

A photograph of a dental office. A female dentist in a white lab coat is pointing at a large digital screen on a stand. The screen displays a 3D dental scan of a child's teeth. A young girl is sitting in a dental chair, looking at the screen. A woman, presumably the parent, stands behind the girl, smiling. The background shows dental cabinets and a window with green blinds.

# Q4 and Fiscal 2023 Financial Results

Align Technology, Inc.

January 31, 2024

# Q4 and Full Year 2023 Conference Call Details

## Conference call

### Speakers:

- Joe Hogan, President and CEO
- John Morici, CFO
- Shirley Stacy, VP, Finance, Investor Relations and Corporate Communications

### Webcast Archive:

- Audio webcast archive will be available at <http://investor.aligntech.com> for one month

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# Safe Harbor and Forward-Looking Statements

This presentation, including the tables below, contains forward-looking statements, including statements of beliefs and expectations regarding anticipated capital expenditures, clear aligner volumes, clear aligner ASPs, iTero scanner and services revenue, total revenues and operating margin, customer and consumer demand trends and market opportunities, our ability to successfully control our business and operations and pursue our strategic growth drivers, our expectations regarding the timing and impact of new products and technologies, our beliefs for the impacts of our stock repurchase programs and our ability to generate cash flow, and our beliefs regarding the trajectory of our business. Forward-looking statements contained in this news release relating to expectations about future events or results are based upon information available to Align as of the date hereof. Readers are cautioned that these forward-looking statements reflect our best judgments based on currently known facts and circumstances and are subject to risks, uncertainties, and assumptions that are difficult to predict. As a result, actual results may differ materially and adversely from those expressed in any forward-looking statement.

Factors that might cause such a difference include, but are not limited to:

- macroeconomic conditions, including inflation, fluctuations in currency exchange rates, rising interest rates, market volatility, weakness in general economic conditions and recessions and the impact of efforts by central banks and federal, state and local governments to combat inflation and recession;
- customer and consumer purchasing behavior and changes in consumer spending habits as a result of, among other things, prevailing macro-economic conditions, levels of employment, salaries and wages, debt obligations, discretionary income, inflationary pressure, declining consumer confidence, and military conflicts in Ukraine and the Middle East;
- the economic and geopolitical ramifications of the hostilities in the Middle East as well as the military conflict in Ukraine, including sanctions, retaliatory sanctions, nationalism, supply chain disruptions and other consequences, any of which may or will continue to adversely impact our operations and assets and our research and development activities;
- variations in our product mix, product adoption, and selling prices regionally and globally;
- competition from existing and new competitors;
- declines in, or the slowing of growth of, sales of our clear aligners or intraoral scanners domestically and/or internationally and the impact either would have on the adoption of Invisalign products;
- the timing and availability and cost of raw materials, components, products and other shipping and supply chain constraints, disruptions or costs;
- unexpected or rapid changes in the growth or decline of our domestic and/or international markets;
- rapidly evolving and groundbreaking advances that fundamentally alter the dental industry or the way new and existing customers market and provide products and services to consumers;
- the ability to protect and enforce our intellectual property rights;
- continued compliance with regulatory requirements;
- the willingness and ability of our customers to maintain and/or increase product utilization;
- the possibility that the development and release of new products or enhancements to existing products do not proceed in accordance with the anticipated timeline or may themselves contain bugs, errors or defects in software or hardware requiring remediation and that the market for the sale of these new or enhanced products may not develop as expected;
- a tougher consumer demand environment in China generally, especially for manufacturers and service providers whose headquarters or primary operations are not based in China;
- the risks relating to our ability to sustain or increase profitability or revenue growth in future periods (or minimize declines) while controlling expenses;
- expansion of our business and products;
- the impact of excess or constrained capacity at our manufacturing and treat operations facilities and pressure on our internal systems and personnel;
- the compromise of our systems or networks, including any customer and/or patient data contained therein, for any reason;
- the timing of case submissions from our doctor customers within a quarter as well as an increased manufacturing costs per case;
- foreign operational, political, military and other risks relating to our operations; and
- the loss of key personnel, labor shortages or work stoppages for us or our suppliers.

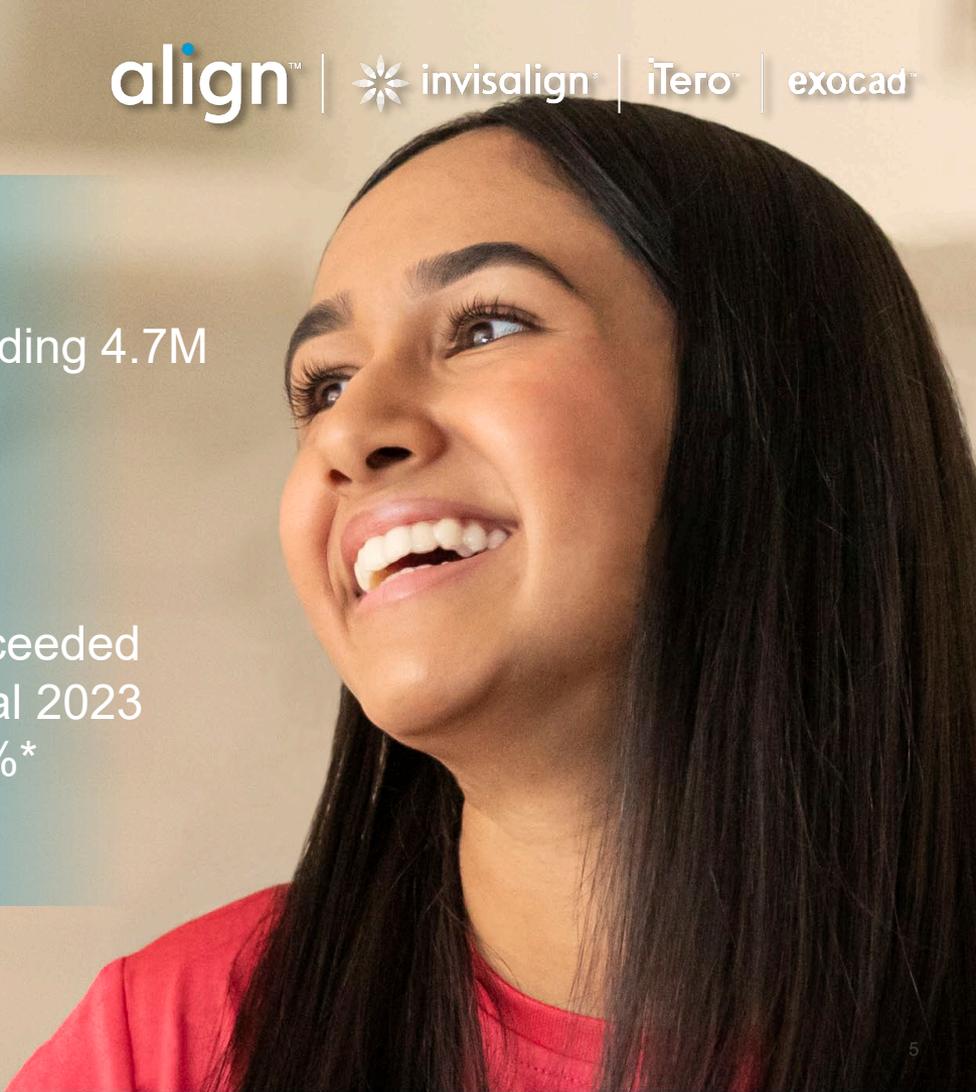
The foregoing and other risks are detailed from time to time in our periodic reports filed with the Securities and Exchange Commission, including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the Securities and Exchange Commission ("SEC") on February 27, 2023, and our latest Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, which was filed with the SEC on November 3, 2023. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

# About Non-GAAP Financial Measures

- To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States ("GAAP"), we may provide investors with certain non-GAAP financial measures which may include constant currency net revenues, constant currency gross profit, constant currency gross margin, constant currency income from operations, constant currency operating margin, gross profit, gross margin, operating expenses, income from operations, operating margin, interest income and other income (expense), net, net income before provision for income taxes, provision for income taxes, effective tax rate, net income and/or diluted net income per share, which excludes certain items that may not be indicative of our fundamental operating performance including, foreign currency exchange rate impacts and discrete cash and non-cash charges or gains that are included in the most directly comparable GAAP measure. In Q4'22, we changed to a long-term non-GAAP effective tax rate in our computation of the non-GAAP income tax provision to provide better consistency across reporting periods. Our previous methodology for calculating our non-GAAP effective tax rate included certain non-recurring and period-specific items, that produced fluctuating effective tax rates that management does not believe are reflective of the Company's long-term effective tax rate. This new methodology became effective January 1, 2022, and we recast prior periods in 2022. Unless otherwise indicated, when we refer to non-GAAP financial measures they will exclude the effects of stock-based compensation, amortization of certain acquired intangibles, restructuring and other charges, acquisition-related costs, and associated tax impacts.
- Our management believes that the use of certain non-GAAP financial measures provides meaningful supplemental information regarding our recurring core operating performance. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the performance of our business.
- There are limitations to using non-GAAP financial measures as they are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which charges are excluded from the non-GAAP financial measures. We compensate for these limitations by analyzing current and future results on a GAAP as well as a non-GAAP basis and by providing GAAP measures in our public disclosures. The presentation of non-GAAP financial information is meant to be considered in addition to, not as a substitute for or in isolation from, the directly comparable financial measures prepared in accordance with GAAP. We urge investors to review the reconciliation of our GAAP financial measures to the comparable non-GAAP financial measures included herein and not to rely on any single financial measure to evaluate our business. For more information on these non-GAAP financial measures, please see the tables captioned "Unaudited GAAP to Non-GAAP Reconciliation."

## 2023 Milestones

- 17M Invisalign® patients treated—including 4.7M teens
- 4M Vivera™ retainer cases
- +100K iTero™ scanners sold
- Full year fiscal 2023, total revenues exceeded our prior outlook, and we delivered fiscal 2023 non-GAAP operating margin above 21%\*





Making clear aligner treatment available  
for **EVERYONE**  
through **DOCTORS**



**600M**  
POTENTIAL PATIENTS

through

**+2M**  
DOCTORS

with an  
iTero™ scanner at  
**EVERY CHAIR**



# +26 YEARS

From appliance to platform

Revenue Y/Y%  
LTM 20% - 30%

2001-2023  
**+22.5%**

## 2007 – 2012

Force system biomechanics  
G-Series  
Vivera™ retainers  
Teen product  
SmartForce™ features  
ClinCheck® Pro  
iTero™ intraoral scanners

## 1997 – 2006

Invisalign® clear aligners  
ClinCheck® software  
Attachments  
3D Printing SLA

## 2013 – 2016

SmartTrack™ material  
Biteramps  
Invisalign® Outcome Simulator  
SmartStage™ technology  
iTero Element™ scanner  
Mandibular advancement

## 2017 – 2023

Invisalign First™  
My Invisalign™ app  
iTero Element™ 5D imaging system NIRI  
ClinCheck® Pro 6  
exocad™ lab software  
Invisalign® Virtual Care  
Professional Whitening  
Subscription  
E-Commerce  
Diagnostics  
Invisalign® Practice App  
Invisalign Smile Architect™  
Invisalign® Virtual Care AI  
Enhanced precision wings for Invisalign treatment with mandibular advancement  
Invisalign® Palatal Expander system  
SmartForce™ attachment-free aligner activation feature  
Plan Editor in ClinCheck® treatment planning software  
Align™ Oral Health Suite

## 2024

iTero Lumina™ intraoral scanner  
iTero Multi-Direct Capture™ technology  
ClinCheck® Smile Video



