

IDEXX Opportunity and Strategy Overview

Jay Mazelsky,
President & CEO

IDEXX Investor Day | August 12, 2021

IDEXX





Shu-Shu 

Jay Mazelsky

President and Chief Executive Officer



Safe Harbor Disclaimer

This presentation 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, as well as a number of assumptions concerning future events, and speak only as of the August 12, 2021 date of this presentation. These statements are subject to risks, uncertainties, assumptions and other important factors. You are cautioned not to put undue reliance on such forward-looking statements because actual results may vary materially from those expressed or implied. The reports filed by the Company with the United States Securities and Exchange Commission pursuant to United States securities laws contain discussions of some of these risks and uncertainties, and you are advised to review these reports (which are available from the SEC’s EDGAR database at www.sec.gov and the Company’s website at www.idexx.com/investors). 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.

We refer in this presentation to 2021 outlook and 2021 free cash flow outlook communicated on July 30, 2021; these references speak only as of July 30, 2021, and shall not be deemed to be a reiteration or affirmation of the guidance or projection, or an indication that our expectations have not changed since that time. We also refer in this presentation to multi-year goals, long-term financial model, revenue growth potential, long-term EPS growth potential, targeted average annual comparable operating margin gain, and long-term free cash flow outlook. None of these references constitute and shall not be deemed to be the Company’s outlook, guidance or projections.

Non-GAAP Financial Measures

In this presentation, we refer to some non-GAAP financial measures. For a reconciliation to the most directly 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, 2020, both available at www.idexx.com/investors.

Please refer to additional footnotes in the Appendix.

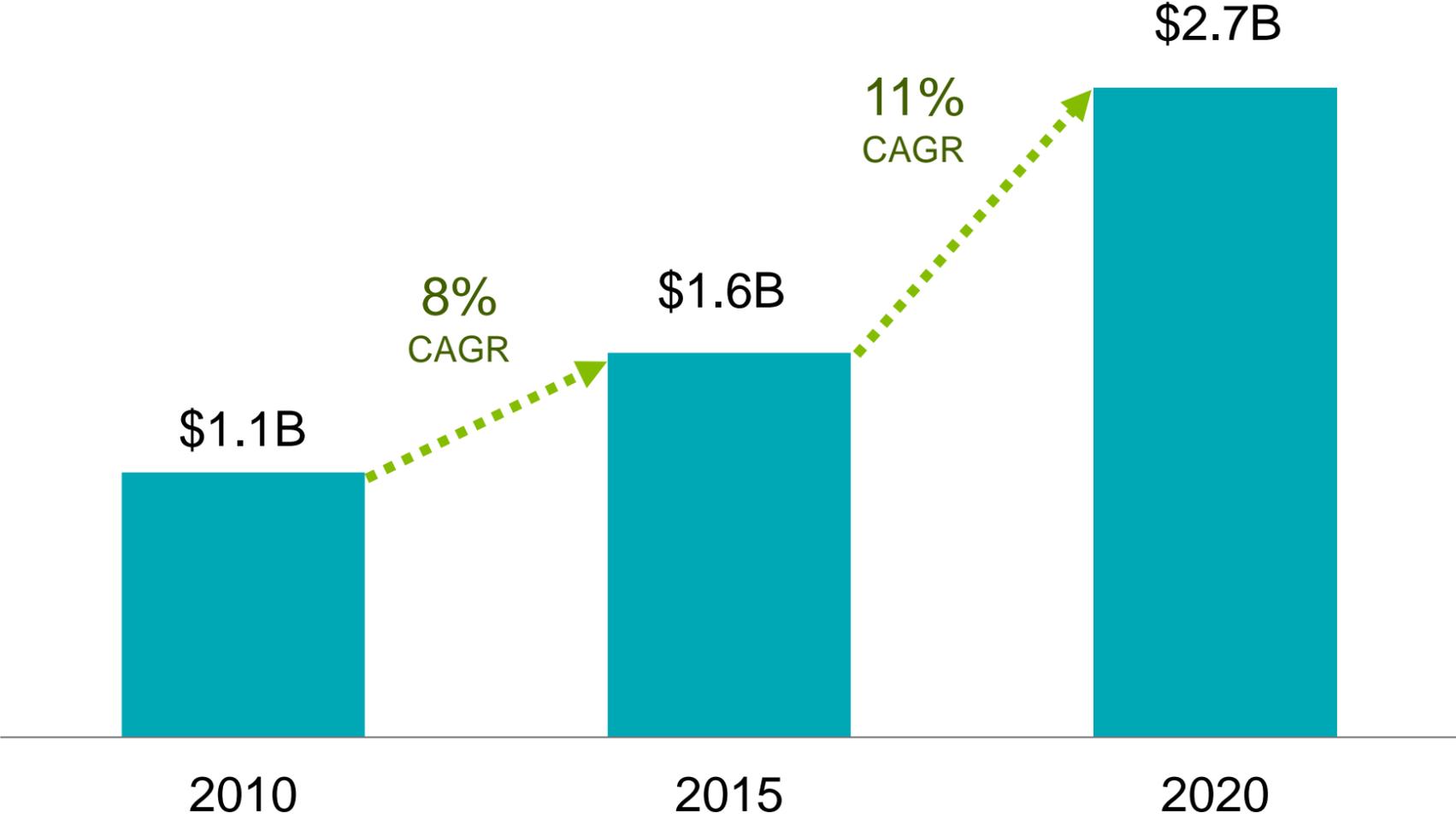
IDEXX Focus: Increasing Companion Animal Healthcare Globally Through Innovation, Insight and Customer-focused Engagement

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



Consistent Strategy Yields High Long-term Revenue Growth and ROIC

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



ROIC⁷ of 55% in 2020

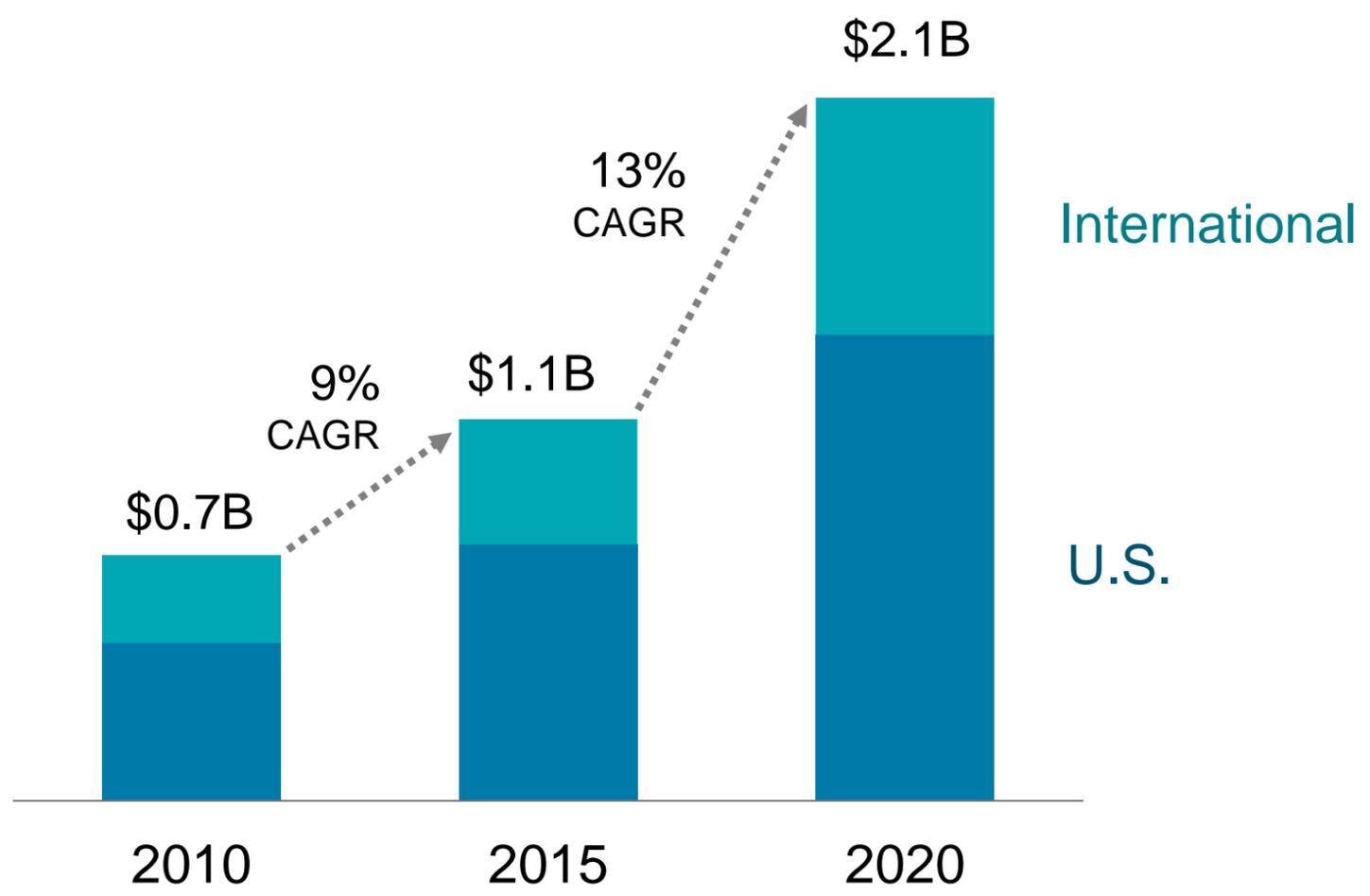
Key Growth Drivers

- Innovation: diagnostic menu, new and existing platform extensions, integrated software
- Direct commercial model with subject matter experts and supporting ecosystem
- Geographic expansion
- Advancement of leading reference lab service model and network in key geographies

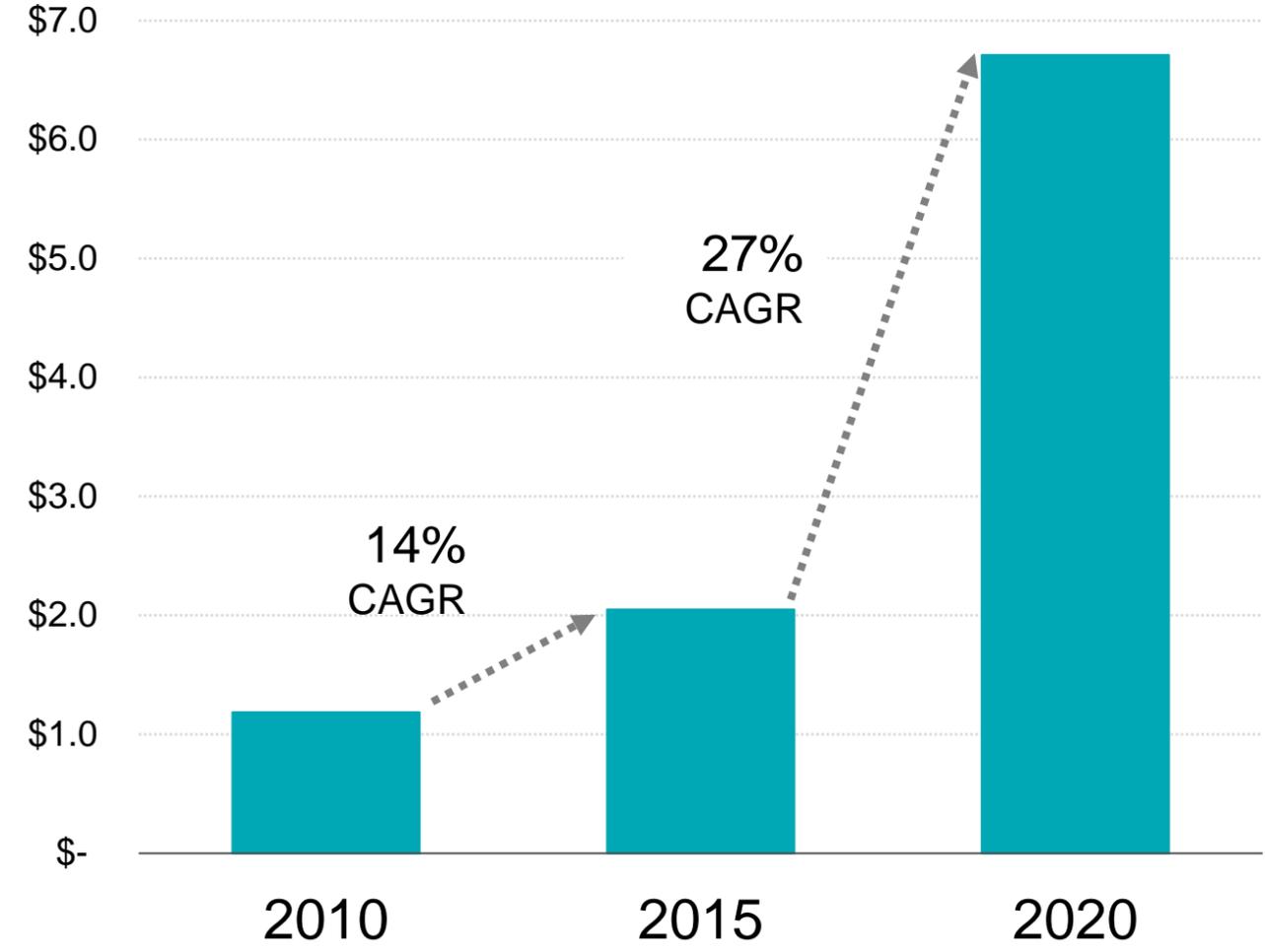
^{3, 7} Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

Outstanding Financial Performance Driven by Expanding CAG Diagnostics Recurring Revenues

IDEXX CAG Diagnostics Recurring Revenue and Normalized Organic Revenue CAGR (\$B)^{1,3}



IDEXX Comparable EPS Growth CAGR (%)⁶



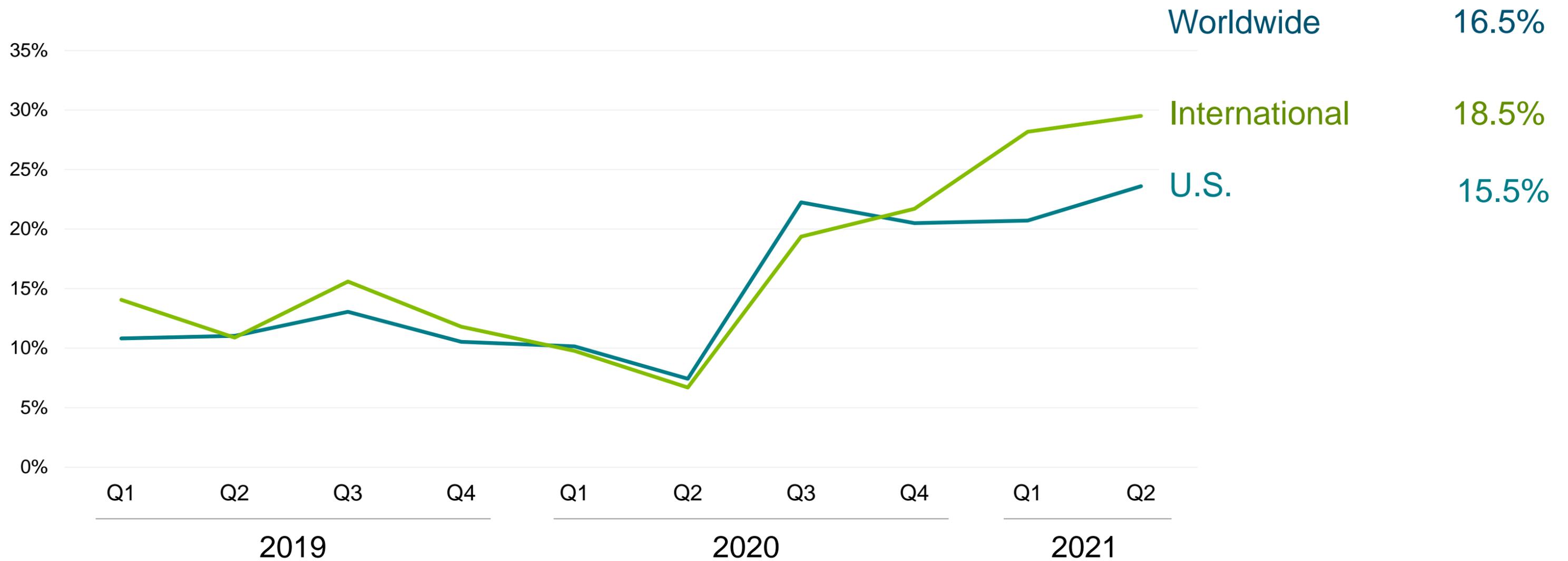
¹ Please refer to the Appendix for descriptive footnotes. ^{3,6} Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.



Accelerated CAG Diagnostics Growth Seen Globally Through Pandemic

IDEXX CAG Diagnostics Recurring Revenue Organic Year-over-year Growth²

H1 2021
2-Year Average
Organic Growth²



² Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

Our Purpose is Reflected in Our Work and Contributions to Community



Creating Opportunities for the Diverse Leaders of Tomorrow

Advance diversity, equity and inclusion in veterinary and STEM* professions.



Caring for Our Companions

Support access to veterinary care for underserved communities, animals at risk, disaster relief, and animal assisted therapies.



Fostering Water, Climate and Food Security Solutions

Cultivate forward-looking solutions to the worldwide challenges of access to safe water, adaptation to impacts of climate change, and advancement of sustainable global food systems.



IDEXX TUCBM Landmark Initiative

Nine full scholarships and integrated mental health support over six years

* Science, technology, engineering, math.



Banfield Foundation and Rosebud Sioux Tribe Reservation South Dakota



Worldwide Veterinary Services India, Thailand, Malawi, Nepal and Galapagos

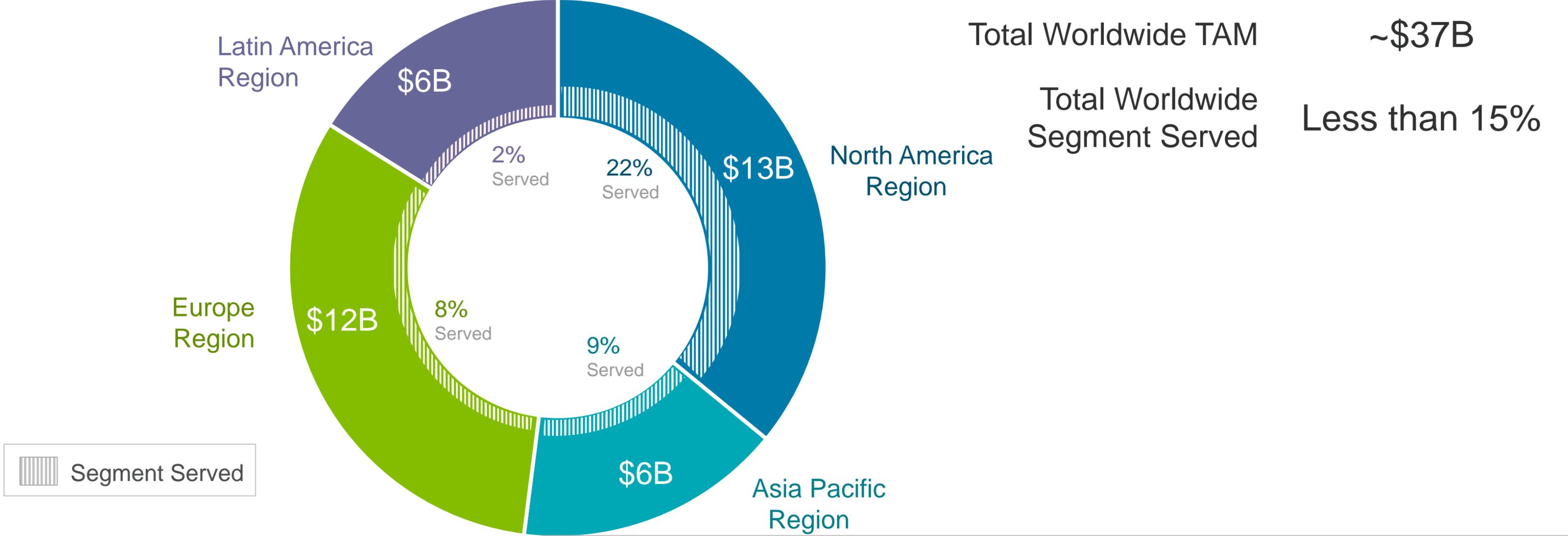


Gulf of Maine Research Institute

These initiatives are supported by the IDEXX Foundation, a donor-advised charitable fund administered by a national donor-advised fund sponsoring program.

IDEXX has Decades+ Opportunity for Profitable Growth in Diagnostics and Software Globally, with the Greatest Untapped Opportunity Internationally

Worldwide Total Addressable Companion Animal Diagnostics Revenue Opportunity (\$B)*

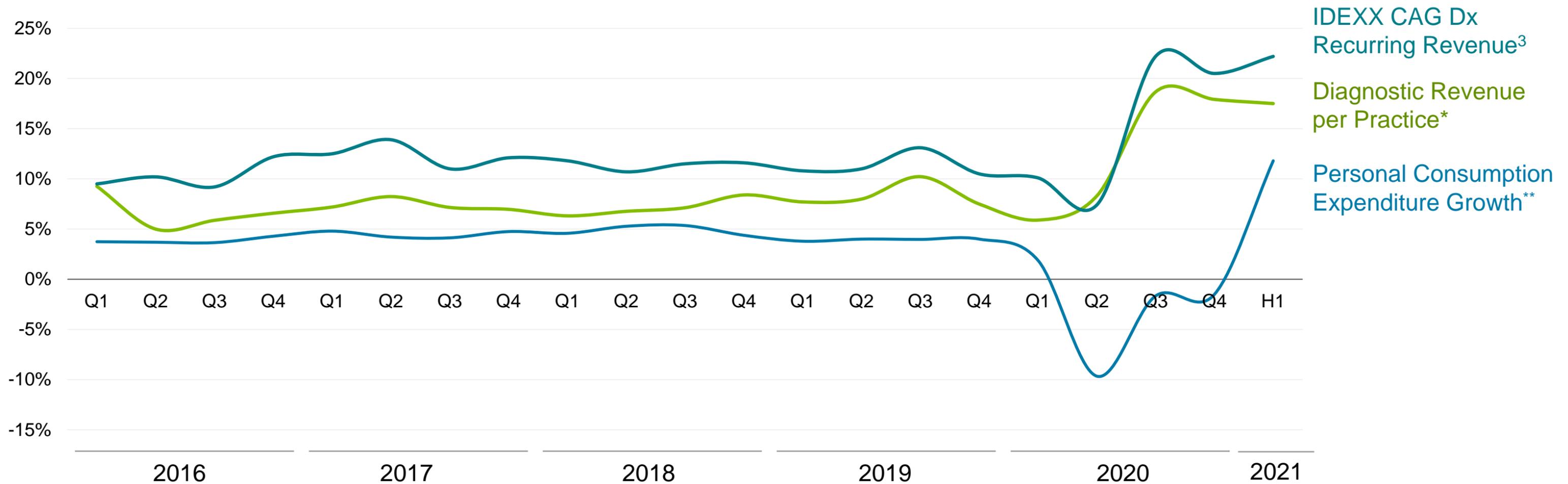


* Total addressable companion animal diagnostics revenue estimated based on bottom-up modeling at manufacturer or service provider level. Assumes **current proportion** of household-owned pets visiting the veterinary practice for wellness and non-wellness visits; 'medically optimal' percentage of these visits that should include at least 1 diagnostic and estimated average manufacturer revenue for appropriate diagnostics used in each type of visit. Note that this global TAM is estimated as of 2020 and will grow over time based on the known underlying drivers, e.g., clinical visit growth per practice, net new practice formation and net price realization.



Companion Animal Diagnostics is an Attractive, Resilient Sector with Even Greater Potential Coming out of COVID Period

U.S. Personal Consumption Expenditure, IDEXX U.S. CAG Dx Recurring Normalized Organic Revenue³ and U.S. Companion Animal Dx Revenue per Practice Year-over-year Growth



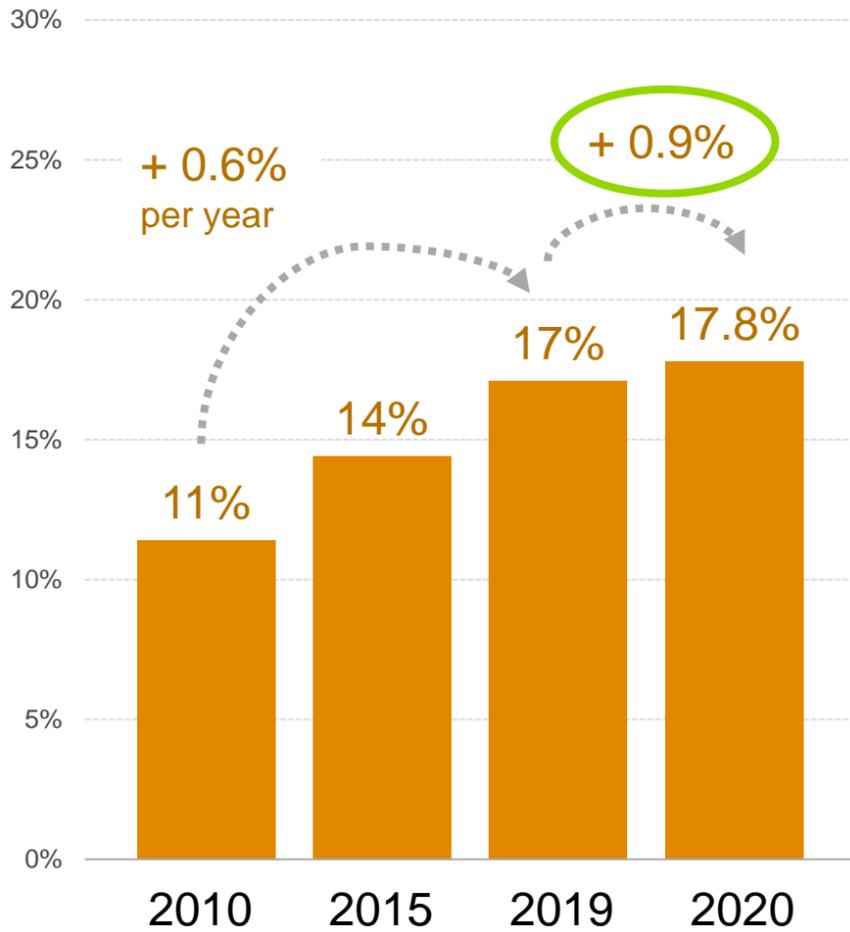
³ Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

* Diagnostic Revenue per Practice is intended to represent the full diagnostic activity of the practice, and includes all reference lab services, in-house instruments and consumables, rapid assay tests, telemedicine, digital imaging, ultrasound, and other in-house diagnostics including for example, manual urinalysis, in-house fecal flotations, fine needle aspirates, etc. Growth rates exclude impact of net new practice formation and are not adjusted for equivalent days. Based on analysis of IDEXX Practice Intelligence data n = 8,028 practices.

