align™ | invisalign® | iTero™ | exocad™

Q3 2024

Financial Results

Align Technology, Inc.

October 23, 2024

Q3 2024 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 our ability to successfully control our business and operations and pursue our strategic growth drivers, our expectations regarding our stock repurchase programs, our expectations for market opportunities, our expectations for the restructuring actions and their impact, our expectations for Q4'24 worldwide revenues, Clear Aligner volume, Clear Aligner ASP, Systems and Services revenues and GAAP and non-GAAP operating margin, and 2024 capital expenditures. 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 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, higher 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 macroeconomic conditions, levels of employment, salaries and wages, debt obligations, discretionary income, inflationary pressure, declining consumer confidence, and the military conflicts in the Middle East and Ukraine;
- variations in our geographic, channel and product mix, product adoption, and selling prices regionally and globally, including product mix shifts to lower priced products or to products with a higher percentage of deferred revenue;
- competition from existing and new competitors;
- declines in, or the slowing of the growth of, sales of our clear aligners and intraoral scanners domestically and/or internationally and the impact either would have on the adoption of Invisalign products;
- the economic and geopolitical ramifications of the military conflicts in the Middle East and Ukraine, including supply chain and trade disruptions, tariffs, trade sanctions, customs inquiries or restrictions, boycotts, retaliatory sanctions, nationalism, and other consequences, any of which could adversely impact our operations and assets;
- 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;
- the timing and availability and cost of raw materials, components, products, and other shipping and supply chain constraints and disruptions;
- 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;
- our ability to protect our intellectual property rights;
- continued compliance with regulatory requirements;
- the willingness and ability of our customers to maintain and/or increase product utilization in sufficient numbers;
- 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; 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 ("SEC"), including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on February 28, 2024 and our latest Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, which was filed with the SEC on August 2, 2024. 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 ("GAAP") in the United States, we use the following non-GAAP financial measures: constant currency net revenues, constant currency gross profit, constant currency gross margin, constant currency income from operations, constant currency operating margin, non-GAAP gross profit, non-GAAP gross margin, non-GAAP total operating expenses, non-GAAP income from operations, non-GAAP operating margin, non-GAAP net income before provision for income taxes, non-GAAP provision for income taxes, non-GAAP effective tax rate, non-GAAP net income and non-GAAP diluted net income per share.

- These non-GAAP financial measures exclude certain items that may not be indicative of our fundamental operating performance, including foreign currency exchange rate impacts, the effects of stock-based compensation, amortization of intangible assets related to certain acquisitions, restructuring and other charges, acquisition-related costs, associated tax impacts and discrete cash and non-cash charges or gains that are included in the most directly comparable GAAP financial measure.

- 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 material limitations to using non-GAAP financial measures as they are not prepared in accordance with GAAP and may be different from similarly titled non-GAAP financial measures used by other companies. Non-GAAP financial measures exclude certain items that may have a material impact upon our reported financial results, which can limit their usefulness for comparison purposes. 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 both a GAAP and non-GAAP basis and by providing specific information regarding the GAAP amounts excluded from these non-GAAP financial 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, superior to, 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 and a reconciliation of GAAP to non-GAAP measures, please see the tables captioned "Unaudited GAAP to Non-GAAP Reconciliation."


INVISALIGN® SMILES
Invisalign patients treated
~18.9M
including
~5.4M
Teens & Kids
*As of Q3'24

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

600M
POTENTIAL PATIENTS

through

+2M
DOCTORS

with an
iTero™ scanner at
EVERY CHAIR

27 YEARS

From appliance to platform

Revenue Y/Y%
LTM 20% - 30%

2001–2023
+22.5%

1997 – 2006

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

2007 – 2012

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

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
iTero-exocad Connector™

2024

iTero Lumina™ intraoral scanner
iTero Multi-Direct Capture™ technology
ClinCheck® Smile Video
iTero™ Design Suite
Smile Architect™ with Multiple Treatment Plans
Invisalign® Outcome Simulator with Multiple Treatment Simulation
Align™ Oral Health Suite with new comparison tools

Pictured: Invisalign® Palatal Expander System

Pictured: iTero Lumina™ intraoral scanner

● Software ● New products ● Services

align™ digital platform

TRANSFORMING SMILES, CHANGING LIVES

Connect

Scan

Diagnose

Plan

Treat

Monitor

Retain

CONSUMERS & PATIENTS

DOCTORS

DENTAL LABS

invisalign | iTero | exocad | vivera

Align's unique position and COMPETITIVE ADVANTAGE

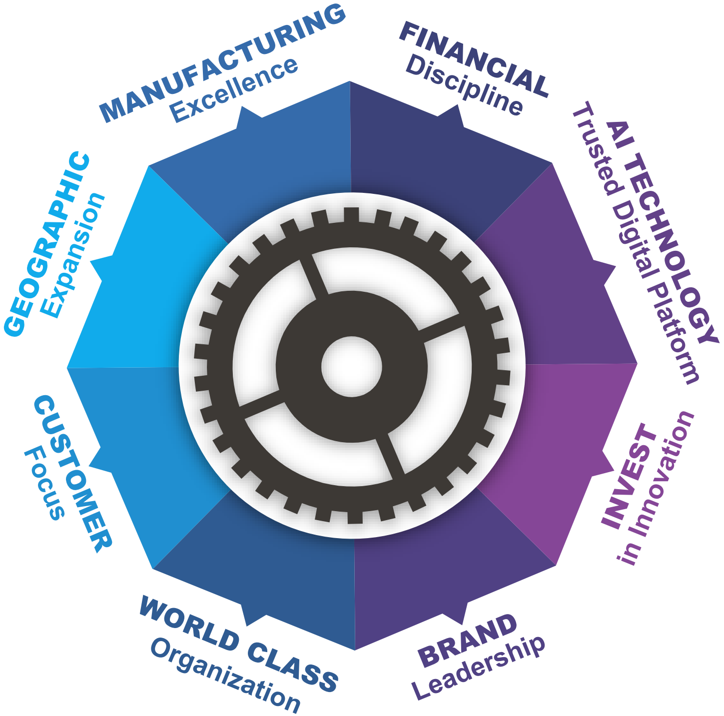
multivariable equation that is very difficult to replicate

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

GEOGRAPHIC EXPANSION
- > 100 Markets
- 13 Fab & Treat locations

DIVERSIFIED CUSTOMER BASE
- > 271K 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
- > 1.9K+ patents

TOP BRAND FOR ALIGNER & SCANNER
- $200M+ annual brand investment
- ~18.9M+ satisfied patients

ENORMOUS OPPORTUNITY

600M
Consumer Opportunity

15M teens

22M
Annual ortho starts

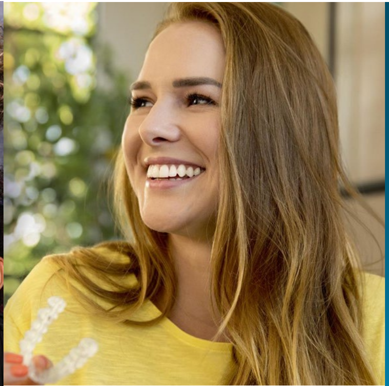
7M adults

INTERNATIONAL EXPANSION

PATIENT DEMAND

ORTHODONTIST UTILIZATION

GP DENTIST TREATMENT



Focused Execution

STRATEGIC GROWTH DRIVERS

Q3 2024 Earnings Call CEO Opening commentary

Overall, Q3’24 results were mixed and reflect strong Systems and Services year-over-year revenue growth, as well as good Clear Aligner volume in the Asia Pacific, EMEA and Latin America regions, partially offset by declines in the U.S. As recently reported by many analysts and third-party research firms, the underlying dental market in the U.S. remains sluggish and our doctor customers cite similar trends

Q3’24 revenues of approximately $978 million increased 1.8% year-over-year and Clear Aligner volumes of 617 thousand were up 2.5% year-over-year. Despite strong growth from Systems and Services revenues, a record 87.4 thousand doctor submitters, a record 236 thousand teens starting treatment—driven by record teen case starts in China, and a record 25K+ of DSP Invisalign Touch-Up cases, total revenues for Q3 were slightly below our Q3 revenue outlook in part due to more pronounced seasonality for clear aligners than expected, as well as continued weak consumer sentiment and a soft dental market, especially in the U.S.