*Pictured: iTero Lumina™ intraoral scanner*

● Software

● New products

● Services

# iTero Lumina™ intraoral scanner

A practice digital transformation solution



- The iTero Lumina™ intraoral scanner is a breakthrough technology - with 3X wider field of capture<sup>1</sup> in a 50% smaller wand<sup>2</sup>, that delivers faster scanning, higher accuracy<sup>3</sup>, and superior visualization<sup>4</sup> for greater practice efficiency. iTero Lumina quickly<sup>4</sup>, easily<sup>1</sup>, and accurately<sup>3</sup> captures more data while delivering exceptional scan quality and photorealistic images that eliminate the need for intraoral photos altogether<sup>4</sup>. Doctors can now scan at twice the speed with a wide field of capture, multi angled scanning, and large capture distance, meaning they can capture more dentition in greater detail throughout the scanning process
- To date, Align has filed over 30 patent applications covering technology related to the iTero Lumina intraoral scanner. We believe the iTero Lumina scanner has the potential to set a new standard of care for dental practices by simplifying the scanning of complex oral regions, while offering superior chair-side visualization and a more comfortable experience for patients, especially kids
- Initial doctor feedback has been very positive, noting that the iTero Lumina scanner is much faster, clearer and less invasive for their patients and the imaging and visualization translates to better communication and patient experience
- The iTero Lumina intraoral scanner is available now with orthodontic workflows and will be available in the second half of 2024 for restorative workflows, although we expect that GP practices can benefit now from the new scanning technology
- A global broadcast to unveil iTero Lumina and provide attendees with insights and detailed information from our iTero team and early customers users is planned for February 15th. Registration will open on February 1st. Information about the iTero Lumina™ intraoral scanner can be found at <http://www.itero.com/en> and <https://www.aligntech.com/iterolumina>

3X wider field of capture<sup>1</sup>

50% smaller wand<sup>2</sup>

Superior visualization<sup>4</sup>

1. Compared to the field of view of the iTero Element™ 5D imaging system, when the iTero Lumina™ intraoral scanner's scanning distance is 12 mm.\*

2. Compared to iTero Element™ 5D imaging system wand, excluding the wand cable.\*

3. The iTero Lumina™ intraoral scanner has scientifically proven greater accuracy\* for your clinical orthodontic needs.

4. For invisalign record-taking cases only. Based on a survey in September 2023 of n=22 users who participated in a global limited market release, working with iTero Lumina™ intraoral scanner for an average period of 6 months, representing both Invisalign trained general practitioners and orthodontists in NA, EU and APAC, who were presented with a 4 point level of agreement scale from strongly agree to strongly disagree with the following statement: "iTero Lumina™ intraoral scanner 3D model is comparable to that of an intraoral photo," and "iTero Lumina™ intraoral scanner photorealistic scans enable orthodontic clinical assessment the same way intraoral photos do," and "iTero Lumina™ intraoral scanner 3D model's superior 3D model eliminates the need to take intraoral photos," and "iTero Lumina™ intraoral scanner 3D model's superior 3D model boosts patient engagement.\*\*"

\*Compared to the accuracy of the iTero Element™ 5D imaging system.\*

\*\*Data on file at Align Technology, as of November 15, 2023.

# Invisalign® Palatal Expander system receives U.S. FDA 510(k) clearance

**PALATAL EXPANSION:** Invisalign® Palatal Expander system (“IPE”)

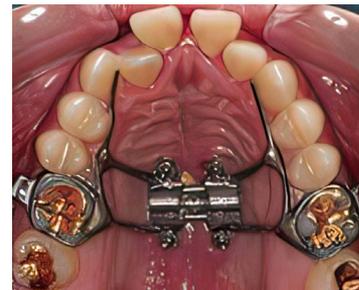


- During Q4, we announced that the U.S. Food and Drug Administration cleared IPE for commercial availability in the U.S. The FDA 510(k) clearance is for broad patient applicability, including growing children, teens, and adults
- Full early intervention treatment such as Phase 1 or early interceptive treatment makes up 20 percent of orthodontic case starts each year and is growing. Together with Invisalign First aligners, IPE provide doctors with a solution set to treat the most common skeletal and dental malocclusions in growing children. The addition of mandibular advancement features to Invisalign aligners also provides doctors with more options for treating skeletal and dental jaw imbalances and bite correction for their growing patients. Essentially, we now have an Invisalign digital treatment solution for every phase of treatment

Invisalign® Palatal Expander System is intended for broad patient applicability, including adults when coupled with surgery or other techniques as deemed appropriate by the treating orthodontist. It is indicated for this use in Canada and the U.S. where it is available for sale, and we recently received regulatory clearance in Australia and New Zealand, and we anticipate that we will begin commercialization in Q2. It is expected to be available in other markets pending future applicable regulatory approvals.

**PALATAL EXPANSION:**  
Current solutions

Micro-Implant Assisted  
Rapid Palatal Expander (MARPE)



Hyrax Appliance  
(banded)



# ClinCheck® Smile Video

The next generation in-face visualization tool that is expected to be available to all doctors that use Invisalign® Practice app and ClinCheck treatment software

- We are also launching ClinCheck® Smile Video, the next generation of in-face visualization with AI-assisted video that is expected to be available to all doctors who use the Invisalign® Practice App and ClinCheck Treatment Planning Software
- This new tool is designed to help improve patients' understanding of and confidence in Invisalign treatment and is based on iTero intra-oral scans and the doctor's ClinCheck plan for Invisalign treatment. ClinCheck Smile Video simulates the doctor's ClinCheck treatment plan within a short video of a patient's face as they talk and smile, which helps patients visualize their potential new smile and can lead to higher patient treatment acceptance
- We expect to roll out ClinCheck Smile Video in Q1'24 in North America and EMEA, followed by APAC later in the year



Realistic treatment  
visualization

Enhanced treatment  
confidence

Cutting-edge  
technology

ClinCheck® Smile Video is not intended to be used for treatment planning or clinical purposes. Actual clinical results may vary due to several factors, including the patients' dental condition, compliance with the doctor's treatment instructions, and any adjustments to the treatment plan.

# Align Technology Among Top 300 WW Organizations Granted U.S. Patents in 2023

Our patient-focused research and development programs have led to innovations designed to deliver world-class products that doctors and their patients trust to create a better smile

The patents granted by the United States Patent and Trademark Office cover technologies that revolutionize the field of orthodontics and digital dentistry, through advancements in clear aligners, intraoral scanners, direct 3D printed orthodontic devices, restorative CAD/CAM software, and artificial intelligence (AI) in treatment planning

These patents include notable coverage for recently introduced products such as:

- iTero Lumina™ intraoral scanner, and
- Invisalign® Palatal Expanders

The recognition on this list of top patent producers reflects our investment in developing next generation devices and technology that provide what our doctor customers want and need for their patients



*Pictured: Invisalign® Palatal Expander system*



*Pictured: iTero Lumina™ intraoral scanner*

## 158 U.S. Patents Granted to Align Technology in 2023

Align Technology included in the Intellectual Property Owners Association annual report of the top 300 organizations granted U.S. patents.

# align digital platform™

TRANSFORMING SMILES, CHANGING LIVES



Connect



Scan



Diagnose



Plan



Treat



Monitor



Retain



CONSUMERS  
& PATIENTS



DOCTORS



DENTAL LABS

# ENORMOUS OPPORTUNITY



600M  
Consumer  
Opportunity

15M teens      22M Annual ortho starts      7M adults



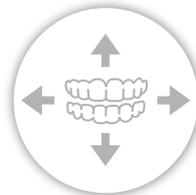
**INTERNATIONAL  
EXPANSION**



**PATIENT  
DEMAND**



**ORTHODONTIST  
UTILIZATION**



**GP DENTIST  
TREATMENT**



Focused Execution  
**STRATEGIC  
GROWTH DRIVERS**

# Align's unique position and **COMPETITIVE ADVANTAGE**

multivariable equation that is very difficult to replicate

## MANUFACTURING EXCELLENCE

- > 1M unique clear aligner parts / day
- > 59K treatment plans / day
- Proven & Scalable Technology

## GEOGRAPHICAL EXPANSION

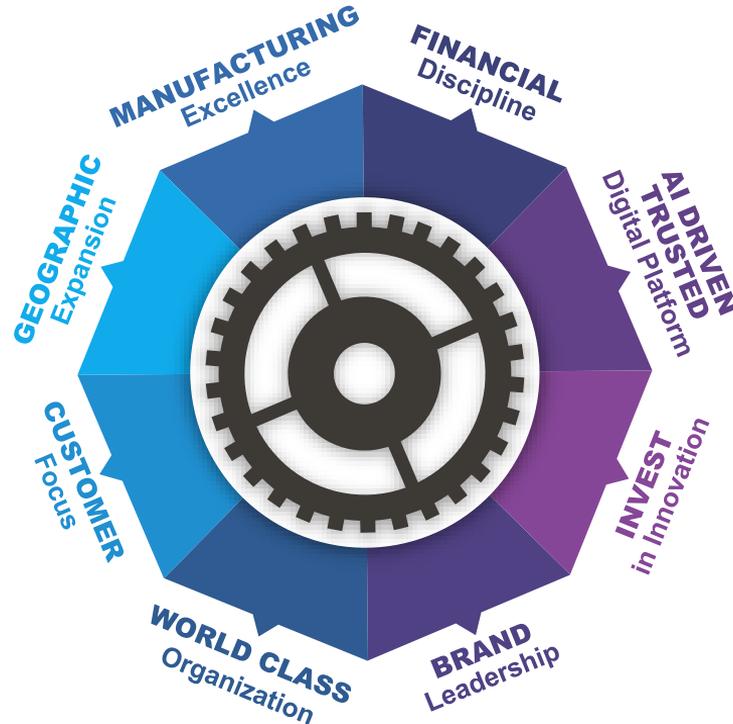
- > 100 Markets
- 13 Fab & Treat locations

## DIVERSIFIED CUSTOMER BASE

- > 256K Orthos and GP dentists
- 90K+ software installations

## STRONG WORKFORCE

- > 2K Specialty Reps
- > 1K+ Engineers
- ~ 12K+ Manufacturing Experts



## RELIABLE FINANCIAL RESULTS

- Excellent Top-line & profit growth
- Strong Balance Sheet
- Great cash generation

## LEADING DIGITAL PLATFORM

- Strong Digital Technology in ClinCheck® software & iTero™ scanners
- Flexible design (integrate exocad)

## PRODUCT, TECHNOLOGY, AND IP

- Investing >\$300M in technology this year
- Partnership with leading universities
- Healthy Product / Technology pipeline
- > 1.8K+ patents

## TOP BRAND FOR ALIGNER & SCANNER

- \$200M+ annual brand investment
- ~17M+ satisfied patients

# Q4 and Full Year 2023 CEO Opening Comments

- We are pleased to report fourth quarter results with better-than-expected revenues and earnings. As of the end of Q4 we achieved several major milestones including 17 million Invisalign® patients treated—including 4.7 million teens – plus 4 million Vivera™ retainer cases, and over 100 thousand iTero™ scanners sold. And, for the full year fiscal 2023, total revenues exceeded our prior outlook and we delivered fiscal 2023 non-GAAP operating margin above 21%
- For Q4, total revenues were up 6.1% year over year, reflecting increased systems and services revenues, strength in Clear Aligner volumes for teens and international doctors, as well as continued growth from Invisalign touch-up cases under our Invisalign Doctor Subscription Program (“DSP”)
- Our Q4 Systems and Services revenues were up year over year, primarily due to increased services, CAD/CAM, and non-system revenues including, scanner leasing and rental programs, and certified pre-owned (“CPO”) scanner sales
- Q4 total clear aligner shipments were slightly lower year-over-year. On a year-over-year basis, clear aligner volumes were down for the Americas and EMEA regions, and were up for APAC region
- On a sequential basis, Q4 total revenues were down slightly 0.4% primarily reflecting anticipated seasonally lower teen case starts especially in the US ortho channel and unfavorable foreign exchange, offset somewhat by increased revenues from systems and services, as well as an increase in clear aligner volume for adults and non-comprehensive cases, and stronger volumes from Canada and the EMEA region
- Q4 total clear aligner shipments were slightly lower sequentially. On a sequential basis, clear aligner volumes were down for the Americas and APAC regions, and were up sequentially for the EMEA region
- The December Gaidge Practice Analysis tool that collects & consolidates data from approximately 1000 Orthodontic Practices across in the US and Canada reported a year over year decline for new patients, total exams, and total starts – particularly among teens and kids. It also shows a year over year decline for wires and brackets and total clear aligner starts – with Invisalign case starts better than other clear aligner brands

