



**FOR IMMEDIATE RELEASE**

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## **IDEXX Laboratories Announces Fourth Quarter and Full Year 2022 Results**

- **Achieves fourth quarter revenue growth of 3% reported and 7% organic, driven by CAG Diagnostics recurring revenue growth of 4% reported and 8% organic**
- **Solid growth supported by continued benefits from IDEXX execution drivers, including 13% year-over-year expansion of IDEXX's global premium instrument installed base**
- **Delivers fourth quarter EPS of \$2.05, an increase of 8% as reported and 14% on a comparable basis, supported by operating margin expansion**
- **Provides initial outlook for 2023 revenue of \$3,590 million - \$3,690 million, reflecting reported growth of 6.5% - 9.5% and organic growth of 7% - 10%**
- **Estimates 2023 EPS of \$9.27 - \$9.75, an increase of 16% - 21% as reported and 19% - 26% on a comparable basis, including ~ 10% growth benefit from lapping discrete R&D investments in 2022**

**WESTBROOK, Maine, February 6, 2023** — IDEXX Laboratories, Inc. (NASDAQ: IDXX), a global leader in pet healthcare innovation, today announced fourth quarter and full year results, as well as an update on U.S. companion animal diagnostic trends.

### **Fourth Quarter and Full Year Results**

The Company reports revenues of \$829 million for the fourth quarter of 2022, an increase of 3% compared to the prior year period on a reported basis and 7% on an organic basis. Fourth quarter results reflected solid organic revenue gains across IDEXX's CAG, Water and LPD business segments. CAG Diagnostics recurring revenue gains of 4% reported and 8% organic in the quarter were supported by continued benefits from IDEXX execution drivers including new business gains, high quality placements of CAG Diagnostics capital instruments across regions, high customer retention and net price realization. CAG revenue gains also reflect veterinary software, services and diagnostic imaging systems revenue growth of 15% as reported and 17% organically, supported by software solution placement growth and a continued shift to cloud-based products.

Earnings per diluted share ("EPS") were \$2.05 for the fourth quarter, an increase of 8% as reported and 14% on a comparable basis. Results were supported by operating margin expansion of 240 basis points as reported and 220 basis points on a comparable basis. Fourth quarter EPS included \$0.07 per share negative impact from currency changes and \$0.05 per share in tax benefits from share-based compensation.

Revenue for the full year of \$3,367 million increased 5% as reported and 7% on an organic basis, driven by 5% reported and 8% organic growth in CAG Diagnostics recurring revenue.

For the full year 2022, EPS of \$8.03 declined 7% on a reported basis and 1% on a comparable basis, including a \$0.72 negative impact, representing a 9% EPS growth headwind, related to \$80 million of discrete R&D investments in the second quarter. EPS results reflect operating margin contraction of 230 basis points as reported, driven by the impact from the discrete R&D investments. EPS results also included a \$0.22 negative impact from currency changes and \$0.15 in tax benefits from share-based compensation compared to \$0.38 in tax benefits from share-based compensation in the prior year.

The Company's revenue guidance range reflects full year 2023 growth of 6.5% - 9.5% as reported and 7% - 10% growth on an organic basis, supported by 8% - 10.5% reported growth and 8.5% - 11% organic growth in CAG Diagnostics recurring revenues. The high end of the Company's revenue guidance range reflects goals for sustained strong execution drivers, including an estimated 7% - 8% full year benefit from net price improvement. The Company's revenue guidance range aligns with an estimated 2023 EPS of \$9.27 - \$9.75, reflecting a targeted 230 - 290 basis points of reported operating margin improvement, including benefits from the lapping of discrete 2022 R&D investments.

"As a result of outstanding execution by IDEXX commercial and operational teams, IDEXX delivered continued solid CAG Diagnostics recurring revenue growth across our major regions and record full-year premium instrument placements, with solid gains across our major in-clinic platforms," said Jay Mazelsky, President and Chief Executive Officer. "Veterinarians continue to look to IDEXX as their trusted partner to deliver highly effective diagnostic testing solutions and information management products to support growing demand for companion animal healthcare. We're well positioned to build on our growth momentum moving forward as we address the significant untapped potential for companion animal healthcare globally."

### **Companion Animal Diagnostics Trends Update**

Trends in companion animal healthcare, including growth in demand for clinical services, continue to support solid growth for companion animal diagnostic products and services across regions. Average U.S. diagnostics revenue per practice grew 7% on a same-store basis in the fourth quarter, faster than 5% growth in overall clinic revenues. U.S. same-store clinical visits at veterinary practices declined 2.8% in the fourth quarter, consistent with recent trends in 2022, reflecting impacts from reductions in veterinary clinic capacity levels. Growth for pet healthcare including diagnostics remains elevated compared to pre-pandemic levels, reflecting compound annual growth of 3% in clinical visits and 12% in same-store diagnostics revenues for the U.S. compared to the fourth quarter of 2019. Additional U.S. companion animal practice weekly key metrics are available in the *Q4 2022 Earnings Snapshot* accessible on the IDEXX website, [www.idexx.com/investors](http://www.idexx.com/investors).

### **Fourth Quarter Performance Highlights**

#### **Companion Animal Group**

The Companion Animal Group generated 4% reported and 8% organic revenue growth for the fourth quarter. CAG Diagnostics organic recurring revenue growth of 8% reflects solid gains across IDEXX's major modalities globally, supported by growth in clinical service demand and expanded utilization of diagnostic products and services.

- **IDEXX VetLab® consumables** generated 4% reported and 9% organic revenue growth, supported by expansion of our global premium instrument installed base, high customer retention levels and net price gains.
- **Reference laboratory diagnostic and consulting services** generated 4% reported and 8% organic revenue growth, reflecting high single-digit growth in the U.S. and improved organic growth Internationally, supported by benefits from global net price realization.
- **Rapid assay products** generated 7% reported and 9% organic revenue growth, reflecting continued solid volume gains in the U.S. and benefits from net price increases.

Veterinary software, services and diagnostic imaging systems revenue growth increased 15% on a reported basis and 17% organically, supported by double-digit growth in subscription-based service revenues and strong growth in new veterinary software system placements.

### **Water**

Water achieved revenue growth of 6% on a reported basis and 10% on an organic basis, reflecting benefits from net price improvement and volume gains for compliance and non-compliance testing.

### **Livestock, Poultry and Dairy (“LPD”)**

LPD revenue declined 2% on a reported basis and grew 6% on an organic basis, benefiting from growth in herd health screening and improved year-over-year results in China, which now compare to normalized levels of African Swine Fever and core Swine testing.

