

Raymond James
44th Annual Institutional
Investors Conference

Jay Mazelsky

President and Chief Executive Officer
IDEXX Laboratories, Inc.

March 6, 2023

IDEXX





Safe Harbor Disclaimer

The following information contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and beliefs and involve significant risks and uncertainties, which may cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements. Forward-looking statements may be identified by the use of words such as "anticipate," "could," "continue," "expect," "intend," "objective," "plan," "potential," "predict," "project," "seek," "should," "target," "will," or the negative version of those words or comparable words or phrases or by using future dates in connection with any discussion of future performance, actions or events. Forward-looking statements contained in this presentation include discussion of business plans and prospects, future operating or financial performance, anticipated growth opportunities, anticipated benefits relating to an increase in the pet population, expected effects of younger generations' prioritization of pet healthcare, expectations regarding products, our ability to expand our commercial presence in international markets and other future events.

No forward-looking statement can be guaranteed. You are cautioned not to put undue reliance on such forward-looking statements, which speak only as of the date of this presentation. The Company assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The reports filed by the Company pursuant to United States securities laws contain discussions of some of the risks and uncertainties that could cause actual results to differ materially from those expressed or implied in any forward-looking statements. Forward-looking statements should be carefully evaluated together with the many risks and uncertainties that affect our business, particularly the matters described under the headings "Business," "Risk Factors," "Legal Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quantitative and Qualitative Disclosures About Market Risk" in our 2022 Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. You are advised to review the Company's filings with the United States Securities and Exchange Commission (which are available from the SEC's EDGAR database at www.sec.gov and via the Company's website at www.idexx.com).

We refer in this presentation to projections communicated at our Investor Day on August 12, 2022 and our 2023 outlook communicated on February 6, 2023; these references speak only as of the respective dates on which they were communicated and shall not be deemed to be a reiteration or affirmation of the guidance or an indication that our expectations have not changed since that time.

Non-GAAP Financial Measures

In this presentation, we refer to some non-GAAP financial measures. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and should not be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similarly titled measures reported by other companies. For a reconciliation to the most comparable GAAP financial measures, we refer you to our footnotes and the Appendix to this presentation, which also refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2022, available at www.idexx.com/investors.

Please refer to additional footnotes in the Appendix.

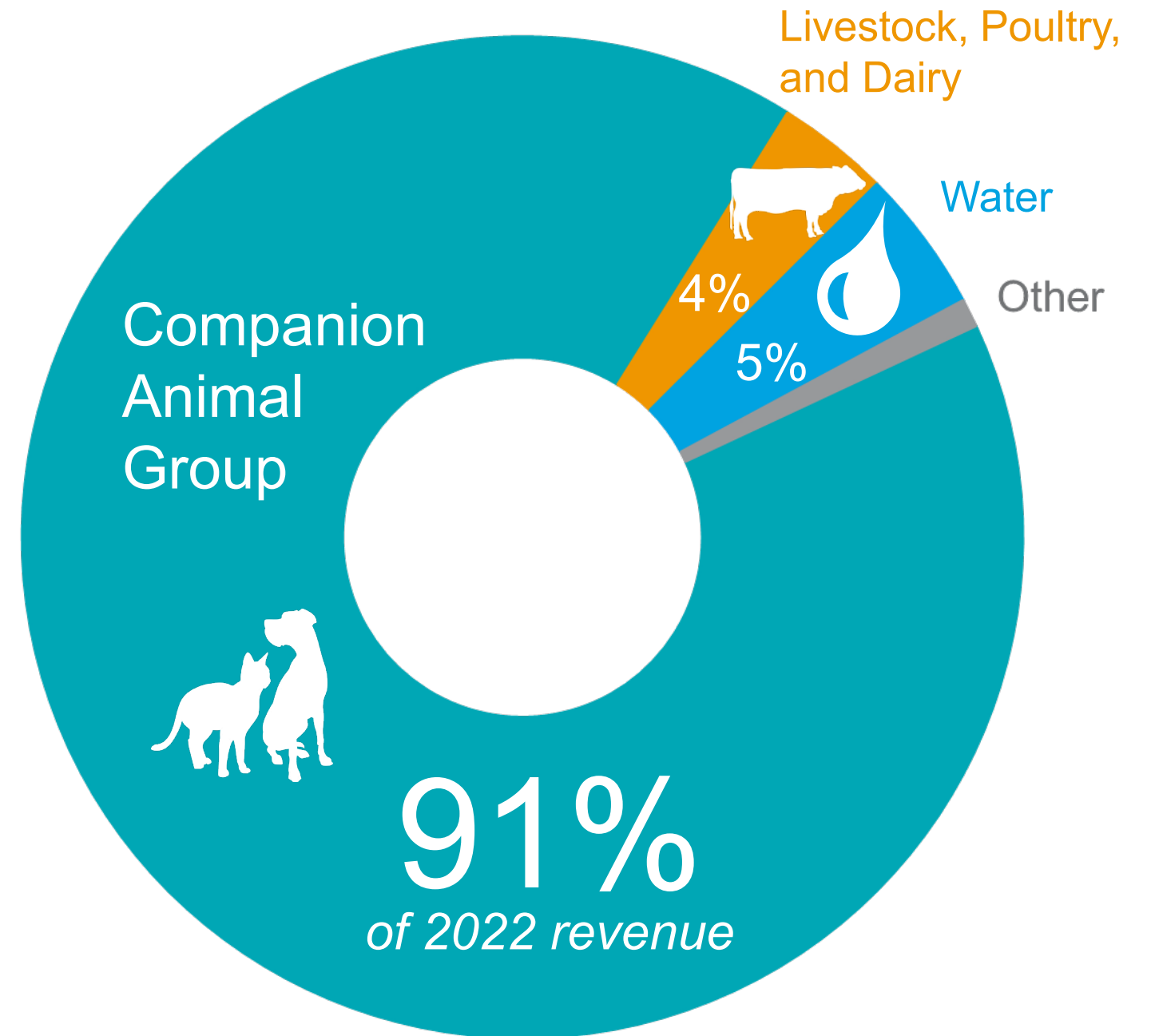
Increasing Companion Animal Healthcare Globally Through Innovation, Insight and Customer-focused Engagement

- Innovation delivering best-in-class, integrated diagnostic and software solutions
- Global commercial capability and multi-modality offering advancing adoption and diagnostic utilization
- Decades+ opportunity to increase standard of care (~\$37 billion TAM)
- Long-term, durable 10%+ organic growth potential with high ROIC



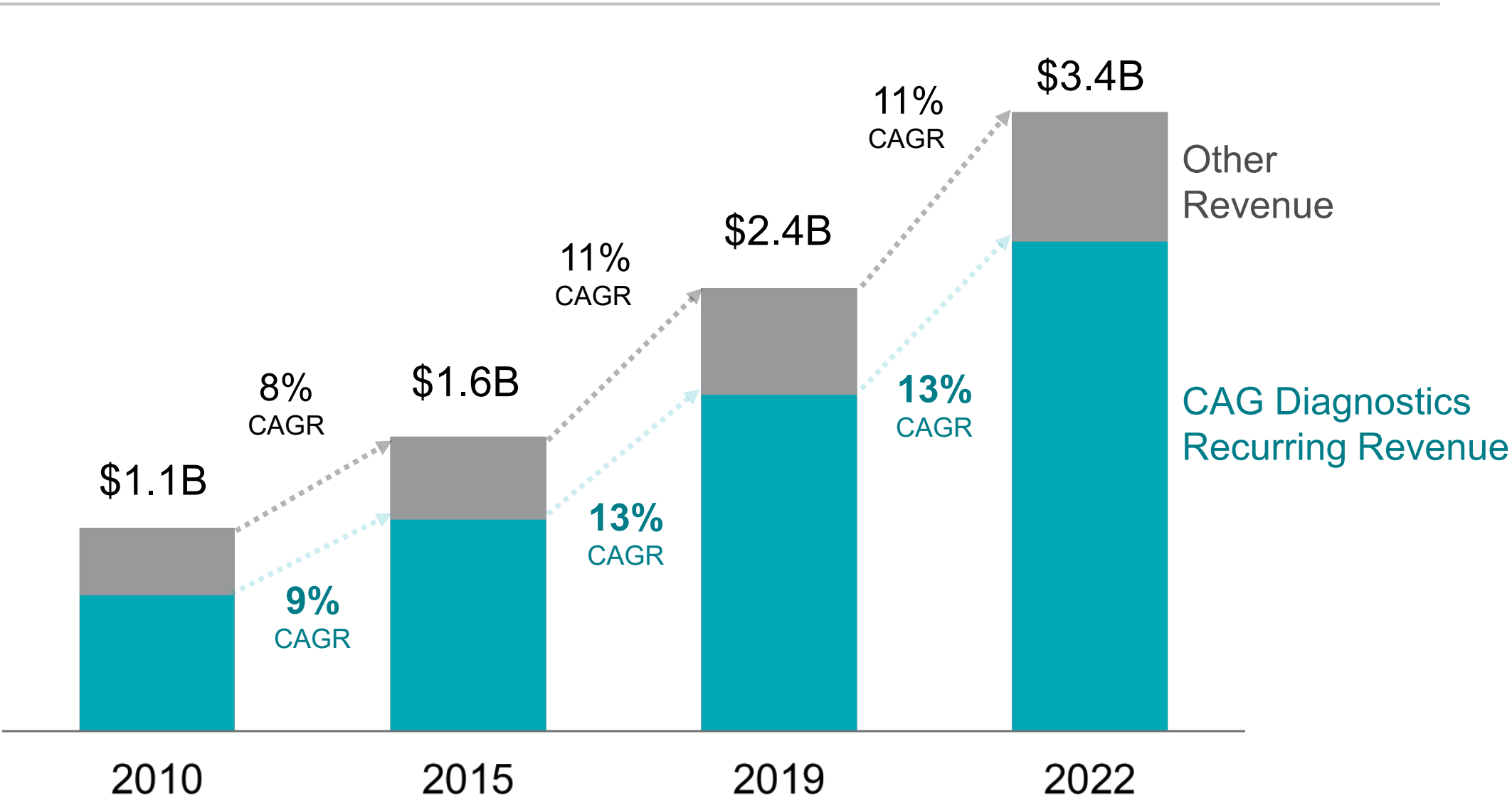
We Focus on Pet Healthcare Diagnostics and Software

- Highly attractive long-term growth opportunity
- Global leadership position
- Innovation driven
- Durable recurring revenue model
- Consistent double-digit organic revenue growth history



Consistent Strategy Yields High Long-term Revenue Growth Supported by Strong Gains in CAG Diagnostics Recurring Revenue

IDEXX Revenue and Normalized Organic Revenue CAGRs (\$Billion)³



Sustained Strong Growth Supported By Key Growth Drivers

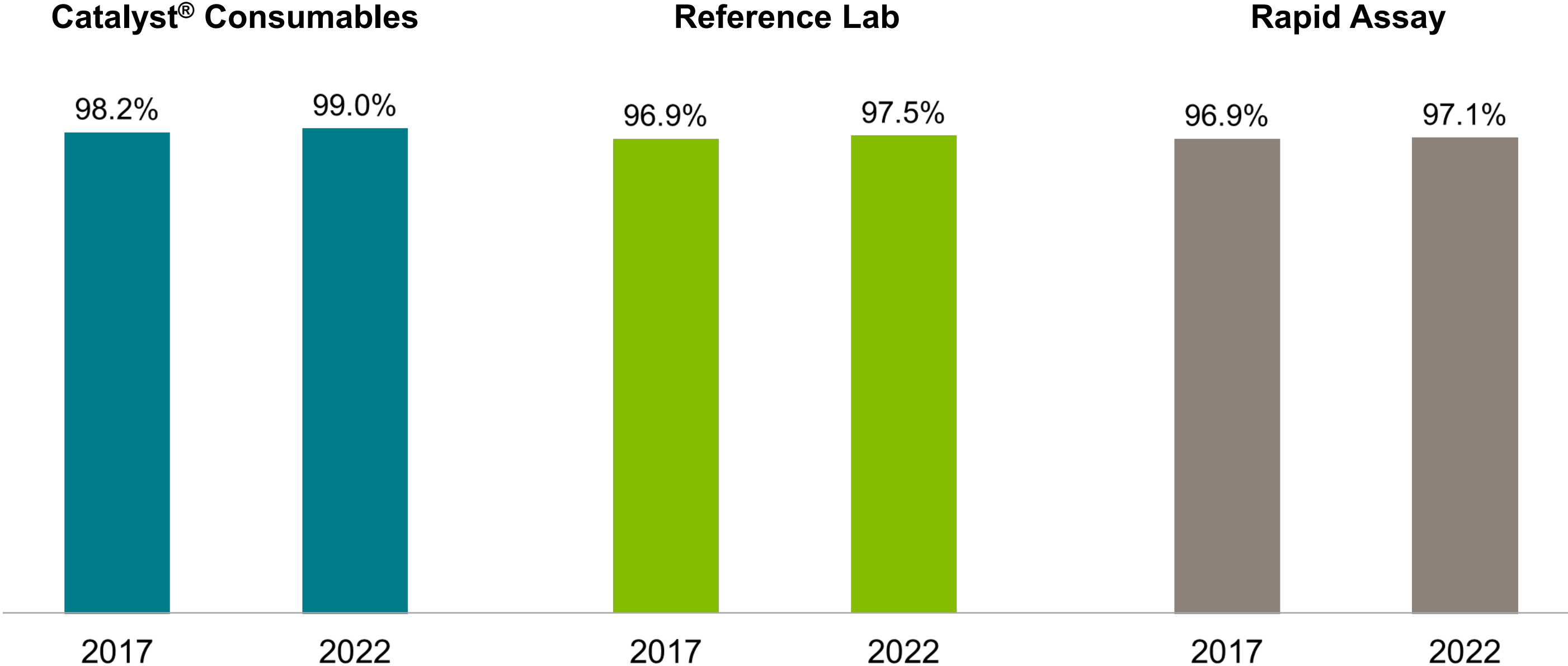
- Dx Innovation: diagnostic menu, new and existing platform extensions, integrated software
- Direct commercial model with subject matter experts and supporting ecosystem
- Geographic expansion
- Sizeable standalone software business

³ Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.