Q3’24 non-GAAP operating margin of 22.1% was better than expected and increased year-over-year compared to 21.8% in Q3’23

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Global organization restructuring

- We want to comment on the employment actions we announced today resulting from a global organizational restructuring. As part of Align's 2025 annual operating plan process, we identified positions to be eliminated or transferred to other locations. These are difficult actions, and valuable employees will leave the company.
- As part of the restructuring, Raj Pudipeddi's position as EVP and MD Americas and Chief Marketing Officer has been eliminated and he will leave in Q4. We thank Raj for his contributions to Align over the past 5+ years in leading our marketing and product innovation/management as well as overseeing the APAC and Americas regions, and we wish Raj well.
- We are pleased to welcome Frank Quinn back to Align. He is a well-established leader with a customer focus and proven track record in orthodontics and digital dentistry. Frank's experience, deep understanding and insights into what digital means for our doctor customers is key and he is excited to be rejoining Align.

Q3 2024 Highlights

Q3 2024 Revenues and Operating Margin

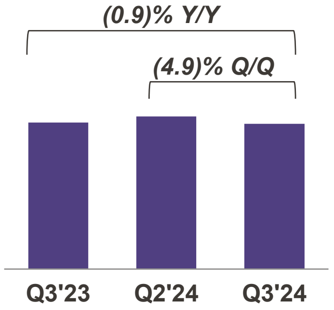
TOTAL REVENUES	TOTAL SYSTEMS AND SERVICES REVENUES	TOTAL CLEAR ALIGNER REVENUES	GAAP OPERATING PROFIT / OPERATING MARGIN
Q3'24	**Q3'24**	**Q3'24**	**Q3'24**
$977.9M	**$191.0M**	**$786.8M**	**$162.3 | 16.6%**
Q/Q (4.9)% Y/Y +1.8%	Q/Q (2.9)% Y/Y +15.6%	Q/Q (5.4)% Y/Y (1.0)%	Q/Q +2.3% pts Y/Y (0.7)% pts
Q3'23	**Q3'23**	**Q3'23**	**Q3'23**
$960.2M	**$165.3M**	**$794.9M**	**$166.3M | 17.3%**
Q/Q (4.2)% Y/Y +7.8%	Q/Q (2.5)% Y/Y +4.9%	Q/Q (4.5)% Y/Y +8.5%	Q/Q +0.1% pt Y/Y +1.2% pts
Q3'24 FX Impact: • Q/Q: ~$0.1M favorable impact from FX(1) • Y/Y: ~$14.6M unfavorable impact from FX(1)	**Q3'24 FX Impact:** • Q/Q: no impact from FX(1) • Y/Y: ~$2.9M unfavorable impact from FX(1)	**Q3'24 FX Impact:** • Q/Q: ~$0.1M favorable impact from FX(1) • Y/Y: ~$11.7M unfavorable impact from FX(1)	**Q3'24 FX Impact:** • Q/Q: ~0.1 pts favorable impact from FX(1) • Y/Y: ~0.8 pts unfavorable impact from FX(1)

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

Q3 2024 Clear Aligner segment

Americas Clear Aligner Metrics

Americas Clear Aligner Shipments

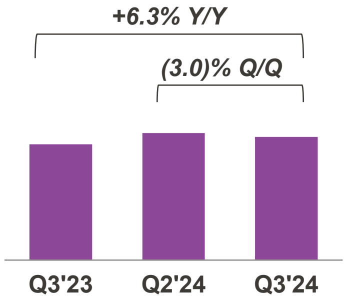


North Americas Utilization*

	Q3'23	Q2'24	Q3'24
NA Ortho	28.8	28.8	28.3
NA GP	4.9	5.3	5.0

International Clear Aligner Metrics

International Clear Aligner Shipments

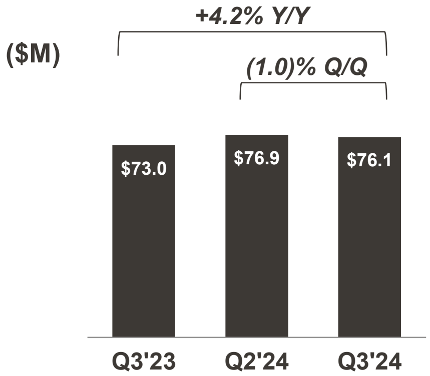


International Utilization*

Q3'23	Q2'24	Q3'24
6.1	6.7	6.2

Non-Case Clear Aligner Metrics

Non-Case Clear Aligner Revenues



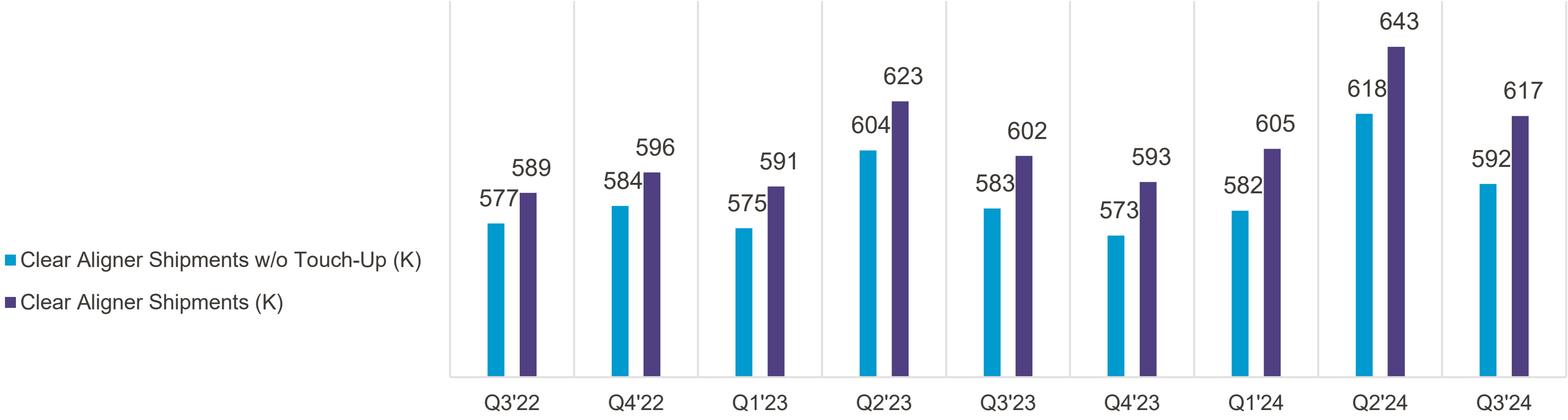
Non-case revenues include our Vivera® retainers, retention aligners ordered through our Doctor Subscription Program ("DSP"), clinical training and education, accessories and eCommerce.

