

align

 invisalign® | iTero®

Financial Results

Q3 2020

Align Technology, Inc.

Align Technology, Inc. – Q3 2020 Financial Results

Conference Call

- Speakers:
 - Joe Hogan, President and CEO
 - John Morici, CFO
 - Shirley Stacy, VP, Corporate Communications & Investor Relations
- Replay and Webcast Archive:
 - Telephone replay will be available through 5:30pm ET November 4, 2020
 - Domestic callers: 877-660-6853
 - International callers: 201-612-7415
 - Conference # 13710706
 - Audio web cast archive will be available at <http://investor.aligntech.com> for one month

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Safe Harbor and Forward-Looking Statement

- This presentation contains forward-looking statements, including quotations from management regarding business momentum, the COVID-19 pandemic, its impact on our business and results of operations, our expectations for digital adoption in dentistry and the potential impact of our products in the transition, our expectations for our marketing activities, our beliefs regarding our educational services, and our expectations for our new products, features, services, and accessories. Forward-looking statements contained in this presentation 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 are only predictions 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:
 - the impact of the COVID-19 pandemic on the health and safety of our employees, customers, patients, and our suppliers as well as the physical and economic impacts of the various recommendations, orders and protocols issued by local and national governmental agencies in light of the evolving situation, including any reimplementation of preventative measures;
 - the ability to (i) realize expected benefits in connection with the acquisition of exocad within the expected timeframes or at all, (ii) timely, cost-efficiently and effectively integrate exocad's business without adversely impacting operations of either Align or exocad, and (iii) avoid or mitigate uncertainties or liabilities in connection with the acquisition or its impacts on the value of our stock;
 - difficulties predicting customer and consumer purchasing behavior and changes in consumer spending habits as a result of, among other things, prevailing economic conditions, levels of employment, salaries and wages and consumer confidence;
 - expectations regarding the continued growth or declines of our domestic and/or international markets;
 - increasing competition from existing and new competitors;
 - rapidly evolving and groundbreaking advances that are fundamentally changing the dental industry and the way new and existing participants market and provide products and services to consumers;
 - the ability to protect our intellectual property rights;
 - continued compliance with regulatory requirements;
 - our expectations regarding sales of our intra-oral scanners domestically and internationally and our belief that technology features and functionality of the iTero scanners and exocad technology will increase adoption of Invisalign and increase sales of our intra-oral scanners;
 - the willingness and ability of our customers to maintain and/or increase product utilization in sufficient numbers;
 - 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 or errors 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;
 - 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 customer and/or patient data for any reason;
 - the timing of case submissions from our doctors within a quarter as well as an increased manufacturing costs per case;
 - foreign operational, political and other risks relating to our international manufacturing operations; and
 - the loss of key personnel or work stoppages.
- 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, 2019, which was filed with the Securities and Exchange Commission (SEC) on February 28, 2020 and its latest Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, which was filed with the SEC on July 31, 2020. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

About Non-GAAP Financial Measures

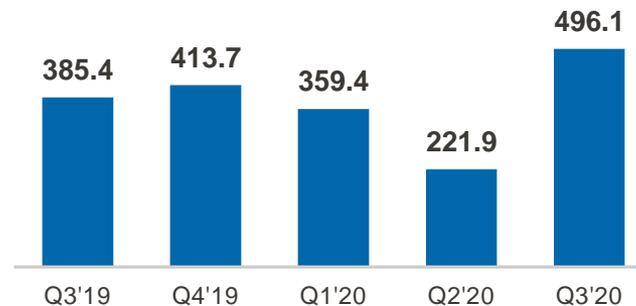
- To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States (“GAAP”), we may provide investors with certain non-GAAP financial measures including, non-GAAP gross profit, gross margin, operating expenses, income from operations, operating margin, interest income and other income (expense), net, provision for (benefit from) income taxes, effective tax rate, net income and diluted net income per share, which exclude certain items that may not be indicative of our fundamental operating performance including discrete cash and non-cash charges or gains that are included in the most directly comparable GAAP measure. Non-GAAP measures will exclude the effects of stock-based compensation, amortization of acquired intangibles, non-cash deferred tax assets and associated amortization related to intra-entity transfer of non-inventory assets, acquisition related costs, impairments and other (gains) charges, and litigation settlement gains, and, if applicable, any associated tax impacts.
- We use non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes that these non-GAAP financial measures provide 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. These non-GAAP financial measures also facilitate management’s internal evaluation of period-to-period comparisons. 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 will be provided to and 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, though, because 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 also 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 in this presentation, 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 table captioned "Unaudited GAAP to Non-GAAP Reconciliation" and other historical reconciliations which are available at aligntechnology.com.

Trended GAAP Financials

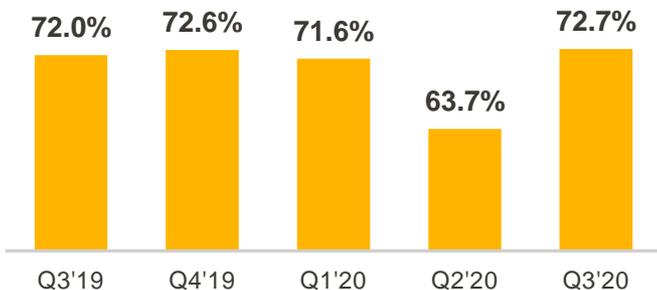
WW Net Revenues (\$M)



Invisalign Shipments (#K)



Gross Margin %



Operating Margin %



Opening Commentary

- We're pleased to report stronger than expected results with record third quarter revenues up 21% year-over-year reflecting strong momentum across all regions and customer channels for both Invisalign clear aligners and iTero scanner and services. During the quarter, we continued to support doctor recovery efforts with products, programs, and virtual tools and training that helped more doctors transition their practices to digital technologies and drove record utilization across the Invisalign portfolio. Capping off our record quarter is the achievement of our 9 millionth Invisalign patient milestone.
- We also saw strong response to our new teen and mom-focused consumer campaign with a 118% year-over-year increase in total leads (garnered 3.3B impressions,) an uptick in consumer engagement from new social media influencers like Charli D'Amelio and Marsai Martin, and a 25.6% increase year-over-year in teenagers using Invisalign clear aligners.
- Our overall revenue momentum has continued into October and we are encouraged by positive feedback from Invisalign practices regarding the benefits of digital orthodontics starting with an iTero scanner for Invisalign treatment, especially in this COVID environment.



Q3 2020 Financial Highlights

- For Q3, total revenues were \$734.1 million, up 108.4% sequentially and up 20.9% year-over-year, reflecting a sharp rebound in sales for both Invisalign clear aligners and iTero imaging systems as practices around the world reopened and got back to work treating existing and new patients. Q3 revenues for clear aligners were \$620.8 million, up 20.2% year over year and imaging systems and CAD/CAM services were \$113.4 million, up 24.5% year-over-year.
- Q3 Invisalign shipments were a record 496.1 thousand cases, up 28.7% vs prior year and up 123.6% vs prior quarter, reflecting strong recovery across all regions. During the quarter, we saw increased demand for new cases as restrictions eased and doctors ramped up their practices. This is in contrast to Q2, where doctors' primary focus was to maintain continuity of patient care for their existing patients through additional aligner shipments and replacement aligners.
- For the quarter, we shipped Invisalign cases to a record 70 thousand doctors, of which 5,800 were first time customers, reflecting increased doctor activity as practices have reopened. We also trained approximately 6,525 new doctors in Q3, including 3,175 international doctors, reflecting increased doctor engagement through our online virtual education courses, summits and forums.

| GAAP | Q3'20 | QoQ | YoY |
|--|-----------------|---------|---------|
| Total Net Revenues | \$734.1M | 108.4% | 20.9% |
| - Clear Aligner* | \$620.8M | 108.1% | 20.2% |
| - Imaging Systems and CAD/CAM Services | \$113.4M | 110.1% | 24.5% |
| Invisalign Case Shipments | 496.1K | 123.6% | 28.7% |
| Earnings per Share, diluted | \$1.76 | +\$2.28 | +\$0.48 |

