** Notwithstanding paragraph (a) above, in the event of the occurrence of a Change in Control (as defined in the Employment Agreement) while Participant is employed by the Company, then:

- (i) Participant shall immediately vest in an additional number of shares under the Restricted Stock Units awarded pursuant to this Notice of Grant as if he had performed twelve (12) additional months of service; and
- (ii) if within eighteen (18) months following the occurrence of the Change of Control, one of the following events occurs:

the Company terminates Participant's employment with the Company other than for Cause, death or Disability; or

Participant resigns for Good Reason

then Participant shall be entitled to 100% accelerated vesting of all outstanding and unvested Restricted Stock Units subject to this Notice of Grant.

By accepting this agreement, you and the Company agree that this award is granted under and governed by the terms and conditions of the Plan and the Agreement, each of which are made a part of this document. You further agree to accept, acknowledge and execute this Agreement as a condition to receiving any Restricted Stock Units under this Award.

Nothing in this Notice or in the attached Agreement or in the Plan shall confer upon Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant's Service at any time for any reason, with or without cause.

EXHIBIT A**RESTRICTED STOCK UNIT AGREEMENT**

1. **Grant.** The Company hereby grants to Participant under the Plan an Award of Restricted Stock Units (referred to in the Plan as Restricted Stock Units), subject to all of the terms and conditions in the Notice of Grant, this Agreement and the Plan.

2. **Company's Obligation to Pay.** Each Restricted Stock Unit represents a value equal to the Fair Market Value of a Share on the date it becomes vested. Unless and until the Restricted Stock Units will have vested in the manner set forth in Sections 3 and 4, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

3. **Vesting Schedule.** Subject to Section 4, the Restricted Stock Units awarded by this Agreement will vest in, and the underlying award shares will be issued to, Participant according to the vesting/issuance schedule set forth in paragraph (a) of the attached Notice of Grant, subject to paragraphs (b) through (e) of such Notice of Grant.

4. **Forfeiture upon Termination of Status as a Service Provider.** Subject to paragraphs (b) through (e) of the attached Notice of Grant, if Participant ceases to be a Service Provider for any or no reason, any then-unvested Restricted Stock Units awarded by this Agreement will thereupon be forfeited at no cost to the Company and Participant will have no further rights thereunder, in each case unless otherwise determined by the Board or the Compensation Committee acting as the Plan Administrator.

5. **Payment after Vesting.** Any Restricted Stock Units that vest in accordance with Section 3 will be paid to Participant (or in the event of Participant's death, to Participant's estate) in whole Shares, subject to Participant satisfying any applicable tax withholding obligations as set forth in Section 7. Subject to the provisions of Section 19, any Shares will be issued to Participant as soon as practicable on or after the relevant vesting date, but in any event, within the 90-day period following the vesting date; provided, however, if paragraph (b) of the attached Notice of Grant applies and the Release Deadline occurs in the calendar year following the year in which the applicable Additional Vesting Event occurs, the Shares shall be issued no earlier than January 1 of the year in which the Release Deadline occurs. In no event will Participant have the right to designate the taxable year that any Shares are issued.

6. **Payments after Death.** Any distribution or delivery to be made to Participant under this Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. **Taxes.**

(a) **Generally.** The Participant is ultimately liable and responsible for all taxes owed in connection with the Restricted Stock Units, regardless of any action the Company or any of its Subsidiaries takes with respect to any tax withholding obligations that arise in connection with the Restricted Stock Units. Neither the Company nor any of its Subsidiaries makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Restricted Stock Units or the subsequent sale of Shares issuable pursuant to the Restricted Stock Units. The Company and its Subsidiaries do not commit and are under no obligation to structure the Restricted Stock Units to reduce or eliminate the Participant's tax liability.

(b) Payment of Withholding Taxes. Notwithstanding any contrary provision of this Agreement, no Shares will be issued to the Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by the Participant with respect to the payment of any taxes which the Company determines must be withheld with respect to the Restricted Stock Units. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may satisfy such tax withholding obligations, in whole or in part, by withholding otherwise deliverable Shares having an aggregate Fair Market Value sufficient to (but not exceeding) the minimum amount required to be withheld. In addition, and to the maximum extent permitted by law, the Company has the right to retain without notice from salary or other amounts payable to the Participant, cash having a value sufficient to satisfy any tax withholding obligations that cannot be satisfied by the withholding of otherwise deliverable Shares.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder, unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant, provided that the Participant shall be entitled to any award adjustments provided pursuant to Section 18(a) of the Plan.

9. No Effect on Service. Participant acknowledges and agrees that the vesting of the Restricted Stock Units pursuant to Section 3 hereof is earned only by Participant continuing to be a Service Provider through the applicable vesting dates (and not through the act of being hired or acquiring Shares hereunder) (subject, however, to paragraphs (b) through (e) of the Notice of Grant). Participant further acknowledges and agrees that this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of Participant continuing to be a Service Provider for the vesting period, for any period, or at all, and will not interfere with the Participant's right or the right of the Company (or the Affiliate employing or retaining Participant) to terminate Participant as a Service Provider at any time, with or without cause.

10. Address for Notices. Any notice to be given to the Company under the terms of this Agreement will be addressed to the Company, in care of Stock Administrator at Align Technology, Inc., 410 North Scottsdale Road, Suite 1300, Tempe, AZ 85288, or at such other address as the Company may hereafter designate in writing. Any notice to be given to the Participant regarding his Restricted Stock Unit award shall comply with the notice provisions in the Employment Agreement.

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, or, in the event of Participant's death, by his will or the laws of descent or distribution (pursuant to Section 15 of the Plan) or as otherwise determined by the Plan Administrator (pursuant to Section 15 of the Plan), this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void. Notwithstanding the above, the rights relating to Participant's Restricted Stock Unit grant can be exercised on the Participant's behalf by his legal representative in the event of his legal incapacity, or, in the event of his death, by his designated beneficiary (if any) or, if no beneficiary is designated with respect to his Restricted Stock Units, by his estate.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under

any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of shares to Participant (or his estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority. The Company represents and acknowledges that, as of the Date of Grant, there are currently no delivery restrictions in effect of the type referred to in this Section 13.

14. Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

15. Administrator Authority. The Administrator will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

16. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

18. Agreement Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

19. Section 409A. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units would result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless the Participant dies following Participant's termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to the Participant's estate as soon as practicable following Participant's death. It is the intent of this Agreement to be exempt from or to comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so exempt or comply. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final

Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

20. Governing Law. This Agreement shall be governed by the laws of the State of Arizona, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Arizona, and agree that such litigation shall be conducted in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, and no other courts, where this Award of Restricted Stock Units is made and/or to be performed.

[Remainder of Page Intentionally Left Blank]

21. By Participant's acceptance of this Agreement online, Participant represents that he or she is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of this Agreement. Participant agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement but does not waive any rights he has under the Employment Agreement. Participant further agrees to notify the Company upon any change in the residence indicated in the Notice of Grant of Restricted Stock Units if and to the extent that the Company is not otherwise notified of any such change.

JOSEPH M. HOGAN

Signature

**AMENDED AND RESTATED 2005 INCENTIVE PLAN
NOTICE OF GRANT OF RESTRICTED STOCK UNITS**

Unless otherwise defined herein, the terms defined in the Amended and Restated 2005 Incentive Plan (the "Plan") will have the same defined meanings in this Notice of Grant of Restricted Stock Units (the "Notice of Grant").

Award Number:
Plan:
ID:

You have been granted the right to receive Restricted Stock Units, subject to the terms and conditions of the Plan, this Notice of Grant and the Restricted Stock Unit Agreement attached hereto as Exhibit A (the "Agreement") as follows:

- Award Number:
- Date of Grant:
- Vesting Commencement Date:
- Total Number of Restricted Stock Units:
- the Award shall terminate and expire on

Vesting Schedule:

<u>Shares</u>	<u>Full Vest Date</u>	<u>Vest Type</u>
		On Vest Date
		On Vest Date
		On Vest Date
		On Vest Date

(a) Subject to paragraphs (b) through (d) below, in the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the right to acquire the Shares to be issued pursuant to the Restricted Stock Unit, the Restricted Stock Unit and Participant's right to acquire any Shares hereunder will immediately terminate.

(b) General Release. Any other provision of this Notice of Grant, the Plan or the Agreement notwithstanding, paragraphs (c) and (d) below shall not apply unless the Participant (i) has executed a general release in a form prescribed by the Company of all known and unknown claims that he may then have against the Company or persons affiliated with the Company and such release becomes effective and irrevocable no later than sixty (60) days following the applicable event giving rise to the accelerated or continued vesting under paragraphs (c) and (d) below (such event, an "Additional Vesting Event") or such earlier date specified in such release (the "Release Deadline"), and (ii) has agreed not to prosecute any legal action or other proceeding based upon any of such claims.

(c) Qualifying Retirement. Notwithstanding paragraph (a) above, upon a Qualifying Retirement (as defined below), then Participant will be entitled to continued vesting of the Restricted Stock Units subject to this Notice of Grant during the twelve (12) month period following the date of the Qualifying Retirement (in accordance with the vesting schedule above), subject to Participant continuing to comply with the terms of any non-competition, non-solicitation, and confidentiality provisions (to the extent such provisions are permitted by applicable laws) in any agreement between Participant and the Company or Affiliate.

"Qualifying Retirement" means Participant's resignation from service as an Employee that satisfies all of the following conditions: (i) Participant has provided the Executive Vice President of Global Human Resources of the Company at least twelve (12) months' advance written notice of such resignation (such notice, the "Resignation Notice"), (ii) as of the date the Company receives the Resignation Notice, Participant has attained an age of at least fifty-five (55) years and has completed at least ten (10) years of continuous service as an Employee, (iii) prior to the date of termination of Participant's employment pursuant to this section ("Retirement Date"), the Company's Chief Executive Officer has approved such resignation in writing, (iv) such Retirement Date occurs on or after the date that is six (6) months after the Date of Grant, and (v) such resignation is a "separation from service" within the meaning of Section 409A (as defined below).

(d) Upon a Change of Control. Notwithstanding paragraph (a) above, if within eighteen (18) months following the occurrence of the Change of Control, one of the following events occurs:

Participant's employment is terminated by the Company without Cause; or

Participant resigns for Good Reason

then Participant shall immediately vest as to all outstanding and unvested Restricted Stock Units subject to this Notice of Grant.

By accepting this agreement, you and the Company agree that this award is granted under and governed by the terms and conditions of the Plan and the Agreement, each of which are made a part of this document. You further agree to accept, acknowledge and execute this Agreement as a condition to receiving any Restricted Stock Units under this Award.

Nothing in this Notice or in the attached Agreement or in the Plan shall confer upon Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant's Service at any time for any reason, with or without cause.

ALIGN TECHNOLOGY, INC.
AMENDED AND RESTATED 2005 INCENTIVE PLAN
EXHIBIT A

OFFICER APPOINTED AFTER SEPTEMBER 2016

RESTRICTED STOCK UNIT AGREEMENT

1. **Grant.** The Company hereby grants to Participant under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in the Notice of Grant, this Agreement and the Plan.

2. **Company's Obligation to Pay.** Each Restricted Stock Unit represents a value equal to the Fair Market Value of a Share on the date it becomes vested. Unless and until the Restricted Stock Units will have vested in the manner set forth in Sections 3 and 4, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

3. **Vesting Schedule.** Subject to Section 4, the Restricted Stock Units awarded by this Agreement will vest in Participant according to the vesting schedule set forth on the attached Notice of Grant, subject to Participant continuing to be a Service Provider through each such date; *provided, however*, that paragraph (c) of the Notice of Grant shall apply in the event of Participant's Qualifying Retirement and paragraph (d) of the Notice of Grant shall apply in the event Participant ceases to be a Service Provider within 18 months of a Change of Control (as defined in the employment agreement between the Company and Participant (the "Employment Agreement")) as a result of termination by the Company without Cause (as defined in the Employment Agreement) or if Participant resigns for Good Reason (as defined in the Employment Agreement), in each case subject to paragraph (b) of the Notice of Grant.

4. **Forfeiture upon Termination of Status as a Service Provider.** Subject to paragraphs (b) through (d) of the Notice of Grant, if Participant ceases to be a Service Provider for any or no reason, the then-unvested Restricted Stock Units awarded by this Agreement will thereupon be forfeited at no cost to the Company and Participant will have no further rights thereunder.

5. **Payment after Vesting.** Any Restricted Stock Units that vest in accordance with Section 3 will be paid to Participant (or in the event of Participant's death, to Participant's estate) in whole Shares, subject to Participant satisfying any applicable tax withholding obligations as set forth in Section 7. Subject to the provisions of Section 19, any Shares will be issued to Participant as soon as practicable after the relevant vesting date, but in any event, within the 90-day period following the vesting date; provided, however, if paragraph (b) of the attached Notice of Grant applies and the Release Deadline occurs in the calendar year following the year in which the applicable Additional Vesting Event occurs, the Shares shall be issued no earlier than January 1 of the year in which the Release Deadline occurs. In no event will Participant have the right to designate the taxable year that any Shares are issued.

6. Payments after Death. Any distribution or delivery to be made to Participant under this Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Taxes.

(a) Generally. The Participant is ultimately liable and responsible for all taxes owed in connection with the Restricted Stock Units, regardless of any action the Company or any of its Subsidiaries takes with respect to any tax withholding obligations that arise in connection with the Restricted Stock Units. Neither the Company nor any of its Subsidiaries makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Restricted Stock Units or the subsequent sale of Shares issuable pursuant to the Restricted Stock Units. The Company and its Subsidiaries do not commit and are under no obligation to structure the Restricted Stock Units to reduce or eliminate the Participant's tax liability.

(b) Payment of Withholding Taxes. Notwithstanding any contrary provision of this Agreement, no Shares will be issued to the Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by the Participant with respect to the payment of any taxes which the Company determines must be withheld with respect to the Restricted Stock Units. Unless and until the Administrator provides otherwise, any tax withholding obligations will be satisfied by withholding otherwise deliverable Shares having an aggregate Fair Market Value sufficient to satisfy any such tax withholding obligations, not to exceed the maximum tax rate applicable to the Participant; provided, however, that doing so does not result in adverse financial accounting consequences to the Company as determined by the Company in its sole discretion. In addition and to the maximum extent permitted by law, the Company has the right to retain without notice from salary or other amounts payable to the Participant, cash having a value sufficient to satisfy any tax withholding obligations that cannot be satisfied by the withholding of otherwise deliverable Shares.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder, unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant.

9. No Effect on Service. Participant acknowledges and agrees that the vesting of the Restricted Stock Units pursuant to Section 3 hereof is earned only by Participant continuing to be a Service Provider through the applicable vesting dates (and not through the act of being hired or acquiring Shares hereunder) (subject, however, to paragraphs (b) through (d) of the Notice of Grant). Participant further acknowledges and agrees that this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of Participant continuing to be a Service Provider for the vesting period, for any period, or at all, and will not interfere with the Participant's right or the right of the Company (or

the Affiliate employing or retaining Participant) to terminate Participant as a Service Provider at any time, with or without cause.

10. Address for Notices. Any notice to be given to the Company under the terms of this Agreement will be addressed to the Company, in care of Stock Administrator at Align Technology, Inc., 410 North Scottsdale Road, Suite 1300, Tempe, AZ 85288, or at such other address as the Company may hereafter designate in writing.

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of shares to Participant (or his estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

14. Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

15. Administrator Authority. The Administrator will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

16. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted

Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

18. Agreement Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

19. Section 409A. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6)-month period following Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless Participant dies following Participant's termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to Participant's estate as soon as practicable following Participant's death. It is the intent of this Agreement to be exempt from or to comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so exempt or comply. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary, or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

20. Governing Law. This Agreement shall be governed by the laws of the State of Arizona, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Arizona, and agree that such litigation shall be conducted in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, and no other courts, where this Award of Restricted Stock Units is made and/or to be performed.

[Remainder of Page Intentionally Left Blank]

By Participant's acceptance of this Agreement, Participant represents that he or she is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of this Agreement. Participant agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement. Participant further agrees to notify the Company upon any change in the residence indicated in the Notice of Grant of Restricted Stock Units.

PARTICIPANT:

Signature

Print Name

**AMENDED AND RESTATED 2005 INCENTIVE PLAN
NOTICE OF GRANT OF RESTRICTED STOCK UNITS**

Unless otherwise defined herein, the terms defined in the Amended and Restated 2005 Incentive Plan (the "Plan") will have the same defined meanings in this Notice of Grant of Restricted Stock Units (the "Notice of Grant").

Award Number:
Plan:
ID:

You have been granted the right to receive Restricted Stock Units, subject to the terms and conditions of the Plan, this Notice of Grant and the Restricted Stock Unit Agreement attached hereto as Exhibit A (the "Agreement") as follows:

- Award Number:
- Date of Grant:
- Vesting Commencement Date:
- Total Number of Restricted Stock Units:
- the Award shall terminate and expire on

Vesting Schedule:

Shares

Full Vest Date

Vest Type

On Vest Date
On Vest Date
On Vest Date
On Vest Date

(a) Subject to paragraphs (b) through (e) below, in the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the right to acquire the Shares to be issued pursuant to the Restricted Stock Unit, the Restricted Stock Unit and Participant's right to acquire any Shares hereunder will immediately terminate.