Durable CAG Recurring Annuity Supported by High Customer Retention

Annual U.S. Customer Revenue Retention Rates



Humanization of Pets Supports Strong Pet-Parent Bonds

“My pet is **part of my family.**”

95%

“Nothing would ever convince me **to give up my pet.**”

92%



Percentages represent those responding “Strongly agree” or “Agree” on a 5-point agreement scale.

Source: Pet Owner Survey conducted in June / July 2021 by The Human Animal Bond Research Institute (HABRI) Foundation (n = 16,140 pet owners across U.S., UK, Germany, France, Spain, Japan, China and Brazil).

Younger Generations of Pet Owners Prioritize Pet Healthcare

Percentage of Pet Parents who Agree to At Least Annual Screening



United States



United Kingdom



Germany



Gen Z

(Up to 26 years)

79%

84%

91%



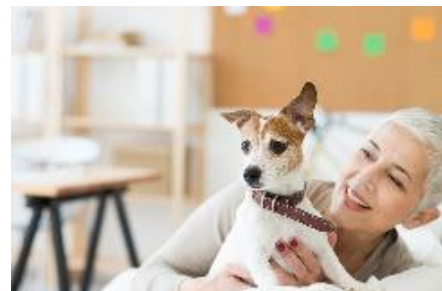
Millennials

(27 to 42 years)

81%

76%

87%



Baby Boomers

(59 to 77 years)

69%

51%

80%

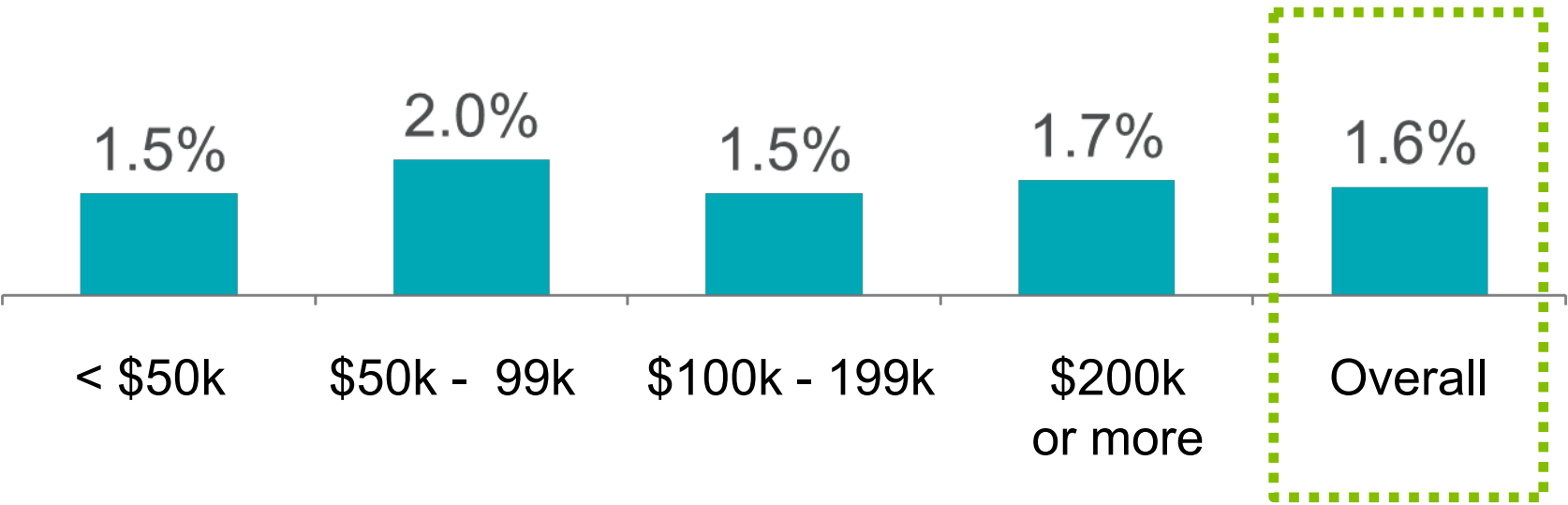
Question: How often do you agree to screening tests for your pet? [Sum of Annual or Twice-Yearly answers] (n= 1,495 U.S. Pet Parents, n=492 UK Pet Parents, n=817 German Pet Parents)

Source: IDEXX Pet Parent Research Study fielded November 2022

Pets Comprise Less than 2% of Spending for U.S. Pet-owning Households

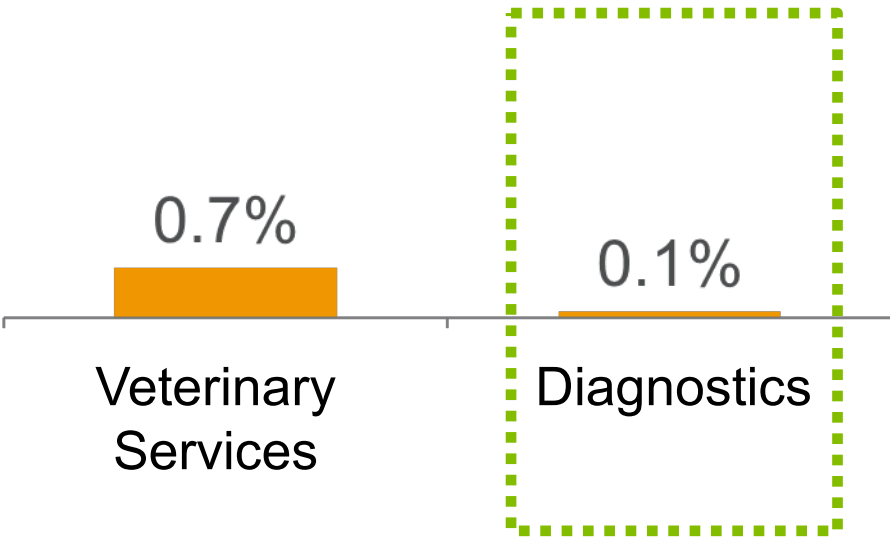
2021 U.S. Pet Spending as a Percentage of Household Consumption Spending*

Total Pet Spending for All Pet-owning Households by Household Income Segment*



Average Consumer Unit Income per Year

For All Pet-owning Households Seeking Care**

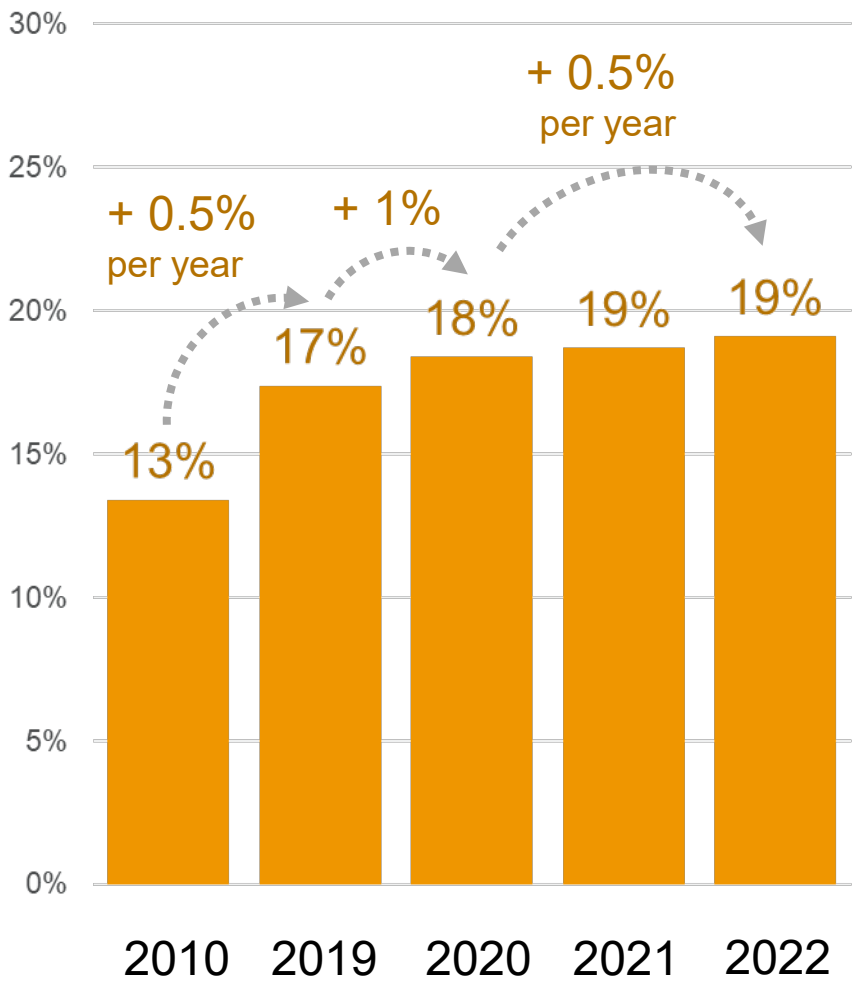


* Analysis by income segment based on Bureau of Labor Statistics Personal Consumption Expenditure Survey, for 12 months ended December 2021; Total Pet Spending adjusted upward to reflect average spend per pet-owning household.

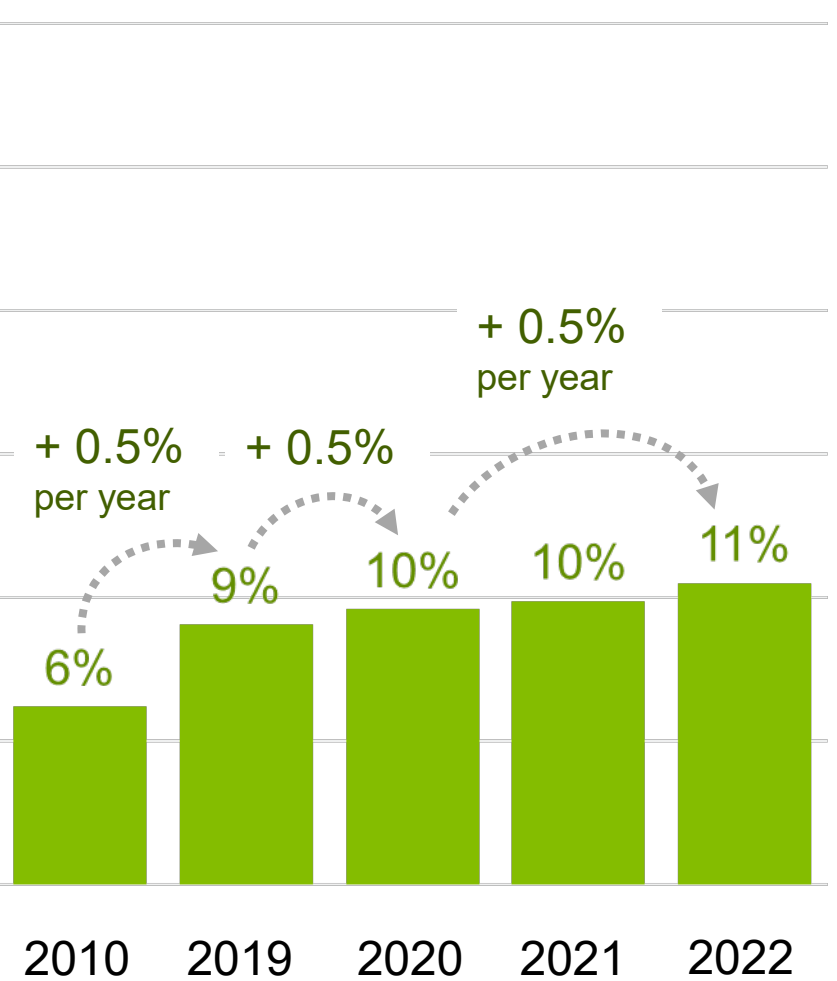
** Based on total clinical visit spending per year per pet for pets with at least 1 clinical visit in 2021; IDEXX Practice Intelligence data (n= 8,752 U.S. practices in 2021).