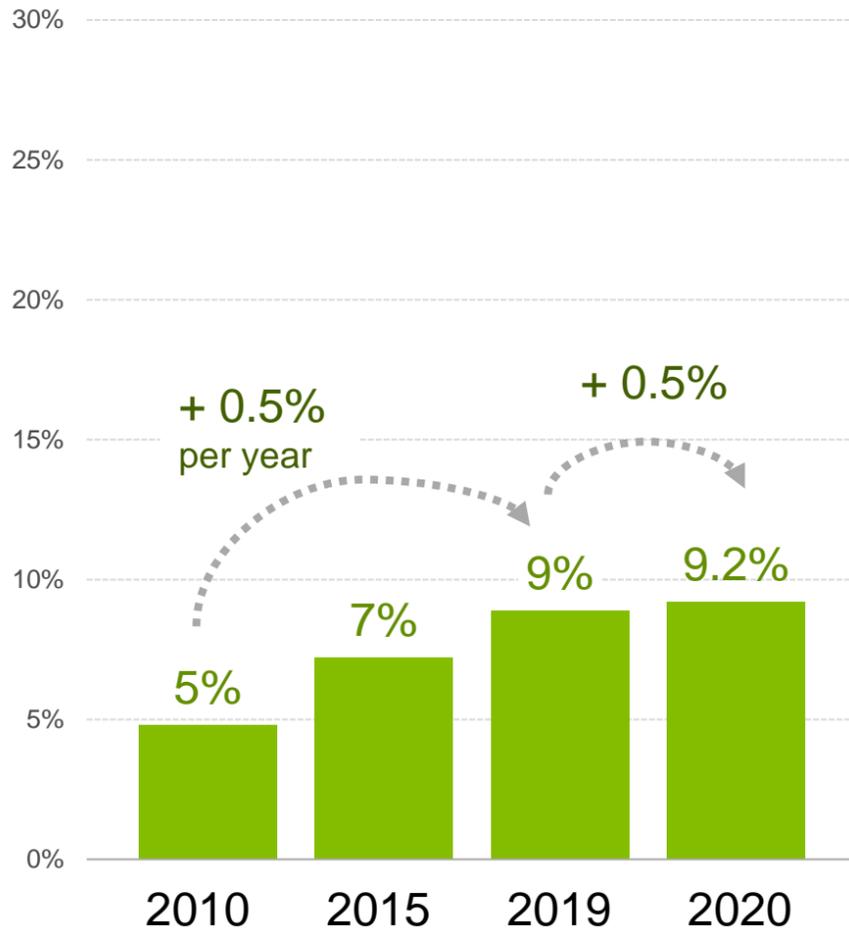
** Bureau of Economic Analysis, Personal Consumption Expenditures by Major Type of Product, last revised on: July 29, 2021.

Increases in Bloodwork Testing Utilization have Accelerated

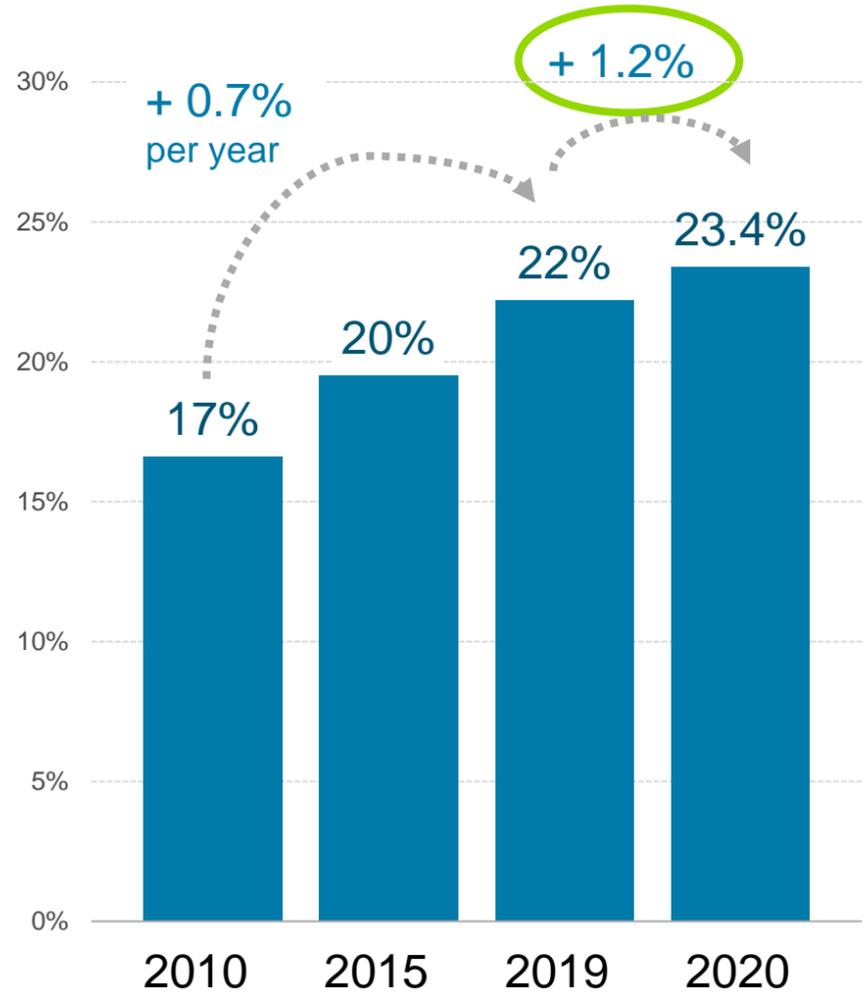
% of U.S. Clinical Visits including Bloodwork



% of U.S. Wellness Clinical Visits including Bloodwork



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



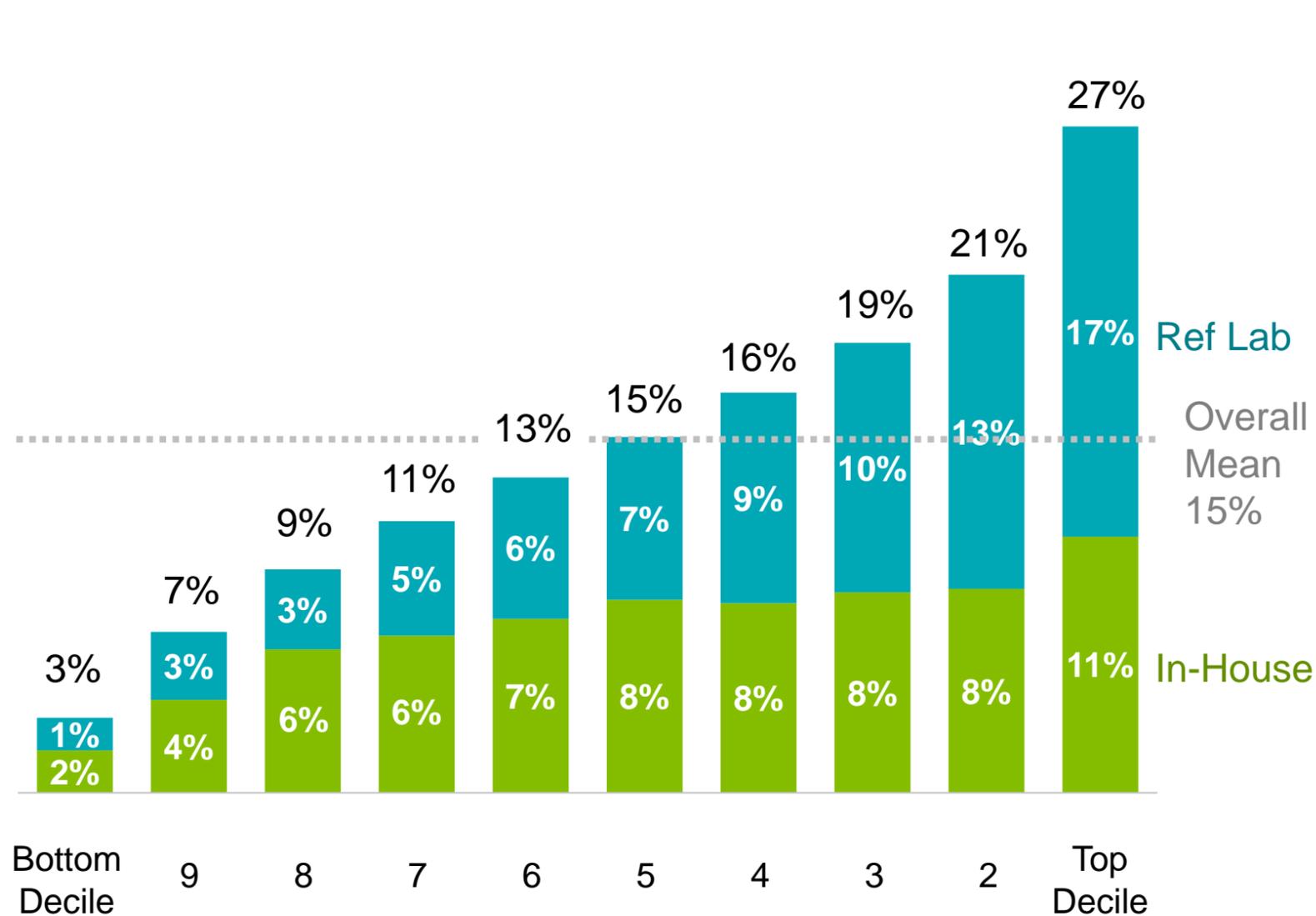
Source: Based on an analysis of IDEXX Practice Intelligence data from ~2,400 to 6,000 practices. Bloodwork includes chemistry and/ or hematology testing. 'Clinical visits' are those where the reason for visit involves an interaction between a veterinary clinician and a pet, including wellness and non-wellness visit types. 'Bloodwork' represents chemistry and/ or hematology. Percentages for 2010, 2015 and 2019 are rounded to the nearest 1%.



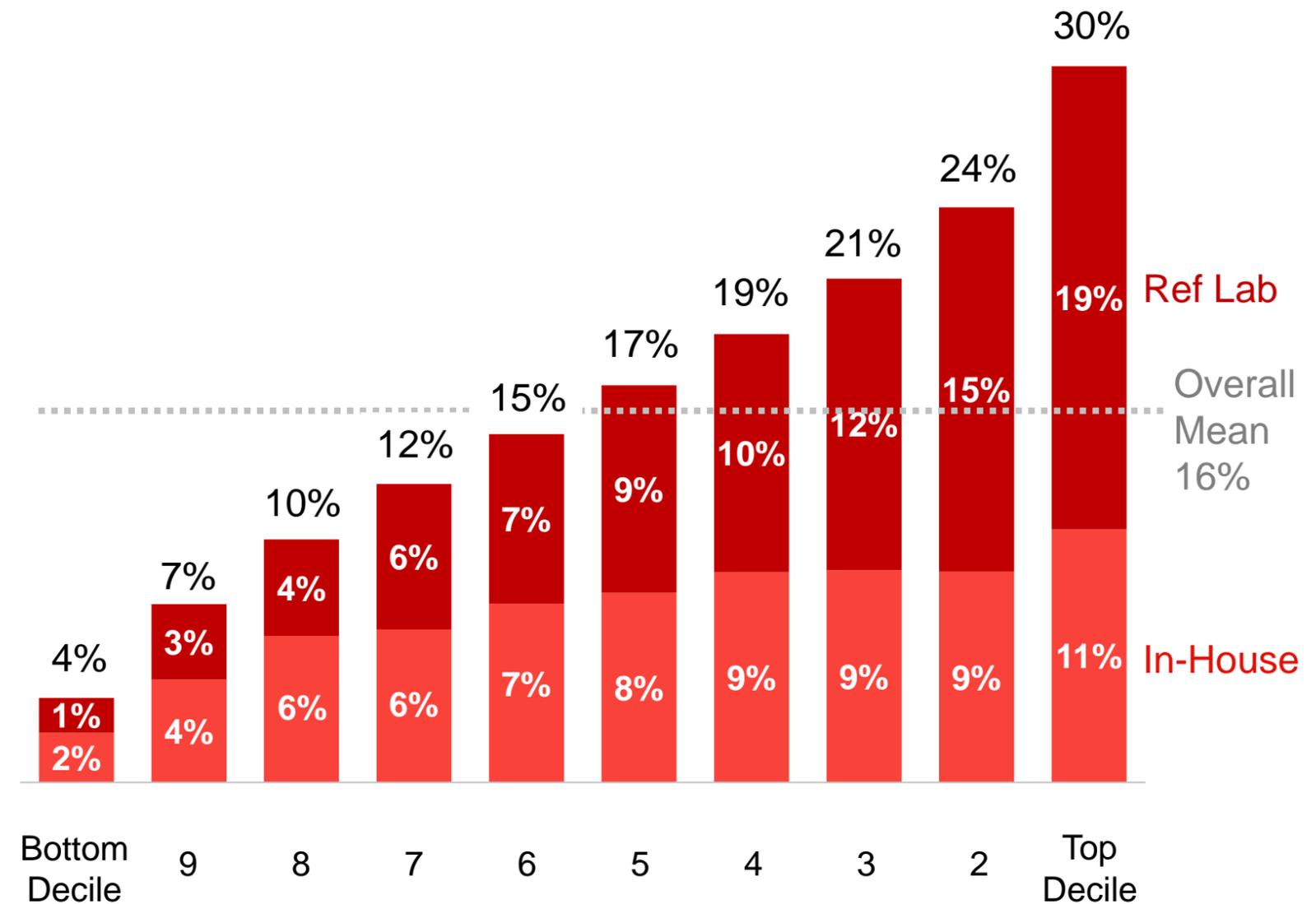
Testing Begets Testing

Practices with higher bloodwork utilization in-house have higher utilization at reference labs

Percentage of 2020 *Clinical Visits* Including a Chemistry Panel by Practice Decile



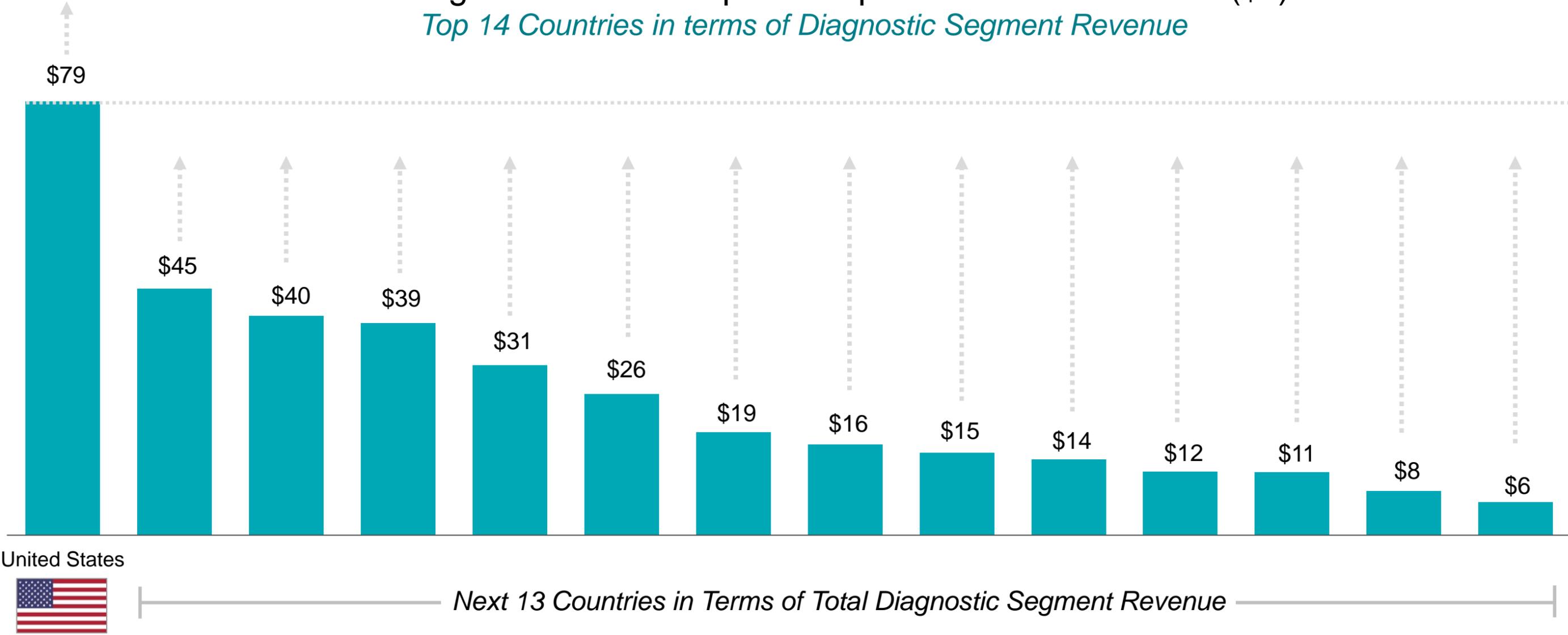
Percentage of 2020 *Clinical Visits* Including a CBC by Practice Decile



Source: Based on an analysis of IDEXX Practice Intelligence data from ~6k 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. Modality breakout based on ~2.2k practices with consistent IDEXX Reference Labs and In-House analyzer utilization. Figures rounded to the nearest 1%. Totals by decile may not match sum of stacks due to rounding.

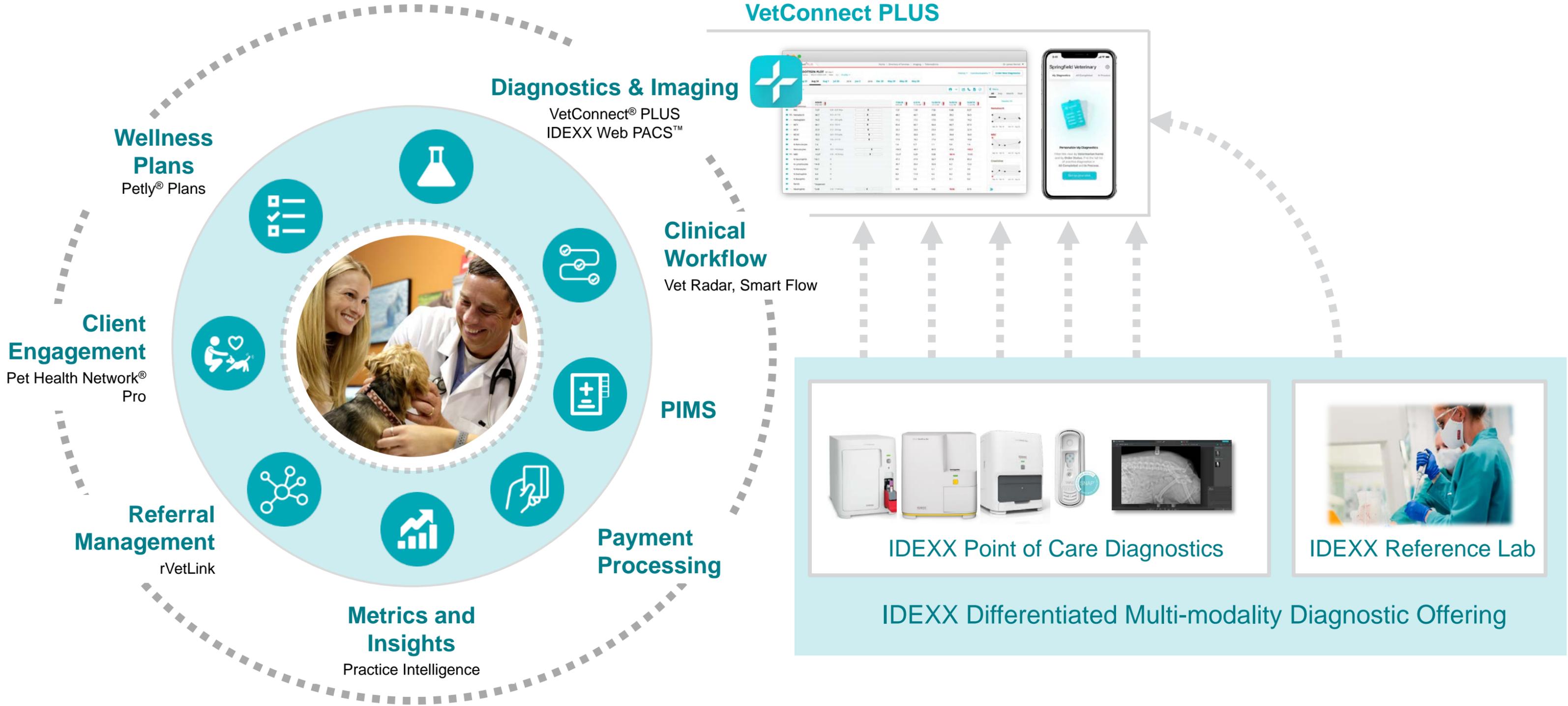
Diagnositics Sector is Vastly Underserved Globally

2020 Diagnostic Revenue per Companion Animal Practice (\$k)*
Top 14 Countries in terms of Diagnostic Segment Revenue



* Revenue estimated at the manufacturer level. Includes reference lab, telemedicine, in-house instruments and consumables, rapid assay, manual microscopy and 'similar' types of diagnostics. Excludes veterinary software, digital and ultrasound. Figures stated in USD, based on 2020 average exchange rates.

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



Multi-modality, Integrated Software Model Enables Flexibility for Customers

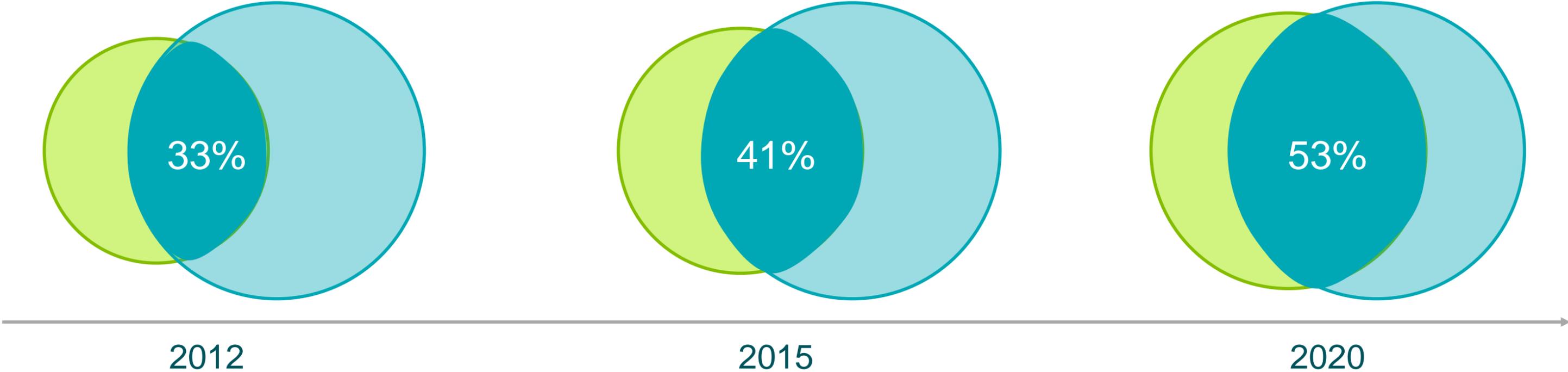
More and more practices choose IDEXX across modalities

IDEXX U.S. Companion Animal Customer Overlap

Percentage of IDEXX Reference Lab or IDEXX In-house Chemistry Platform Customers Who are IDEXX Customers for Both*

IDEXX Ref Lab ONLY Customers

IDEXX VetLab® ONLY Customers



* Analysis as of the end of each calendar year for 2012, 2015, and 2020.