(b) **General Release.** Any other provision of this Notice of Grant, the Plan or the Agreement notwithstanding, paragraphs (c) through (e) below shall not apply unless the Participant (i) has executed a general release in a form prescribed by the Company of all known and unknown claims that he may then have against the Company or persons affiliated with the Company and such release becomes effective and irrevocable no later than sixty (60) days following the applicable event giving rise to the accelerated or continued vesting under paragraphs (c) through (e) below (such event, an "Additional Vesting Event") or such earlier date specified in such release (the "Release Deadline"), and (ii) has agreed not to prosecute any legal action or other proceeding based upon any of such claims.

(c) **Termination Without Cause or Good Reason.** Notwithstanding the paragraph (a) above, if, during Participant's employment by the Company, and not in connection with a Change of Control (as defined in the employment agreement between the Company and Participant (the "Employment Agreement") and as addressed in paragraph (e) below), the Company terminates Participant's employment without "Cause" or Participant resigns for "Good Reason" (as each such term is defined in the Employment Agreement), then Participant shall immediately vest in an additional number of shares underlying the Restricted Stock Units awarded pursuant to this Notice of Grant as if he had performed twelve (12) additional months of service.

(d) **Qualifying Retirement.** Notwithstanding paragraph (a) above, upon a Qualifying Retirement (as defined below), then Participant will be entitled to continued vesting of the Restricted Stock Units subject to this Notice of Grant during the twelve (12) month period following the date of the Qualifying Retirement (in accordance with the vesting schedule above), subject to Participant continuing to comply with the terms of any non-competition, non-solicitation, and confidentiality provisions (to the extent such provisions are permitted by applicable laws) in any agreement between Participant and the Company or Affiliate.

"Qualifying Retirement" means Participant's resignation from service as an Employee that satisfies all of the following conditions: (i) Participant has provided the Executive Vice President of Global Human Resources of the Company at least twelve (12) months' advance written notice of such resignation (such notice, the "Resignation Notice"), (ii) as of the date the Company receives the Resignation Notice, Participant has attained an age of at least fifty-five (55) years and has completed at least ten (10) years of continuous service as an Employee, (iii) prior to the date of termination of Participant's employment pursuant to this section ("Retirement Date"), the Company's Chief Executive Officer has approved such resignation in writing, (iv) such Retirement Date occurs on or after the date that is six (6) months after the Date of Grant, and (v) such resignation is a "separation from service" within the meaning of Section 409A (as defined below).

(e) **Upon a Change of Control.** Notwithstanding paragraph (a) above, in the event of the occurrence of a Change in Control (as defined in the Employment Agreement) while Participant is employed by the Company, then:

(i) Participant shall immediately vest in an additional number of shares under the Restricted Stock Units awarded pursuant to this Notice of Grant as if he had performed twelve (12) additional months of service; and

(ii) if within twelve (12) months following the occurrence of the Change of Control, one of the following events occurs:

Participant's employment is terminated by the Company without Cause; or

Participant resigns for Good Reason

then Participant shall immediately vest as to all outstanding and unvested Restricted Stock Units subject to this Notice of Grant.

By accepting this agreement, you and the Company agree that this award is granted under and governed by the terms and conditions of the Plan and the Agreement, each of which are made a part of this document. You further agree to accept, acknowledge and execute this Agreement as a condition to receiving any Restricted Stock Units under this Award.

Nothing in this Notice or in the attached Agreement or in the Plan shall confer upon Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant's Service at any time for any reason, with or without cause.

ALIGN TECHNOLOGY, INC.
AMENDED AND RESTATED 2005 INCENTIVE PLAN
EXHIBIT A

OFFICER APPOINTED PRIOR TO SEPTEMBER 2016

RESTRICTED STOCK UNIT AGREEMENT

1. **Grant.** The Company hereby grants to Participant under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in the Notice of Grant, this Agreement and the Plan.

2. **Company's Obligation to Pay.** Each Restricted Stock Unit represents a value equal to the Fair Market Value of a Share on the date it becomes vested. Unless and until the Restricted Stock Units will have vested in the manner set forth in Sections 3 and 4, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

3. **Vesting Schedule.** Subject to Section 4, the Restricted Stock Units awarded by this Agreement will vest in Participant according to the vesting schedule set forth on the attached Notice of Grant, subject to Participant continuing to be a Service Provider through each such date; *provided, however*, that paragraph (c) of the Notice of Grant shall apply in the event Participant ceases to be a Service Provider as a result of termination without Cause (as defined in the employment agreement between the Company and Participant (the "Employment Agreement")), or if Participant resigns for Good Reason (as defined in the Employment Agreement), paragraph (d) of the Notice of Grant shall apply in the event of Participant's Qualifying Retirement, and paragraph (e) of the Notice of Grant shall apply in the event Participant ceases to be a Service Provider within 12 months of a Change of Control (as defined in the Employment Agreement) as a result of termination by the Company without cause or if Participant resigns for Good Reason, in each case subject to paragraph (b) of the Notice of Grant.

4. **Forfeiture upon Termination of Status as a Service Provider.** Subject to paragraphs (b) through (e) of the Notice of Grant, if Participant ceases to be a Service Provider for any or no reason, the then-unvested Restricted Stock Units awarded by this Agreement will thereupon be forfeited at no cost to the Company and Participant will have no further rights thereunder.

5. **Payment after Vesting.** Any Restricted Stock Units that vest in accordance with Section 3 will be paid to Participant (or in the event of Participant's death, to Participant's estate) in whole Shares, subject to Participant satisfying any applicable tax withholding obligations as set forth in Section 7. Subject to the provisions of Section 19, any Shares will be issued to Participant as soon as practicable after the relevant vesting date, but in any event, within the 90-day period following the vesting date; provided, however, if paragraph (b) of the attached Notice of Grant applies and the Release Deadline occurs in the calendar year following the year in which the applicable Additional Vesting Event occurs, the Shares shall be issued no earlier than

January 1 of the year in which the Release Deadline occurs. In no event will Participant have the right to designate the taxable year that any Shares are issued.

6. Payments after Death. Any distribution or delivery to be made to Participant under this Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Taxes.

(a) Generally. The Participant is ultimately liable and responsible for all taxes owed in connection with the Restricted Stock Units, regardless of any action the Company or any of its Subsidiaries takes with respect to any tax withholding obligations that arise in connection with the Restricted Stock Units. Neither the Company nor any of its Subsidiaries makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Restricted Stock Units or the subsequent sale of Shares issuable pursuant to the Restricted Stock Units. The Company and its Subsidiaries do not commit and are under no obligation to structure the Restricted Stock Units to reduce or eliminate the Participant's tax liability.

(b) Payment of Withholding Taxes. Notwithstanding any contrary provision of this Agreement, no Shares will be issued to the Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by the Participant with respect to the payment of any taxes which the Company determines must be withheld with respect to the Restricted Stock Units. Unless and until the Administrator provides otherwise, any tax withholding obligations will be satisfied by withholding otherwise deliverable Shares having an aggregate Fair Market Value sufficient to satisfy any such tax withholding obligations, not to exceed the maximum tax rate applicable to the Participant; provided, however, that doing so does not result in adverse financial accounting consequences to the Company as determined by the Company in its sole discretion. In addition and to the maximum extent permitted by law, the Company has the right to retain without notice from salary or other amounts payable to the Participant, cash having a value sufficient to satisfy any tax withholding obligations that cannot be satisfied by the withholding of otherwise deliverable Shares.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder, unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant.

9. No Effect on Service. Participant acknowledges and agrees that the vesting of the Restricted Stock Units pursuant to Section 3 hereof is earned only by Participant continuing to be a Service Provider through the applicable vesting dates (and not through the act of being hired or acquiring Shares hereunder) (subject, however, to paragraphs (b) through (d) of the Notice of Grant). Participant further acknowledges and agrees that this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or

implied promise of Participant continuing to be a Service Provider for the vesting period, for any period, or at all, and will not interfere with the Participant's right or the right of the Company (or the Affiliate employing or retaining Participant) to terminate Participant as a Service Provider at any time, with or without cause.

10. Address for Notices. Any notice to be given to the Company under the terms of this Agreement will be addressed to the Company, in care of Stock Administrator at Align Technology, Inc., 410 North Scottsdale Road, Suite 1300, Tempe, AZ 85288, or at such other address as the Company may hereafter designate in writing.

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of shares to Participant (or his estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

14. Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

15. Administrator Authority. The Administrator will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

16. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

18. Agreement Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

19. Section 409A. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6)-month period following Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless Participant dies following Participant's termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to Participant's estate as soon as practicable following Participant's death. It is the intent of this Agreement to be exempt from or to comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so exempt or comply. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary, or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

20. Governing Law. This Agreement shall be governed by the laws of the State of Arizona, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Arizona, and agree that such litigation shall be conducted in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, and no other courts, where this Award of Restricted Stock Units is made and/or to be performed.

[Remainder of Page Intentionally Left Blank]

By Participant's acceptance of this Agreement, Participant represents that he or she is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of this Agreement. Participant agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement. Participant further agrees to notify the Company upon any change in the residence indicated in the Notice of Grant of Restricted Stock Units.

PARTICIPANT: _____ .

Signature

Print Name

**ALIGN TECHNOLOGY, INC.
AMENDED AND RESTATED 2005 INCENTIVE PLAN
NOTICE OF GRANT OF MARKET STOCK UNITS**

Unless otherwise defined herein, the terms defined in the Amended and Restated 2005 Incentive Plan (the "Plan") will have the same defined meanings in this Notice of Grant of Market Stock Units (the "Notice of Grant").

Participant:

Address:

You (the "Participant") have been granted an award ("Award") of market-performance based Restricted Stock Units ("Market Stock Units"), subject to the terms and conditions of the Plan, this Notice of Grant and the Market Stock Unit Agreement attached hereto as Exhibit A (the "Agreement") and consistent with the terms of Participant's Amended and Restated Chief Executive Officer Employment Agreement dated April 17, 2015 (the "CEO Employment Agreement"), as follows:

- Date of Grant: _____
- Target Number of Market Stock Units: _____ (the "Target Number of Market Stock Units")
- Maximum Number of Market Stock Units: 250% of the Target Number of Market Stock Units (the "Maximum Number of Market Stock Units")
- Performance Period: _____, to _____ (the "Performance Period"), subject to Sections 4 and 5 of Exhibit A
- Performance Matrix: The number of Market Stock Units in which Participant may vest in accordance with the Vesting Schedule will depend upon the Relative TSR (as defined below) and will be determined in accordance with Section 1 of Exhibit A.
- Vesting Schedule: Subject to Sections 4 through 6 of Exhibit A and the terms of the Plan, Participant will vest in Participant's Eligible Market Stock Units (as defined below) on the date the Relative TSR is determined by the Administrator (the "Vesting Date").

By accepting this agreement, you and the Company agree that this Award is granted under and governed by the terms and conditions of the Plan and the Agreement, each of which are made a part of this document. You further agree to accept, acknowledge, and execute this Agreement as a condition to receiving any Market Stock Units under this Award.

Nothing in this Notice of Grant or in the attached Agreement or in the Plan shall confer upon Participant any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant's service at any time for any reason, with or without cause.

EXHIBIT A

MARKET STOCK UNIT AGREEMENT

1. Grant.

(a) The Company hereby grants to Participant under the Plan an Award of Market Stock Units, subject to all of the terms and conditions in the Notice of Grant, this Agreement, and the Plan.

(b) The number of Market Stock Units in which Participant may vest in accordance with the Vesting Schedule set forth in the Notice of Grant (“Eligible Market Stock Units”) will depend upon the total stockholder return (“TSR”) of the Company during the Performance Period (the “Company TSR”) relative to the TSRs of the Indexed Companies during the Performance Period (each, an “Indexed Company TSR”). The “Index” means the Nasdaq Composite Index or any successor index thereto. “Indexed Companies” means the companies that are in the Index as of the beginning of the Performance Period and remain in the Index through the end of the Performance Period (or if the Index ceases to exist prior to the end of the Performance Period, then the companies that were in the Index immediately before the Index ceased to exist and whose securities are actively traded on a nationally recognized stock exchange as of the end of the Performance Period). The actual number of Market Stock Units that will vest on the Vesting Date will be determined as follows:

(i) Relative TSR Calculation. Except as provided under Section 4 below, the Relative TSR will be determined as follows:

1. Step 1: Calculate the beginning price with respect to the Company and each Indexed Company by determining the average of the closing market prices of such company’s common stock on the principal exchange on which such stock is traded for the last thirty (30) market trading days prior to the commencement of the Performance Period (each, a “Beginning Price”). For the purpose of determining Beginning Price, the value of dividends and other distributions (the ex-dividend date for which occurs during the thirty (30)-market-trading-day measurement period) will be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

2. Step 2: Calculate the ending price with respect to the Company and each Indexed Company by determining the average of the closing market prices of such company’s common stock on the principal exchange on which such stock is traded for the thirty (30) consecutive market trading days ending on the last trading day of the Performance Period (each, an “Ending Price”). For the purpose of determining Ending Price, the value of dividends and other distributions (the ex-dividend date for which occurs during the Performance Period) will be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

3. Step 3: Calculate the Company TSR and each Indexed Company TSR by applying the following formula: $(\text{Ending Price}/\text{Beginning Price}) - 1$. The Company TSR and each Indexed Company TSR will each be expressed as a percent of increase (i.e., a positive percent) or decrease (i.e., a negative percent) rounded to two decimal places (applying standard rounding principles).

4. Step 4: Calculate the Company TSR’s percentile ranking among the Indexed Company TSRs (the “Relative TSR”) by ranking the Company TSR and the Indexed Company TSRs from highest (highest positive percentage) to lowest (highest negative percentage).

(ii) Eligible Market Stock Unit Calculation. Based on the Relative TSR, the number of Eligible Market Stock Units will be the product of (x) the Applicable Percentage (in the table below) multiplied by (y) the Target Number of Market Stock Units, with the number of resulting Shares rounded to the nearest whole Share (applying standard rounding principles).

The Applicable Percentage will be determined as follows:

Relative TSR	Applicable Percentage
Below 25 th percentile	0%
25 th percentile	50%
50 th percentile	100%
90 th percentile	250%

If the Company TSR ranks among the Indexed Company TSRs at a percentile that falls between the percentile thresholds set forth above, the Applicable Percentage will be determined based on a linear interpolation between the corresponding Applicable Percentages for such thresholds. Notwithstanding the foregoing, the Applicable Percentage may not exceed 100% if the Company TSR is less than zero.

All determinations regarding the Beginning Price, the Ending Price, the Company TSR, the Indexed Company TSRs, the Relative TSR, and the Applicable Percentage will be made by the Committee in its sole discretion and all such determinations will be final and binding on all parties.

(iii) Examples (for illustration purposes only). If (i) the Company TSR ranks among the Indexed Company TSRs at the 70th percentile and (ii) the Company TSR is greater than or equal to zero, then 175% of the Target Number of Market Stock Units would be Eligible Market Stock Units and would vest on the Vesting Date.

2. Company's Obligation to Pay. Each Market Stock Unit represents a value equal to the Fair Market Value of a Share on the date it is granted. Unless and until the Market Stock Units will have vested in the manner set forth in Sections 3, 4 and 5, Participant will have no right to payment of any such Market Stock Units. Prior to actual payment of any vested Market Stock Units, such Market Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Payment of any vested Market Stock Units will be made in whole Shares only and any fractional Shares will be forfeited at the time of payment.

3. Vesting Schedule. Except as set forth in Sections 4 and 5, the Market Stock Units awarded by this Agreement will vest in Participant according to the Vesting Schedule set forth on the attached Notice of Grant, subject to Participant continuing to be a Service Provider through each such date.

4. Change of Control. In the event of a Change of Control (as defined in the CEO Employment Agreement), the Performance Period shall be deemed to end upon the closing of the Change of Control for purposes of determining the Ending Price for the Company and each Indexed Company, the Company TSR, the Indexed Company TSRs, and the Relative TSR (such shortened Performance Period, the "CIC-Adjusted Performance Period"), and any references to the "Performance Period" under Section 1(b) will refer to the "CIC-Adjusted Performance Period." The number of Market Stock Units that are Eligible Market Stock Units will be determined in accordance with Section 1(b)(ii). As of immediately prior to the closing of the Change of Control, Participant shall vest in that number of Eligible Market Stock Units equal to (i) (A) the number of months (including any partial month, expressed as a

fraction) that have elapsed from the Date of Grant through the date of the closing of the Change of Control, (B) divided by 36, multiplied by (ii) the number of Eligible Market Stock Units, with the result rounded down to the nearest whole Eligible Market Stock Unit. The remaining unvested Eligible Market Stock Units will vest ratably in substantially equal installments on each anniversary of the Date of Grant that occurs following the closing date of such Change of Control transaction with the final vesting date to be the 3-year anniversary of the Date of Grant, subject to Participant continuing to be a Service Provider through the applicable vesting date. Pursuant to the CEO Employment Agreement, if upon or within 18 months following a Change of Control (i) the Company (or any parent or subsidiary or successor of the Company) terminates Participant's employment with the Company other than for Cause (as defined in the CEO Employment Agreement), death or Disability (as such term is defined in the CEO Employment Agreement), or (ii) Participant resigns from such employment for Good Reason (as defined in the CEO Employment Agreement), then, subject to the terms and conditions of Section 8 of the CEO Employment Agreement, 100% of the unvested Eligible Market Stock Units will fully vest. The Administrator shall not be entitled to eliminate or reduce the number of Eligible Market Stock Units determined in accordance with this Section 4 following a Change of Control.