### **Gross Profit and Operating Profit**

Gross profits increased 6%, and gross margins of 59% increased 150 basis points compared to prior year results on a reported basis and 110 basis points on a comparable basis. Gross margin results reflect benefits from net price gains, higher software service margins, lab productivity gains and comparisons to higher prior year initiative investment levels, and business mix, all of which offset inflationary cost effects.

Operating margin was 27.3% in the quarter, 240 basis points higher than the prior year period results on a reported basis and 220 basis points on a comparable basis. Operating expenses were flat on a reported basis and increased 4% on a comparable basis. Low operating expense growth reflects benefits from investment prioritization, leverage from prior commercial expansions, and favorable comparisons to prior year operating expense levels.

### **2023 Growth and Financial Performance Outlook**

The following table provides the Company's initial estimates for annual key financial metrics in 2023:

Amounts in millions except per share data and percentages

| <b>Growth and Financial Performance Outlook</b>    | <b>2023</b>                      |
|--|----------------------------------|
| <b>Revenue</b>                                     | <b>\$3,590 - \$3,690</b>         |
| <i>Reported growth</i>                             | <i>6.5% - 9.5%</i>               |
| <b>Organic growth</b>                              | <b>7% - 10%</b>                  |
| <b>CAG Diagnostics Recurring Revenue Growth</b>    |                                  |
| <i>Reported growth</i>                             | <i>8% - 10.5%</i>                |
| <b>Organic growth</b>                              | <b>8.5% - 11%</b>                |
| <b>Operating Margin</b>                            | <b>29.0% - 29.6%</b>             |
| <i>Reported operating margin expansion</i>         | <i>230 - 290 bps</i>             |
| <b>Impact of foreign exchange</b>                  | <b>(~ 50 bps)</b>                |
| <i>Comparable operating margin expansion</i>       | <i>280 - 340 bps</i>             |
| <b>Impact of 2022 discrete R&amp;D investments</b> | <b>~ 230 bps</b>                 |
| <b>EPS</b>   | <b>\$9.27 - \$9.75</b>           |
| <i>Reported growth</i>                             | <i>16% - 21%</i>                 |
| <b>Comparable growth</b>                           | <b>19% - 26%</b>                 |
| <b>Impact of 2022 discrete R&amp;D investments</b> | <b>~ 10%</b>                     |
| <b>Other Key Metrics</b>                           |                                  |
| Net interest expense                               | ~ \$48                           |
| Share-based compensation tax benefit               | ~ \$8                            |
| Share-based compensation tax rate benefit          | ~ 1 %                            |
| Effective tax rate                                 | 21.5% - 22%                      |
| Share-based compensation EPS impact                | ~ \$0.10                         |
| Reduction in average shares outstanding            | 1% - 1.5%                        |
| <b>Operating Cash Flow</b>                         | <b>100% - 110% of net income</b> |
| <b>Free Cash Flow</b>                              | <b>80% - 90% of net income</b>   |
| <b>Capital Expenditures</b>                        | <b>~ \$180 million</b>           |

The following table outlines estimates of foreign currency exchange rate impacts, net of foreign currency hedging transactions, and foreign currency exchange rate assumptions reflected in the above financial performance outlook for 2023.

### Estimated Foreign Currency Exchange Rates and Impacts

2023

|  |            |
|--|------------|
| Revenue growth rate impact                           | (~ 0.5%)   |
| CAG Diagnostics recurring revenue growth rate impact | (~ 0.5%)   |
| Operating margin growth impact                       | (~ 50 bps) |
| EPS impact   | (~ \$0.23) |
| EPS growth impact                                    | (~ 3.0%)   |

### Foreign Currency Exchange Rate Assumptions

|                             |         |
|-----------------------------|---------|
| In U.S. dollars             |         |
| euro                        | \$1.06  |
| British pound               | \$1.19  |
| Canadian dollar             | \$0.73  |
| Australian dollar           | \$0.68  |
| Relative to the U.S. dollar |         |
| Japanese yen                | ¥135    |
| Chinese renminbi            | ¥6.88   |
| Brazilian real              | R\$5.30 |

### Conference Call and Webcast Information

IDEXX Laboratories, Inc. will host a conference call today at 8:30 a.m. (Eastern) to discuss its 2022 fourth quarter and full year financial results and management's outlook. To participate in the conference call, dial 1-800-289-0459 or 1-323-794-2095 and reference access code 819614. Individuals can access a live webcast of the conference call and the *Q4 2022 Earnings Snapshot* through links on the IDEXX website, [www.idexx.com/investors](http://www.idexx.com/investors). A copy of management's prepared remarks will be posted to the IDEXX website following the completion of the conference call, and an archived edition of the webcast will be available after 1:00 p.m. (Eastern) on that day via the same link and will remain available for one year.

### About IDEXX Laboratories, Inc.

IDEXX is a global leader in pet healthcare innovation. Our diagnostic and software products and services create clarity in the complex, constantly evolving world of veterinary medicine. We support longer, fuller lives for pets by delivering insights and solutions that help the veterinary community around the world make confident decisions—to advance medical care, improve efficiency, and build thriving practices. Our innovations also help ensure the safety of milk and water across the world and maintain the health and well-being of people and livestock. IDEXX Laboratories, Inc. is a member of the S&P 500® Index. Headquartered in Maine, IDEXX employs nearly 11,000 people and offers solutions and products to customers in more than 175 countries. For more information about IDEXX, visit [www.idexx.com](http://www.idexx.com).

## Note Regarding Forward-Looking Statements

*This earnings release and the statements to be made in the accompanying earnings conference call contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including forward-looking statements about the Company's business prospects and estimates of the Company's financial results for future periods. Forward-looking statements are included under "2023 Growth and Financial Performance Outlook" and elsewhere in this earnings release and can be identified by the use of words such as "expects", "may", "anticipates", "intends", "would", "will", "plans", "believes", "estimates", "projected", "should", and similar words and expressions. Our forward-looking statements include statements relating to our expectations regarding financial and business performance; revenue growth and EPS outlooks; operating and free cash flow forecast; projected impact of foreign currency exchange rates and interest rates; projected operating margins and expenses and capital expenditures; projected tax, tax rate and EPS benefits from share-based compensation arrangements; projected effective tax rates, reduction of average shares outstanding and net interest expense; and expectations for clinical visit growth in the U.S. and net price realization. These statements are intended to provide management's expectation of future events as of the date of this earnings release; are based on management's estimates, projections, beliefs and assumptions as of the date of this earnings release; and are not guarantees of future performance. These forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, among other things, 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 the Company's Annual Report on Form 10-K for the year ended December 31, 2021 and in the corresponding sections of the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022, and September 30, 2022, as well as those described from time to time in the Company's other filings with the U.S. Securities and Exchange Commission available at [www.sec.gov](http://www.sec.gov). The Company specifically disclaims any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.*