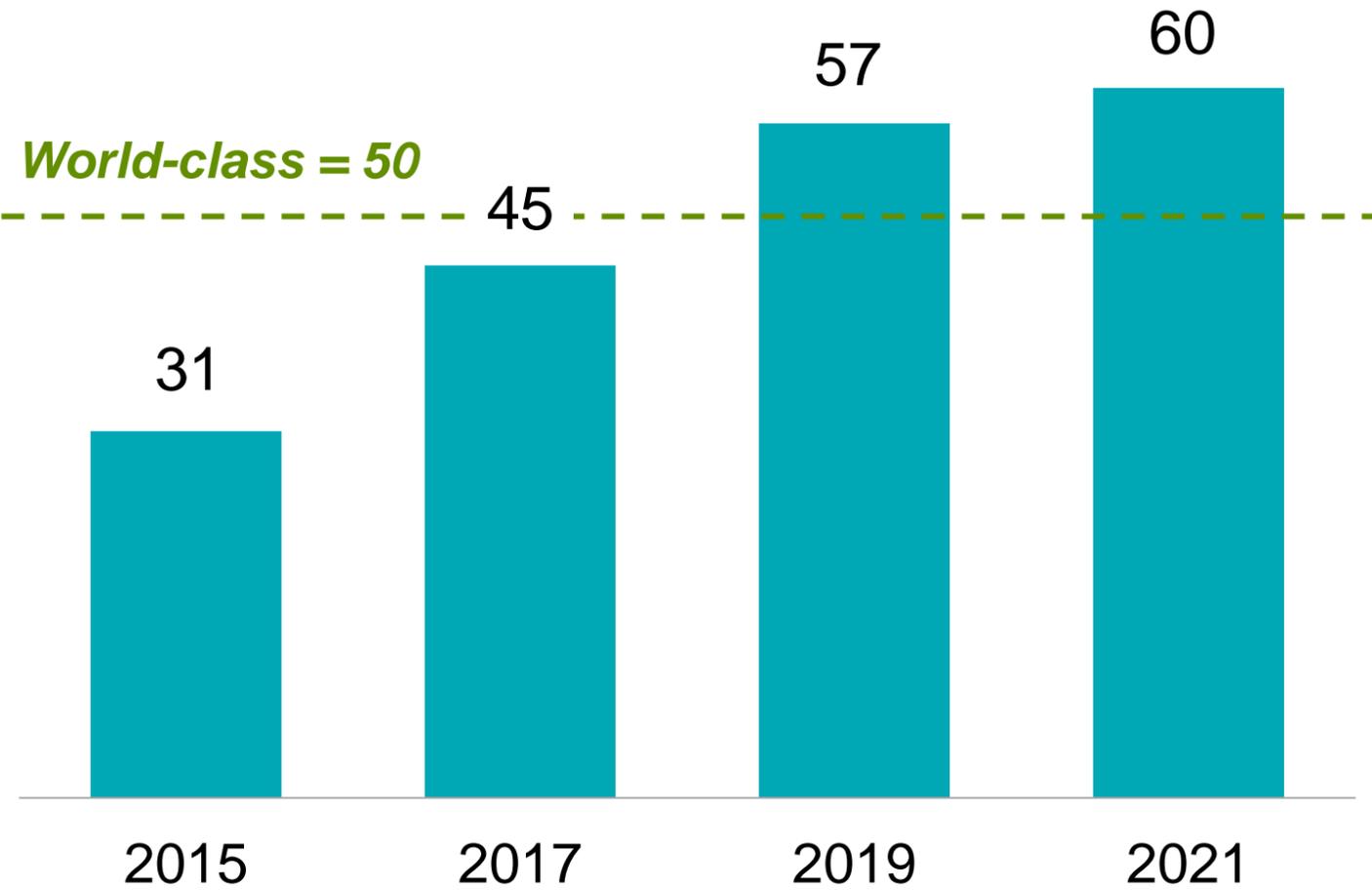
Sustained Focus on Best-in-class Customer Experience Recognized

Ranked first on several key dimensions in recent U.S. survey

2021 IDEXX Ranking by U.S. Veterinary Practices among Animal Health Manufacturers*

Overall Company Performance	#1
Bringing Innovative Services and Technologies	#1
Overall Ease of Doing Business	#1
Acts as a Partner to the Practice	#1
Overall Support Received During COVID	#1

IDEXX U.S. Net Promoter Score**



* Source: Brakke Study on manufacturer and distributor performance, fielded in the U.S. March 2021 (n = 1,400 veterinarians). Manufacturers included: IDEXX, Zoetis, Antech, Heska, Boehringer Ingelheim, Merck, Elanco, Hill's, Nestle Purina, Royal Canin, Ceva, Dechra, Vetoquinol and Virbac. ** Double-blind primary research study with following U.S. sample sizes (2015 n = 466, 2017 n = 507, 2019 n = 514, 2021 n = 506). Question: All things considered, how likely are you to recommend the following brands to a colleague? Score calculated as the % of respondents who are "promoters" (scoring 9 or 10 on a 0-to-10-point scale) minus % of respondents who are 'detractors' (scoring 0 through 6 on a 0-to-10-point scale).



Growth Strategy Driven By Innovation - Focused on Four Pillars

A *Instrument Platform Development*



Platforms vs. “one-and-done boxes” delivering on our “technology for life” promise

B *Differentiated Assay Development*



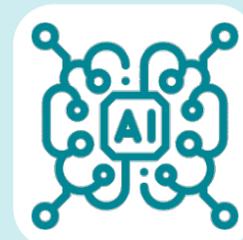
Addressing unmet patient needs with best-in-class diagnostic assays, supported by clinical insights

C *Customer-facing Software and Connectivity*



Cloud-integrated platforms, multi-modality connectivity, practice management and other software enabling efficient practice and diagnostic workflows

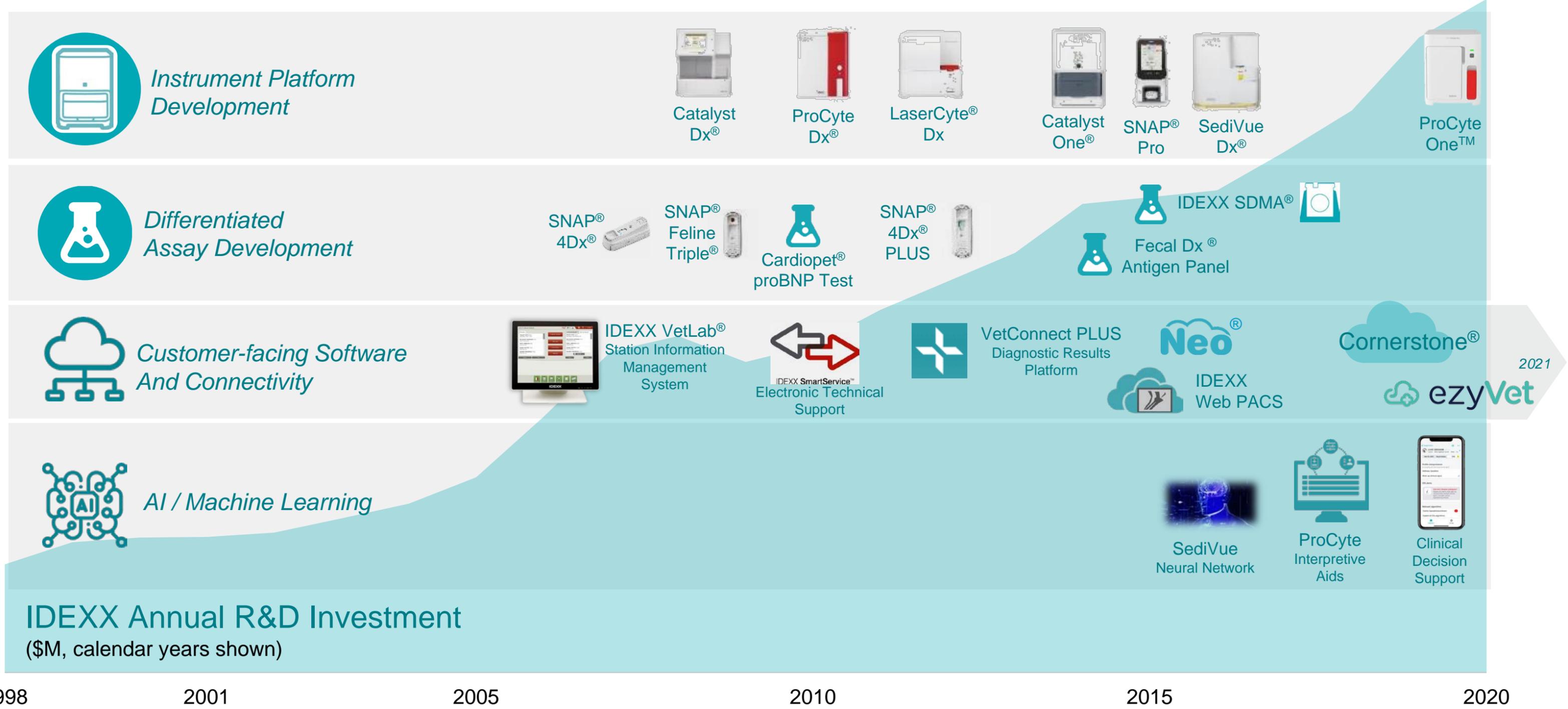
D *AI and Machine Learning*



Augmenting diagnostic capability and insight delivery through integrated platform algorithms, process enablement and clinical decision support

IDEXX's Innovation has been Built on Decades of Capability Development

Selected IDEXX Innovations



IDEXX Annual R&D Investment
(\$M, calendar years shown)

1998

2001

2005

2010

2015

2020



Ringo 

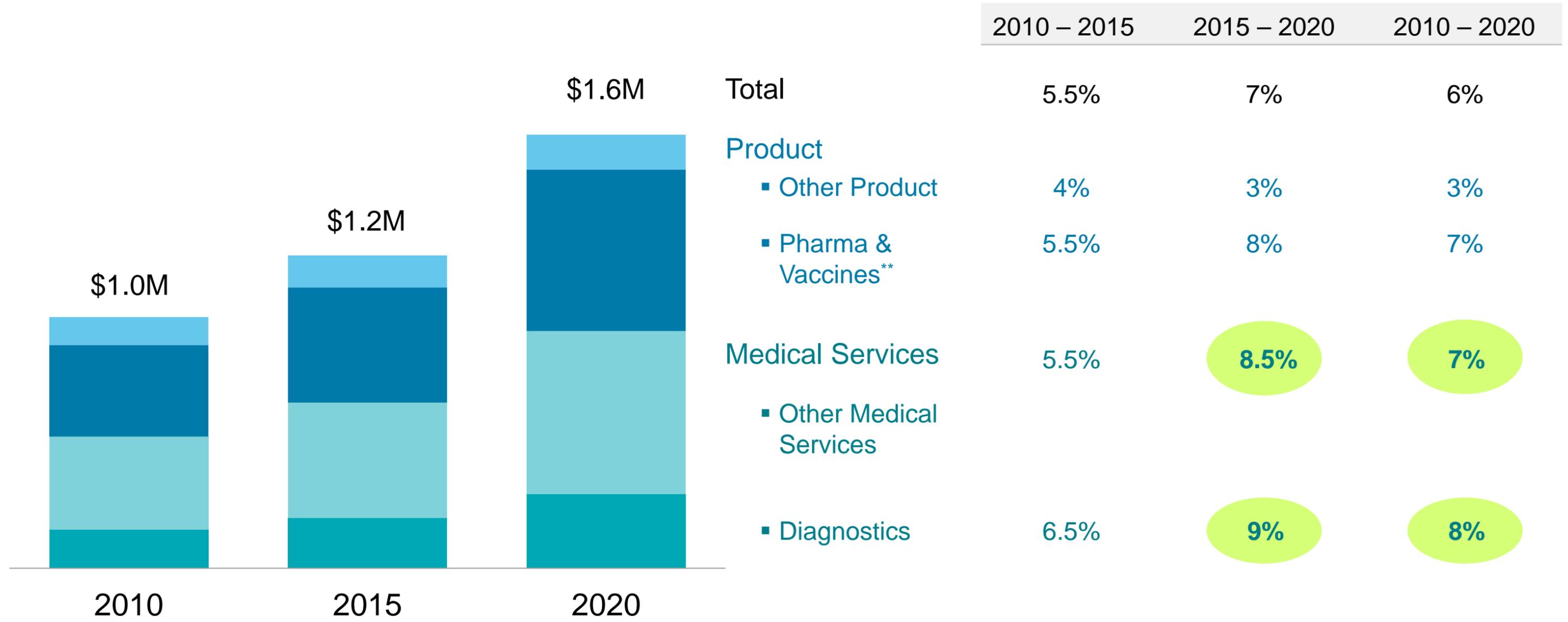
Kerry Bennett

Senior Vice President, Corporate
Strategy and Advanced Analytics

Medical Services are the Strongest Driver of Total Practice Revenue Growth, with High-growth Diagnostics Uncovering Needs for Clinical Intervention

Average U.S. Revenue per Practice by Segment (\$M)*

Total U.S. Segment CAGR %***



* Analysis based on IDEXX Practice Intelligence data n = 6,900 to 8,000 practices.
 *** Includes ~1% of incremental annual growth related to net new practice formation.

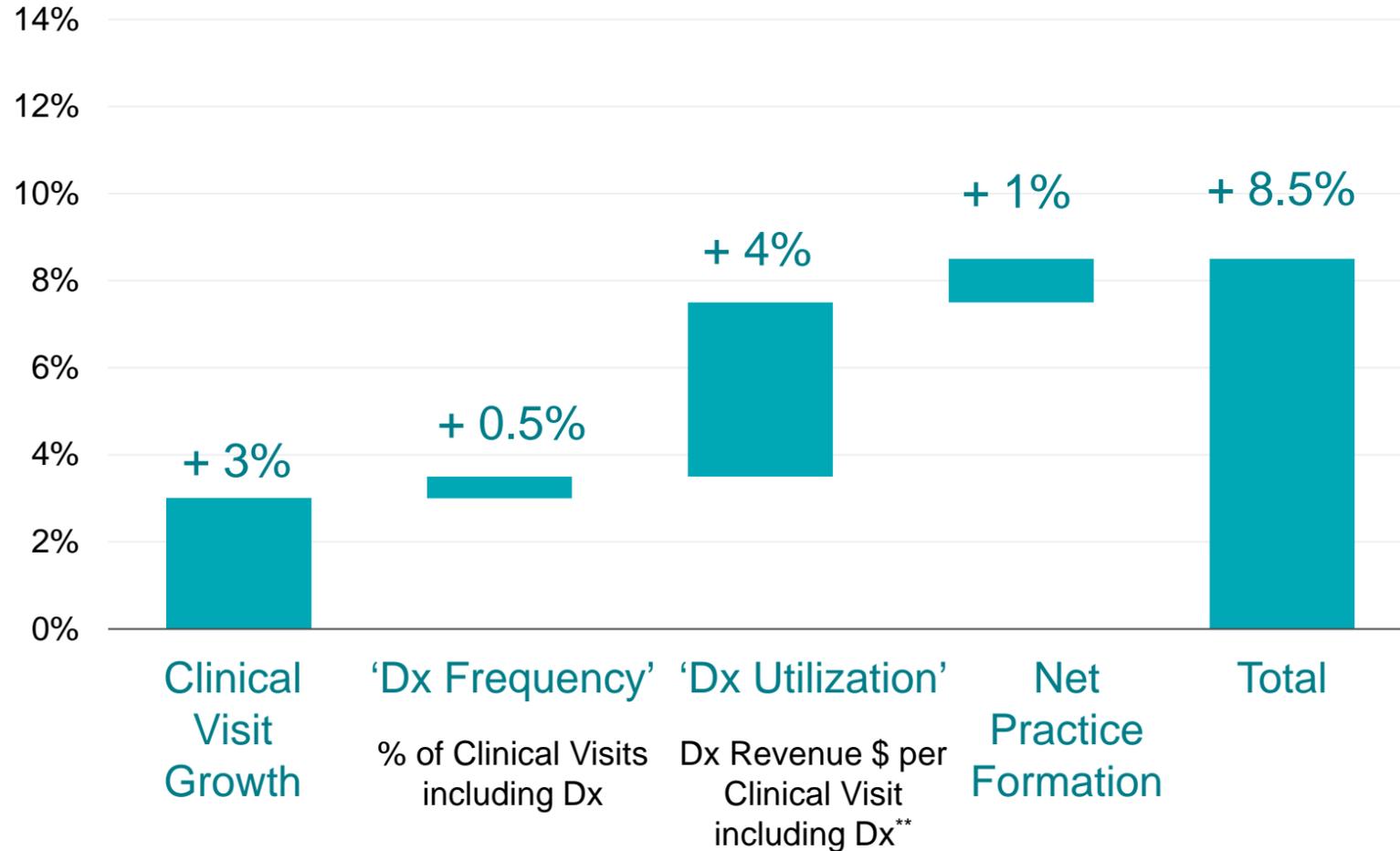
** Includes pharma and vaccine product sold both within clinical visits and non-clinical (retail) visits.

U.S. Diagnostic Sector Revenue Growth Jumped to ~13% in 2020

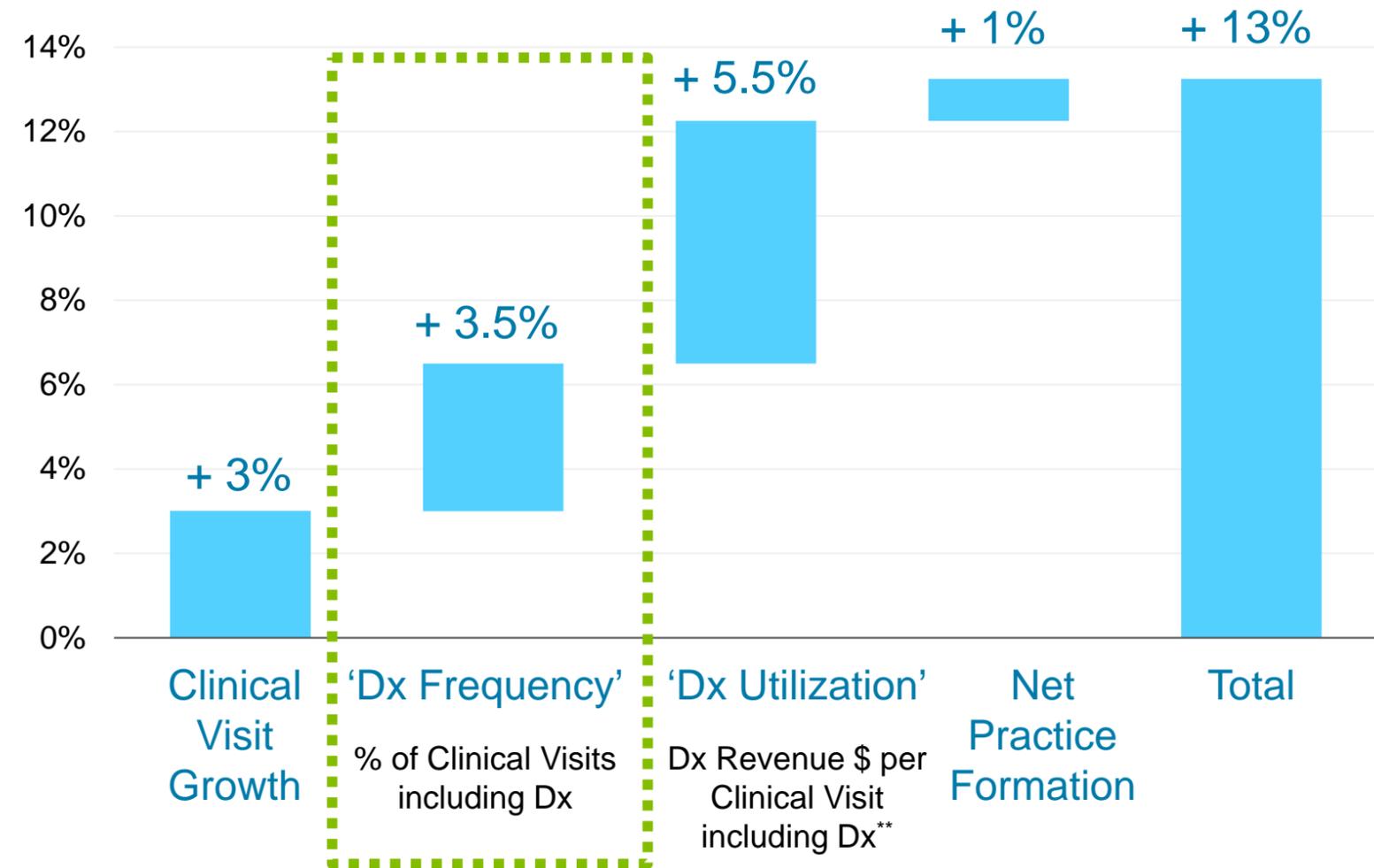
Largely driven by increased diagnostic frequency

Contributors to U.S. Companion Animal Diagnostic Revenue Growth*

Average of 2014 – 2019 Year-over-year Growth (%)



2020 Year-over-year Growth (%)



* Rounded to nearest 50 bps. Analysis based on IDEXX Practice Intelligence data n = 7,800 practices.

** Diagnostic revenue per clinical visit includes volume/ intensity of Dx activity and net price realization.

Pet Diagnostics and Software Revenue Growth Aided by Four Tailwinds, with Potential Future Moderation from Vet Capacity and Return to “Normalcy”

Tailwinds



Strengthening Pet – Parent Bond



New Care and Workflow Model



Innovation in Diagnostics and Therapeutics



“COVID Puppy and Kitten Boom”

Potential Headwinds



Capacity Constraints: Supply of Veterinarians, Vet Techs and Nurses May be Challenged to Keep Pace with Demand



Pet Parent Return to ‘Normalcy’

Pet Parents Feel Even Closer to Their Pets and Prioritize Their Health

Agreed that taking care of their pet's health is as important to them as taking care of their own health



Agreed that taking good care of my pet means they have regular visits with a veterinarian



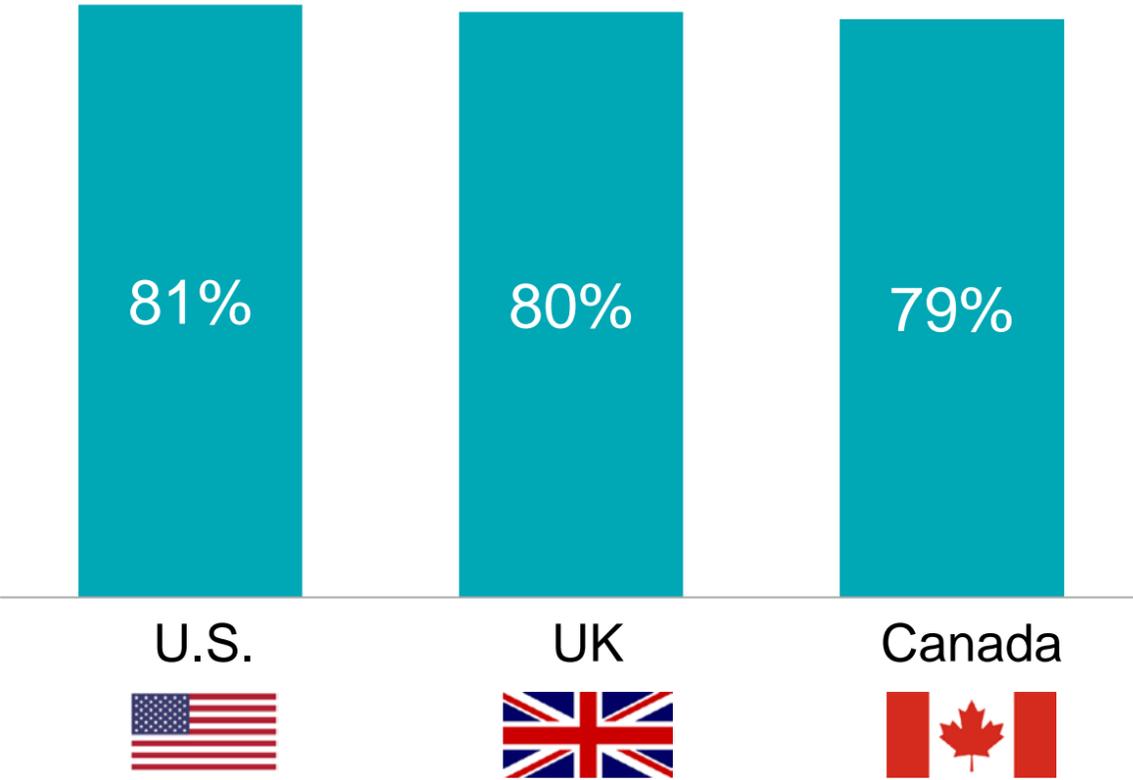
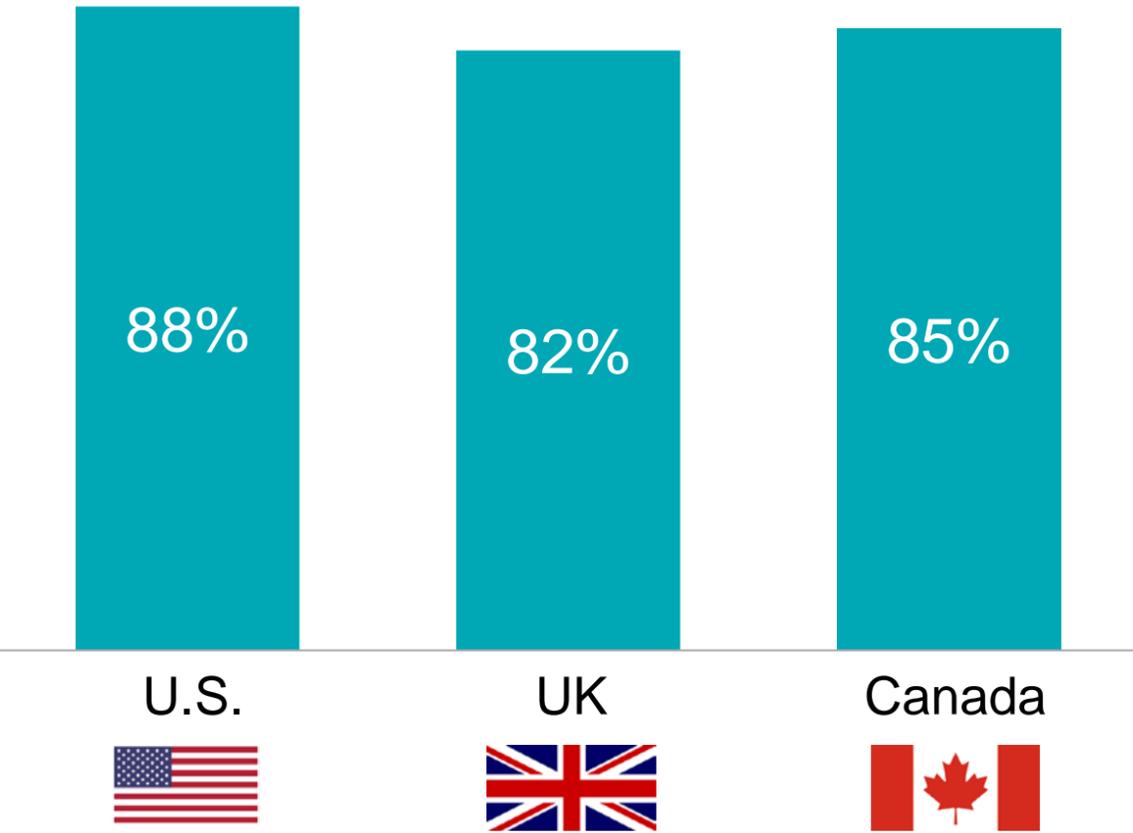
Source: Based on responses of Strongly Agree and Agree ratings on 5-point scale of agreement; IDEXX Pet Owner Research Study fielded June, 2021, n = 1,973 U.S. pet owners.

