



Q4 and Fiscal 2024 Financial Results

Align Technology, Inc.

February 5, 2025

Q4 and Fiscal 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

Contacts

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- ▶ Shirley Stacy, sstacy@aligntech.com
- ▶ Madelyn Valente, mvalente@aligntech.com

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 of the impact to ASPs from pricing adjustments, our expectations regarding possible tariffs, our expectations for the commercial availability of our products, our expectations for market opportunities, our expectations for worldwide revenues, Clear Aligner volume, Clear Aligner ASP, Systems and Services revenues and GAAP and non-GAAP operating margin, and 2025 capital expenditures. Forward-looking statements contained in this press release relating to expectations about future events or results are based upon information available to Align as of the date hereof. Readers are cautioned that these forward-looking statements reflect our best judgments based on currently known facts and circumstances and are subject to risks, uncertainties, and assumptions that are difficult to predict. As a result, actual results may differ materially and adversely from those expressed in any forward-looking statement.

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

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

The foregoing and other risks are detailed from time to time in our periodic reports filed with the Securities and Exchange Commission ("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 September 30, 2024, which was filed with the SEC on November 5, 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 consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States ("GAAP"), we may provide investors with certain non-GAAP financial measures which may include constant currency net revenues, constant currency gross profit, constant currency gross margin, constant currency income from operations, constant currency operating margin, gross profit, gross margin, operating expenses, income from operations, operating margin, net income before provision for income taxes, provision for income taxes, effective tax rate, net income and/or diluted net income per share, which excludes certain items that may not be indicative of our fundamental operating performance including, foreign currency exchange rate impacts and discrete cash and non-cash charges or gains that are included in the most directly comparable GAAP measure. Unless otherwise indicated, when we refer to non-GAAP financial measures they will exclude the effects of stock-based compensation, amortization of certain acquired intangibles, restructuring and other charges, acquisition-related costs and associated tax impacts.
- Our management believes that the use of certain non-GAAP financial measures provides meaningful supplemental information regarding our recurring core operating performance. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the performance of our business.
- There are limitations to using non-GAAP financial measures as they are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which charges are excluded from the non-GAAP financial measures. We compensate for these limitations by analyzing current and future results on a GAAP as well as a non-GAAP basis and 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 herein and not to rely on any single financial measure to evaluate our business. For more information on these non-GAAP financial measures, please see the tables captioned "Unaudited GAAP to Non-GAAP Reconciliation."

2024 Milestones

- Full year fiscal 2024, total revenues of \$4.0 billion, and we delivered fiscal 2024 GAAP operating margin of 15.2%, and non-GAAP operating margin of 21.8%*
- Repurchased \$353M of Align common stock
- 271.6K active Invisalign® trained practitioners
- ~19.5M Invisalign® patients treated—including +5.6M teens
- +2 billion aligners manufactured worldwide

*See table: Unaudited GAAP to Non-GAAP Reconciliation

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INVISALIGN® SMILES

Invisalign patients treated

~19.5M* + 5.6M*

Teens & Kids



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

ENORMOUS OPPORTUNITY



15M teens

22M
Annual ortho starts

7M adults

600M
Consumer
Opportunity



600M
POTENTIAL PATIENTS
through
+2M
DOCTORS

with an
iTero™ scanner at
EVERY CHAIR

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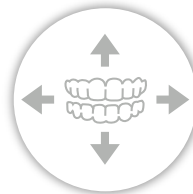
INTERNATIONAL EXPANSION



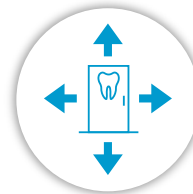
PATIENT DEMAND



ORTHODONTIST UTILIZATION



GP DENTIST TREATMENT



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Focused Execution
**STRATEGIC
GROWTH DRIVERS**

align™ digital platform

TRANSFORMING SMILES, CHANGING LIVES



Connect



Scan



Diagnose



Plan



Treat



Monitor



Retain



CONSUMERS
& PATIENTS



DOCTORS



DENTAL LABS

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

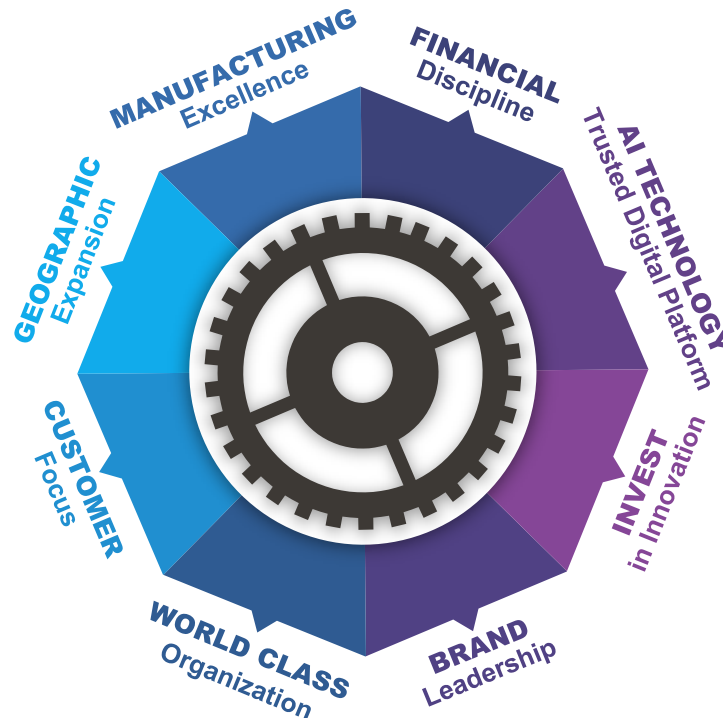
- > 100 Markets
- 13 Fabrication & Treatment locations

DIVERSIFIED CUSTOMER BASE

- ~271.6K 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

- \$300M+ annual technology investment
- Partnership with leading universities
- Healthy Product / Technology pipeline
- 2K+ patents

TOP BRAND FOR ALIGNER & SCANNER

- \$200M+ annual brand investment
- ~19.5M+ satisfied patients

Q4 and Fiscal 2024 CEO Opening Commentary

We are pleased to report that Q4 total revenues, Clear Aligner volumes, and Systems and Services revenues were in line with our Q4 outlook and both GAAP and non-GAAP operating margins were better than our Q4 outlook. Q4 Clear Aligner ASPs were lower than our Q4 outlook due primarily to the impact from unfavorable foreign exchange from the strengthening U.S. dollar against major currencies from late October through December. On a year-over-year basis, fourth quarter revenues of \$995.2 million increased 4.0%, reflecting 14.9% growth from Systems and Services revenues and 1.6% growth from Clear Aligner revenues. On a year-over-year basis, Clear Aligner volumes grew 6.1%, driven by increased shipments across all regions—with strength in the EMEA, APAC, and LATAM regions, and stability in North America. From a channel perspective, Clear Aligner volumes in the ortho and general practitioner dentist (“GP”) channels were up on a year-over-year basis with the number of submitters and utilization amongst the highest in the past few years. On a sequential basis, fourth quarter revenue growth of 1.8% reflects continued momentum from sales of our iTero Lumina™ scanners and increased Invisalign® Clear Aligner volumes in the EMEA region, especially from teens and growing patients, as well as growth from the LATAM region - across Orthodontists and GP Dentists, offset by Clear Aligner seasonality in APAC, mostly in China, which had a strong teen quarter in Q3. For Americas, Q4 Clear Aligner volumes reflect a seasonally soft orthodontic channel, offset somewhat by strength in the GP channel in the adult segment. For the full year fiscal 2024, total revenues of \$4.0 billion and Clear Aligner volumes of 2.5 million cases were both up 3.5% year-over-year. As of Q4'24, we achieved several cumulative milestones including 271.6 thousand active Invisalign® trained practitioners, 19.5 million Invisalign patients—including over 5.6 million teens and kids, and over 2 billion clear aligners manufactured worldwide.

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q4 and Fiscal 2024 Highlights

FY2024 Revenues and Operating Margin

TOTAL REVENUES	TOTAL SYSTEMS AND SERVICES REVENUES	TOTAL CLEAR ALIGNER REVENUES	GAAP OPERATING PROFIT / OPERATING MARGIN
2024	2024	2024	2024
\$3,999.0M	\$768.9M	\$3,230.1M	\$607.6M 15.2%
Y/Y +3.5%	Y/Y +16.0%	Y/Y +1.0%	Y/Y (1.5)% pts
2023	2023	2023	2023
\$3,862.3M	\$662.9M	\$3,199.3M	\$643.3M 16.7%
Y/Y +3.4%	Y/Y +0.1%	Y/Y +4.1%	Y/Y (0.5)% pts
2024 FX Impact: <ul style="list-style-type: none"> Y/Y: ~\$38.5M unfavorable impact from FX⁽¹⁾ 	2024 FX Impact: <ul style="list-style-type: none"> Y/Y: ~\$7.5M unfavorable impact from FX⁽¹⁾ 	2024 FX Impact: <ul style="list-style-type: none"> Y/Y: ~\$31.0M unfavorable impact from FX⁽¹⁾ 	2024 FX Impact: <ul style="list-style-type: none"> Y/Y: ~0.7 pts unfavorable impact from FX⁽¹⁾