5. Qualifying Retirement. This Section 5 shall apply in the event of a Qualifying Retirement (as defined below).

(a) For purposes of determining the number of Eligible Market Stock Units that Participant vests in Section 5(b) herein, if the Performance Period has not already ended, Employee shall be deemed to have been employed by the Company through the end of the Performance Period and the number of Market Stock Units that are Eligible Market Stock Units will be determined in accordance with Section 1(b). For the avoidance of doubt, Market Stock Units awarded by this Agreement will vest in Participant according to the Vesting Schedule set forth on the attached Notice of Grant and Employee shall receive payment, if any, under Section 7 after the Performance Period has ended

(b) Subject to Participant executing and not revoking a Release (as defined in the CEO Employment Agreement), such Release becoming effective and irrevocable no later than the Release Deadline (as defined in the CEO Employment Agreement), and Participant continuing to comply with the terms of any non-competition, non-solicitation, and confidentiality provisions (to the extent such provisions are permitted by applicable laws) in any agreement between Participant and the Company or Affiliate, Participant shall vest in that number of Eligible Market Stock Units equal to (i) (A) the number of months (including any partial month, expressed as a fraction) that have elapsed from the commencement of the Performance Period through the date of the Qualifying Retirement, (B) divided by 36, multiplied by (ii) the number of Eligible Market Stock Units, if any, with the result rounded down to the nearest whole Eligible Market Stock Unit. Any remaining unvested Eligible Market Stock Units will be forfeited at no cost to the Company and Participant will have no further rights thereunder.

(c) "Qualifying Retirement" means Participant's resignation from service as an Employee that satisfies all of the following conditions: (i) Participant has provided the Executive Vice President of Global Human Resources of the Company at least twelve (12) months' advance written notice of such resignation (such notice, the "Resignation Notice"), (ii) as of the date the Company receives the Resignation Notice, Participant has attained an age of at least fifty-five (55) years and has completed at least ten (10) years of continuous service as an Employee, (iii) prior to the date of termination of Participant's employment pursuant to this Section 5 ("Retirement Date"), the chairperson of the Company's Board of Directors has approved such resignation in writing, (iv) such Retirement Date occurs on or after the date that is six (6) months after the Date of Grant, and (v) such resignation is a "separation from service" within the meaning of Section 409A (as defined below).

6. Forfeiture upon Termination of Status as a Service Provider. Subject to the provisions of Sections 4 and 5, if Participant ceases to be a Service Provider for any or no reason, the then-unvested Market Stock Units awarded by this Agreement will thereupon be forfeited at no cost to the Company and Participant will have no further rights thereunder.

7. Payment after Vesting. Any Market Stock Units that vest in accordance with Sections 3, 4 and 5 will be paid to Participant (or in the event of Participant's death, to Participant's estate) in whole Shares, subject to Participant satisfying any applicable tax withholding obligations as set forth in Section 9. Subject to the provisions of Section 21, any Shares will be issued to Participant as soon as practicable after the relevant vesting date, but in any event, within the 90-day period following the vesting date; provided, however, if any vesting is contingent upon Participant completing any employment-related actions (such as the execution of a Release) and the deadline for completing such actions occurs in the calendar year following the year in which the applicable event giving rise to such vesting occurs, the Shares shall be issued no earlier than January 1 of the year in which the deadline occurs. In no event will Participant have the right to designate the taxable year that any Shares are issued.

8. Payments after Death. Any distribution or delivery to be made to Participant under this Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

9. Withholding of Taxes.

(a) Generally. Participant is ultimately liable and responsible for all taxes owed in connection with the Market Stock Units, regardless of any action the Company or any of its Subsidiaries takes with respect to any tax withholding obligations that arise in connection with the Market Stock Units. Neither the Company nor any of its Subsidiaries makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Market Stock Units or the subsequent sale of Shares issuable pursuant to the Market Stock Units. The Company and its Subsidiaries do not commit and are under no obligation to structure the Market Stock Units to reduce or eliminate Participant's tax liability.

(b) Payment of Withholding Taxes. Notwithstanding any contrary provision of this Agreement, no Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any taxes which the Company determines must be withheld with respect to the Market Stock Units. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may satisfy such tax withholding obligations, in whole or in part, by withholding otherwise deliverable Shares having an aggregate fair market value equal to the amount required to be withheld or such greater amount as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion. In addition and to the maximum extent permitted by law, the Company has the right to retain without notice from salary or other amounts payable to Participant, cash having a value sufficient to satisfy any tax withholding obligations that cannot be satisfied by the withholding of otherwise deliverable Shares.

10. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any

Shares deliverable hereunder, unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant.

11. No Effect on Service. Participant acknowledges and agrees that this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of Participant continuing to be a Service Provider for the vesting period, for any period, or at all, and will not interfere with Participant's right or the right of the Company (or the Affiliate employing or retaining Participant) to terminate Participant as a Service Provider at any time, with or without cause.

12. Address for Notices. Any notice to be given to the Company under the terms of this Agreement will be addressed to the Company, in care of Stock Administrator at Align Technology, Inc., 410 North Scottsdale Road, Suite 1300, Tempe, AZ 85288, or at such other address as the Company may hereafter designate in writing.

13. Grant is Not Transferable. Except to the limited extent provided in Section 8, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

14. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

15. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of shares to Participant (or his estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

16. Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

17. Administrator Authority. The Administrator will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Market Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be

personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or this Agreement.

18. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Market Stock Units awarded under the Plan or future Market Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

19. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

20. Agreement Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

21. Section 409A. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Market Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Market Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Market Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless Participant dies following Participant's termination as a Service Provider, in which case, the Market Stock Units will be paid in Shares to Participant's estate as soon as practicable following Participant's death. It is the intent of this Agreement to be exempt from or to comply with the requirements of Section 409A so that none of the Market Stock Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so exempt or comply. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary, or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

22. Governing Law. This Agreement shall be governed by the laws of the State of Arizona, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Market Stock Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Arizona, and agree that such litigation shall be conducted in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, and no other courts, where this Award of Market Stock Units is made and/or to be performed.

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By Participant's acceptance of this Agreement, Participant represents that he or she is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of this Agreement. Participant agrees to accept as binding, conclusive, and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement. Participant further agrees to notify the Company upon any change in the residence indicated in the Notice of Grant of Market Stock Units.

PARTICIPANT:

Signature

Print Name

**ALIGN TECHNOLOGY, INC.
AMENDED AND RESTATED 2005 INCENTIVE PLAN
NOTICE OF GRANT OF MARKET STOCK UNITS**

Unless otherwise defined herein, the terms defined in the Amended and Restated 2005 Incentive Plan (the “Plan”) will have the same defined meanings in this Notice of Grant of Market Stock Units (the “Notice of Grant”).

Participant:

Address:

You (the “Participant”) have been granted an award (“Award”) of market-performance based Restricted Stock Units (“Market Stock Units”), subject to the terms and conditions of the Plan, this Notice of Grant and the Market Stock Unit Agreement attached hereto as Exhibit A (the “Agreement”) as follows:

Date of Grant:	_____
Target Number of Market Stock Units:	_____ (the “Target Number of Market Stock Units”)
Maximum Number of Market Stock Units:	250% of the Target Number of Market Stock Units (the “Maximum Number of Market Stock Units”)
Performance Period:	_____, to _____ (the “Performance Period”), subject to Section 4 of Exhibit A
Performance Matrix:	The number of Market Stock Units in which Participant may vest in accordance with the Vesting Schedule will depend upon the Relative TSR (as defined below) and will be determined in accordance with Section 1 of Exhibit A.
Vesting Schedule:	Subject to Sections 4 through 7 of Exhibit A and the terms of the Plan, Participant will vest in Participant’s Eligible Market Stock Units (as defined below) on the date the Relative TSR is determined by the Administrator (the “Vesting Date”).

By accepting this agreement, you and the Company agree that this Award is granted under and governed by the terms and conditions of the Plan and the Agreement, each of which are made a part of this document. You further agree to accept, acknowledge, and execute this Agreement as a condition to receiving any Market Stock Units under this Award.

Nothing in this Notice of Grant or in the attached Agreement or in the Plan shall confer upon Participant any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant’s service at any time for any reason, with or without cause.

EXHIBIT A

MARKET STOCK UNIT AGREEMENT

1. Grant.

(a) The Company hereby grants to Participant under the Plan an Award of Market Stock Units, subject to all of the terms and conditions in the Notice of Grant, this Agreement, and the Plan.

(b) The number of Market Stock Units in which Participant may vest in accordance with the Vesting Schedule set forth in the Notice of Grant (“Eligible Market Stock Units”) will depend upon the total stockholder return (“TSR”) of the Company during the Performance Period (the “Company TSR”) relative to the TSRs of the Indexed Companies during the Performance Period (each, an “Indexed Company TSR”). The “Index” means the Nasdaq Composite Index or any successor index thereto. “Indexed Companies” means the companies that are in the Index as of the beginning of the Performance Period and remain in the Index through the end of the Performance Period (or if the Index ceases to exist prior to the end of the Performance Period, then the companies that were in the Index immediately before the Index ceased to exist and whose securities are actively traded on a nationally recognized stock exchange as of the end of the Performance Period). The actual number of Market Stock Units that will vest on the Vesting Date will be determined as follows:

(i) Relative TSR Calculation. Except as provided under Section 4 below, the Relative TSR will be determined as follows:

1. Step 1: Calculate the beginning price with respect to the Company and each Indexed Company by determining the average of the closing market prices of such company’s common stock on the principal exchange on which such stock is traded for the last thirty (30) market trading days prior to the commencement of the Performance Period (each, a “Beginning Price”). For the purpose of determining Beginning Price, the value of dividends and other distributions (the ex-dividend date for which occurs during the thirty (30)-market-trading-day measurement period) will be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

2. Step 2: Calculate the ending price with respect to the Company and each Indexed Company by determining the average of the closing market prices of such company’s common stock on the principal exchange on which such stock is traded for the thirty (30) consecutive market trading days ending on the last trading day of the Performance Period (each, an “Ending Price”). For the purpose of determining Ending Price, the value of dividends and other distributions (the ex-dividend date for which occurs during the Performance Period) will be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

3. Step 3: Calculate the Company TSR and each Indexed Company TSR by applying the following formula: $(\text{Ending Price}/\text{Beginning Price}) - 1$. The Company TSR and each Indexed Company TSR will each be expressed as a percent of increase (i.e., a positive percent) or decrease (i.e., a negative percent) rounded to two decimal places (applying standard rounding principles).

4. Step 4: Calculate the Company TSR’s percentile ranking among the Indexed Company TSRs (the “Relative TSR”) by ranking the Company TSR and the Indexed Company TSRs from highest (highest positive percentage) to lowest (highest negative percentage).

(ii) Eligible Market Stock Unit Calculation. Based on the Relative TSR, the number of Eligible Market Stock Units will be the product of (x) the Applicable Percentage (in the table below) multiplied by (y) the Target Number of Market Stock Units, with the number of resulting Shares rounded to the nearest whole Share (applying standard rounding principles).

The Applicable Percentage will be determined as follows:

Relative TSR	Applicable Percentage
Below 25 th percentile	0%
25 th percentile	50%
50 th percentile	100%
90 th percentile	250%

If the Company TSR ranks among the Indexed Company TSRs at a percentile that falls between the percentile thresholds set forth above, the Applicable Percentage will be determined based on a linear interpolation between the corresponding Applicable Percentages for such thresholds. Notwithstanding the foregoing, the Applicable Percentage may not exceed 100% if the Company TSR is less than zero.

All determinations regarding the Beginning Price, the Ending Price, the Company TSR, the Indexed Company TSRs, the Relative TSR, and the Applicable Percentage will be made by the Committee in its sole discretion and all such determinations will be final and binding on all parties.

(iii) Examples (for illustration purposes only). If (i) the Company TSR ranks among the Indexed Company TSRs at the 70th percentile and (ii) the Company TSR is greater than or equal to zero, then 175% of the Target Number of Market Stock Units would be Eligible Market Stock Units and would vest on the Vesting Date.

2. Company's Obligation to Pay. Each Market Stock Unit represents a value equal to the Fair Market Value of a Share on the date it is granted. Unless and until the Market Stock Units will have vested in the manner set forth in Sections 3 through 6, Participant will have no right to payment of any such Market Stock Units. Prior to actual payment of any vested Market Stock Units, such Market Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Payment of any vested Market Stock Units will be made in whole Shares only and any fractional Shares will be forfeited at the time of payment.

3. Vesting Schedule. Except as set forth in Sections 4 through 6, the Market Stock Units awarded by this Agreement will vest in Participant according to the Vesting Schedule set forth on the attached Notice of Grant, subject to Participant continuing to be a Service Provider through each such date.

4. Change in Control. In the event of a Change in Control, the Performance Period shall be deemed to end upon the closing of the Change in Control for purposes of determining the Ending Price for the Company and each Indexed Company, the Company TSR, the Indexed Company TSRs, and the Relative TSR (such shortened Performance Period, the "CIC-Adjusted Performance Period"), and any references to the "Performance Period" under Section 1(b) will refer to the "CIC-Adjusted Performance Period." The number of Market Stock Units that are Eligible Market Stock Units will be determined in accordance with Section 1(b)(ii). Participant shall vest in 100% of the number of Eligible Market Stock Units on the last day of the originally scheduled Performance Period set forth in the Notice of Grant, subject to Participant continuing to be a Service Provider through such date. The Administrator shall not

be entitled to eliminate or reduce the number of Eligible Market Stock Units determined in accordance with this Section 4 following a Change in Control.

5. Termination in Connection With a Change in Control. In the event Participant's employment with the Company is terminated in connection with a Change in Control that occurs prior to the end of the Performance Period, the Market Stock Units that become Eligible Market Stock Units pursuant to Section 4 will be subject to any vesting acceleration provisions set forth in any agreement that, prior to and effective as of the date of this Agreement, has been entered into between Participant and the Company or any Subsidiary that includes any provisions applicable to such Eligible Market Stock Units.

6. Qualifying Retirement. This Section 6 shall apply in the event of a Qualifying Retirement (as defined below).

(a) For purposes of determining the number of Eligible Market Stock Units that Participant vests in Section 6(b) herein, if the Performance Period has not already ended, Employee shall be deemed to have been employed by the Company through the end of the Performance Period and the number of Market Stock Units that are Eligible Market Stock Units will be determined in accordance with Section 1(b). For the avoidance of doubt, Market Stock Units awarded by this Agreement will vest in Participant according to the Vesting Schedule set forth on the attached Notice of Grant and Employee shall receive payment, if any, under Section 8 after the Performance Period has ended.

(b) Subject to Participant executing and not revoking a general release in a form prescribed by the Company of all known and unknown claims that Participant may then have against the Company or persons affiliated with the Company, such release becoming effective and irrevocable no later than sixty (60) days following the Qualifying Retirement or such earlier date specified in such release, and Participant continuing to comply with the terms of any non-competition, non-solicitation, and confidentiality provisions (to the extent such provisions are permitted by applicable laws) in any agreement between Participant and the Company or Affiliate, Participant shall vest in that number of Eligible Market Stock Units equal to (i) (A) the number of months (including any partial month, expressed as a fraction) that have elapsed from the commencement of the Performance Period through the date of the Qualifying Retirement, (B) divided by 36, multiplied by (ii) the number of Eligible Market Stock Units, with the result rounded down to the nearest whole Eligible Market Stock Unit. The remaining unvested Eligible Market Stock Units will be forfeited at no cost to the Company and Participant will have no further rights thereunder.

(c) "Qualifying Retirement" means Participant's resignation from service as an Employee that satisfies all of the following conditions: (i) Participant has provided the Executive Vice President of Global Human Resources of the Company at least twelve (12) months' advance written notice of such resignation (such notice, the "Resignation Notice"), (ii) as of the date the Company receives the Resignation Notice, Participant has attained an age of at least fifty-five (55) years and has completed at least ten (10) years of continuous service as an Employee, (iii) prior to the date of termination of Participant's employment pursuant to this Section 6 ("Retirement Date"), the Company's Chief Executive Officer has approved such resignation in writing, (iv) such Retirement Date occurs on or after the date that is six (6) months after the Date of Grant, and (v) such resignation is a "separation from service" within the meaning of Section 409A (as defined below)

7. Forfeiture upon Termination of Status as a Service Provider. Subject to the provisions of Sections 4 through 6, if Participant ceases to be a Service Provider for any or no reason, the then-unvested

Market Stock Units awarded by this Agreement will thereupon be forfeited at no cost to the Company and Participant will have no further rights thereunder.

8. Payment after Vesting. Any Market Stock Units that vest in accordance with Sections 3 through 6 will be paid to Participant (or in the event of Participant's death, to Participant's estate) in whole Shares, subject to Participant satisfying any applicable tax withholding obligations as set forth in Section 10. Subject to the provisions of Section 22, any Shares will be issued to Participant as soon as practicable after the relevant vesting date, but in any event, within the 90-day period following the vesting date; provided, however, if any vesting is contingent upon Participant completing any employment-related actions (such as the execution of a release of claims) and the deadline for completing such actions occurs in the calendar year following the year in which the applicable event giving rise to such vesting occurs, the Shares shall be issued no earlier than January 1 of the year in which the deadline occurs. In no event will Participant have the right to designate the taxable year that any Shares are issued.