People Love Their Pets Around the World and are Willing to Make Financial Tradeoffs for Their Care

Percentage of Pet Parents Agreed that

Taking care of **their pet's health** is as important to them as **taking care of their own health**

They would **adjust their personal budget** to pay for care their **veterinarian recommended** if they didn't have money to cover it

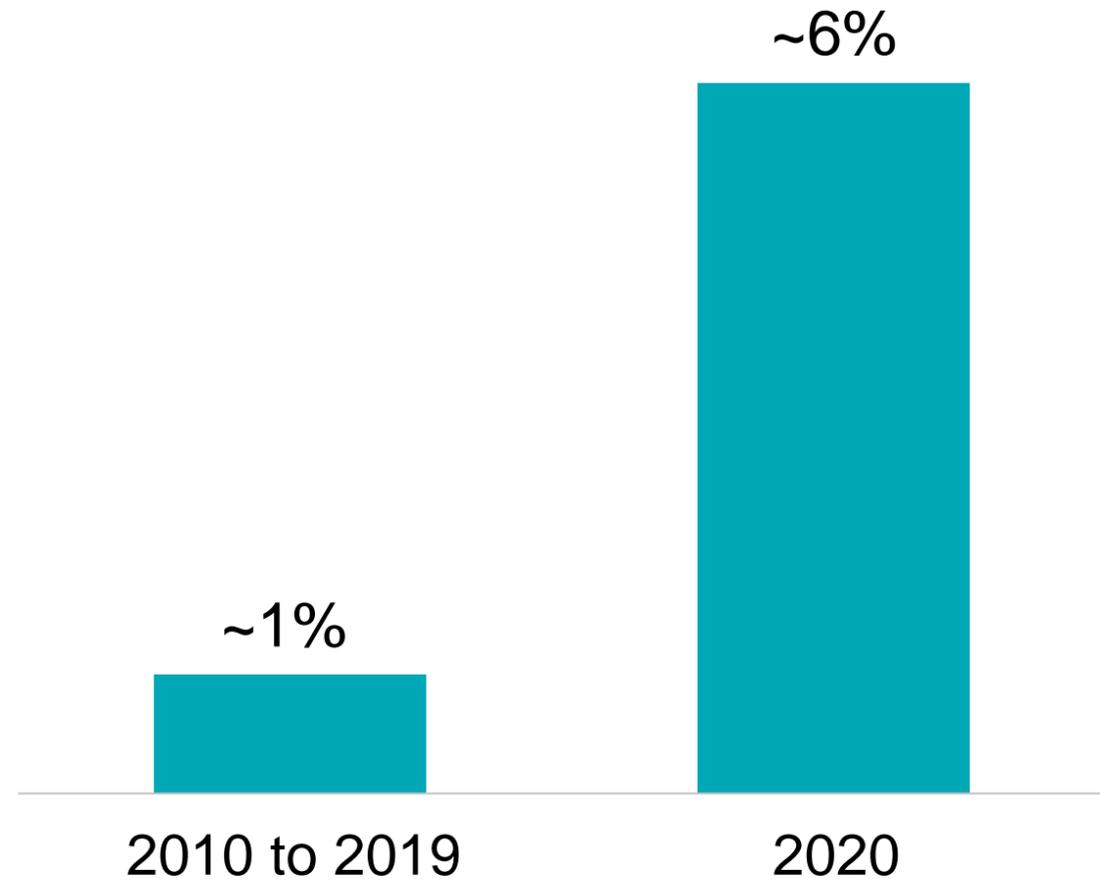


Source: Based on responses of Strongly Agree and Agree on 5-point scale of agreement; IDEXX Pet Owner Research Study fielded June, 2021, n = 1,973 U.S. pet owners, n = 993 UK pet owners, n = 990 Canadian pet owners.

Pet Populations Increased Significantly in 2020



U.S. Average Annual Net Increase in Pet Population*



2020 Increase in Pet Population in Other Countries



Some sources suggest that **global 2020 net pet population** increased at a **slightly higher rate** than in typical years, with disproportionate growth in **North America, Western Europe** and **Australia****



Number of dogs and cats increased from 21M in 2019 to 24M in 2020***



Number of dogs adopted in the country increased 20% in 2020 vs. 2019****

* Based on modeling of dog and cat population growth, leveraging analyses of multiple data sources.

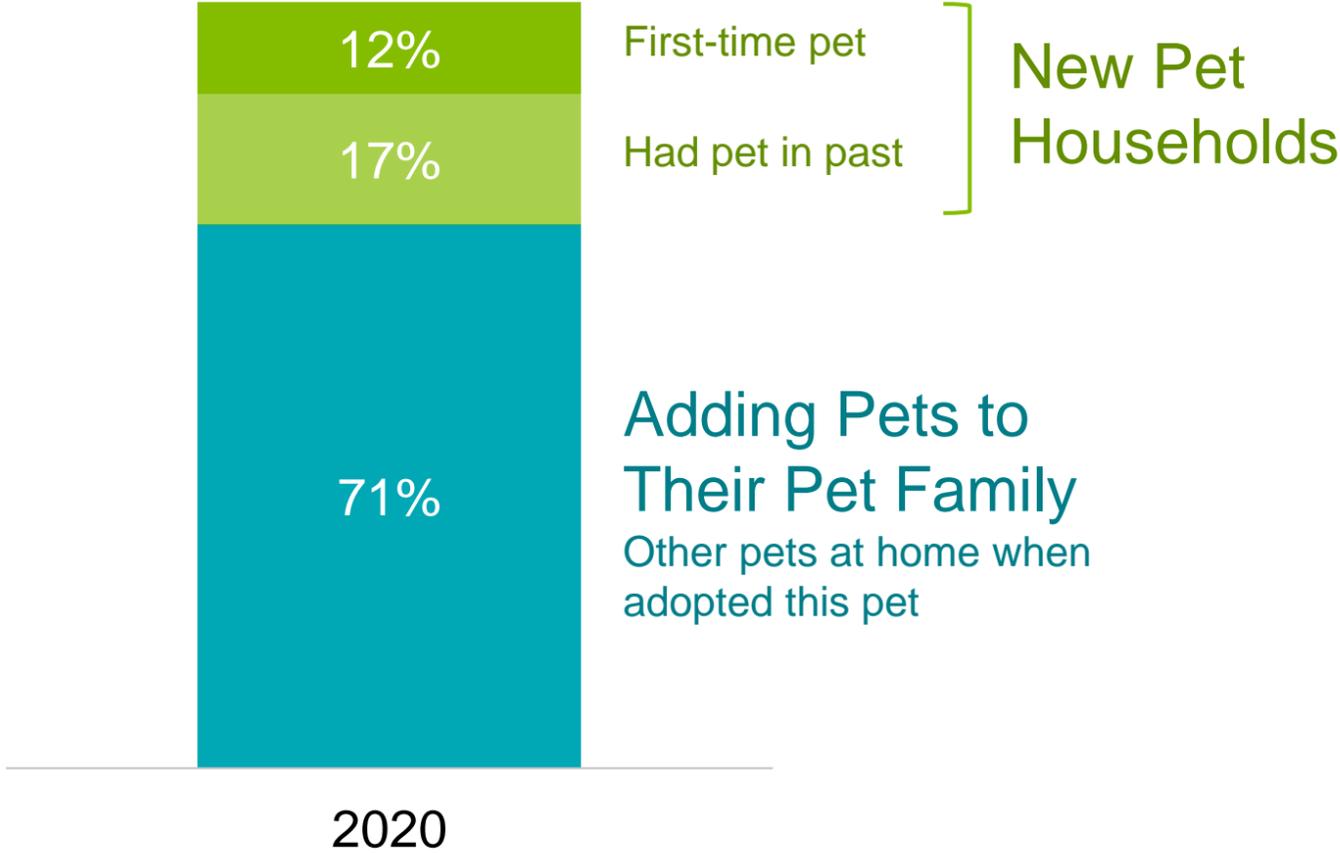
** Euromonitor International, data presented during a webinar, "The pet food market: 2020 update and 2021 projections and trends," on April 14, 2021.

*** Pet Food Manufacturers' Association. **** 'In Germany, pet adoptions soar to ease pandemic blues', statistic referenced from Deutsche Hundewesen (VDH) kennel club.

Significant Growth in First-time Pet Parents

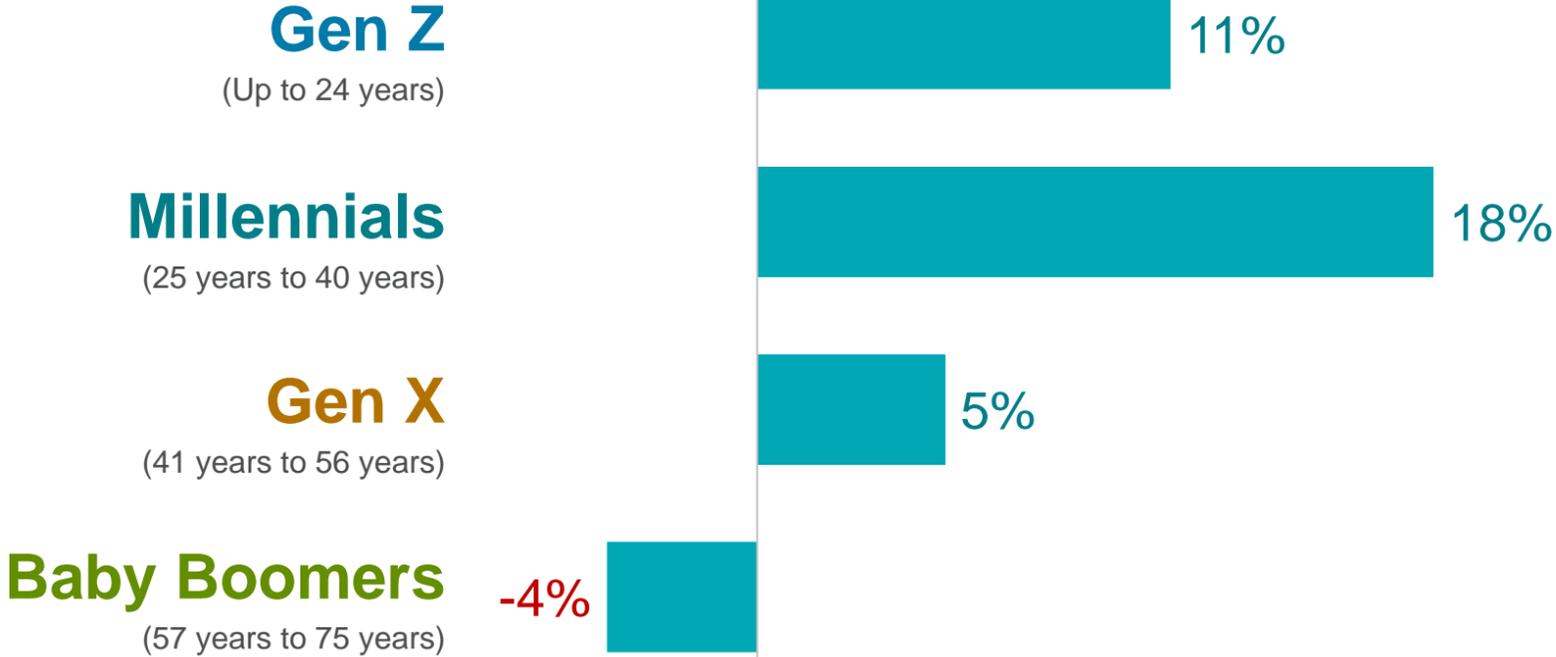
Gen Z and Millennials had higher net pet acquisition rates

Breakdown of 2020 U.S. Adopted Pets by Household Pet Profile



2020 Net Percentage of Pet Owners Acquiring Pets by Demographic Segment

(% Acquiring less % Surrendering and % Losing to Death)



Source: Based on IDEXX U.S. Pet Owner Research Study fielded February, 2021 (n = 959 U.S. pet owners).

Pet Parents Love Their Pets, with Gen Z Expressing the Strongest Affiliation



Gen Z

(Up to 24 years)

Millennials

(25 years to 40 years)

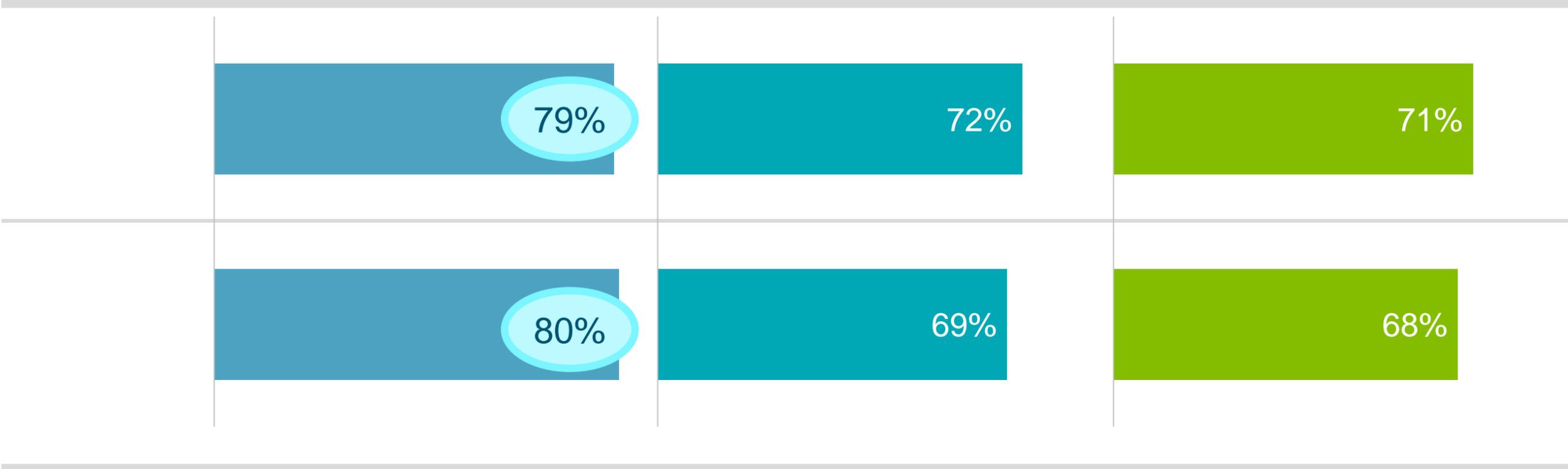
Baby Boomers

(57 years to 75 years)

Percentage of Pet Parents Agreeing that

“My pet is my best friend”

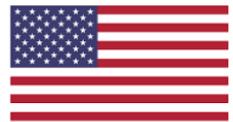
“I treat my pet like my child”



Source: Based on responses of agreement (ratings 8 – 10 on 10-point agreement scale); IDEXX Pet Owner Research Study fielded July, 2020, n = 600 U.S. pet owners.

As COVID Tapers, a Much Greater Proportion of Pet Parents Expect to Adopt a Pet than Surrender One

After COVID-19 Tapers, Percentage of Pet Parents Saying They Expect to...



United States

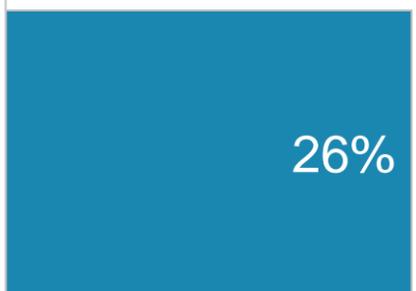
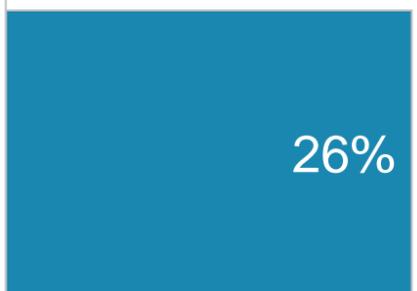


United Kingdom

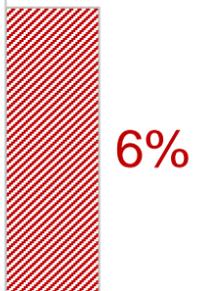
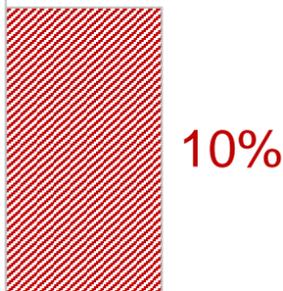


Canada

Adopt Another Pet



Surrender a Pet

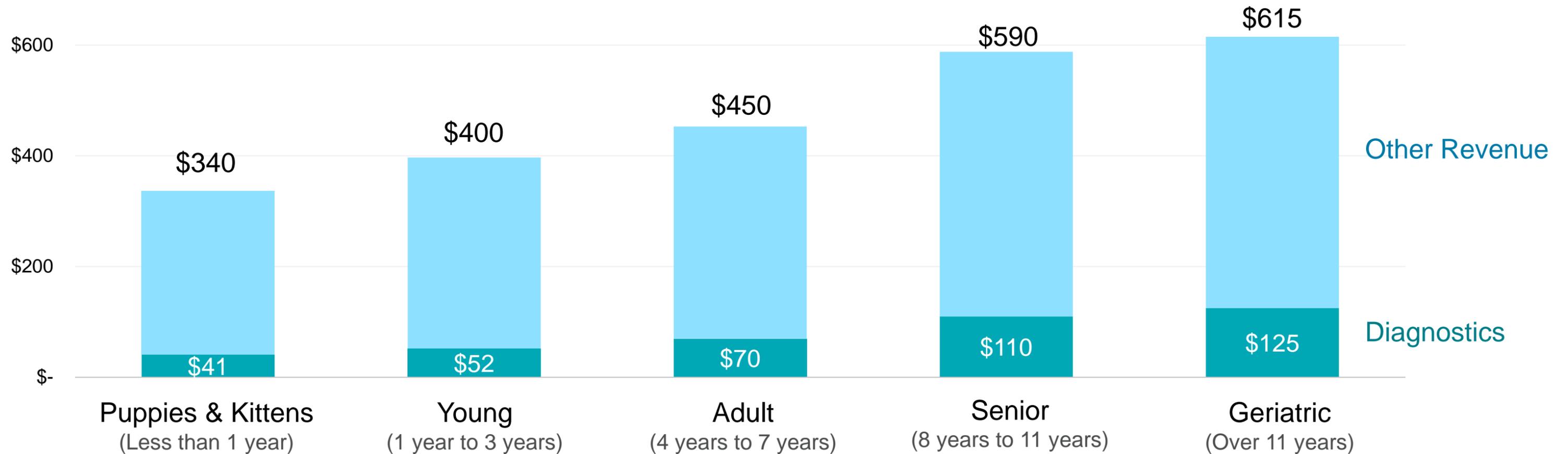


Source: IDEXX Pet Owner Research Study fielded June, 2021, n = 1973 U.S. pet owners, n = 993 UK pet owners, n = 990 Canadian pet owners.



Spending on Pet Healthcare and Diagnostics Grows Over Lifetime of a Pet

2020 Average Practice Revenue Per Active Patient by Age Segment*

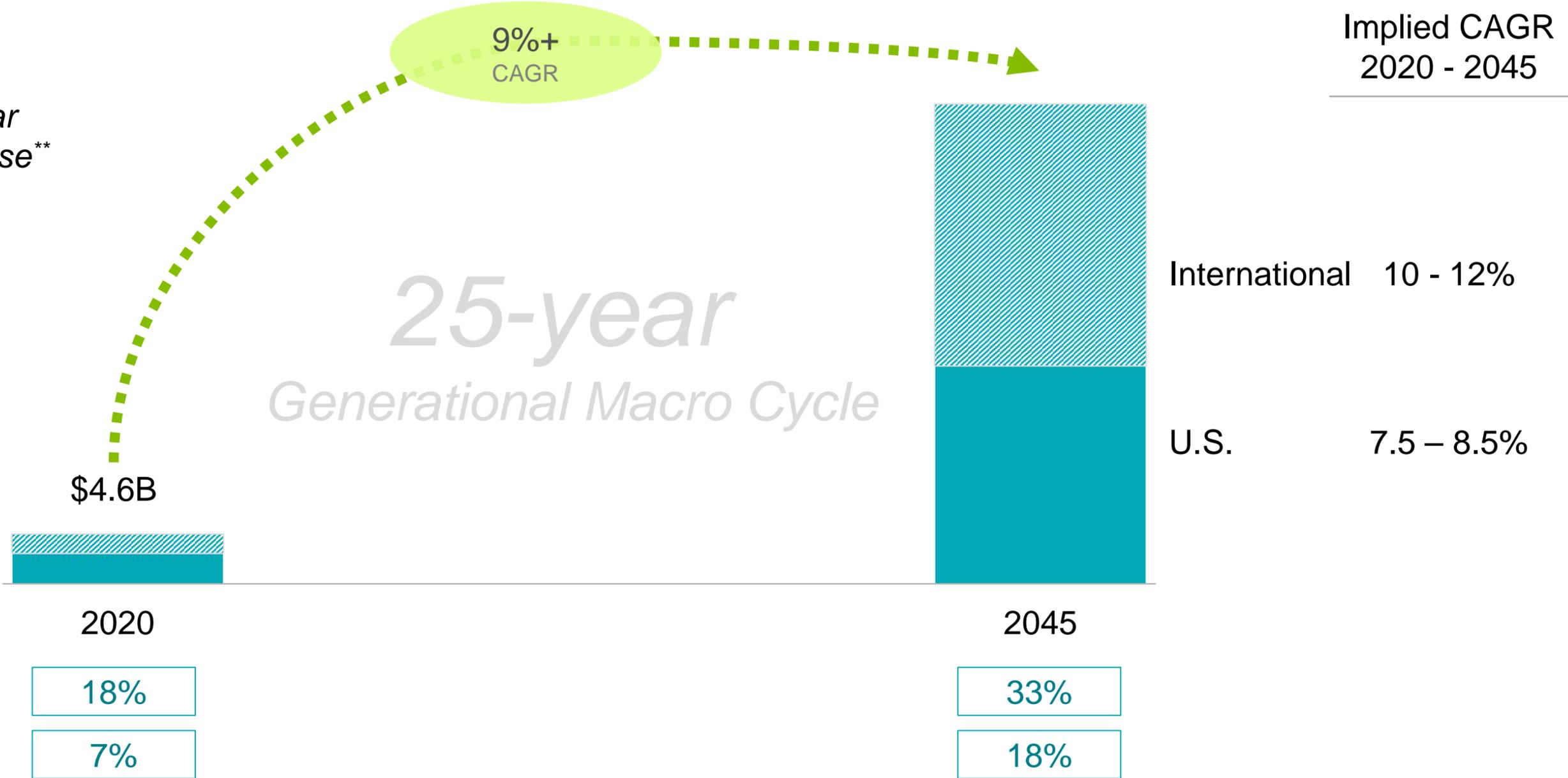


* Analysis based on IDEXX Practice Intelligence data n = 8,013 practices. Sum of elements may not add to totals due to rounding. Estimates are for the overall number of active patients by age segment, not specifically for those receiving diagnostics.

Strong Trends and Increasing Standard of Care Point to Sustained High Long-term Diagnostics Sector Growth (~1% Above Earlier Estimates)

Estimated Total Worldwide Companion Animal Diagnostics Spending (\$M)*

*Base Case Scenario:
Continuation of past 10-year
diagnostic utilization increase***



* Revenue estimated at the manufacturer level. Includes reference lab, telemedicine, in-house instruments and consumables, rapid assay, manual microscopy and 'similar' types of diagnostics through 2045. Excludes veterinary software, digital and ultrasound. Figures stated in USD, based on 2020 average exchange rates. ** Modeled based on projecting continuation of the estimated 2010 - 2020 average annual increase in percentage of clinical visits including bloodwork, clinical visit growth and net price realization relative to 2020 base.