# Q4 2023 Highlights

# FY2023 Revenues and Operating Margin

TOTAL REVENUES	TOTAL SYSTEMS AND SERVICES REVENUES	TOTAL CLEAR ALIGNER REVENUES	GAAP OP PROFIT MARGIN
<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
<b>\$3,862.3M</b>	<b>\$662.9M</b>	<b>\$3,199.3M</b>	<b>\$643.3M   16.7%</b>
Y/Y +3.4%	Y/Y +0.1%	Y/Y +4.1%	Y/Y (0.5)% pts
<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
<b>\$3,734.6M</b>	<b>\$662.1M</b>	<b>\$3,072.6M</b>	<b>\$642.6M   17.2%</b>
Y/Y (5.5)%	Y/Y (6.2)%	Y/Y (5.4)%	Y/Y (7.5)% pts
<b>2023 FX Impact:</b>	<b>2023 FX Impact:</b>	<b>2023 FX Impact:</b>	<b>2023 FX Impact:</b>
• Y/Y: ~\$36.3M unfavorable impact from FX <sup>(1)</sup>	• Y/Y: ~\$6.6M unfavorable impact from FX <sup>(1)</sup>	• Y/Y: ~\$29.7M unfavorable impact from FX <sup>(1)</sup>	• Y/Y: ~0.7 pts favorable impact from FX <sup>(1)</sup>

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

# Q4 2023 Revenues and Operating Margin

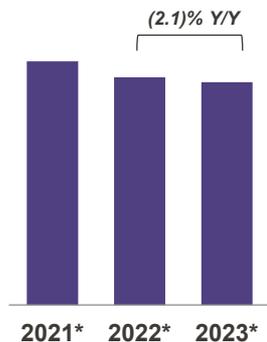
TOTAL REVENUES	TOTAL SYSTEMS AND SERVICES REVENUES	TOTAL CLEAR ALIGNER REVENUES	GAAP OP PROFIT MARGIN
<b>Q4'23</b>	<b>Q4'23</b>	<b>Q4'23</b>	<b>Q4'23</b>
<b>\$956.7M</b>	<b>\$174.8M</b>	<b>\$781.9M</b>	<b>\$171.5M   17.9%</b>
Q/Q (0.4)%      Y/Y +6.1%	Q/Q +5.8%      Y/Y +2.9%	Q/Q (1.6)%      Y/Y +6.9%	Q/Q +0.6% pt    Y/Y +5.4% pts
<b>Q4'22</b>	<b>Q4'22</b>	<b>Q4'22</b>	<b>Q4'22</b>
<b>\$901.5M</b>	<b>\$169.9M</b>	<b>\$731.7M</b>	<b>\$112.7M   12.5%</b>
Q/Q +1.3%      Y/Y (12.6)%	Q/Q +7.8%      Y/Y (21.3)%	Q/Q (0.2)%      Y/Y (10.3)%	Q/Q (3.6)% pts    Y/Y (8.9)% pts
<b>Q4'23 FX Impact:</b>	<b>Q4'23 FX Impact:</b>	<b>Q4'23 FX Impact:</b>	<b>Q4'23 FX Impact:</b>
<ul style="list-style-type: none"> <li>Q/Q: ~\$12.8M unfavorable impact from FX<sup>(1)</sup></li> <li>Y/Y: ~\$13.8M favorable impact from FX<sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Q/Q: ~\$2.1M unfavorable impact from FX<sup>(1)</sup></li> <li>Y/Y: ~\$1.9M favorable impact from FX<sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Q/Q: ~\$10.7M unfavorable impact from FX<sup>(1)</sup></li> <li>Y/Y: ~\$12.0M favorable impact from FX<sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Q/Q: ~0.6 pts unfavorable impact from FX<sup>(1)</sup></li> <li>Y/Y: ~0.6 pts favorable impact from FX<sup>(1)</sup></li> </ul>

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

# FY2023 Clear Aligner segment

## Americas Clear Aligner Metrics

### Americas Clear Aligner Shipments

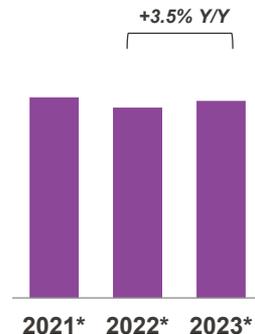


### North Americas Utilization\*\*



## International Clear Aligner Metrics

### International Clear Aligner Shipments

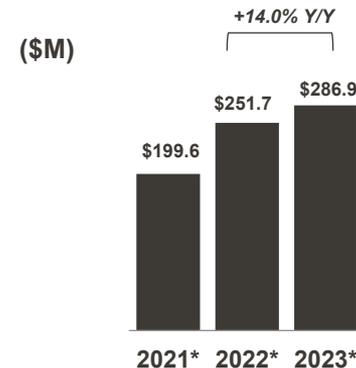


### International Utilization\*\*



## Non-Case Clear Aligner Metrics

### Non-Case Clear Aligner Revenues



Non-case revenues include retention products such as our Vivera® retainers, clinical training and education, accessories/eCommerce, and our subscription programs such as Invisalign® Doctor Subscription Program (“DSP”).

\*As of Q3'23, Doctor Subscription Program touch up cases are now included in Clear Aligner shipments in North America and EMEA, utilization rates and Non-Case revenues. Prior periods have been recast.

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

# Q4 2023 Clear Aligner segment

## Americas Clear Aligner Metrics

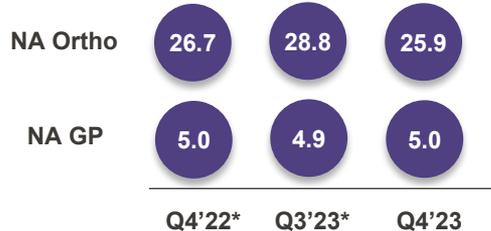
### Americas Clear Aligner Shipments

(4.5)% Y/Y

(5.7)% Q/Q



### North Americas Utilization\*\*

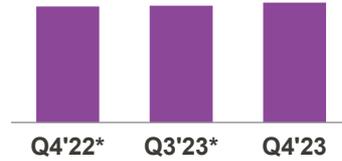


## International Clear Aligner Metrics

### International Clear Aligner Shipments

+3.9% Y/Y

+3.0% Q/Q



### International Utilization\*\*

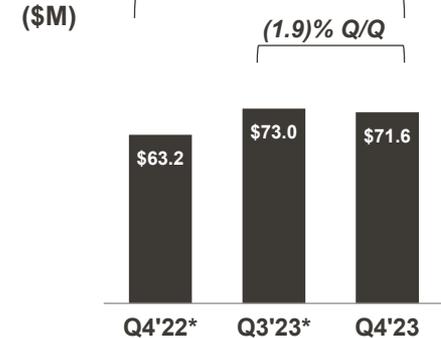


## Non-Case Clear Aligner Metrics

### Non-Case Clear Aligner Revenues

+13.3% Y/Y

(1.9)% Q/Q



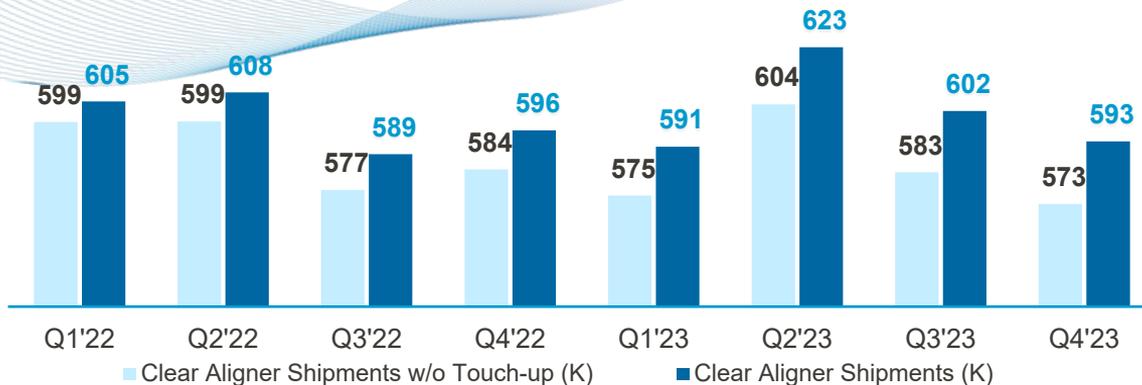
Non-case revenues include retention products such as our Viverra® retainers, clinical training and education, accessories/eCommerce, and our subscription programs such as Invisalign® Doctor Subscription Program (“DSP”)

For Non-Case revenues, Q4 was up 13.3% year over year, primarily due to continued growth from Viverra™ retainers along with Invisalign DSP retainer revenues

\*As of Q3'23, Doctor Subscription Program touch up cases are now included in Clear Aligner shipments in North America and EMEA, utilization rates and Non-Case revenues. Prior periods have been recast.

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

# Q4 2023 Invisalign® Doctor Subscription Program (“DSP”) Touch-Up Cases



	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
<b>DSP Touch-up Shipments (K)</b>	<b>6.6</b>	<b>9.3</b>	<b>11.4</b>	<b>12.4</b>	<b>15.5</b>	<b>18.2</b>	<b>19.6</b>	<b>19.9</b>
Clear Aligner Shipments w/o Touch-up Y/Y%	0.5%	-10%	-11.9%	-7.5%	-3.9%	0.9%	1.0%	-1.9%
<b>Clear Aligner Shipments Y/Y%</b>	<b>1.4%</b>	<b>-8.9%</b>	<b>-10.7%</b>	<b>-6.3%</b>	<b>-2.4%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>-0.6%</b>

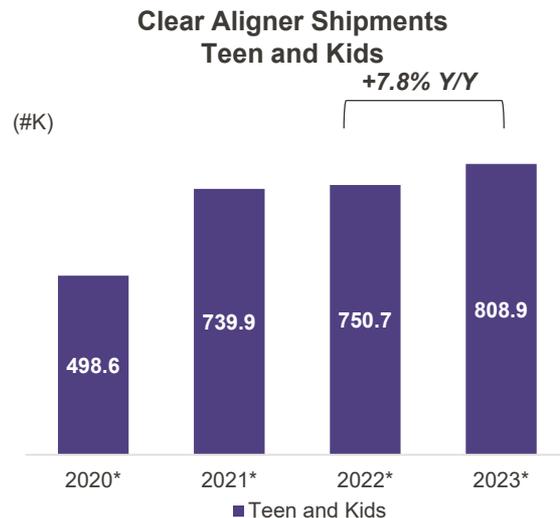
- For Q4, we shipped ~20K Invisalign DSP cases, primarily in North America, an increase of ~60% year over year from Q4'22
- DSP continues to be well received by our customers and is currently available in the U.S., Canada, Iberia, Nordics and, most recently in the UK. We are excited that DSP is proving helpful to doctors and their patients as we continue to expand the program.
- For fiscal 2023, total Invisalign DSP Touch Up Cases shipped were 73 thousand, up 85% year over year.