Q3 non-case revenues were up Y/Y, primarily due to continued growth in retainers and the DSP program, including non-Invisalign patients getting retainers.

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

Q3 2024 Invisalign® Doctor Subscription Program ("DSP") Touch-Up Cases

- DSP also includes Invisalign Touch Up cases up to 14-stages and is currently available in North America and certain countries in Europe. For Q3, total Invisalign DSP Touch Up cases were up nearly 30% Y/Y to a record-high of more than 25K cases.



	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
DSP Touch-Up Shipments (K)	**11.4**	**12.4**	**15.5**	**18.2**	**19.6**	**19.9**	**23.1**	**24.9**	**25.3**
Clear Aligner Shipments w/o Touch-Up Y/Y%	-11.9%	-7.5%	-3.9%	0.9%	1.0%	-1.9%	1.1%	2.2%	1.6%
Clear Aligner Shipments Y/Y%	**-10.7%**	**-6.3%**	**-2.4%**	**2.4%**	**2.3%**	**-0.6%**	**2.4%**	**3.2%**	**2.5%**

NOTE: As of Q3'23, Invisalign DSP Touch-Up cases have been reclassified to the non-comprehensive clear aligner segment and are 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.

DSP TOUCH-UP CASE:
compared to Invisalign® Express and Invisalign® Lite Products

DSP TOUCH-UP*

Up to **14 STAGES** with **ANNUAL SUBSCRIPTION**

Discounted at slightly higher than **ADVANTAGE DIAMOND+ DOCTORS**

Above average **GROSS MARGIN**

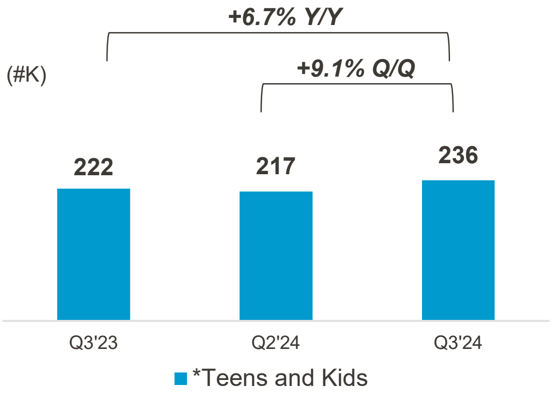
	Invisalign Express 5	Invisalign System Express	Invisalign Express 10	Invisalign Lite 14
List Price	$ 459 - $ 605	$ 569 - $ 749	$ 759 - $ 1,009	$ 1,015 - $ 1,349
Stages	Up to 5	Up to 7	Up to 10	Up to 14

*NA DSP program

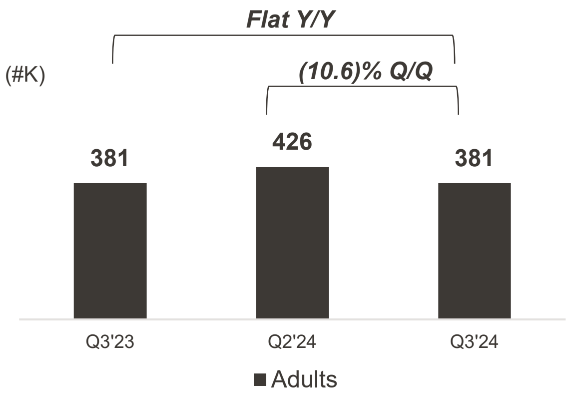
~5.4M Teens and Kids treated with the Invisalign® System, to date

- For clear aligners, Q3 volumes were up Y/Y and down slightly Q/Q. Y/Y volumes were driven by strong growth in APAC, especially China, as well as growth from the EMEA and Latin America region. On a Q/Q basis, clear aligner volumes were down from Q2 reflecting more pronounced seasonality and a soft dental market in the U.S., offset somewhat by strength in APAC and Latin America regions.
- In the teen and growing kids' segment, a record 236K teens and younger patients started treatment with Invisalign clear aligners during the third quarter, an increase of 9.1% Q/Q and up 6.7% Y/Y, reflecting growth across regions especially from Invisalign First in the APAC and EMEA regions. In Q3, the number of doctors submitting teen or younger patient case starts was up over 6% Y/Y, led by continued strength from doctors treating young kids also known as "growing patients".

Clear Aligner Shipments
Teens and Kids



Clear Aligner Shipments
Adults



*Q4'23-Q1'20 is recast based on adjustment to prior recast.
Certain charts may not sum or recalculate due to rounding.

Data on file at Align Technology.

Q3 2024 Invisalign Brand Consumer Marketing

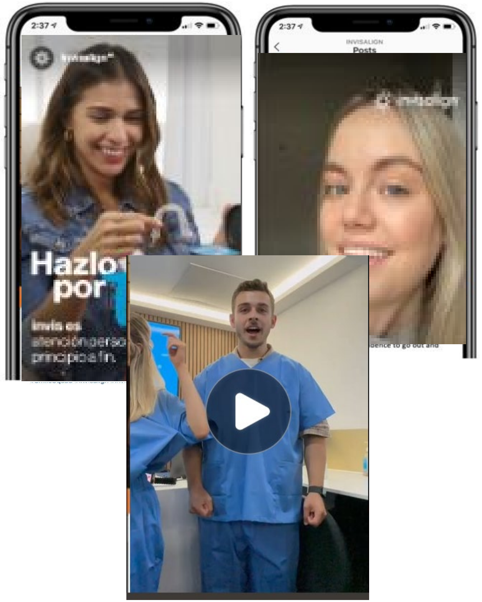
AMERICAS		EMEA		APAC	
13.8M Website Visitors	6.4B impressions	6.4M Website Visitors	1.2B impressions	24.9M Website Visitors	9.8B impressions