Ishka 

Tina Hunt, PhD

Executive Vice President and General
Manager, Point of Care Diagnostics and
Worldwide Operations

Our Multi-modality Approach Enables Real-Time Care™

Actionable results during the patient visit benefits pets, clients and practices



- Higher **standard of care** for pets and more satisfied pet parents
- Better **clinical** and **financial** outcomes
- Intuitive, hands-off **workflow** and **productivity** benefits
- Lower stress and higher **employee engagement**



Patient Check-in

2:00 pm



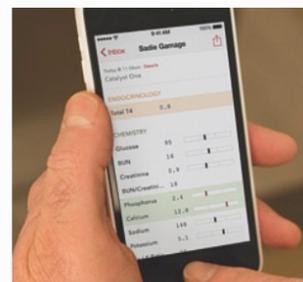
History and Physical Exam

2:05 pm



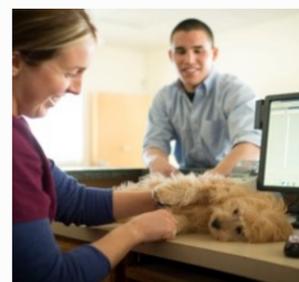
Diagnostics Initiated

2:12 pm



Results and Treatment Plan

2:21 pm



Patient Check-out

2:27 pm

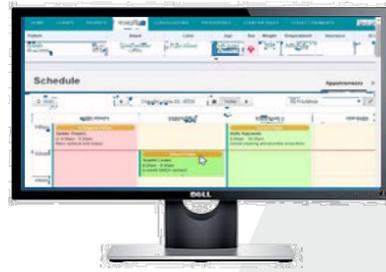
IDEXX In-clinic Suite Delivers a Unique Customer Delighting Ecosystem

Why practices love working with IDEXX Point of Care

Workflow and Results Integration Benefits

IDEXX Comprehensive Diagnostic Suite

Two-way connectivity to PIMs
for easy ordering and patient record integration, including charge capture



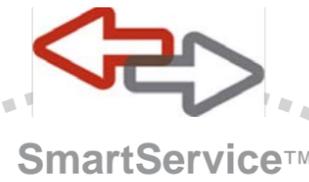
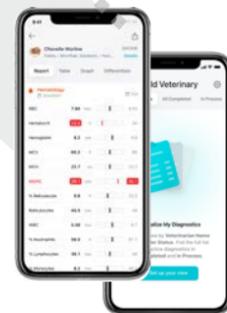
VetConnect PLUS is the go-to diagnostic resource for fast, effective clinical decision-making



Reference Labs Results for a complete patient results view through VetConnect PLUS



Clinical Decision Support
AI-powered clinical insights delivered inside VetConnect PLUS



A customer support team ready to instantly access analyzer stats and images

A single hub of the IDEXX VetLab diagnostic ecosystem



Chemistry and IA
The most expansive test menu including specialty tests



Hematology
The most accurate and comprehensive CBC



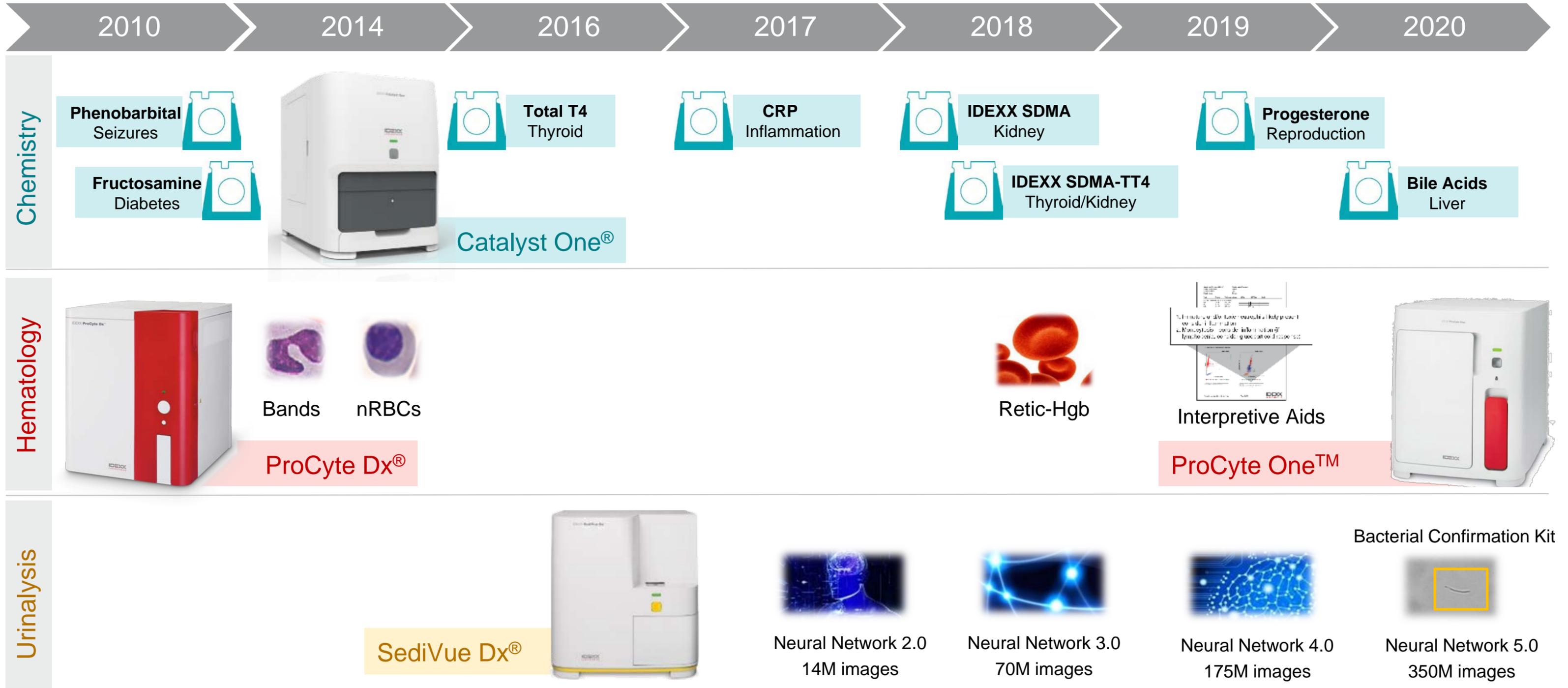
Urinalysis
Automated urine sediment analysis for consistently accurate results



Rapid Assay
Automatic activation, timing and interpretation for ease of use and integration for charge capture

Delivering on Our Technology for Life Customer Promise

Resolute focus on improving and expanding platform capabilities that enable better medicine and enhance the value of our customers' investments in IDEXX



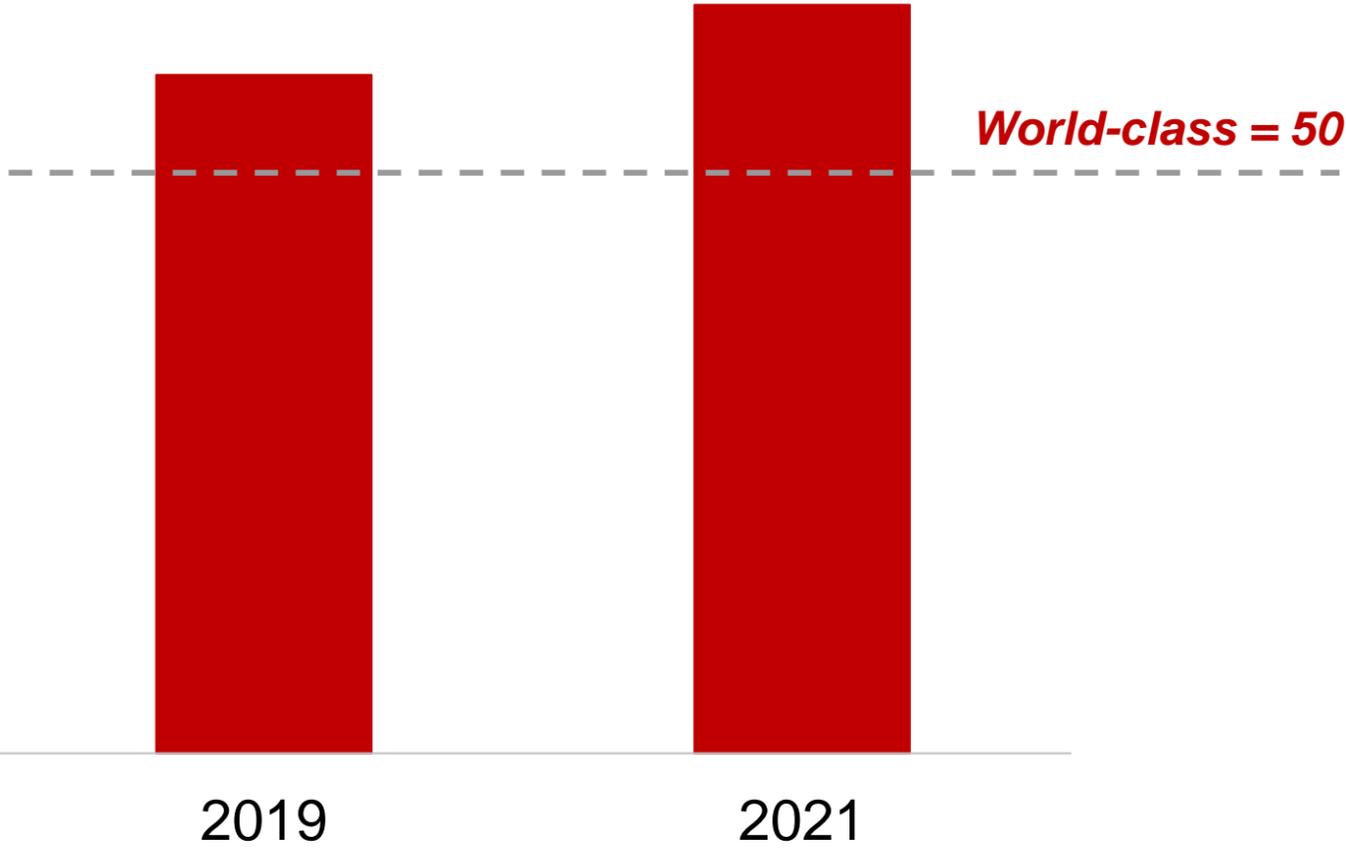
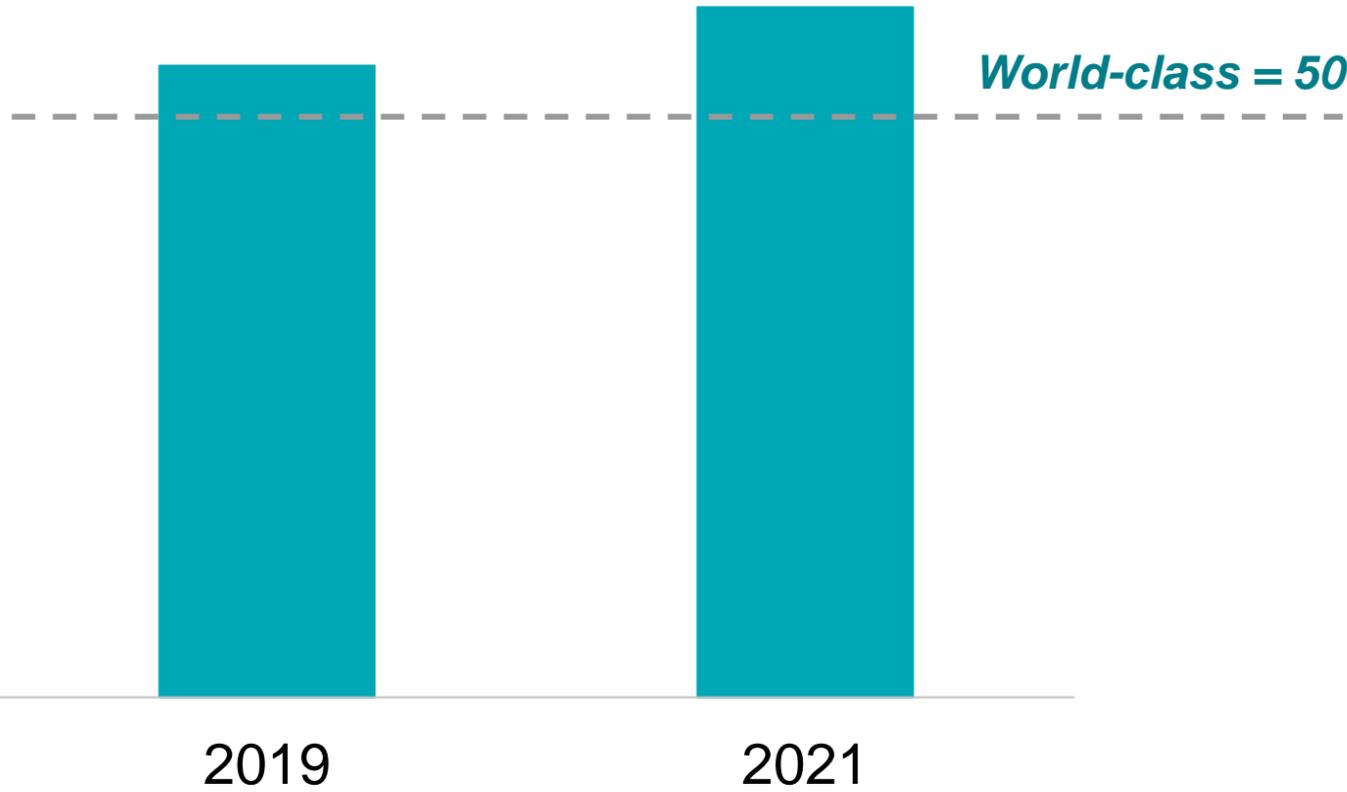
IDEXX In-clinic Solutions Continue to Delight Customers and Inspire Deep Loyalty



Catalyst One
Net Promotor Score



ProCyte Dx
Net Promotor Score



Source: Double-blind primary research study conducted in July, 2019 and June, 2021, with following U.S. sample sizes (2019 n = 143 for Catalyst One and n = 232 for ProCyte Dx, 2021 n = 166 for Catalyst One and n = 245 for ProCyte Dx).
 Question: How likely are you to recommend the following product(s) to a colleague? Score calculated as the % of respondents who are 'promoters' (scoring 9 or 10 on a 0-to-10-point scale) minus % of respondents who are 'detractors' (scoring 0 through 6 on a 0-to-10-point scale).

ProCyte One: A Transformational Hematology Analyzer Launched in Q1'21

Phenomenal customer response and delight on accuracy, reliability, unprecedented ease of use, affordability



Enables global reach: Strengthens our diagnostic suite and is highly attractive to Corporate Accounts

Facilitates IDEXX 360 strategy supporting full analyzer suite placements, winning reference lab business, and inspiring loyalty

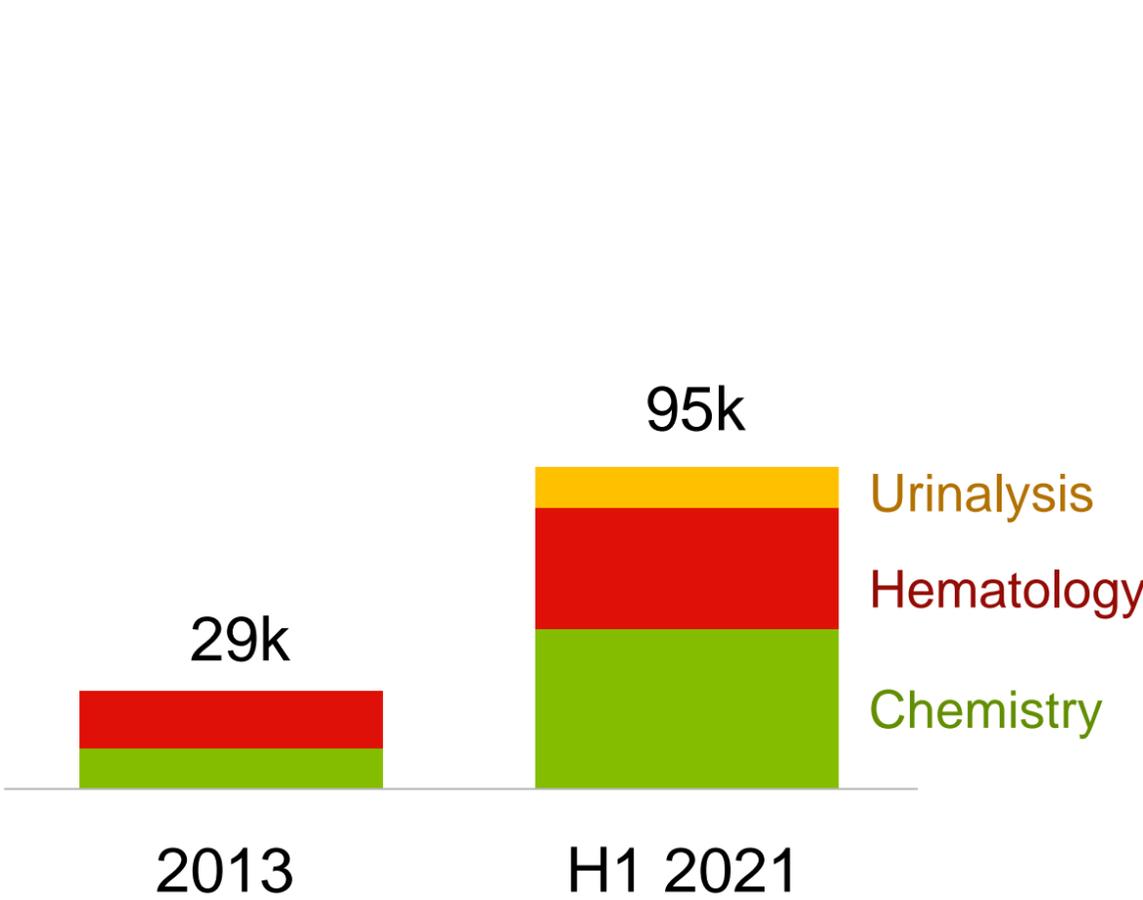
Deepens differentiation of our diagnostic suite

- **Fast, easy, intuitive** workflow
- **Actionable results** in 5 minutes, leveraging AI for clinical decision support
- **Compact footprint** with everything onboard
- **Powerful economics** with low capital cost, pay-per-run and auto-replenishment

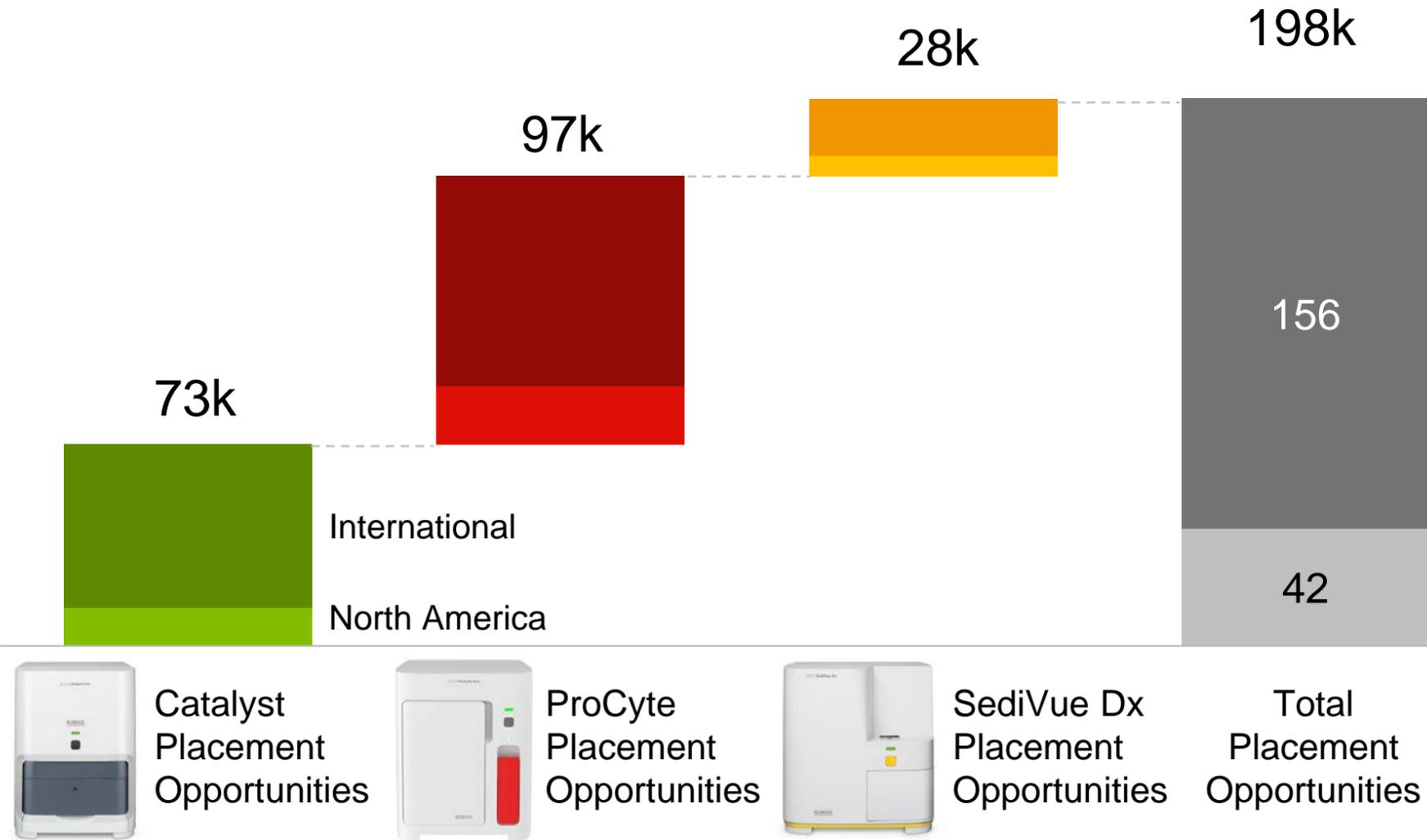
Significant Instrument Runway Remains

~200k additional worldwide placement opportunities, ~155k outside of North America

Global IDEXX Premium Instrument Installed Base*



Global Incremental IDEXX Premium Instrument Placement Opportunity**

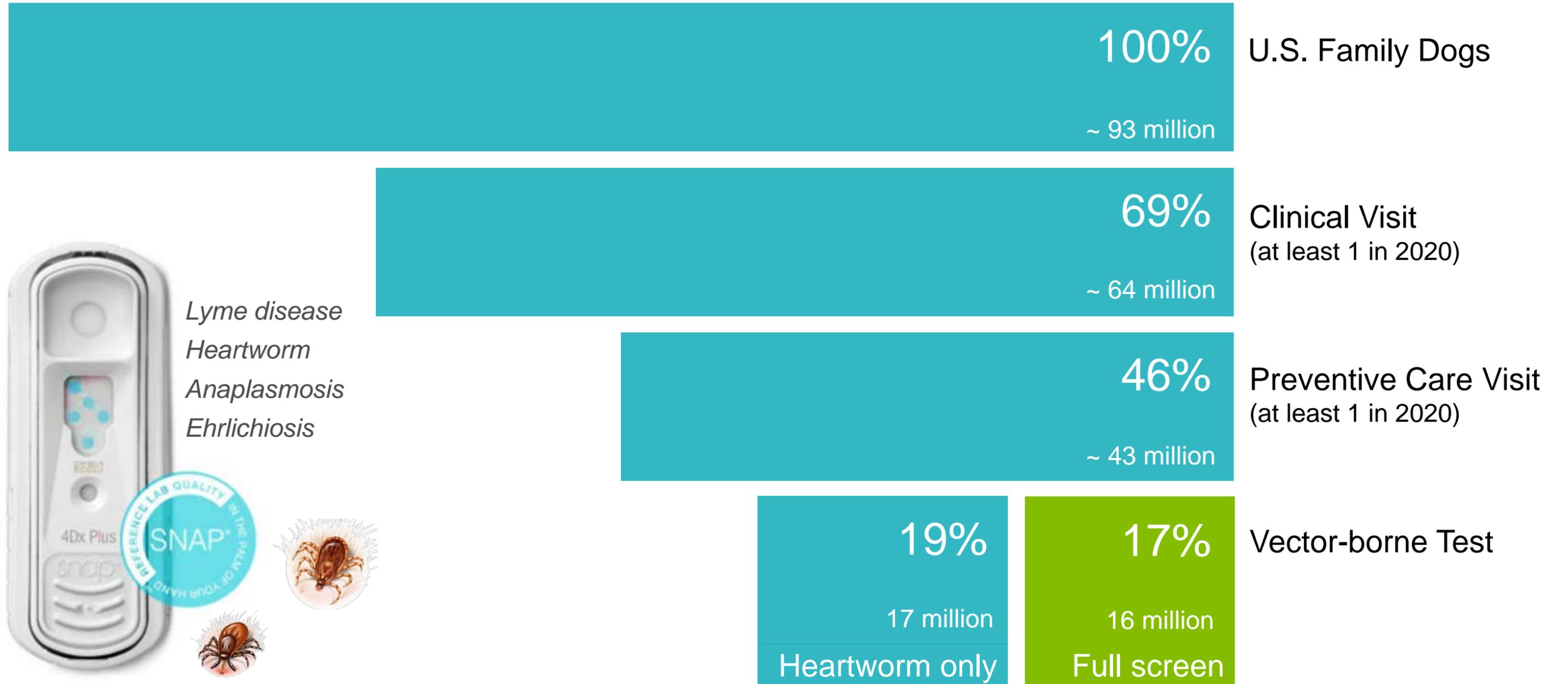


* All figures are rounded. Premium chemistry includes Catalyst Dx® Chemistry Analyzer and Catalyst One® Chemistry Analyzer installs, premium hematology includes ProCyte Dx® Hematology Analyzer, ProCyte One™ Hematology Analyzer and LaserCyte® Hematology Analyzer installs and urinalysis includes SediVue Dx® Urine Sediment Analyzer installs. Second placements are excluded.

** All figures are rounded. Calculated as of June 30, 2021. Excludes practices too small to be likely candidates for chemistry analyzer placement at this time.

Only ~17% of U.S. Dogs Receive a Full Vector-borne Disease Screen at the Veterinary Practice Annually

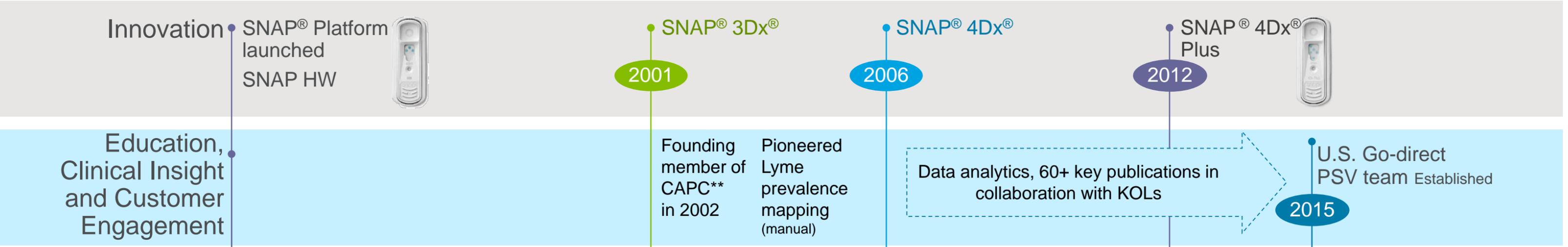
2020 U.S. Canine Vector-borne Disease Screening at the Veterinary Practice



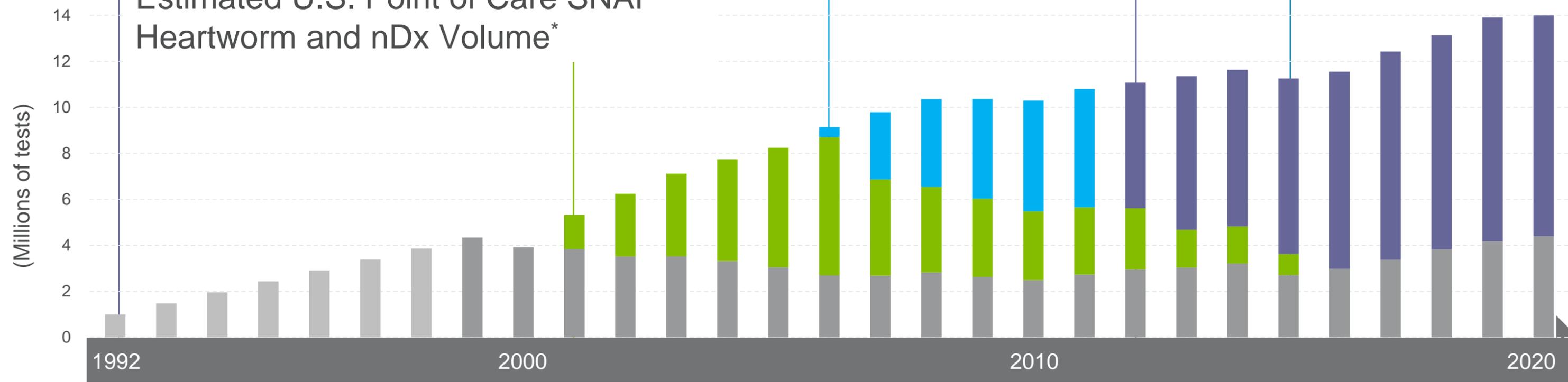
Source: Based on analysis of IDEXX Practice Intelligence data and other data sources.