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

Q4 2024 Revenues and Operating Margin

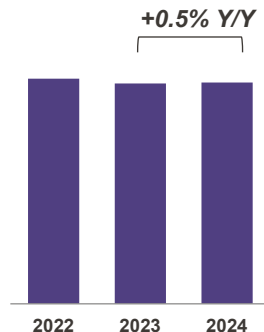
TOTAL REVENUES	TOTAL SYSTEMS AND SERVICES REVENUES	TOTAL CLEAR ALIGNER REVENUES	GAAP OPERATING PROFIT / OPERATING MARGIN
Q4'24	Q4'24	Q4'24	Q4'24
\$995.2M	\$200.9M	\$794.3M	\$144.1 14.5%
Q/Q +1.8% Y/Y +4.0%	Q/Q +5.2% Y/Y +14.9%	Q/Q +0.9% Y/Y +1.6%	Q/Q (2.1)% pts Y/Y (3.4)% pts
Q4'23	Q4'23	Q4'23	Q4'23
\$956.7M	\$174.8M	\$781.9M	\$171.5M 17.9%
Q/Q (0.4)% Y/Y +6.1%	Q/Q +5.8% Y/Y +2.9%	Q/Q (1.6)% Y/Y +6.9%	Q/Q +0.6% pt Y/Y +5.4% pts
Q4'24 FX Impact: <ul style="list-style-type: none"> Q/Q: ~\$0.8M favorable impact from FX⁽¹⁾ Y/Y: ~\$0.9M unfavorable impact from FX⁽¹⁾ 	Q4'24 FX Impact: <ul style="list-style-type: none"> Q/Q: ~\$0.1M favorable impact from FX⁽¹⁾ Y/Y: ~\$0.2M unfavorable impact from FX⁽¹⁾ 	Q4'24 FX Impact: <ul style="list-style-type: none"> Q/Q: ~\$0.7M favorable impact from FX⁽¹⁾ Y/Y: ~\$0.7M unfavorable impact from FX⁽¹⁾ 	Q4'24 FX Impact: <ul style="list-style-type: none"> Q/Q: ~0.1 pts favorable impact from FX⁽¹⁾ Y/Y: ~0.2 pts unfavorable impact from FX⁽¹⁾

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

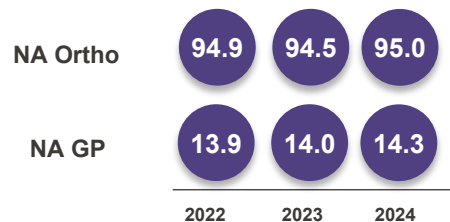
FY2024 Clear Aligner segment

Americas Clear Aligner Metrics

Americas Clear Aligner Shipments

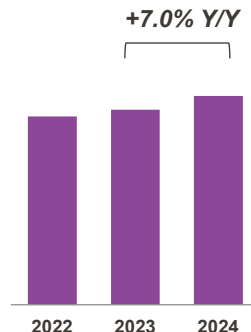


North Americas Utilization*

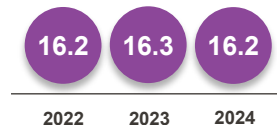


International Clear Aligner Metrics

International Clear Aligner Shipments

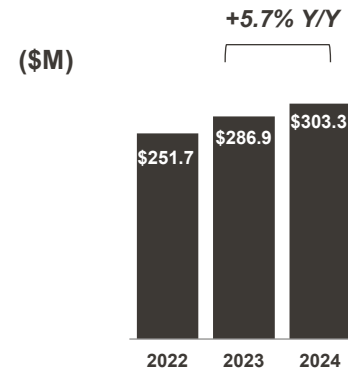


International Utilization*



Non-Case Clear Aligner Metrics

Non-Case Clear Aligner Revenues



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

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

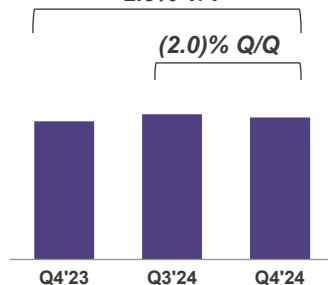
Q4 2024 Clear Aligner segment

Americas Clear Aligner Metrics

Americas Clear Aligner Shipments

+2.9% Y/Y

(2.0)% Q/Q



North Americas Utilization*

NA Ortho



NA GP



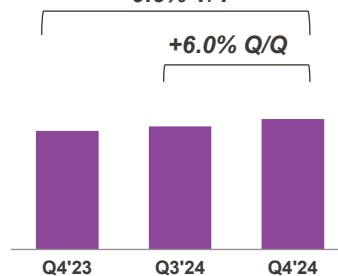
Q4'23 Q3'24 Q4'24

International Clear Aligner Metrics

International Clear Aligner Shipments

+9.5% Y/Y

+6.0% Q/Q



International Utilization*



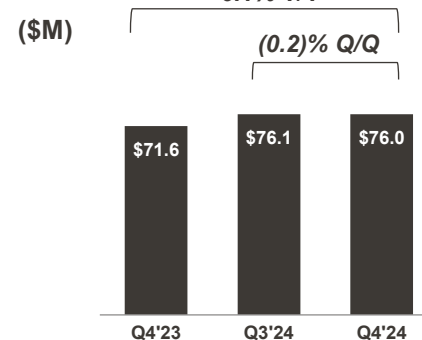
Q4'23 Q3'24 Q4'24

Non-Case Clear Aligner Metrics

Non-Case Clear Aligner Revenues

+6.1% Y/Y

(0.2)% Q/Q

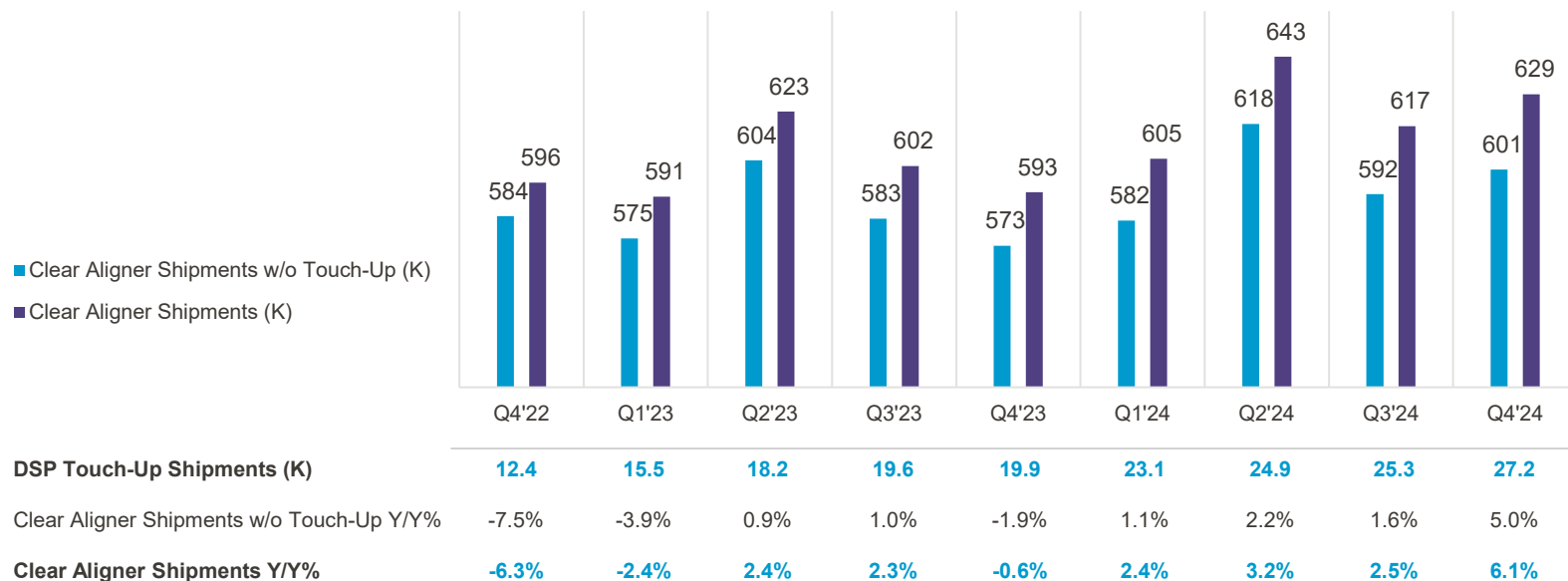


Q4 non-case revenues were up year-over-year, primarily due to continued growth in retainers and the Doctor Subscription Program (DSP), including non-Invisalign patients getting retainers. Non-case revenues include our Viverra™ retainers, retention aligners ordered through our DSP, clinical training and education, accessories and eCommerce.

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

Q4 2024 Invisalign® Doctor Subscription Program (“DSP”) Touch-Up Cases

- DSP also includes Invisalign Touch-Up cases, which includes up to 14-stages and is currently available in North America and certain countries in Europe and was most recently launched in Brazil. For Q4, total Invisalign DSP Touch-Up cases were up nearly 37% year-over-year to more than 27K cases
- For fiscal 2024, total Invisalign DSP Touch-Up cases shipped were over 100K, up 37% compared to 2023



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.