AMERICAS

- Social media and influencer marketing
- Teen, Adult and Moms of teens

EMEA

- Social media and influencer marketing



APAC

- Social media and influencer marketing

Invisalign® is the Most Trusted Brand in Orthodontics

Q3 2024 Consumer Demand Creation and Digital Tools

- 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 Q3'24, we delivered 17.4B impressions, representing a 62% Y/Y increase and had 45.1M 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. We know Invisalign clear aligner treatment is as effective as braces and can be faster than braces, yet the vast majority of orthodontic cases are still treated using brackets and wires
- Differentiation and communicating superiority continue to be key to increasing Invisalign share of orthodontic case starts – especially among teens and their parents. We are continuing to differentiate through novel creative executions by collaborating with influencers that teens and parents trust in addition to real patient stories from parents and orthodontists to help elevate awareness and education about the benefits of Invisalign treatment
- Similarly, to differentiate Invisalign treatment for adults, we continued to expand campaigns globally using powerful patient testimonials that share how important a smile delivered by an Invisalign trained doctor is and how Invisalign treatment increases self-confidence that transforms lives
- Reaching young adults as well as teens and their parents also requires the right engagement through Invisalign influencers and creator-centric campaigns
- In the Americas, we continued with campaigns highlighting the transformational stories of elite high school athletes across social media partners such as OverTime. Additionally, our influencer and social media campaigns continued to amplify Olympic athletes such as Rebeca Andrade from Brazil, Andre De Grasse from Canada, and Paralympic athlete Lizzi Smith from the US. We also kicked off our NFL season partnership by sponsoring Girls Flag Football with the LA Rams continuing to solidify the Invisalign brand as a brand for teens. Our campaigns delivered more than 6.4B impressions and 13.8M unique visitors to our consumer websites across the Americas
- In the EMEA region, our campaigns focused on sharing real patient stories showcasing the transformational stories of real teens and adults. Additionally, we partnered with influencers to reach consumers across social media platforms including TikTok and Meta. Our campaigns delivered more than 1.2B media impressions and 6.4M visitors to our website
- We continued to invest in consumer advertising across the APAC region, resulting in more than 9.8B impressions and 24.9M visitors to our websites, a 107% increase Y/Y. We expanded our reach in Japan and India via Meta and YouTube and partnered with key influencers in addition to telling real patient stories to increase awareness and consideration with consumers. We saw increased brand interest from consumers as evidenced by an 236% Y/Y increase in unique visitors to our website in India, 25% increase in Japan and a 103% increase in Korea
- Finally, adoption of the My Invisalign Consumer and Patient app continued to increase with 4.7M downloads to-date and over 401K monthly active users, a 9% Y/Y growth. Usage of our other digital tools also continued to increase. Live Update was used by 53.5K doctors on more than 701K cases in Q3, reducing time spent in modifying treatment by 16.8%. Invisalign Practice app is increasing in adoption with 71.5K doctors who are actively using this app and 5.58M photos were uploaded in Q3 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** | **20K+ labs**

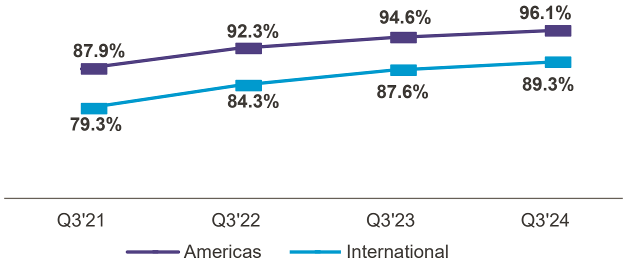
iTero Lumina™ intraoral scanner with Ortho capabilities is available since February 2024. We currently expect to begin a Limited Market Release for the restorative software on the iTero Lumina scanner in Q1'25, followed by full commercialization by the end of Q1
iTero Element™ 5D Plus Series scanner is available in U.S., Canada , the majority of EMEA and selected APAC and LATAM markets
iTero Lumina™ scanner is available in U.S., Canada , the majority of Europe and selected APAC and Africa markets

*Data on file at Align Technology.

Q3 2024 Systems and Services segment

Imaging Systems and CAD/CAM Services

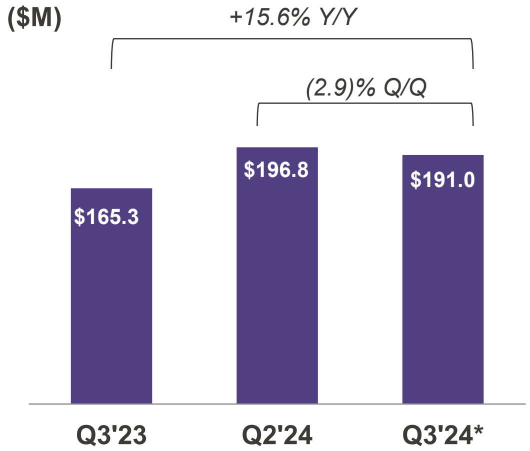
Intraoral digital scans for Invisalign® case submission



*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.

Invisalign® scans reflects digital scans for new Invisalign® treatment. Data on file at Align Technology.

Systems and Services Revenues



CAD/CAM and Services revenues represent ~48%* of our Systems and Services business.

*Q3'24

iTero Lumina™ intraoral scanner with Ortho capabilities is available since February 2024. We currently expect to begin a Limited Market Release for the restorative software on the iTero Lumina scanner in Q1'25, followed by full commercialization by the end of Q1

GOOD DESIGN AWARD 2024 - iTero Lumina™ intraoral scanner

- We're also pleased to share that Invisalign Japan was recently awarded the Good Design Award 2024 for the iTero Lumina intraoral scanner, making this the second time we received this prestigious award in the past two years.
- The Good Design Award is globally known and recognized by domestic and international designers and is the only comprehensive evaluation and recommendation system of design in Japan.
- The award designation increases the recognition and reliability of awarded works and companies, promotes problem-solving through design, and focuses on the significance of design to people and society

GOOD
DESIGN
AWARD
2024

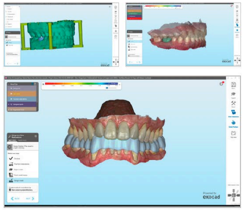
iTero Lumina is the next generation of digital scanning technology that pushes the boundaries of what intraoral scanners can do and sets a new standard for practice performance.

Q3 2024 exocad Highlights

The iTero™ Design Suite is powered by exocad

- exocad is proud to support scanner capabilities in the new iTero™ Design Suite to create in-office designs for simple 3D-printed restorations
- The iTero™ Design Suite offers doctors an intuitive solution for in-practice 3D printing of models, bite splints, and restorations–powered by exocad software
- "*With the iTero™ Design Suite, doctors will benefit from a flexible solution that enables seamless workflows for in-practice production using exocad's innovative software.*" — Tillmann Steinbrecher, CEO of exocad.

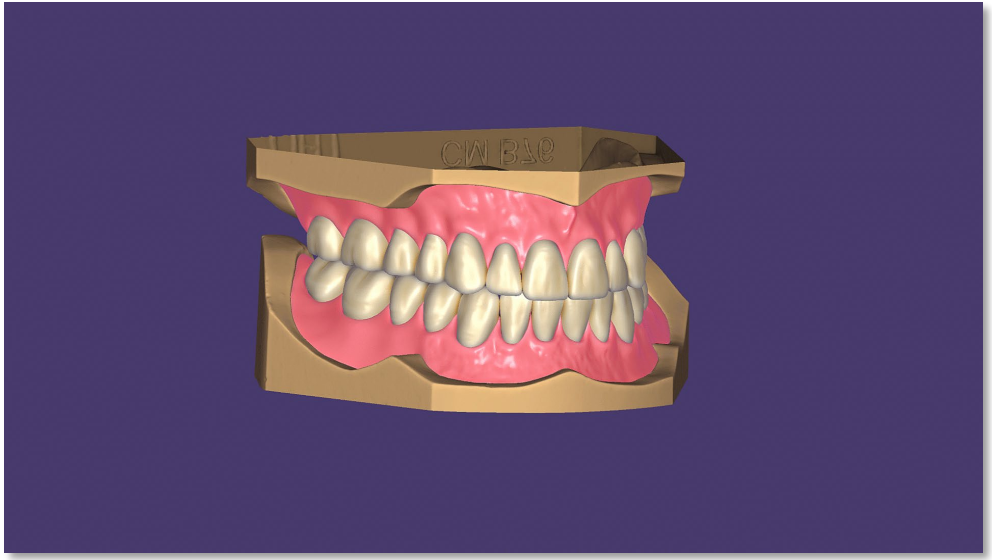
How it works:

Scan	Design	Print
		
Scan the patient.	Design models, bite splints and prosthetics with iTero™ Design Suite.	Benefit from seamless integrations with leading 3D printers.

Q3 2024 exocad Highlights

exocad launches Inspira™ Denture Tooth Library—the first denture library designed by exocad specifically for a digital denture workflow.