Our Strategy is Focused on Addressing Unmet Needs and Expanding Utilization

Example: IDEXX created and continues to develop the canine vector-borne disease segment through innovation, education, clinical insight and customer engagement



Estimated U.S. Point of Care SNAP Heartworm and nDx Volume*



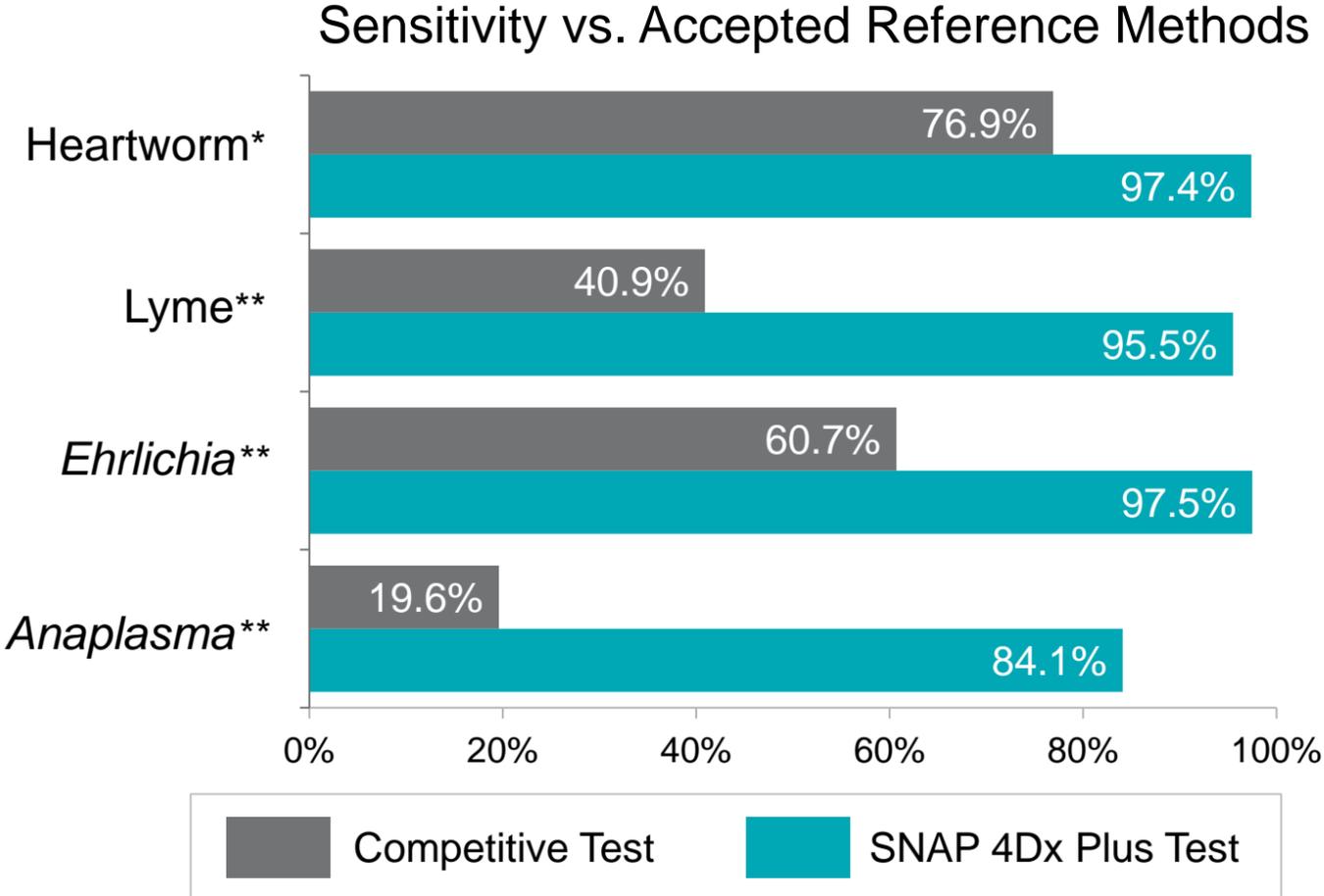
* Includes point of care rapid assay and excludes reference lab vector-borne disease testing. 1992 through 1998 volumes approximated. "nDx" refers to IDEXX vector-borne disease multiplexed rapid assay tests: SNAP HW, SNAP 3Dx, SNAP 4Dx and SNAP 4Dx Plus. ** Companion Animal Parasite Council.



Clinical Decision Support Brings Another Layer of Innovation and Value to Complement Superior Accuracy of IDEXX's 4Dx Plus

IDEXX's 4Dx Plus Test is the **most accurate test** for vector-borne disease

New **clinical decision support** enables **fast, confident interpretation** and provides **next step considerations**



IDEXX VetConnect PLUS		Clinical Decision Support
POPPY		Anaplasmosis Diagnosis Assistance
Serology 8/5/21		<input type="button" value="Order CBC"/> Order in VetConnect PLUS Copy Test Code: 300
Heartworm Antigen	Negative	
Anaplasma platys/ phagocytophilum	Positive	
Lyme (Borrelia burgdorferi)	Negative	

Provides patient-specific guidance and next step considerations within VetConnect PLUS



IDEXX VetConnect PLUS		Clinical Decision Support
POPPY		Anaplasmosis Interpretation
Hematology 8/5/21		<input type="button" value="Order CBC"/> Order in VetConnect PLUS Copy Test Code: 300
RBC	6.8	
Hemoglobin	11.5	
MCV	65.2	
MCHC	36.8	

Enables fast and accurate diagnoses for determining appropriate treatment plans

* Burton KW, Liu J, Drexel JP, Et al. Comparative evaluation of field samples using 2 in-clinic assays for heartworm antigen detection in dogs. Vet Parasitol. 2020;283.
 ** J. Liu , J. Drexel , B. Andrews , M. Eberts , E. Breitschwerdt , R. Chandrashekar. Comparative Evaluation of Two In-clinic Assays for Vector-Borne Disease Testing in Dogs. Top Comp Anim Med. 2018;33:114-118.



Bow & Moose 

Mike Lane

Executive Vice President and General
Manager, Reference Laboratories and
Information Technology

IDEXX Laboratory Diagnostic and Consulting Services Growth is Enabled by Our Unrelenting Commitment to Innovation and Talent



Most complete and advanced menu of tests and services



Technology that makes our customers' work easier



Personalized support with expert guidance

We Offer a Broad, Differentiated Menu Built from Decades of Innovation

Non-wellness

Molecular Diagnostics

Ringworm
Influenza
Genetics

Microbiology

24 Hour Turnaround Time

IDEXX Consulting Services

IDEXX Digital Cytology™ 24/7/365
Radiology 24/7/365
Anatomic Pathology
Cardiology



Wellness and Minimum Database

Chemistry

IDEXX SDMA®
Included with Every Chemistry Profile

Immunology

Lab 4Dx® Plus | Lyme Quant C6® |
IDEXX Anywhere Spec cPL®, fPL® |
Cardiopet® proBNP

Hematology

IDEXX Hematology | Reticulocytes |
Retic-HgB

Urinalysis

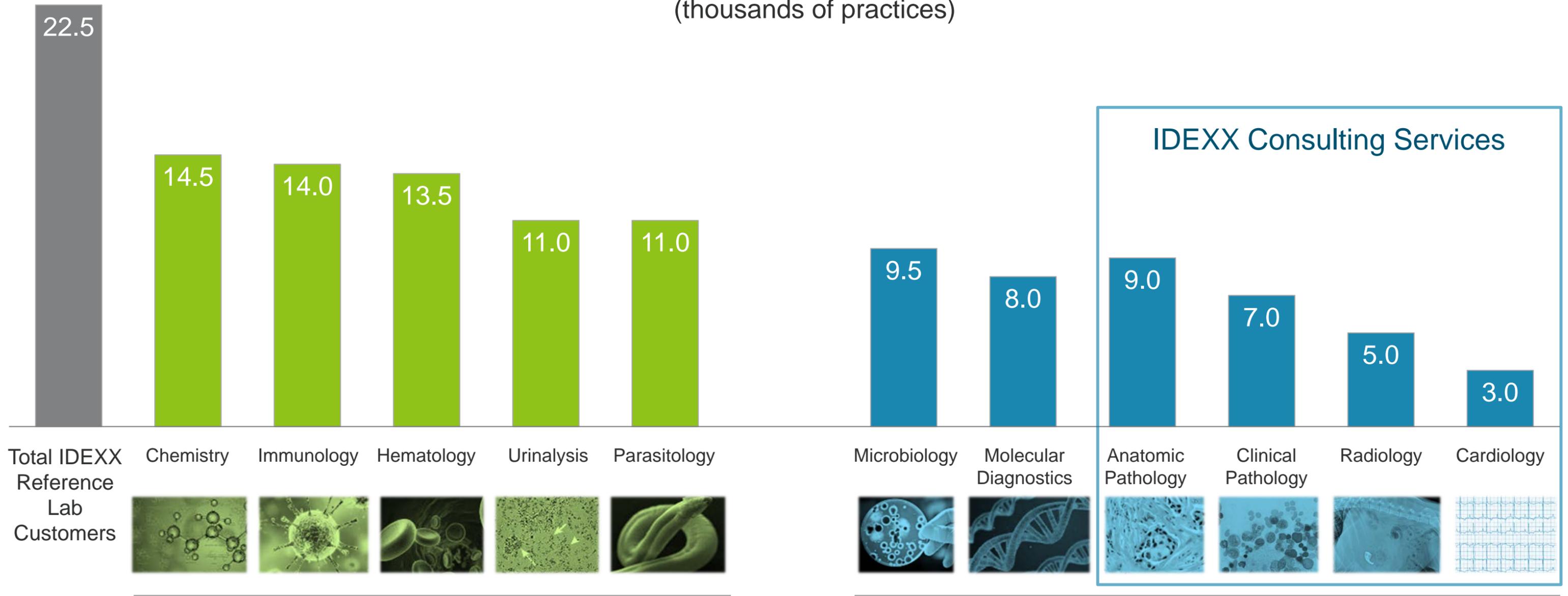
IDEXX Anywhere with IDEXX SediVue Dx

Parasitology

Fecal Dx® Antigen: Whips, Hooks, Rounds

Endless “Breadth and Depth” Growth Opportunities

Number of U.S. IDEXX Reference Lab Customers by Dx Category in Q4 2020
(thousands of practices)



Wellness and Minimum Database

Non-wellness

IDEXX Global Consulting Services are an Extension of Veterinary Practice



Anatomic Pathology



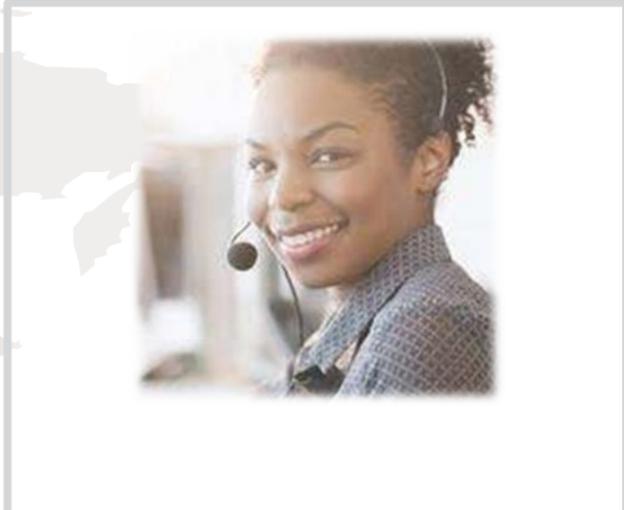
Clinical Pathology



Radiology



Cardiology

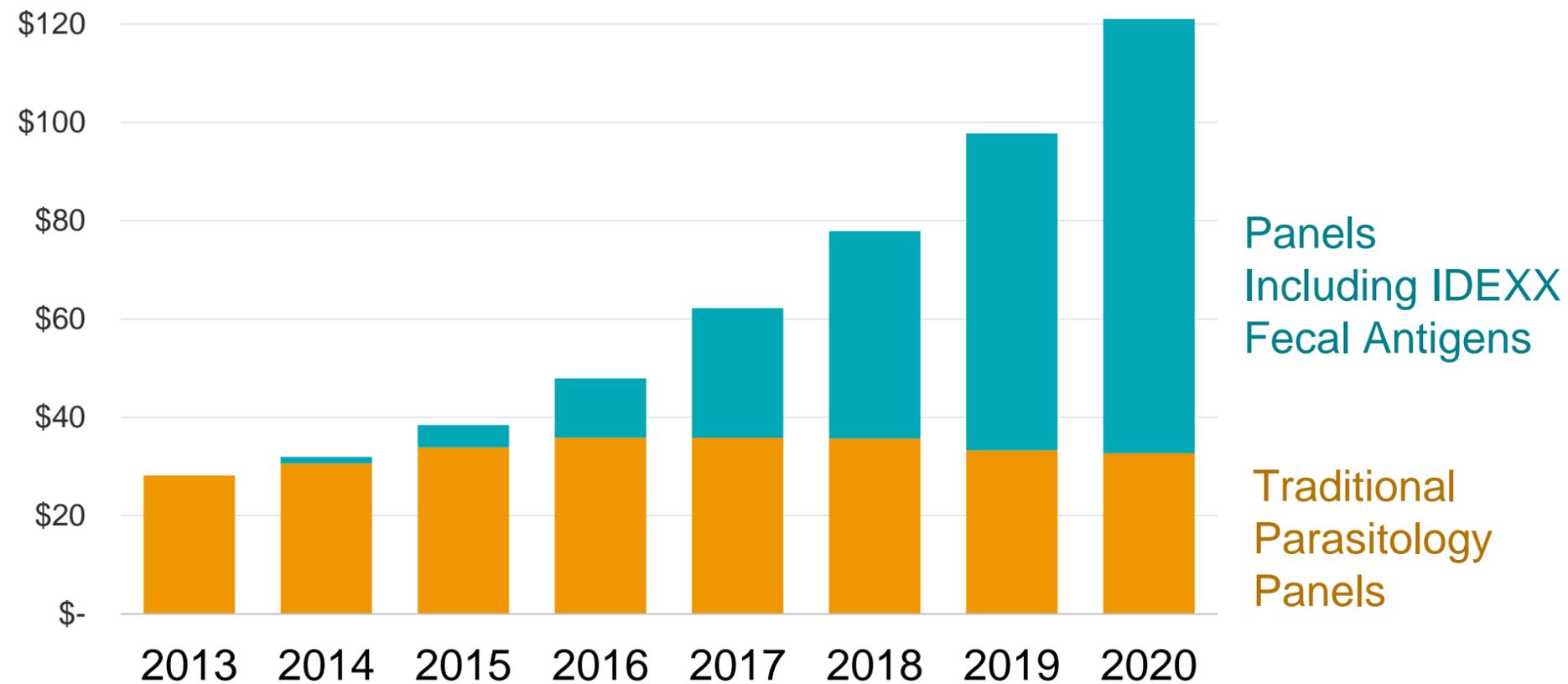


Internal Medicine

IDEXX has ~ 530 specialty consultants supporting customers around the world

IDEXX Fecal Testing Expands as Customers Appreciate the Value of Fecal Antigens

North America Reference Lab Fecal Testing Revenue (\$M)



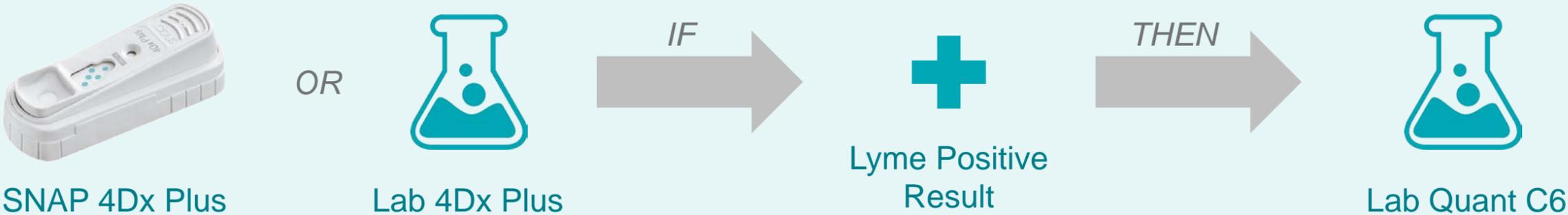
- Fecal Antigen testing finds more infections, generates more treatment income
- Included in all Preventive Care Challenge Panels
- On track to reach incremental annual **\$120M revenue** by 2023, as projected in 2018

“To ensure the widest breadth of detection of intestinal parasites in dogs and cats, **fecal tests for antigen should be combined** with microscopic examination of feces for eggs.”
- Companion Animal Parasite Council (CAPC)



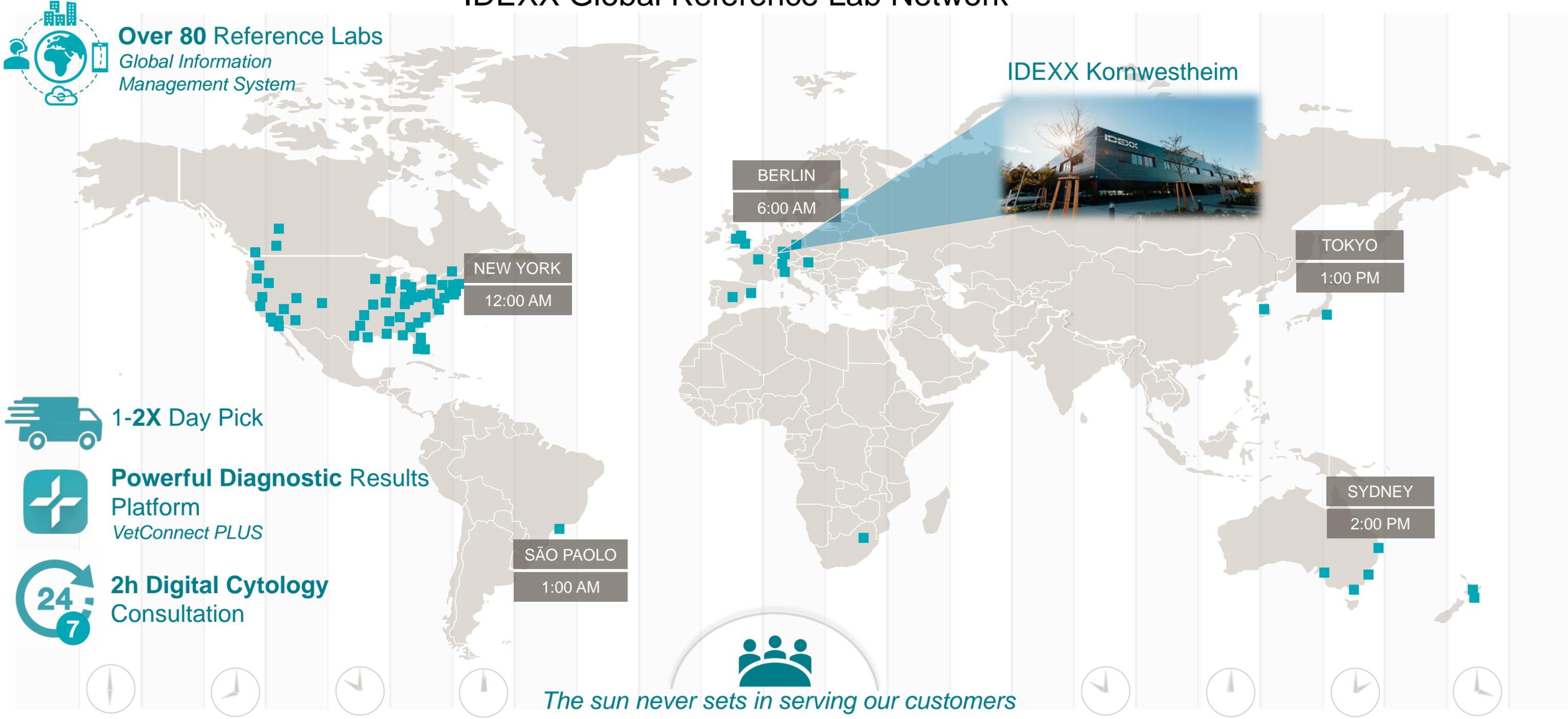
IDEXX Anywhere Enables a Seamless Multi-modality Experience

IDEXX Anywhere



Advancing Our Best-in-class Global Lab Network and Capabilities

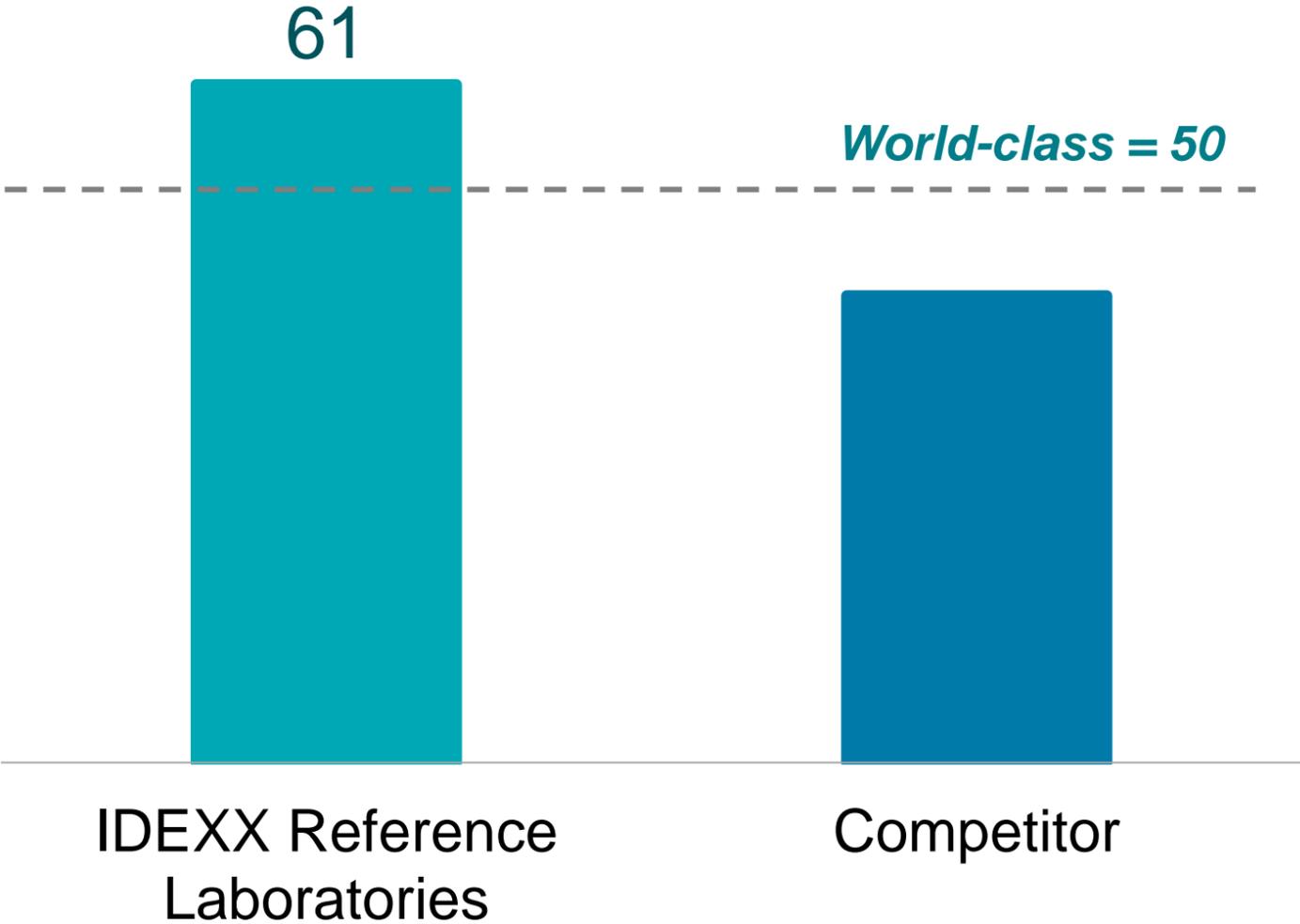
IDEXX Global Reference Lab Network



Service Innovation Results in Very Strong Customer Loyalty and Growth



Would You Recommend Your Reference Laboratory to a Colleague?
Net Promoter Score (NPS)



Source: Double-blind primary research study conducted in June, 2021 (IDEXX Users n = 482, Competitor Users n = 248). Question: How likely are you to recommend the following reference lab(s) to a colleague? Score calculated as the % of respondents who are 'promoters' (scoring 9 or 10 on a 0-to-10-point scale) minus % of respondents who are 'detractors' (scoring 0 through 6 on a 0-to-10-point scale).