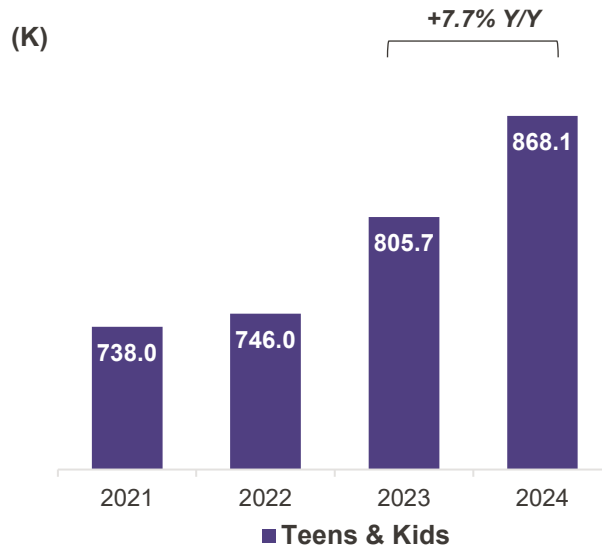
+5.6M Teens and Kids treated with the Invisalign® System, to date



In the teen and growing kids' segment, approximately 216K teens and kids started treatment with Invisalign clear aligners during the fourth quarter, a decrease of 8.6% sequentially, off a record Q3 teen season, and an increase of 9.8% year-over-year, reflecting growth across regions, especially from Invisalign First in the APAC and EMEA regions. For Q4, the number of doctors submitting case starts for teen or kids was up 6.2% year-over-year, led by continued strength from doctors treating young kids or growing patients

For fiscal 2024, total Invisalign clear aligner shipments for teens and kids reached a record total of 868.1K Invisalign cases shipped-to in a year, up 7.7% compared to the prior year, and comprising approximately 35% of our 2.5 million total clear aligner shipments for the year. Teen specific consumer marketing and sales programs, along with continued momentum for Invisalign First for kids as young as 6 and the Invisalign® Palatal Expander System we believe helped drive adoption globally

Clear Aligner Shipments Teens & Kids



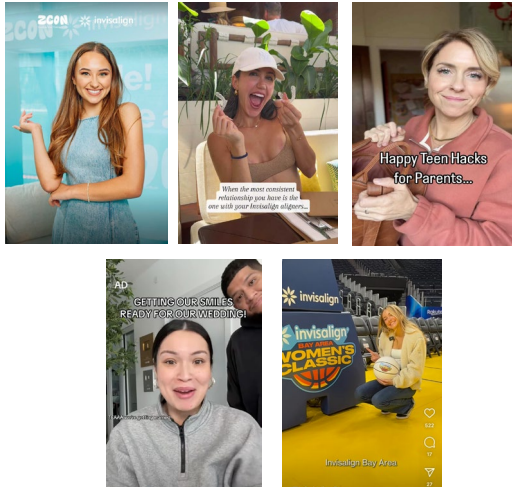
Q4 2024 Invisalign Brand Consumer Marketing

AMERICAS

11.9M
Website Visitors

4.4B
impressions

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



EMEA

8.5M
Website Visitors

1.9B
impressions

- Real stories. Real patients.

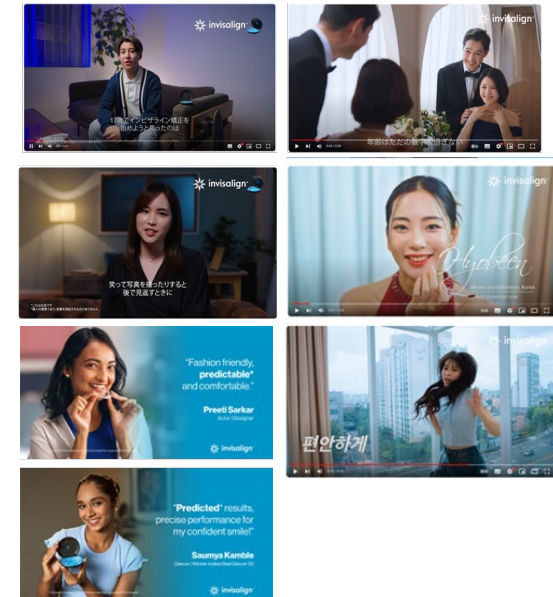


APAC

20.4M
Website Visitors

5.2B
impressions

- Real stories. Real patients shared across omnichannel media



Q4 2024 Consumer Demand Creation and Digital Tools

- Invisalign® clear aligners are the #1 doctor recommended clear aligner treatment/brand for teeth straightening, globally* and it is important we continue to create demand for Invisalign clear aligners, especially given macro-economic pressures on doctors and their patients. 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 faster than braces, yet real-life orthodontic cases are still treated using brackets and wires
- In Q4'24, we delivered 11.5B impressions, representing a 109% Y/Y increase and had 40.8M 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
- Differentiation and communicating superiority continue to be key to increasing 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 real people whose smiles have been transformed with Invisalign, including several elite NFL players such as Damar Hamlin, Cam Jordan and others. Additionally, we focused on elevating stories of teen patients and college level elite athletes, during the NCAA Women's Basketball double header, UCLA's Kiki Rice. Lastly, to connect with GenZ, we integrated Invisalign treatment stories into GenZ culture with an activation at ZCon, a leading conference for GenZ, with several influencers including Kensington Tallman who shared her real-life experience with Invisalign. Our campaigns helped deliver more than 6.4B impressions and 11.8M 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 helped deliver more than 1.9B media impressions and 8.5M visitors to our website
- We continued to invest in consumer advertising across the APAC region, helping to deliver in more than 5.2B impressions and 20.4M visitors to our websites, a 137% increase Y/Y. We increased our focus on telling real patient stories to accelerate consideration with consumers while expanding our reach in Japan and India via Meta and YouTube and partnered with key influencers. As a result, we saw increased brand interest from consumers as evidenced by an 305% Y/Y increase in unique visitors to our website in India, 225% increase in Japan and a 325% increase in Korea
- Finally, digital tools such as My Invisalign™ consumer and patient app continued to increase with +5M downloads to-date and over 432K monthly active users, a 16% Y/Y growth. Usage of our other digital tools also continued to increase. ClinCheck® Live Update was used by 53K doctors on more than 749.9K cases in Q4, reducing time spent in modifying treatment by 18.95%. Invisalign® Practice App is increasing in adoption with 71K doctors who are actively using this app, a 13.6% increase Y/Y and 5.81M photos were uploaded in Q4 via the Invisalign Practice App

*Based on a global survey of 1,786 doctors (dentists and orthodontists who use clear aligners) by IQVIA in NA, EMEA, LATAM, and APAC. Data on File at Align Technology, as of June 30, 2022.

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 has been available since February 2024. The iTero Lumina scanner with restorative software is expected in most markets at the end of March 2025.

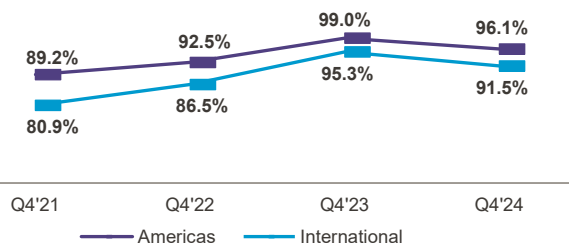
iTero Element™ 5D Plus Series scanner is available in U.S., Canada, the majority of EMEA and selected APAC and LATAM markets

iTero Lumina™ scanner is available in U.S., Canada, the majority of Europe and selected APAC and Africa markets

Q4 2024 Systems and Services segment



Intraoral digital scans for Invisalign® case submission

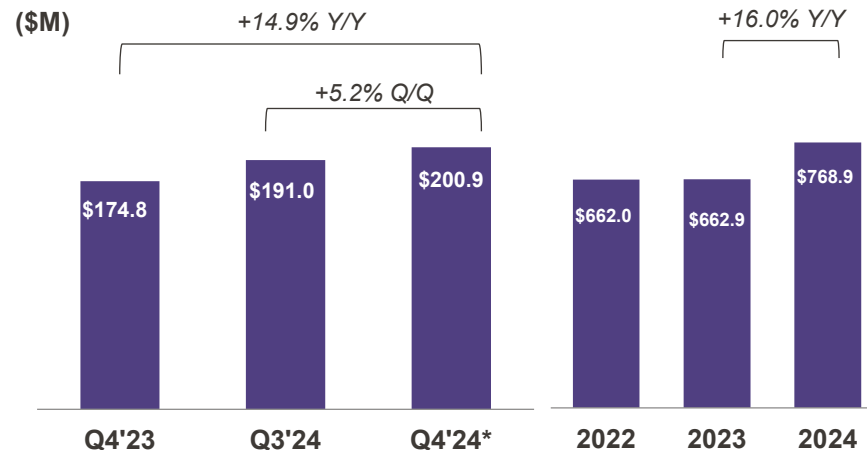


*As of Q3'23, Doctor Subscription Program Touch-Up cases are now included in Clear Aligner shipments in North America and EMEA, utilization rates and Non-Case revenues. Prior periods have been recast.

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

Imaging Systems and CAD/CAM Services

Systems and Services Revenues



CAD/CAM and Services revenues represent 45%* of our Systems and Services business.

iTero Lumina™ intraoral scanner with ortho capabilities has been available since February 2024. The iTero Lumina scanner with restorative software is expected in most markets at the end of March 2025.