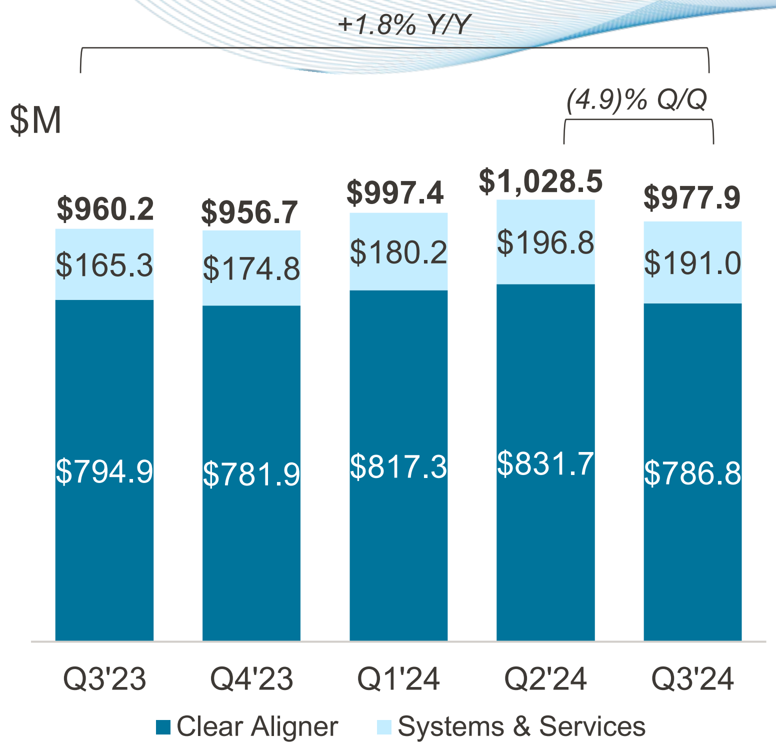
- Predefined contact points for **automatic occlusion** simplify the prosthetic set-up for digital denture design
- An **open output format** allows designed teeth to be printed or milled without restriction
- **15 presets** ensure functionality, esthetics and a significantly faster selection and fitting process
- **Flatter occlusal surfaces** create better interlocking of the upper and lower jaws

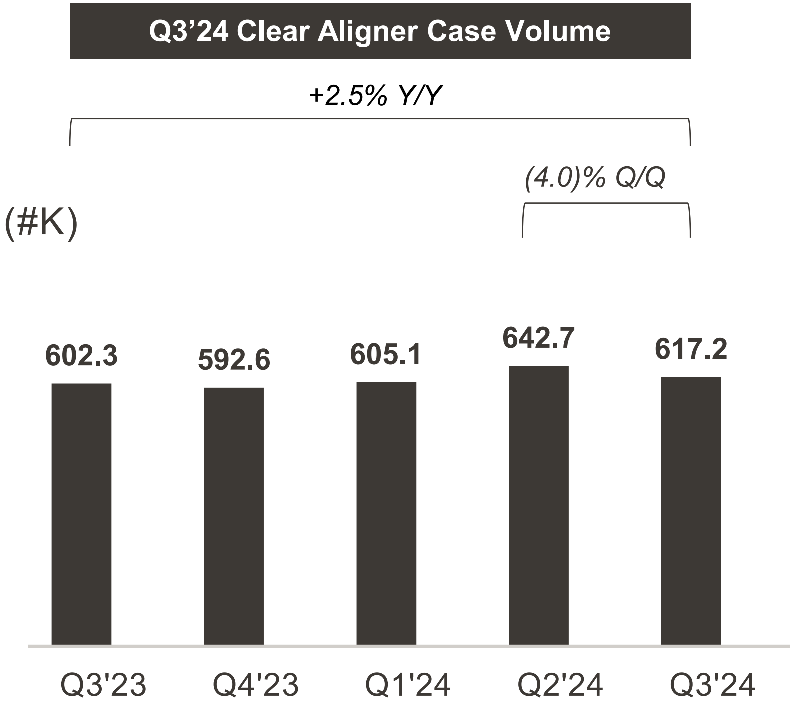


Q3 2024 Financial Review

Trended Revenues and Volumes

Q3'24 highlights





Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals

Q3 2024 Financial Summary Commentary

- **Q3'24 Total revenues of $977.9M, (4.9)% Q/Q and +1.8% Y/Y**
  - Q/Q, Q3'24 revenues were impacted by FX of ~$0.1M or ~flat*
  - Y/Y, Q3'24 revenues were unfavorably impacted by FX of ~$14.6M or ~1.5%*

- **Q3'24 Clear Aligners revenues of $786.8M, (5.4)% Q/Q and (1.0)% Y/Y**
  - Q/Q, Q3’24 decrease primarily from lower volume, higher discounts, product mix shift to lower priced products, and geographic mix, partially offset by lower net revenue deferrals. Q3 Clear Aligner revenues were not significantly impacted by FX Q/Q
  - Q3’24 Clear Aligner ASP per case shipment of $1275 was lower by $20 on a sequential basis due to higher discounts, product and geographic mix partially offset by lower net revenue deferrals
  - Y/Y, Q3’24 primarily from lower ASPs, reflecting the impact from unfavorable FX of $11.7M or ~1.5%, a 20% price reduction in the UK to offset a 2024 ruling by the UK tax authorities in Q1’24 that requires a 20% VAT rate be applied to clear aligner sales in the UK, product mix shift to lower priced products, geographic mix, and higher discounts. This decrease was partially offset by lower net deferrals and price increases, along with higher volumes and higher non-case revenues
  - Q3’24 Clear Aligner per case shipment of $1275 was down $45 on a year-over-year basis due to unfavorable foreign exchange of $18, impact of UK VAT of $12, product and geographic mix and higher discounts, partially offset by lower net revenue deferrals and price increases
  - Q/Q, Q3'24 revenues were favorably impacted by FX of ~$0.1M or flat*
  - Y/Y, Q3'24 revenues were unfavorably impacted by FX of ~$11.7M or ~1.5%*

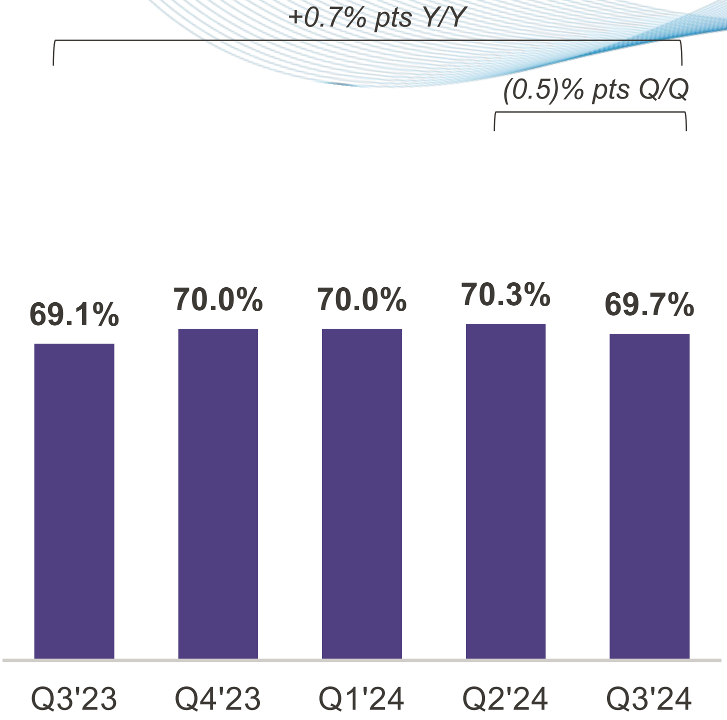
- **Q3'24 Systems and Services revenues of $191.0M, (2.9)% Q/Q and +15.6% Y/Y**
  - Q/Q, decrease primarily due to lower ASPs and decreased non-system revenues mostly related to fewer upgrades, partially offset by higher scanner volumes
  - Y/Y, increase primarily due to higher ASPs, increased non-system revenues mostly related to upgrades and our leasing/rental programs, and higher services revenues, partially offset by lower scanner volumes
  - Q/Q, Q3’24 revenues impact by FX was ~flat*
  - Y/Y, Q3'24 revenues were unfavorably impacted by FX of ~$2.9M or ~1.5%*