9. Payments after Death. Any distribution or delivery to be made to Participant under this Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

10. Withholding of Taxes.

(a) Generally. Participant is ultimately liable and responsible for all taxes owed in connection with the Market Stock Units, regardless of any action the Company or any of its Subsidiaries takes with respect to any tax withholding obligations that arise in connection with the Market Stock Units. Neither the Company nor any of its Subsidiaries makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Market Stock Units or the subsequent sale of Shares issuable pursuant to the Market Stock Units. The Company and its Subsidiaries do not commit and are under no obligation to structure the Market Stock Units to reduce or eliminate Participant's tax liability.

(b) Payment of Withholding Taxes. Notwithstanding any contrary provision of this Agreement, no Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any taxes which the Company determines must be withheld with respect to the Market Stock Units. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may satisfy such tax withholding obligations, in whole or in part, by withholding otherwise deliverable Shares having an aggregate fair market value equal to the amount required to be withheld or such greater amount as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion. In addition and to the maximum extent permitted by law, the Company has the right to retain without notice from salary or other amounts payable to Participant, cash having a value sufficient to satisfy any tax withholding obligations that cannot be satisfied by the withholding of otherwise deliverable Shares.

11. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder, unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant.

12. No Effect on Service. Participant acknowledges and agrees that this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of Participant continuing to be a Service Provider for the vesting period, for any period, or at all, and will not interfere with Participant's right or the right of the Company (or the Affiliate employing or retaining Participant) to terminate Participant as a Service Provider at any time, with or without cause.

13. Address for Notices. Any notice to be given to the Company under the terms of this Agreement will be addressed to the Company, in care of Stock Administrator at Align Technology, Inc., 410 North Scottsdale Road, Suite 1300, Tempe, AZ 85288, or at such other address as the Company may hereafter designate in writing.

14. Grant is Not Transferable. Except to the limited extent provided in Section 9, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

15. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

16. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of shares to Participant (or Participant's estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

17. Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

18. Administrator Authority. The Administrator will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Market Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or this Agreement.

19. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Market Stock Units awarded under the Plan or future Market Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

20. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

21. Agreement Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

22. Section 409A. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Market Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Market Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Market Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless Participant dies following Participant's termination as a Service Provider, in which case, the Market Stock Units will be paid in Shares to Participant's estate as soon as practicable following Participant's death. It is the intent of this Agreement to be exempt from or comply with the requirements of Section 409A so that none of the Market Stock Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so exempt or comply. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary, or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

23. Governing Law. This Agreement shall be governed by the laws of the State of Arizona, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Market Stock Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Arizona, and agree that such litigation shall be conducted in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, and no other courts, where this Award of Market Stock Units is made and/or to be performed.

[Remainder of Page Intentionally Left Blank]

By Participant's acceptance of this Agreement, Participant represents that he or she is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of this Agreement. Participant agrees to accept as binding, conclusive, and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement. Participant further agrees to notify the Company upon any change in the residence indicated in the Notice of Grant of Market Stock Units.

PARTICIPANT:

Signature

Print Name

**ALIGN TECHNOLOGY, INC.
AMENDED AND RESTATED 2005 INCENTIVE PLAN
NOTICE OF GRANT OF MARKET STOCK UNITS**

Unless otherwise defined herein, the terms defined in the Amended and Restated 2005 Incentive Plan (the "Plan") will have the same defined meanings in this Notice of Grant of Market Stock Units (the "Notice of Grant").

Participant:

Address:

You (the "Participant") have been granted an award ("Award") of market-performance based Restricted Stock Units ("Market Stock Units"), subject to the terms and conditions of the Plan, this Notice of Grant and the Market Stock Unit Agreement attached hereto as Exhibit A (the "Agreement") as follows:

Date of Grant:	_____
Target Number of Market Stock Units:	_____ (the "Target Number of Market Stock Units")
Maximum Number of Market Stock Units:	250% of the Target Number of Market Stock Units (the "Maximum Number of Market Stock Units")
Performance Period:	_____, to _____ (the "Performance Period"), subject to Sections 4 and 5 of Exhibit A
Performance Matrix:	The number of Market Stock Units in which Participant may vest in accordance with the Vesting Schedule will depend upon the Relative TSR (as defined below) and will be determined in accordance with Section 1 of Exhibit A.
Vesting Schedule:	Subject to Sections 4 through 7 of Exhibit A and the terms of the Plan, Participant will vest in Participant's Eligible Market Stock Units (as defined below) on the date the Relative TSR is determined by the Administrator (the "Vesting Date").

By accepting this agreement, you and the Company agree that this Award is granted under and governed by the terms and conditions of the Plan and the Agreement, each of which are made a part of this document. You further agree to accept, acknowledge, and execute this Agreement as a condition to receiving any Market Stock Units under this Award.

Nothing in this Notice of Grant or in the attached Agreement or in the Plan shall confer upon Participant any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant's service at any time for any reason, with or without cause.

EXHIBIT A

MARKET STOCK UNIT AGREEMENT

1. Grant.

(a) The Company hereby grants to Participant under the Plan an Award of Market Stock Units, subject to all of the terms and conditions in the Notice of Grant, this Agreement, and the Plan.

(b) The number of Market Stock Units in which Participant may vest in accordance with the Vesting Schedule set forth in the Notice of Grant (“Eligible Market Stock Units”) will depend upon the total stockholder return (“TSR”) of the Company during the Performance Period (the “Company TSR”) relative to the TSRs of the Indexed Companies during the Performance Period (each, an “Indexed Company TSR”). The “Index” means the Nasdaq Composite Index or any successor index thereto. “Indexed Companies” means the companies that are in the Index as of the beginning of the Performance Period and remain in the Index through the end of the Performance Period (or if the Index ceases to exist prior to the end of the Performance Period, then the companies that were in the Index immediately before the Index ceased to exist and whose securities are actively traded on a nationally recognized stock exchange as of the end of the Performance Period). The actual number of Market Stock Units that will vest on the Vesting Date will be determined as follows:

(i) Relative TSR Calculation. Except as provided under Sections 4 and 5 below, the Relative TSR will be determined as follows:

1. Step 1: Calculate the beginning price with respect to the Company and each Indexed Company by determining the average of the closing market prices of such company’s common stock on the principal exchange on which such stock is traded for the last thirty (30) market trading days prior to the commencement of the Performance Period (each, a “Beginning Price”). For the purpose of determining Beginning Price, the value of dividends and other distributions (the ex-dividend date for which occurs during the thirty (30)-market-trading-day measurement period) will be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

2. Step 2: Calculate the ending price with respect to the Company and each Indexed Company by determining the average of the closing market prices of such company’s common stock on the principal exchange on which such stock is traded for the thirty (30) consecutive market trading days ending on the last trading day of the Performance Period (each, an “Ending Price”). For the purpose of determining Ending Price, the value of dividends and other distributions (the ex-dividend date for which occurs during the Performance Period) will be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

3. Step 3: Calculate the Company TSR and each Indexed Company TSR by applying the following formula: $(\text{Ending Price}/\text{Beginning Price}) - 1$. The Company TSR and each Indexed Company TSR will each be expressed as a percent of increase (i.e., a positive percent) or decrease (i.e., a negative percent) rounded to two decimal places (applying standard rounding principles).

4. Step 4: Calculate the Company TSR’s percentile ranking among the Indexed Company TSRs (the “Relative TSR”) by ranking the Company TSR and the Indexed Company TSRs from highest (highest positive percentage) to lowest (highest negative percentage).

(ii) Eligible Market Stock Unit Calculation. Based on the Relative TSR, the number of Eligible Market Stock Units will be the product of (x) the Applicable Percentage (in the table below) multiplied by (y) the Target Number of Market Stock Units, with the number of resulting Shares rounded to the nearest whole Share (applying standard rounding principles).

The Applicable Percentage will be determined as follows:

Relative TSR	Applicable Percentage
Below 25 th percentile	0%
25 th percentile	50%
50 th percentile	100%
90 th percentile	250%

If the Company TSR ranks among the Indexed Company TSRs at a percentile that falls between the percentile thresholds set forth above, the Applicable Percentage will be determined based on a linear interpolation between the corresponding Applicable Percentages for such thresholds. Notwithstanding the foregoing, the Applicable Percentage may not exceed 100% if the Company TSR is less than zero.

All determinations regarding the Beginning Price, the Ending Price, the Company TSR, the Indexed Company TSRs, the Relative TSR, and the Applicable Percentage will be made by the Committee in its sole discretion and all such determinations will be final and binding on all parties.

(iii) Examples (for illustration purposes only). If (i) the Company TSR ranks among the Indexed Company TSRs at the 70th percentile and (ii) the Company TSR is greater than or equal to zero, then 175% of the Target Number of Market Stock Units would be Eligible Market Stock Units and would vest on the Vesting Date.

2. Company's Obligation to Pay. Each Market Stock Unit represents a value equal to the Fair Market Value of a Share on the date it is granted. Unless and until the Market Stock Units will have vested in the manner set forth in Sections 3 through 6, Participant will have no right to payment of any such Market Stock Units. Prior to actual payment of any vested Market Stock Units, such Market Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Payment of any vested Market Stock Units will be made in whole Shares only and any fractional Shares will be forfeited at the time of payment.

3. Vesting Schedule. Except as set forth in Sections 4 through 6, the Market Stock Units awarded by this Agreement will vest in Participant according to the Vesting Schedule set forth on the attached Notice of Grant, subject to Participant continuing to be a Service Provider through each such date. For the avoidance of doubt, notwithstanding anything in Participant's individual employment agreement with the Company (the "Employment Agreement") to the contrary, the vesting acceleration provisions in Sections 4 and 5 are in lieu of any vesting acceleration provisions in the Employment Agreement, and any vesting acceleration provisions in the Employment Agreement will not apply to the Market Stock Units awarded by this Agreement.

4. Change in Control. In the event of a Change in Control, the Performance Period shall be deemed to end upon the closing of the Change in Control for purposes of determining the Ending Price for the Company and each Indexed Company, the Company TSR, the Indexed Company TSRs, and the Relative TSR (such shortened Performance Period, the "CIC-Adjusted Performance Period"), and any references to the "Performance Period" under Section 1(b) will refer to the "CIC-Adjusted Performance

Period.” The number of Market Stock Units that are Eligible Market Stock Units will be determined in accordance with Section 1(b)(ii). Participant shall vest in 100% of the number of Eligible Market Stock Units on the last day of the originally scheduled Performance Period set forth in the Notice of Grant, subject to Participant continuing to be a Service Provider through such date. If Participant’s employment is terminated without Cause or for Good Reason (as such terms are defined in the Employment Agreement) within 12 months following the occurrence of a Change in Control, then 100% of Participant’s unvested Eligible Market Stock Units will fully vest, provided Participant executes and does not revoke a release of claims as provided for in the Employment Agreement (as a necessary condition to the receipt of severance thereunder). The Administrator shall not be entitled to eliminate or reduce the number of Eligible Market Stock Units determined in accordance with this Section 4 following a Change in Control.

5. Termination Not in Connection With a Change in Control. This Section 5 shall apply in the event Participant’s employment with the Company is terminated without Cause or if Participant terminates Participant’s employment for Good Reason (as such terms are defined in the Employment Agreement) and such termination does not occur on or within 12 months following a Change in Control.

(a) If the Performance Period has not already ended, the Performance Period shall be deemed to end upon the Participant’s employment termination date for purposes of determining the Ending Price for the Company and each Indexed Company, the Company TSR, the Indexed Company TSRs, and the Relative TSR (such shortened Performance Period, the “Termination-Adjusted Performance Period”), and any references to the “Performance Period” under Section 1(b) will refer to the “Termination-Adjusted Performance Period.” The number of Market Stock Units that are Eligible Market Stock Units will be determined in accordance with Section 1(b)(ii).

(b) Subject to Participant executing and not revoking a release of claims as provided for in the Employment Agreement (as a necessary condition to the receipt of severance thereunder), Participant shall vest in that number of Eligible Market Stock Units equal to (i) (A) the number of months (including any partial month, expressed as a fraction) that have elapsed from the commencement of the Performance Period through the date of the termination of employment, (B) divided by 36, multiplied by (ii) the number of Eligible Market Stock Units, with the result rounded down to the nearest whole Eligible Market Stock Unit. For the avoidance of doubt, no more than 100% of the Eligible Market Stock Units shall vest pursuant to the previous sentence. The remaining unvested Eligible Market Stock Units will be forfeited at no cost to the Company and Participant will have no further rights thereunder.

6. Qualifying Retirement. This Section 6 shall apply in the event of a Qualifying Retirement (as defined below).

(a) For purposes of determining the number of Eligible Market Stock Units that Participant vests in Section 6(b) herein, if the Performance Period has not already ended, Employee shall be deemed to have been employed by the Company through the end of the Performance Period and the number of Market Stock Units that are Eligible Market Stock Units will be determined in accordance with Section 1(b). For the avoidance of doubt, Market Stock Units awarded by this Agreement will vest in Participant according to the Vesting Schedule set forth on the attached Notice of Grant and Employee shall receive payment, if any, under Section 8 after the Performance Period has ended.

(b) Subject to Participant executing and not revoking a general release in a form prescribed by the Company of all known and unknown claims that Participant may then have against the Company or persons affiliated with the Company, such release becoming effective and irrevocable no

later than sixty (60) days following the Qualifying Retirement or such earlier date specified in such release, and Participant continuing to comply with the terms of any non-competition, non-solicitation, and confidentiality provisions (to the extent such provisions are permitted by applicable laws) in any agreement between Participant and the Company or Affiliate, Participant shall vest in that number of Eligible Market Stock Units equal to (i) (A) the number of months (including any partial month, expressed as a fraction) that have elapsed from the commencement of the Performance Period through the date of the Qualifying Retirement, (B) divided by 36, multiplied by (ii) the number of Eligible Market Stock Units, with the result rounded down to the nearest whole Eligible Market Stock Unit. The remaining unvested Eligible Market Stock Units will be forfeited at no cost to the Company and Participant will have no further rights thereunder.

(c) “Qualifying Retirement” means Participant’s resignation from service as an Employee that satisfies all of the following conditions: (i) Participant has provided the Executive Vice President of Global Human Resources of the Company at least twelve (12) months’ advance written notice of such resignation (such notice, the “Resignation Notice”), (ii) as of the date the Company receives the Resignation Notice, Participant has attained an age of at least fifty-five (55) years and has completed at least ten (10) years of continuous service as an Employee, (iii) prior to the date of termination of Participant’s employment pursuant to this Section 6 (“Retirement Date”), the Company’s Chief Executive Officer has approved such resignation in writing, (iv) such Retirement Date occurs on or after the date that is six (6) months after the Date of Grant, and (v) such resignation is a “separation from service” within the meaning of Section 409A (as defined below).

7. Forfeiture upon Termination of Status as a Service Provider. Subject to the provisions of Sections 4 through 6, if Participant ceases to be a Service Provider for any or no reason, the then-unvested Market Stock Units awarded by this Agreement will thereupon be forfeited at no cost to the Company and Participant will have no further rights thereunder.

8. Payment after Vesting. Any Market Stock Units that vest in accordance with Sections 3 through 6 will be paid to Participant (or in the event of Participant’s death, to Participant’s estate) in whole Shares, subject to Participant satisfying any applicable tax withholding obligations as set forth in Section 10. Subject to the provisions of Section 22, any Shares will be issued to Participant as soon as practicable after the relevant vesting date, but in any event, within the 90-day period following the vesting date; provided, however, if any vesting is contingent upon Participant completing any employment-related actions (such as the execution of a release of claims) and the deadline for completing such actions occurs in the calendar year following the year in which the applicable event giving rise to such vesting occurs, the Shares shall be issued no earlier than January 1 of the year in which the deadline occurs. In no event will Participant have the right to designate the taxable year that any Shares are issued.

9. Payments after Death. Any distribution or delivery to be made to Participant under this Agreement will, if Participant is then deceased, be made to Participant’s designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant’s estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

10. Withholding of Taxes.

(a) Generally. Participant is ultimately liable and responsible for all taxes owed in connection with the Market Stock Units, regardless of any action the Company or any of its Subsidiaries

takes with respect to any tax withholding obligations that arise in connection with the Market Stock Units. Neither the Company nor any of its Subsidiaries makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Market Stock Units or the subsequent sale of Shares issuable pursuant to the Market Stock Units. The Company and its Subsidiaries do not commit and are under no obligation to structure the Market Stock Units to reduce or eliminate Participant's tax liability.

(b) Payment of Withholding Taxes. Notwithstanding any contrary provision of this Agreement, no Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any taxes which the Company determines must be withheld with respect to the Market Stock Units. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may satisfy such tax withholding obligations, in whole or in part, by withholding otherwise deliverable Shares having an aggregate fair market value equal to the amount required to be withheld or such greater amount as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion. In addition and to the maximum extent permitted by law, the Company has the right to retain without notice from salary or other amounts payable to Participant, cash having a value sufficient to satisfy any tax withholding obligations that cannot be satisfied by the withholding of otherwise deliverable Shares.

11. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder, unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant.

12. No Effect on Service. Participant acknowledges and agrees that this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of Participant continuing to be a Service Provider for the vesting period, for any period, or at all, and will not interfere with Participant's right or the right of the Company (or the Affiliate employing or retaining Participant) to terminate Participant as a Service Provider at any time, with or without cause.

13. Address for Notices. Any notice to be given to the Company under the terms of this Agreement will be addressed to the Company, in care of Stock Administrator at Align Technology, Inc., 410 North Scottsdale Road, Suite 1300, Tempe, AZ 85288, or at such other address as the Company may hereafter designate in writing.

14. Grant is Not Transferable. Except to the limited extent provided in Section 9, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

15. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

16. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of shares to Participant (or Participant's estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

17. Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

18. Administrator Authority. The Administrator will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Market Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or this Agreement.

19. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Market Stock Units awarded under the Plan or future Market Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

20. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

21. Agreement Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

22. Section 409A. Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Market Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Market Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Market Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless Participant dies following

Participant's termination as a Service Provider, in which case, the Market Stock Units will be paid in Shares to Participant's estate as soon as practicable following Participant's death. It is the intent of this Agreement to be exempt from or to comply with the requirements of Section 409A so that none of the Market Stock Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so exempt or comply. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary, or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

23. Governing Law. This Agreement shall be governed by the laws of the State of Arizona, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Market Stock Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Arizona, and agree that such litigation shall be conducted in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, and no other courts, where this Award of Market Stock Units is made and/or to be performed.

[Remainder of Page Intentionally Left Blank]

By Participant's acceptance of this Agreement, Participant represents that he or she is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of this Agreement. Participant agrees to accept as binding, conclusive, and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement. Participant further agrees to notify the Company upon any change in the residence indicated in the Notice of Grant of Market Stock Units.

Citibank, N.A.
 390 Greenwich Street, 4th Floor
 New York, NY 10013 Attention: Equity Derivatives

Opening Transaction

To: Align Technology, Inc.
 410 N. Scottsdale Road, Suite 1300
 Tempe, Arizona 85281

A/C: _____
 Citibank, N.A.

From: Fixed Dollar Accelerated Share Repurchase Transaction

Re:

Date: February 3, 2023

Dear Sir/Madam:

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between Citibank, N.A. ("Dealer") and Align Technology, Inc. ("Issuer") on the Trade Date specified below (the "Transaction"). This confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (as published by the International Swaps and Derivatives Association, Inc. ("ISDA")) (the "Equity Definitions") are incorporated into this Confirmation. The Transaction is a Share Forward Transaction for purposes of the Equity Definitions. Any reference to a currency shall have the meaning contained in Section 1.7 of the 2006 ISDA Definitions, as published by ISDA.

1. This Confirmation evidences a complete and binding agreement between Dealer and Issuer as to the terms of the Transaction to which this Confirmation relates and shall supersede all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall be subject to an agreement (the "Agreement") in the form of the 2002 ISDA Master Agreement as if Dealer and Issuer had executed an agreement in such form without any Schedule but with the elections set forth in this Confirmation (and (1) the election of USD as the Termination Currency, (2) the election that subparagraph (ii) of Section 2(c) will not apply to the Transactions and (3) the election that the "Cross Default" provisions of Section 5(a)(vi) shall apply to Dealer, with a "Threshold Amount" of 3% of Dealer shareholders' equity for Dealer (provided that (a) the phrase "or becoming capable at such time of being declared" shall be deleted from clause (1) of such Section 5(a)(vi) of the Agreement and (b) the following sentence shall be added to the end thereof: "Notwithstanding the foregoing, a default hereunder shall not constitute an Event of Default if (i) the default was caused solely by error or omission of an administrative or operational nature; (ii) funds were available to enable the party to make the payment when due; and (iii) the payment is made within two Local Business Days of such party's receipt of written notice of its failure to pay").

The Transaction shall be the only transaction under the Agreement. If there exists any ISDA Master Agreement between Dealer and Issuer or any confirmation or other agreement between Dealer and Issuer pursuant to which an ISDA Master Agreement is deemed to exist between Dealer and Issuer, then, notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which Dealer and Issuer are parties, the Transaction shall not be considered a transaction under, or otherwise governed by, such existing or deemed to be existing ISDA Master Agreement.

If there is any inconsistency between the Agreement, this Confirmation and the Equity Definitions, the following will prevail for purposes of the Transaction in the order of precedence indicated: (i) this Master Confirmation; (ii) the Equity Definitions; and (iii) the Agreement.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

GENERAL TERMS:

Trade Date:	As specified in Schedule I
Buyer:	Issuer
Seller:	Dealer
Shares:	Common Stock, par value USD 0.0001 per share, of Issuer (Ticker: ALGN)
Forward Price:	A price per Share (as determined by the Calculation Agent) equal to the greater of (A) (i) the arithmetic mean (not a weighted average, subject to "Market Disruption Event" below) of the 10b-18 VWAP on each Observation Date that is a Trading Day during the Calculation Period <u>minus</u> (ii) the Discount and (B) \$5.00.
Discount:	As specified in Schedule I
10b-18 VWAP:	On any Trading Day, a price per Share equal to the volume- weighted average price of the Rule 10b-18 eligible trades in the Shares for the entirety of such Trading Day as determined by the Calculation Agent by reference to the screen entitled "ALGN <Equity> AQR SEC" or any successor page as reported by Bloomberg L.P. or any successor (excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades in the consolidated system on such Scheduled Trading Day (including, for the avoidance of doubt, the first reported trade on the Exchange following the scheduled open of trading on the Exchange), (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Scheduled Trading Day and ten minutes before the scheduled close of the primary trading in the market where the trade is effected, and (iv) trades on such Scheduled Trading Day that do not satisfy the requirements of Rule 10b-18(b)(3) of the Securities Exchange Act of 1934, as amended (the " Exchange Act ") on such Trading Day) or, if the price displayed on such screen is clearly erroneous, as determined by the Calculation Agent in good faith and in a commercially reasonable manner.
Observation Dates:	As specified in Schedule I

Calculation Period: The period from, and including, the first Observation Date that is a Trading Day that occurs on or after the Prepayment Date to, but excluding, the relevant Valuation Date; provided, however, that if the Valuation Date is the Scheduled Valuation Date, then the Valuation Date shall be included in the Calculation Period; provided further that in no event shall any Scheduled Valuation Date be postponed to a date later than the Final Termination Date.

Final Termination Date: As specified in Schedule I; provided that if a Market Disruption Event has occurred pursuant to Section 7 of this Confirmation, such Final Termination Date shall be postponed by one Trading Day for every Trading Day that is a Disrupted Day as a result of such Merger Transaction during the Calculation Period

Trading Day: Any Exchange Business Day that is not a Disrupted Day in whole

Initial Shares: As specified in Schedule I; provided that if Dealer is unable to borrow or otherwise acquire a number of Shares equal to the Initial Shares for delivery to Issuer on the Initial Share Delivery Date, the Initial Shares delivered on the Initial Share Delivery Date shall be reduced to such number of Shares that Dealer is able to so borrow or otherwise acquire, and thereafter Dealer shall continue to use commercially reasonable efforts to borrow or otherwise acquire a number of Shares, at a stock borrow cost no greater than the Initial Stock Loan Rate, equal to the shortfall in the Initial Shares and to deliver such additional Shares as soon as reasonably practicable. For the avoidance of doubt, the aggregate of all shares delivered to Dealer in respect of the Transaction pursuant to this paragraph shall be the "Initial Shares" for purposes of determining the "Settlement Amount" below.

Initial Share Delivery Date: One Exchange Business Day following the Trade Date. On the Initial Share Delivery Date, Seller shall deliver to Buyer a number of Shares equal to the Initial Shares in accordance with Section 9.4 of the Equity Definitions, with the Initial Share Delivery Date being deemed to be a "Settlement Date" for purposes of such Section 9.4.

Prepayment: Applicable

Prepayment Amount: As specified in Schedule I

Prepayment Date: One Exchange Business Day following the Trade Date. On the Prepayment Date, Buyer shall pay to Seller the Prepayment Amount.

Exchange: The Nasdaq Global Select Market

Related Exchange: All Exchanges; provided that Section 1.26 of the Equity Definitions shall be amended to add the words "United States" before the word "exchange" in the tenth line of such Section.

Market Disruption Event:

The definition of “Market Disruption Event” in Section 6.3(a) of the Equity Definitions is hereby amended by deleting the words “at any time during the one-hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be,” starting in the third line thereof.

Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term “Scheduled Closing Time” in the fourth line thereof.

Notwithstanding anything to the contrary in the Equity Definitions, if any Exchange Business Day in the Calculation Period or the Buyer Settlement Valuation Period is a Disrupted Day, the Calculation Agent shall have the option, in its reasonable discretion, to take one or more of the following actions in a good faith and commercially reasonable manner: (i) determine that such Exchange Business Day is a Disrupted Day in part, in which case the Calculation Agent shall (x) determine the 10b-18 VWAP on such Exchange Business Day based on Rule 10b-18 eligible trades in the Shares on such day taking into account the nature and duration of the relevant Market Disruption Event and (y) determine the Forward Price or Buyer Settlement Price, as applicable, using an appropriately weighted average of 10b-18 VWAPs instead of an arithmetic mean, and/or (ii) elect to (x) postpone the Scheduled Valuation Date (in the case of a Disrupted Day during the Calculation Period) or (y) extend the Buyer Settlement Valuation Period (in the case of a Disrupted Day during the Buyer Settlement Valuation Period) by up to one Observation Date for every Observation Date that is a Disrupted Day during the Calculation Period or Buyer Settlement Valuation Period, as applicable; provided that in no event shall any Scheduled Valuation Date be postponed to a date later than the Final Termination Date. For the avoidance of doubt, if the Calculation Agent takes the action described in clause (i) above, then such Disrupted Day shall be a Trading Day for purposes of calculating the Forward Price or Buyer Settlement Price, as applicable.

Any Exchange Business Day on which, as of the date hereof, the Exchange is scheduled to close prior to its normal close of trading shall be deemed not to be an Exchange Business Day; if a closure of the Exchange prior to its normal close of trading on any Exchange Business Day is scheduled following the date hereof, then such Exchange Business Day shall be deemed to be a Disrupted Day in full.

If a Disrupted Day occurs during the Calculation Period or the Buyer Settlement Valuation Period and each of the nine immediately following Scheduled Trading Days is a Disrupted Day, then the Calculation Agent may, in its good faith and commercially reasonable discretion, deem such ninth Scheduled Trading Day to be an Exchange Business Day that is not a Disrupted Day and determine the 10b-18 VWAP for such ninth Scheduled Trading Day using its good faith and commercially reasonable estimate of the value of the Shares on such ninth Scheduled Trading Day based on the volume, historical trading patterns and trading price of the Shares.

VALUATION:

Valuation Date:	<p>The earlier of (i) the Scheduled Valuation Date and (ii) any earlier accelerated Valuation Date as a result of Dealer's election in accordance with the immediately succeeding paragraph.</p> <p>Dealer shall have the right, in its absolute discretion but subject to the limitation set forth in the immediately succeeding paragraph, to accelerate the Valuation Date, in whole or in part (an "Acceleration"), to any Exchange Business Day that is on or after the Lock-Out Date and prior to the Scheduled Valuation Date by notice (each such notice, an "Acceleration Notice") to Issuer by 9:00 p.m., New York City time, on the Exchange Business Day immediately following the accelerated Valuation Date; <u>provided</u> that if at any time after the Lock-Out Date Dealer expects the Settlement Amount to be a negative number, then Dealer shall provide Issuer notice of any such expectation.</p> <p>Dealer shall specify in each Acceleration Notice the portion of the Prepayment Amount that is subject to acceleration (which may be less than the full Prepayment Amount, but only so long as such portion is not less than USD 25,000,000). If the portion of the Prepayment Amount that is subject to acceleration is less than the full Prepayment Amount, then the Calculation Agent shall adjust the terms of the Transaction as appropriate in order to take into account the occurrence of such accelerated Valuation Date (including cumulative adjustments to take into account all prior accelerated Valuation Dates).</p> <p>On each Valuation Date, the Calculation Agent shall calculate the Settlement Amount.</p>
Scheduled Valuation Date:	As specified in Schedule I, subject to postponement in accordance with "Market Disruption Event" above
Lock-Out Date:	As specified in Schedule I
SETTLEMENT TERMS:	
Physical Settlement:	<p>Applicable.</p> <p>On the Settlement Date, Seller shall deliver to Buyer a number of Shares equal to (a) (i) the Prepayment Amount <u>divided by</u> (ii) the Forward Price <u>minus</u> (b) the Initial Shares (such number of Shares, the "Settlement Amount"), rounded to the nearest whole number of Shares; <u>provided, however</u>, that if the Settlement Amount is less than zero, then the Buyer Settlement Provisions in Annex A hereto shall apply.</p>
Settlement Currency:	USD
Settlement Date:	The date that falls one Settlement Cycle after the relevant Valuation Date.
Other Applicable Provisions:	The last sentence of Section 9.2, Sections 9.8, 9.9, 9.10 and 9.11 (except that the Representation and Agreement contained in Section 9.11 of the Equity Definitions shall be modified by excluding any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws arising as a result of the fact that Buyer is the issuer of the Shares) and Section 9.12 of the Equity Definitions will be applicable to the Transaction.
SHARE ADJUSTMENTS:	

Potential Adjustment Event: Notwithstanding anything to the contrary in Section 11.2(e) of the Equity Definitions, an Extraordinary Dividend shall not constitute a Potential Adjustment Event.

It shall constitute a Potential Adjustment Event if a Disrupted Day occurs or, pursuant to Section 9 below, is deemed to occur (in whole or in part) on any Trading Day on or prior to the Valuation Date.

Extraordinary Dividend:

Any dividend or distribution on the Shares with an ex-dividend date occurring during the period from, and including, the Trade Date to, and including, the last day of the Potential Purchase Period (as defined below) (other than any dividend or distribution of the type described in Section 11.2(e)(i), Section 11.2(e)(ii)(A) or Section 11.2(e)(ii)(B) of the Equity Definitions).

Method of Adjustment:

Calculation Agent Adjustment; provided that the parties hereto agree that any Share repurchases by the Issuer, whether pursuant to Rule 10b-18 of the Exchange Act, Rule 10b5-1 of the Exchange Act on customary terms, at prevailing market prices, or VWAP (subject to any discounts thereto) shall not be considered Potential Adjustment Events; provided further that adjustments for any Potential Adjustment Event (other than pursuant to any Potential Adjustment Event defined in Sections 11.2(e)(i), 11.2(e)(ii)(A) and 11.2(e)(iii) of the Equity Definitions) may be made to account for changes in volatility, stock loan rate or liquidity relevant to the Shares or the Transaction.

EXTRAORDINARY EVENTS:

Consequences of Merger Events:

Share-for-Share:

Modified Calculation Agent Adjustment

Share-for-Other:

Cancellation and Payment on that portion of the Other Consideration that consists of cash; Modified Calculation Agent Adjustment on the remainder of the Other Consideration

Share-for-Combined:

Component Adjustment

Tender Offer:

Applicable; provided that the definition of "Tender Offer" in Section 12.1 of the Equity Definitions will be amended by replacing the phrase "greater than 10% and less than 100% of the outstanding voting shares of the Issuer" in the third and fourth line thereof with "(a) greater than 15% and less than 100% of the outstanding Shares of the Issuer in the event that such Tender Offer is being made by any entity or person other than the Issuer or any subsidiary thereof or (b) greater than 20% and less than 100% of the outstanding Shares of the Issuer in the event that such Tender Offer is being made by the Issuer or any subsidiary thereof".

Consequences of Tender Offers:

Share-for-Share:

Modified Calculation Agent Adjustment

Share-for-Other:

Modified Calculation Agent Adjustment

Share-for-Combined:

Modified Calculation Agent Adjustment

New Shares:

In the definition of New Shares in Section 12.1(i) of the Equity Definitions, the text in clause (i) thereof shall be deleted in its entirety and replaced with “publicly quoted, traded or listed on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors)”.

For purposes of the Transaction,

- (i) the definition of Merger Date in Section 12.1(c) of the Equity Definitions shall be amended to add “each of the Announcement Date and” immediately following the word “means”;
- (ii) the definition of Tender Offer Date in Section 12.1(e) of the Equity Definitions shall be amended to add “each of the Announcement Date and” immediately preceding the words “the date”; and
- (iii) the definition of “Announcement Date” in Section 12.1(l) of the Equity Definitions is hereby amended by (a) replacing the words “a firm” with the word “any bona fide” in the second and fourth lines thereof, (b) replacing the word “leads to the” with the words “, if completed, would lead to a” in the third and the fifth lines thereof, (c) replacing the words “voting shares” with the word “Shares” in the fifth line thereof, (d) inserting the words “by any bona fide entity that is reasonably likely to be a party to the transaction” after the word “announcement” in the second and the fourth lines thereof, (e) inserting the words “or to explore the possibility of engaging in” after the words “engage in” in the second line thereof and (f) inserting the words “or to explore the possibility of purchasing or otherwise obtaining” after the word “obtain” in the fourth line thereof.