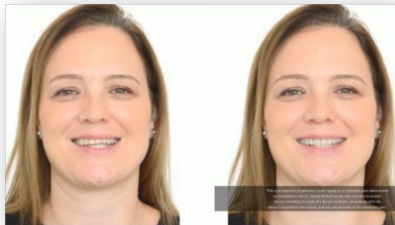
Q4 2024 exocad Highlights

New feature release for *DentalCAD®* *3.2 Elefsina*

Time-saving workflows, improved visualizations, ready for future AI and cloud integrations

- AI and Cloud Services by exocad are transformative technologies that are reshaping how dental care is delivered
- The new feature release is prepared to support and integrate with these latest technologies for more automation and efficiency, as soon as they become available
- Users of the latest *DentalCAD* software with the upgrade to the new feature release will be able to benefit from AI and Cloud Services as soon as they are launched

TruSmile® Video and *TruSmile® Photo* New AI Services in *Smile Creator®* Module



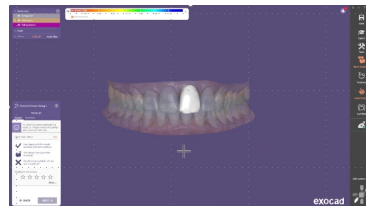
TruSmile Photo

- Photorealistic preview of the procedure outcome, based on the restorative CAD design
- Helps patients make informed decisions

TruSmile Video

- AI-based realistic simulation video of the patient's smile makeover, based on the restoration/smile design and patient video
- Emotional tool for communication on treatment options
- Early access program available in the US and EU

AI Design – New AI Service in *DentalCAD*



- Generate single crowns in just minutes
- Design suggestions tailored to the patient anatomy
- Helps scale labs' resources according to demand
- Design suggestions based on individual DentalCAD fitting parameters
- Lab technicians stay in control over their AI Design
- Early access program available in the US and EU

New design service *TruDesign*

- Dental labs can send cases to exocad's own highly qualified CAD designers
- Manages labs' overflow and adds indication offerings
- dentalshare®, exocad's fast and secure communication tool, enables easy collaboration with the new design service from within the exocad software platform
- Early access program available in the US and EU



align™



invisalign®

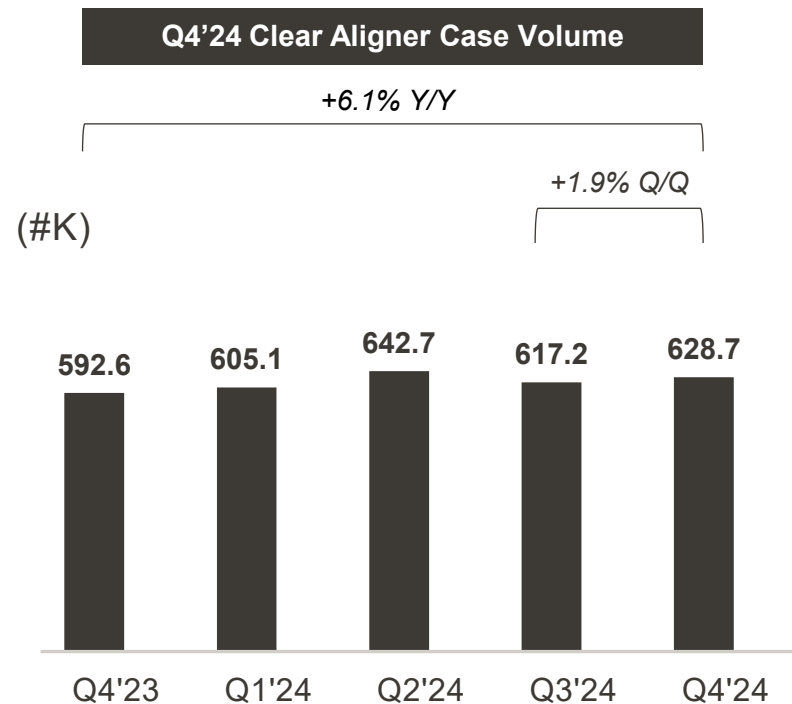
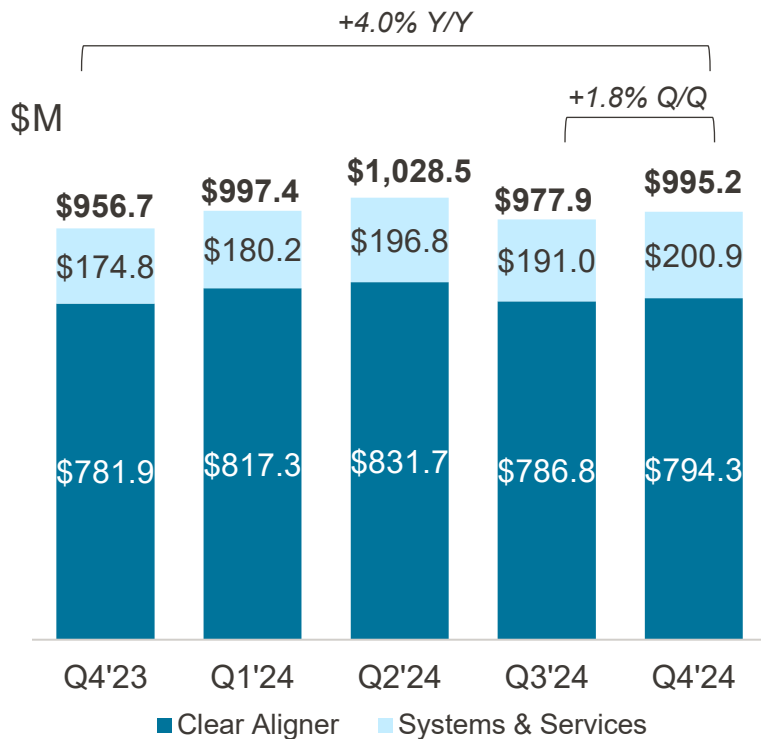
iTero®

exocad™

Q4 2024 Financial Review

Trended Revenues and Volumes

Q4'24 highlights



Q4 2024 Financial Summary Commentary

- **Q4'24 Total revenues of \$995.2M, +1.8% Q/Q and +4.0% Y/Y**

This reflects an increase in Clear Aligner volumes of 1.9% Q/Q and 6.1% Y/Y and revenue growth from Systems and Services of 5.2% Q/Q and 14.9% Y/Y

- Q/Q, Q4'24 revenues were favorably impacted by FX of ~\$0.8M or ~0.1%*
- Y/Y, Q4'24 revenues were unfavorably impacted by FX of ~\$0.9M or ~0.1%*

- **Q4'24 Clear Aligners revenues of \$794.3M, +0.9% Q/Q and +1.6% Y/Y**

- Q/Q, Q4'24 increase primarily from higher volumes, geographic mix shift to higher priced countries, and lower net revenue deferrals, partially offset by product mix shift to lower priced products, and higher discounts
- Q4'24 Clear Aligner per case shipment of \$1,265 was lower by \$10 on a sequential basis primarily due to product mix shift and higher discounts, partially offset by favorable geographic mix, and lower net revenue deferrals
- Even though FX had a minor impact on our reported Q/Q results, Our Q4 guidance did not forecast any substantive change from the October spot foreign exchange rates. However, the USD unexpectedly strengthened in November and December. If foreign exchange rates in October had remained constant for November and December, then Clear Aligner ASPs would have increased approximately \$10 Q/Q, or the equivalent of \$14M
- Y/Y, Q4'24 increase primarily from higher volumes, lower net revenue deferrals, price increases and higher non-case revenues, partially offset by lower ASPs, reflecting the impact from unfavorable foreign exchange of \$0.7M or approximately 0.1%, product mix shift to lower priced products, and geographic mix
- Q4'24 Clear Aligner per case shipment of \$1,265 was down \$55 on a year-over-year basis due to impact of UK VAT of \$13, product and geographic mix and higher discounts, partially offset by lower net revenue deferrals and price increases
- Q/Q, Q4'24 revenues were favorably impacted by FX of ~\$0.7M or ~0.1%*
- Y/Y, Q4'24 revenues were unfavorably impacted by FX of ~\$0.7M or ~0.1%*

- **Q4'24 Systems and Services revenues of \$200.9M, +5.2% Q/Q and +14.9% Y/Y**

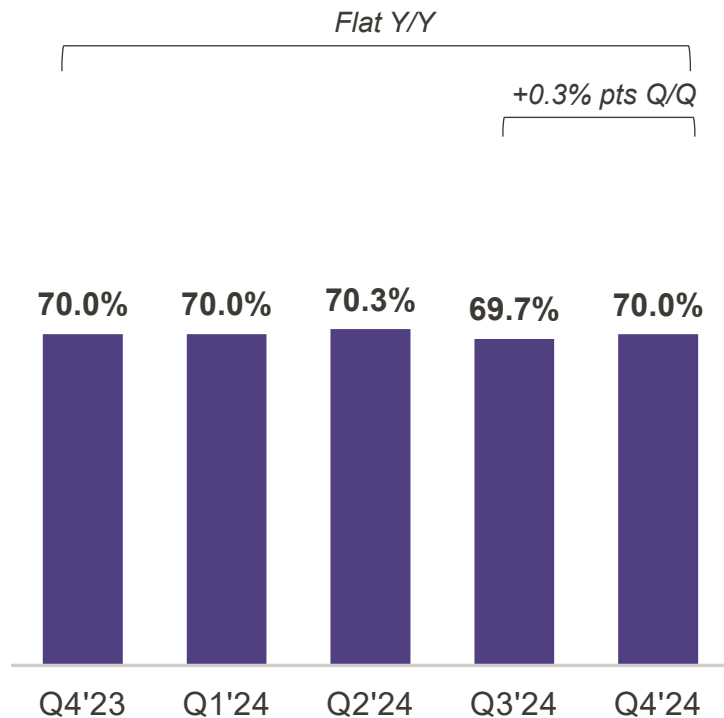
- Q/Q, increase primarily due to higher scanner volumes, higher non-systems revenues driven by iTero Lumina™ upgrades, partially offset by lower scanner ASPs
- Y/Y, increase primarily due to higher scanner volumes, higher ASP and increased non-system revenues mostly related to upgrades and leasing/rental programs
- Q/Q, Q4'24 revenues were favorably impacted by FX of ~\$0.1M or ~flat*
- Y/Y, Q4'24 revenues were unfavorably impacted by FX of ~\$0.2M or ~0.1%*