## Statement Regarding Non-GAAP Financial Measures

*The following defines terms and conventions and provides reconciliations regarding certain measures used in this earnings release and/or the accompanying earnings conference call that are not required by, or presented in accordance with, generally accepted accounting principles in the United States of America ("GAAP"), otherwise referred to as non-GAAP financial measures. To supplement the Company's consolidated results presented in accordance with GAAP, the Company has disclosed non-GAAP financial measures that exclude or adjust certain items. Management believes these non-GAAP financial measures provide useful supplemental information for its and investors' evaluation of the Company's business performance and liquidity and are useful for period-over-period comparisons of the performance of the Company's business and its liquidity and to the performance and liquidity of our peers. While management believes that these non-GAAP financial measures are useful in evaluating the Company's 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.*

**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. These estimated currency changes impacted fourth quarter 2022 results as follows: decreased gross profit growth by 3.2%, increased gross margin growth by 40 basis points, decreased operating expense growth by 3.2%, increased operating profit margin growth by 20 basis points, and decreased EPS growth by 3.4%. Estimated currency changes impacted full year 2022 results as follows: decreased gross profit growth by 2.6%, increased gross margin growth by 40 basis points, decreased operating expense growth by 2.5%, increased operating profit margin growth by 10 basis points, and decreased EPS growth by 2.6%. Constant currency revenue growth represents the percentage change in revenue during the applicable period, as compared to the prior year period, excluding the impact of changes in foreign currency exchange rates. See the supplementary analysis of results below for revenue percentage change from currency for the three months and year ended December 31, 2022 and refer to the 2023 Growth and Financial Performance Outlook section of this press release for estimated foreign currency exchange rate impacts on 2023 projections and estimates.

**Growth and organic revenue growth** - All references to growth and organic growth refer to growth compared to the equivalent prior year period unless specifically noted. Organic revenue growth is a non-GAAP financial measure that represents the percentage change in revenue, as compared to the same period for the prior year, net of the impact of changes in foreign currency exchange rates, certain business acquisitions, and divestitures. Management believes that reporting organic revenue growth 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 should be considered in addition to, and not as a replacement of or a superior measure to, revenue growth reported in accordance with GAAP. See the supplementary analysis of results below for a reconciliation of reported revenue growth to organic revenue growth for the three and twelve months ended December 31, 2022. Please refer to the constant currency note above for a summary of foreign currency exchange rate impacts. 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. Revenue from acquisitions is not expected to have an impact on projected full year 2023 revenue growth and CAG Diagnostics recurring revenue growth. For a reconciliation of fourth quarter 2022 CAG Diagnostics recurring revenue organic growth to CAG Diagnostics recurring revenue growth reported in accordance with GAAP, see the supplementary analysis of results in the Company's earnings release dated February 2, 2022.

**Comparable growth metrics** - Comparable gross profit growth, comparable gross margin gain (or growth, comparable operating expense growth, comparable operating profit growth and comparable operating margin gain (or growth are non-GAAP financial measures and exclude the impact of changes in foreign currency exchange rates and non-recurring or unusual items (if any). Please refer to the constant currency note above for a summary of foreign currency exchange rate impacts. Management believes that reporting comparable gross profit growth, comparable gross margin gain (or growth, comparable operating expense growth, comparable operating profit growth and comparable operating margin gain (or growth 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 gross profit growth, comparable gross margin gain (or growth, comparable operating expense growth, comparable operating profit growth and comparable operating margin gain (or growth should be considered in addition to, and not as replacements of or superior measures to, gross profit growth, gross margin gain, operating expense growth, operating profit growth and operating margin gain reported in accordance with GAAP.

The reconciliation of these non-GAAP financial measures is as follows:

|  | Three Months Ended   |                      | Year-over-Year<br>Change | Twelve Months Ended  |                      | Year-over-Year<br>Change |
|--|----------------------|----------------------|--------------------------|----------------------|----------------------|--------------------------|
|  | December 31,<br>2022 | December 31,<br>2021 |                          | December 31,<br>2022 | December 31,<br>2021 |                          |
| <i>Dollar amounts in thousands</i>                                       |                      |                      |                          |                      |                      |                          |
| <b>Gross Profit (as reported)</b>  | \$ 484,927           | \$ 456,421           | 6 %                      | \$ 2,004,338         | \$ 1,889,432         | 6 %                      |
| <b>Gross margin</b>  | 58.5 %               | 57.0 %               | 150 bps                  | 59.5 %               | 58.8 %               | 70 bps                   |
| Less: comparability adjustments  |                      |                      |                          |                      |                      |                          |
| Change from currency   | (14,752)             | —                    |                          | (48,412)             | —                    |                          |
| <b>Comparable gross profit growth</b>                                    | \$ 499,679           | \$ 456,421           | 10 %                     | \$ 2,052,750         | \$ 1,889,432         | 9 %                      |
| <b>Comparable gross margin and gross margin gain (or growth)</b>         | 58.1 %               | 57.0 %               | 110 bps                  | 59.1 %               | 58.8 %               | 30 bps                   |
| <b>Operating expenses (as reported)</b>                                  | \$ 258,400           | \$ 257,230           | — %                      | \$ 1,105,573         | \$ 957,404           | 15 %                     |
| Less: comparability adjustments  |                      |                      |                          |                      |                      |                          |
| Change from currency   | (8,277)              | —                    |                          | (23,549)             | —                    |                          |
| <b>Comparable operating expense growth</b>                               | 266,677              | 257,230              | 4 %                      | 1,129,122            | 957,404              | 18 %                     |
| <b>Income from operations (as reported)</b>                              | \$ 226,527           | \$ 199,191           | 14 %                     | \$ 898,765           | \$ 932,028           | (4)%                     |
| <b>Operating margin</b>  | 27.3 %               | 24.9 %               | 240 bps                  | 26.7 %               | 29.0 %               | -230 bps                 |
| Less: comparability adjustments  |                      |                      |                          |                      |                      |                          |
| Change from currency   | (6,475)              | —                    |                          | (24,864)             | —                    |                          |
| <b>Comparable operating profit growth</b>                                | \$ 233,002           | \$ 199,191           | 17 %                     | \$ 923,629           | \$ 932,028           | (1)%                     |
| <b>Comparable operating margin and operating margin gain (or growth)</b> | 27.1 %               | 24.9 %               | 220 bps                  | 26.6 %               | 29.0 %               | -240 bps                 |

Amounts presented may not recalculate due to rounding.