Bloodwork Testing Utilization Continues to Build off Higher Base

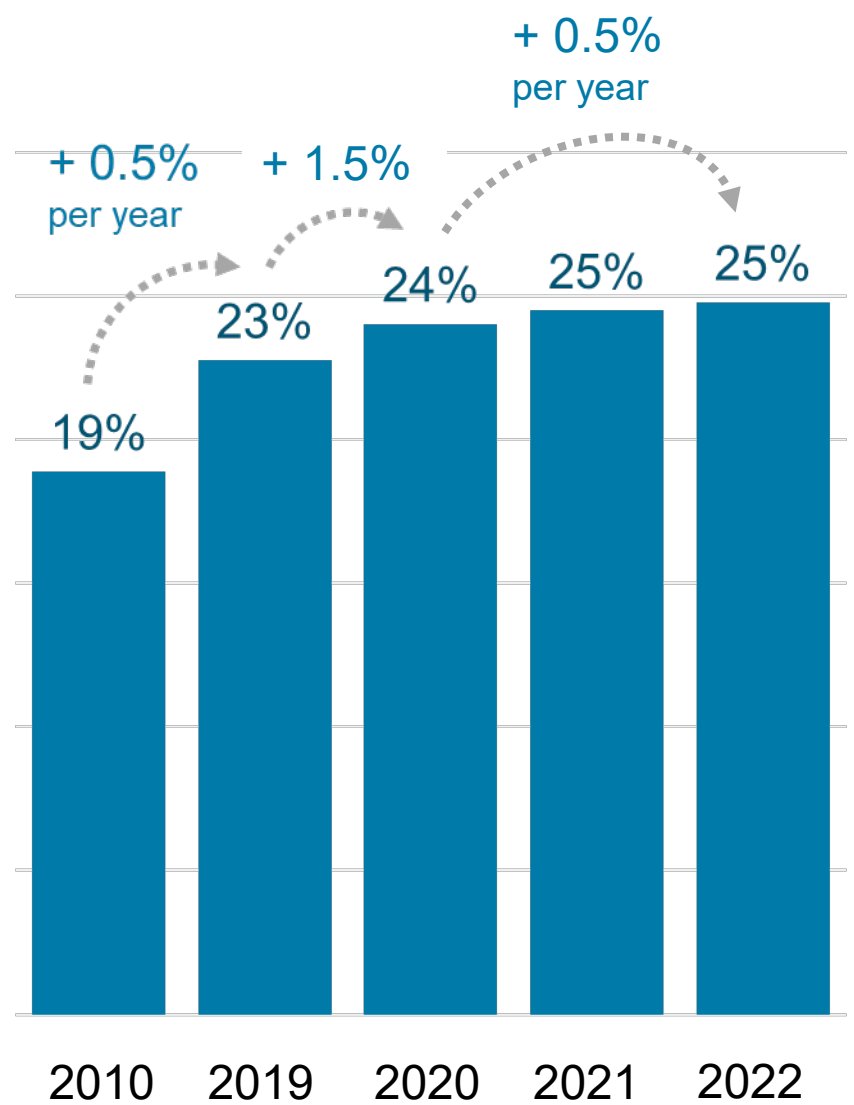
% of U.S. Clinical Visits including Bloodwork



% of U.S. Wellness Clinical Visits including Bloodwork



% of U.S. Non-wellness Clinical Visits including Bloodwork



Source: Based on an analysis of IDEXX Practice Intelligence data from ~2,200 to 6,044 practices. Bloodwork includes chemistry and / or hematology testing. 'Clinical visits' are those where the reason for visit involves an interaction between a veterinary clinician and a pet, including wellness and non-wellness visit types. Percentages rounded to the nearest 1% and average annual changes rounded to nearest 0.5%.

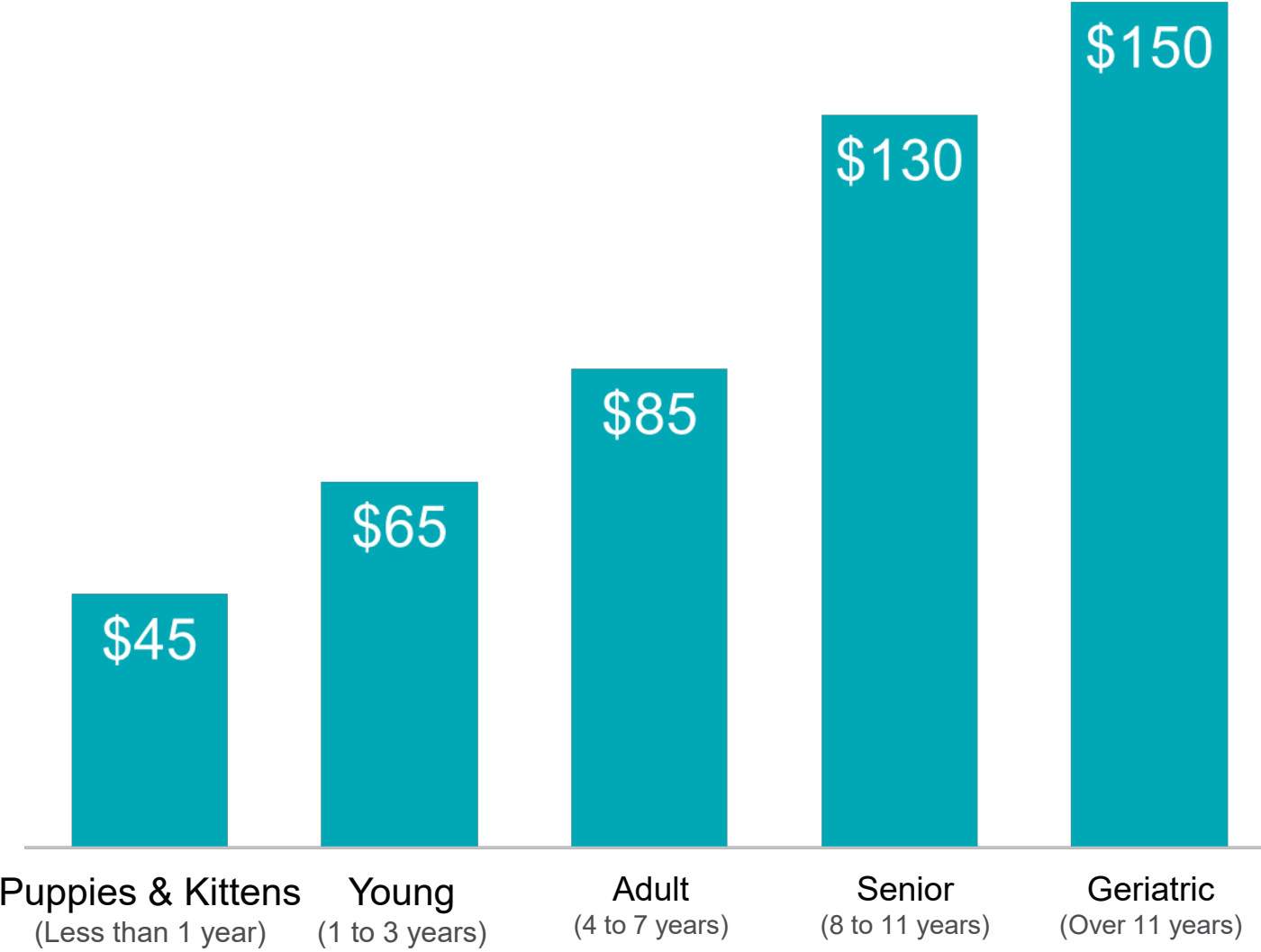
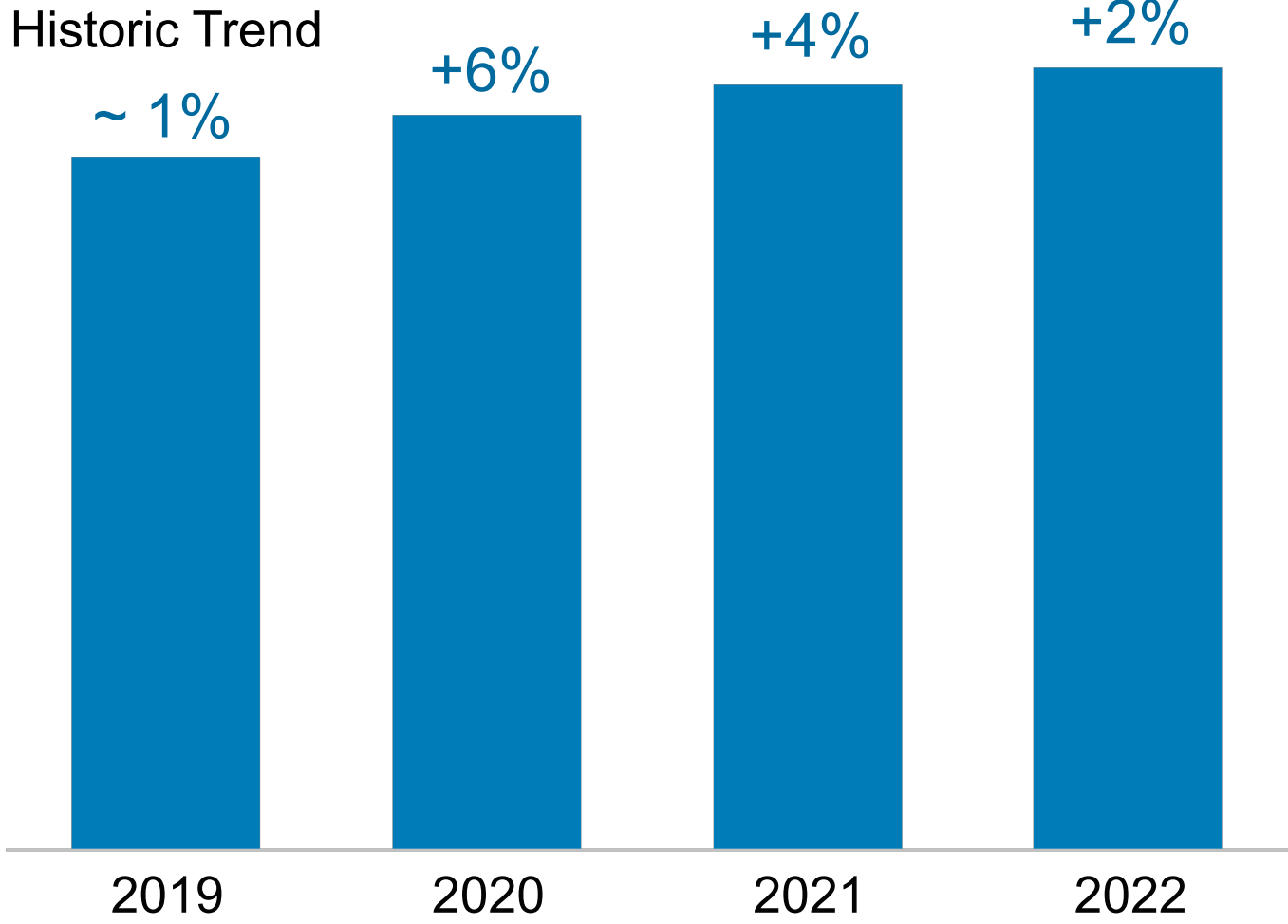


Step-up in Pet Population Expected to have Long-term Benefits



U.S. Pet Population and Annual Growth*

2022 Average **Diagnostic Revenue per Active Patient** by Age Segment**

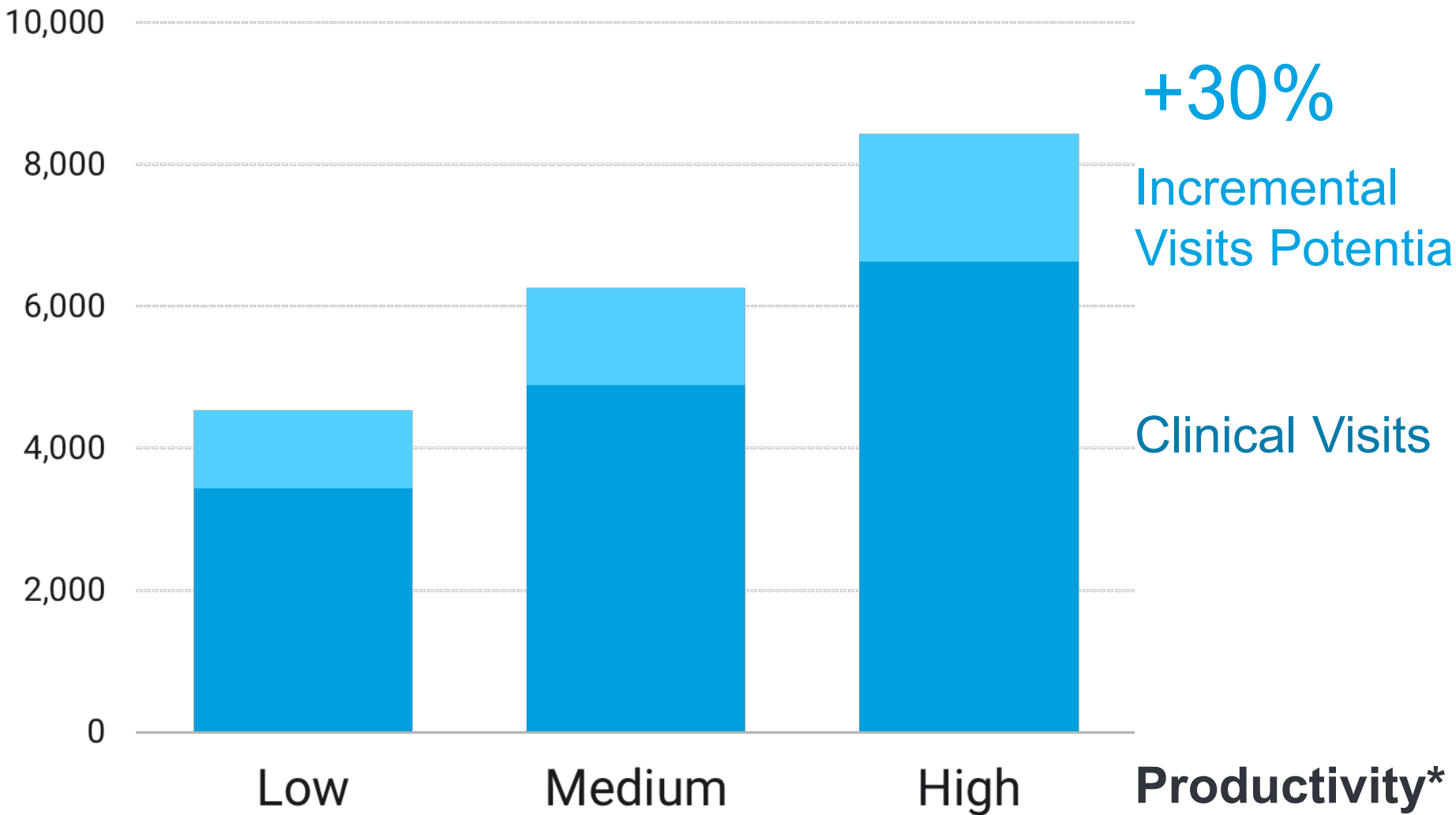


* 2020, 2021 and 2022 estimated U.S. pet population growth of 6%, 4% and 2%, respectively, or (~21M) based primarily on modeling of dog and cat population growth, leveraging analyses of multiple data sources.
 ** Analysis based on IDEXX Practice Intelligence data (n = ~8,750 practices), weighted to represent the U.S based on practice size and region. Estimates are for the overall number of active patients by age segment, not specifically for those receiving diagnostics. Revenue figures are rounded to the nearest \$5.