Factors Contributing to our Strong Performance

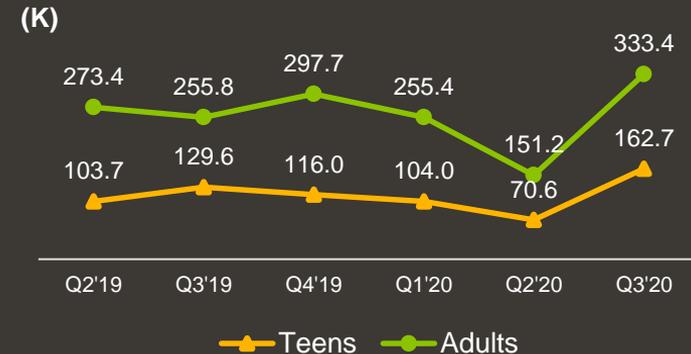
- **Starting with Pent Up Demand**, many of our doctors indicate that they are making good progress and working the back log of patients from office shutdowns. Pent up disposable income remains a key factor as consumers' focus on "feel good" investments while many other quality of life options are low. In our "new normal" there are far fewer trips abroad, fewer flights, less money spent on gas, dry cleaning, etc. More people can afford to allocate that spending to Invisalign treatment – especially when they're working remotely and critiquing themselves on camera so much of the time. That's the "Zoom effect" we've heard about across multiple sectors.
- **As we look at our Customer Channels** we feel the strategy to dedicate sales representatives by specialty alignment is bearing fruit, particularly in Dental. Sales reps were able to partner with a wider range of providers within their designated specialty during the downturn, and assess mindset and specific needs during recovery and tailor plans to thrive beyond COVID.
- **A Digital Mindset has been key** and we believe this is the largest influence in the Ortho market, and one we've been laying the foundation for over the last several years. For many doctors, they are still down from "normal" years in terms of overall production and weekly patient flow. But they have prioritized Invisalign clear aligners as their preferred modality, expanded to the Invisalign First age group and leveraged programs that help them make the transition from analog to digital treatment. We see this in both Teen and Adult treatment growing with the same provider, increased use of iTero scanners, our Virtual care, and high overlap of Bracket Buy Back switch. As part of our recovery programs, we offered doctors two programs – to either "Switch" their braces patients into Invisalign treatment by buying back their wires & brackets or to just buy back their existing inventory – and we took out the equivalent of approximately 10K wires and brackets cases. Providers are actively reducing their analog footprints by proactively switching their patients to sustainable, digital care with Invisalign clear aligners. And, for GPs who already demonstrated momentum with digital, an active choice was made to position Invisalign treatment as a priority. Scanning every patient with an iTero scanner is generating more opportunity from recall patients, even if overall practice capacity is still down. And because doctors in both channels are trying to anticipate what may come in terms of additional waves and office shutdowns, they are hyper-focused on ensuring they have the best plan for continuity of care and business continuity – which is digital. To support them in this Digital journey, we have rolled out MyInvisalign App and Virtual Care to 40+ countries. These tools have been received very positively by our doctors, and are quickly becoming part of their practice workflow.
- **Our commitment to continuous innovation is key.** We recently announced our treatment planning evolution and global availability of our next-gen ClinCheck™ Pro 6.0 proprietary treatment planning software. ClinCheck Pro 6.0 moves Invisalign digital treatment planning to the cloud, making its robust treatment planning tools and features available to doctors anytime, anywhere, on any laptop, personal computer, or tablet. The release includes the new ClinCheck "In-Face" Visualization tool, an enhanced doctor-facing digital clinical tool that combines a photo of the patient's face with their 3D Invisalign treatment plan, creating a personalized view of how their new smile could look. In addition, we also announced today Invisalign G8 predictability improvement with SmartForce Aligner Activation, for both orthodontists and general dentists starting in Q1 2021. Invisalign G8 with SmartForce Aligner Activation is our newest biomechanical innovation and the latest in our long history of Invisalign predictability improvements.
- **We continue to focus on building Partnerships with doctors:** Our data shows that providers who had or quickly developed momentum around digital orthodontics leaned into our comprehensive platform and a variety of our programs and resources to accelerate digital shift. It's a compelling story of how engagement may be the first step, but transformation is achieved through the breadth of product and services only Align can provide – transformation and support programs like ADAPT, virtual tools, development of Teen Awesomeness Centers, GP Accelerator, Teen Conversion, Aligner Intensive Fellowship (AIF), iPro, and doctor-led coaching programs that support GP growth.

Q3 2020 Financial Highlights

Teens and Adults

- 9M total Invisalign patients to date, with 2.3M teens.
- Building on the teen market, in Q3, 162.7 thousand teens and pre-teens started treatment with Invisalign clear aligners, representing 32.8% of total cases shipped, reflecting growth predominantly from North America Orthos and EMEA regions. In parts of the market, we saw an initial rush for teen treatments earlier in the quarter with a slight change in the demand profile compared to what we normally see in a typical teen season which may be a result of a different type of “back to school” season as most kids returned to school late and/or through virtual learning. Invisalign First continues to accelerate among young patients as well.
- In terms of product performance, we saw strong growth across the portfolio and non-comprehensive outpaced comprehensive even with record Adult shipments for the quarter. Growth with the Invisalign Go product also increased among GPs, driven by North America and EMEA, and there was an increase in our Express package shipments, with North America contributing to the majority of that growth. Overall, both non-comprehensive and comprehensive shipments were up, with continued increased adoption of our Moderate product among the Ortho and GP channels.

Worldwide Invisalign Case Shipments Teen versus Adult Mix



Q3 2020 Financial Highlights

Americas

- For the Americas region, Q3 Invisalign case volume was up 166.3% sequentially and up 24.9% year-over-year, reflecting an increase in shipments due in large part to the digital programs and tools implemented during the pandemic to help our doctors as well as our continued investments in targeted marketing and sales efforts.
- For Q3, utilization was up for NA Orthos and GPs both Q/Q and Y/Y. We saw continued utilization increases during the quarter, especially among our orthodontic customers in the teen segment - the strongest teen quarter in the last 6 quarters. As we mentioned previously, in Q2 we started the Bracket Buy Back program to enable doctors to “Switch” their braces patients into Invisalign treatment by buying back their wires & brackets inventory. This program has continued to gain traction and as a result, doctors converted over 3,000 wires & brackets cases into Invisalign clear aligner patients. We saw stronger growth in the Adult segment. We believe that some of the increase in adult shipments is reflective of how circumstances have changed today, with adults in our target demographic having more disposable income directed to getting their smiles fixed.
- Latin America volume was also up year-over-year, led by strong growth in Mexico and Brazil. When you consider the timing of the pandemic and shutdowns occurring later in Q2 for LATAM, we were encouraged by the growth this quarter.
- We also saw increased utilization in the GP channel with Invisalign Go and the adoption of Moderate. DSO utilization also increased and continues to be a strong growth driver led by Heartland and Aspen.

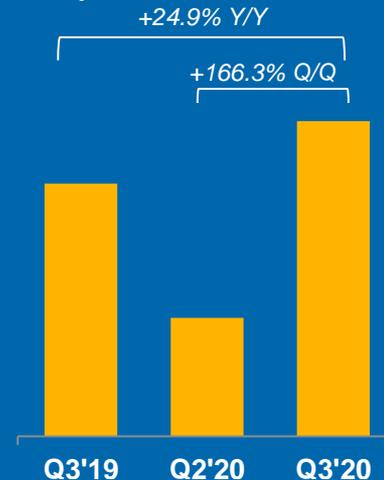
Americas Invisalign Metrics

North Americas Utilization*



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

Americas Shipments



Q3 2020 Financial Highlights

International

- For our International business, Q3 Invisalign case volume was up sequentially 87.9%, led by a significant increase in EMEA. On a year-over-year basis, International shipments were up 33.6%, reflecting increases throughout both EMEA and APAC.
- For EMEA, Q3 volumes were up sequentially 103.5% and up 37.7% on a year-over-year basis, across all markets, with strong performance across the Ortho channel as well as the GP channel as many doctors kept their offices open during their typical summer holiday season. Both core and expansion markets accelerated, with growth in our core markets, led by Iberia, UKI and Germany, and growth in our expansion markets, led by Central and Eastern Europe and Benelux.
- We introduced the Ortho Recovery 360 Program in EMEA last quarter to support our orthodontists as they started reopening their businesses. As of Q3, over 4,000 orthodontists have enrolled in the program, with over 13,000 touchpoints with sales team members providing dedicated support in July and August alone. As a result, we continue to see an increase in Net Promoter Score (“NPS”) with qualitative feedback from doctors showing that they appreciate Align for the support during this difficult time. We also rolled out the “Your Brilliance. Enhanced.” marketing campaign in select EMEA markets that highlights the skills of our orthodontists and illustrates how partnering with Align and using Invisalign clear aligners and iTero systems and services can help further enhance the brilliance of these specialists.
- To support our GP doctors, we also launched our GP Recovery 360 program during the quarter, with over 2,900 GPs enrolled, so far. At the beginning of the quarter, we also launched the Invisalign Go Plus system in the UK and Benelux, and had 2,500 GPs attend the event. During the quarter, we continued to offer virtual/hybrid education events for our doctors, with online and on-demand education events, which reached over 2K GPs cumulatively.
- For APAC, Q3 volumes were up sequentially 74.4%, reflecting continued improvement within the region. On a year-over-year basis, APAC was up 29.7% compared to the prior year.
- During the quarter, we were pleased to see a record number of unique doctors submitting cases and positive growth in the Adult segment with growth in the GP channel in non-comprehensive cases with the Moderate product. In the Teen segment, shipments were at an all-time high, as doctors’ offices continue to recover. We also saw acceleration from Japan and ANZ.
- During the quarter, we celebrated the grand opening of the China manufacturing facility in Ziyang. The event was attended by key partners and doctors in China. The state-of-the-art facility replaces our original temporary facility, further establishing our commitment and capacity to manufacture Invisalign clear aligners and iTero imaging systems in China.
- Align was also one of the sponsors of the APAC Med Virtual Forum 2020 which attracted over 1,000 attendees from the MedTech industry. The forum consisted of panel discussions and live video chat sessions at the Align virtual booth as we continue to establish Align as a global medical company that aims to transform smiles and change lives in the APAC region.
- Last week, we also hosted the Align APAC Virtual Symposium, a fully digital event that showcased digital treatment techniques and featured practitioners from across the Asia Pacific region, with over 800 participants.