Projected 2023 comparable operating margin expansion outlined in the 2023 Growth and Financial Performance Outlook section of this earnings release reflects the projected full year 2023 reported operating margin adjusted for estimated negative year-over-year foreign currency exchange rate change impact of approximately 50 basis points.

These impacts described above reconcile reported gross profit growth, gross margin gain, operating expense growth, operating profit growth and operating margin gain (including projected 2023 operating margin expansion) to comparable gross profit growth, comparable gross margin gain, comparable operating expense growth, comparable operating profit growth and comparable operating margin gain for the Company.

**Comparable EPS growth** - Comparable EPS growth is a non-GAAP financial measure that 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*, and non-recurring or unusual items (if any). 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 provides 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. Please refer to the constant currency note above for a summary of foreign currency exchange rate impacts.

The reconciliation of this non-GAAP financial measure is as follows:

|                                     | Three Months Ended   |                      | Year-over-Year<br>Growth | Twelve Months Ended  |                      | Year-over-Year<br>Growth |
|-------------------------------------|----------------------|----------------------|--------------------------|----------------------|----------------------|--------------------------|
|                                     | December 31,<br>2022 | December 31,<br>2021 |                          | December 31,<br>2022 | December 31,<br>2021 |                          |
| <b>Earnings per share (diluted)</b> | \$ 2.05              | \$ 1.89              | 8 %                      | \$ 8.03              | \$ 8.60              | (7%)                     |
| Less: comparability adjustments     |                      |                      |                          |                      |                      |                          |
| Share-based compensation activity   | 0.05                 | 0.08                 |                          | 0.15                 | 0.38                 |                          |
| Change from currency                | (0.07)               | —                    |                          | (0.22)               | —                    |                          |
| <b>Comparable EPS growth</b>        | 2.07                 | 1.81                 | 14 %                     | 8.10                 | 8.22                 | (1%)                     |

*Amounts presented may not recalculate due to rounding.*

Projected 2023 comparable EPS growth outlined in the 2023 Growth and Financial Performance Outlook section of this earnings release reflects the following adjustments: (i) full year 2022 reported EPS adjusted for positive share-based compensation activity of \$0.15 for full year 2022; and (ii) projected full year 2023 reported EPS adjusted for estimated positive share-based compensation activity of \$0.10 and estimated negative year-over-year foreign currency exchange rate change impact of \$0.23.

These impacts and those described in the constant currency note above reconcile reported EPS growth (including projected 2023 reported EPS growth) to comparable EPS growth for the Company.

**Free cash flow** - Free cash flow is a non-GAAP financial measure and means, with respect to a measurement period, the cash generated from operations during that period, reduced by the Company's investments in property and equipment. Management believes free cash flow is a useful measure because it indicates the cash the operations of the business are generating after appropriate reinvestment for recurring investments in property and equipment that are required to operate the business. Free cash flow should be considered in addition to, and not as a replacement of or a superior measure to, net cash provided by operating activities. See the supplementary analysis of results below for our calculation of free cash flow for the years ended December 31, 2022 and 2021. To estimate projected 2023 free cash flow, we have deducted projected purchases of property and equipment (also referred to as capital expenditures) of ~\$180 million. Free cash flow conversion, or the net income to free cash flow ratio, is a non-GAAP financial measure that is defined as free cash flow, with respect to a measurement period, divided by net income for the same period. To calculate the free cash flow conversion for the twelve months ended December 31, 2022, we have deducted purchases of property and equipment of approximately \$149 million from net cash provided from operating activities of approximately \$543 million, divided by net income of approximately \$680 million.

**Debt to Adjusted EBITDA (Leverage Ratios)** - Adjusted EBITDA, gross debt, and net debt are non-GAAP financial measures. Adjusted EBITDA is a non-GAAP financial measure of earnings before interest, taxes, depreciation, amortization, non-recurring transaction expenses incurred in connection with acquisitions, share-based compensation expense, and certain other non-cash losses and charges. Management believes that reporting Adjusted EBITDA, gross debt and net debt in the Debt to Adjusted EBITDA ratios provides supplemental analysis to help investors further evaluate the Company's business performance and available borrowing capacity under the Company's credit facility. Adjusted EBITDA, gross debt, and net debt should be considered in addition to, and not as replacements of or superior measures to, net income or total debt reported in accordance with GAAP. For further information on how Adjusted EBITDA and the Debt to Adjusted EBITDA Ratios are calculated, see the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022.

**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. After-tax return on invested capital, excluding cash and investments, represents our after-tax income from operations, divided by our average invested capital, excluding cash and investments, using beginning and ending balance sheet values. Management believes that reporting ROIC provides useful information to investors for evaluating the efficiency and effectiveness of our use of capital. ROIC, 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. See the supplementary table below for reconciliation of this non-GAAP financial measure.



**IDEXX Laboratories, Inc. and Subsidiaries**  
**Condensed Consolidated Statement of Operations**  
*Amounts in thousands except per share data (Unaudited)*

|                             |  | Three Months Ended   |                      | Twelve Months Ended  |                      |
|-----------------------------|--|----------------------|----------------------|----------------------|----------------------|
|                             |  | December 31,<br>2022 | December 31,<br>2021 | December 31,<br>2022 | December 31,<br>2021 |
| <b>Revenue:</b>             | Revenue  | \$828,568            | \$801,090            | \$3,367,324          | \$3,215,360          |
| <b>Expenses and Income:</b> | Cost of revenue  | 343,641              | 344,669              | 1,362,986            | 1,325,928            |
|                             | Gross profit   | 484,927              | 456,421              | 2,004,338            | 1,889,432            |
|                             | Sales and marketing                                    | 131,935              | 128,458              | 524,505              | 486,735              |
|                             | General and administrative                             | 83,047               | 83,466               | 326,248              | 309,660              |
|                             | Research and development                               | 43,418               | 45,306               | 254,820              | 161,009              |
|                             | Income from operations                                 | 226,527              | 199,191              | 898,765              | 932,028              |
|                             | Interest expense, net                                  | (13,312)             | (7,308)              | (38,793)             | (29,374)             |
|                             | Income before provision for income taxes               | 213,215              | 191,883              | 859,972              | 902,654              |
|                             | Provision for income taxes                             | 41,008               | 29,112               | 180,883              | 157,810              |
| <b>Net Income:</b>          | Net income   | 172,207              | 162,771              | 679,089              | 744,844              |
|                             | Less: Noncontrolling interest in subsidiary's earnings | —                    | —                    | —                    | (1)                  |
|                             | Net income attributable to stockholders                | \$172,207            | \$162,771            | \$679,089            | \$744,845            |
|                             | Earnings per share: Basic                              | \$2.08               | \$1.92               | \$8.12               | \$8.74               |
|                             | Earnings per share: Diluted                            | \$2.05               | \$1.89               | \$8.03               | \$8.60               |
|                             | Shares outstanding: Basic                              | 82,934               | 84,828               | 83,623               | 85,200               |
|                             | Shares outstanding: Diluted                            | 83,815               | 86,142               | 84,600               | 86,572               |