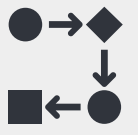




IDEXX Research Highlights Significant Practice Productivity Opportunity

2022 Average **Clinical** Visits
per Practice for Small Practices (1–2 DVM FTEs)

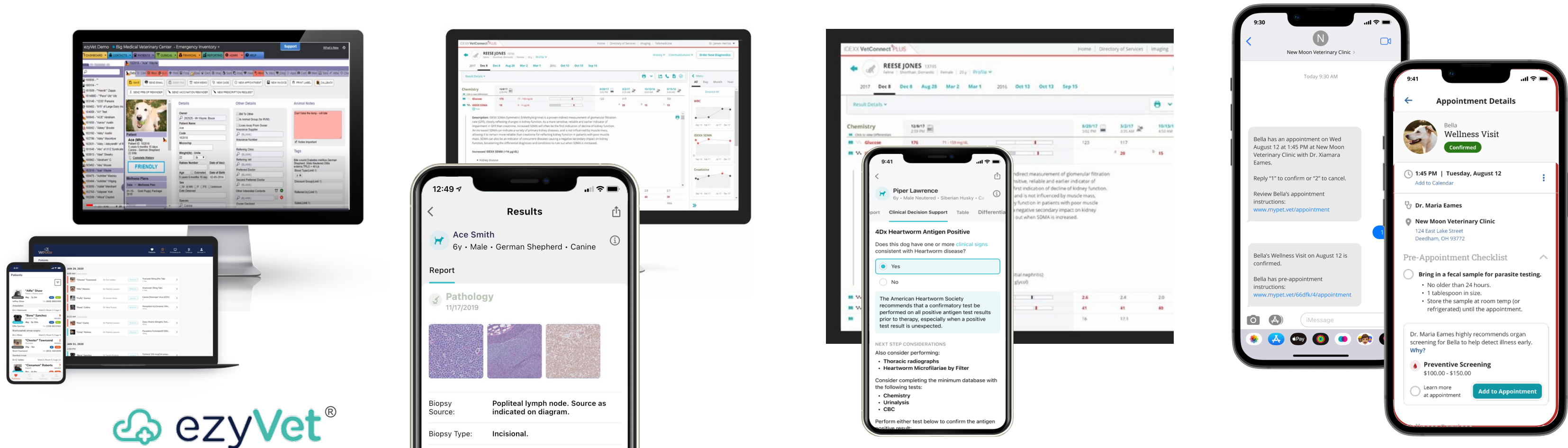


Higher Productivity Levers

 Workflow	<ul style="list-style-type: none"> Staff-to-DVM ratio Technician-led appointments Optimized floor plan
 Technology	<ul style="list-style-type: none"> Integrated applications Digital workflows Electronic payments
 Culture	<ul style="list-style-type: none"> Talent strategy Engagement Empowered staff

Source: Analysis based on IDEXX Practice Intelligence data and an IDEXX primary research study of 537 practices (235 small) in the U.S. (2022). Clinical visits are those where the reason for visit involves an interaction between a veterinary clinician and a pet. Incremental clinical visits potential is based on time-savings potential per full time equivalent (FTE) veterinarian. FTE is a unit of measurement equal to one (1) person working full time: eight (8) hours/day, five (5) days/week.
* Productivity level represents the distribution of the practices in the sample in terciles based on throughput, measured by number of clinical visits per DVM FTE.

IDEXX Software Solutions Drive Productivity



Practice Information Management Software

VetConnect® PLUS

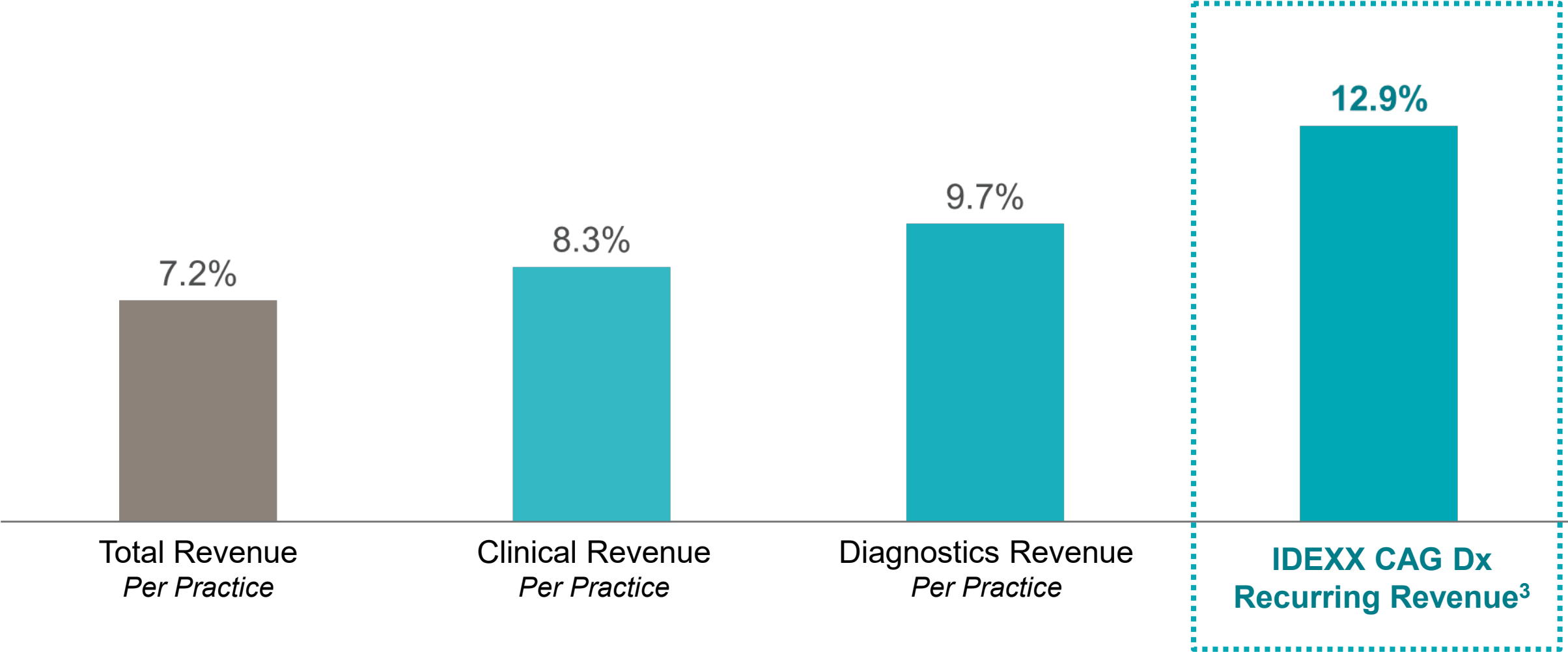
IDEXX DecisionIQ™
Clinical Decision Support

Pet Owner Engagement



IDEXX CAG Diagnostics Recurring Revenue Growth has Outpaced Practice and Sector Diagnostics Growth

IDEXX U.S. CAG Dx Recurring Revenue Growth and U.S. Revenue Growth per Practice*
(2017 – 2022 CAGR)



³ Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

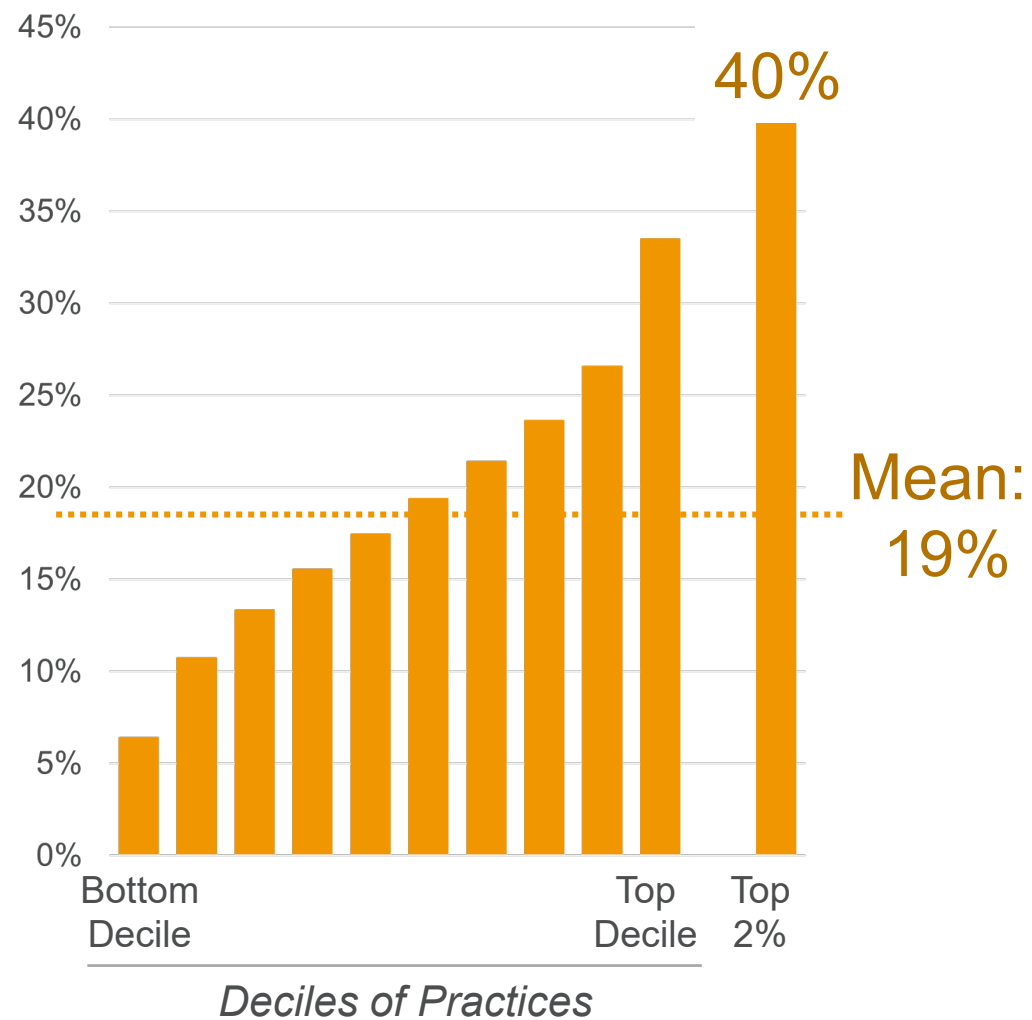
* Note that we estimate net new practice formation adds ~1% of incremental sector growth per year beyond per practice growth.

Source: Analysis based on IDEXX Practice Intelligence data n = ~8,750 practices. Clinical revenue is associated with clinical visits, where the reason for visit involves an interaction between a veterinary clinician and a pet, including wellness and non-wellness visit types.