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals

Trended GAAP Gross Margins

Q3'24 highlights



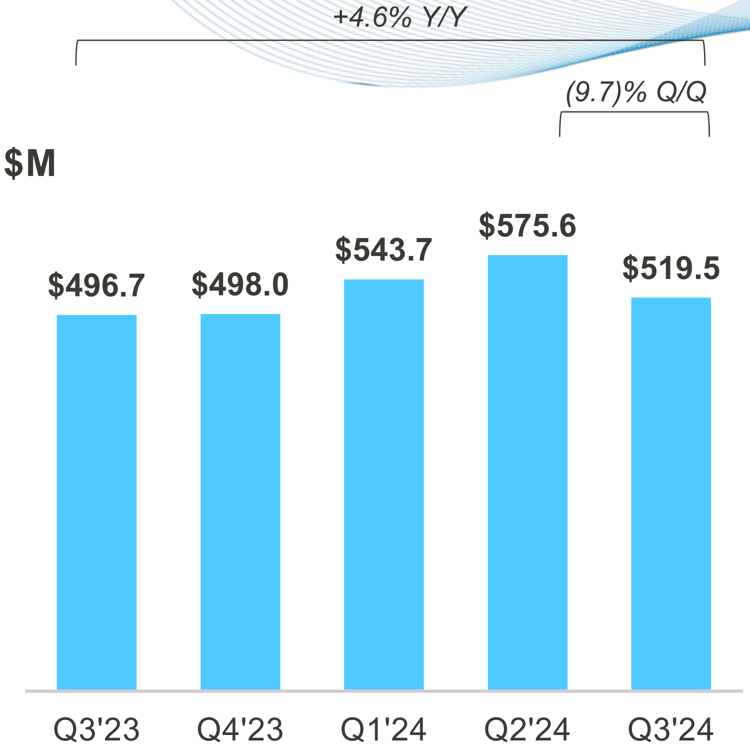
- Overall, Q3'24 gross margin was 69.7%, (0.5) pts Q/Q and +0.7 pts Y/Y
  - Q/Q, overall, the gross margin impact by FX was ~flat*
  - Y/Y, overall gross margin was unfavorably impacted by FX of ~0.4 pts*
- Q3'24 non-GAAP gross margin was 70.4%, (0.5) pts Q/Q and +0.8 pts Y/Y
- Q3'24 Clear Aligner gross margin was 70.3%
  - (0.5) pts Q/Q due primarily to lower ASPs and higher mix of additional aligners, partially offset by lower manufacturing spend
  - (0.5) pts Y/Y due primarily to lower ASPs partially offset by lower manufacturing spend. On a constant currency basis, clear aligner gross margin was unfavorably impacted by foreign exchange by 0.4 points Y/Y
- Q3'24 Systems and Services gross margin was 67.5%
  - (0.7) pts Q/Q due primarily to mix, partially offset by lower manufacturing spend and freight costs
  - +6.5 pts Y/Y due primarily to higher ASPs, partially offset by higher service and freight costs. On a constant currency basis, Systems and Services gross margin was unfavorably impacted by FX by 0.5 points Y/Y

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals

Trended GAAP Operating Expense

Q3'24 highlights



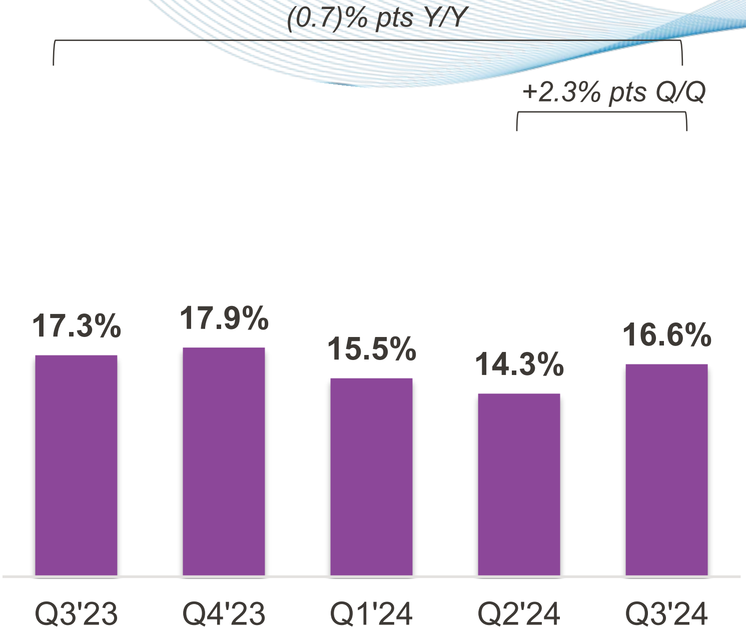
- Q3'24 Operating expenses were $519.5M, (9.7)% Q/Q and +4.6% Y/Y
  - Q/Q, Q3'24 operating expenses $(56.1)M, due primarily to non-recurring legal settlements, advertising & marketing, and employee compensation
  - Y/Y, Q3'24 operating expenses +$22.7M, primarily due to employee compensation
  - On a non-GAAP* basis, excluding stock-based compensation, amortization of acquired intangibles related to certain acquisitions, restructuring and other charges, and legal settlements, operating expenses were $472.7M, (5.4)% Q/Q and +3.1% Y/Y

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals

GAAP Operating Margin and Earnings Per Share Trends

Q3'24 highlights



Diluted Earnings Per Share	**$1.58**	**$1.64**	**$1.39**	**$1.28**	**$1.55**

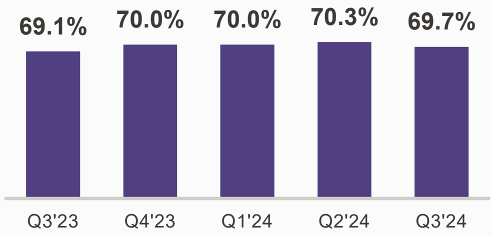
- Q3'24 Operating income of $162.3M resulting in an Q3'24 operating margin of 16.6%,+2.3 pts Q/Q and (0.7) pts Y/Y
  - Q3'24 Operating margin was favorably impacted from FX of ~0.1 pts Q/Q and unfavorably impacted by ~0.8 pts Y/Y*
  - On a non-GAAP basis, which excludes stock-based compensation and amortization of intangibles related to certain acquisitions, restructuring, legal settlements, and other chargers, Q3'24 operating margin was 22.1%, (0.2) pts Q/Q and +0.3 pts Y/Y
- Q3'24 Interest and other income & expense, net was an income of $3.6M, primarily due to FX, compared to an expense of $3.2M in Q2'24 and an expense of $4.2M in Q3'23
- The GAAP effective tax rate in the third quarter was 30.1%, compared to 32.9% in the second quarter and 25.1% in the third quarter of the prior year
- The third quarter GAAP effective tax rate was lower than the second quarter effective tax rate primarily due to adjustments related to tax return filings, partially offset by a small increase in uncertain tax position reserves
- The third quarter GAAP effective tax rate was higher than the third quarter effective tax rate of the prior year primarily due to recognizing a one-time tax benefit related to the application of tax guidance issued during the third quarter of the prior year
- Our non-GAAP effective tax rate in the third quarter was 20%, which reflects our long-term projected tax rate
- Q3'24 Net Income per diluted share was $1.55, up Q/Q $0.27 and down $0.03 compared to the prior year. Our Q3'24 EPS was favorably impacted due primarily to FX by $0.03 on a Q/Q basis and unfavorably impacted by $0.08 on a Y/Y basis. On a non-GAAP basis, Q3'24 net income per diluted share was $2.35, down $0.06 Q/Q and up $0.21 Y/Y