**IDEXX Laboratories, Inc. and Subsidiaries**  
Selected Operating Information (*Unaudited*)

|                                      |  | Three Months Ended   |                      | Twelve Months Ended  |                      |
|--------------------------------------|--|----------------------|----------------------|----------------------|----------------------|
|                                      |  | December 31,<br>2022 | December 31,<br>2021 | December 31,<br>2022 | December 31,<br>2021 |
| <b>Operating Ratios</b>              | Gross profit   | 58.5%                | 57.0%                | 59.5%                | 58.8%                |
| <i>(as a percentage of revenue):</i> | Sales, marketing, general and administrative expense | 25.9%                | 26.5%                | 25.3%                | 24.8%                |
|                                      | Research and development expense                     | 5.2%                 | 5.7%                 | 7.6%                 | 5.0%                 |
|                                      | Income from operations <sup>1</sup>                  | 27.3%                | 24.9%                | 26.7%                | 29.0%                |

<sup>1</sup>Amounts presented may not recalculate due to rounding.

**IDEXX Laboratories, Inc. and Subsidiaries****Segment Information***Amounts in thousands (Unaudited)*

|                                |              | Three Months Ended  |               | Three Months Ended  |               |
|--------------------------------|--------------|---------------------|---------------|---------------------|---------------|
|                                |              | December 31,        | Percent of    | December 31,        | Percent of    |
|                                |              | 2022                | Revenue       | 2021                | Revenue       |
| <b>Revenue:</b>                | CAG          | \$748,532           |               | \$719,103           |               |
|                                | Water        | 39,314              |               | 37,131              |               |
|                                | LPD          | 33,396              |               | 33,967              |               |
|                                | Other        | 7,326               |               | 10,889              |               |
|                                | <b>Total</b> | <b>\$828,568</b>    |               | <b>\$801,090</b>    |               |
| <b>Gross Profit:</b>           | CAG          | \$434,890           | 58.1 %        | \$406,273           | 56.5 %        |
|                                | Water        | 27,357              | 69.6 %        | 25,038              | 67.4 %        |
|                                | LPD          | 18,996              | 56.9 %        | 18,309              | 53.9 %        |
|                                | Other        | 3,684               | 50.3 %        | 6,801               | 62.5 %        |
|                                | <b>Total</b> | <b>\$484,927</b>    | <b>58.5 %</b> | <b>\$456,421</b>    | <b>57.0 %</b> |
| <b>Income from Operations:</b> | CAG          | \$199,844           | 26.7 %        | \$174,130           | 24.2 %        |
|                                | Water        | 18,021              | 45.8 %        | 15,845              | 42.7 %        |
|                                | LPD          | 5,362               | 16.1 %        | 4,360               | 12.8 %        |
|                                | Other        | 3,300               | 45.0 %        | 4,856               | 44.6 %        |
|                                | <b>Total</b> | <b>\$226,527</b>    | <b>27.3 %</b> | <b>\$199,191</b>    | <b>24.9 %</b> |
|                                |              | Twelve Months Ended |               | Twelve Months Ended |               |
|                                |              | December 31,        | Percent of    | December 31,        | Percent of    |
|                                |              | 2022                | Revenue       | 2021                | Revenue       |
| <b>Revenue:</b>                | CAG          | \$3,058,793         |               | \$2,889,960         |               |
|                                | Water        | 155,720             |               | 146,505             |               |
|                                | LPD          | 122,607             |               | 135,887             |               |
|                                | Other        | 30,204              |               | 43,008              |               |
|                                | <b>Total</b> | <b>\$3,367,324</b>  |               | <b>\$3,215,360</b>  |               |
| <b>Gross Profit:</b>           | CAG          | \$1,806,577         | 59.1 %        | \$1,683,804         | 58.3 %        |
|                                | Water        | 109,859             | 70.5 %        | 100,944             | 68.9 %        |
|                                | LPD          | 73,001              | 59.5 %        | 81,564              | 60.0 %        |
|                                | Other        | 14,901              | 49.3 %        | 23,120              | 53.8 %        |
|                                | <b>Total</b> | <b>\$2,004,338</b>  | <b>59.5 %</b> | <b>\$1,889,432</b>  | <b>58.8 %</b> |
| <b>Income from Operations:</b> | CAG          | \$800,949           | 26.2 %        | \$824,022           | 28.5 %        |
|                                | Water        | 72,519              | 46.6 %        | 65,444              | 44.7 %        |
|                                | LPD          | 19,809              | 16.2 %        | 28,636              | 21.1 %        |
|                                | Other        | 5,488               | 18.2 %        | 13,926              | 32.4 %        |
|                                | <b>Total</b> | <b>\$898,765</b>    | <b>26.7 %</b> | <b>\$932,028</b>    | <b>29.0 %</b> |

**IDEXX Laboratories, Inc. and Subsidiaries****Revenues and Revenue Growth Analysis by Product and Service Categories and by Domestic and International Markets***Amounts in thousands (Unaudited)*