Callie 

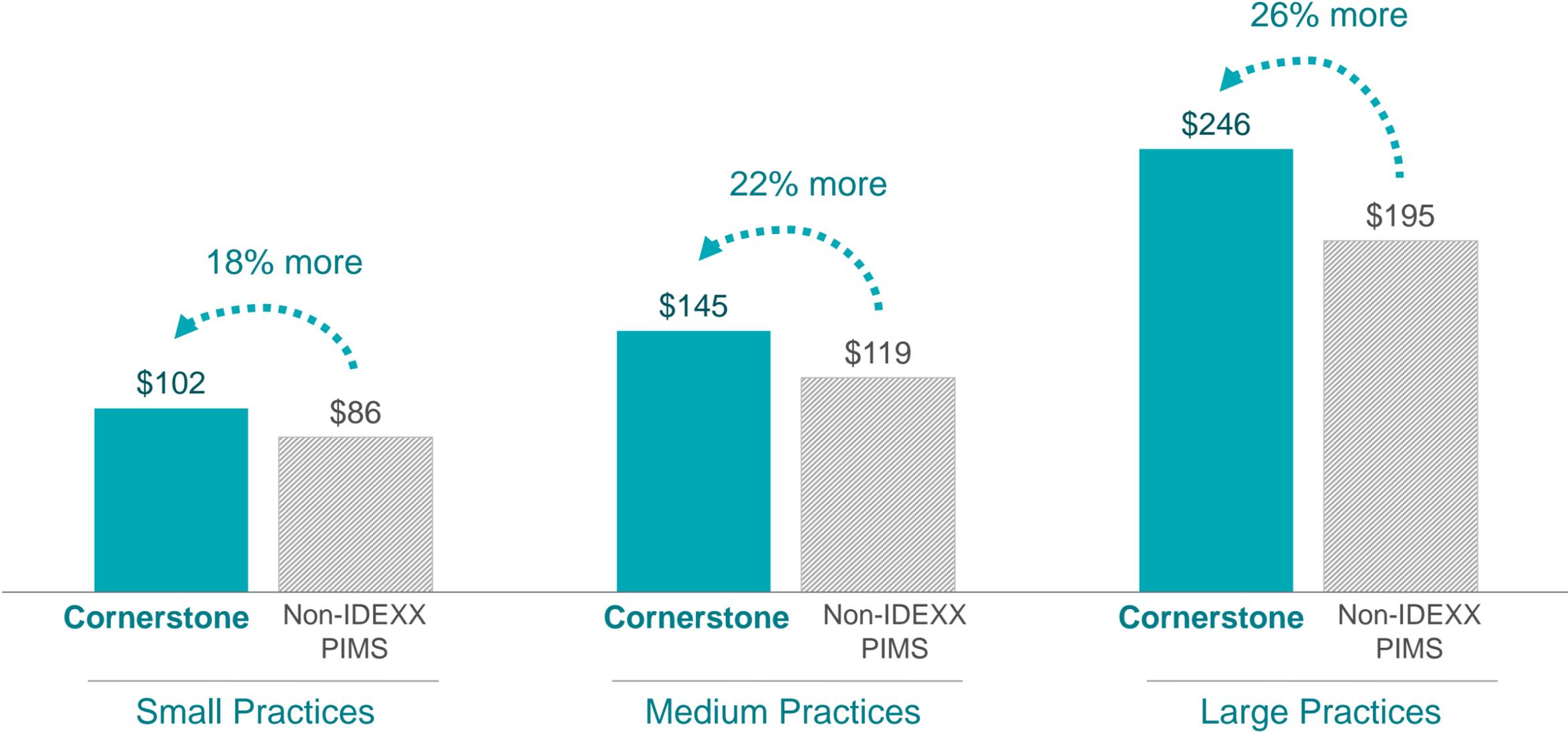
Michael Schreck

Senior Vice President and General Manager,
Veterinary Software and Services

Engaged IDEXX PIMS Practices Generate Significantly More CAG Diagnostics Recurring Revenue per Practice

IDEXX Diagnostics Engaged Practices

2020 Average IDEXX CAG Dx Recurring Revenue per Practice for Cornerstone and Non-IDEXX PIMS (\$k)



Source: Analysis of IDEXX Practice Intelligence data, n = 726 practices. Practices size segments are based on volumes of clinical visits per practice. 'Small' is approximately equivalent to 1 veterinarian, 'Medium' is approximately equivalent to 2 – 3 veterinarians and 'Large' is approximately equivalent to 4 or more veterinarians.

Workflow, Productivity and Effective Client Communications have Never Been More Important to Success and Sustained Growth of Our Customers

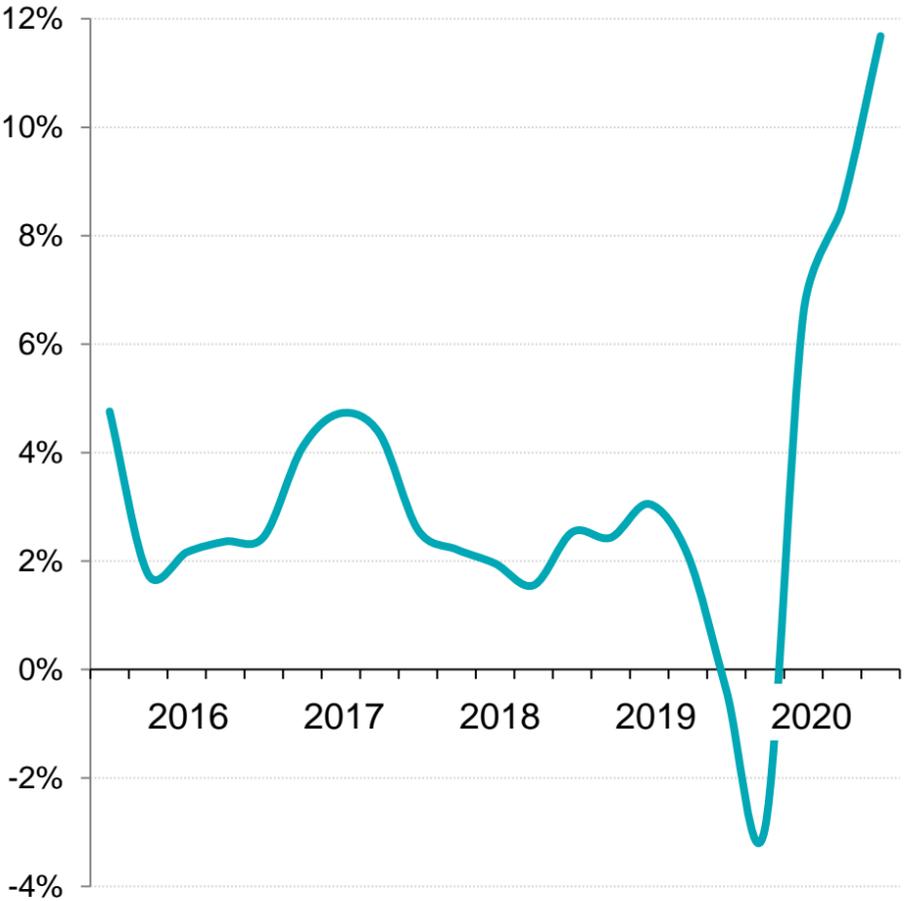
Practices are Busy, Complex Places...

...Growth Accelerated in 2020

...And Software is Key to the Solution



U.S. Average Clinical Visits per Practice Quarterly
Average Year-Over-Year Change (%)



- Workflow
- Productivity
- Simplicity
- Client Communication Engagement Tools
- Improved Patient Care
 - Clinical Decision Support
 - Diagnostic Results Integration
- Staff Training, Contentment

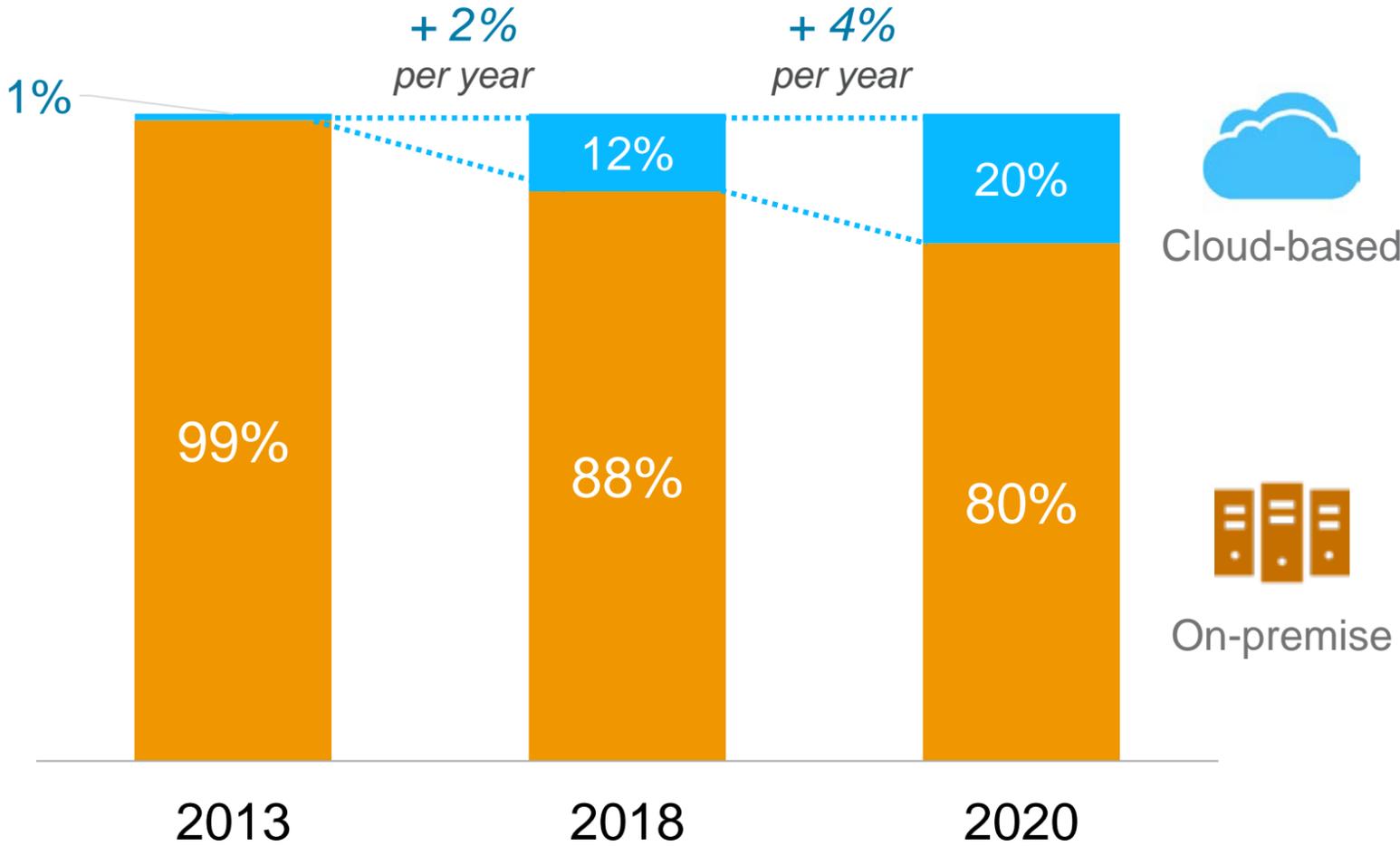
Source: Analysis of IDEXX Practice Intelligence data, n = ~7,900 practices. Analysis reflects “same practice” year-over-year changes, excluding any impact that may exist from practice closures. Note that ‘clinical visits’ are those where the reason for visit involves an interaction between a clinician and a pet, including wellness and non-wellness visit types.

IDEXX Software Ecosystem Addresses Key Practice Needs



Veterinary Practices are Increasingly Choosing Cloud-based PIMS

U.S. Percentage of PIMS Installed Base:
Cloud vs. On-premise



Key Advantages of
Cloud Solutions

-  Access
-  Security
-  Performance

IDEXX's Cloud Offerings Drive High Customer Satisfaction

IDEXX Cloud

Mobile

Intuitive

Intelligent



- Cloud-native software with 100+ integrations
- Top-rated, full-featured
- Deeply integrated workflow tool, Vet Radar



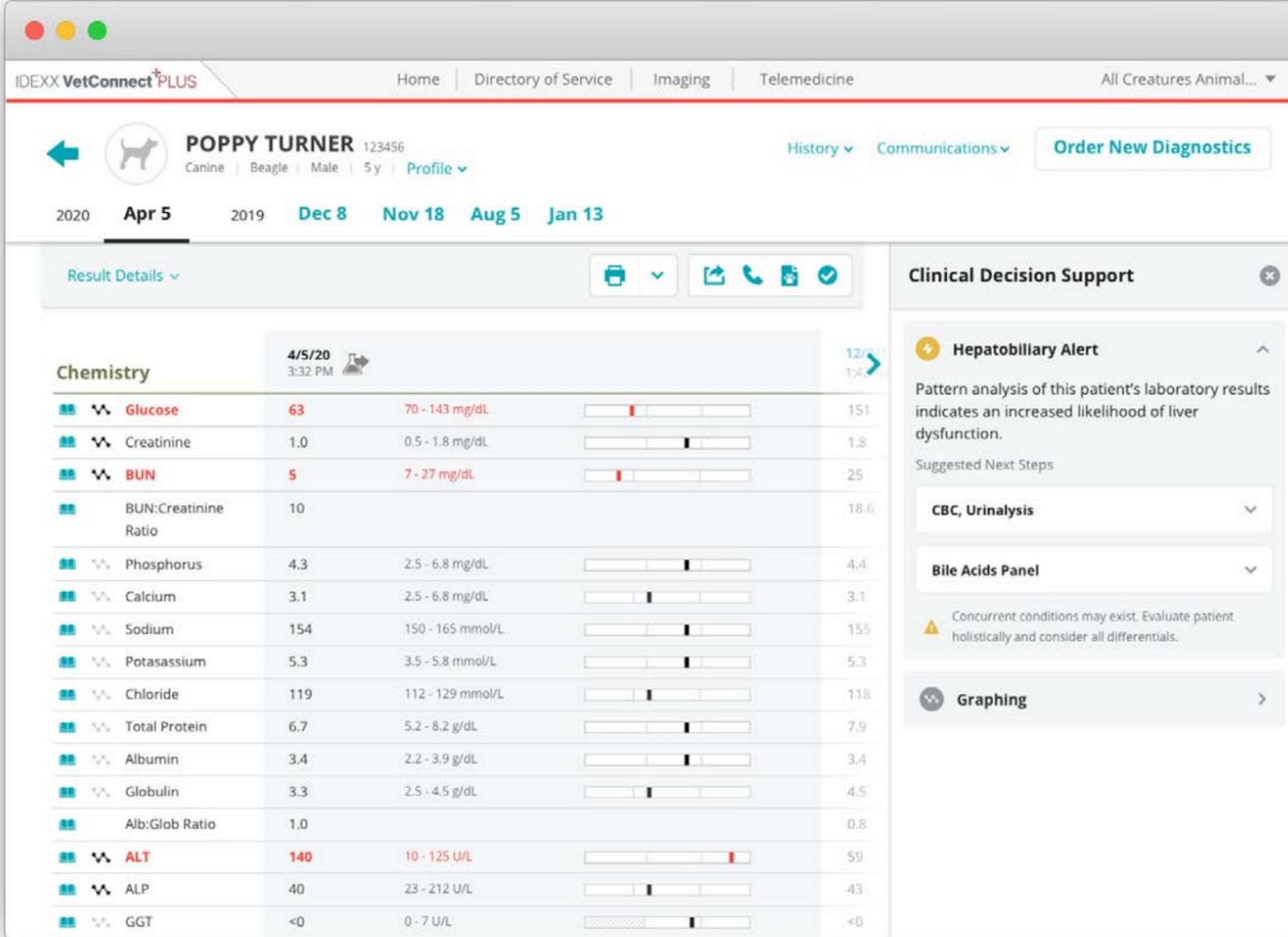
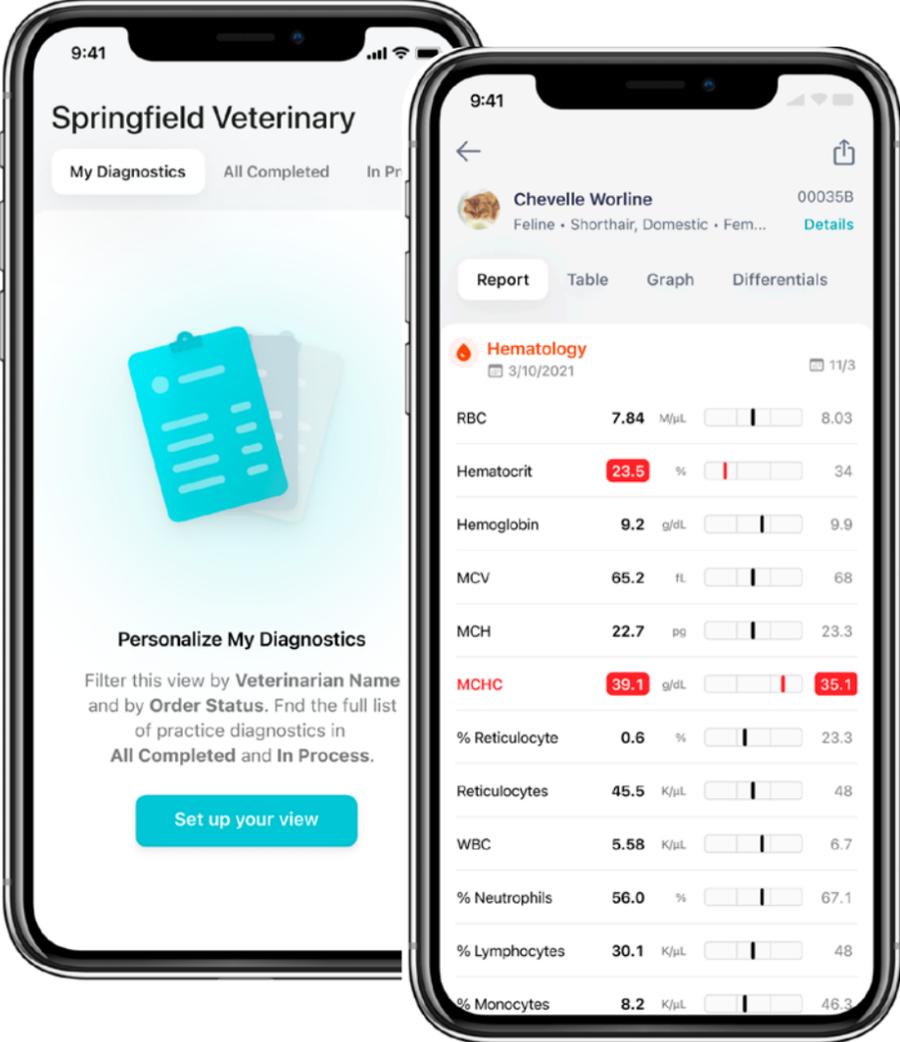
- Ideal for smaller practices that prioritize ease-of-use
- Brilliantly simple—SaaS-centric
- Embedded VetConnect PLUS capabilities



Cornerstone[®]
cloud-hosted

- Well-suited to advanced workflow practices, loyal to Cornerstone experience
- Offers cloud-based functionality
- Fully-featured platform

Customers Increasingly Experience IDEXX Diagnostics through VetConnect PLUS



VetConnect PLUS Mobile 'Next Gen'

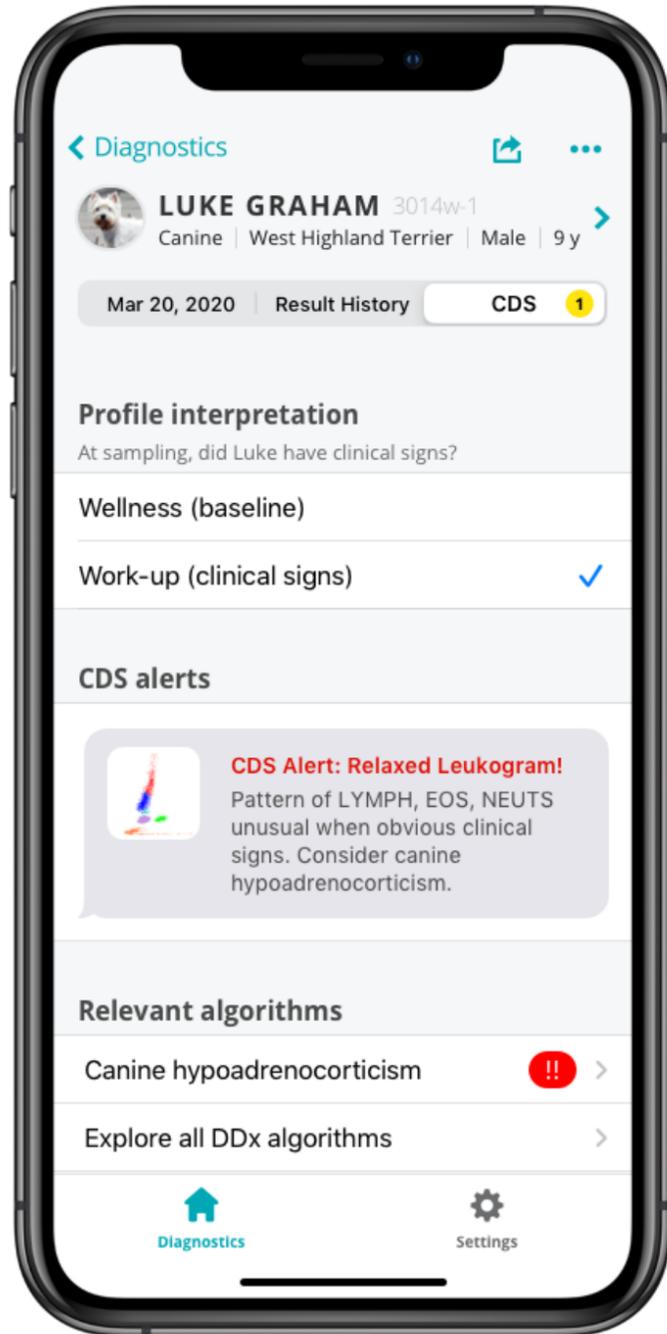
Personalized and intuitive diagnostic workflows

Clinical Decision Support

AI-Powered clinical insights delivered inside VetConnect PLUS



Clinical Decision Support Creates Value for Clinicians, Corporate Practices and IDEXX



Benefits

For Clinicians:

Productivity, Confidence and Insight

- **Enables personalized clinical insight and action**
- **Differentiated customer experience** saves time and instills confidence

For Corporate Partners:

Best Practices and Productivity

- **Integration of group-specific protocols** supports medical best practices
- **Comprehensive productivity assessment** promises realistic impact

For IDEXX:

Diagnostic Utilization, Customer Acquisition and Retention

- **Drives reflex testing**
- **Dx Utilization Growth** for targeted test categories
- **Modality-agnostic, global platform** supports Dx differentiation, acquisition and retention



Sadie 

Jim Polewaczyk

Executive Vice President and
Chief Commercial Officer

Huge Opportunity to Develop Global Pet Diagnostic and Software Sector

Currently U.S. represents \$3.8B or 63%, and international represents ~\$2.2B or 37%

Estimated 2020 Total Companion Animal Diagnostic and Software Spending (\$M)*



* Revenue estimated at the manufacturer level. Includes reference lab, in-house instruments and consumables, rapid assay, manual microscopy, diagnostic imaging, ultrasound and software. Excludes bioanalytics. Figures stated in USD, based on 2020 average exchange rates.