*See table: Unaudited GAAP to Non-GAAP Reconciliation



Trended GAAP Gross Margins

Q4'24 highlights

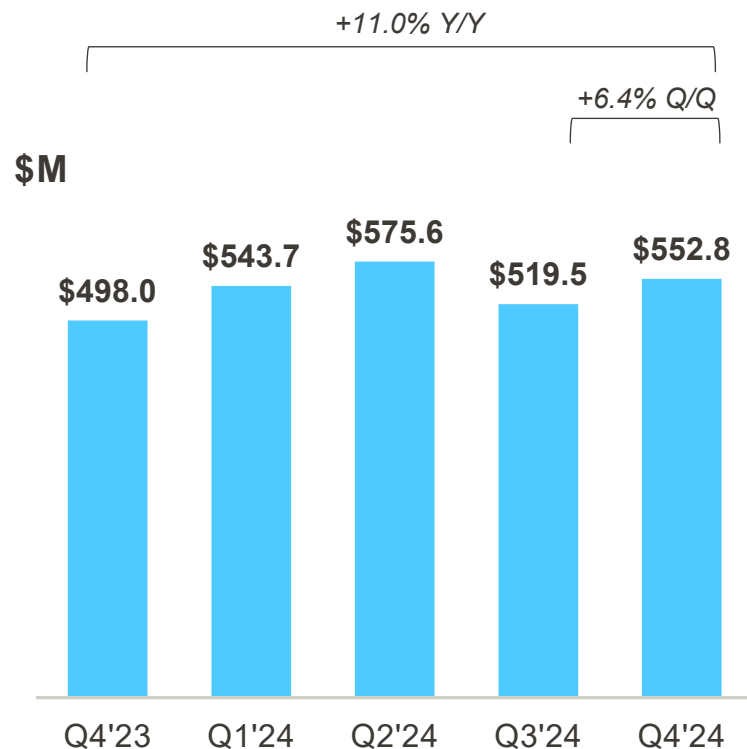


- Overall, Q4'24 gross margin was 70.0%, +0.3 pts Q/Q and flat Y/Y
 - Overall, our total gross margin was not significantly impacted by FX Q/Q or on a Y/Y basis
- Q4'24 non-GAAP gross margin was 70.9%, +0.5 pts Q/Q and +0.4 pts Y/Y
- Q4'24 Clear Aligner gross margin was 70.2%
 - (0.1) pts Q/Q due to lower ASPs and restructuring costs, partially offset by lower manufacturing costs
 - (1.0) pts Y/Y due to lower ASPs and restructuring costs, partially offset by lower additional aligners
 - Overall, Clear Aligner gross margin was not significantly impacted by FX Q/Q or on a Y/Y basis
- Q4'24 Systems and Services gross margin was 69.4%
 - +1.9 pts Q/Q due to lower manufacturing & freight costs, partially offset by lower scanner ASPs
 - +4.7 pts Y/Y due to manufacturing efficiencies and lower freight and services costs, and higher scanner ASP
 - Overall, Systems and Services gross margin was not impacted by FX Q/Q or on a Y/Y basis

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Trended GAAP Operating Expense

Q4'24 highlights

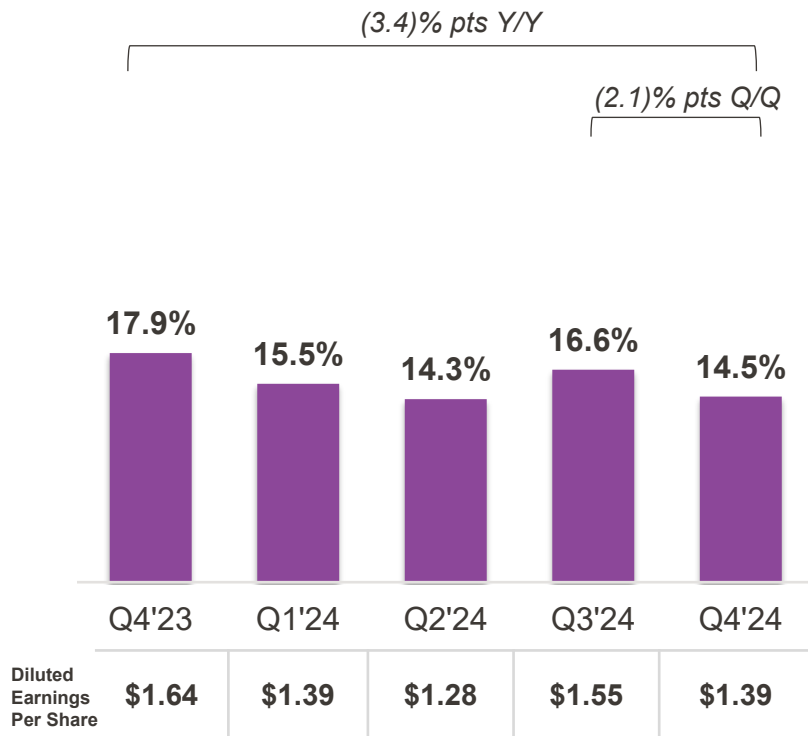


- Q4'24 Operating expenses were \$552.8M, +6.4% Q/Q and +11.0% Y/Y
 - Q/Q, Q4'24 operating expenses +\$33.3M, due primarily to restructuring costs
 - Y/Y, Q4'24 operating expenses +\$54.8M, primarily due to restructuring, advertising and marketing expenses. Q4 restructuring charges related to severance for impacted employees were higher than anticipated
 - On a non-GAAP basis, operating expenses were \$474.7M, +0.4% Q/Q and +6.3% Y/Y*

*See table: Unaudited GAAP to Non-GAAP Reconciliation

GAAP Operating Margin and Earnings Per Share Trends

Q4'24 highlights



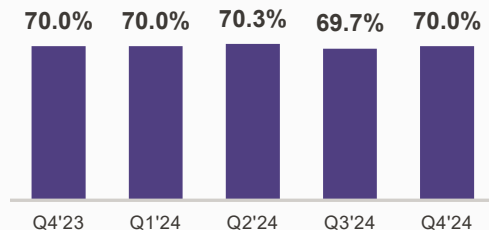
- Q4'24 Operating income of \$144.1M resulting in an Q4'24 operating margin of 14.5%, (2.1) pts Q/Q and (3.4) pts Y/Y
 - Q4'24 Operating margin was favorably impacted from FX of ~0.1 pts Q/Q and unfavorably impacted by ~0.2 pts Y/Y*
 - The effect of restructuring on GAAP operating margin was ~3.7 pts
 - Q4'24 non-GAAP operating margin was 23.2%, +1.1 pts Q/Q, and (0.6) pts Y/Y*
- Q4'24 Interest and other income & expense, net for Q4 was an expense of \$3.4M, compared to income of \$3.6M in Q3'24, primarily driven by unfavorable FX movements of \$15.3M, partially offset by higher interest income and gain on investments. On a Y/Y basis, interest and other income and expense was unfavorable compared to income of \$1.3M in Q4'23, primarily driven by unfavorable FX movements partially offset by higher interest income and gain on investments
- The GAAP effective tax rate in the fourth quarter was 26.3%, compared to 30.1% in the third quarter and 28.3% in the fourth quarter of the prior year
- The fourth quarter GAAP effective tax rate was lower than the third quarter effective tax rate primarily due to the release of uncertain tax position reserves, partially offset by one-time deferred tax adjustments in certain foreign jurisdictions
- The fourth quarter GAAP effective tax rate was lower than the fourth quarter effective tax rate of the prior year primarily due to the release of uncertain tax position reserves, partially offset by one-time deferred tax adjustments in certain foreign jurisdictions
- Our non-GAAP effective tax rate in the fourth quarter was 20%, which reflects our long-term projected tax rate
- Q4'24 Net Income per diluted share was \$1.39, down Q/Q \$0.16 and down \$0.25 compared to the prior year. Our Q4'24 EPS was unfavorably impacted by a stronger U.S. dollar, which amounted to ~\$0.14 per diluted share due to net foreign exchange losses related to the revaluation of certain balance sheet accounts
- On a non-GAAP basis, Q4'24 net income per diluted share was \$2.44 for the fourth quarter, up \$0.09 Q/Q and up \$0.02 Y/Y

*See table: Unaudited GAAP to Non-GAAP Reconciliation

Trended Quarterly Financials

GAAP

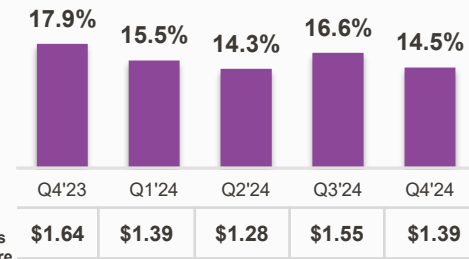
Gross Margin %



Operating Expense (\$M)