| Net Revenue          | Three Months Ended |                   |                  | Reported Revenue Growth <sup>1</sup> | Percentage Change from Currency | Percentage Change from Acquisitions | Organic Revenue Growth <sup>1</sup> |
|----------------------|--------------------|-------------------|------------------|--------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
|                      | December 31, 2022  | December 31, 2021 | Dollar Change    |                                      |                                 |                                     |                                     |
| <b>CAG</b>           | <b>\$748,532</b>   | <b>\$719,103</b>  | <b>\$29,429</b>  | <b>4.1%</b>                          | <b>(3.8%)</b>                   | <b>—</b>                            | <b>7.9%</b>                         |
| <i>United States</i> | 510,072            | 466,322           | 43,750           | 9.4%                                 | —                               | —                                   | 9.4%                                |
| <i>International</i> | 238,460            | 252,781           | (14,321)         | (5.7%)                               | (10.5%)                         | —                                   | 4.8%                                |
| <b>Water</b>         | <b>\$39,314</b>    | <b>\$37,131</b>   | <b>\$2,183</b>   | <b>5.9%</b>                          | <b>(5.4%)</b>                   | <b>1.7%</b>                         | <b>9.5%</b>                         |
| <i>United States</i> | 18,571             | 17,123            | 1,448            | 8.5%                                 | —                               | —                                   | 8.5%                                |
| <i>International</i> | 20,743             | 20,008            | 735              | 3.7%                                 | (10.2%)                         | 3.4%                                | 10.5%                               |
| <b>LPD</b>           | <b>\$33,396</b>    | <b>\$33,967</b>   | <b>(\$571)</b>   | <b>(1.7%)</b>                        | <b>(7.8%)</b>                   | <b>—</b>                            | <b>6.2%</b>                         |
| <i>United States</i> | 4,579              | 4,185             | 394              | 9.4%                                 | —                               | —                                   | 9.4%                                |
| <i>International</i> | 28,817             | 29,782            | (965)            | (3.2%)                               | (8.9%)                          | —                                   | 5.7%                                |
| <b>Other</b>         | <b>\$7,326</b>     | <b>\$10,889</b>   | <b>(\$3,563)</b> | <b>(32.7%)</b>                       | <b>(0.6%)</b>                   | <b>—</b>                            | <b>(32.1%)</b>                      |
| <b>Total Company</b> | <b>\$828,568</b>   | <b>\$801,090</b>  | <b>\$27,478</b>  | <b>3.4%</b>                          | <b>(4.0%)</b>                   | <b>0.1%</b>                         | <b>7.3%</b>                         |
| <i>United States</i> | 536,936            | 493,464           | 43,472           | 8.8%                                 | —                               | —                                   | 8.8%                                |
| <i>International</i> | 291,632            | 307,626           | (15,994)         | (5.2%)                               | (10.1%)                         | 0.2%                                | 4.7%                                |

| Net CAG Revenue  | Three Months Ended |                   |               | Reported Revenue Growth <sup>1</sup> | Percentage Change from Currency | Percentage Change from Acquisitions | Organic Revenue Growth <sup>1</sup> |
|--|--------------------|-------------------|---------------|--------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
|  | December 31, 2022  | December 31, 2021 | Dollar Change |                                      |                                 |                                     |                                     |
| CAG Diagnostics recurring revenue:                             | \$642,748          | \$617,624         | \$25,124      | 4.1%                                 | (4.0%)                          | —                                   | 8.0%                                |
| <i>IDEXX VetLab consumables</i>                                | 261,164            | 251,623           | 9,541         | 3.8%                                 | (5.0%)                          | —                                   | 8.8%                                |
| <i>Rapid assay products</i>                                    | 71,125             | 66,380            | 4,745         | 7.1%                                 | (2.2%)                          | —                                   | 9.3%                                |
| <i>Reference laboratory diagnostic and consulting services</i> | 283,318            | 271,899           | 11,419        | 4.2%                                 | (3.4%)                          | —                                   | 7.6%                                |
| <i>CAG Diagnostics services and accessories</i>                | 27,141             | 27,722            | (581)         | (2.1%)                               | (4.9%)                          | —                                   | 2.8%                                |
| CAG Diagnostics capital – instruments                          | 38,926             | 43,495            | (4,569)       | (10.5%)                              | (4.3%)                          | —                                   | (6.2%)                              |
| Veterinary software, services and diagnostic imaging systems   | 66,858             | 57,984            | 8,874         | 15.3%                                | (1.3%)                          | —                                   | 16.6%                               |
| Net CAG revenue  | \$748,532          | \$719,103         | \$29,429      | 4.1%                                 | (3.8%)                          | —                                   | 7.9%                                |

| CAG Diagnostics recurring revenue: | Three Months Ended |                   |               | Reported Revenue Growth <sup>1</sup> | Percentage Change from Currency | Percentage Change from Acquisitions | Organic Revenue Growth <sup>1</sup> |
|------------------------------------|--------------------|-------------------|---------------|--------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
|                                    | December 31, 2022  | December 31, 2021 | Dollar Change |                                      |                                 |                                     |                                     |
| CAG Diagnostics recurring revenue: | \$642,748          | \$617,624         | \$25,124      | 4.1%                                 | (4.0%)                          | —                                   | 8.0%                                |
| <i>United States</i>               | \$432,467          | \$396,383         | \$36,084      | 9.1%                                 | —                               | —                                   | 9.1%                                |
| <i>International</i>               | \$210,281          | \$221,241         | (\$10,960)    | (5.0%)                               | (10.8%)                         | —                                   | 5.9%                                |

<sup>1</sup>See Statements Regarding Non-GAAP Financial Measures, above. Amounts presented may not recalculate due to rounding.

**IDEXX Laboratories, Inc. and Subsidiaries**

**Revenues and Revenue Growth Analysis by Product and Service Categories and by Domestic and International Markets**  
*Amounts in thousands (Unaudited)*

| Net Revenue          | Twelve Months Ended |                    |                   | Reported Revenue Growth <sup>1</sup> | Percentage Change from Currency | Percentage Change from Acquisitions | Organic Revenue Growth <sup>1</sup> |
|----------------------|---------------------|--------------------|-------------------|--------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
|                      | December 31, 2022   | December 31, 2021  | Dollar Change     |                                      |                                 |                                     |                                     |
| <b>CAG</b>           | <b>\$3,058,793</b>  | <b>\$2,889,960</b> | <b>\$168,833</b>  | <b>5.8%</b>                          | <b>(3.3%)</b>                   | <b>0.7%</b>                         | <b>8.4%</b>                         |
| <i>United States</i> | 2,073,222           | 1,881,887          | 191,335           | 10.2%                                | —                               | 0.9%                                | 9.3%                                |
| <i>International</i> | 985,571             | 1,008,073          | (22,502)          | (2.2%)                               | (9.2%)                          | 0.3%                                | 6.7%                                |
| <b>Water</b>         | <b>\$155,720</b>    | <b>\$146,505</b>   | <b>\$9,215</b>    | <b>6.3%</b>                          | <b>(4.0%)</b>                   | <b>0.5 %</b>                        | <b>9.7%</b>                         |
| <i>United States</i> | 76,875              | 70,654             | 6,221             | 8.8%                                 | —                               | —                                   | 8.8%                                |
| <i>International</i> | 78,845              | 75,851             | 2,994             | 3.9%                                 | (7.8%)                          | 1.1 %                               | 10.6%                               |
| <b>LPD</b>           | <b>\$122,607</b>    | <b>\$135,887</b>   | <b>(\$13,280)</b> | <b>(9.8%)</b>                        | <b>(5.8%)</b>                   | <b>—</b>                            | <b>(4.0%)</b>                       |
| <i>United States</i> | 16,633              | 15,626             | 1,007             | 6.4%                                 | —                               | —                                   | 6.4%                                |
| <i>International</i> | 105,974             | 120,261            | (14,287)          | (11.9%)                              | (6.4%)                          | —                                   | (5.4%)                              |
| <b>Other</b>         | <b>\$30,204</b>     | <b>\$43,008</b>    | <b>(\$12,804)</b> | <b>(29.8%)</b>                       | <b>0.2%</b>                     | <b>—</b>                            | <b>(30.0%)</b>                      |
| <b>Total Company</b> | <b>\$3,367,324</b>  | <b>\$3,215,360</b> | <b>\$151,964</b>  | <b>4.7%</b>                          | <b>(3.4%)</b>                   | <b>0.7%</b>                         | <b>7.4%</b>                         |
| <i>United States</i> | 2,182,959           | 1,995,683          | 187,276           | 9.4%                                 | —                               | 0.8%                                | 8.5%                                |
| <i>International</i> | 1,184,365           | 1,219,677          | (35,312)          | (2.9%)                               | (8.7%)                          | 0.3%                                | 5.5%                                |