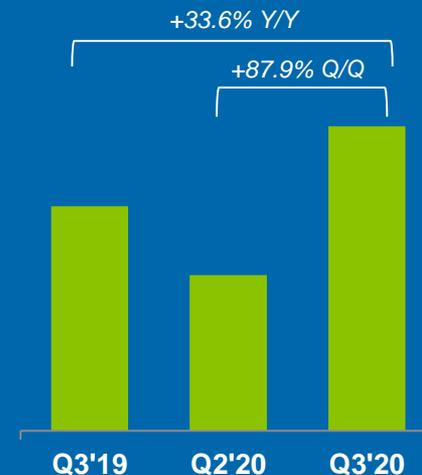
International Invisalign Metrics

International Utilization*



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

International Shipments



Focus on Recovery for Our Doctors

US & Canada

Come Back Stronger with Teen Forum: Virtual Edition: Discussions and resources to help practices come back stronger.

Align Special Markets Summit: Virtual Education Event. Helping Dental Service Organizations build clinical confidence through collaboration and peer learning.

EMEA

Ortho Recovery 360: Continuation of Recovery support for our Orthos to get back in business.

Over **4K Orthos** enrolled in the program with more than 13K touch points with sales teams as dedicated support during July and August only.

Record NPS scores during this time and qualitative feedback from doctors showed the appreciation for Align's support during these difficult times.

GP Recovery 360

- 2,947 GPs enrolled
- Tailored content to enable effective recover
- Supporting recovery

APAC

Conducted 400+ virtual education events in APAC with 28K attendees.

China Orthodontic Society – Align session attended by more than 1K doctors.

Opened Align Training Centers in Thailand and Vietnam.



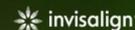
Come Back Stronger with Teen Forum: Virtual Edition.

This year we're bringing the popular Teen Forum program to you – wherever you are! With two date options to make it easier for you to participate.

Join us for discussions and resources to help your practice **come back stronger!**

[Discover more](#)

This event is exclusive to Invisalign® orthodontists only.

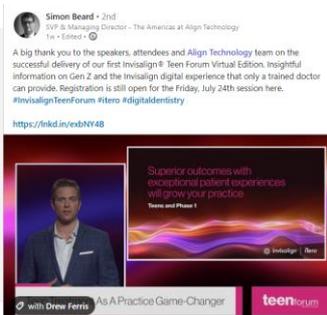
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Q3 2020 Events Americas

Invisalign Teen Forum: Virtual Edition

Focused on teen opportunity, clinical confidence, practice integration and growth, with a special look at the new Invisalign Mom/Teen consumer campaign.



Align Forum LATAM: Digital transformation around the world



More than 3,750 doctors from around the world participated in this clinical education event designed for orthodontists.

Align Special Markets Summit: Virtual Education Event

Helping Dental Service Organizations build clinical confidence through collaboration and peer learning.



- Webinars: Doctor events
 - Online training sessions
 - Digital courses
 - Patient education materials
- Product announcements:
 - Invisalign® G8 with new SmartForce® aligner activation features
 - Invisalign Stickables
 - iTero Element 5D Intraoral Scanner in Mexico
- Virtual Events:
 - Invisalign Teen Forum: Virtual Edition
 - 2 events, held July 17 and July 24
 - Breakout sessions, Invisalign speaker-coaches, interactive Q&A
 - Over 800 attendees
 - Special Markets Summit
 - LatAm Forum 2020
 - LatAm customer event: Reload together in this new journey

Q3 2020 Events EMEA

Invisalign Go Plus System – Launch Event

- Invisalign Go Plus System launched in EMEA as the first region in Q3 in the UK&I, DACH and Benelux
- Virtual launch event on Sept. 16 attended by more than 700 doctors
- Great engagement and interest in the expanded product.



Exocad Insights 2020



- Annual exocad Insights conference took place on Sept. 21-22
- exoplan 3.0 Galway and DentalCad releases announced
- exocad won Cellerant Best of Class Technology Award 2020 for Chairside CAD

- Webinars: Doctor events
 - Online training sessions
 - Digital courses
 - Patient education materials
- Product announcements:
 - Invisalign Go Plus System
 - ClinCheck™ Pro 6.0 (limited release)
 - iTero Element 2 and iTero Element Flex in Russia
- Virtual Meetings:
 - exocad Insights 2020
 - Over 300 dental technicians and dentists from over 40 countries attended

Q3 2020 Events APAC

Align APAC Virtual Symposium

Virtual event showcasing digital treatment techniques to deliver optimal clinical outcomes. More than 1,500 doctors registered.



Asia Pacific Medical Technology Association (APACMed) Virtual Forum 2020

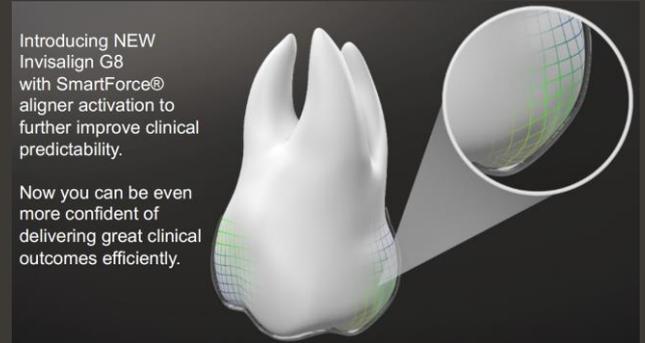
Virtual forum attracted over 1,000 attendees from the MedTech industry, and consisted of panel discussions and live video chat sessions at the Align virtual booth.



- Webinars: Doctor events
 - 400+ virtual educational events
- Product announcements:
 - Commercial availability of ClinCheck™ Pro 6.0 and “In-Face” Visualization
- Events:
 - APACMed Virtual Forum 2020
 - Align APAC Virtual Symposium, >1,500 registered
 - AFAB Ziyang Opening and doctor visit; First China Advisory Board
 - China Orthodontic Society and China Dental Show

Invisalign G8 with New SmartForce® Aligner Activation Features

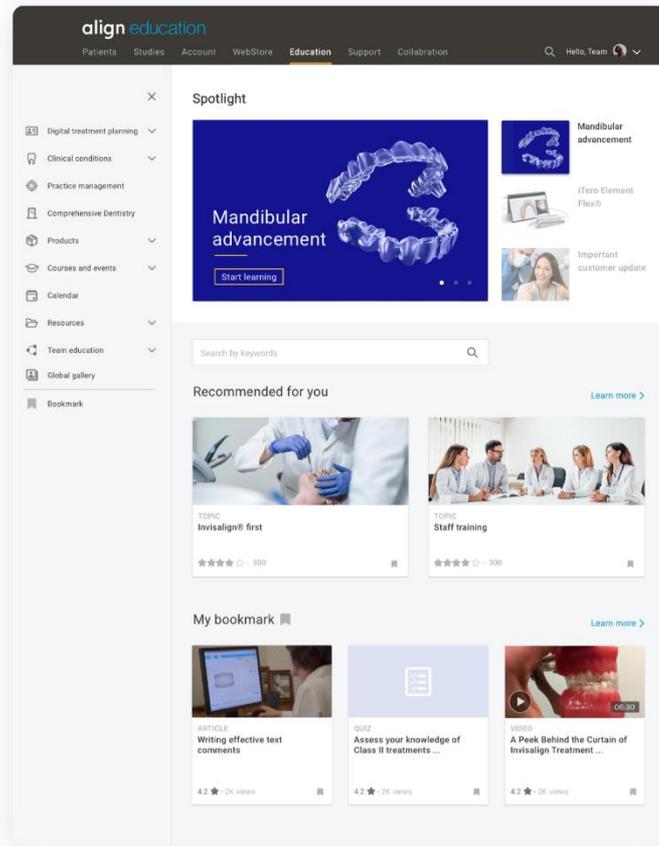
- Align announced the introduction of Invisalign G8 with SmartForce® Aligner Activation, the latest of the company's biomechanics innovations. Invisalign G8 with SmartForce Aligner Activation is informed by the company's foundational biomechanics for clear aligners and its database of more than 9 million Invisalign patients to optimize tooth movements and further improve predictability for frequently treated crowding, crossbite, and deep bite cases.
- Invisalign G8 with new SmartForce Aligner Activation ensures sufficient and consistent activation in every aligner stage to help doctors get more of the desired movements from every aligner in the treatment of crowding, crossbite, and deep bite.
- For crowding and crossbite cases:
 - Smart Force Aligner Activation aids in posterior arch expansion by working synergistically with New Optimized Expansion Support attachments or Optimized Expansion Support and Rotation attachments to reduce the potential for buccal crown tipping during posterior arch expansion.
- For deep bite cases:
 - SmartForce Aligner Activation supports anterior intrusion with improvements in the treatment plan set-ups to level the Curve of Spee and demonstrates up to 2x improvement in predictability of incisor intrusion.
- In addition, with Invisalign G8, doctors can now select automatic placement of Precision Bite Ramps during the prescription process. Data demonstrates that Precision Bite Ramps improve lower intrusion in deep bite cases.