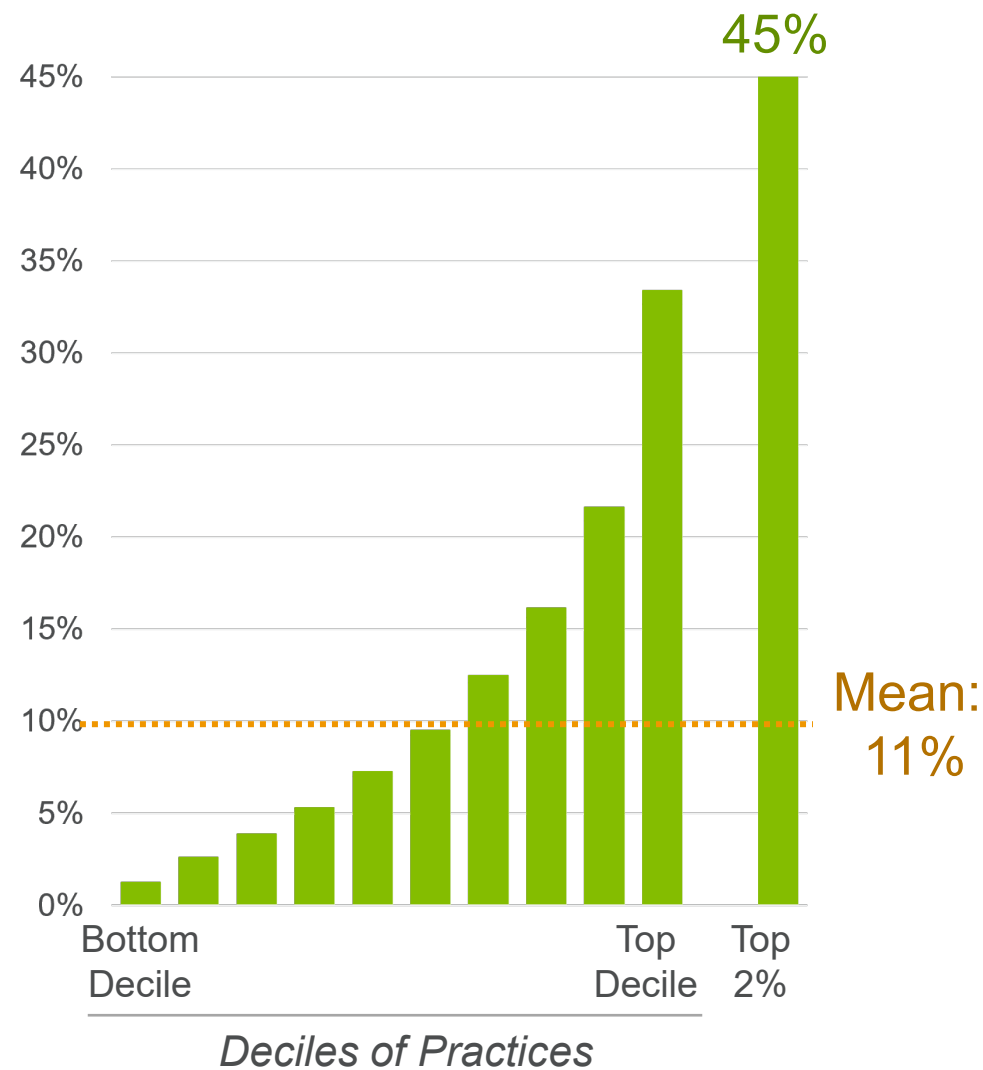


Significant Range of Diagnostic Use Points to Long-term Growth Opportunity

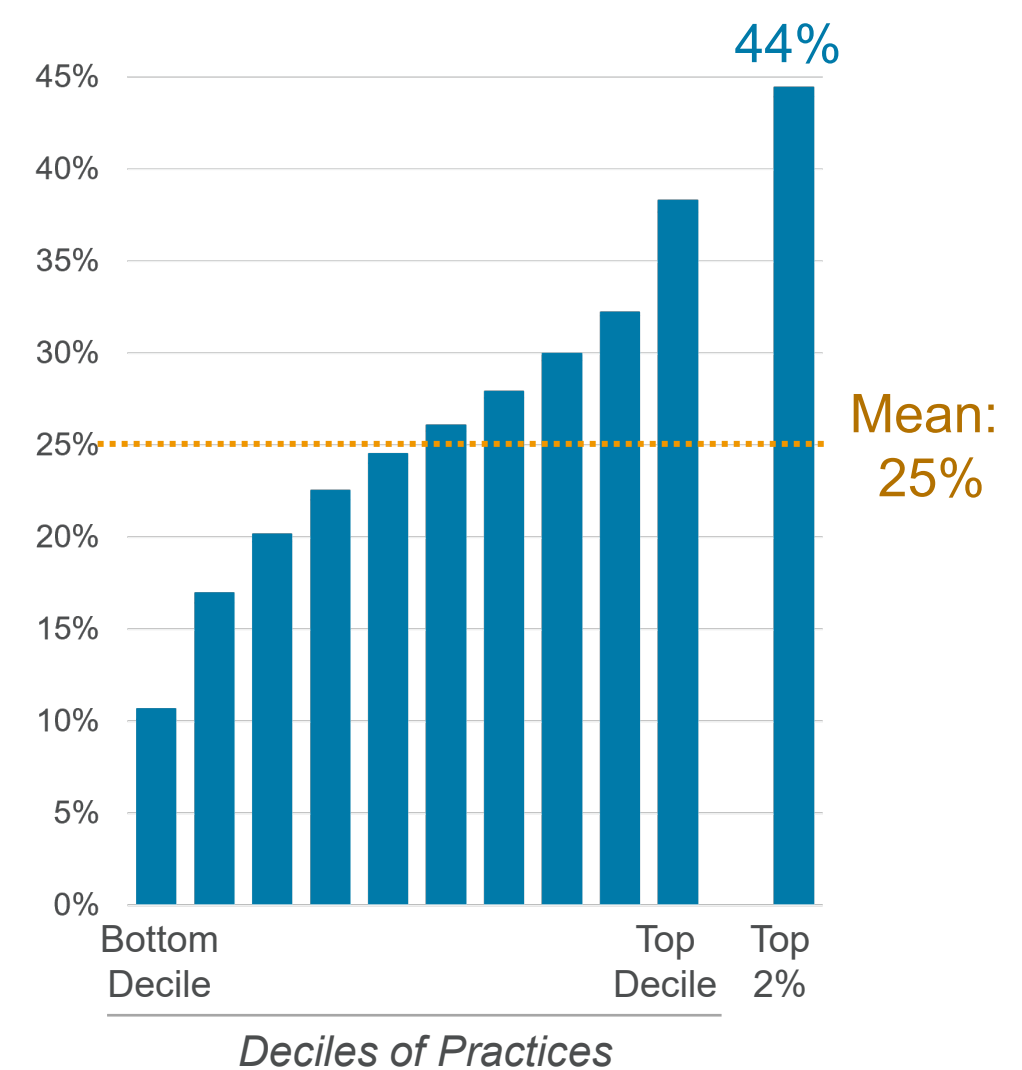
% of 2022 Clinical Visits including Bloodwork



% of 2022 Wellness Clinical Visits including Bloodwork



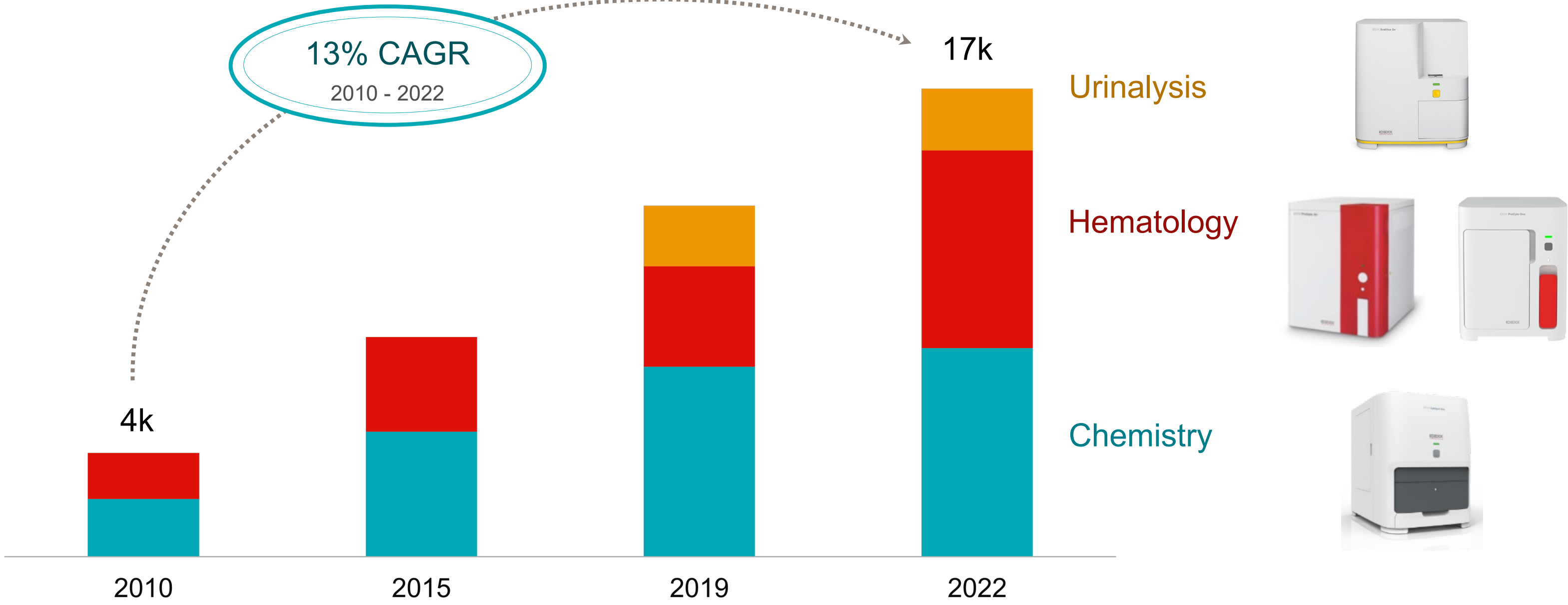
% of 2022 Non-wellness Clinical Visits including Bloodwork



Source: Based on analysis of IDEXX Practice Intelligence data (n = 6,044 practices). 'Clinical visits' are those where the reason for visit involves an interaction between a veterinary clinician and a pet, including wellness and non-wellness visit types. Bloodwork includes chemistry and / or hematology testing.

Diagnostics Growth Supported by IDEXX Innovation

Worldwide Premium Instrument Placements*



* Premium chemistry includes Catalyst Dx® Chemistry Analyzer and Catalyst One® Chemistry Analyzer, premium hematology includes ProCyte Dx® Hematology Analyzer, ProCyte One® Hematology Analyzer and LaserCyte® Hematology Analyzer and urinalysis includes SediVue Dx® Urine Sediment Analyzers.

Innovative ProCyte One Analyzer Drives Installed Base Growth

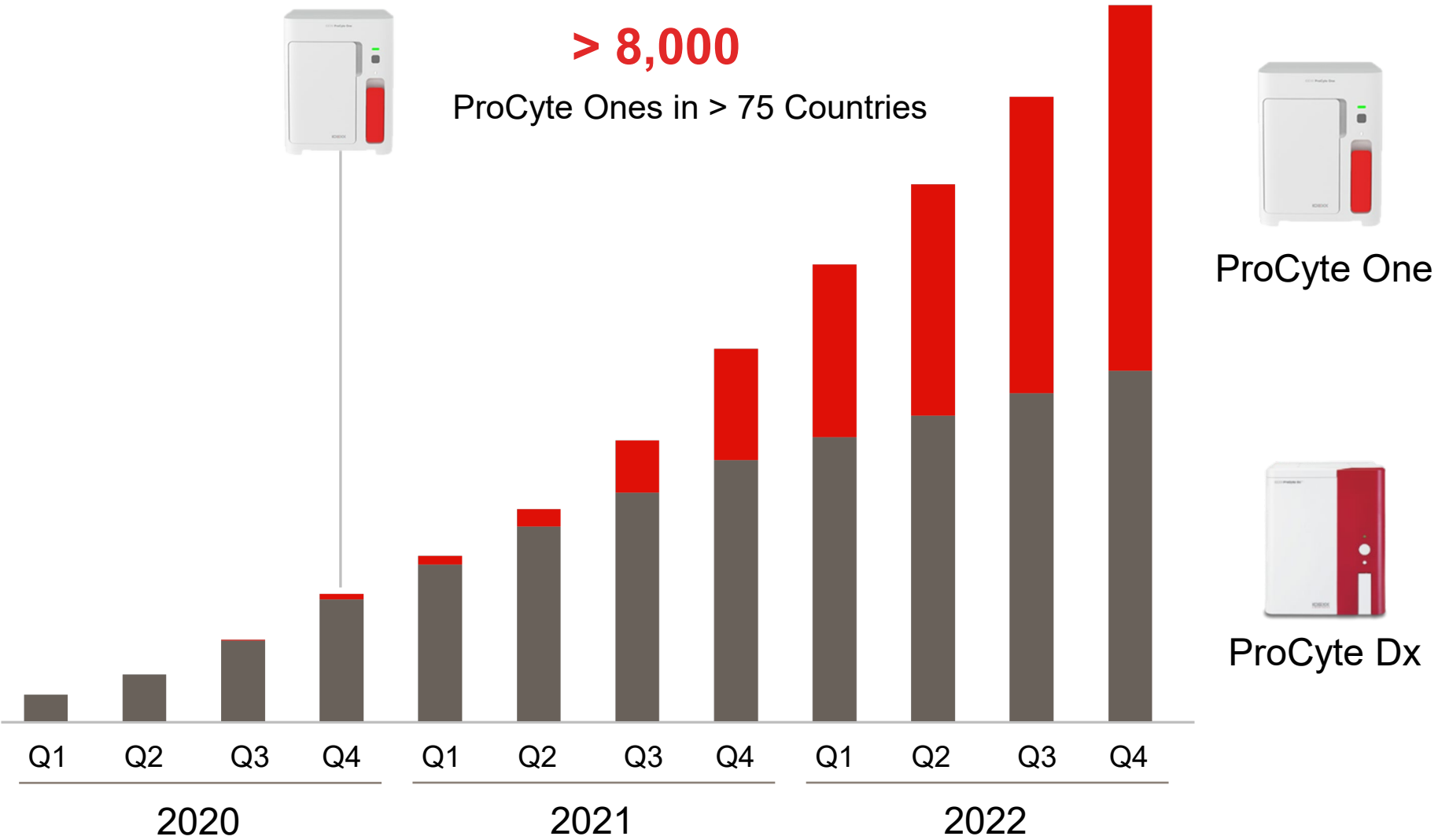
Highly Differentiated Hematology Solution

- Advanced diagnostics with several unique parameters
- Consistent reference lab-quality results
- Highly accurate and reliable
- Fast, effortless operations
- Integrated tools and expert support



Global ProCyte Cumulative Placements

2020 – 2022 (thousands)



IDEXX Technology for Life: IDEXX Catalyst Delivers



What are their **kidneys** telling you?