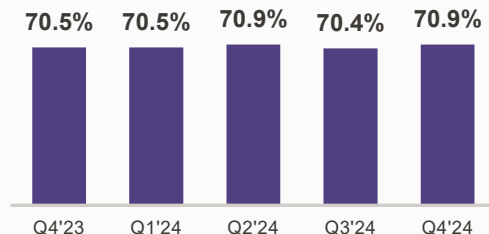


Operating Margin % & EPS

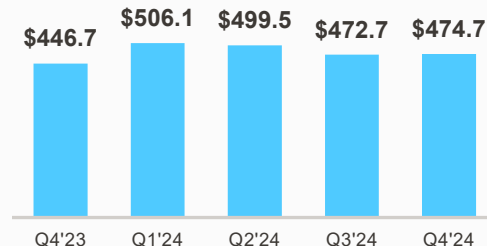


Non-GAAP

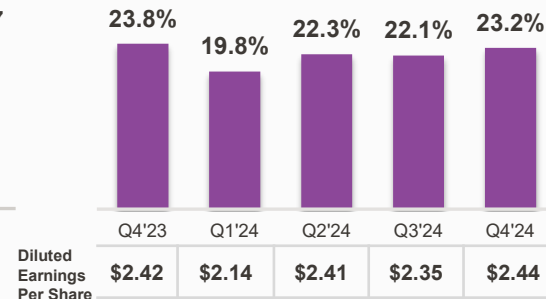
Gross Margin %



Operating Expense (\$M)

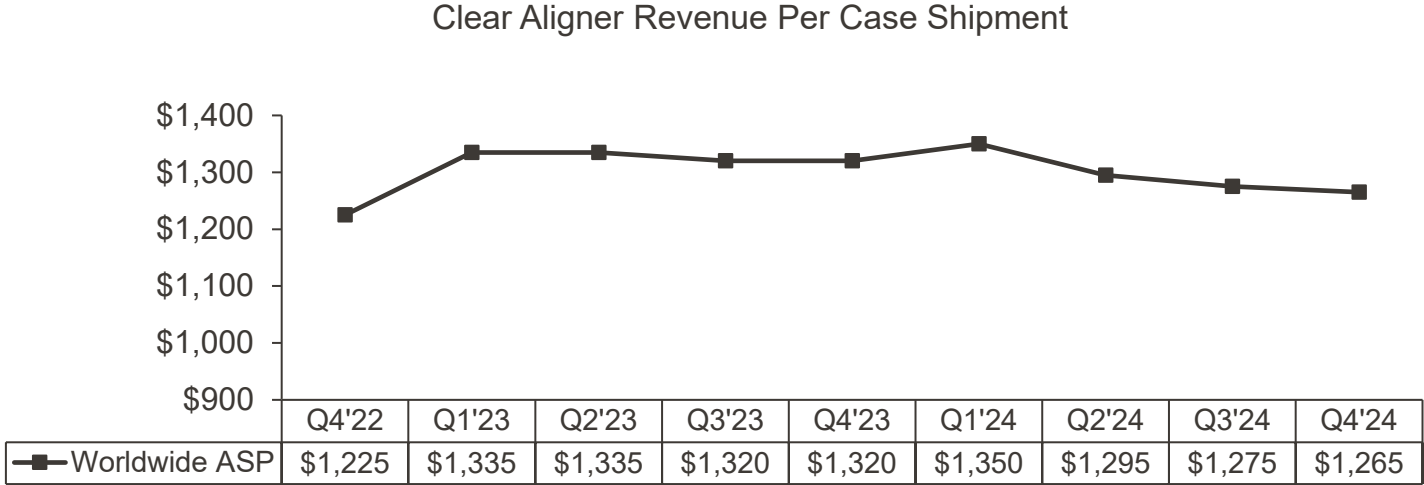


Operating Margin % & EPS



*See table: Unaudited GAAP to Non-GAAP Reconciliation

Q4 2024 Clear Aligner Revenue Per Case Shipment



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

*As of Q3'23, Doctor Subscription Program Touch-Up cases are included in Clear Aligner shipments in North America and EMEA. Prior periods have been recast.

Balance Sheet, Cash Flow & Stock

(\$ in millions except for DSO)	Q4'23	Q3'24	Q4'24
Accounts Receivables, net	\$903.4	\$1,010.6	\$995.7
DSO	85 days	93 days	90 days
Cash, Cash Equivalents, and Short-Term and Long-Term Marketable Securities	\$980.8	\$1,041.9	\$1,043.9
Cash Flow from Operations	\$46.9	\$263.7	\$286.1
Capital Expenditures	\$(33.4)	\$(29.8)	\$(23.0)
Free Cash Flow*	\$13.5	\$233.9	\$263.1

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

- Of our \$1,043.9M cash and cash equivalents balance, \$188.7M was held in the U.S. and \$855.2M was held by our international entities
- During Q4'24, we initiated a plan to repurchase \$275.0M of our common stock through open market repurchases. As of December 31, 2024, we had purchased ~0.9M shares at an average price of \$222.94 per share for an aggregate of ~\$202.9M. Purchase of the remaining \$72.1M available of the \$275M was completed in January 2025
- As of January 31, 2025, \$225.0M remains available for repurchases of our common stock under our stock repurchase program approved in January 2023
- During Q4, we completed a \$30.0M equity investment in Smile Doctors, the largest ortho-focused dental support organization in the U.S.
- During Q4, we reached a favorable outcome with the UK tax authorities regarding cumulative assessments of ~\$100M for unpaid VAT related to certain clear aligner sales made during the period of October 2019 through October 2023. In Q4, we received a full refund of this \$100 million from HMRC. The settlement also relieved us of any potential assessments for sales through mid-October 2023. As a result, we have ~\$7.0M of VAT paid for periods up to December 2023 that are still in dispute. We expect a ruling by the UK tax authority in the first half of 2025 for this remaining VAT amount. This ruling will also give clarity whether a 20% VAT is required to be applied to all clear aligner sales in the UK going forward. We believe that clear aligners should continue to be exempt from VAT
- Clear Aligner deferred revenues on the balance sheet -\$51.3M or (4.1)% Q/Q and -\$92.1M or (7.0)% 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 -\$4.1M or (1.8)% Q/Q, and -\$40.3M or (15.5)% 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

2024 Financial Review

2024 Financial Highlights

GAAP	2024	YoY
Total Net Revenues	\$3,999.0M	+3.5%
- Clear Aligner	\$3,230.1M	+1.0%
- Imaging Systems and Services	\$768.9M	+16.0%
Clear Aligner Case Shipments*	2,493.7M	+3.5%
Earnings Per Share, diluted	\$5.62	\$(0.19)

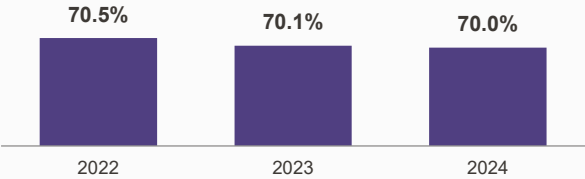
- Overall, we are pleased with our fourth quarter and fiscal 2024 results, particularly the year-over-year Clear Aligner volume growth, the record number of submitters, the continued momentum from our Systems and Services business, and our operating margin improvement. After repurchasing \$353 million of Align common stock during 2024, we concluded the year with no debt and approximately \$1,044 million in cash, and cash equivalents. Our goal, as always, is to deliver value to our shareholders.

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

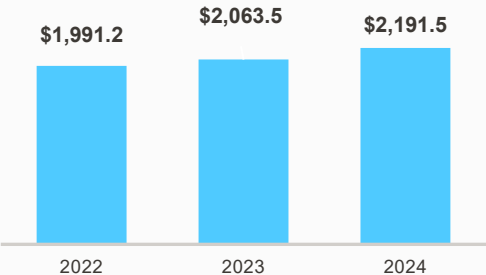
2024 Trended Financials

GAAP

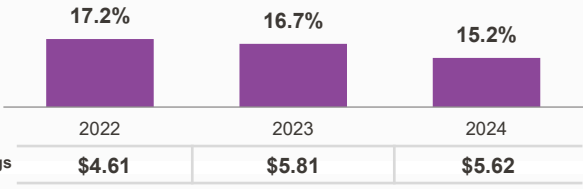
Gross Margin %



Operating Expense (\$M)

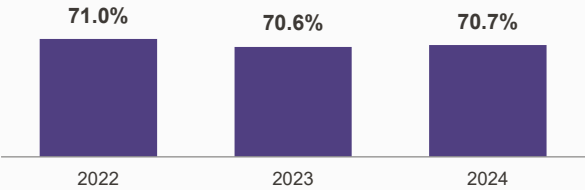


Operating Margin % & EPS

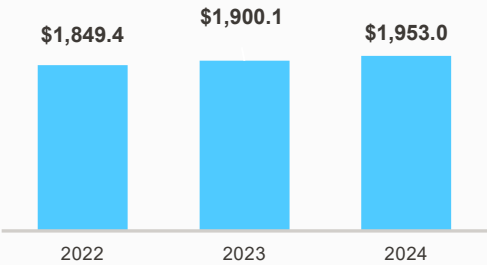


Non-GAAP

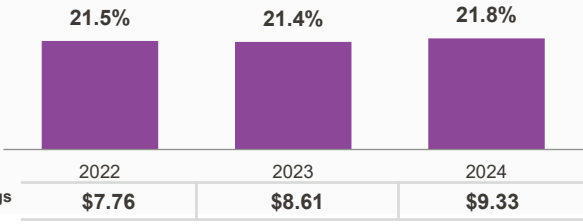
Gross Margin %



Operating Expense (\$M)



Operating Margin % & EPS



*See table: Unaudited GAAP to Non-GAAP Reconciliation

2024 Balance Sheet and Cash Flow Highlights

(\$ in millions except for DSO)	2023	2024
Accounts Receivables, net	\$903.4	\$995.7
DSO	85 days	90 days
Cash, Cash Equivalents, and Short-Term and Long-Term Marketable Securities	\$980.8	\$1,043.9
Cash Flow from Operations	\$785.8	\$738.2
Capital Expenditures	\$(177.7)	\$(115.6)
Free Cash Flow*	\$608.1	\$622.7

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

Closing Comments

Business Trends Commentary

Before we turn to our Q1 and fiscal 2025 outlook, we'd like to provide the following context around pricing and potential new tariffs.