“Being one of the first doctors to use Invisalign G8 has been a fantastic experience. The G8 features along with SmartForce Aligner Activation enable better control and outcome of cases of patients with deep bite or for those who need a significant amount of expansion,” said Dr. Nelly Sanseverino, an orthodontist and Invisalign G8 limited market release/pilot doctor practicing in Sao Paulo, Brazil.

Align Global Education

- We believe that our global clinical education programs are the best in the industry, and have been even more valuable to our doctors throughout the pandemic. We launched a new and improved digital learning environment for our doctors this year offering a comprehensive learning platform with role-specific content for Ortho's, GPs and their teams. The improved functionality enables more online learning opportunities with spotlight features for what's trending now, recommended learning paths based on doctors' experiences, and expanded categories including:
 - digital treatment planning,
 - comprehensive dentistry, and
 - team education
- To date, over 96K doctors have accessed recorded lectures, completed self-paced learning modules, and watched over 190K how-to videos in over 3.3 million sessions.
- Among the Ortho channel, over 33K unique users have engaged with the digital learning site with an additional 56K unique users from the GP channel.
- We are encouraged by the digital training utilization rates among our doctors which has helped them continue their Invisalign treatment learning journey during the pandemic. Feedback from participants describes the courses as engaging, providing broader reach to online events, and a strong desire that Align continue to provide these virtually. They also acknowledged Align's agility in providing relevant tools and content to help them during lock-downs. We see this as an ongoing opportunity to enhance doctor learning through direct feedback and continuous improvement.



Align Digital and Practice Transformation (“ADAPT”)

- Building on the benefit of clinical education and training, today we announced the global launch of the Align Digital and Practice Transformation (“ADAPT”) service. This is our first customized consulting service and support offering for doctors and was developed based on years of learnings from practices that saw strong growth and practice transformation when changing their practice to digital. Initially available to Invisalign and iTero doctors in select segments of the EMEA market and then in the US, the global program is now generally available in the EMEA and APAC regions and will be available in the US in the second half of this year.
- The ADAPT program is an expert and independent fee based business consulting service offered by Align to optimize clinics’ operational workflow and processes to enhance patient experience and customer and staff satisfaction, which will in turn translate into higher growth and greater efficiencies for orthodontic practices. The goal of the ADAPT program is to support digital practice transformation for doctors and their staff.
- ADAPT is designed for orthodontists with approximately 200 total case starts per year who are seeking to build their future business. Driven by a team of independent business consultants, analysts and program support specialists, ADAPT offers a customized onsite consulting service to each participating practice. The program combines a review of business operations and practice workflow data with Align’s expertise in digital workflow optimization, practice support, business transformation, marketing, and clinical education support.
- The pilot version of the program has been successfully developed across EMEA, the US and Asia Pacific region over the last 12 months. As a result of the ADAPT service, participating practices improved profitability up to 15 percent within 6 months of implementation and increased practice revenue up to 20 percent.*

Consumer Marketing

- Our consumer marketing is focused on building the clear aligner category and driving demand for Invisalign treatment through a doctor's office. In Q3, we saw strong digital engagement globally with more than 78% increase in unique visitors as well as on leads created, driven by our new campaign, revamped social media strategy and our new Invsalign.com website that was rolled out to 15+ countries. Several key metrics show increased activity and engagement with the Invisalign brand and are included in our Q3 quarterly presentation slides available on our website. We're pleased with the strong engagement and activity we've seen on our consumer platforms over the last few months, and believe it speaks to the strength of the brand and consumer interest in treatment, even during the challenges of the last few months.
- As you'll recall from last quarter, we launched our Mom multi-touch campaign, with incremental support to drive reach, awareness, and foot traffic to practices during key Teen season. We also launched a new multi-million dollar TV campaign designed to reach Moms and Teens across a broad range of networks nationwide including Cable & Connected TV networks
- Align is always looking for new opportunities to reach consumers and be relevant to potential patients wherever they work, live, and play.
- During the quarter we announced that the Invisalign brand is the Official Clear Aligner Sponsor of the National Football League ("NFL") including 11 NFL teams. Working with great sports brands like the NFL is another way to connect with consumers by leveraging the power of the NFL brand and its existing brand platforms. The NFL league partnership will help build awareness of Invisalign clear aligner treatment at a national level, while the team agreements will help us engage within key markets and connect consumers with doctors in those markets.
- During the quarter, we also extended our innovation to drive engagement with new Invisalign Stickables, designed to personalize Invisalign clear aligners – especially for younger patients. The innovative sticker accessories, designed exclusively for use with SmartTrack® material, are available in a variety of designs, colors, shapes and themes, and reflect patients' desire to show their personal flair during Invisalign treatment.



Worldwide Consumer Highlights



+89M



Website visitors



+10M



Social media fans



+11.2M



Doc locator searches



+5.2M



Smile assessments

Consumer Concierge

- Since program inception in 2017, we've connected over 198K potential consumers with Invisalign doctors and reached more than 1.1M consumers in North America. The Consumer Concierge program successfully provides leads to doctors they otherwise may not obtain.
- The Consumer Concierge service teams are located in the U.S., LATAM, Singapore, Brazil, Australia, the UK, Poland, Saudi Arabia and the Philippines.

+1.1M

> Consumers contacted

+198K

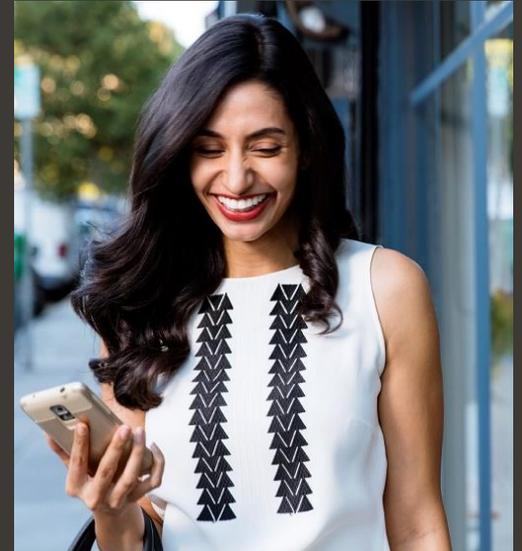
> Consultations scheduled

+42K

> Invisalign cases started

Consumer Concierge

Consumer Conversion connects consumers with top Invisalign providers to deliver a best in class experience to achieve a happy and healthy smile.