Listen closer with **IDEXX SDMA®**

43k
clinics

5.3 million
runs

Detects
diseases of the kidney sooner

- Chronic kidney disease
- Acute kidney injury
- Pyelonephritis
- Upper urinary obstruction
- Kidney stones
- Glomerulonephritis
- Congenital disease

Reflects
other disease processes affecting the kidneys

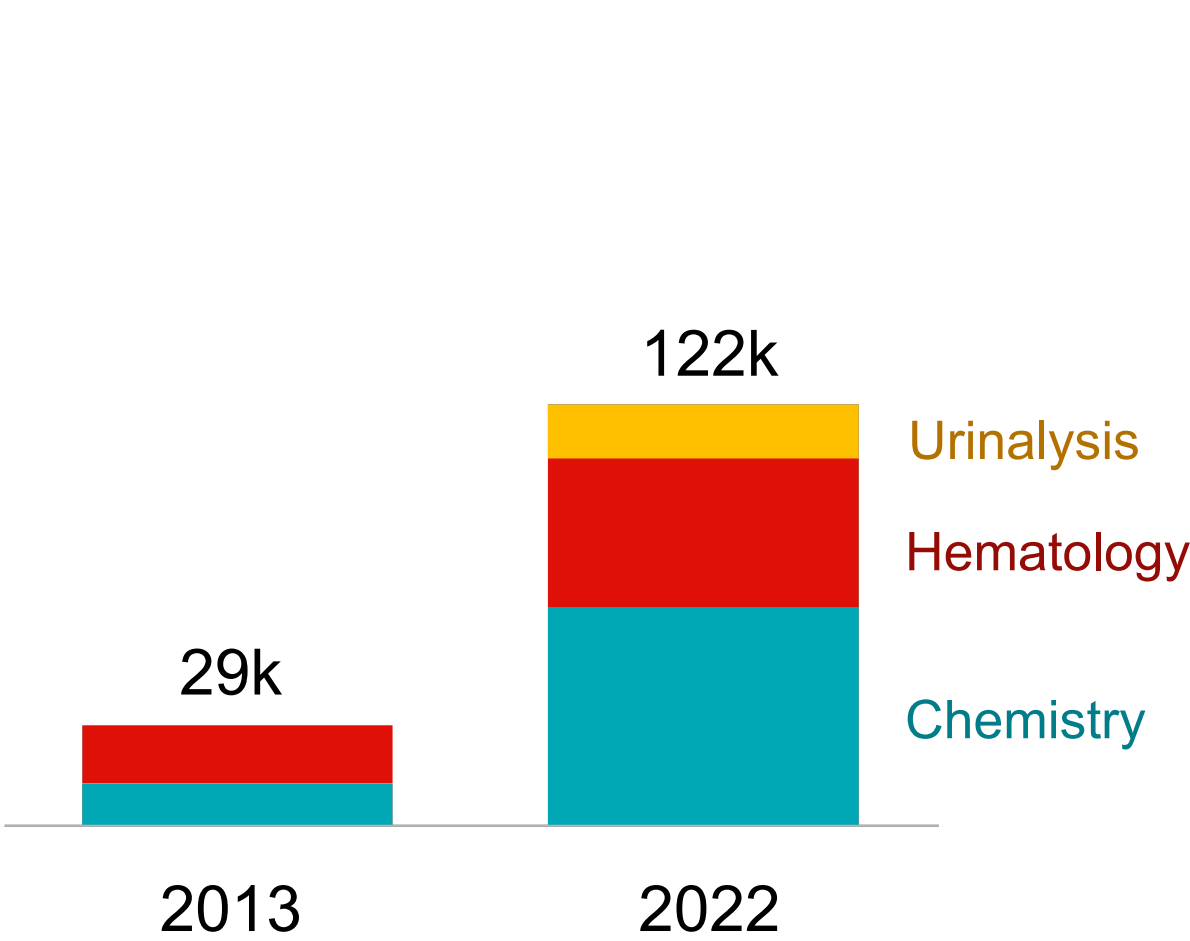
- Hyperthyroidism
- Vector-borne disease
- Systemic hypertension
- Cardiorenal syndrome
- Lower urinary obstruction
- Sepsis
- Cancer



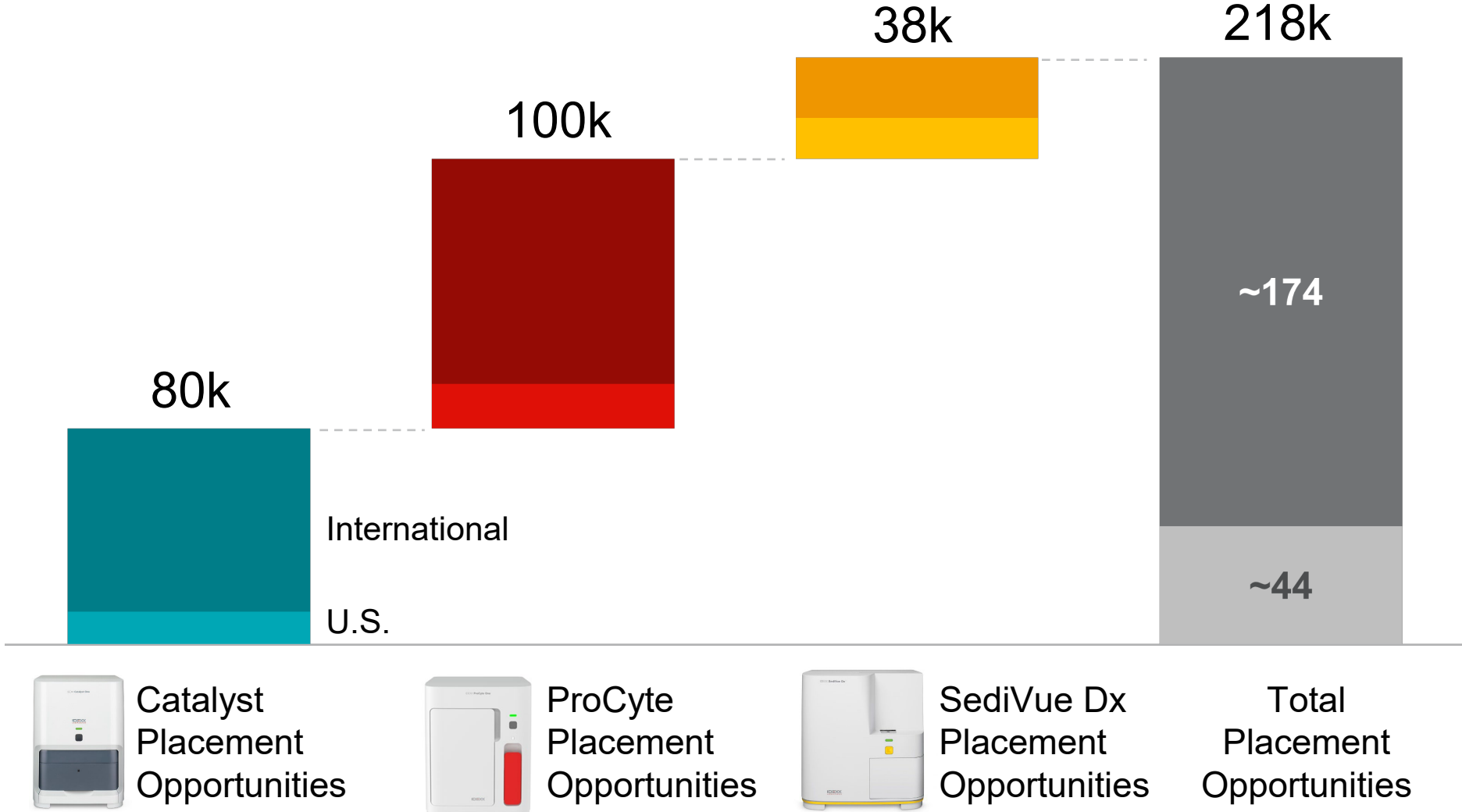
Phenobarbital Seizures	Fructosamine Diabetes	Total T4 Thyroid	CRP Inflammation	IDEXX SDMA Kidney	IDEXX SDMA & TT4 Kidney/Thyroid	Progesterone Reproduction	Bile Acids Liver	New and Improved IDEXX SDMA Kidney

Significant Instrument Runway Remains

Global IDEXX Premium Instrument Installed Base*



Global Incremental IDEXX Premium Instrument Placement Opportunity**



Catalyst Placement Opportunities



ProCyte Placement Opportunities



SediVue Dx Placement Opportunities

Total Placement Opportunities

* All figures are rounded. Premium chemistry includes Catalyst Dx® Chemistry Analyzer and Catalyst One® Chemistry Analyzer installs, premium hematology includes ProCyte Dx® Hematology Analyzer, ProCyte One® Hematology Analyzer and LaserCyte® Hematology Analyzer installs and Urinalysis includes SediVue Dx® Urine Sediment Analyzer installs. ** All figures are rounded. Excludes practices too small to be likely candidates for chemistry analyzer placement at this time. Second placements are excluded.



Global Laboratory Network Enables Extensive Geographic Coverage and 24/7/365 Service