NOTE: As of Q3'23, Invisalign DSP touch-up cases have been reclassified to the non-comprehensive clear aligner segment and are now reflected in our reported case volumes and metrics. Prior to this quarter, they were reported in the Non-Case category. Unless otherwise stated, all metrics include Invisalign DSP "touch-up" cases in reported clear aligner volumes

# 4.7M Teens and Kids treated with the Invisalign® System, to date



- In the teen segment, for Q4, 197 thousand teens and younger patients started treatment with Invisalign clear aligners up 6% year over year and were a record number of teen cases shipped compared to prior fourth quarters. Q4 Teen starts were down sequentially consistent with historical seasonality primarily in China as well as seasonally fewer teens starts in North America compared to Q3
- For fiscal 2023, total Invisalign clear aligner shipments for teens and younger patients reached a total of 809 thousand cases, up 8% compared to the prior year, and made up 34% of total clear aligner shipments



\*As of Q3'23, Doctor Subscription Program touch up cases are now included in Clear Aligner shipments in North America and EMEA. Prior periods have been recast.

# FY 2023 Connecting consumers with Invisalign® doctors

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

The Invisalign® Brand Consumer Concierge service teams have connected tens of thousands of potential consumers with Invisalign doctors and reached millions of consumers globally. The Invisalign Brand Consumer Concierge program successfully provides leads to doctors they otherwise may not obtain. The Invisalign Brand Consumer Concierge service teams are located in the U.S., Brazil, Singapore, the Philippines, China, Australia, the UK, Poland, Bulgaria, Saudi Arabia, United Arab Emirates, and Germany

## Americas

37.6M

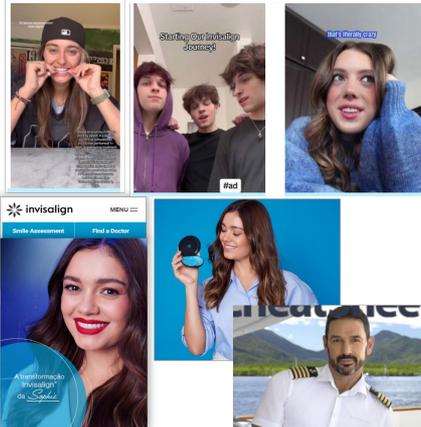
15.4B



Website Visitors



Impressions



## EMEA

30.5M

5.9B



Website Visitors



Impressions



## APAC

37.8M

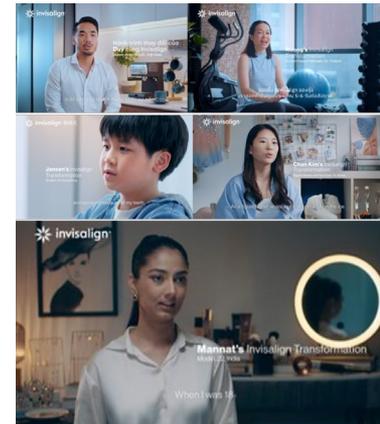
12.9B



Website Visitors



Impressions



Full Year 2023  
Invisalign®  
Brand  
Consumer  
Marketing

# Invisalign® is the Most Trusted Brand in Orthodontics

## Q4 2023 Consumer Demand Creation and Digital Tools



YouTube



- Our consumer marketing focuses on creating awareness with consumers about the Invisalign system and driving that demand to Invisalign doctors' offices, ultimately capitalizing on the massive market opportunity to transform 500M smiles
- Invisalign is the most trusted brand in the Orthodontic industry globally and it is important we continue to create demand for Invisalign clear aligners, especially given macro-economic pressures on doctors and their patients. In Q4'23, we delivered 5.7B impressions and had 25.2M visits to our websites globally
- To increase awareness and educate young adults, parents and teens about the benefits of the Invisalign brand, we continued to invest and create campaigns in top media platforms such as TikTok, Instagram, YouTube, SnapChat, WeChat, and Douyin across markets.
- The underlying market opportunity for clear aligner treatment, especially for teens and kids, remains huge and significantly underpenetrated. In most circumstances, Invisalign clear aligner treatment is faster and more effective than wire and bracket braces, yet the vast majority of orthodontic cases are still treated using brackets and wires
- Differentiation and communicating advantages are key to increasing Invisalign share of orthodontic case starts – especially among teens and their parents. We are continuing to differentiate through novel creative executions such as our new "Invis is Drama Free" teen campaign-- which uses humor to juxtapose the significant benefits of Invisalign treatment over metal braces
- Similarly, to differentiate Invisalign treatment for adults, we continued to expand campaigns globally using powerful patient testimonials that share how important a smile is and how Invisalign treatment increases self-confidence that transforms lives



# Invisalign® Influencers

## Q4 2023 Consumer Demand Creation and Digital Tools

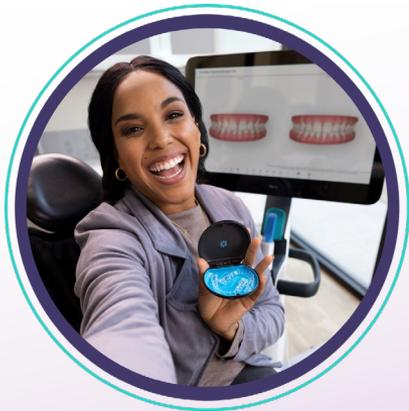
- Reaching young adults as well as teens and their parents also requires the right engagement through Invisalign influencers and creator-centric campaigns. In the US, we partnered with creators such as Symonne Harrison, Avery Cyrus and the Sturniolo triplets and shared why they chose to transform their smile with Invisalign aligners and showcased their results
- In the EMEA region, we partnered with influencers to reach consumers across social media platforms including TikTok and Meta and launched our global consumer campaigns for teens and parents. Our campaigns delivered more than 1.4B media impressions and 6.4M visitors to our website
- We continued to invest in consumer advertising across the APAC region, resulting in more than 2B impressions and 8.6M visitors to our websites. We expanded our reach in Japan and India via Meta and YouTube, and partnered with key influencers to reach consumers across social media. We saw increased brand interest from consumers as evidenced by an 104% Y/Y increase in unique visitors to our website in India and a 57% increase in Japan
- Finally, digital tools such as My Invisalign Consumer and Patient app continued to increase with 3.7+M downloads to-date and over 373K monthly active users, a 20% Y/Y growth
- We are very excited about recent innovations developed to further revolutionize digital treatment planning for orthodontics and restorative dentistry by providing doctors with greater flexibility, real-time treatment plan modification capabilities and digital solutions to help improve practice productivity and patient experience – which are even more important to our customers in the current environment. This includes ClinCheck® Live Update for 3D controls, Invisalign® Practice App, Invisalign® Personalized Plan (“IPP”), and Invisalign Smile Architect™, iTero-exocad Connector™, Invisalign® Outcome Simulator Pro, and Invisalign® Virtual Care AI software. We’re pleased that usage of these digital tools is continuing to increase and help doctors gain efficiencies. In Q4, ClinCheck® Live Update was used by 44K doctors on more than 625K cases, reducing time spent in modifying treatment by 17.5%. Invisalign Practice app is now actively used by 94.3K doctors with over 5.3M photos uploaded during the quarter via the Practice app



# iTero™ intraoral scanners

## Accelerating digital practice transformation

The iTero scanner is at the front end of digital dentistry. Today, we have over 100K iTero scanners sold or roughly half of the intraoral scanning market globally. We have a scanner portfolio that consists of value to premium products, having introduced breakthrough technologies in the last few years, making the iTero scanner a comprehensive oral health system.



iTero  
Element Flex™  
& CPO



iTero  
Element™ 2



iTero  
Element™ 5D



iTero  
Element™ Plus Series



iTero  
Lumina™ scanner

100K+ scanners sold

5M+ restorative scans/year

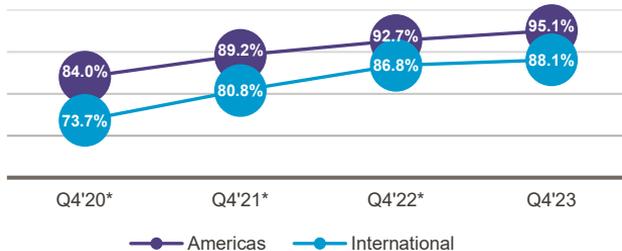
15K+ labs

The iTero Element™ 2 and the iTero Element™ Flex intraoral scanners are currently available in the U.S., Canada, China, and majority of EMEA and APAC markets. The iTero Element™ 5D imaging system is available in the U.S., Canada, China, and the majority of EMEA and select APAC and LATAM markets

# Q4 2023 Systems and Services segment



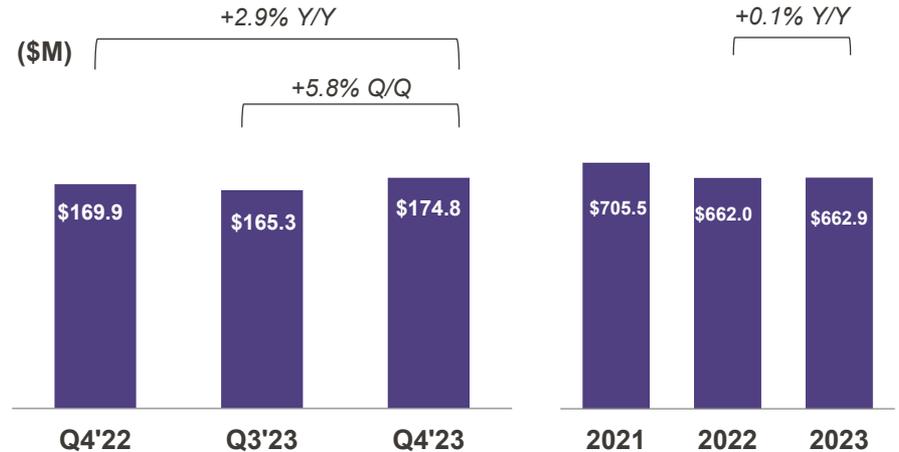
Intraoral digital scans for Invisalign® case submission



\*As of Q3'23, Doctor Subscription Program touch up cases are now included in Clear Aligner shipments in North America and EMEA, utilization rates and Non-Case revenues. Prior periods have been recast.