Q3 2020 Consumer Marketing

AMERICAS

5.4M

Website Visitors

472K

Doc Locator Searches

- Influencer marketing
- Teen, Adult and Moms of teens



EMEA

1.6M

Website Visitors

363K

Doc Locator Searches

- Social media and influencer marketing
- #smilesquad, My Invisalign App



APAC

1.0M

Website Visitors

93K

Doc Locator Searches

- Social media and influencer marketing
- Online consumer
- Virtual webinars



Q3 2020 Financial Highlights

Imaging Systems and CAD/CAM Services

- For our Systems and Services business, Q3 revenues were up 110.1% sequentially due to higher shipments and services revenues. We continued to see momentum with the Element 5D Imaging System, gaining traction in North America and the APAC region. On a year-over-year basis, Systems and Services revenues were up 24.5%, due to higher shipments and service.
- Cumulatively, over 27.4 million orthodontic scans and 6.0 million restorative scans have been performed with iTero scanners.
- For Q3, total Invisalign cases submitted with a digital scanner in the Americas increased to 83.2% from 78.8% in Q3 last year. International scans increased to 72.1% up from 62.6% in the same quarter last year. We're pleased to see that within the Americas, 94.9% of cases submitted by North American orthodontists were submitted digitally.

| | | | | | | | | | |
|---------------|--------|--------|--------|--------|--------|-------|-------|-------|-------|
| Americas | 71.9% | 73.5% | 76.1% | 77.5% | 78.8% | 79.5% | 80.5% | 85.7% | 83.2% |
| International | 53.9% | 57.5% | 59.3% | 60.9% | 62.6% | 64.7% | 68.7% | 72.0% | 72.1% |
| | Q3'18* | Q4'18* | Q1'19* | Q2'19* | Q3'19* | Q4'19 | Q1'20 | Q2'20 | Q3'20 |

*Digital scanner percentages revised.

- Our Q3 systems and services revenues also includes exocad CAD/CAM products and services. exocad's expertise in restorative dentistry, implantology, guided surgery, and smile design extends our digital dental solutions and broadens Align's digital platform towards fully integrated interdisciplinary end-to-end workflows, and we are excited about our continued integration progress and product plans.
- In September, exocad celebrated its tenth anniversary in conjunction with exocad Insights 2020 an Annual Event For Manufacturers And Users Of Dental CAD/CAM Technologies entitled "A Decade of Digital Innovation." The event attracted over 300 dental technicians, dentists and over 40 partner companies, as well as 1,600 users of digital technologies in laboratories and practices from 55 countries.
- The iTero Element 5D Imaging System was just named the Journal of Dental Technology 2020 WOW! Award Winner in EMEA, as an acknowledgment of Align's continuous innovation to products and services that enables practice growth. Earlier in the quarter, the iTero digital intraoral scanning solutions was featured in the Journal of Dental Technology, highlighting how Align is accelerating integrated digital solutions for labs. And, we were also proud to see the iTero Element 2 recognized in Dentistry Today Magazine's 34th Annual Readers' Choice Top 100 Products list.

Imaging Systems and CAD/CAM Services



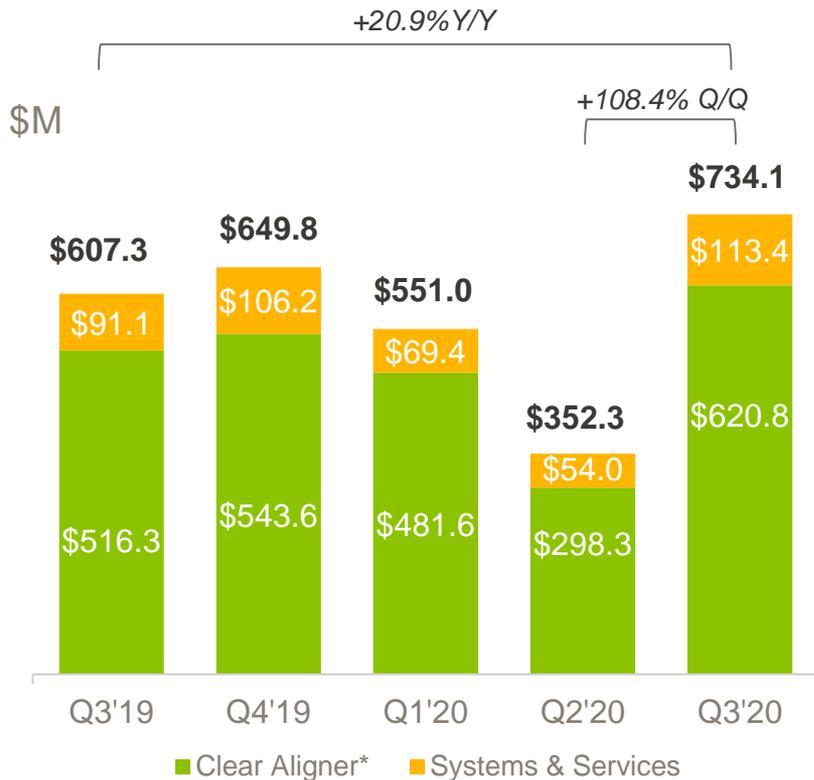
Systems and Services Revenue



+ Q3 2020 Financial Review

Revenues Trend

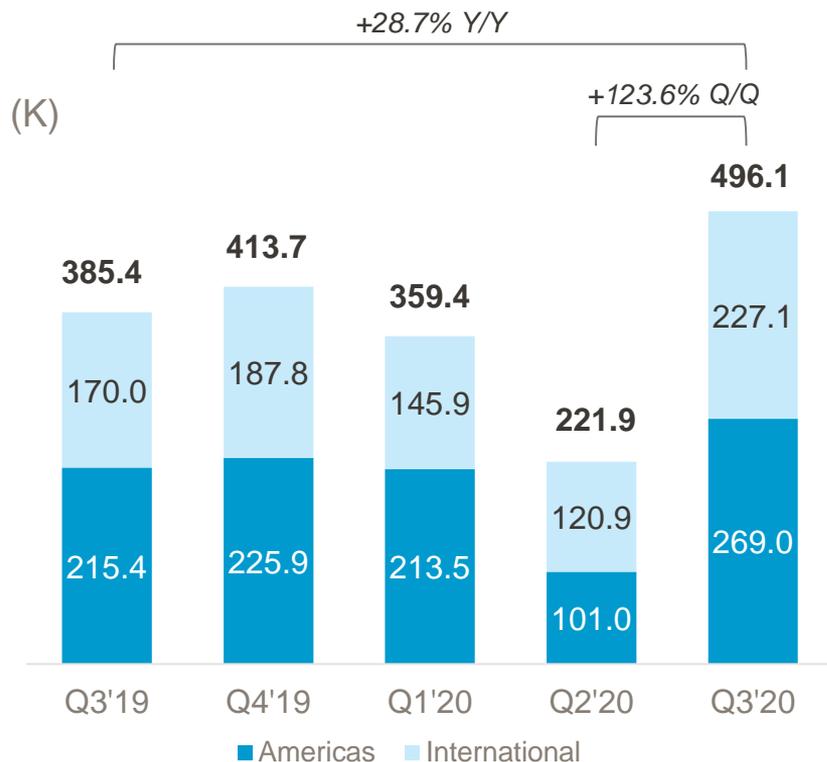
Q3'20 highlights



- Total revenues for the third quarter were \$734.1 million, up 108.4% from the prior quarter and up 20.9% from the corresponding quarter a year-ago.
- For clear aligners, Q3 revenues of \$620.8 million were up 108.1% sequentially and up 20.2% year-over-year due to Invisalign volume growth in all regions, driven by North America, EMEA, APAC and LATAM, partially offset by lower ASPs.
- Historically we have raised prices by approximately \$50 per case in the third quarter. Given our continued commitment to helping our customers in their recovery efforts, we did not implement a price increase this year.
- Q3 Invisalign ASPs were down sequentially \$75 primarily due to higher mix of new cases vs additional aligner shipments. Recall Q2 ASPs benefited from more additional aligner shipments as doctors were focused on maintaining treatment progress for existing Invisalign patients. This trend reversed itself after practices reopened in Q3 and demand for new cases ramped up significantly. As a result, our deferred revenue balances increased \$93 million from Q2, of which, the majority of this increase is related to clear aligner, and will be recognized with future additional aligner shipments.
- On a year-over-year basis, Q3 Invisalign ASPs decreased approximately \$80 primarily reflecting higher promotional discounts and increased deferrals related to additional aligners.
- In addition, we provided doctors with incentives designed to specifically aid them in the recovery during the pandemic.
- Our System and Services revenues for the third quarter was \$113.4 million, up 110.1% sequentially due to an increase in scanner sales and increased services revenues from higher installed base. Year-over-year System and Services revenues was up 24.5% due to higher scanner sales, services revenues, and the inclusion of exocad's CAD/CAM services, partially offset by lower scanner ASPs.
- Imaging Systems and CAD/CAM Services Deferred Revenue also increased 28%, primarily due to the increase in scanner sales and the deferral of service revenues, which will be recognized ratably over the service period.

