

**ALIGN TECHNOLOGY**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands except per share data)

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Fiscal 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Fiscal 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Fiscal 2016
<b>Net Revenues</b>															
<i>Clear Aligner Net Revenues**:</i>															
North America	\$ 107,910	\$ 111,648	\$ 113,349	\$ 113,670	\$ 446,577	\$ 118,844	\$ 126,137	\$ 124,085	\$ 129,663	\$ 498,729	\$ 135,699	\$ 143,909	\$ 143,800	\$ 145,281	\$ 568,689
International	49,848	55,988	53,439	60,467	219,742	55,920	61,896	61,265	70,980	250,061	69,850	83,703	84,304	88,776	326,633
Non-case (1)	10,481	12,099	11,350	12,300	46,230	12,265	12,784	12,942	13,405	51,396	14,149	15,824	15,564	17,468	63,005
Total Clear Aligner Net Revenues	168,239	179,735	178,138	186,437	712,549	187,029	200,817	198,292	214,048	800,186	219,698	243,436	243,668	251,525	958,327
<i>Scanner and Services Net Revenues</i>	12,407	12,796	11,738	12,163	49,104	11,057	8,671	9,344	16,228	45,300	19,022	25,926	34,921	41,678	121,547
<b>Total Worldwide Net Revenues</b>	<b>180,646</b>	<b>192,531</b>	<b>189,876</b>	<b>198,600</b>	<b>761,653</b>	<b>198,086</b>	<b>209,488</b>	<b>207,636</b>	<b>230,276</b>	<b>845,486</b>	<b>238,720</b>	<b>269,362</b>	<b>278,589</b>	<b>293,203</b>	<b>1,079,874</b>
<b>Cost of Net Revenues:</b>															
Cost of net revenues Clear Aligner	35,156	38,032	37,021	39,451	149,660	39,069	43,480	42,087	47,363	171,999	47,631	52,110	54,398	56,694	210,833
Cost of net revenues Scanner and Services	8,239	9,023	7,801	8,487	33,550	7,927	7,374	7,973	10,103	33,377	10,462	12,036	14,989	16,260	53,747
Total cost of net revenues	43,395	47,055	44,822	47,938	183,210	46,996	50,854	50,060	57,466	205,376	58,093	64,146	69,387	72,954	264,580
Gross profit	137,251	145,476	145,054	150,662	578,443	151,090	158,634	157,576	172,810	640,110	180,627	205,216	209,202	220,249	815,294
<b>Operating Expenses:</b>															
Selling, general and administrative	82,067	83,455	80,653	85,893	332,068	88,281	100,625	101,751	99,582	390,239	112,210	121,467	126,708	130,268	490,653
Research and development	13,380	13,289	12,854	13,276	52,799	13,885	15,684	17,779	13,889	61,237	15,083	18,613	20,415	21,609	75,720
Total operating expenses	95,447	96,744	93,507	99,169	384,867	102,166	116,309	119,530	113,471	451,476	127,293	140,080	147,123	151,877	566,373
<b>Operating Income:</b>	41,804	48,732	51,547	51,493	193,576	48,924	42,325	38,046	59,339	188,634	53,334	65,136	62,079	68,372	248,921
Interest and other income (expense), net	601	(93)	(1,999)	(1,716)	(3,207)	(1,452)	174	(1,568)	313	(2,533)	(427)	125	1,463	(7,516)	(6,355)
Profit before provision for income taxes and equity in losses of investee	42,405	48,639	49,548	49,777	190,369	47,472	42,499	36,478	59,652	186,101	52,907	65,261	63,542	60,856	242,566
Provision for income taxes	9,961	13,039	11,301	10,236	44,537	11,295	11,149	8,862	10,775	42,081	12,361	15,113	11,698	12,028	51,200
Equity in losses of investee, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	1,207	1,684