Composition of Combined Consideration:

Not Applicable

Nationalization, Insolvency or Delisting:

Cancellation and Payment; provided that in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Market or The NASDAQ Global Select Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall thereafter be deemed to be the Exchange.

Additional Disruption Events:

Change in Law:	Applicable; <u>provided</u> that (i) any determination as to whether (A) the adoption of or any change in any applicable law or regulation (including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute) or (B) the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), in each case, constitutes a "Change in Law" shall be made without regard to Section 739 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or any similar legal certainty provision in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, (ii) Section 12.9(a)(ii) of the Equity Definitions is hereby amended by replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute)" and (iii) by, immediately following the word "Transaction" in clause (x) thereof, adding the phrase "in the manner contemplated by the Hedging Party on the Trade Date".
Failure to Deliver:	Applicable
Insolvency Filing:	Applicable
Hedging Disruption:	Applicable
Increased Cost of Hedging:	Not Applicable
Loss of Stock Borrow:	Applicable
Maximum Stock Loan Rate:	200 bps
Increased Cost of Stock Borrow:	Applicable
Initial Stock Loan Rate:	25 bps
Determining Party:	<p>For all applicable events, Dealer; <i>provided</i> that, when making any determination or calculation as "Determining Party," Dealer shall be bound by the same obligations relating to required acts of the Calculation Agent as set forth in Section 1.40 of the Equity Definitions and this Confirmation as if Determining Party were the Calculation Agent. All calculations and determinations made by the Determining Party shall be made in good faith and in a commercially reasonable manner.</p> <p>Following any determination or calculation by Determining Party hereunder, upon a written request by Issuer, Determining Party will promptly (but in any event within five Scheduled Trading Days) provide to Issuer in writing a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such determination or calculation (including any assumptions used in the making of such determination or calculation), it being understood that in no event will Determining Party be obligated to share with Issuer any proprietary or confidential data or information or any proprietary or confidential models used by it in making such determination or calculation or any information that is subject to an obligation not to disclose such information.</p>

Hedging Party: For all applicable events, Dealer
Non-Reliance: Applicable
Agreements and Acknowledgements Regarding Hedging Activities: Applicable
Additional Acknowledgments: Applicable

3. Calculation Agent: Dealer; provided that following the occurrence of an Event of Default of the type described in Section 5(a)(vii) of the Agreement with respect to which Dealer is the sole Defaulting Party, if the Calculation Agent fails to timely make any calculation, adjustment or determination required to be made by the Calculation Agent hereunder or to perform any obligation of the Calculation Agent hereunder and such failure continues for five (5) Exchange Business Days following notice to the Calculation Agent by Issuer of such failure the Issuer shall have the right to designate a nationally recognized third-party dealer in over-the-counter corporate equity derivatives to act, during the period commencing on the date such Event of Default occurred and ending on the Early Termination Date with respect to such Event of Default, as the Calculation Agent.

All calculations and determinations by the Calculation Agent shall be made in good faith and in a commercially reasonable manner. Following any calculation made by the Calculation Agent hereunder, upon a prior written request by the Issuer, the Calculation Agent will provide to the Issuer by email to the email address provided by the Issuer in such prior written request a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such calculation and specifying the particular section of the Confirmation pursuant to which such calculation or determination is being made (and in the event that more than one section of the Confirmation would permit the Calculation Agent to make an adjustment upon the occurrence of a specific event, then the Calculation Agent shall specify the particular section number pursuant to which the Calculation Agent is making the adjustment hereunder); provided, however, that in no event will the Calculation Agent be obligated to share with the Issuer any proprietary or confidential data or information or any proprietary models used by it.

4. Account Details and Notices:

(a) Account for delivery of Shares to Issuer:

Shares to be delivered to:
Computershare 250 Royal Street
Canton, MA 02021
ATTN: Client Operations (Align Technology, Inc)

(b) Account for payments to Issuer:

Bank of America Acct: provided
ABA: provided

(c) Account for payments to Dealer:

Bank: Citibank NA New York
BIC: CITIUS33 (or ABA: 021000089)
F/O: Citibank New York
A/C: provided
Ref: NY Swap Operations

Financial Institution's delivery instructions:

Citigroup Global Markets Inc
DTC 0505
Name: Citibank NA
A/C: provided

For purposes of this Confirmation:

(i) Address for notices or communications to Issuer:

Align Technology, Inc.
410 N. Scottsdale Road, Suite 1300
Tempe, Arizona 85281
Attn: Legal Department

(ii) Address for notices or communications to Dealer:

Citibank, N.A.
390 Greenwich Street, 4th Floor
New York, NY 10013
Attention: Equity Derivatives
Telephone No.: provided
Email: provided

5. Amendments to the Equity Definitions and Agreement.

(a) Section 9.2(a)(iii) of the Equity Definitions is hereby amended by deleting the words "the Excess Dividend Amount, if any, and".

(b) Section 11.2(a) of the Equity Definitions is hereby amended by deleting the words "a diluting or concentrative effect on the theoretical value of the relevant Shares" and replacing them with the words "a material economic effect on the relevant Transaction".

(c) The first sentence of Section 11.2(c) of the Equity Definitions, prior to clause (A) thereof, is hereby amended to read as follows: '(c) If "Calculation Agent Adjustment" is specified as the Method of Adjustment in the related Confirmation of a Share Option Transaction or Share Forward Transaction, then, following the announcement or occurrence of any Potential Adjustment Event, the Calculation Agent will determine in its commercially reasonable judgment whether such Potential Adjustment Event has a material economic effect on the Transaction and, if so, will (i) make appropriate adjustment(s), if any, to any one or more of:' and the portion of such sentence immediately preceding clause (ii) thereof is hereby amended by replacing the words "diluting or concentrative" with the words "material economic".

(d) Section 11.2(e)(vii) of the Equity Definitions is hereby amended by deleting the words "diluting or concentrative effect on the theoretical value of the relevant Shares" and replacing them with the words "any other corporate event involving the Issuer that in the commercially reasonable judgment of the Calculation Agent has a material economic effect on the relevant Transaction".

(e) Section 12.6(c)(ii) of the Equity Definitions is hereby amended by replacing the words "the Transaction will be cancelled," in the first line with the words "Dealer will have the right to cancel the Transaction,".

(f) Section 12.9(b)(iv) of the Equity Definitions is hereby amended by (A) deleting (1) subsection (A) in its entirety, (2) the phrase “or (B)” following subsection (A) and (3) the phrase “in each case” in subsection (B); and (B) deleting the phrase “neither the Non-Hedging Party nor the Lending Party lends Shares in the amount of the Hedging Shares or” in the penultimate sentence.

(g) Section 12.9(b)(v) of the Equity Definitions is hereby amended by (A) adding the word “or” immediately before subsection “(B)” and deleting the comma at the end of subsection (A); and (B)(1) deleting subsection (C) in its entirety, (2) deleting the word “or” immediately preceding subsection (C) and (3) replacing in the penultimate sentence the words “either party” with “the Hedging Party” and (4) deleting clause (X) in the final sentence.

(h) Section 2(a)(iii) of the Agreement is hereby amended by deleting the words “or Potential Event of Default” in clause (1) of such Section and deleting the word “and” immediately before subsection (3) and deleting clause “(3)” in its entirety.

(i) “Indemnifiable Tax” as defined in Section 14 of the Agreement, shall not include (i) any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Internal Revenue Code of 1986, as amended (the “Code”) or any regulations issued thereunder or (ii) any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a “FATCA Withholding Tax”). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

6. Alternative Termination Settlement.

Notwithstanding anything to the contrary herein, or in the Equity Definitions, if at any time (i) an Early Termination Date occurs or (ii) the Transaction is cancelled or terminated upon the occurrence of an Extraordinary Event (other than (i) an Insolvency, a Nationalization, a Merger Event or a Tender Offer, in each case, in which the consideration or proceeds to be paid to holders of Shares consists solely of cash or (ii) an Event of Default in which Issuer is the Defaulting Party or a Termination Event in which Issuer is an Affected Party, which Event of Default or Termination Event resulted from an event or events within Issuer’s control), if either party would owe any amount to the other party pursuant to Section 6(d)(ii) of the Agreement or any Cancellation Amount pursuant to Article 12 of the Equity Definitions (any such amount, a “**Payment Amount**”), then such payment shall be paid as set forth under the Agreement or Equity Definitions, as the case may be, unless Issuer makes an election to the contrary no later than the Early Termination Date or the date on which such Transaction is terminated or cancelled, in which case Issuer or Dealer, as the case may be, shall deliver to the other party a number of Shares (or a number of units, each comprising the number or amount of the securities or property that a hypothetical holder of one Share would receive in the case of a Nationalization, Insolvency or Merger Event, as the case may be (each such unit, an “**Alternative Delivery Unit**”)), with a value equal to the Payment Amount, as determined by the Calculation Agent. In determining the number of Shares (or Alternative Delivery Units) required to be delivered under this provision, the Calculation Agent may take into account a number of factors, including, without limitation, the market price of the Shares (or Alternative Delivery Units) on the Early Termination Date or the date of early cancellation or termination, as the case may be. Additionally, if such delivery is made by Dealer, the Calculation Agent shall take into account the prices at which Dealer purchases Shares (or Alternative Delivery Units) to fulfill its delivery obligations under this Section 6; provided that in determining the composition of any Alternative Delivery Unit, if the relevant Merger Event involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash. If delivery of Shares or Alternative Delivery Units, as the case may be, pursuant to this Section 6 is to be made by Issuer, paragraphs 2 through 8 of Annex A hereto shall apply as if (A) such delivery were a settlement of the Transaction to which Net Share Settlement applied, (B) the

Buyer Cash Settlement Payment Date were the Early Termination Date or the date of early cancellation or termination, as the case may be, and (C) the Forward Cash Settlement Amount were equal to (x) zero *minus* (y) the Payment Amount owed by Issuer.

7. Special Provisions for Merger Transactions. Notwithstanding anything to the contrary herein or in the Equity Definitions:

(a) Issuer agrees that:

(i) Issuer will use its commercially reasonable efforts such that Issuer will not during the term of the Transaction make, or, to the extent within its control, permit to be made, any public announcement (as defined in Rule 165(f) under the Securities Act of 1933, as amended (the “**Securities Act**”)) of any Merger Transaction or potential Merger Transaction unless such public announcement is made prior to the open or after the close of the regular trading session on the Exchange for the Shares.

(ii) To the extent that an announcement of a potential Merger Transaction occurs during the term of the Transaction and Dealer has not provided notice to Issuer as promptly as reasonably practicable following such announcement that Dealer will cause the Transaction to be cancelled or terminated in whole pursuant to “Extraordinary Events” in Section 2 above, then as soon as practicable following such announcement (but in any event prior to the next opening of the regular trading session on the Exchange), Issuer shall provide Dealer with written notice specifying (x) Issuer’s average daily “Rule 10b-18 purchases” (as defined in Rule 10b-18) during the three full calendar months immediately preceding the Announcement Date that were not effected through Dealer or its affiliates and (y) the number of Shares purchased pursuant to the block purchase proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the Announcement Date. Such written notice shall be deemed to be a certification by Issuer to Dealer that such information is true and correct. Issuer understands that Dealer will use this information in calculating the trading volume for purposes of Rule 10b-18. In addition, Issuer shall promptly notify Dealer of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders. Issuer acknowledges that any such public announcement may trigger the provision set forth in Section 9 below.

Accordingly, Issuer acknowledges that its actions in relation to any such announcement or transaction must comply with the standards set forth in Section 11(b) below.

(b) Upon the occurrence of any public announcement of a Merger Transaction, Dealer may in a good faith and commercially reasonable manner elect either to (i) apply the provisions of Section 9 below or (ii) treat the occurrence of such announcement as an Additional Termination Event with respect to which the Transaction shall be the sole Affected Transaction, Issuer shall be the sole Affected Party and Dealer shall be the party entitled to designate an Early Termination Date pursuant to Section 6(b) of the Agreement (a “**Merger Termination Event**”). In the event that the Dealer elects to treat the Merger Transaction as a Merger Termination Event under this Section 7(b), then neither the provisions of “Extraordinary Events: Consequences of Merger Events” set forth above in this Confirmation nor the provisions of Section 8 below shall apply.

“**Merger Transaction**” means any merger, acquisition or similar transaction involving a recapitalization of Issuer as contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act.

8. Special Provisions for Acquisition Transaction Announcements.

(a) If an Acquisition Transaction Announcement occurs on or prior to the final Valuation Date, then the Forward Price shall be determined as if the words “minus (ii) the Discount” were deleted from the definition thereof. If an Acquisition Transaction Announcement occurs after the Trade Date but prior to the Lock-Out Date, the Lock-Out Date shall be deemed to be the date of such Acquisition Transaction Announcement.

(b) “**Acquisition Transaction Announcement**” means (i) the announcement of an Acquisition Transaction, (ii) an announcement that Issuer or any of its subsidiaries has entered into an agreement, a letter of intent or an understanding designed to result in an Acquisition Transaction, (iii) the announcement of the intention to solicit or enter into, or to explore strategic alternatives or other similar undertaking that may include, an Acquisition Transaction, or (iv) any announcement subsequent to an Acquisition Transaction Announcement relating to a material amendment, a material extension, withdrawal or other material change to the subject matter of the previous Acquisition Transaction Announcement. For the avoidance of doubt, the term “announcement” as used in the definition of Acquisition Transaction Announcement refers to any public announcement whether made by Issuer or any subsidiary or agent thereof or by a bona fide third party that is reasonably likely to be a party to the Acquisition Transaction.

(c) “**Acquisition Transaction**” means (i) any Merger Event (for purposes of this definition, the definition of Merger Event shall be read with the references therein to “100%” being replaced by “25%” and to “50%” by “75%” and without reference to the clause beginning immediately following the definition of Reverse Merger therein to the end of such definition), Tender Offer or Merger Transaction or any other transaction involving the merger of Issuer with or into any third party, (ii) the sale or transfer of all or substantially all of the assets or liabilities of Issuer, (iii) a recapitalization, reclassification, binding share exchange or other similar transaction or (iv) any acquisition, lease, exchange, transfer, disposition (including by way of spin-off or distribution) of assets or liabilities (including any capital stock or other ownership interests in subsidiaries) or other similar event by Issuer or any of its subsidiaries where the aggregate consideration transferable or receivable by or to Issuer or its subsidiaries exceeds 25% of the market capitalization of Issuer.

9. Dealer Adjustments.

In the event that Dealer determines, in a good faith and commercially reasonable manner that, based on advice of legal counsel, it is appropriate with regard to any legal, regulatory or self-regulatory requirements or related policies and procedures (whether or not such requirements, policies or procedures are imposed by law or have been voluntarily adopted by Dealer, and including, without limitation, Rule 10b-18, Rule 10b-5, Regulations 13D-G and Regulations 14 D-E under the Exchange Act; provided that such requirements, policies and procedures relate to legal and regulatory issues and are generally applicable in similar situations and applied in a consistent manner in similar transactions), for Dealer to refrain from purchasing Shares or engaging in other market activity or to purchase fewer than the number of Shares or to engage in fewer or smaller other market transactions Dealer would otherwise purchase or engage in on any Trading Day on or prior to the last day of the Potential Purchase Period, then Dealer may, in its reasonable discretion, elect that a Market Disruption Event shall be deemed to have occurred on such Trading Day. Dealer shall notify Issuer upon the exercise of Dealer’s rights pursuant to this Section 9 and the Trading Days affected by it and shall subsequently notify Issuer on the day Dealer believes that the circumstances giving rise to such exercise have changed.

10. Covenants.

Issuer covenants and agrees that:

(a) Until the end of the Potential Purchase Period (as defined below), neither it nor any of its affiliated purchasers (as defined in Rule 10b-18 under the Exchange Act) shall directly or indirectly (which shall be deemed to include the writing or purchase of any cash-settled or other derivative or structured Share repurchase transaction with a hedging period, calculation period or settlement valuation period or similar period that overlaps with the Transaction) purchase, offer to purchase, place any bid or limit order relating to a purchase of or commence any tender offer relating to Shares (or any security convertible into or exchangeable for Shares) without the prior written approval of Dealer or take any other action that would cause the purchase by Dealer of any Shares in connection with this Confirmation not to qualify for the safe harbor provided in Rule 10b-18 under the Exchange Act (assuming for the purposes of this paragraph that such safe harbor were otherwise available for such purchases); provided that this Section 10(a) shall not (i)

limit the Issuer's ability, pursuant to its employee incentive plan or dividend reinvestment program to re-acquire Shares in connection with the related equity transactions, (ii) limit the Issuer's ability to withhold shares to cover tax liabilities associated with such equity transactions, (iii) limit the Issuer's ability to grant stock and options to "affiliated purchasers" (as defined in Rule 10b-18) or the ability of such affiliated purchasers to acquire such stock or options, provided that in connection with any such purchase Issuer will be deemed to represent to Dealer that such purchase does not constitute a "Rule 10b-18 Purchase" (as defined in Rule 10b-18) (any such incentive or compensatory plan, program or policy of Issuer, a "**Compensatory Plan**"), (iv) limit any purchases by affiliated purchasers (as defined in Rule 10b-18) of the Issuer in an amount, in aggregate, not to exceed 5% of ADTV (as defined in Rule 10b-18) for such Exchange Business Day, which purchases shall be executed by Dealer (or its affiliate) and made pursuant to documentation and terms reasonably acceptable to Dealer and Issuer, or (v) limit any purchases on May 4, 2022 by affiliated purchasers (as defined in Rule 10b-18) of the Issuer. "**Potential Purchase Period**" means the period from, and including, the Trade Date to, and including, the latest of (i) the last day of any Buyer Settlement Valuation Period, (ii) the earlier of (A) the date ten Exchange Business Days immediately following the last day of the Calculation Period and (B) the Scheduled Valuation Date and (iii) if an Early Termination Date occurs or the Transaction is cancelled pursuant to Article 12 of the Equity Definitions, a date determined by Dealer in its commercially reasonable discretion and communicated to Issuer no later than the Exchange Business Day immediately following such date.