Invisalign Shipments Trend

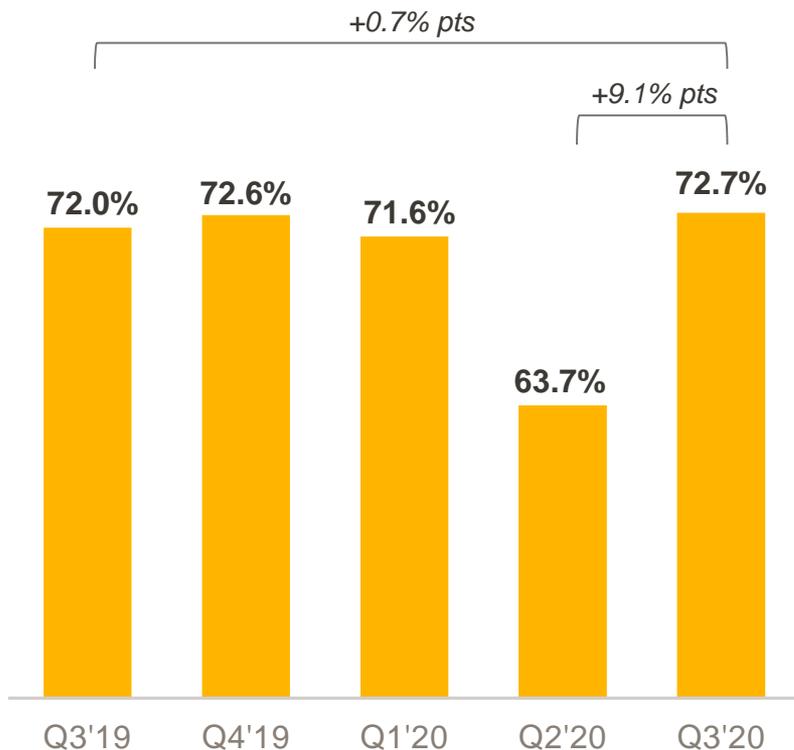
Q3'20 highlights



- Total Q3 Invisalign shipments of 496.1 thousand cases were up 123.6% sequentially and up 28.7% year-over-year.

GAAP Gross Margin Trend

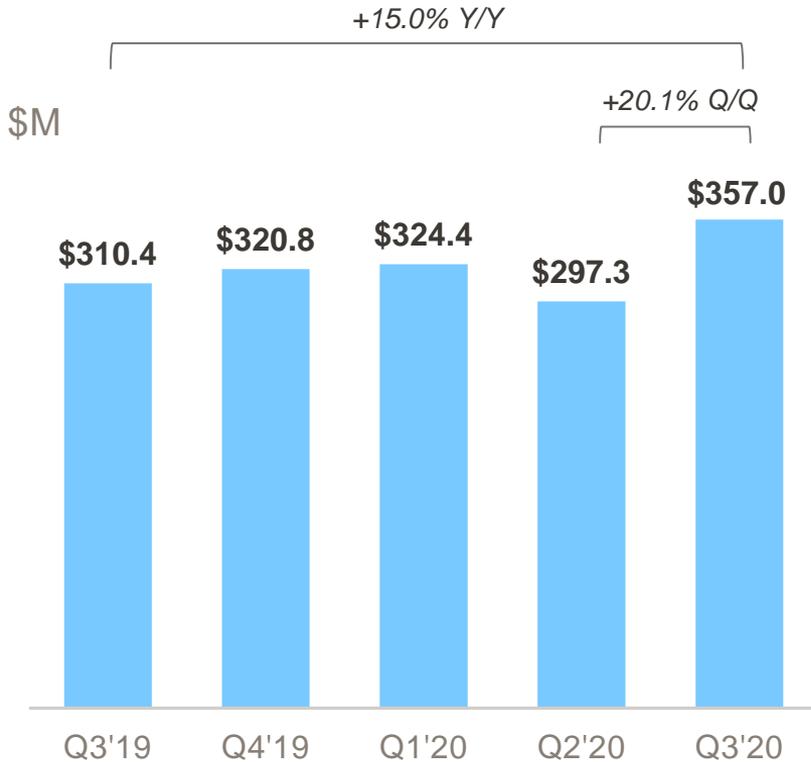
Q3'20 highlights



- Third quarter overall gross margin was 72.7%, up 9.1 points sequentially and up 0.7 points year-over-year. On a non-GAAP basis, excluding stock based compensation expense and amortization of intangibles related to exocad, overall gross margin was 73.3% for the third quarter, up 8.9 points sequentially and up 1.0 point year-over-year.
- Clear aligner gross margin for the third quarter was 74.7%, up 10.2 points sequentially due to increased volumes driving favorable manufacturing absorption of fixed costs coupled with lower freight costs from increased domestic shipments, partially offset by lower ASPs.
- Clear aligner gross margin was up 1.2 points year-over-year due to increased manufacturing volumes driving favorable absorption and lower doctor training, partially offset by lower ASPs.
- Systems and Services gross margin for the third quarter was 62.0%, up 2.8 points sequentially primarily due to favorable product mix shift to higher margin scanners (E2 and 5D), higher services revenue, partially offset by higher freight and training costs.
- Systems and Services gross margin was down 2.1 points year-over-year due to lower ASPs and higher freight and training costs offset by higher services revenue and product mix shift.

GAAP Operating Expense Trend

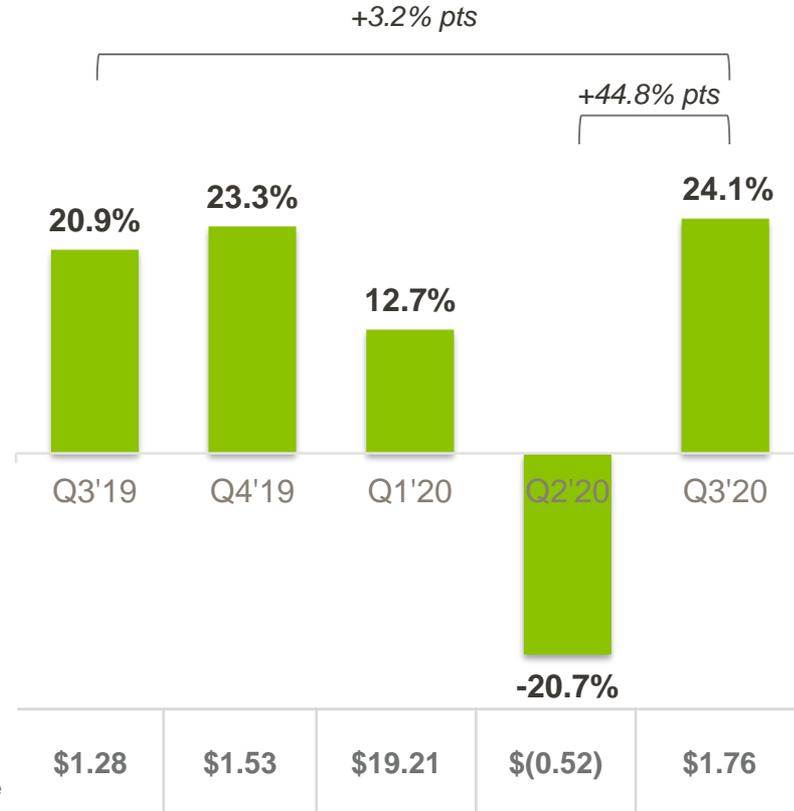
Q3'20 highlights



- Q3 operating expenses were \$357.0 million, up sequentially 20.1% and up 15.0% year-over-year. The sequential increase in operating expenses is due to increased compensation, marketing and media spend, and favorable foreign exchange. Year-over-year, operating expenses increased by \$46.6 million, reflecting our continued investment in sales and marketing and R&D activities.
- Prior year included a benefit of \$6.8 million from the early termination of our discontinued Invisalign Store leases.
- On a non-GAAP basis, which excludes stock based compensation, acquisition-related costs, and amortization of intangibles related to exocad, operating expenses were \$332.1 million, up sequentially 25% and up 12.8% year-over-year due to the reasons as described above.

GAAP Operating Margin and Earnings Per Share Trend

Q3'20 highlights



- Our third quarter operating income of \$177.1 million resulted in an operating margin of 24.1%, up 44.8 points sequentially and up 3.2 points year-over-year. The sequential increases in operating income and operating margin are primarily attributable higher gross margin and operating leverage. On a year-over-year basis, the increases in operating income and operating margin reflects higher gross margin and operating leverage partially offset by our continued investment in R&D, geographic expansion, and go-to-market activities. On a non-GAAP basis, operating margin for the third quarter was 28.0%, up 39.0 points sequentially, and up 4.2 points year-over-year.
- Interest and other income & expense, net for the third quarter was a gain of \$7.5 million, primarily driven by favorable foreign exchange.
- With regards to the third quarter tax provision, our GAAP tax rate was 24.5% which includes tax benefits of approximately \$8 million related to the release of certain previously unrecognized tax benefits as a result of the closure of an income tax audit. The third quarter tax rate on a non-GAAP basis was 16.6% compared to 27.8% in prior quarter and 18.8% in the same quarter a year ago. The third quarter non-GAAP tax rate was lower than the second quarter's rate primarily due to reduction in tax benefits resulting from considerable profits recorded in Q3 as opposed to losses incurred in Q2.
- Third quarter net income per diluted share was \$1.76, up \$2.28 sequentially and up \$0.48 compared to the prior year. On a non-GAAP basis, net income per diluted share was \$2.25 for the third quarter, up \$2.60 sequentially and up \$0.77 year-over-year.