IDEXX Louisville
Next-Day PCR

IDEXX Kornwestheim

IDEXX Brisbane

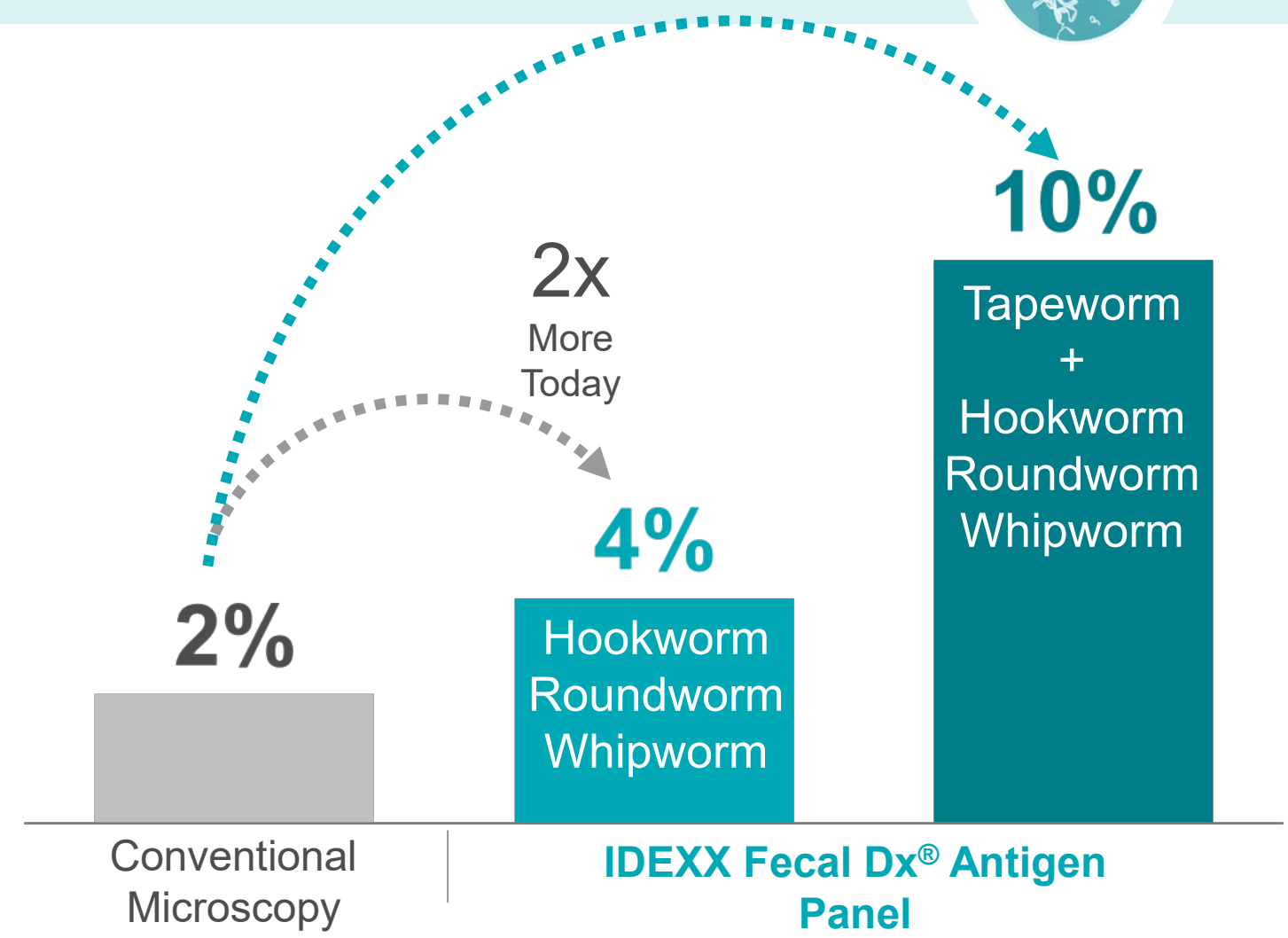
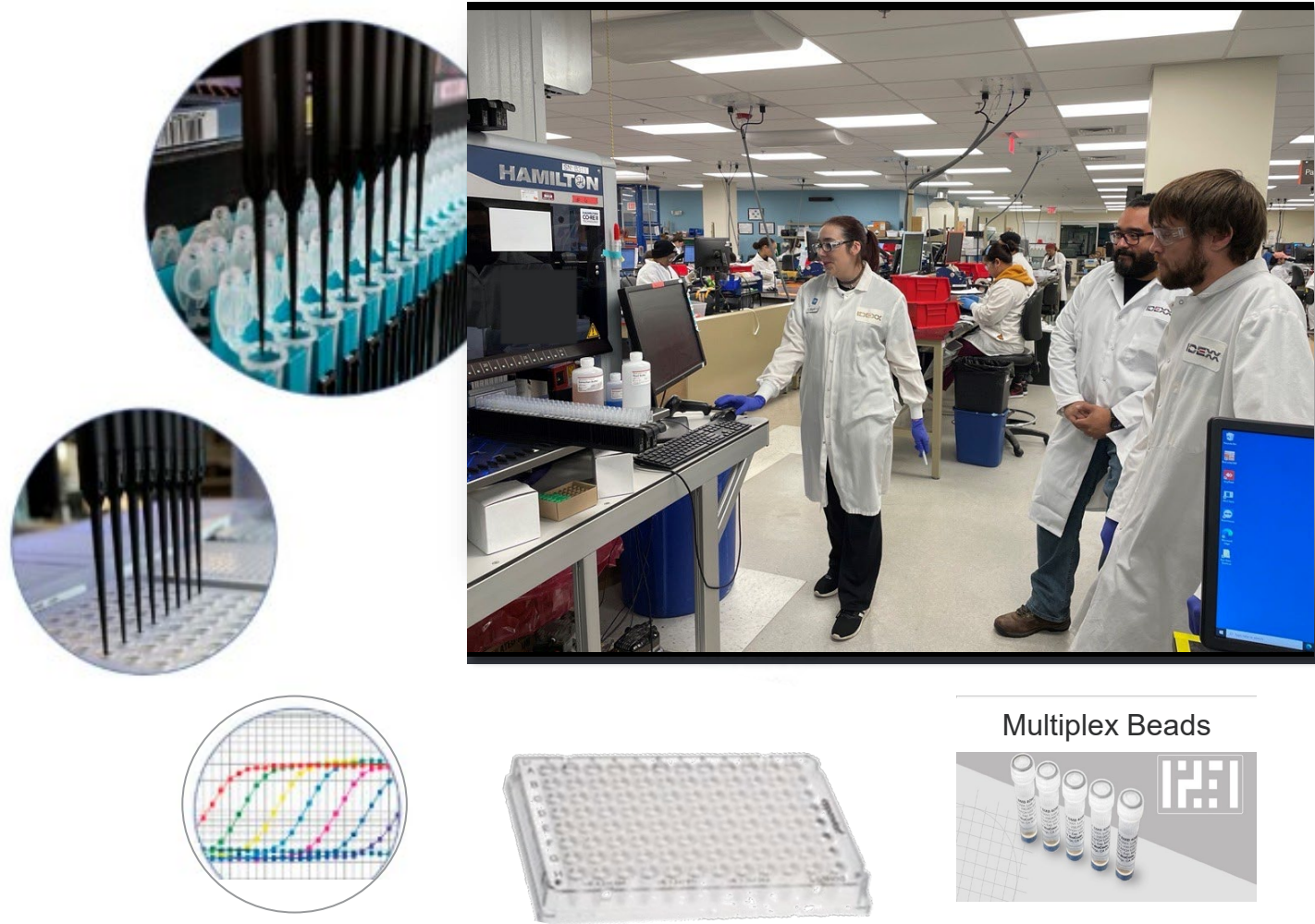
\$1 Billion+
Global Revenue

The sun never sets in serving our customers

Fecal Antigen with Flea Tapeworm: A Transformative Addition

Innovative Multiplex Platform

Uncovers **5x** More Parasitic Infections

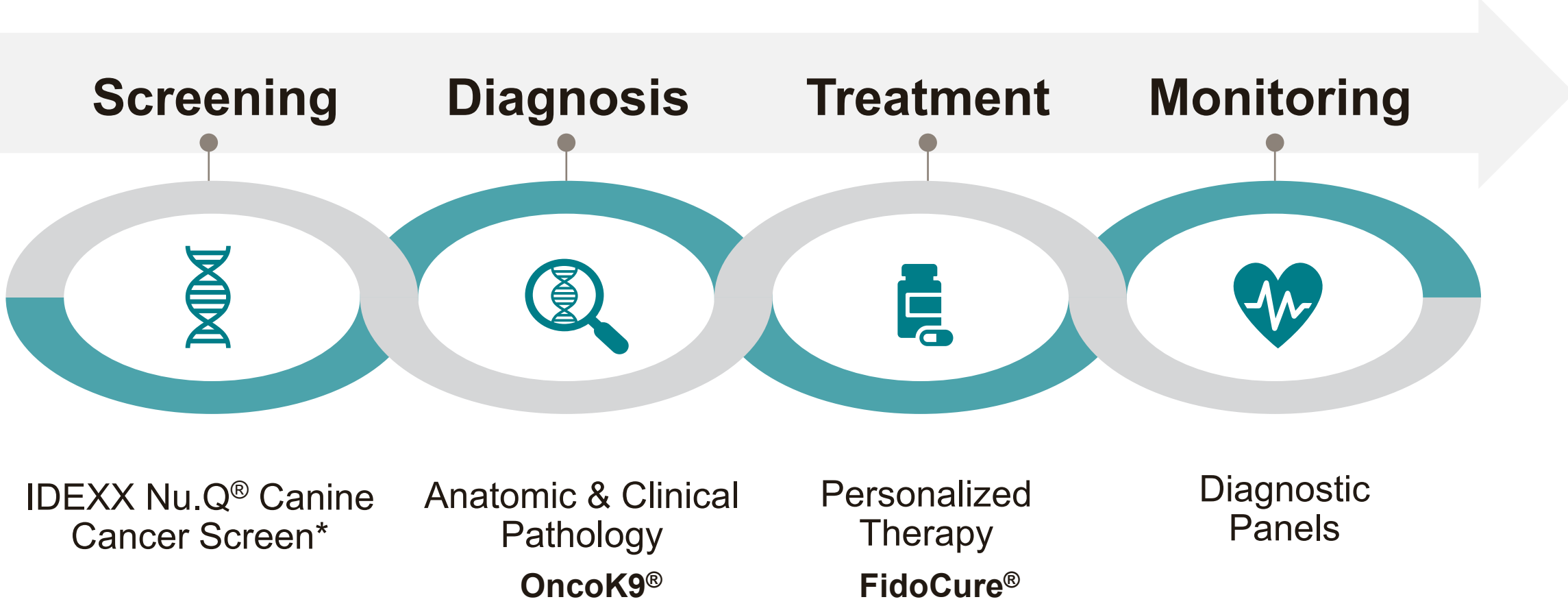


Sources: (1) Analysis of positive rates in adult canines, presenting for a preventive care visit with fecal exams sent to IDEXX Reference Laboratories. Data on file at IDEXX Laboratories, Inc. Westbrook, Maine USA.; (2) Sweet S, Hegarty E, McCrann DJ, Coyne M, Kincaid D, Szlosek D. A 3-year retrospective analysis of canine intestinal parasites: fecal testing positivity by age, U.S. geographical region and reason for veterinary visit. Parasite Vectors. 2021;14(1):173. doi:10.1186/s13071-021-04678-6.; (3) Tapeworm prototype data; preliminary data on positive rate for Dipylidium caninum of approximately 6%. Data on file at IDEXX Laboratories, Inc. Westbrook, Maine USA.

End-to-End Oncology Solution Will Provide Clarity and Elevate Care



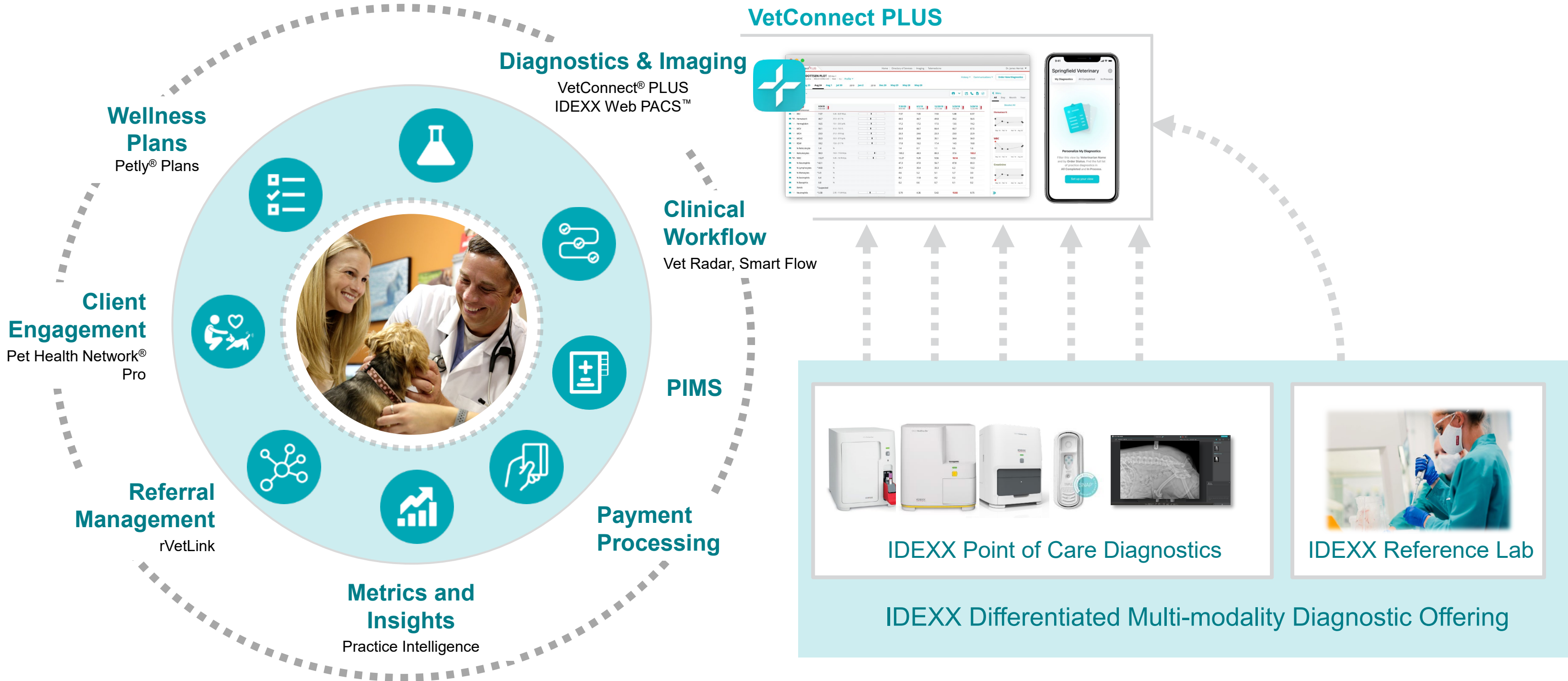
Cancer is the leading cause of death in adult dogs¹
... impacting **6 million dogs in the U.S. annually**²