## Imaging Systems and CAD/CAM Services

### Systems and Services Revenues



CAD/CAM and Services revenues represent ~50%\* of our Systems and Services business

\*Q4'23

# Q4 2023 exocad Highlights

## exocad introduces *DentalCAD 3.2 Elefsina* software with more than 60 new features for more automation and speed

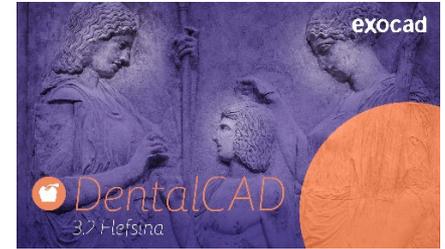
The software release offers new and improved workflows - from treatment planning to design and manufacturing

The new preparation margin repair tool enables users to make the most out of imperfect intraoral scans - users can fix margins to get an acceptable result despite artifacts or holes in the scan

The **Full Denture Module** includes a new feature to rapidly copy an existing denture in a highly automated workflow. This provides a faster and more cost-effective alternative to relining old dentures, leveraging recent advances in 3D printing

## iTero-exocad Connector™ redefines seamless workflows

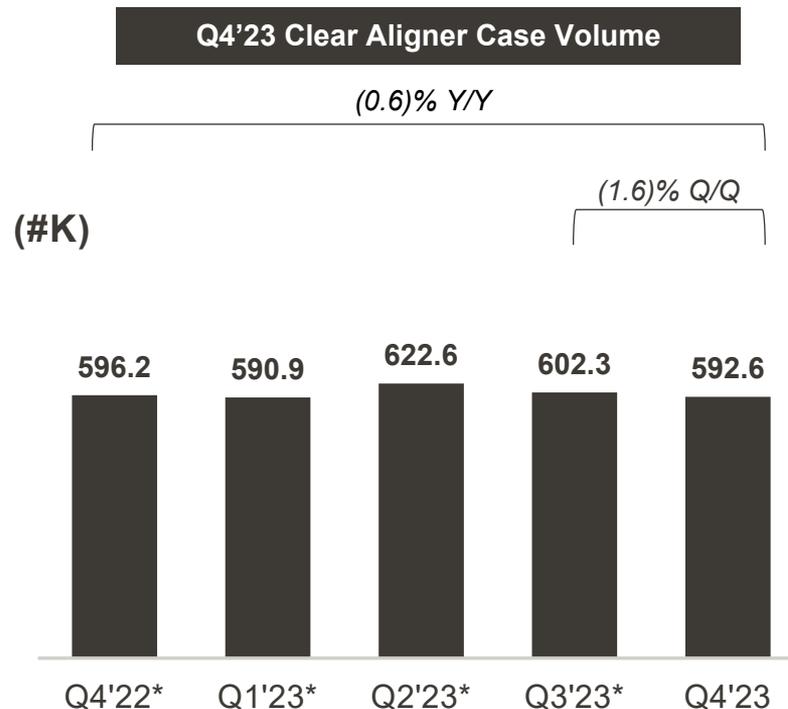
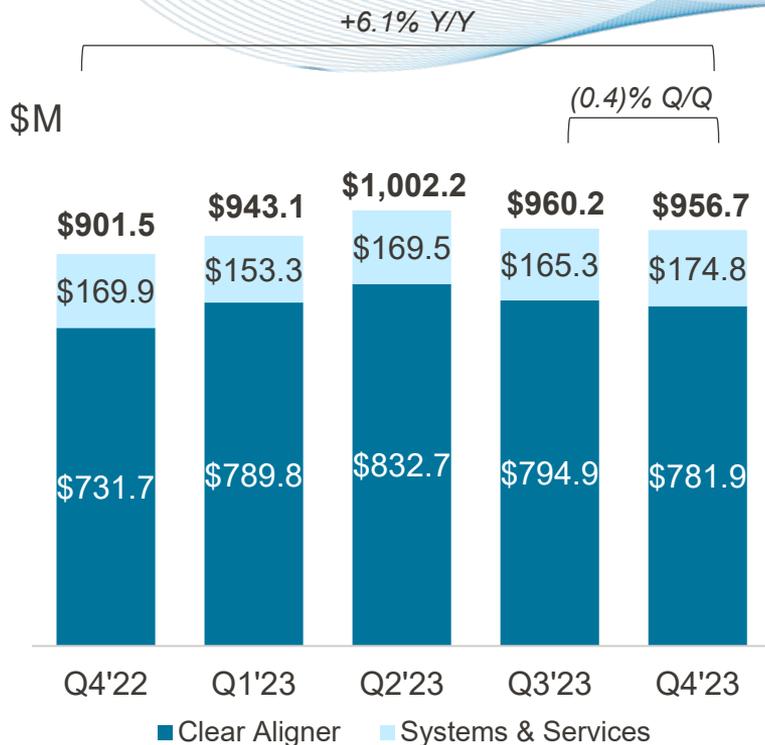
To improve collaboration between labs and doctors, clinicians can now share external case-related files like images, videos and X-rays with exocad *DentalCAD* users via the **MyiTero™ portal**. The new bi-directional case communication allows *DentalCAD* users to share their 3D designs with the doctor for an efficient preview-and-approval process. Within the CAD software, lab users can also validate margins with iTero intraoral camera images and visualize internal tooth structure with proprietary iTero NIRI (Near Infra-Red Imagery) technology



# Q4 2023 Financial Review

# Trended Revenues and Volumes

## Q4'23 highlights



\*As of Q3'23, Doctor Subscription Program touch up cases are now included in Clear Aligner shipments in North America and EMEA. Prior periods have been recast.

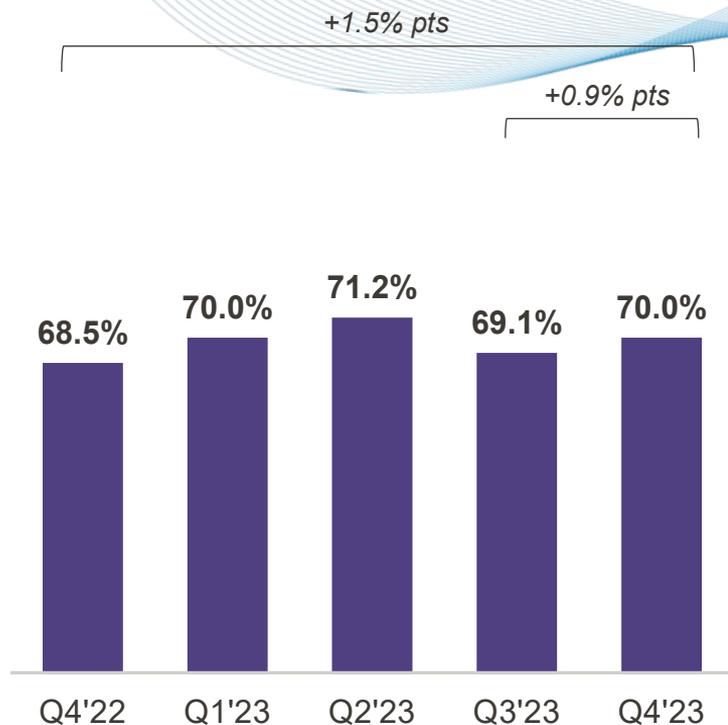
# Q4 2023 Financial Summary Commentary

- **Q4'23 Total revenues of \$956.7M, (0.4)% Q/Q and +6.1% Y/Y**
  - Q/Q, Q4'23 revenues were unfavorably impacted by FX of ~\$12.8M\*
  - Y/Y, Q4'23 revenues were favorably impacted by FX of ~\$13.8M\*
- **Q4'23 Clear Aligners revenues of \$781.9M, (1.6)% Q/Q and +6.9% Y/Y**
  - Q/Q, Q4'23 decrease primarily from lower volumes
  - Y/Y, Q4'23 increase primarily due to higher ASPs and non-case revenues, slightly offset by lower volumes
  - Q/Q, Q4'23 revenues were unfavorably impacted by FX of ~\$10.7M or ~1.4%\*
  - Y/Y, Q4'23 revenues were favorably impacted by FX of ~\$12.0M or ~1.6% Y/Y\*
- **Q4'23 Invisalign® ASPs for comprehensive treatment increased Q/Q and Y/Y**
  - Q/Q, the increase in Q4'23 ASPs reflect higher additional aligners, partially offset by the unfavorable impact from FX, higher sales credits, and higher discounts
  - Y/Y, the increase in Q4'23 ASPs reflect higher additional aligners, price increases and the favorable impact from FX, partially offset by higher discounts and a product mix shift to lower ASP products
- **Q4'23 Invisalign® ASPs for non-comprehensive treatment decreased Q/Q and increased Y/Y**
  - Q/Q, the decrease in ASPs reflect the unfavorable impact from FX, a product mix shift to lower ASP products, and higher net revenue deferrals, partially offset by price increases and lower discounts
  - Y/Y, the increase in ASPs reflect price increases, the impact from favorable FX, and higher additional aligners, partially offset by a product mix shift to lower ASP products and higher discounts
- **Q4'23 Systems and Services revenues of \$174.8M, +5.8% Q/Q and +2.9% Y/Y**
  - Q/Q, increase partially due to higher ASPs, and an increase in CAD/CAM and services revenues, partially offset by lower volumes
  - Y/Y, increase primarily due to higher services revenues from our larger base of scanners sold and increased non-system revenues related to our CPO and leasing/rental programs, mostly offset by lower ASPs and scanner volume
  - Q/Q, Q4'23 revenues were unfavorably impacted by FX of ~\$2.1M or ~1.2%\*
  - Y/Y, Q4'23 revenues were favorably impacted by FX of ~\$1.9M or ~1.1%\*

\*See table: Unaudited GAAP to Non-GAAP Reconciliation

# Trended GAAP Gross Margins

## Q4'23 highlights



- Overall Q4'23 gross margin was 70.0%, +0.9 pts Q/Q and +1.5 pts Y/Y
  - Q/Q, overall gross margin was unfavorably impacted by FX of ~0.4 pt
  - Y/Y, overall gross margin was favorably impacted by FX of ~0.4 pt
- Q4'23 Non-GAAP gross margin was 70.5%, +0.9 pts Q/Q and +1.2 pts Y/Y
- Q4'23 Clear Aligner gross margin was 71.1%
  - +0.4 pts Q/Q primarily due to lower manufacturing spend, partially offset by higher freight costs
  - +0.3 pts Y/Y primarily due to higher ASPs and favorable FX, partially offset by higher manufacturing spend and freight costs
- Q4'23 Systems and Services gross margin was 64.8%
  - +3.8 pts Q/Q due to higher ASPs, partially offset by higher service and freight costs
  - +6.0 pts Y/Y primarily due to improved manufacturing efficiencies and favorable FX, partially offset by lower ASPs

\*See table: Unaudited GAAP to Non-GAAP Reconciliation

# Trended GAAP Operating Expense

## Q4'23 highlights

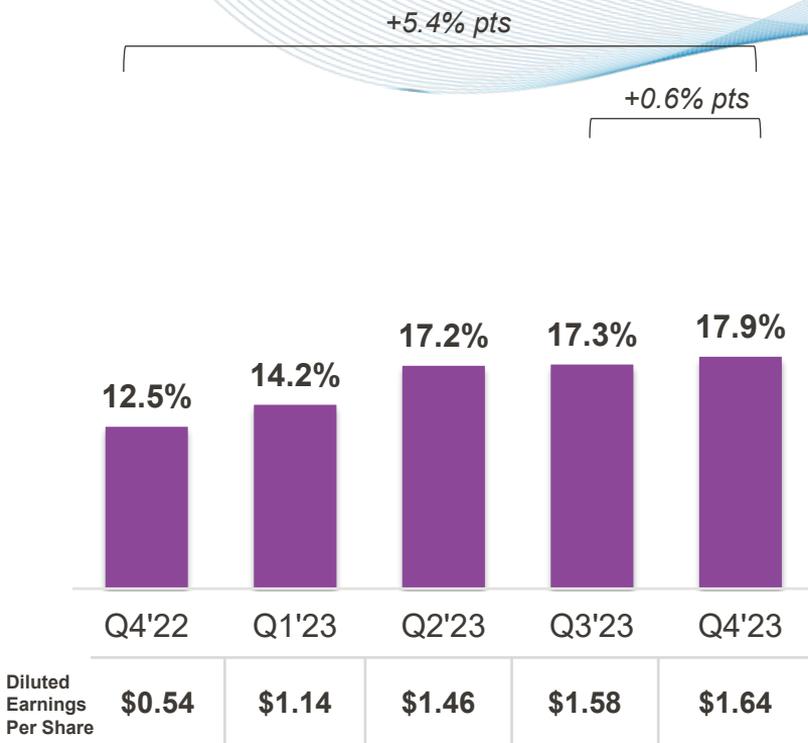


- During Q4'23, we incurred a total of \$14.0M of restructuring and other charges, primarily related to post-employment benefits
- Q4'23 Operating expenses were \$498.0M, +0.3% Q/Q and (1.4)% Y/Y
  - Q/Q, Q4'23 operating expenses +\$1.2M, due primarily to restructuring and other charges, offset by lower employee compensation
  - Y/Y, Q4'23 operating expenses (\$7.1M), primarily due to controlled spend on advertising and marketing as a part of our efforts to proactively manage costs partially offset employee related costs and slightly higher restructuring charges
  - On a non-GAAP basis, excluding stock-based compensation and amortization of acquired intangibles related to certain acquisitions, Q4'23 operating expenses were \$446.7M, (2.5)% Q/Q and (2.8)% Y/Y