<b>Net Income</b>	<b>\$ 32,444</b>	<b>\$ 35,600</b>	<b>\$ 38,247</b>	<b>\$ 39,541</b>	<b>\$ 145,832</b>	<b>\$ 36,177</b>	<b>\$ 31,350</b>	<b>\$ 27,616</b>	<b>\$ 48,877</b>	<b>\$ 144,020</b>	<b>\$ 40,546</b>	<b>\$ 50,148</b>	<b>\$ 51,367</b>	<b>\$ 47,621</b>	<b>\$ 189,682</b>
Net Income per share															
- basic	\$ 0.40	\$ 0.44	\$ 0.47	\$ 0.49	\$ 1.81	\$ 0.45	\$ 0.39	\$ 0.35	\$ 0.61	\$ 1.80	\$ 0.51	\$ 0.63	\$ 0.64	\$ 0.60	\$ 2.38
- diluted	\$ 0.39	\$ 0.43	\$ 0.47	\$ 0.48	\$ 1.77	\$ 0.44	\$ 0.39	\$ 0.34	\$ 0.60	\$ 1.77	\$ 0.50	\$ 0.62	\$ 0.63	\$ 0.59	\$ 2.33
Shares used in computing net income per share															
- basic	81,120	81,027	80,629	80,266	80,754	80,459	80,257	79,808	79,481	79,998	79,831	79,951	79,977	79,667	79,856
- diluted	82,817	82,341	82,014	81,691	82,283	81,824	81,394	81,092	81,051	81,521	81,320	81,281	81,466	81,248	81,484
<b>Margin Analysis:</b>															
Gross margin	76.0%	75.6%	76.4%	75.9%	75.9%	76.3%	75.7%	75.9%	75.0%	75.7%	75.7%	76.2%	75.1%	75.1%	75.5%
-Clear Aligner	79.1%	78.8%	79.2%	78.8%	79.0%	79.1%	78.3%	78.8%	77.9%	78.5%	78.3%	78.6%	77.7%	77.5%	78.0%
-Scanner and Services	33.6%	29.5%	33.5%	30.2%	31.7%	28.3%	15.0%	14.7%	37.7%	26.3%	45.0%	53.6%	57.1%	61.0%	55.8%
Selling, general and administrative	45.4%	43.3%	42.6%	43.2%	43.6%	44.6%	48.0%	49.0%	43.2%	46.2%	47.0%	45.1%	45.5%	44.4%	45.4%
Research and development	7.4%	6.9%	6.8%	6.7%	6.9%	7.0%	7.5%	8.6%	6.0%	7.2%	6.3%	6.9%	7.3%	7.4%	7.0%
Operating margin	23.1%	25.3%	27.1%	25.9%	25.4%	24.7%	20.2%	18.3%	25.8%	22.3%	22.3%	24.2%	22.3%	23.3%	23.1%
Net margin	18.0%	18.5%	20.1%	19.9%	19.1%	18.3%	15.0%	13.3%	21.2%	17.0%	17.0%	18.6%	18.4%	16.2%	17.6%
<b>Year Over Year Analysis:</b>															
Net Revenues	17.6%	17.5%	15.4%	11.4%	15.4%	9.7%	8.8%	9.4%	15.9%	11.0%	20.5%	28.6%	34.2%	27.3%	27.7%
-Clear Aligner	18.8%	17.2%	16.0%	12.2%	15.9%	11.2%	11.7%	11.3%	14.8%	12.3%	17.5%	21.2%	22.9%	17.5%	19.8%
-Scanner and Services	3.3%	21.6%	7.1%	0.8%	7.8%	-10.9%	-32.2%	-20.4%	33.4%	-7.7%	72.0%	199.0%	273.7%	156.8%	168.3%
Gross profit	21.6%	17.6%	16.0%	10.4%	16.1%	10.1%	9.0%	8.6%	14.7%	10.7%	19.5%	29.4%	32.8%	27.5%	27.4%
Operating expense	-36.8%	12.8%	11.8%	18.7%	-4.7%	7.0%	20.2%	27.8%	14.4%	17.3%	24.6%	20.4%	23.1%	33.8%	25.4%
Operating income	-209.8%	28.6%	24.3%	-2.7%	105.5%	17.0%	-13.1%	-26.2%	15.2%	-2.6%	9.0%	53.9%	63.2%	15.2%	32.0%
Net income	-177.3%	21.4%	10.7%	-6.8%	126.8%	11.5%	-11.9%	-27.6%	23.6%	-1.2%	12.1%	60.0%	86.0%	-2.6%	31.7%
<b>Quarter Over Quarter Analysis (Sequential):</b>															
Net Revenues	1.3%	6.6%	-1.4%	4.6%		-0.3%	5.8%	-0.9%	10.9%		3.7%	12.8%	3.4%	5.2%	
-Clear Aligner	1.2%	6.8%	-0.9%	4.7%		0.3%	7.4%	-1.3%	7.9%		2.6%	10.8%	0.1%	3.2%	
-Scanner and Services	2.8%	3.1%	-8.3%	3.6%		-9.1%	-21.6%	7.8%	73.7%		17.2%	36.3%	34.7%	19.3%	
Gross profit	0.6%	6.0%	-0.3%	3.9%		0.3%	5.0%	-0.7%	9.7%		4.5%	13.6%	1.9%	5.3%	
Operating expense	14.2%	1.4%	-3.3%	6.1%		3.0%	13.8%	2.8%	-5.1%		12.2%	10.0%	5.0%	3.2%	
Operating income	-21.0%	16.6%	5.8%	-0.1%		-5.0%	-13.5%	-10.1%	56.0%		-10.1%	22.1%	-4.7%	10.1%	
Net income	-23.5%	9.7%	7.4%	3.4%		-8.5%	-13.3%	-11.9%	77.0%		-17.0%	23.7%	2.4%	-7.3%	

(1) Non-case net revenues includes the retainer business, training revenues, and ancillary offerings under our Clear Aligner product lines  
\*\* Includes Invisalign and SmileDirectClub ("SDC")