(b) Without limiting the generality of Section 13.1 of the Equity Definitions, it is not relying, and has not relied, upon Dealer or any of its representatives or advisors with respect to the legal, accounting, tax or other implications of this Agreement and that it has conducted its own analyses of the legal, accounting, tax and other implications of this Agreement, and that Dealer and its affiliates may from time to time effect transactions for their own account or the account of customers and hold positions in securities or options on securities of Issuer and that Dealer and its affiliates may continue to conduct such transactions during the term of this Agreement. Without limiting the generality of the foregoing, Issuer acknowledges that Dealer is not making any representations or warranties or taking any position or expressing any view with respect to the treatment of the Transaction under any accounting standards including ASC Topic 260, *Earnings Per Share*, ASC Topic 815, *Derivatives and Hedging*, or ASC Topic 480, *Distinguishing Liabilities from Equity* and ASC 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity* (or any successor issue statements) or under FASB's Liabilities & Equity Project.

(c) Neither it nor any affiliates shall take any action that would cause a restricted period (as defined in Regulation M under the Exchange Act ("**Regulation M**")) to be applicable to any purchases of Shares, or of any security for which Shares is a reference security (as defined in Regulation M), by Issuer or any affiliated purchasers (as defined in Regulation M) of Issuer during the Potential Purchase Period.

(d) It will not make any election or take any other action in connection with the Transaction while aware of any material nonpublic information regarding Issuer or the Shares.

(e) It shall not declare or pay any Extraordinary Dividend until the Exchange Business Day immediately following the last day of the Potential Purchase Period.

(f) Issuer represents and warrants that it and any of its subsidiaries has not applied, and shall not, until after the first date on which no portion of the Transaction remains outstanding following any final exercise and settlement, cancellation or early termination of the Transaction, apply, for a loan, loan guarantee, direct loan (as that term is defined in the Coronavirus Aid, Relief and Economic Security Act (the "**CARES Act**")) or other investment, or to receive any financial assistance or relief under any program or facility (collectively "**Financial Assistance**") that (a) is established under applicable law (whether in existence as of the Trade Date or subsequently enacted, adopted or amended), including without limitation the CARES Act and the Federal Reserve Act, as amended, and (b) (i) requires under applicable law (or any regulation, guidance, interpretation or other pronouncement of a governmental authority with jurisdiction for such program or facility) as a condition of such Financial Assistance, that the Issuer comply with any requirement not to repurchase, or otherwise agree, attest, certify or warrant that it has not, as of the date

specified in such condition, repurchased, or will not repurchase, any equity security of Issuer, and that Issuer has not, as of the date specified in the condition, made a capital distribution or will not make a capital distribution, or (ii) where the terms of the Transaction would cause Issuer to fail to satisfy any condition for application for or receipt or retention of the Financial Assistance (collectively “**Restricted Financial Assistance**”); provided, that Issuer or any of its subsidiaries may apply for Restricted Financial Assistance if Issuer either (a) determines based on the advice of outside counsel of national standing that the terms of the Transaction would not cause Issuer or any of its subsidiaries to fail to satisfy any condition for application for or receipt or retention of such Financial Assistance based on the terms of the program or facility as of the date of such advice or (b) delivers to Dealer evidence or other guidance from a governmental authority with jurisdiction for such program or facility that the Transaction is permitted under such program or facility (either by specific reference to the Transaction or by general reference to transactions with the attributes of the Transaction in all relevant respects).

11. Representations, Warranties and Acknowledgments.

(a) Issuer hereby represents and warrants to Dealer on the date hereof and on and as of the Initial Share Delivery Date that:

(i) (A) None of Issuer and its officers and directors is aware of any material nonpublic information regarding Issuer or the Shares, and is entering into the Transaction in good faith and not as part of a plan or scheme to evade the prohibitions of federal securities laws, including, without limitation, Rule 10b-5 under the Exchange Act and (B) Issuer agrees not to alter or deviate from the terms of this Confirmation or enter into or alter a corresponding or hedging transaction or position with respect to the Shares (including, without limitation, with respect to any securities convertible or exchangeable into the Shares) during the term of this Confirmation. Without limiting the generality of the foregoing, all reports and other documents filed by Issuer with the Securities and Exchange Commission pursuant to the Exchange Act when considered as a whole (with the more recent such reports and documents deemed to amend inconsistent statements contained in any earlier such reports and documents) do not contain any untrue statement of a material fact or any omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading.

(ii) The transactions contemplated by this Confirmation have been authorized under Issuer’s publicly announced program to repurchase Shares.

(iii) Issuer is not entering into this Confirmation to facilitate a distribution of the Shares (or any security convertible into or exchangeable for Shares) or in connection with a future issuance of securities.

(iv) Issuer is not entering into this Confirmation to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to manipulate the price of the Shares (or any security convertible into or exchangeable for Shares) in violation of the federal securities laws.

(v) There have been no purchases of Shares in Rule 10b-18 purchases of blocks pursuant to the once-a-week block exception contained in Rule 10b-18(b)(4) by or for Issuer or any of its affiliated purchasers during each of the four calendar weeks preceding the Trade Date and during the calendar week in which the Trade Date occurs (“Rule 10b-18 purchase”, “blocks” and “affiliated purchaser” each being used as defined in Rule 10b-18).

(vi) Issuer is as of the date hereof and after giving effect to the transactions contemplated hereby will be, Solvent. As used in this paragraph, the term “Solvent” means, with respect to a particular date, that on such date (A) the present fair market value (or present fair saleable value) of the assets of Issuer is not less than the total amount required to pay the liabilities of Issuer on its total existing

debts and liabilities (including contingent liabilities) as they become absolute and matured, (B) Issuer is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and commitments as they mature and become due in the normal course of business, (C) assuming consummation of the transactions as contemplated by this Confirmation, Issuer is not incurring debts or liabilities beyond its ability to pay as such debts and liabilities mature, (D) Issuer is not engaged in any business or transaction, and does not propose to engage in any business or transaction, for which its property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which Issuer is engaged, (E) Issuer is not a defendant in any civil action that could reasonably be expected to result in a judgment that Issuer is or would become unable to satisfy, (F) Issuer is not “insolvent” (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the “Bankruptcy Code”)) and (G) Issuer would be able to purchase Shares with an aggregate purchase price equal to the Prepayment Amount in compliance with the corporate laws of the jurisdiction of its incorporation.

(vii) Issuer is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.

(viii) No state or local (including non-U.S. jurisdictions) law, rule, regulation or regulatory order applicable to the Shares would give rise to any reporting, consent, registration or other requirement (including without limitation a requirement to obtain prior approval from any person or entity) as a result of Dealer or its affiliates owning or holding (however defined) Shares other than any such law, rule, regulation or regulatory order that applies (A) to the beneficial ownership of Shares under the Exchange Act or (B) solely as a result of the business, identity, place of business or jurisdiction of organization of Dealer or any such affiliate.

(b) Issuer acknowledges and agrees that the Initial Shares may be sold short to Issuer. Issuer further acknowledges and agrees that Dealer may purchase Shares in connection with the Transaction, which Shares may be used to cover all or a portion of such short sale or may be delivered to Issuer. Such purchases and any other market activity by Dealer will be conducted independently of Issuer by Dealer as principal for its own account. All of the actions to be taken by Dealer in connection with the Transaction shall be taken by Dealer independently and without any advance or subsequent consultation with Issuer. It is the intent of the parties that the Transaction comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act, and the parties agree that this Confirmation shall be interpreted to comply with the requirements of such Rule, and Issuer shall not take any action that results in the Transaction not so complying with such requirements. Without limiting the generality of the preceding sentence, Issuer acknowledges and agrees that (A) Issuer does not have, and shall not attempt to exercise, any influence over how, when or whether Dealer effects any market transactions in connection with the Transaction and (B) neither Issuer nor its officers or employees shall, directly or indirectly, communicate any information regarding Issuer or the Shares to any employee of Dealer or its Affiliates that have been identified by Dealer to Issuer in writing as employees responsible for executing market transactions in connection with the Transaction. Issuer also acknowledges and agrees that any amendment, modification, waiver or termination of this Confirmation must be effected in accordance with the requirements for the amendment or termination of a “plan” as defined in Rule 10b5-1(c) under the Exchange Act. Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, and no such amendment, modification or waiver shall be made at any time at which Issuer or any officer or director of Issuer is aware of any material nonpublic information regarding Issuer or the Shares.

(c) Each of Issuer and Dealer represents and warrants to the other that it is an “eligible contract participant” as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended.

(d) Each of Issuer and Dealer acknowledges that the offer and sale of the Transaction to it is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) thereof.

Accordingly, it represents and warrants to the other party that (i) it has the financial ability to bear the economic risk of its investment in the Transaction and is able to bear a total loss of its investment, (ii) it is an “accredited investor” as that term is defined in Regulation D as promulgated under the Securities Act, (iii) it is entering into the Transaction for its own account and without a view to the distribution or resale thereof and (iv) the assignment, transfer or other disposition of the Transaction has not been and will not be registered under the Securities Act and is restricted under this Confirmation, the Securities Act and state securities laws.

- (e) In addition to the representations, warranties and covenants in the Agreement, Dealer represents warrants and covenants to Issuer that:
- (i) In addition to the covenants in the Agreement and herein, Dealer agrees to use commercially reasonable efforts, during the Calculation Period and any Buyer Settlement Valuation Period for the Transaction, to make all purchases of Shares in connection with such Transaction in a manner that would comply with the limitations set forth in clauses (b)(1), (b)(2), (b)(3) and (b)(4) and (c) of Rule 10b-18, as if such rule were applicable to such purchases and taking into account any applicable Securities and Exchange Commission no-action letters as appropriate, and subject to any delays between the execution and reporting of a trade of the Shares on the Exchange and other circumstances beyond Dealer’s control; *provided* that, during the Calculation Period, the foregoing agreement shall not apply to purchases made to dynamically hedge for Dealer’s own account or the account of its affiliate(s) the optionality arising under the Transaction (including, for the avoidance of doubt, timing optionality); *provided further* that, without limiting the generality of this Section, Dealer shall not be responsible for any failure to comply with Rule 10b-18(b)(3) to the extent any transaction that was executed (or deemed to be executed) by or on behalf of Issuer or an “affiliated purchaser” (as defined under Rule 10b-18) pursuant to a separate agreement is not deemed to be an “independent bid” or an “independent transaction” for purposes of Rule 10b-18(b)(3).
 - (ii) Dealer hereby represents and covenants to Issuer that it has implemented policies and procedures, taking into consideration the nature of its business, reasonably designed to ensure that (A) individuals making investment decisions related to the Transaction do not have access to material nonpublic information regarding Issuer or the Shares and (B) individuals of Dealer that are in possession of material nonpublic information regarding the Issuer or the Shares have not, while in possession of such material nonpublic information, participated in any offsetting transaction(s) in respect of such Transaction.
 - (iii) Within one Exchange Business Day of purchasing any Shares on behalf of Issuer pursuant to the once-a-week block exception set forth in paragraph (b)(4) of Rule 10b-18, Dealer shall notify Issuer of the total number of Shares so purchased.
 - (iv) On the first Exchange Business Day of each week, Dealer shall provide weekly reports (the “**Weekly Reports**”) in connection with the Transaction to the Issuer and to such other persons or agents of the Issuer as the Issuer shall reasonably designate in writing, by electronic mail to the Issuer or its designee. Each Weekly Report shall include the ADTV (as defined in Rule 10b-18) in the Shares for each Scheduled Trading Day during the immediately preceding week (as defined and determined in accordance with Rule 10b-18, as defined herein), the 10b-18 VWAP for each such Scheduled Trading Day and the high and low price on each such Scheduled Trading Day. For the avoidance of doubt and notwithstanding anything to the contrary in the two immediately preceding sentences, the 10b-18 VWAP for purposes of this Master Confirmation shall be determined pursuant the language opposite the caption “10b-18 VWAP” in Section 1 of this Confirmation and not on the basis of, or by reference to, the 10b-18 VWAP set forth in any Weekly Report.

12. Acknowledgements of Issuer.

(a) Issuer agrees, understands and acknowledges that:

(i) during the period from (and including) the Trade Date to (and including) the Settlement Date, Dealer and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative transactions in order to adjust its Hedge Position with respect to the Transaction;

(ii) Dealer and its Affiliates also may be active in the market for the Shares or options, futures contracts, swaps or other derivative transactions relating to the Shares other than in connection with hedging activities in relation to the Transaction;

(iii) Dealer shall make its own determination as to whether, when and in what manner any hedging or market activities in Issuer's securities or other securities or transactions shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Transaction; and

(iv) any such market activities of Dealer and its Affiliates may affect the market price and volatility of the Shares, including the 10b-18 VWAP and the Forward Price, each in a manner that may be adverse to Issuer.

(b) Issuer:

(i) is an "institutional account" as defined in FINRA Rule 4512(c);

(ii) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities, and will exercise independent judgment in evaluating the recommendations of Dealer or its associated persons, unless it has otherwise notified Dealer in writing; and

(iii) will notify Dealer if any of the statements contained in clause (i) or (ii) of this Section 12(b) ceases to be true.

13. Delivery of Cash.

For the avoidance of doubt, other than payment of the Prepayment Amount by Issuer, nothing in this Confirmation shall be interpreted as requiring Issuer to cash settle the Transaction hereunder, except in circumstances where cash settlement is within Issuer's control or in those circumstances in which holders of the Shares would also receive cash.

14. Other Provisions.

(a) Issuer agrees and acknowledges that Dealer is a "financial institution" and "financial participant" within the meaning of Sections 101(22) and 101(22A) of the Bankruptcy Code. The parties hereto further agree and acknowledge that it is the intent of the parties that (A) this Confirmation is a "securities contract," as such term is defined in Section 741(7) of the Bankruptcy Code, with respect to which each payment and delivery hereunder or in connection herewith is a "termination value," "payment amount" or "other transfer obligation" within the meaning of Section 362 of the Bankruptcy Code and a "settlement payment," within the meaning of Section 546 of the Bankruptcy Code, and (B) Dealer is entitled to the protections afforded by, among other sections, Sections 362(b)(6), 362(b)(17), 362(o), 546(e), 555 and 561 of the Bankruptcy Code.

(b) Dealer and Issuer hereby agree and acknowledge that Dealer has authorized Issuer to disclose the Transaction to any and all persons, and there are no express or implied agreements, arrangements or understandings to the contrary, and authorizes Issuer to use any information that Issuer receives or has received with respect to the Transaction in any manner.

(c) In the event Issuer becomes the subject of proceedings (“**Bankruptcy Proceedings**”) under the Bankruptcy Code or any other applicable bankruptcy or insolvency statute, any rights or claims of Dealer hereunder in respect of the Transaction shall rank for all purposes no higher than, but on a parity with, the rights or claims of holders of Shares, and Dealer hereby agrees that its rights and claims hereunder shall be subordinated to those of all parties with claims or rights against Issuer (other than common stockholders) to the extent necessary to assure such ranking. Without limiting the generality of the foregoing, after the commencement of Bankruptcy Proceedings, the claims of Dealer hereunder shall for all purposes have rights equivalent to the rights of a holder of a percentage of the Shares equal to the aggregate amount of such claims (the “**Claim Amount**”) taken as a percentage of the sum of (i) the Claim Amount and (ii) the aggregate fair market value of all outstanding Shares on the record date for distributions made to the holders of such Shares in the related Bankruptcy Proceedings. Notwithstanding any right it might otherwise have to assert a higher priority claim in any such Bankruptcy Proceedings, Dealer shall be entitled to receive a distribution solely to the extent and only in the form that a holder of such percentage of the Shares would be entitled to receive in such Bankruptcy Proceedings, and, from and after the commencement of such Bankruptcy Proceedings, Dealer expressly waives (i) any other rights or distributions to which it might otherwise be entitled in such Bankruptcy Proceedings in respect of its rights and claims hereunder and (ii) any rights of setoff it might otherwise be entitled to assert in respect of such rights and claims.

(d) Notwithstanding any provision of this Confirmation or any other agreement between the parties to the contrary, neither the obligations of Issuer nor the obligations of Dealer hereunder are secured by any collateral, security interest, pledge or lien.

(e) Each party waives any and all rights it may have to set off obligations arising under the Agreement and the Transaction against other obligations between the parties, whether arising under any other agreement, applicable law or otherwise.