| Net CAG Revenue  | Twelve Months Ended |                    |                  | Reported Revenue Growth <sup>1</sup> | Percentage Change from Currency | Percentage Change from Acquisitions | Organic Revenue Growth <sup>1</sup> |
|--|---------------------|--------------------|------------------|--------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
|  | December 31, 2022   | December 31, 2021  | Dollar Change    |                                      |                                 |                                     |                                     |
| CAG Diagnostics recurring revenue:                             | \$2,660,280         | \$2,534,562        | \$125,718        | 5.0%                                 | (3.4%)                          | 0.1%                                | 8.2%                                |
| <i>IDEXX VetLab consumables</i>                                | 1,057,236           | 1,006,781          | 50,455           | 5.0%                                 | (4.3%)                          | —                                   | 9.3%                                |
| <i>Rapid assay products</i>                                    | 313,667             | 296,852            | 16,815           | 5.7%                                 | (1.7%)                          | —                                   | 7.3%                                |
| <i>Reference laboratory diagnostic and consulting services</i> | 1,178,113           | 1,123,656          | 54,457           | 4.8%                                 | (2.9%)                          | 0.3%                                | 7.4%                                |
| <i>CAG Diagnostics services and accessories</i>                | 111,264             | 107,273            | 3,991            | 3.7%                                 | (4.5%)                          | —                                   | 8.2%                                |
| CAG Diagnostics capital – instruments                          | 147,326             | 149,140            | (1,814)          | (1.2%)                               | (4.7%)                          | —                                   | 3.5%                                |
| Veterinary software, services and diagnostic imaging systems   | 251,187             | 206,258            | 44,929           | 21.8%                                | (1.0%)                          | 7.9%                                | 14.9%                               |
| <b>Net CAG revenue</b>   | <b>\$3,058,793</b>  | <b>\$2,889,960</b> | <b>\$168,833</b> | <b>5.8%</b>                          | <b>(3.3%)</b>                   | <b>0.7%</b>                         | <b>8.4%</b>                         |

| CAG Diagnostics recurring revenue: | Twelve Months Ended |                   |               | Reported Revenue Growth <sup>1</sup> | Percentage Change from Currency | Percentage Change from Acquisitions | Organic Revenue Growth <sup>1</sup> |
|------------------------------------|---------------------|-------------------|---------------|--------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
|                                    | December 31, 2022   | December 31, 2021 | Dollar Change |                                      |                                 |                                     |                                     |
| CAG Diagnostics recurring revenue: | \$2,660,280         | \$2,534,562       | \$125,718     | 5.0%                                 | (3.4%)                          | 0.1%                                | 8.2%                                |
| <i>United States</i>               | \$1,784,403         | \$1,635,596       | \$148,807     | 9.1%                                 | —                               | —                                   | 9.1%                                |
| <i>International</i>               | \$875,877           | \$898,966         | (\$23,089)    | (2.6%)                               | (9.3%)                          | 0.4%                                | 6.4%                                |

<sup>1</sup>See Statements Regarding Non-GAAP Financial Measures, above. Amounts presented may not recalculate due to rounding.

**IDEXX Laboratories, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheet**  
*Amounts in thousands (Unaudited)*

|                                      |   | December 31,<br>2022 | December 31,<br>2021 |
|--------------------------------------|---|----------------------|----------------------|
| <b>Assets:</b>                       | <b>Current Assets:</b>                            |                      |                      |
|                                      | Cash and cash equivalents                         | \$112,546            | \$144,454            |
|                                      | Accounts receivable, net                          | 400,619              | 368,348              |
|                                      | Inventories                                       | 367,823              | 269,030              |
|                                      | Other current assets                              | 220,489              | 173,823              |
|                                      | <b>Total current assets</b>                       | <b>1,101,477</b>     | <b>955,655</b>       |
|                                      | Property and equipment, net                       | 649,474              | 587,667              |
|                                      | Other long-term assets, net                       | 995,814              | 893,881              |
|                                      | <b>Total assets</b>                               | <b>\$2,746,765</b>   | <b>\$2,437,203</b>   |
| <b>Liabilities and Stockholders'</b> |   |                      |                      |
| <b>Equity:</b>                       | <b>Current Liabilities:</b>                       |                      |                      |
|                                      | Accounts payable                                  | \$110,221            | \$116,140            |
|                                      | Accrued liabilities                               | 433,662              | 458,909              |
|                                      | Credit facility                                   | 579,000              | 73,500               |
|                                      | Current portion of long-term debt                 | 74,982               | 74,996               |
|                                      | Deferred revenue                                  | 37,938               | 40,034               |
|                                      | <b>Total current liabilities</b>                  | <b>1,235,803</b>     | <b>763,579</b>       |
|                                      | Long-term debt, net of current portion            | 694,387              | 775,205              |
|                                      | Other long-term liabilities, net                  | 207,838              | 208,427              |
|                                      | <b>Total long-term liabilities</b>                | <b>902,225</b>       | <b>983,632</b>       |
|                                      | <b>Total stockholders' equity</b>                 | <b>608,737</b>       | <b>689,992</b>       |
|                                      | <b>Total liabilities and stockholders' equity</b> | <b>\$2,746,765</b>   | <b>\$2,437,203</b>   |

**IDEXX Laboratories, Inc. and Subsidiaries**  
Selected Balance Sheet Information (Unaudited)

|  |                                     | December 31,<br>2022 | September 30,<br>2022 | June 30,<br>2022 | March 31,<br>2022 | December 31,<br>2021 |
|--|-------------------------------------|----------------------|-----------------------|------------------|-------------------|----------------------|
| <b>Selected Balance Sheet Information:</b> | Days sales outstanding <sup>1</sup> | 43.4                 | 43.4                  | 43.2             | 42.0              | 42.4                 |
|  | Inventory turns <sup>2</sup>        | 1.3                  | 1.3                   | 1.5              | 1.6               | 2.0                  |

<sup>1</sup>Days sales outstanding represents the average of the accounts receivable balances at the beginning and end of each quarter divided by revenue for that quarter, the result of which is then multiplied by 91.25 days.