\*See table: Unaudited GAAP to Non-GAAP Reconciliation

# GAAP Operating Margin and Earnings Per Share Trends

## Q4'23 highlights



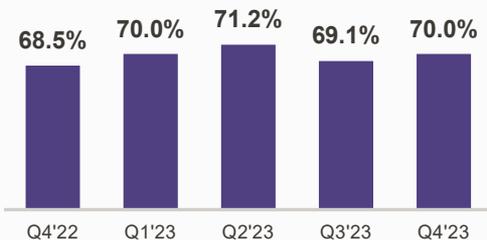
- Q4'23 Operating income of \$171.5M resulted in an Q4'23 operating margin of 17.9%, +0.6 pts Q/Q and +5.4 pts Y/Y
  - Q4'23 Q/Q impacted by unfavorable FX of ~0.6 pts\*
  - Q4'23 Y/Y increase in operating margin is primarily attributable to operating leverage and proactively managing our costs, as well as favorable impact from FX by ~0.6 points\*
  - On a non-GAAP basis, which excludes stock-based compensation, restructuring and other charges, the amortization of intangibles related to certain acquisitions, Q4'23 operating margin was 23.8%, +2.0 pts Q/Q and +5.5 pts Y/Y
- Q4'23 Interest and other income & expense, net was an income of \$1.3M compared to a loss of \$4.2M in Q3'23 and an income of \$2.7M in Q4'22, primarily due to favorable FX
- The GAAP effective tax rate in Q4'23 was 28.3%, higher than Q3'23 effective tax rate of 25.1%, and lower than Q4'22 effective tax rate of 63.8%
- Q4'23 GAAP effective tax rate was higher than Q3'23 effective tax rate primarily due to a one-time benefit related to tax guidance issued in Q3, partially offset by lower U.S. taxes on foreign earnings for Q4.
- As a reminder, in Q4'22 we changed our methodology for the computation of our non-GAAP effective tax rate to a long-term projected tax rate and have given effect to the new methodology from January 1, 2022
- Our non-GAAP effective tax rate in Q4'23 was 20.0%, reflecting the change in our methodology
- Q4'23 net income per diluted share was \$1.64, up Q/Q \$0.06 and up \$1.10 compared to the prior year. Our Q4'23 EPS was unfavorably impacted by \$0.07 on Q/Q basis and favorably impacted by \$0.08 on a Y/Y basis due to FX. On a non-GAAP basis, Q4'23 net income per diluted share was \$2.42, up \$0.28 Q/Q and up \$0.69 Y/Y

\*See table: Unaudited GAAP to Non-GAAP Reconciliation

# Trended Quarterly Financials

## GAAP

Gross Margin %



Operating Expense (\$M)

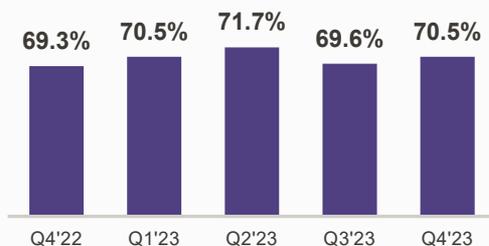


Operating Margin % & EPS



## Non-GAAP

Gross Margin %



Operating Expense (\$M)



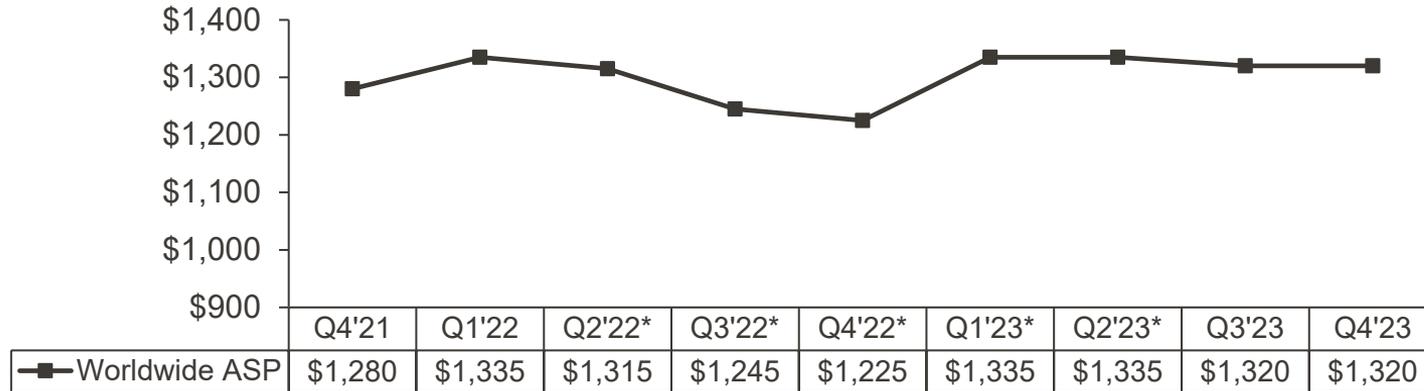
Operating Margin % & EPS



\*See table: Unaudited GAAP to Non-GAAP Reconciliation

# Q4 2023 Clear Aligner Revenue Per Case Shipment

Clear Aligner Revenue Per Case Shipment



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

\*As of Q3'23, Doctor Subscription Program touch up cases are now included in Clear Aligner shipments in North America and EMEA. Prior periods have been recast.

# Balance Sheet, Cash Flow, & Stock

(\$ in millions except for DSO)	Q4'22	Q3'23	Q4'23
Accounts Receivables, net	\$859.7	\$904.2	<b>\$903.4</b>
DSO	85 days	85 days	<b>85 days</b>
Cash, Cash Equivalents, and Short-Term and Long-Term Marketable Securities	\$1,041.6	\$1,301.9	<b>\$980.8</b>
Cash Flow from Operations	\$144.7	\$287.2	<b>\$46.9</b>
Capital Expenditures	\$(53.2)	\$(21.6)	<b>\$(33.4)</b>
Free Cash Flow*	\$91.5	\$265.6	<b>\$13.5</b>

\*Free cash flow is defined as cash flow from operations less purchase of property, plant and equipment and is a non-GAAP measure  
Rounding may affect totals

- Of our \$980.8 million balance, \$196.1M was held in the U.S. and \$784.7M was held by our international entities
- In October 2023, we purchased approximately 1.0 million shares of our common stock at an average price of \$190.56 per share through a \$250.0 million Accelerated Share Repurchase\*\* and, in November and December 2023, we purchased approximately 466 thousand shares of our common stock at an average price of \$214.81 per share through a \$100.0 million open market repurchase, both under Align's current \$1.0 billion stock repurchase program. We have \$650.0 million remaining available for repurchase under this stock purchase program
- On January 2, 2024, Align completed the acquisition of privately-held Cubicure GmbH, a pioneer in direct 3D printing solutions for polymer additive manufacturing that develops, produces, and distributes innovative materials, equipment, and processes for novel 3D printing solutions
- Clear Aligner deferred revenues on the balance sheet +\$14.9M or +1.2% Q/Q and +\$74.6M or +6.1% Y/Y and will be recognized as the additional aligners are shipped
- Systems and Services deferred revenues on the balance sheet was -\$4.3M or (1.6)% Q/Q and -\$13.1M or (4.8)% primarily due to the recognition of services revenues which is recognized ratably over the service period

\*\*Contract was open, as of Dec. 31, 2023

# 2023 Financial Review



# 2023 Financial Highlights

GAAP	2023	YoY
Total Net Revenues	<b>\$3,862.3M</b>	+3.4%
- Clear Aligner	<b>\$3,199.3M</b>	+4.1%
- Imaging Systems and Services	<b>\$662.9M</b>	+0.1%
Clear Aligner Case Shipments*	<b>2,408.5K</b>	+0.4%
Earnings Per Share, diluted	<b>\$5.81</b>	+\$1.20

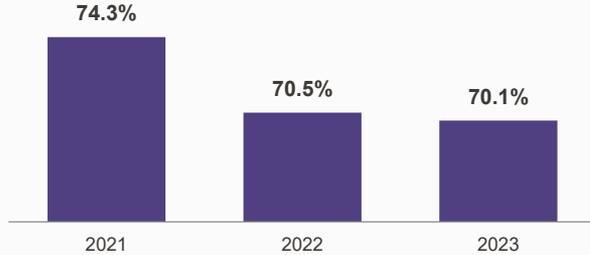
- We are pleased with our fourth quarter and fiscal 2023 results, and we are especially proud of our continued focused execution of our product roadmap and innovation pipeline. We are committed to delivering on our strategic growth drivers of International Expansion, Patient Demand, Orthodontist Utilization, and GP Dentist Treatment to extend our leadership in digital orthodontics and dentistry. We believe that the next wave of innovation that we are introducing into the market will further differentiate Align and allow us to increase our share of the large untapped market opportunity of 22 million annual orthodontic case starts as well as the additional 600 million consumers who could benefit from a healthy beautiful smile using Invisalign® clear aligners

\*As of Q3'23, Doctor Subscription Program touch up cases are now included in Clear Aligner shipments in North America and EMEA. Prior periods have been recast.

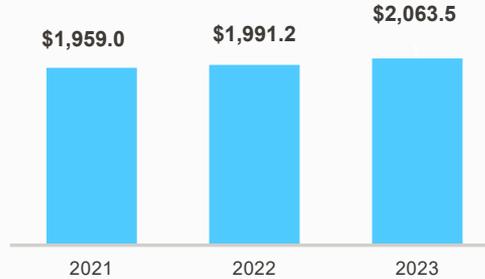
# 2023 Trended financials

## GAAP

Gross Margin %



Operating Expense (\$M)

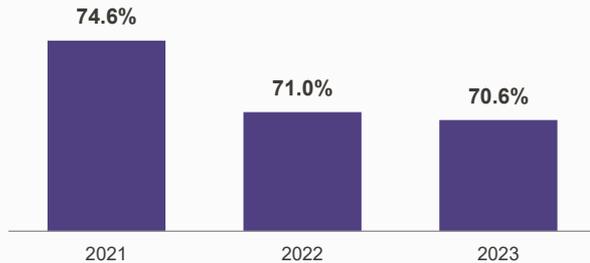


Operating Margin % & EPS

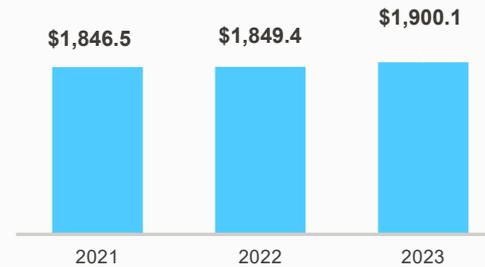


## Non-GAAP

Gross Margin %



Operating Expense (\$M)



Operating Margin % & EPS



\*See table: Unaudited GAAP to Non-GAAP Reconciliation

# 2023 Balance Sheet and Cash Flow Highlights

(\$ in millions except for DSO)	2022	2023
Accounts Receivables, net	\$859.7	\$903.4
DSO	85 days	85 days
Cash, Cash Equivalents, and Short-Term and Long-Term Marketable Securities	\$1,041.6	\$980.8
Cash Flow from Operations	\$568.7	\$785.8
Capital Expenditures	\$(291.9)	\$(177.7)
Free Cash Flow*	\$276.8	\$608.1

*\*Free cash flow is defined as cash flow from operations less capital expenditures and is a non-GAAP measure  
Rounding may affect totals*

# Closing Comments



# Fiscal 2024 business outlook

Now, turning to our outlook -- assuming no circumstances occur beyond our control we provide the following framework for Q1 and fiscal 2024:

## **First quarter 2024 outlook:**

- For Q1'24, we expect our worldwide revenues to be in the range of \$960M to \$980M, up slightly from Q4'23.
- We expect clear aligner volume and ASPs to be up slightly sequentially.
- We expect systems and services revenue to be down slightly sequentially, although less than the historical seasonal decline given the launch of the iTero Lumina™ for ortho workflows in Q1'24.
- We expect our Q1'24 GAAP operating margin and non-GAAP operating margin to be slightly above Q1'23 GAAP operating margin and non-GAAP operating margin, respectively.