(f) Notwithstanding anything to the contrary herein, Dealer may, by prior notice to Issuer, satisfy its obligation to deliver any Shares or other securities on any date due (an “**Original Delivery Date**”) by making separate deliveries of Shares or such securities, as the case may be, at more than one time on or prior to such Original Delivery Date, so long as the aggregate number of Shares and other securities so delivered on or prior to such Original Delivery Date is equal to the number required to be delivered on such Original Delivery Date.

(g) It shall constitute an Additional Termination Event with respect to which the Transaction is the sole Affected Transaction and Issuer is the sole Affected Party and Dealer shall be the party entitled to designate an Early Termination Date pursuant to Section 6(b) of the Agreement if, at any time on or prior to the Valuation Date, the price per Share on the Exchange, as determined by the Calculation Agent, is at or below the Threshold Price (as specified in Schedule I).

(h) Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Issuer, Dealer may designate any of its affiliates (a “**Designated Affiliate**”) to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer’s obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Issuer to the extent that such Designated Affiliate performs in full all of the obligations of Dealer designated by Dealer to such Designated Affiliate under this Transaction.

(i) Certain Buying Activity of Dealer. Dealer will use commercially reasonable efforts to, on each of at least 70% of the Exchange Business Days during the Calculation Period with respect to the Transaction, provide orders to a Designated Broker to effect all purchases of Shares Dealer expects to be made on such Exchange Business Day as of the opening of trading on the relevant Exchange Business Day in connection with its hedging of the Transaction (for the avoidance of doubt, not including any purchases made to dynamically hedge for Dealer's own account or the account of its affiliate(s) the optionality arising under the Transaction (including timing optionality)). "**Designated Brokers**" shall mean CastleOak Securities LP, Drexel Hamilton, LLC, and Siebert Williams Shank & Co., LLC.

15. Transfer and Assignment.

Dealer may transfer or assign its rights and obligations hereunder and under the Agreement ("**Transfer**"), in whole or in part, to any of its Affiliates that have a credit rating that is not lower than the credit rating of Dealer immediately prior to the proposed time of such Transfer (or whose obligations are guaranteed by an entity of equivalent credit quality) without the consent of Issuer; *provided* that, at the time of such Transfer (i) Issuer will not be required to pay (including a payment in kind) to the transferee any amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Issuer would have been required to pay to Dealer in the absence of such Transfer; and (ii) Issuer will not receive any payment (including a payment in kind) from which an amount had been withheld or deducted, on account of a Tax under Section 2(d)(i) of the Agreement, in excess of that which Dealer would have been required to so withhold or deduct in the absence of such Transfer, except to the extent that the transferee will be required to make additional payments pursuant to Section 2(d)(i)(4) of the Agreement in respect of such excess. Dealer will provide prompt written notice of any such transfer to Issuer.

16. US Resolution Stay.

(a) Recognition of the U.S. Special Resolution Regimes.

(i) In the event that Dealer becomes subject to a proceeding under (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder or (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder (a "**U.S. Special Resolution Regime**") the transfer from Dealer of this Confirmation, and any interest and obligation in or under, and any property securing, this Confirmation, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Confirmation, and any interest and obligation in or under, and any property securing, this Confirmation were governed by the laws of the United States or a state of the United States.

(ii) In the event that Dealer or an Affiliate becomes subject to a proceeding under a U.S. Special Resolution Regime, any Default Rights (as defined in 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable ("**Default Right**")) under this Confirmation that may be exercised against Dealer are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Confirmation were governed by the laws of the United States or a state of the United States.

(b) Limitation on Exercise of Certain Default Rights Related to an Affiliate's Entry Into Insolvency Proceedings. Notwithstanding anything to the contrary in this Confirmation, the parties expressly acknowledge and agree that:

(i) Issuer shall not be permitted to exercise any Default Right with respect to this Confirmation or any Affiliate Credit Enhancement that is related, directly or indirectly, to an Affiliate of Dealer becoming subject to receivership, insolvency, liquidation, resolution, or similar proceeding (an "**Insolvency Proceeding**"), except to the extent that the exercise of such Default Right would be permitted under the provisions of 12 C.F.R. 252.84, 12 C.F.R. 47.5 or 12 C.F.R. 382.4, as applicable; and

(ii) Nothing in this Confirmation shall prohibit the transfer of any Affiliate Credit Enhancement, any interest or obligation in or under such Affiliate Credit Enhancement, or any property securing such Affiliate Credit Enhancement, to a transferee upon or following an Affiliate of Dealer becoming subject to an Insolvency Proceeding, unless the transfer would result in the Issuer being the beneficiary of such Affiliate Credit Enhancement in violation of any law applicable to the Issuer.

(iii) For the purpose of this paragraph:

(A) “**Affiliate**” is defined in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

(B) “**Credit Enhancement**” means any credit enhancement or credit support arrangement in support of the obligations of Dealer under or with respect to this Confirmation, including any guarantee, collateral arrangement (including any pledge, charge, mortgage or other security interest in collateral or title transfer arrangement), trust or similar arrangement, letter of credit, transfer of margin or any similar arrangement.

(c) U.S. Protocol. If Issuer has previously adhered to, or subsequently adheres to, the ISDA 2018 U.S. Resolution Stay Protocol as published by the International Swaps and Derivatives Association, Inc. as of July 31, 2018 (the “**ISDA U.S. Protocol**”), the terms of the ISDA U.S. Protocol shall be incorporated into and form a part of this Confirmation and the terms of the ISDA U.S. Protocol shall supersede and replace the terms of this section. For purposes of incorporating the ISDA U.S. Protocol, Dealer shall be deemed to be a Regulated Entity, Issuer shall be deemed to be an Adhering Party, and this Confirmation shall be deemed to be a Protocol Covered Agreement. Capitalized terms used but not defined in this paragraph shall have the meanings given to them in the ISDA U.S. Protocol.

(d) Pre-existing In-Scope Agreements. Dealer and Issuer agree that to the extent there are any outstanding “in-scope QFCs,” as defined in 12 C.F.R. § 252.82(d), that are not excluded under 12 C.F.R. § 252.88, between Dealer and Issuer that do not otherwise comply with the requirements of 12 C.F.R. § 252.2, 252.81–8 (each such agreement, a “**Preexisting In-Scope Agreement**”), then each such Preexisting In-Scope Agreement is hereby amended to include the foregoing provisions in this section, with references to “this Confirmation” being understood to be references to the applicable Preexisting In-Scope Agreement.

17. Governing Law; Jurisdiction; Waiver.

THIS CONFIRMATION AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS CONFIRMATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES COURT FOR THE SOUTHERN DISTRICT OF NEW YORK IN CONNECTION WITH ALL MATTERS RELATING HERETO AND WAIVE ANY OBJECTION TO THE LAYING OF VENUE IN, AND ANY CLAIM OF INCONVENIENT FORUM WITH RESPECT TO, THESE COURTS.

EACH PARTY HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTION OR THE ACTIONS OF THE OTHER PARTY OR THE OTHER PARTY’S AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

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Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation and returning an original or electronic copy in accordance with the notice provisions set forth in Section 4.

Confirmed as of the date first written above:

ALIGN TECHNOLOGY, INC

By: /s/ John Morici

Name: John Morici

Title: CFO and SVP, Global Finance

CITIBANK, N.A.

By: /s/ Eric Natelson

Name: Eric Natelson

Title: Authorized Signatory

BUYER SETTLEMENT PROVISIONS

1. The following Buyer Settlement Provisions shall apply to the Transaction to the extent indicated under the Confirmation:

Settlement Currency: USD

Settlement Method Election: Applicable; provided that (i) Section 7.1 of the Equity Definitions is hereby amended by deleting the word “Physical” in the sixth line thereof and replacing it with the words “Net Share” and (ii) the Electing Party may make a settlement method election only if the Electing Party represents and warrants to Dealer in writing on the date it notifies Dealer of its election that, as of such date, the Electing Party is not aware of any material nonpublic information concerning Issuer or the Shares and is electing the settlement method in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws.

Electing Party: Buyer

Settlement Method

Election Date: In respect of any Valuation Date, the earlier of (i) the Scheduled Valuation Date and (ii) the third Exchange Business Day immediately following the Valuation Date designated in an Acceleration (if any) (in which case the election under Section 7.1 of the Equity Definitions shall be made no later than 10 minutes prior to the open of trading on the Exchange on such second Exchange Business Day), as the case may be.

Default Settlement Method: Cash Settlement

Forward Cash Settlement

Amount: The Settlement Amount *multiplied by* the Buyer Settlement Price.

Buyer Settlement Price: The average of the 10b-18 VWAPs for the Observation Dates that are Trading Days in the Buyer Settlement Valuation Period, subject to the provisions opposite the caption “Market Disruption Event” in the Confirmation, plus USD 0.05 (in each case, plus interest on such amount during the Buyer Settlement Valuation Period at the rate of interest for Issuer’s long term, unsecured and unsubordinated indebtedness, as determined in good faith and in a commercially reasonable manner by the Calculation Agent).

Buyer Settlement

Valuation Period: A number of Scheduled Trading Days selected by Dealer in its commercially reasonable discretion, beginning on the Scheduled Trading Day immediately following the earlier of (i) the Scheduled Valuation Date or (ii) the

Exchange Business Day immediately following the Valuation Date.

Cash Settlement: If Cash Settlement is applicable, then Buyer shall pay to Seller the absolute value of the Forward Cash Settlement Amount on the Buyer Cash Settlement Payment Date.

Buyer Cash Settlement

Payment Date: The date one Settlement Cycle following the last day of the Buyer Settlement Valuation Period.

Net Share Settlement

Procedures: If Net Share Settlement is applicable, Net Share Settlement shall be made in accordance with paragraphs 2 through 8 below.

2. Net Share Settlement shall be made by delivery on the Buyer Cash Settlement Payment Date of a number of Shares satisfying the conditions set forth in paragraph 3 below (the “**Registered Settlement Shares**”), or a number of Shares not satisfying such conditions (the “**Unregistered Settlement Shares**”), in either case with a value equal to the absolute value of the Forward Cash Settlement Amount, with such Shares’ value based on the value thereof to Dealer (which value shall, in the case of Unregistered Settlement Shares, take into account a commercially reasonable illiquidity discount), in each case, as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

3. Buyer may deliver Registered Settlement Shares pursuant to paragraph 2 above only if:

(a) a registration statement covering public resale of the Registered Settlement Shares by Dealer (the “**Registration Statement**”) shall have been filed with the Securities and Exchange Commission under the Securities Act and been declared or otherwise become effective on or prior to the date of delivery, and no stop order shall be in effect with respect to the Registration Statement; and a printed prospectus relating to the Registered Settlement Shares (including any prospectus supplement thereto, the “**Prospectus**”) shall have been delivered to Dealer, in such quantities as Dealer shall reasonably have requested, on or prior to the date of delivery;

(b) the form and content of the Registration Statement and the Prospectus (including, without limitation, any sections describing the plan of distribution) shall be reasonably satisfactory to Dealer;

(c) as of or prior to the date of delivery, Dealer and its agents shall have been afforded a reasonable opportunity to conduct a due diligence investigation with respect to Buyer customary in scope for underwritten offerings of equity securities for companies of a similar size and in a similar industry and the results of such investigation are satisfactory to Dealer, in its discretion; and

(d) as of the date of delivery, an agreement (the “**Underwriting Agreement**”) shall have been entered into with Dealer in connection with the public resale of the Registered Settlement Shares by Dealer substantially similar to underwriting agreements customary for underwritten offerings of equity securities for companies of a similar size and in a similar industry, in form and substance commercially reasonably satisfactory to Dealer, which Underwriting Agreement shall include, without limitation, provisions substantially similar to those contained in such underwriting agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, Dealer and its affiliates and the provision of customary opinions, accountants’ comfort letters and lawyers’ negative assurance letters.

4. If Buyer delivers Unregistered Settlement Shares pursuant to paragraph 2 above:

(a) all Unregistered Settlement Shares shall be delivered to Dealer (or any affiliate of Dealer designated by Dealer) pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof;

(b) as of or prior to the date of delivery, Dealer and any potential purchaser of any such shares from Dealer (or any affiliate of Dealer designated by Dealer) identified by Dealer shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Buyer customary in scope for private placements of equity securities for companies of a similar size and in a similar industry (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them subject to customary confidentiality agreements);

(c) as of the date of delivery, Buyer shall enter into an agreement (a “**Private Placement Agreement**”) with Dealer (or any affiliate of Dealer designated by Dealer) in connection with the private placement of such shares by Buyer to Dealer (or any such affiliate) and the private resale of such shares by Dealer (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities for companies of a similar size and in a similar industry, in form and substance commercially reasonably satisfactory to Dealer, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements for companies of a similar size and in a similar industry relating, without limitation, to the indemnification of, and contribution in connection with the liability of, Dealer and its affiliates and the provision of customary opinions, accountants’ comfort letters and lawyers’ negative assurance letters, and shall provide for the payment by Buyer of all reasonable fees and expenses in connection with such resale, including all reasonable fees and expenses of counsel for Dealer, and shall contain representations, warranties, covenants and agreements of Buyer reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales; and

(d) in connection with the private placement of such shares by Buyer to Dealer (or any such affiliate) and the private resale of such shares by Dealer (or any such affiliate), Buyer shall, if so requested by Dealer, prepare, in cooperation with Dealer, a private placement memorandum in form and substance reasonably satisfactory to Dealer.

5. Dealer, itself or through an affiliate (the “**Selling Agent**”) or any underwriter(s), will sell all, or such lesser portion as may be required hereunder, of the Registered Settlement Shares or Unregistered Settlement Shares and any Makewhole Shares (as defined below) (together, the “**Settlement Shares**”) delivered by Buyer to Dealer pursuant to paragraph 6 below commencing on the Buyer Cash Settlement Payment Date and continuing until the date on which the aggregate Net Proceeds (as such term is defined below) of such sales, as determined by Dealer, is equal to the absolute value of the Forward Cash Settlement Amount (such date, the “**Final Resale Date**”). If the proceeds of any sale(s) made by Dealer, the Selling Agent or any underwriter(s), net of any fees and commissions (including, without limitation, underwriting or placement fees) customary for similar transactions under the circumstances at the time of the offering, together with carrying charges and expenses incurred in connection with the offer and sale of the Shares (including, but without limitation to, the covering of any over-allotment or short position (syndicate or otherwise)) (the “**Net Proceeds**”) exceed the absolute value of the Forward Cash Settlement Amount, Dealer will refund, in USD, such excess to Buyer on the date that is two (2) Currency Business Days following the Final Resale Date, and, if any portion of the Settlement Shares remains unsold, Dealer shall return to Buyer on that date such unsold Shares.

6. If the Calculation Agent determines that the Net Proceeds received from the sale of the Registered Settlement Shares or Unregistered Settlement Shares or any Makewhole Shares, if any, pursuant to this paragraph 6 are less than the absolute value of the Forward Cash Settlement Amount (the

amount in USD by which the Net Proceeds are less than the absolute value of the Forward Cash Settlement Amount being the “**Shortfall**” and the date on which such determination is made, the “**Deficiency Determination Date**”), Buyer shall, on the Exchange Business Day next succeeding the Deficiency Determination Date (the “**Makewhole Notice Date**”), deliver to Dealer, through the Selling Agent, a notice of Buyer’s election that Buyer shall either (i) pay an amount in cash equal to the Shortfall on the day that is one (1) Currency Business Day after the Makewhole Notice Date, or (ii) deliver additional Shares. If Buyer elects to deliver to Dealer additional Shares, then Buyer shall deliver additional Shares in compliance with the terms and conditions of paragraph 3 or paragraph 4 above, as the case may be (the “**Makewhole Shares**”), on the first Clearance System Business Day that is also an Exchange Business Day following the Makewhole Notice Date in such number as the Calculation Agent reasonably believes would have a market value on that Exchange Business Day equal to the Shortfall. Such Makewhole Shares shall be sold by Dealer in accordance with the provisions above; provided that if the sum of the Net Proceeds from the sale of the originally delivered Shares and the Net Proceeds from the sale of any Makewhole Shares is less than the absolute value of the Forward Cash Settlement Amount then Buyer shall, at its election, either make such cash payment or deliver to Dealer further Makewhole Shares until such Shortfall has been reduced to zero.

7. Notwithstanding the foregoing, in no event shall the aggregate number of Settlement Shares for the Transaction be greater than the Share Cap (as specified in Schedule I). Buyer represents and warrants (which shall be deemed to be repeated on each day that the Transaction is outstanding) that the Share Cap is equal to or less than the number of Shares determined according to the following formula:

$$A - B$$

Where A = the number of authorized but unissued shares of Buyer that are not reserved for future issuance on the date hereof; and

B = the maximum number of Shares required to be delivered to third parties if Buyer elected Net Share Settlement of all transactions in the Shares (other than the Transaction) with all third parties that are then currently outstanding and unexercised.

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: May 5, 2023

/s/ JOSEPH M. HOGAN

Joseph M. Hogan

President and Chief Executive Officer

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: May 5, 2023

/s/ JOHN F. MORICI

John F. Morici

Chief Financial Officer and Executive Vice President, Global Finance

**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 March 31, 2023 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: May 5, 2023

In connection with the Quarterly Report of Align Technology, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2023 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: May 5, 2023