Balance Sheet Highlights

- As of September 30, 2020, cash and cash equivalents were \$615.5 million, an increase of approximately \$211.2 million from the prior quarter, which is primarily due to higher cash flow from operations. Of our \$615.5 million of cash and cash equivalents, \$298.8 million was held in the US and \$316.7 million was held by our International entities.
- Q3 accounts receivable balance was \$626.0 million, up approximately 32.3% sequentially. Our overall days sales outstanding (DSO) was 76.5 days, down 44 days sequentially and down 2 days as compared to Q3 last year due to strong cash collections as doctor's offices reopened from Q2 shutdown.
- Cash flow from operations for the third quarter was \$211.1 million.
- Capital expenditures for the third quarter were \$21.3 million, primarily related to our continued investment in increasing aligner capacity and facilities.
- Free cash flow, defined as cash flow from operations less capital expenditures, amounted to \$189.8 million.
- Under our May 2018 Repurchase Program, we have \$100.0 million still available for repurchase of our common stock.

| (\$ in millions except for DSO) | Q3'19 | Q2'20 | Q3'20 |
|---|----------|----------|----------|
| Accounts Receivables, net | \$531.8 | \$473.3 | \$626.0 |
| DSO | 79 days | 121 days | 77 days |
| Cash, Cash Equivalents & Short-Term and Long-Term Marketable Securities | \$782.4 | \$404.4 | \$615.5 |
| Cash Flow from Operations | \$234.5 | \$59.9 | \$211.1 |
| Capital Expenditures | \$(26.6) | \$(34.4) | \$(21.3) |
| Free Cash Flow* | \$207.9 | \$25.5 | \$189.8 |

**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.*

Financial Outlook for Q4 2020

- Overall, we're pleased with our Q3 performance and the strong momentum in our business. We made investment decisions that helped drive and capture demand across all regions and customer channels. We've seen good return on our investments and strong revenue growth, which has continued into October. We are confident in the huge market opportunity, our industry leadership, and our ability to execute. At the same time, there continues to be uncertainty around the pandemic and global environment, therefore we aren't providing specific guidance.

Closing Commentary

- In summary, we are certainly pleased by our progress in the third quarter. We have taken a very thoughtful approach to recovery and we have persevered in large part by living the values that are important to us as an organization: agility, customer and accountability. In a time of great uncertainty, when swift actions have been required, we have responded like no other company in our industry. Most importantly, we have followed our guiding principles and supported our employees and customers, protecting employee jobs and salaries and working to support the needs of our teams globally, and supporting our customers with PPE, extended payment terms, postponed subscription fees for iTero, and numerous programs to help them through this crisis. We also applied our manufacturing experience and resources to making testing swabs for hospitals and PPE for our own teams and our customers.
- Instead of going quiet or holding on planned spend, we accelerated our investments in marketing to drive consumer demand to our doctors' offices and stay top of mind with consumers; we accelerated new digital technology to market so that we could provide virtual tools to our doctors that enabled them to stay connected with their patient and keep their treatment moving forward; we supported doctors and their teams with online education and digital forums that went beyond product and clinical education to helping the navigate PPE shortages and recovery planning; and, we continued to grow the business, not just protecting jobs but adding headcount, continuing our investments in R&D and product innovation and developing our plans for manufacturing expansion. Our actions are a result of the conviction that we have in our business model, supported by the strength of our balance sheet, to drive results that exhibit our accountability to our employees, customers, and shareholders. Even in a time that required us to change and adapt, we maintained our long-term focus. This is what good companies do – and is proof that being a good company and delivering the type of results we've seen this quarter can go hand in hand.
- We have remained a growth business, driving programs in anticipation of recovery, but we acknowledge that there still remains uncertainty due to COVID-19. Our plan is to counter future uncertainty by staying focused on our long-term strategy, living our values, supporting our employees and customers, and keeping the demand drivers we've identified over the last few months in mind: the re-direction of disposable income for many consumers; channel focus that allows us to reach and support a wider range of customers within each channel; and most importantly, the digital mindset that is really taking hold with more and more of our customers and that we are supporting through innovative products and programs that can help support their digital transformation. We are not ignoring the reality of COVID-19 and how long it may be part of our lives – but we're also not going to stop driving the business forward for the good of customers, their patients, our employees, and stakeholders.
- With that, we want to thank you again for joining our call. We look forward to updating you on our progress as the year continues to unfold. On November 20 – 21, Align will be hosting the Invisalign Ortho Summit, Virtual Edition, with the theme: Digital is the Answer. This Invisalign Summit is the ultimate learning experience for orthodontic practices. From digital practice transformation to great patient experiences, there's never been a more exciting time to learn about digital orthodontics. Align will also host a virtual Investor Day on November 23rd where we also look forward to sharing our views on the incredible market opportunity that we have combined with the unmatched power of Align's digital platform, technology innovation, global reach, and brand equity.

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 invisalign® | iTero®

Transforming

s m i e s



e s

changing lives

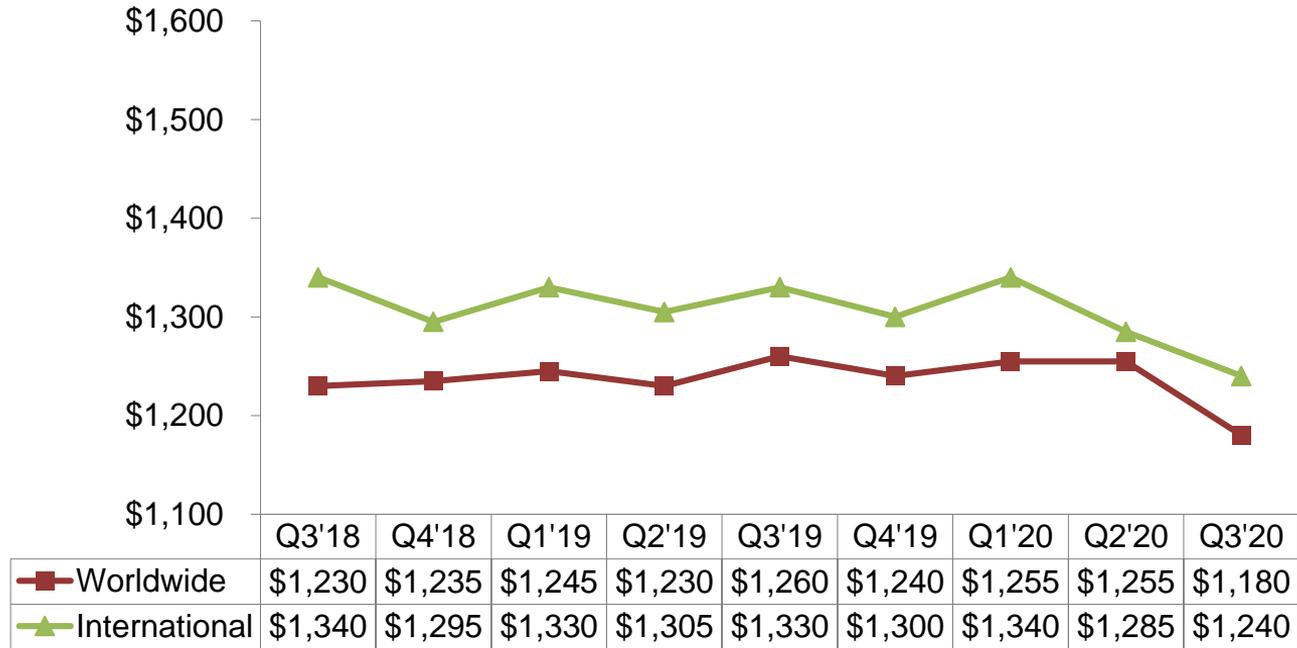
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 Appendix

Invisalign Average Selling Price (ASP)