## **Full year 2024 outlook:**

- We expect our 2024 total revenues to be up mid-single digits over 2023.
- We expect our 2024 clear aligner and systems and services revenues to grow year over year in the same approximate range as 2024 total revenues.
- We expect our 2024 clear aligner ASPs to be up slightly year-over-year, primarily due to price increases and favorable foreign exchange, partially offset by a higher mix of non-comprehensive products which have lower ASPs.
- We expect our full year 2024 GAAP operating margin and non-GAAP operating margin to be slightly above the 2023 GAAP operating margin and non-GAAP operating margin, respectively.
- For 2024, we expect investments in capital expenditures to be approximately \$100M. Capital expenditures are expected to primarily relate to building construction and improvements as well as manufacturing capacity in support of our continued expansion.

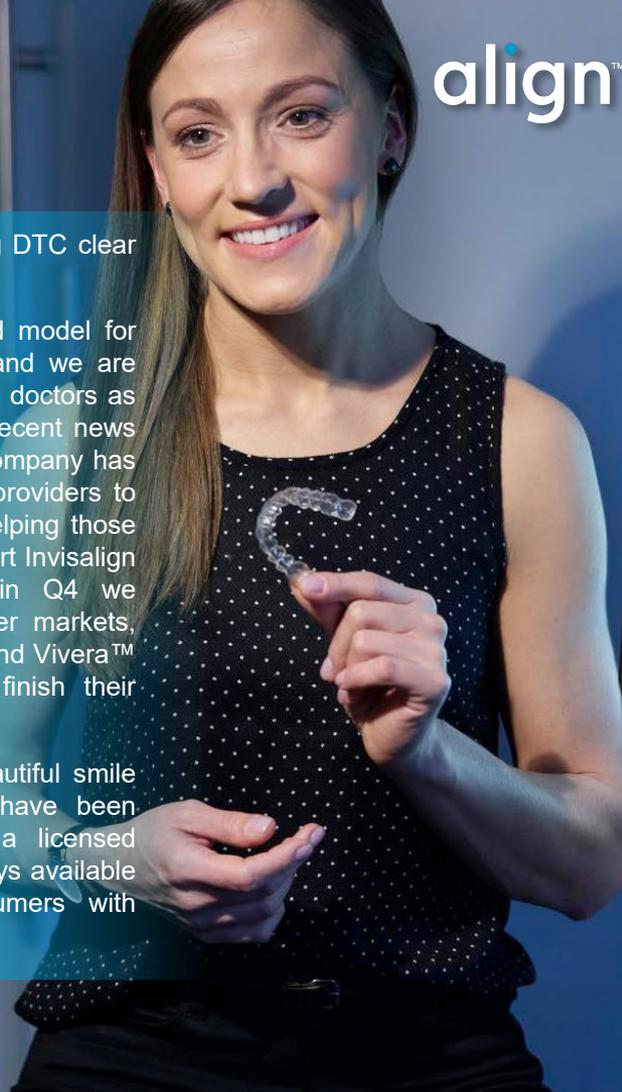
# Q4 and Full Year 2023 Earnings Call CEO Closing commentary

- In closing, while we are pleased with our better than expected fourth quarter results and start to the year, we are even more excited about Align Innovation in 2024 and our next wave of growth drivers. When we spoke to you a year ago, we said that Align would bring innovations to market that would continue to revolutionize the orthodontic and dental industry in scanning, software and direct 3D printing -- and we are delivering on that promise
- With the introduction of iTero Lumina™ powered by iTero Multi-Direct™ Capture technology, we are pushing the boundaries of what intraoral scanners can do. iTero Lumina is the culmination of years of research and development to offer visualization capabilities that support doctor's clinical decisions while also enhancing their patients' comfort and overall treatment experiences. Building on more than 20 years of expertise in revolutionizing imaging technologies, the iTero Lumina scanner elevates the standard in digital scanning to achieve exceptional clinical outcomes and increase practice efficiency
- The iTero™ scanner is at the forefront of digital dentistry
- With the closing of our acquisition of Cubicure, a pioneer of direct 3D printing solutions for polymer additive manufacturing, we will enable the next generation of direct 3D printed products, helping create more sustainable and efficient solutions. We also expect it to extend and scale our printing, materials, and manufacturing capabilities for our 3D printed product portfolio which now includes the Invisalign® Palatal Expander (“IPE”) system
- And with the introduction of IPE, we have expanded the clinical applicability of the Invisalign system to nearly one hundred percent of orthodontic case starts. The ability to direct 3D print IPE will eventually lead to other direct printed products – with the goal to direct 3D print Invisalign clear aligners -- which we hope to achieve within the next couple of years
- As a company, Align has a multi-faceted competitive advantage: Technology innovation, where we invest up to \$300M in R&D per year to bring some of the most disruptive products in digital dentistry and orthodontics to the market in a highly regulated industry, a direct salesforce that consists of thousands of highly trained specialists, a doctor-centered model because we understand the importance of doctor directed care, a billion dollar brand trusted by over 17 million patients worldwide, and global scale and manufacturing to deliver millions of customized clear aligner parts every day
- We are extremely pleased with our latest innovations and commercialization of products to better serve our doctor customers and their patients. Our belief in the business and its future is unwavering

We want to address an important matter regarding DTC clear aligners and our industry

Align has always believed that a doctor centered model for orthodontic treatment is the safest for patients, and we are always looking for new and better ways to support doctors as they work to create better smiles their patients. Recent news regarding the bankruptcy of a DTC clear aligner company has led many consumers to reach out to Invisalign® providers to address their unmet treatment needs, including helping those DTC patients with incomplete treatments. To support Invisalign doctors helping these former DTC patients, in Q4 we introduced a program in the US and select other markets, offering up to 50% off Invisalign case submission and Vivera™ retention to help offset any additional cost to finish their treatment

We want to help everyone achieve a healthy beautiful smile and strongly recommend that individuals who have been impacted by this matter seek the advice of a licensed orthodontist or dentist. Our concierge team is always available to answer questions and help connect consumers with Invisalign practices



Transforming



changing lives

# Appendix

# Unaudited GAAP to Non-GAAP Reconciliation Constant Currency Net Revenues

Note:

- We define constant currency net revenues as total net revenues excluding the effect of foreign exchange rate movements and use it to determine the percentage for the constant currency impact on net revenues on a sequential, year-over-year and current year versus prior year basis. Constant currency impact in dollars is calculated by translating the current period GAAP net revenues using the foreign currency exchange rates that were in effect during the previous comparable period and subtracting it by the current period GAAP net revenues. The percentage for the constant currency impact on net revenues is calculated by dividing the constant currency impact in dollars (numerator) by constant currency net revenues in dollars (denominator).
- Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

ALIGN TECHNOLOGY, INC.  
UNAUDITED GAAP TO NON-GAAP RECONCILIATION\*  
CONSTANT CURRENCY NET REVENUES  
(in thousands, except percentages)

Sequential constant currency analysis:

	Three Months Ended		Impact % of Revenue
	December 31, 2023	September 30, 2023	
<b>GAAP net revenues</b>	\$ 956,726	\$ 960,214	
Constant currency impact <sup>(1)</sup>	12,782		1.3 %
<b>Constant currency net revenues <sup>(1)</sup></b>	<u>\$ 969,508</u>		
<b>GAAP Clear Aligner net revenues</b>	\$ 781,912	\$ 794,939	
Clear Aligner constant currency impact <sup>(1)</sup>	10,711		1.4 %
<b>Clear Aligner constant currency net revenues <sup>(1)</sup></b>	<u>\$ 792,623</u>		
<b>GAAP Imaging Systems and CAD/CAM Services net revenues</b>	\$ 174,814	\$ 165,275	
Imaging Systems and CAD/CAM Services constant currency impact <sup>(1)</sup>	2,071		1.2 %
<b>Imaging Systems and CAD/CAM Services constant currency net revenues <sup>(1)</sup></b>	<u>\$ 176,885</u>		

Year-over-year constant currency analysis:

	Three Months Ended		Impact % of Revenue
	December 31, 2023	December 31, 2022	
<b>GAAP net revenues</b>	\$ 956,726	\$ 901,515	
Constant currency impact <sup>(1)</sup>	(13,818)		(1.5)%
<b>Constant currency net revenues <sup>(1)</sup></b>	<u>\$ 942,908</u>		
<b>GAAP Clear Aligner net revenues</b>	\$ 781,912	\$ 731,654	
Clear Aligner constant currency impact <sup>(1)</sup>	(11,957)		(1.6)%
<b>Clear Aligner constant currency net revenues <sup>(1)</sup></b>	<u>\$ 769,955</u>		
<b>GAAP Imaging Systems and CAD/CAM Services net revenues</b>	\$ 174,814	\$ 169,861	
Imaging Systems and CAD/CAM Services constant currency impact <sup>(1)</sup>	(1,860)		(1.1)%
<b>Imaging Systems and CAD/CAM Services constant currency net revenues <sup>(1)</sup></b>	<u>\$ 172,954</u>		

ALIGN TECHNOLOGY, INC.  
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED\*  
CONSTANT CURRENCY NET REVENUES CONTINUED  
(in thousands, except percentages)

Current year versus prior year constant currency analysis:

	Year Ended December 31,		Impact % of Revenue
	2023	2022	
<b>GAAP net revenues</b>	\$ 3,862,260	\$ 3,734,635	
Constant currency impact <sup>(1)</sup>	36,267		0.9 %
<b>Constant currency net revenues <sup>(1)</sup></b>	<u>\$ 3,898,527</u>		
<b>GAAP Clear Aligner net revenues</b>	\$ 3,199,329	\$ 3,072,585	
Clear Aligner constant currency impact <sup>(1)</sup>	29,883		0.9 %
<b>Clear Aligner constant currency net revenues <sup>(1)</sup></b>	<u>\$ 3,229,012</u>		
<b>GAAP Imaging Systems and CAD/CAM Services net revenues</b>	\$ 662,931	\$ 662,050	
Imaging Systems and CAD/CAM Services constant currency impact <sup>(1)</sup>	6,583		1.0 %
<b>Imaging Systems and CAD/CAM Services constant currency net revenues <sup>(1)</sup></b>	<u>\$ 669,514</u>		

# Unaudited GAAP to Non-GAAP Reconciliation Constant Currency Gross Profit and Gross Margin

Note:

- 1) We define constant currency gross margin as constant currency gross profit as a percentage of constant currency net revenues. Gross margin constant currency impact is the increase or decrease in constant currency gross margin compared to the GAAP gross margin.
- (+) Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

ALIGN TECHNOLOGY, INC.  
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED\*  
CONSTANT CURRENCY GROSS PROFIT AND GROSS MARGIN  
(in thousands, except percentages)

Sequential constant currency analysis:

	Three Months Ended	
	December 31, 2023	September 30, 2023
<b>GAAP gross profit</b>	\$ 669,524	\$ 663,076
Constant currency impact on net revenues	12,782	
<b>Constant currency gross profit</b>	<u>\$ 682,306</u>	

	Three Months Ended	
	December 31, 2023	September 30, 2023
<b>GAAP gross margin</b>	70.0 %	69.1 %
Gross margin constant currency impact <sup>(1)</sup>	0.4	
<b>Constant currency gross margin <sup>(1)</sup></b>	<u>70.4 %</u>	

Year-over-year constant currency analysis:

	Three Months Ended December 31,	
	2023	2022
<b>GAAP gross profit</b>	\$ 669,524	\$ 617,701
Constant currency impact on net revenues	(13,805)	
<b>Constant currency gross profit</b>	<u>\$ 655,719</u>	

	Three Months Ended December 30,	
	2023	2022
<b>GAAP gross margin</b>	70.0 %	68.5 %
Gross margin constant currency impact <sup>(1)</sup>	(0.4)	
<b>Constant currency gross margin <sup>(1)</sup></b>	<u>69.5 %</u>	

ALIGN TECHNOLOGY, INC.  
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED\*  
CONSTANT CURRENCY GROSS PROFIT AND GROSS MARGIN  
(in thousands, except percentages)

Current year versus prior year constant currency analysis:

	Year Ended December 31,	
	2023	2022
<b>GAAP gross profit</b>	\$ 2,706,863	\$ 2,633,775
Constant currency impact on net revenues	36,310	
<b>Constant currency gross profit</b>	<u>\$ 2,743,174</u>	

	Year Ended December 31,	
	2023	2022
<b>GAAP gross margin</b>	70.1 %	70.5 %
Constant currency impact on net revenues <sup>(1)</sup>	0.3	
<b>Constant currency gross margin<sup>(1)</sup></b>	<u>70.4 %</u>	

# Unaudited GAAP to Non-GAAP Reconciliation

## Constant Currency Income from Operations and Operating Margin

Notes:

- 1) We define constant currency income from operations as GAAP income from operations excluding the effect of foreign exchange rate movements for GAAP net revenues and operating expenses on a sequential and year-over-year basis. Constant currency impact in dollars is calculated by translating the current period GAAP net revenues and operating expenses using the foreign currency exchange rates that were in effect during the previous comparable period and subtracting it by the current period GAAP net revenues and operating expenses.
- 2) We define constant currency operating margin as constant currency income from operations as a percentage of constant currency net revenues. Operating margin constant currency impact is the increase or decrease in constant currency operating margin compared to the GAAP operating margin.
- (+) Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

ALIGN TECHNOLOGY, INC.  
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED\*  
CONSTANT CURRENCY INCOME FROM OPERATIONS AND OPERATING MARGIN  
(in thousands, except percentages)

Sequential constant currency analysis:

	Three Months Ended	
	December 31,	September 30,
	2023	2023
<b>GAAP income from operations</b>	\$ 171,545	\$ 166,346
Income from operations constant currency impact <sup>(1)</sup>	8,226	
<b>Constant currency income from operations <sup>(1)</sup></b>	<b>\$ 179,771</b>	

	Three Months Ended	
	December 31,	September 30,
	2023	2023
<b>GAAP operating margin</b>	17.9 %	17.3 %
Operating margin constant currency impact <sup>(2)</sup>	0.6	
<b>Constant currency operating margin <sup>(2)</sup></b>	<b>18.5 %</b>	

Year-over-year constant currency analysis:

	Three Months Ended	
	December 31,	
	2023	2022
<b>GAAP income from operations</b>	\$ 171,545	\$ 112,661
Income from operations constant currency impact <sup>(1)</sup>	(8,305)	
<b>Constant currency income from operations <sup>(1)</sup></b>	<b>\$ 163,240</b>	

	Three Months Ended	
	December 31,	
	2023	2022
<b>GAAP operating margin</b>	17.9 %	12.5 %
Operating margin constant currency impact <sup>(2)</sup>	(0.6)	
<b>Constant currency operating margin <sup>(2)</sup></b>	<b>17.3 %</b>	

ALIGN TECHNOLOGY, INC.  
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED\*  
CONSTANT CURRENCY INCOME FROM OPERATIONS AND OPERATING MARGIN CONTINUED  
(in thousands, except percentages)

Current year versus prior year constant currency analysis:

	Year Ended December 31,	
	2023	2022
	<b>GAAP income from operations</b>	\$ 643,338
Income from operations constant currency impact <sup>(1)</sup>	31,988	
<b>Constant currency income from operations <sup>(1)</sup></b>	<b>\$ 675,326</b>	

	Year Ended December 31,	
	2023	2022
	<b>GAAP operating margin</b>	16.7 %
Operating margin constant currency impact <sup>(2)</sup>	0.6	
<b>Constant currency operating margin <sup>(2)</sup></b>	<b>17.3 %</b>	

# Unaudited GAAP to Non-GAAP Reconciliation Financial Measures Other Than Constant Currency

## Notes:

- 1) Amortization of intangible assets related to certain acquisitions
  - 2) During the fourth quarters of 2022 and 2023, we initiated restructuring plans to increase efficiencies across the organization and lower the overall cost structure. Restructuring charges recorded to Cost of net revenues and operating expenses primarily related to post employment benefits, lease termination charges and asset impairments in 2022 and post employment benefits in 2023.
  - 3) In Q4'22, we changed our methodology for the computation of the non-GAAP effective tax rate to a long-term projected tax rate and have given effect to the new methodology from January 1, 2022.
- (+) Changes and percentages are based on actual values. Certain tables may not sum or recalculate due to rounding. Refer to "About Non-GAAP Financial Measures" section of presentation.

ALIGN TECHNOLOGY, INC.  
UNAUDITED GAAP TO NON-GAAP RECONCILIATION CONTINUED<sup>(1)</sup>  
FINANCIAL MEASURES OTHER THAN CONSTANT CURRENCY  
(in thousands, except per share data)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
<b>GAAP gross profit</b>	\$ 669,524	\$ 617,701	\$2,706,863	\$2,633,775
Stock-based compensation	1,780	1,659	7,462	6,438
Amortization of intangibles <sup>(1)</sup>	2,773	2,610	11,182	10,134
Restructuring charges <sup>(2)</sup>	673	2,866	673	2,866
<b>Non-GAAP gross profit</b>	\$ 674,750	\$ 624,836	\$2,726,180	\$2,653,213
<b>GAAP gross margin</b>	70.0 %	68.5 %	70.1 %	70.5 %
<b>Non-GAAP gross margin</b>	70.5 %	69.3 %	70.6 %	71.0 %
<b>GAAP total operating expenses</b>	\$ 497,979	\$ 505,040	\$2,063,525	\$1,991,190
Stock-based compensation	(37,049)	(33,029)	(146,564)	(126,929)
Amortization of intangibles <sup>(1)</sup>	(866)	(810)	(3,497)	(3,417)
Restructuring and other charges <sup>(2)</sup>	(13,316)	(11,453)	(13,316)	(11,453)
<b>Non-GAAP total operating expenses</b>	\$ 446,748	\$ 459,748	\$1,900,148	\$1,849,381
<b>GAAP income from operations</b>	\$ 171,545	\$ 112,661	\$ 643,338	\$ 642,595
Stock-based compensation	38,829	34,688	154,026	133,367
Amortization of intangibles <sup>(1)</sup>	3,639	3,420	14,679	13,551
Restructuring and other charges <sup>(2)</sup>	13,989	14,319	13,989	14,319
<b>Non-GAAP income from operations</b>	\$ 228,002	\$ 165,088	\$ 826,032	\$ 803,832
<b>GAAP operating margin</b>	17.9 %	12.5 %	16.7 %	17.2 %
<b>Non-GAAP operating margin</b>	23.8 %	18.3 %	21.4 %	21.5 %
<b>GAAP total interest income and other income (expense), net</b>	\$ 1,335	\$ 2,660	\$ (2,134)	\$ (43,538)
Arbitration award gain	—	—	—	—
<b>Non-GAAP total interest income and other income (expense), net</b>	\$ 1,335	\$ 2,660	\$ (2,134)	\$ (43,538)
<b>GAAP net income before provision for income taxes</b>	\$ 172,880	\$ 115,321	\$ 641,204	\$ 599,057
Stock-based compensation	38,829	34,688	154,026	133,367
Amortization of intangibles <sup>(1)</sup>	3,639	3,420	14,679	13,551
Restructuring and other charges <sup>(2)</sup>	13,989	14,319	13,989	14,319
<b>Non-GAAP net income before provision for income taxes</b>	\$ 229,337	\$ 167,748	\$ 823,898	\$ 760,284
<b>GAAP provision for income taxes</b>	\$ 48,866	\$ 73,546	\$ 196,151	\$ 237,484
Tax impact on non-GAAP adjustments <sup>(4)</sup>	(2,998)	(39,997)	(31,415)	(85,426)
<b>Non-GAAP provision for income taxes<sup>(4)</sup></b>	\$ 45,868	\$ 33,549	\$ 164,736	\$ 152,058
<b>GAAP effective tax rate</b>	28.3 %	63.8 %	30.6 %	39.6 %
<b>Non-GAAP effective tax rate<sup>(4)</sup></b>	20.0 %	20.0 %	20.0 %	20.0 %
<b>GAAP net income</b>	\$ 124,014	\$ 41,775	\$ 445,053	\$ 361,573
Stock-based compensation	38,829	34,688	154,026	133,367
Amortization of intangibles <sup>(1)</sup>	3,639	3,420	14,679	13,551
Restructuring and other charges <sup>(2)</sup>	13,989	14,319	13,989	14,319
Tax impact on non-GAAP adjustments <sup>(4)</sup>	2,998	(39,997)	31,415	85,426
<b>Non-GAAP net income<sup>(4)</sup></b>	\$ 183,469	\$ 134,199	\$ 659,162	\$ 608,236
<b>GAAP diluted net income per share</b>	\$ 1.64	\$ 0.54	\$ 5.81	\$ 4.61
<b>Non-GAAP diluted net income per share<sup>(4)</sup></b>	\$ 2.42	\$ 1.73	\$ 8.61	\$ 7.76
<b>Shares used in computing diluted net income per share</b>	75,802	77,683	76,568	78,420

# Q1 2024 and Fiscal 2024 Outlook – GAAP to Non-GAAP Reconciliation

Notes:

- 1) Amortization of intangible assets related to certain acquisitions

## ALIGN TECHNOLOGY, INC. Q1 2024 OUTLOOK - GAAP TO NON-GAAP RECONCILIATION

<b>GAAP Operating Margin</b>	slightly above 14.2%
Stock-based compensation	~4.0%
Amortization of intangibles <sup>(1)</sup>	~0.4%
<b>Non-GAAP Operating Margin</b>	<u>slightly above 18.5%</u>

## ALIGN TECHNOLOGY, INC. FISCAL 2024 OUTLOOK - GAAP TO NON-GAAP RECONCILIATION

<b>GAAP Operating Margin</b>	slightly above 16.7%
Stock-based compensation	~4.4%
Amortization of intangibles <sup>(1)</sup>	~0.4%
<b>Non-GAAP Operating Margin</b>	<u>slightly above 21.4%</u>