Clear Aligner Pricing Commentary:

On March 1, 2025, we will raise the list price of Clear Aligners by approximately 3% on average in the Americas and EMEA regions. At the same time, we will remove the \$10–\$15 per order processing fee for new Clear Aligner orders, Clear Aligner refinement orders, and non-DSP Vivera™ cases ordered. We expect the net effect from these two actions on ASPs to be zero for 2025.

Tariffs Commentary:

We currently manufacture clear aligners in Mexico and ship them to the U.S. primarily for our U.S. customers with the remainder eventually shipping to other international locations. The U.S./Mexico tariff situation remains very fluid, and we are unable to predict whether new tariffs will go into effect in the future. We are monitoring events closely. Our clear aligner COGS include material, labor, overhead, and freight costs. We expect an incremental tariff, if implemented, to be applied to transfer prices from Mexico. These transfer prices would not include treatment planning costs, freight, other overhead, etc. Align's global operations have evolved significantly over the past several years and we have greater flexibility to support our global business. However, assuming a 25% tariff on goods originating in Mexico, it is still more economical to ship clear aligners to the U.S. from Mexico, due to a variety of factors including the incremental additional freight costs incurred were we to ship from our Polish facility. Regarding China, we currently manufacture our products in China for the benefit of our customers in China.

Fiscal 2025 Business Outlook

With that as a backdrop, assuming no circumstances occur beyond our control, including foreign exchange and new tariffs, for Q1'25 and fiscal 2025 we provide the following outlook:

Q1'25:

- We expect Q1 worldwide revenues to be in the range of \$965M to \$985M, down sequentially from Q4, primarily due to the impact from unfavorable foreign exchange at current spot rates, and lower capital equipment sales, reflecting historical Q1 seasonality.
- We expect Q1 Clear Aligner volume to be up slightly sequentially and expect Q1 Clear Aligner ASPs to be down sequentially, primarily due to unfavorable foreign exchange at current spot rates, as well as continued product mix shift to non-comprehensive clear aligners.
- In addition to seasonality, we expect Q1 Systems and Services revenues to be down sequentially due to the timing of the commercial availability of our iTero Lumina™ scanner with restorative software, which is expected at the end of March.
- We expect our Q1'25 GAAP operating margin to be below Q1'24 GAAP operating margin by approximately 2 points, primarily due to unfavorable foreign exchange at current spot rates.
- We expect our Q1'25 non-GAAP operating margin to be below Q1'24 non-GAAP operating margin by approximately 1 point, primarily due to unfavorable foreign exchange at current spot rates.

For fiscal 2025:

- We expect 2025 year-over-year revenue growth to be low single digits, which reflects approximately 2 points of unfavorable foreign exchange at current spot rates.
- We expect 2025 Clear Aligner volume growth to be up approximately mid-single digits year-over-year, compared to up 3.5% year-over-year in 2024
- We expect 2025 Clear Aligner ASPs to be down year-over-year due to unfavorable foreign exchange at current spot rates and continued product mix shift to non-comprehensive clear aligners.
- We expect 2025 Systems and Services year-over-year revenues to grow faster than Clear Aligner revenues.
- We expect fiscal 2025 GAAP operating margin to be approximately 2 points above 2024 GAAP operating margin, and we expect 2025 non-GAAP operating margin to be approximately 22.5%, which both reflect the impact of unfavorable foreign exchange at current spot rates, partially offset by the benefits from restructuring actions we took in Q4 to improve profitability and give us margin accretion in 2025, even as we scale our next generation direct 3D printing fabrication manufacturing.
- We expect our investments in capital expenditures for fiscal 2025 to be between \$100M and \$150M. Capital expenditures primarily relate to building construction and improvements as well as manufacturing capacity in support of our continued expansion.

Q4 and Fiscal 2024 Earnings Call CEO Closing Commentary

In closing, 2024 was a year of solid progress across the business.

- Record full year total WW revenues of \$4.0B
- Record full year total WW Systems and Services revenues of \$768.9M
- Record teen shipments and growth in both teens and adult markets
- Record 130.4K doctors shipped to
- ~19.5M total patients treated, with +5.6M teens and kids
- We ended the year with over \$1 billion in cash & equivalents, after repurchasing 1.5 million shares for \$353 million

In another year where the dental industry is down, we continued to grow. I feel good about where we ended the year and I'm excited to kick off 2025 with the team focused on building on the innovations introduced in 2024 that drive efficiency and growth for practice and committed to delivering the best customer and patient experiences in the industry.

I want to highlight just a few of the Align innovations that we introduced in 2024 that we believe will continue to drive adoption and utilization.

In January 2024, we unveiled a breakthrough technology — the iTero Lumina™ intraoral scanner - with 3X wider field of capture in a 50% smaller wand that delivers faster scanning, higher accuracy, and superior visualization for greater practice efficiency, with orthodontic workflows. We look forward to introducing at the end of Q1'25 the iTero Lumina intraoral scanner with software capabilities to enable efficient restorative and ortho restorative workflows to help general practitioner dentists deliver exceptional restorative outcomes. The iTero™ scanner is the front-end of the Align™ Digital Platform designed to give doctors the capability to run simulations and communicate with patients so that patients can see their smiles and the time that it will take to get to that outcome. It's also a big part of our growth algorithm and we've had good accretive margin on the iTero Lumina™ intraoral scanner product line since its launch.

We also started rolling out “ClinCheck in minutes,” delivering ClinCheck® treatment plans based on doctors' built-in, personalized treatment preferences for almost touchless digital workflows which we'll expand to more doctors this year, bringing an unprecedented level of speed and customization to digital treatment planning.

Changing the paradigm for how doctors can treat growing patients is one of our biggest opportunities, as we continue to deliver innovations that help doctors achieve more with treatment at younger ages, potentially decreasing the amount of orthodontic treatment that younger and teen patients need overall. As we continue to commercialize the Invisalign Palatal Expander System, Align's first direct 3D printed device that provides doctors with a solution set to treat the most common skeletal and dental malocclusions in growing children, we anticipate introducing the next in the series of direct 3D printed devices with a pilot for Invisalign First™ direct printed retainers, in the first half of 2025. We also have Invisalign Mandibular Advancement with Occlusal Blocks now in limited market release, giving doctors and patients a better option for Class II correction in younger patients while simultaneously straightening their teeth.

We are excited about the future of digital orthodontics, focused on growth opportunities as a company - while driving margin improvement, and our unique ability to leverage aggregated data and anonymized data from approximately 19.5 million Invisalign cases to continue to gain more knowledge about the science of orthodontics to move the industry forward. And while we're now in our 28th year, in some ways, we're just at the beginning – and that is motivating and exciting for the whole team at Align.

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

Transforming smiles 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		Impact % of Revenue
	December 31, 2024	September 30, 2024	
GAAP net revenues	\$ 995,219	\$ 977,872	
Constant currency impact ⁽¹⁾	(783)		(0.1)%
Constant currency net revenues ⁽¹⁾	<u>\$ 994,436</u>		
GAAP Clear Aligner net revenues	\$ 794,289	\$ 788,844	
Clear Aligner constant currency impact ⁽¹⁾	(719)		(0.1)%
Clear Aligner constant currency net revenues ⁽¹⁾	<u>\$ 793,570</u>		
GAAP Imaging Systems and CAD/CAM Services net revenues	\$ 200,930	\$ 191,028	
Imaging Systems and CAD/CAM Services constant currency impact ⁽¹⁾	(84)		— %
Imaging Systems and CAD/CAM Services constant currency net revenues ⁽¹⁾	<u>\$ 200,846</u>		

Year-over-year constant currency analysis:

	Three Months Ended		Impact % of Revenue
	December 31, 2024	December 31, 2023	
GAAP net revenues	\$ 995,219	\$ 956,726	
Constant currency impact ⁽¹⁾	918		0.1 %
Constant currency net revenues ⁽¹⁾	<u>\$ 996,137</u>		
GAAP Clear Aligner net revenues	\$ 794,289	\$ 781,912	
Clear Aligner constant currency impact ⁽¹⁾	706		0.1 %
Clear Aligner constant currency net revenues ⁽¹⁾	<u>\$ 794,995</u>		
GAAP Imaging Systems and CAD/CAM Services net revenues	\$ 200,930	\$ 174,814	
Imaging Systems and CAD/CAM Services constant currency impact ⁽¹⁾	212		0.1 %
Imaging Systems and CAD/CAM Services constant currency net revenues ⁽¹⁾	<u>\$ 201,142</u>		

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

Current year versus prior year constant currency analysis:

	Year Ended December 31,		Impact % of Revenue
	2024	2023	
GAAP net revenues	\$ 3,999,012	\$ 3,862,280	
Constant currency impact ⁽¹⁾	38,460		1.0 %
Constant currency net revenues ⁽¹⁾	<u>\$ 4,037,472</u>		
GAAP Clear Aligner net revenues	\$ 3,230,122	\$ 3,199,329	
Clear Aligner constant currency impact ⁽¹⁾	31,002		1.0 %
Clear Aligner constant currency net revenues ⁽¹⁾	<u>\$ 3,261,124</u>		
GAAP Imaging Systems and CAD/CAM Services net revenues	\$ 768,890	\$ 662,951	
Imaging Systems and CAD/CAM Services constant currency impact ⁽¹⁾	7,458		1.0 %
Imaging Systems and CAD/CAM Services constant currency net revenues ⁽¹⁾	<u>\$ 776,348</u>		

Unaudited GAAP to Non-GAAP Reconciliation

Constant Currency Gross Profit and Gross Margin

Note:

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

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

Sequential constant currency analysis:

	Three Months Ended	
	December 31, 2024	September 30, 2024
GAAP gross profit	\$ 696,941	\$ 681,774
Constant currency impact on net revenues	(783)	
Constant currency gross profit	<u>\$ 696,158</u>	

	Three Months Ended	
	December 31, 2024	September 30, 2024
GAAP gross margin	70.0 %	69.7 %
Gross margin constant currency impact ⁽¹⁾	0.0	
Constant currency gross margin ⁽¹⁾	<u>70.0 %</u>	

Year-over-year constant currency analysis:

	Three Months Ended	
	December 31, 2024	December 31, 2023
GAAP gross profit	\$ 696,941	\$ 680,524
Constant currency impact on net revenues	918	
Constant currency gross profit	<u>\$ 697,859</u>	

	Three Months Ended	
	December 31, 2024	December 31, 2023
GAAP gross margin	70.0 %	70.0 %
Gross margin constant currency impact ⁽¹⁾	0.0	
Constant currency gross margin ⁽¹⁾	<u>70.1 %</u>	

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

Current year versus prior year constant currency analysis:

	Year Ended December 31,	
	2024	2023
GAAP gross profit	\$ 2,799,159	\$ 2,706,883
Constant currency impact on net revenues	38,486	
Constant currency gross profit	<u>\$ 2,837,625</u>	

	Year Ended December 31,	
	2024	2023
GAAP gross margin	70.0 %	70.1 %
Constant currency impact on net revenues ⁽¹⁾	0.3	
Constant currency gross margin ⁽¹⁾	<u>70.3 %</u>	

Unaudited GAAP to Non-GAAP Reconciliation

Constant Currency Income from Operations and Operating Margin

Notes:

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

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

Sequential constant currency analysis:

	Three Months Ended	
	December 31,	September 30,
	2024	2024
GAAP income from operations	\$ 144,149	\$ 162,298
Income from operations constant currency impact ⁽¹⁾	(778)	
Constant currency income from operations ⁽¹⁾	<u>\$ 143,371</u>	
	Three Months Ended	
	December 31,	September 30,
	2024	2024
GAAP operating margin	14.5 %	16.6 %
Operating margin constant currency impact ⁽²⁾	(0.1)	
Constant currency operating margin ⁽²⁾	<u>14.4 %</u>	

Year-over-year constant currency analysis:

	Three Months Ended	
	December 31,	
	2024	2023
GAAP income from operations	\$ 144,149	\$ 171,545
Income from operations constant currency impact ⁽¹⁾	1,880	
Constant currency income from operations ⁽¹⁾	<u>\$ 145,829</u>	
	Three Months Ended	
	December 31,	
	2024	2023
GAAP operating margin	14.5 %	17.9 %
Operating margin constant currency impact ⁽²⁾	0.2	
Constant currency operating margin ⁽²⁾	<u>14.6 %</u>	

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

Current year versus prior year constant currency analysis:

	Year Ended December 31,	
	2024	2023
GAAP income from operations	\$ 607,828	\$ 643,338
Income from operations constant currency impact ⁽¹⁾	34,379	
Constant currency income from operations ⁽¹⁾	<u>\$ 642,007</u>	
	Year Ended December 31,	
	2024	2023
GAAP operating margin	15.2 %	16.7 %
Operating margin constant currency impact ⁽²⁾	0.7	
Constant currency operating margin ⁽²⁾	<u>15.9 %</u>	

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

Notes:

- (1) Amortization of intangible assets related to certain acquisitions.
- (2) During the fourth quarters of 2023 and 2024, we initiated a restructuring plan to reduce headcount and increase efficiencies across the organization and lower the overall cost structure. Restructuring charges are primarily related to severance and other post-employment one-time benefits.
- (3) Other Non-GAAP items from the fourth quarter of 2024 primarily include settlements of various indirect tax obligations related to prior years.
- (+) 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 December 31,		Year Ended December 31,	
	2024	2023	2024	2023
GAAP gross profit	\$ 696,941	\$ 669,524	\$2,799,159	\$2,706,863
Stock-based compensation	(721)	1,780	6,995	7,462
Amortization of intangibles ⁽¹⁾	3,699	2,773	14,803	11,182
Restructuring charges ⁽²⁾	3,823	673	3,823	673
Other Non-GAAP items ⁽³⁾	1,410	—	1,410	—
Non-GAAP gross profit	\$ 705,152	\$ 674,750	\$2,826,190	\$2,726,180
GAAP gross margin	70.0 %	70.0 %	70.0 %	70.1 %
Non-GAAP gross margin	70.9 %	70.5 %	70.7 %	70.6 %
GAAP total operating expenses	\$ 552,792	\$ 497,979	\$2,191,531	\$2,063,525
Stock-based compensation	(39,569)	(37,049)	(168,708)	(146,564)
Amortization of intangibles ⁽¹⁾	(879)	(866)	(3,497)	(3,497)
Restructuring and other charges ⁽²⁾	(33,168)	(13,316)	(32,722)	(13,316)
Legal settlement loss	225	—	(30,968)	—
Other Non-GAAP items ⁽³⁾	(4,676)	—	(4,676)	—
Non-GAAP total operating expenses	\$ 474,725	\$ 446,748	\$1,952,960	\$1,900,148
GAAP income from operations	\$ 144,149	\$ 171,545	\$ 607,628	\$ 643,338
Stock-based compensation	38,848	38,829	173,703	154,026
Amortization of intangibles ⁽¹⁾	4,578	3,639	18,300	14,679
Restructuring and other charges ⁽²⁾	36,991	13,989	36,545	13,989
Legal settlement loss	(225)	—	30,968	—
Other Non-GAAP items ⁽³⁾	6,086	—	6,086	—
Non-GAAP income from operations	\$ 230,427	\$ 228,002	\$ 873,230	\$ 826,032
GAAP operating margin	14.5 %	17.9 %	15.2 %	16.7 %
Non-GAAP operating margin	23.2 %	23.8 %	21.8 %	21.4 %
GAAP net income before provision for income taxes	\$ 140,777	\$ 172,880	\$ 608,959	\$ 641,204
Stock-based compensation	38,848	38,829	173,703	154,026
Amortization of intangibles ⁽¹⁾	4,578	3,639	18,300	14,679
Restructuring and other charges ⁽²⁾	36,991	13,989	36,545	13,989
Legal settlement loss	(225)	—	30,968	—
Other Non-GAAP items ⁽³⁾	6,086	—	6,086	—
Non-GAAP net income before provision for income taxes	\$ 227,055	\$ 229,337	\$ 874,561	\$ 823,898

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

	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
GAAP provision for income taxes	\$ 36,970	\$ 48,866	\$ 187,597	\$ 196,151
Tax impact on non-GAAP adjustments	8,441	(2,998)	(12,715)	(31,415)
Non-GAAP provision for income taxes	\$ 45,411	\$ 45,868	\$ 174,882	\$ 164,736
GAAP effective tax rate	26.3 %	28.3 %	30.8 %	30.6 %
Non-GAAP effective tax rate	20.0 %	20.0 %	20.0 %	20.0 %
GAAP net income	\$ 103,807	\$ 124,014	\$ 421,362	\$ 445,053
Stock-based compensation	38,848	38,829	173,703	154,026
Amortization of intangibles ⁽¹⁾	4,578	3,639	18,300	14,679
Restructuring and other charges ⁽²⁾	36,991	13,989	36,545	13,989
Legal settlement loss	(225)	—	30,968	—
Other Non-GAAP items ⁽³⁾	6,086	—	6,086	—
Tax impact on non-GAAP adjustments	(8,441)	2,998	12,715	31,415
Non-GAAP net income	\$ 181,644	\$ 183,469	\$ 699,679	\$ 659,162
GAAP diluted net income per share	\$ 1.39	\$ 1.64	\$ 5.62	\$ 5.81
Non-GAAP diluted net income per share	\$ 2.44	\$ 2.42	\$ 9.33	\$ 8.61
Shares used in computing diluted net income per share	74,465	75,802	74,993	76,568

Q1 2025 and Fiscal 2025 Outlook – GAAP to Non-GAAP Reconciliation

Notes:

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

ALIGN TECHNOLOGY, INC.

Q1 2025 OUTLOOK - GAAP TO NON-GAAP RECONCILIATION

GAAP Operating Margin	Approximately 13.5%
Stock-based compensation	~4.5%
Amortization of intangibles ⁽¹⁾	~0.5%
Non-GAAP Operating Margin	<u>Approximately 18.5%</u>

ALIGN TECHNOLOGY, INC.

FISCAL 2025 OUTLOOK - GAAP TO NON-GAAP RECONCILIATION

GAAP Operating Margin	Approximately 17.0%
Stock-based compensation	~5.0%
Amortization of intangibles ⁽¹⁾	~0.5%
Non-GAAP Operating Margin	<u>Approximately 22.5%</u>

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