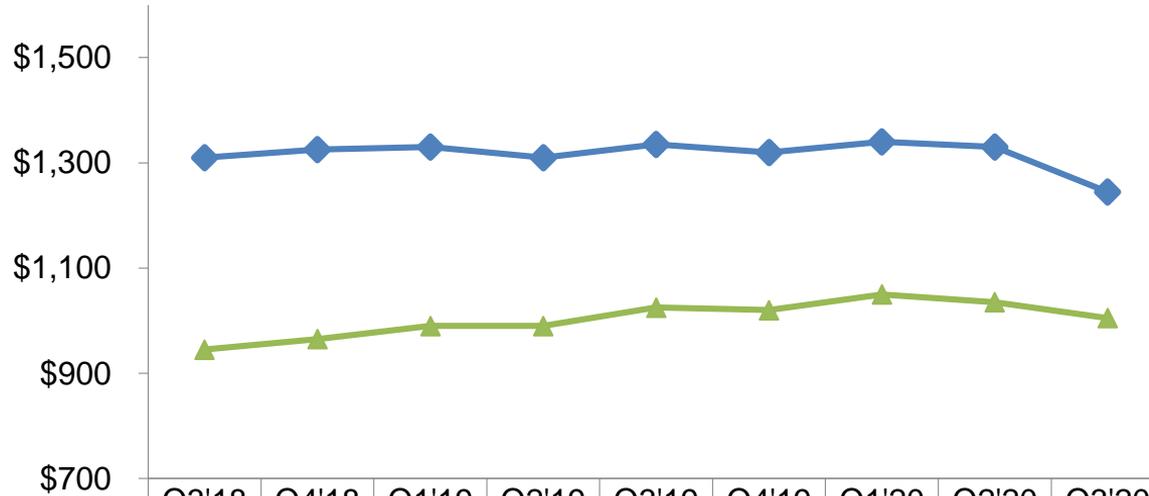
Worldwide and international



ASP: Invisalign case revenue / Invisalign case shipments

Invisalign Average Selling Price (ASP)

Product groups



| | | | | | | | | | | |
|------------------------------|----|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| ◆ Comprehensive Products | ** | \$1,310 | \$1,325 | \$1,330 | \$1,310 | \$1,335 | \$1,320 | \$1,340 | \$1,330 | \$1,245 |
| ▲ Non-comprehensive Products | ** | \$945 | \$965 | \$990 | \$990 | \$1,025 | \$1,020 | \$1,050 | \$1,035 | \$1,005 |

Comprehensive Products: Comprehensive Products include, but are not limited to, Invisalign Comprehensive, Invisalign Assist and Invisalign First.

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

ASP: Invisalign case revenue / Invisalign case shipments

Unaudited GAAP to Non-GAAP reconciliation

(in thousands except per share data)

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| GAAP gross profit | \$ 534,088 | \$ 437,554 | \$ 1,152,772 | \$ 1,271,939 |
| Stock-based compensation | 1,247 | 1,354 | 3,485 | 3,744 |
| Amortization of intangibles ⁽¹⁾ | 2,700 | - | 4,350 | - |
| Non-GAAP gross profit | \$ 538,035 | \$ 438,908 | \$ 1,160,607 | \$ 1,275,683 |
| GAAP gross margin | 72.7% | 72.0% | 70.4% | 72.4% |
| Non-GAAP gross margin | 73.3% | 72.3% | 70.9% | 72.0% |
| GAAP operating expenses | \$ 357,019 | \$ 310,402 | \$ 978,785 | \$ 880,596 |
| Stock-based compensation | (23,982) | (22,822) | (69,678) | (63,943) |
| Amortization of intangibles ⁽¹⁾ | (580) | - | (2,175) | - |
| Acquisition related costs ⁽²⁾ | (314) | - | (7,621) | - |
| Impairments and other (gains) charges ⁽³⁾ | - | 6,792 | - | (22,990) |
| Litigation settlement gain ⁽⁴⁾ | - | - | - | 51,000 |
| Non-GAAP operating expenses | \$ 332,143 | \$ 294,372 | \$ 899,311 | \$ 844,663 |
| GAAP income from operations | \$ 177,069 | \$ 127,152 | \$ 173,987 | \$ 391,343 |
| Stock-based compensation | 25,229 | 24,176 | 73,163 | 67,687 |
| Amortization of intangibles ⁽¹⁾ | 3,280 | - | 6,525 | - |
| Acquisition related costs ⁽²⁾ | 314 | - | 7,621 | - |
| Impairments and other (gains) charges ⁽³⁾ | - | (6,792) | - | 22,990 |
| Litigation settlement gain ⁽⁴⁾ | - | - | - | (51,000) |
| Non-GAAP income from operations | \$ 205,892 | \$ 144,536 | \$ 261,296 | \$ 431,020 |
| GAAP operating margin | 24.1% | 20.9% | 10.6% | 22.3% |
| Non-GAAP operating margin | 28.0% | 23.8% | 16.0% | 24.5% |
| GAAP interest income and other income (expense), net | \$ 7,476 | \$ 1,267 | \$ (9,580) | \$ 15,511 |
| Acquisition related costs ⁽²⁾ | - | - | 10,187 | - |
| Non-GAAP interest income and other income (expense), net | \$ 7,476 | \$ 1,267 | \$ 607 | \$ 15,511 |
| and equity in losses of investee | \$ 184,545 | \$ 128,419 | \$ 164,407 | \$ 406,854 |
| Stock-based compensation | 25,229 | 24,176 | 73,163 | 67,687 |
| Amortization of intangibles ⁽¹⁾ | 3,280 | - | 6,525 | - |
| Acquisition related costs ⁽²⁾ | 314 | - | 17,808 | - |
| Impairments and other (gains) charges ⁽³⁾ | - | (6,792) | - | 22,990 |
| Litigation settlement gain ⁽⁴⁾ | - | - | - | (51,000) |
| taxes and equity in losses of investee | \$ 213,368 | \$ 145,803 | \$ 261,903 | \$ 446,531 |
| GAAP provision for (benefit from) income taxes | \$ 45,174 | \$ 25,895 | \$ (1,452,493) | \$ 77,812 |
| Tax impact on non-GAAP adjustments | 1,093 | 1,467 | 20,931 | 22,245 |
| Tax related non-GAAP items ⁽⁵⁾ | (10,763) | - | 1,485,286 | - |
| Non-GAAP provision for (benefit from) income taxes | \$ 35,504 | \$ 27,362 | \$ 53,724 | \$ 100,057 |
| GAAP effective tax rate | 24.5% | 20.2% | (883.5)% | 19.1% |
| Non-GAAP effective tax rate | 16.6% | 18.8% | 20.5% | 22.4% |
| GAAP net income | \$ 139,371 | \$ 102,524 | \$ 1,616,900 | \$ 321,514 |
| Stock-based compensation | 25,229 | 24,176 | 73,163 | 67,687 |
| Amortization of intangibles ⁽¹⁾ | 3,280 | - | 6,525 | - |
| Acquisition related costs ⁽²⁾ | 314 | - | 17,808 | - |
| Impairments and other (gains) charges ⁽³⁾ | - | (6,792) | - | 22,990 |
| Litigation settlement gain ⁽⁴⁾ | - | - | - | (51,000) |
| Tax impact on non-GAAP adjustments | (1,093) | (1,467) | (20,931) | (22,245) |
| Tax related non-GAAP items ⁽⁵⁾ | 10,763 | - | (1,485,286) | - |
| Non-GAAP net income | \$ 177,864 | \$ 118,441 | \$ 208,179 | \$ 338,946 |
| GAAP diluted net income per share | \$ 1.76 | \$ 1.28 | \$ 20.45 | \$ 4.00 |
| Non-GAAP diluted net income per share | \$ 2.25 | \$ 1.48 | \$ 2.63 | \$ 4.22 |
| Shares used in computing diluted net income per share | 79,163 | 79,825 | 79,078 | 80,397 |

Notes:

(1) During the three and nine months ended September 30, 2020, we recorded amortization of intangible assets related to our Q2'20 exocad acquisition.

(2) During the three and nine months ended September 30, 2020, we recorded certain incremental expenses related to our Q2'20 exocad acquisition including third party advisory, legal, tax, accounting, banking, valuation, and other professional or consulting fees and foreign exchange losses related to a forward contract for the purchase commitment.

(3) During the nine months ended September 30, 2019, we recorded a net impairment charge of \$23.0 million consisting of impairments and other charges as a result of closing our Invisalign stores due to the arbitrator's decision regarding SDC including operating lease right-of-use asset impairments, store leasehold improvement and fixed asset impairments and employee severance and other charges offset by a gain recorded in the three months ended September 30, 2019 due to negotiation of early termination of our Invisalign store leases.

(4) During the nine months ended September 30, 2019, we recorded a \$51.0 million gain from the settlement of the Straumann litigation.

(5) For the nine months ended September 30, 2020, we recorded a one-time net tax benefit for the deferred tax asset and certain costs associated with the intra-entity transfer in the three months ended March 31, 2020 of certain intellectual property rights and assets to our Swiss subsidiary and related tax impact from the amortization of the transferred intangibles assets. For the three months ended September 30, 2020, we recorded amortization of the benefit from the transferred intangibles assets.

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

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