<sup>2</sup>Inventory turns represent inventory-related cost of product revenue for the twelve months preceding each quarter-end divided by the average inventory balances at the beginning and end of each quarter.

**IDEXX Laboratories, Inc. and Subsidiaries**  
**Condensed Consolidated Statement of Cash Flows**  
*Amounts in thousands (Unaudited)*

|                   |   | Twelve Months Ended  |                      |
|-------------------|---|----------------------|----------------------|
|                   |   | December 31,<br>2022 | December 31,<br>2021 |
| <b>Operating:</b> | <b>Cash Flows from Operating Activities:</b>  |                      |                      |
|                   | Net income  | \$679,089            | \$744,844            |
|                   | Non-cash charges  | 137,425              | 148,225              |
|                   | Changes in assets and liabilities   | (273,530)            | (137,523)            |
|                   | Net cash provided by operating activities   | 542,984              | 755,546              |
| <b>Investing:</b> | <b>Cash Flows from Investing Activities:</b>  |                      |                      |
|                   | Purchases of property and equipment   | (148,838)            | (119,549)            |
|                   | Acquisitions of businesses, intangible assets and equity investment, net of cash acquired | (46,512)             | (173,418)            |
|                   | Net cash (used) provided by investing activities  | (195,350)            | (292,967)            |
| <b>Financing:</b> | <b>Cash Flows from Financing Activities:</b>  |                      |                      |
|                   | Repayments on credit facilities, net  | 505,500              | 73,500               |
|                   | Payments of senior debt   | (75,000)             | (50,000)             |
|                   | Debt issuance costs   | (435)                | (2,650)              |
|                   | Purchase of minority interest   | —                    | (990)                |
|                   | Payment of acquisition-related contingent considerations                                  | (6,431)              | (1,500)              |
|                   | Repurchases of common stock   | (819,711)            | (746,777)            |
|                   | Proceeds from exercises of stock options and employee stock purchase plans                | 35,747               | 46,565               |
|                   | Shares withheld for statutory tax withholding payments on restricted stock                | (10,606)             | (15,562)             |
|                   | Net cash used by financing activities   | (370,936)            | (697,414)            |
|                   | Net effect of changes in exchange rates on cash   | (8,606)              | (4,639)              |
|                   | Net change in cash and cash equivalents   | (31,908)             | (239,474)            |
|                   | Cash and cash equivalents, beginning of period  | 144,454              | 383,928              |
|                   | Cash and cash equivalents, end of period  | \$112,546            | \$144,454            |

**IDEXX Laboratories, Inc. and Subsidiaries**  
**Free Cash Flow**  
*Amounts in thousands (Unaudited)*

|                        |  | Twelve Months Ended  |                      |
|------------------------|--|----------------------|----------------------|
|                        |  | December 31,<br>2022 | December 31,<br>2021 |
| <b>Free Cash Flow:</b> | Net cash provided by operating activities                                | \$542,984            | \$755,546            |
|                        | Investing cash flows attributable to purchases of property and equipment | (148,838)            | (119,549)            |
|                        | Free cash flow <sup>1</sup>  | \$394,146            | \$635,997            |

<sup>1</sup>See Statements Regarding Non-GAAP Financial Measures, above.

## IDEXX Laboratories, Inc. and Subsidiaries

### After-Tax Return on Invested Capital, Excluding Cash and Investments ("ROIC")

Amounts in thousands (Unaudited)

| Numerator (amounts in thousands)                                      | For the Year Ended<br>December 31, 2022 |                            |
|---|---|----------------------------|
| Income from operations (as reported)                                  | \$898,765                               |                            |
| After-tax income from operations <sup>1</sup>                         | \$709,722                               |                            |
| Denominator (dollar amounts in thousands)                             | As of<br>December 31, 2022              | As of<br>December 31, 2021 |
| Total shareholders' equity  | \$608,737                               | \$689,992                  |
| Credit facility   | 579,000                                 | 73,500                     |
| Long-term debt, current portion                                       | 74,982                                  | 74,996                     |
| Long-term debt, net of current portion                                | 694,387                                 | 775,205                    |
| Deferred income tax assets  | (55,215)                                | (24,784)                   |
| Deferred income tax liabilities                                       | 8,150                                   | 8,935                      |
| Total invested capital  | \$1,910,041                             | \$1,597,844                |
| Less cash and cash equivalents  | 112,546                                 | 144,454                    |
| Total invested capital, excluding cash and investments                | \$1,797,495                             | \$1,453,390                |
| Average invested capital, excluding cash and investments <sup>2</sup> | \$1,625,443                             |                            |
| After-tax return on invested capital, excluding cash and investments  | <b>44 %</b>                             |                            |

<sup>1</sup>After-tax income from operations represents income from operations reduced by our reported effective tax rate.

<sup>2</sup>Average invested capital, excluding cash and investments, represents the average of the amount of total invested capital, excluding cash and investments.

## IDEXX Laboratories, Inc. and Subsidiaries

### Common Stock Repurchases

Amounts in thousands except per share data (Unaudited)

|  | Three Months Ended   |                      | Twelve Months Ended  |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December 31,<br>2022 | December 31,<br>2021 | December 31,<br>2022 | December 31,<br>2021 |
| Shares repurchased in the open market                                    | 199                  | 391                  | 1,963                | 1,283                |
| Shares acquired through employee surrender for statutory tax withholding | —                    | —                    | 21                   | 29                   |
| Total shares repurchased   | 199                  | 391                  | 1,984                | 1,312                |
| Cost of shares repurchased in the open market                            | \$68,281             | \$244,608            | \$810,942            | \$755,545            |
| Cost of shares for employee surrenders                                   | 54                   | 61                   | 10,606               | 15,562               |
| Total cost of shares   | \$68,335             | \$244,669            | \$821,548            | \$771,107            |
| Average cost per share – open market repurchases                         | \$342.35             | \$626.25             | \$413.12             | \$588.58             |
| Average cost per share – employee surrenders                             | \$439.17             | \$600.02             | \$501.89             | \$548.08             |
| Average cost per share – total   | \$342.41             | \$626.25             | \$414.06             | \$587.70             |