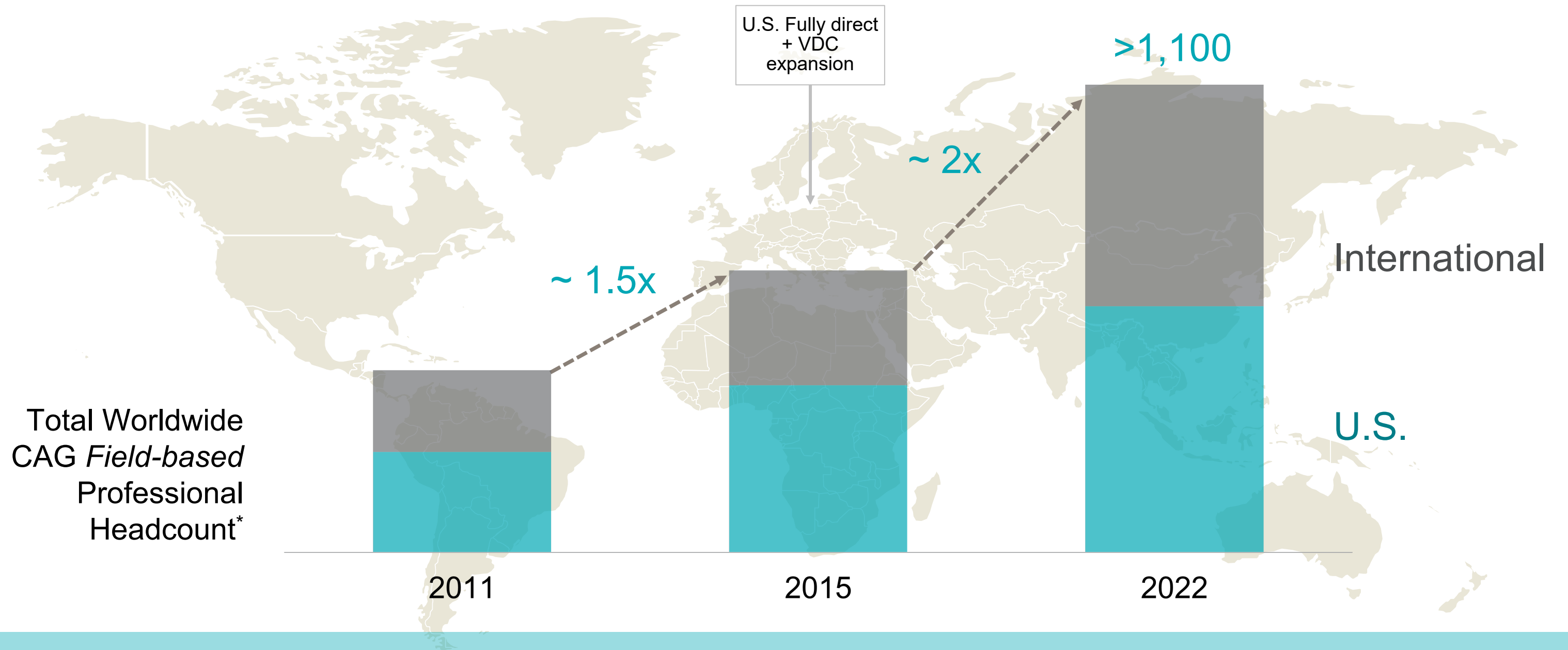
¹ Fleming JM, Creevy KE, Promislow DE. Mortality in North American dogs from 1984 to 2004: an investigation into age-, size-, and breed-related causes of death. J Vet Intern Med. 2011;25(2):187–198. doi:10.1111/j.1939-1676.2011.0695.x
² What is comparative oncology? National Cancer Institute Center for Cancer Research. Accessed December 22, 2022. [ccr.cancer.gov/Comparative-Oncology-Program/pet-owners/what-is-comp-onc](https://www.ccr.cancer.gov/Comparative-Oncology-Program/pet-owners/what-is-comp-onc)
* Detects 7 common canine cancers at an overall detection rate of 49.8% at 97% specificity.



IDEXX Fully-integrated Multi-modality Diagnostic and Software Solution Meets Customers' Needs in a Differentiated Way



Expanding Commercial Resources in Key Regions to Address Significant Opportunity



Expanding Global Commercial Footprint Enables Reach Needed to Communicate IDEXX Differentiators

* Includes all field-based sales and technical services headcount, excluding management. Figures as of December 31 of each calendar year.

Attractive Business Model and Strong IDEXX Execution have Delivered Exceptional Financial Results

IDEXX Long-term Financial Performance 2017 – 2022



^{3, 5, 6, 7} Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

IDEXX – Long-term Durable Growth and Returns



A Durable Recurring Revenue Business Model with ...

- Tremendous runway and supportive demographic trends
- Expertly served by IDEXX's differentiated innovation and commercial model
- Generating exceptional financial returns



Appendix

Footnotes

¹ IDEXX Reportable Segment Revisions and Divested Revenues: Prior to January 1, 2015, our Companion Animal Group (“CAG”) segment included herd testing diagnostic services processed within and managed by our CAG reference laboratories. We have transitioned the responsibility for these diagnostic services to our LPD segment to more effectively align our business with the nature and customers of these livestock services. Revenue and revenue growth calculations have been retrospectively revised to reflect this change in the composition of our reportable segments. The impact on CAG Diagnostics recurring revenue growth was not material.

² Organic Revenue Growth and CAGR: Organic revenue growth and CAGR are non-GAAP financial measures and represent the percentage change in revenue for a measurement period, as compared to the prior year period(s), excluding the impact of changes in foreign currency exchange rates, certain business acquisitions, and divestitures. Management believes that reporting organic revenue growth and CAGR provides useful information to investors by facilitating easier comparisons of our revenue performance with prior and future periods and to the performance of our peers. Organic revenue growth and CAGR should be considered in addition to, and not as replacements of or superior measures to, revenue growth and CAGR reported in accordance with GAAP. The percentage change in revenue resulting from acquisitions represents revenues during the current year period, limited to the initial 12 months from the date of the acquisition, that are directly attributable to business acquisitions. Effective January 1, 2018, we exclude only acquisitions that are considered to be a business (consistent with ASU 2017-01, *Business Combinations: (Topic 805) Clarifying the Definition of a Business*) from organic revenue growth. For more detail on what acquisitions we consider to be a business in computing organic growth, please see *Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations and Trends – Non-GAAP Financial Measures*, contained in the *Company’s Annual Report on Form 10-K* for the year ended December 31, 2022, available at www.idexx.com/investors. See tables included in Footnote 3, *Normalized Organic Revenue Growth* for reconciliation of Total Company and Worldwide CAG Diagnostics recurring organic revenue growth to reported growth.

³ Normalized Organic Revenue Growth: Normalized organic revenue growth and CAGR are non-GAAP financial measures that represent organic revenue growth and CAGR, normalized for the effects of our transition to an all-direct sales strategy in the U.S., which was effected fully by January 1, 2015, on revenue growth for the relevant period(s) in 2014 and 2015. Management believes that reporting normalized organic revenue growth and CAGR is a more useful way to measure business performance because it enables better period-over-period comparisons of the fundamental financial results by excluding one-time transitional growth rate impacts. Normalized organic revenue growth and CAGR should be considered in addition to, and not as replacements of or superior measures to, revenue growth or CAGR reported in accordance with GAAP. During our transition to an all-direct sales strategy, we incurred one-time transitional impacts related to the drawdown of distributor inventory in the fourth quarter of 2014 and reported revenues for 2014 have been adjusted to exclude this \$25 million impact. Further, during the three months ended December 31, 2014, we began recognizing revenue on rapid assay kits and instrument consumables upon delivery to end users in the U.S., instead of at distribution. We also began to capture additional revenue that was previously earned by our distribution partners, net of other changes related to this all-direct strategy, such as free next-day shipping and a new returns policy for expired product. We refer to this net additional revenue as distributor margin capture, and 2015 revenue has been adjusted ~\$40 million to exclude this impact. Amounts presented may not recalculate due to rounding.

	CAGR			
Total Company	2010-2015	2015-2019	2017-2022	2019-2022
Reported Growth	8%	11%	11%	12%
Currency Impact ⁴	-1%	0%	0%	0%
Acquisition Impact	0%	0%	0%	1%
Organic Revenue Growth	9%	11%	11%	11%
Margin Capture Adjustment	1%			
Normalized Organic Revenue Growth	8%	11%	11%	11%

	CAGR			
Worldwide CAG Diagnostics Recurring	2010-2015	2015-2019	2017-2022	2019-2022
Reported Growth	9%	12%	12.9%	13%
Currency Impact ⁴	-1%	0%	0.0%	0%
Acquisition Impact	0%	0%	0.0%	1%
Organic Revenue Growth	10%	13%	12.9%	13%
Margin Capture Adjustment	1%			
Normalized Organic Revenue Growth	9%	13%	12.9%	13%

Footnotes

4 Constant Currency: Constant currency references are non-GAAP financial measures which exclude the impact of changes in foreign currency exchange rates and are consistent with how management evaluates our performance and comparisons with prior and future periods. We estimated the net impacts of currency on our revenue, gross profit, operating profit, and EPS results by restating results to the average exchange rates or exchange rate assumptions for the comparative period, which includes adjusting for the estimated impacts of foreign currency hedging transactions and certain impacts on our effective tax rates. Prior periods were restated to current rates and may vary from previously reported constant currency figures. See Footnote 2, *Organic Revenue Growth and CAGR*, and Footnote 3, *Normalized Organic Revenue Growth and CAGR* for further details of currency impacts on revenue growth. See Footnote 5, *Comparable Operating Margin Gain (or Expansion)*, and Footnote 6, *Comparable EPS Growth*, for further details of currency impacts on operating margin gain and EPS growth, respectively.

5 Comparable Operating Margin Gain (or Expansion): Comparable operating margin gain (or expansion) is a non-GAAP financial measure and excludes the impact of changes in foreign currency exchange rates and non-recurring or unusual items (if any). Comparable Operating Margin Gain (or Expansion) for a measurement period is calculated using the measurement period's comparable Operating Margin and the prior base period's comparable Operating Margin excluding change from currency. Management believes that reporting comparable operating margin gain (or expansion) provides useful information to investors because it enables better period-over-period comparisons of the fundamental financial results by excluding items that vary independent of performance and provides greater transparency to investors regarding key metrics used by management. Comparable operating margin gain (or expansion) should be considered in addition to, and not as a replacement of or superior measure to, operating margin gain reported in accordance with GAAP. The reconciliation of comparable operating margin gain (or expansion) is provided in the table below. Amounts presented may not recalculate due to rounding.

For the Year Ended December 31,						
	2017	2018	2019	2020	2021	2022
Operating Margin (as reported)	21.0%	22.2%	23.0%	25.7%	29.0%	26.7%
Comparability Adjustments (bps):						
<i>Change from currency</i>	(10)	(10)	10	(30)	10	10
<i>CEO transition charges</i>			(60)			
<i>Ongoing litigation matter</i>				(100)		
Comparable operating margin	21.1%	22.3%	23.4%	27.0%	28.8%	26.6%
Comparable operating margin gains		130 bps	120 bps	340 bps	220 bps	-240 bps

Footnotes

⁶ Comparable EPS Growth: Comparable EPS growth is a non-GAAP financial measure and represents the percentage change in earnings per share (diluted) ("EPS") for a measurement period, as compared to the prior base period, net of the impact of changes in foreign currency exchange rates from the prior base period and excluding the tax benefits of share-based compensation activity under ASU 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, a one-time negative impact related to the 2017 Tax Cuts and Jobs Act, and non-recurring or unusual items. Comparable EPS growth for a measurement period is calculated using the measurement period's comparable EPS and the prior base period's comparable EPS excluding change from currency. Management believes comparable EPS growth is a more useful way to measure the Company's business performance than EPS growth because it enables better period-over-period comparisons of the fundamental financial results by excluding items that vary independent of performance and provide greater transparency to investors regarding a key metric used by management. Comparable EPS growth should be considered in addition to, and not as a replacement of or a superior measure to, EPS growth reported in accordance with GAAP. The reconciliation of this non-GAAP financial measure is provided in the table below. Amounts presented may not recalculate due to rounding.

	For the Year Ended December 31,					
	2017	2018	2019	2020	2021	2022
<i>EPS growth (as reported)</i>	20%	45%	15%	37%	28%	-7%
Earnings per share (diluted)	\$ 2.94	\$ 4.26	\$ 4.89	\$ 6.71	\$ 8.60	\$8.03
Change from currency	(0.02)	0.01	(0.05)	(0.06)	0.16	(0.22)
Share-based compensation activity	0.30	0.24	0.22	0.45	0.38	0.15
Impact of U.S. Tax Reform	(0.34)					
Impact of foreign tax credit utilization	0.04					
CEO transition charges			(0.14)			
Switzerland Tax Reform				0.25		
Ongoing litigation matter				(0.24)		
Comparable EPS	\$ 2.96	\$ 4.01	\$ 4.86	\$ 6.31	\$ 8.06	\$ 8.10
Comparable EPS Growth		36%	21%	31%	29%	-1%

⁷ After-Tax Return on Invested Capital, Excluding Cash and Investments ("ROIC"): After-tax return on invested capital, excluding cash and investments, is a non-GAAP financial measure that represents our after-tax income from operations, divided by our average invested capital, excluding cash and investments, using beginning and ending balance sheet values. After-tax return on invested capital, excluding cash and investments, and after-tax income from operations and average invested capital, excluding cash and investments, are not measures of financial performance under GAAP and should be considered in addition to, and not as replacements of or superior measures to, return on assets, net income, total assets or other financial measures reported in accordance with GAAP. Management believes that reporting after-tax return on invested capital, excluding cash and investments, provides useful information to investors for evaluating the efficiency and effectiveness of our use of capital. The reconciliation of this non-GAAP financial measure is as follows:

Footnotes

⁷ After-Tax Return on Invested Capital, Excluding Cash and Investments (“ROIC”), *continued*:

	For the Year Ended December 31,	
Numerator (amounts in millions)	2021	2022
Income from operations (as reported)		\$ 899
After-tax income from operations *		\$ 710
	As of December 31,	
Denominator (dollar amounts in millions)	2021	2022
Total shareholders' equity (deficit)	\$ 690	\$ 609
<i>Credit facility</i>	\$ 74	\$ 579
<i>Long-term debt</i>	\$ 850	\$ 769
<i>Deferred income tax assets</i>	\$ (25)	\$ (55)
<i>Deferred income tax liabilities</i>	\$ 9	\$ 8
Total invested capital	\$ 1,598	\$ 1,910
<i>Less cash & marketable securities</i>	\$ 144	\$ 113
Total invested capital, excluding cash and investments	\$ 1,453	\$ 1,797
Average invested capital, excluding cash and investments **		\$ 1,625
After-tax return on invested capital, excluding cash and investments		44%

* After-tax income from operations represents income from operations reduced by our reported effective tax rate.

** Average invested capital, excluding cash and investments, represents the average of the amount of total invested capital, excluding cash and investments.