*See table: Unaudited GAAP to Non-GAAP Reconciliation

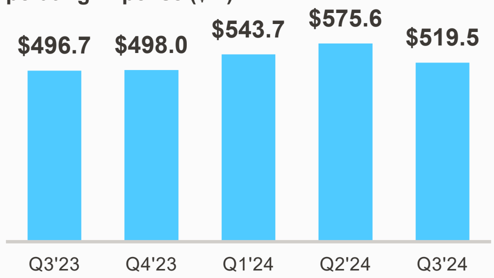
Trended Quarterly Financials

GAAP

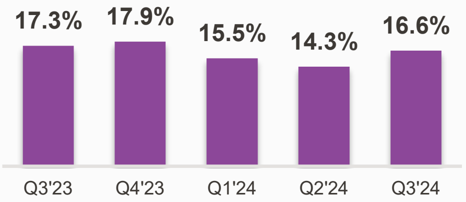
Gross Margin %



Operating Expense ($M)



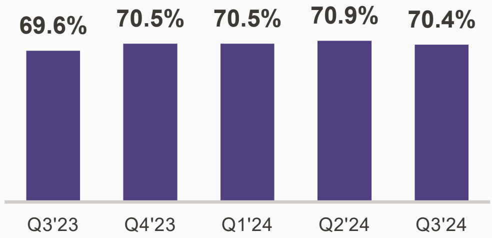
Operating Margin % & EPS



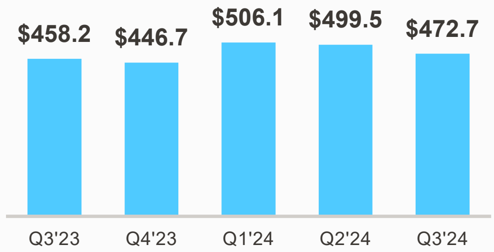
	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Diluted Earnings Per Share	$1.58	$1.64	$1.39	$1.28	$1.55

Non-GAAP

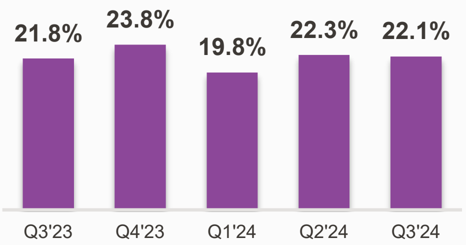
Gross Margin %



Operating Expense ($M)



Operating Margin % & EPS

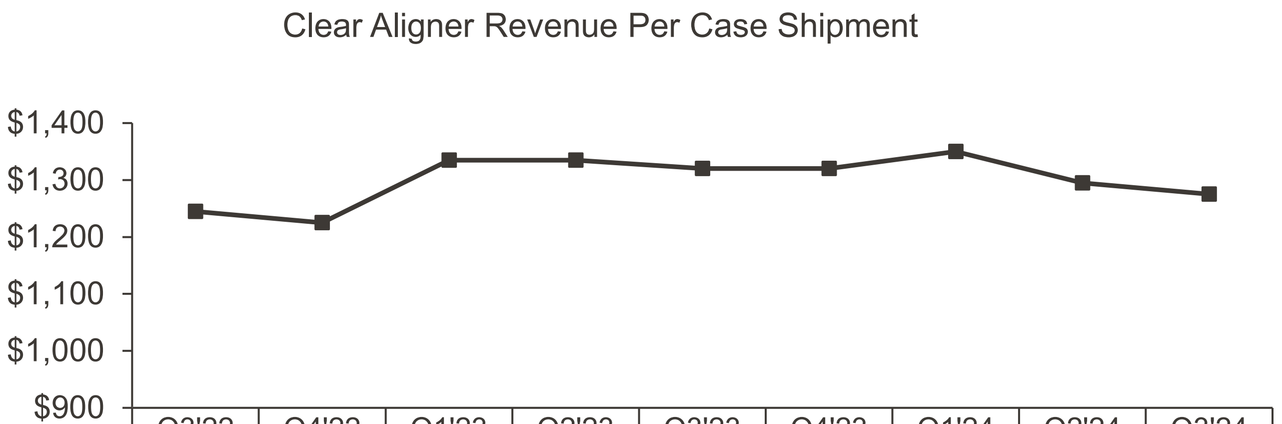


	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Diluted Earnings Per Share	$2.14	$2.42	$2.14	$2.41	$2.35

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals

Q3 2024 Clear Aligner Revenue Per Case Shipment



	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Worldwide ASP	$1,245	$1,225	$1,335	$1,335	$1,320	$1,320	$1,350	$1,295	$1,275

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

*As of Q3'23, Doctor Subscription Program Touch-Up cases are 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)	Q3'23	Q2'24	**Q3'24**
Accounts Receivables, net	$904.2	$1,020.1	$1,010.6
DSO	84 days	89 days	93 days
Cash, Cash Equivalents, and Short-Term and Long-Term Marketable Securities	$1,301.9	$782.1	$1,041.9
Cash Flow from Operations	$287.2	$159.8	$263.7
Capital Expenditures	$(21.6)	$(53.5)	$(29.8)
Free Cash Flow*	$265.6	$106.4	$233.9

*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 $1,041.9M cash and cash equivalents balance, $285.4M was held in the U.S. and $756.5M was held by our international entities
- We have $500.0M available for repurchases of our common stock under our January 2023 repurchase program
- Beginning in Q4'24 and continuing into Q1'25, we expect to repurchase up to $275.0 million of our common stock through either, or a combination of, open market repurchases or an accelerated stock repurchase agreement
- Clear Aligner deferred revenues on the balance sheet -$6.2M or (0.5)% Q/Q and -$25.8M or (2.0)% Y/Y and will be recognized as the additional aligners are shipped under each sales contract
- Systems and Services deferred revenues on the balance sheet was -$1.5M or (0.7)% Q/Q and -$40.6M or (15.4)% Y/Y primarily due to the recognition of services revenues which are recognized ratably over the service period. The decline in deferred revenues both Q/Q and Y/Y primarily reflects the shorter duration of service contracts applicable to initial scanner purchases

Closing Comments

Fiscal 2024 business outlook

Turning to our outlook, assuming no circumstances occur beyond our control, including foreign exchange, we provide the following business outlook:

- For Q4'24, we expect worldwide revenues to be in the range of $995M to $1,015M
- For Q4'24, we expect Clear Aligner volume and ASP to be slightly up sequentially
- We also expect Systems and Services revenue to be up in Q4'24 sequentially consistent with typical Q4 seasonality
- We expect Q4'24 GAAP operating margin to be slightly lower than 14.0% primarily due to restructuring charges related to severance as we adjust headcount for the existing business environment. We estimate these restructuring charges to impact Q4'24 GAAP operating margin by approximately 3 points
- We anticipate Q4'24 non-GAAP operating margin to be slightly up sequentially
- For fiscal 2024, we expect investments in capital expenditures to be above $100M. Capital expenditures primarily relate to building construction and improvements as well as manufacturing capacity in support of continued expansion

As we have said many times, we continually evaluate and evolve our business to provide doctors with the best tools and resources that they need to help them treat their patients while managing our operations responsibly. Today's restructuring action is designed to adjust our business to more closely align with the existing business environment. We expect the restructuring actions we announced today will give us margin accretion in 2025, even as we scale our next generation direct 3D printing fabrication manufacturing

Q3 2024 Earnings Call CEO Closing commentary

In closing, for Q3, we were pleased to report another strong Systems and Services quarter, and we are excited about our next generation Lumina™ scanner and its continued positive impact on our customers digital workflow, with ortho software today and restorative software expected to release in Q1. Q3 was also strong for our Invisalign Clear Aligner business in the Asia Pacific, EMEA and Latin America regions. For Q3, those markets are our faster growing regions and help to balance out performance in other geographies

We understand that the operating environment is more challenging, and we are adapting and driving our growth strategy despite continued weak consumer demand trends, especially in the U.S., and a sluggish dental market. In the face of inflation, high interest rates, less patient traffic, and longer conversion cycles--especially for adult patients, orthodontists and dentists are facing challenges in practice growth and profitability that impacts the way many of them approach orthodontic treatment.

It is more important than ever that we differentiate our products and services and become the best partner for customers by creating solutions that drive more patients to their practices, accelerates treatment conversion, and improves their experience and bottom line. As the innovation leader in digital dental technology, it's our job to ensure we have the organizational structure, focus, and rigor to help doctors realize the full potential of this opportunity by doing more to engage our doctor customers and support their practice growth, and to help consumers and potential patients connect with these practices to get smiles that they love. We continually evaluate and evolve our business to provide doctors with the best tools and resources they deserve.

Align is the leader in digital orthodontics and we are committed to supporting doctor customers and the future of digital innovation. We are committed to supporting doctor customers and the future of digital innovation and are excited our next wave of growth drivers that we believe will revolutionize the orthodontic industry in scanning, software and direct 3D printing.

We are in the midst of several key technology developments that are critical for the business. We will take the needed actions to get us through this while at the same time investing in key areas that we know will transform our industry and our business.

The restructuring action we announced today focuses on ROI investments and activities that drive revenue and enable margin expansion, while making room for investments in critical future technologies including scaling our direct 3D printing operations.

With that – we thank you for your time today and we look forward to updating you on our continued progress over the coming quarters.

Transforming

changing lives

Appendix

Unaudited GAAP to Non-GAAP Reconciliation Constant Currency Net Revenues

Note:

1) 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 September 30, 2024	Three Months Ended June 30, 2024	Impact % of Revenue
GAAP net revenues	$ 977,872	$ 1,028,490	
Constant currency impact [1]	(125)		0.0 %
Constant currency net revenues [1]	$ 977,747		
GAAP Clear Aligner net revenues	$ 786,844	$ 831,738	
Clear Aligner constant currency impact [1]	(124)		0.0 %
Clear Aligner constant currency net revenues [1]	$ 786,720		
GAAP Imaging Systems and CAD/CAM Services net revenues	$ 191,028	$ 196,752	
Imaging Systems and CAD/CAM Services constant currency impact [1]	(1)		0.0 %
Imaging Systems and CAD/CAM Services constant currency net revenues [1]	$ 191,027		

Year-over-year constant currency analysis:

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Impact % of Revenue
GAAP net revenues	$ 977,872	$ 960,214	
Constant currency impact [1]	14,649		1.5 %
Constant currency net revenues [1]	$ 992,521		
GAAP Clear Aligner net revenues	$ 786,844	$ 794,939	
Clear Aligner constant currency impact [1]	11,700		1.5 %
Clear Aligner constant currency net revenues [1]	$ 798,544		
GAAP Imaging Systems and CAD/CAM Services net revenues	$ 191,028	$ 165,275	
Imaging Systems and CAD/CAM Services constant currency impact [1]	2,949		1.5 %
Imaging Systems and CAD/CAM Services constant currency net revenues [1]	$ 193,977		

invisalign | iTero | exocad | vivera

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	
	September 30, 2024	June 30, 2024
GAAP gross profit	$ 681,774	$ 722,628
Constant currency impact on net revenues	(125)	
Constant currency gross profit	$ 681,648	

	Three Months Ended	
	September 30, 2024	June 30, 2024
GAAP gross margin	69.7 %	70.3 %
Gross margin constant currency impact (1)	0.0	
Constant currency gross margin (1)	69.7 %	

Year-over-year constant currency analysis:

	Three Months Ended September 30,	
	2024	2023
GAAP gross profit	$ 681,774	$ 663,076
Constant currency impact on net revenues	14,649	
Constant currency gross profit	$ 696,422	

	Three Months Ended September 30,	
	2024	2023
GAAP gross margin	69.7 %	69.1 %
Gross margin constant currency impact (1)	0.4	
Constant currency gross margin (1)	70.2 %	

Unaudited GAAP to Non-GAAP Reconciliation Constant Currency Income from Operations and Operating Margin

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	
	September 30, 2024	June 30, 2024
GAAP income from operations	$ 162,298	$ 147,046
Income from operations constant currency impact (1)	(1,374)	
Constant currency income from operations (1)	$ 160,924	

	Three Months Ended	
	September 30, 2024	June 30, 2024
GAAP operating margin	16.6 %	14.3 %
Operating margin constant currency impact (2)	(0.1)	
Constant currency operating margin (2)	16.5 %	

Year-over-year constant currency analysis:

	Three Months Ended September 30,	
	2024	2023
GAAP income from operations	$ 162,298	$ 166,346
Income from operations constant currency impact (1)	9,973	
Constant currency income from operations (1)	$ 172,271	

	Three Months Ended September 30,	
	2024	2023
GAAP operating margin	16.6 %	17.3 %
Operating margin constant currency impact (2)	0.8	
Constant currency operating margin (2)	17.4 %	

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.

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

Notes:

(1) Amortization of intangible assets related to certain acquisitions.

(2) Restructuring and other charges recorded in gross profit and operating expenses primarily relate to severance costs or revisions to initial severance cost estimates.

(+) 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+
FINANCIAL MEASURES OTHER THAN CONSTANT CURRENCY
(in thousands, except per share data)

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

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Q4 2024 and Fiscal 2024 Outlook – GAAP to Non-GAAP Reconciliation

ALIGN TECHNOLOGY, INC.
Q4 2024 OUTLOOK - GAAP TO NON-GAAP RECONCILIATION

GAAP operating margin	Slightly below 14.0%
Stock-based compensation	~5.0%
Amortization of intangibles (1)	~0.5%
Restructuring charges (2)	~3.0%
Non-GAAP operating margin	Slightly above 22.1%

Notes:

(1) Amortization of intangible assets related to certain acquisitions.

(2) Restructuring charges primarily related to severance.