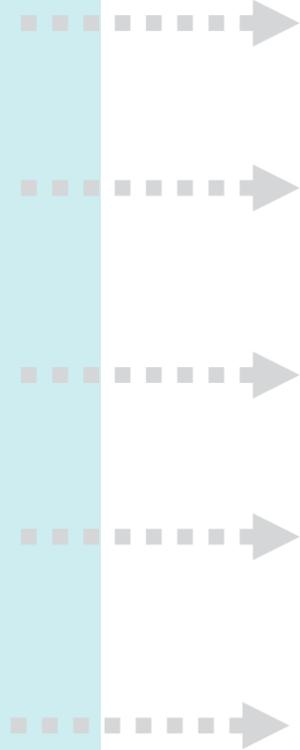
Fully-integrated Diagnostic and Software Platform Enables Higher Standard of Care

IDEXX Differentiated Multi-modality Diagnostic Offering

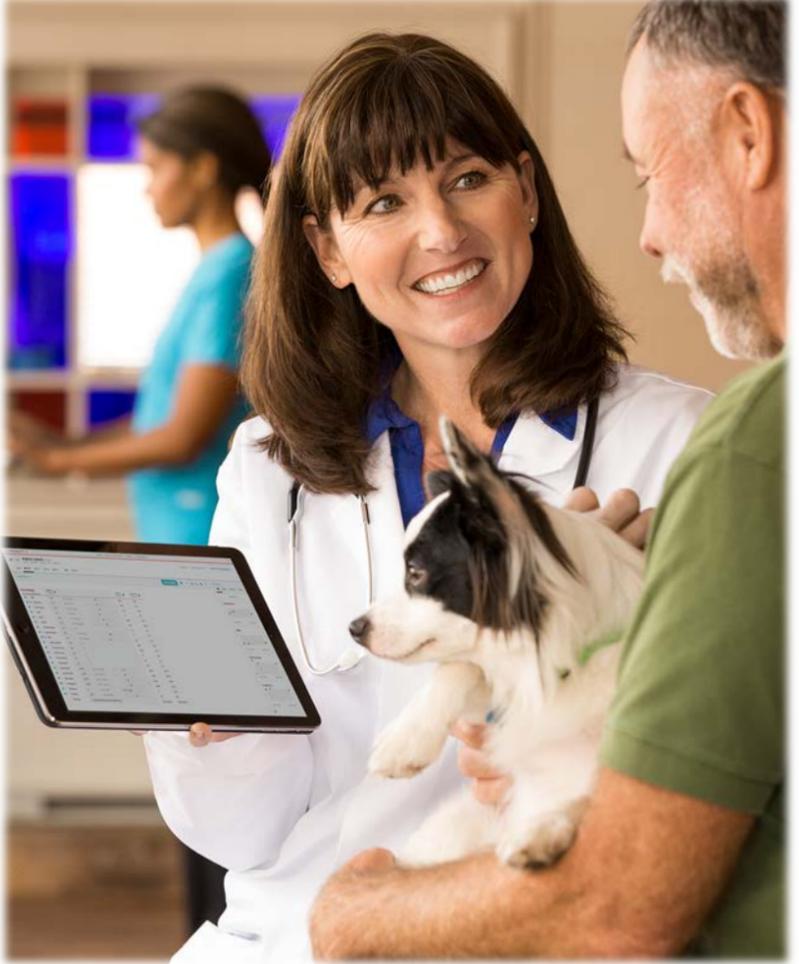
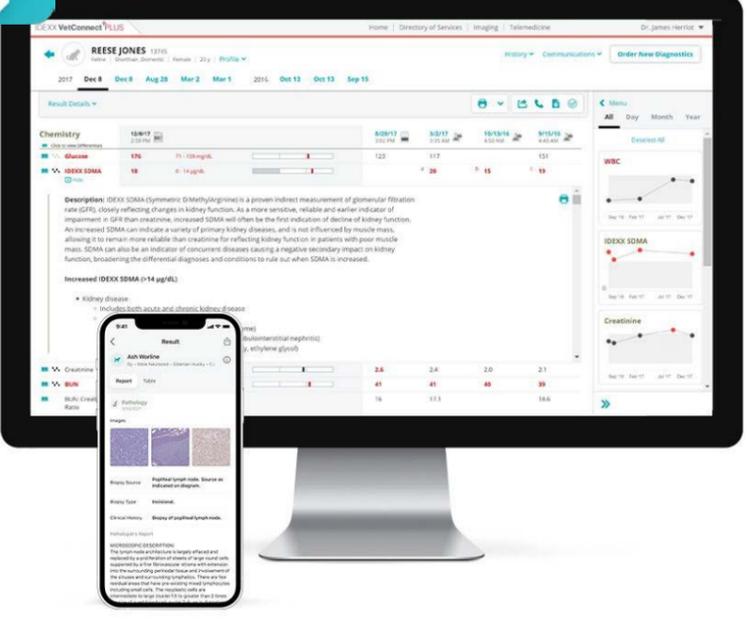
IDEXX Point of Care Diagnostics



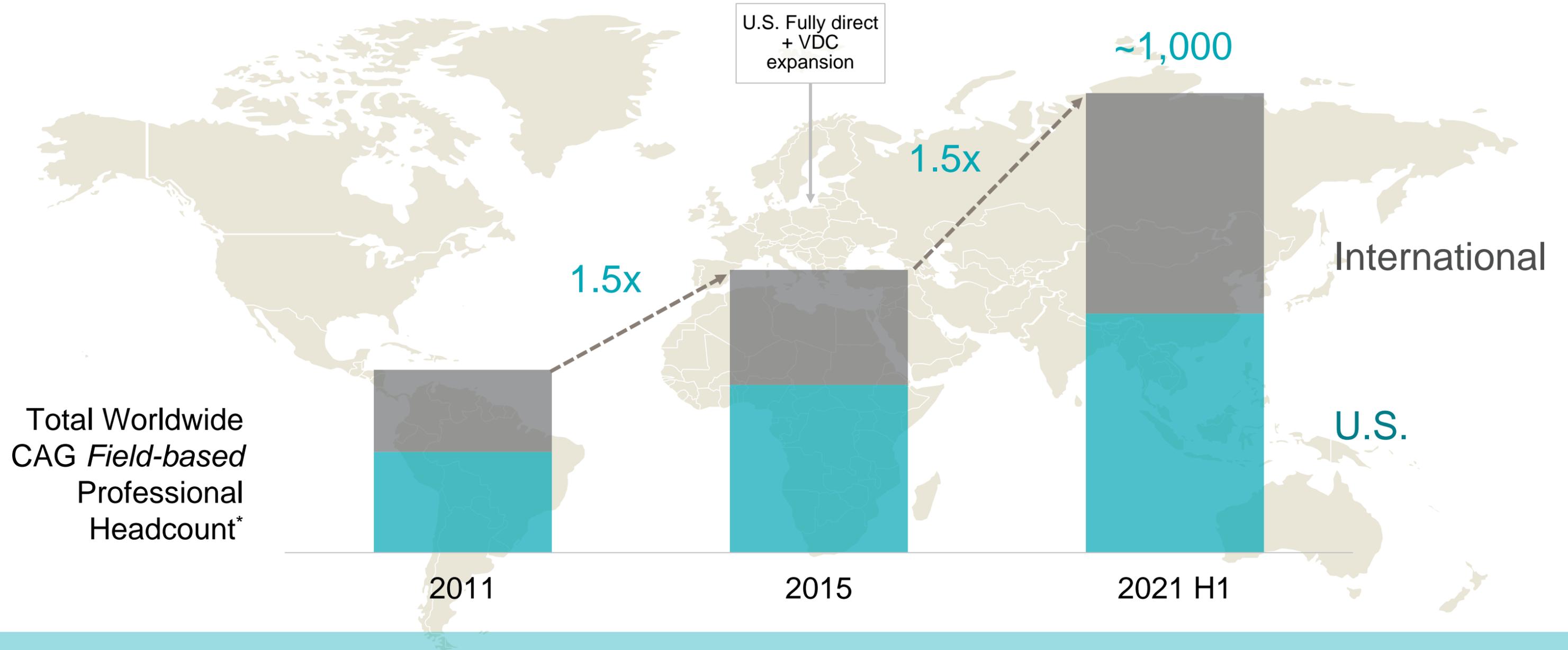
IDEXX Reference Lab



VetConnect PLUS



Expanding Team of Diagnostic Category Experts in Key Geographies Globally

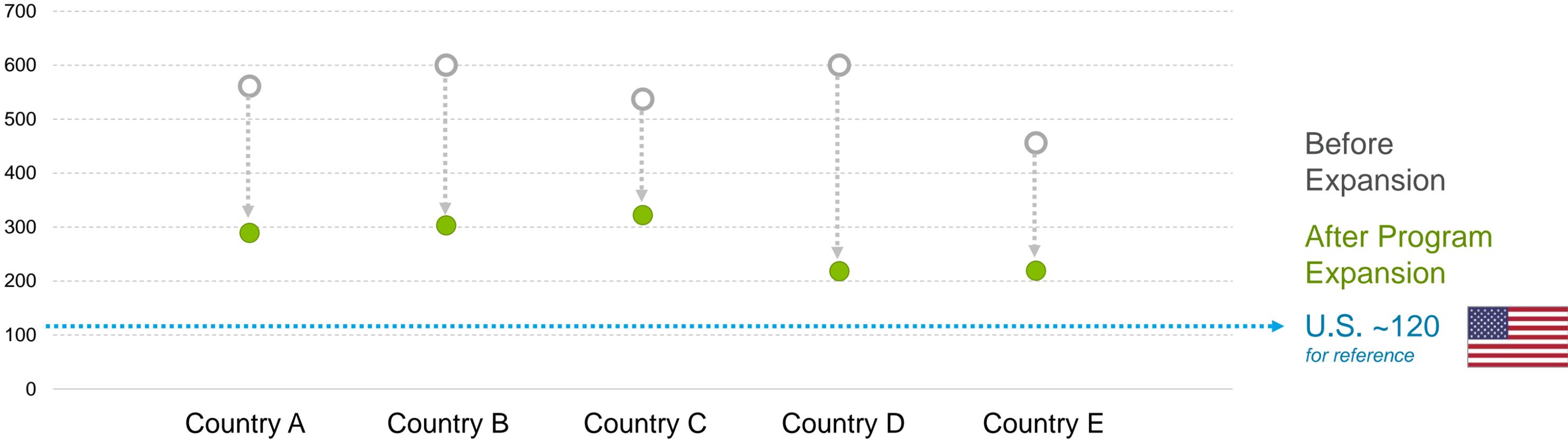


Expanding Global Commercial Footprint Enables Reach Needed to Communicate IDEXX Differentiators

* Includes all field-based sales and technical services headcount, excluding management. Figures as of December 31 of each calendar year except 2021 H1 is as of June 30, 2021.

Increased Commercial Reach is Key to Our Account Management Model

Average Number of Accounts per IDEXX Veterinary Diagnostic Consultant



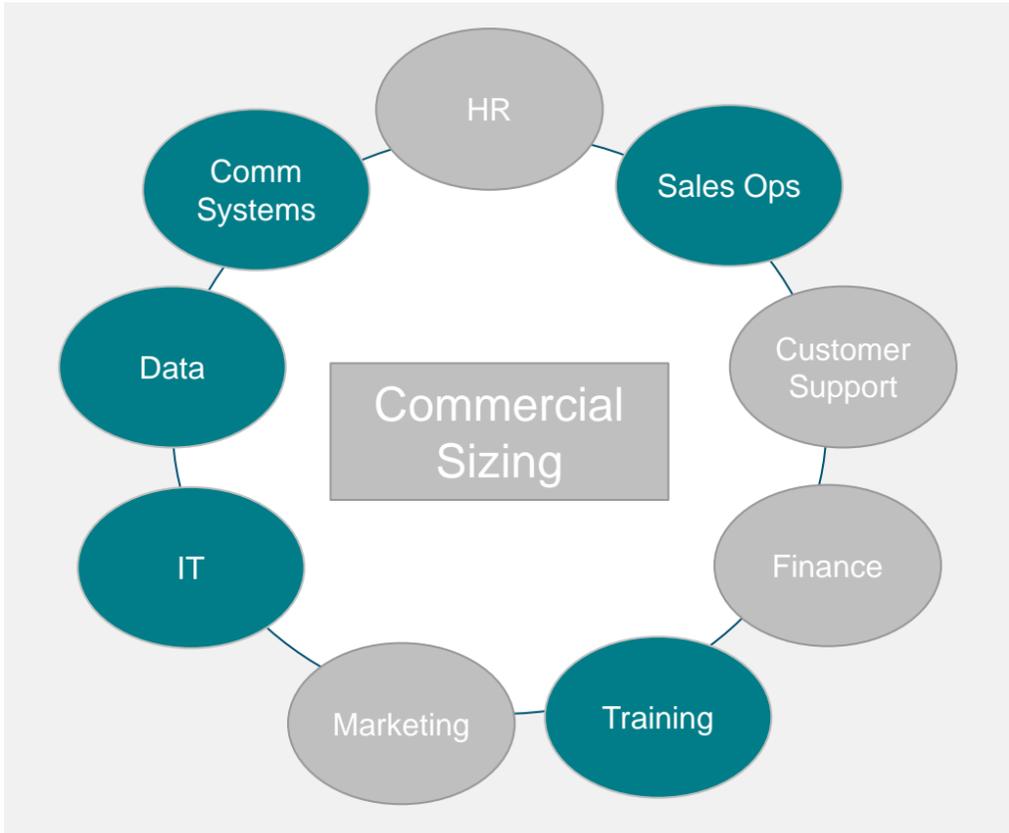
International Commercial Expansion Leverages Global Centers of Excellence and Best Practices



Commercial Maturity Model



Centers of Excellence



Holistic Assessments Informing Aligned Roadmaps

ProCyte One is Quickly Gaining Traction and Will Play a Critical Role to Achieving Our Global Commercial Objectives

First ProCyte One Installed in



Italy



France



Spain

- Many countries are 'hematology-first'
- With the IDEXX 360 program, we have an opportunity to inspire point of care chemistry, Reference Lab and Rapid Assay business
- ProCyte One fits a sweet spot for many international customers in terms of useability, footprint, performance and price

IDEXX 360 has Global Appeal

Increasingly Used Across Europe to Grow Recurring Revenue

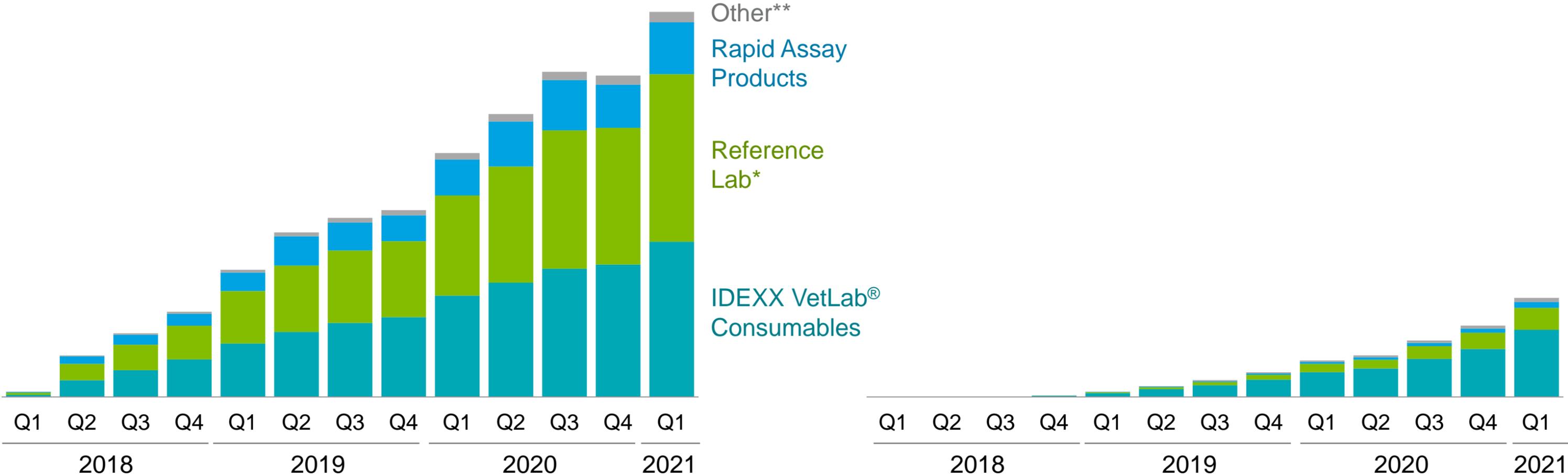
CAG Recurring Revenue from Customers Participating in IDEXX 360 Agreements (\$M)



U.S.



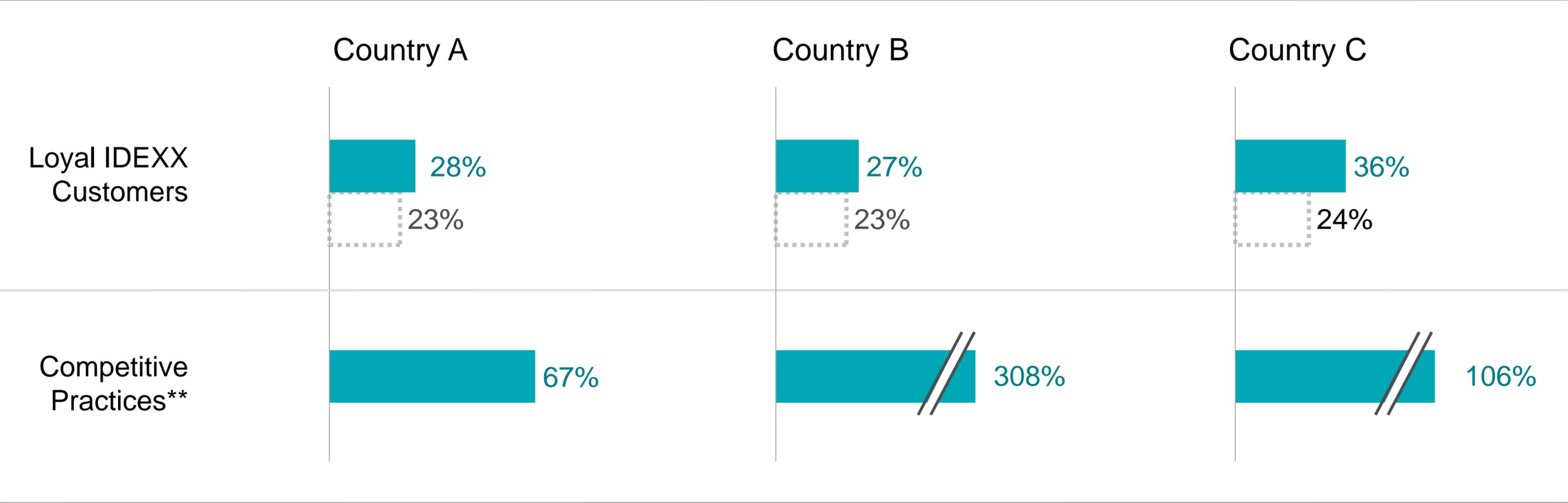
Europe Region



* Reference lab recurring revenue includes Reference Laboratory Diagnostics and excludes Reference Labs Consulting Services and IDEXX BioAnalytics. ** Other recurring revenue includes: Veterinary Software, Services and Diagnostic Imaging Systems subscription based products and services; Reference Laboratory Consulting Services CardioPet subscription plans.

Our Customers Grow Faster When We Call on Them

Q4 2020 Year-Over-Year Average Quarterly Growth in CAG Revenue (%)*



* Revenue Growth Methodology: customer classification as 'Loyal IDEXX' or 'Competitive Practices' is based on customer status as of the beginning of the measurement period for each quarter. Growth rate calculation is measured as the current period over the same period of the prior year. Revenue measured in determining growth includes IDEXX Reference Lab, IDEXX VetLab and IDEXX Rapid Assay recurring revenue.

** Practices with most of their diagnostic products and services from IDEXX competitors, defined as generating less than a threshold level of average IDEXX reference lab revenue per month over past 6 months and without IDEXX in-house chemistry.

A Customer Conversation with Dr. Pilar Xifra



Andrea Iucci,
Senior Vice President and General Manager
CAG, Europe



Dr. Pilar Xifra,
Leganes Norte Veterinary Clinic
Near Madrid, Spain



Daisy 

Brian McKeon

Executive Vice President and
Chief Financial Officer

Financial Review Key Messages

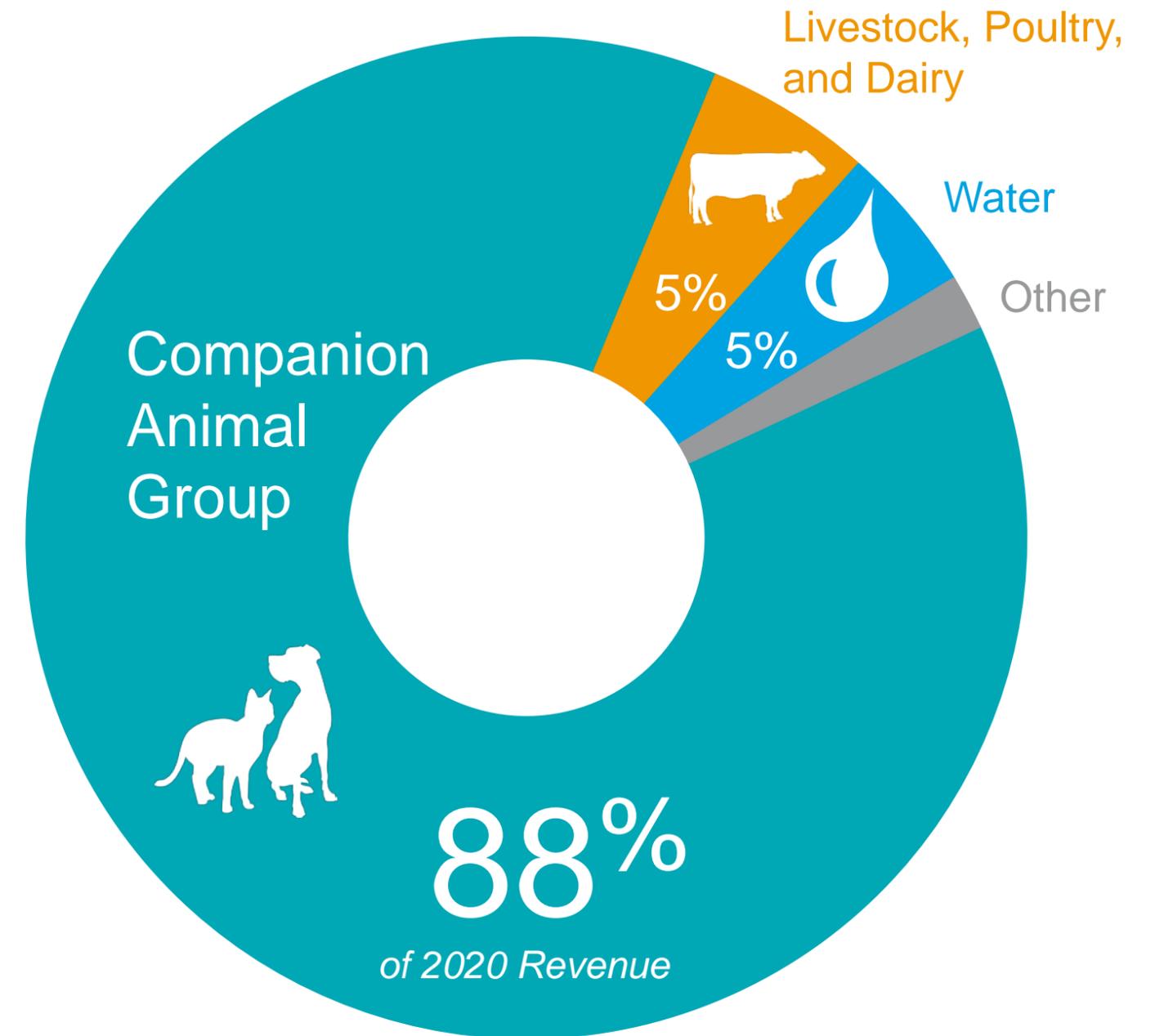
- Focused strategy yields outstanding financial results
- Accelerated growth reinforces long-term CAG opportunity
- Multi-year outlook for 10%+ annual organic revenue growth driven by sustained high, durable CAG Dx recurring revenue gains
- Plan to invest towards long-term opportunity – while delivering 15%-20% annual EPS growth and high ROIC



Focus on Attractive Core Business Development

IDEXX Core Business Characteristics

- High organic revenue growth potential
- Global leadership
- Innovation-driven
 - Centered on diagnostics and information management
- Durable recurring revenue
- High ROIC



Consistent Strategy with High Level of Execution

	2016	2017	2018	2019	2020	Multi-Year Goals
Organic Revenue Growth ²	11.4%	10.4%	11.6%	10.3%	12.0%	10%+
Operating Margin Gain (Comparable Operating Margin Gain) ⁵	170 bps	140 bps	130 bps	120 bps	340 bps	50 - 100 bps
EPS Growth (Comparable EPS Growth) ⁶	25%	21%	36%	21%	31%	15% - 20%
<i>ROIC⁷ of 55% in 2020</i>						

^{2, 5, 6, 7} Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

Business Momentum Driving Outstanding 2021 Results

IDEXX H1 2021 Highlights



Organic Revenue Growth²

23% ↑



CAG Diagnostics Recurring Organic Revenue Growth²

24% ↑

2-Year Average

16.5%



Operating Margin Gains
Comparable Operating Margin Gain⁵

+470bps ↑



EPS Growth
Comparable EPS Growth⁶

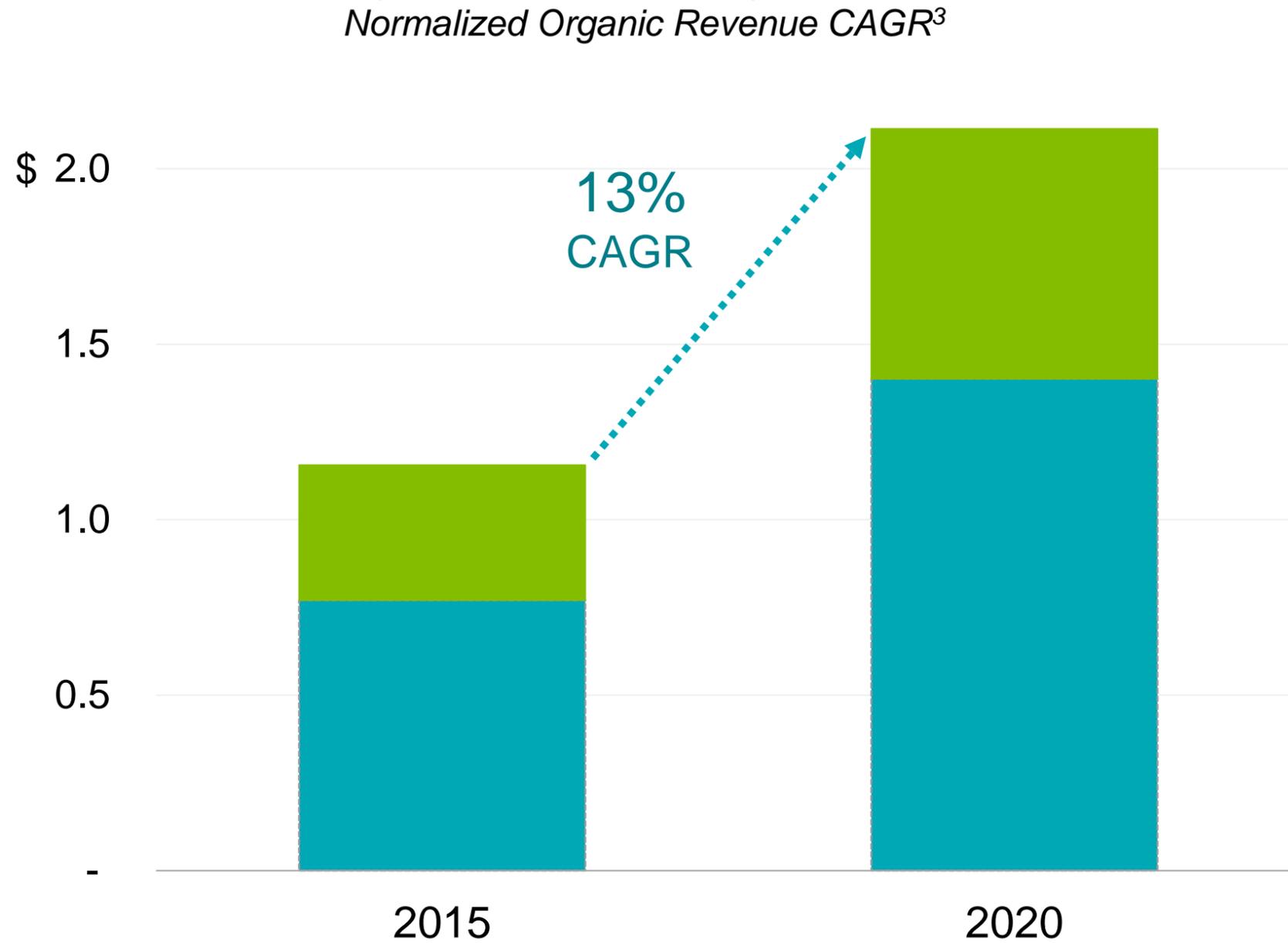
49% ↑

- Accelerated Global CAG Sector Driving High “2-Year” Recurring Revenue Growth
- High Profit Flow – Positioned for Strong Full Year Margin Gains
- Strong Cash Flow and Balance Sheet

^{2,5,6} Non-GAAP financial measures, please refer to Appendix for footnotes.

Accelerated CAG Diagnostics Recurring Revenue Growth

CAG Diagnostics Recurring Revenue (\$B)
Normalized Organic Revenue CAGR³



Normalized Organic Revenue CAGR³

	2015 – 2020	Targeted Growth %*
--	-------------	--------------------

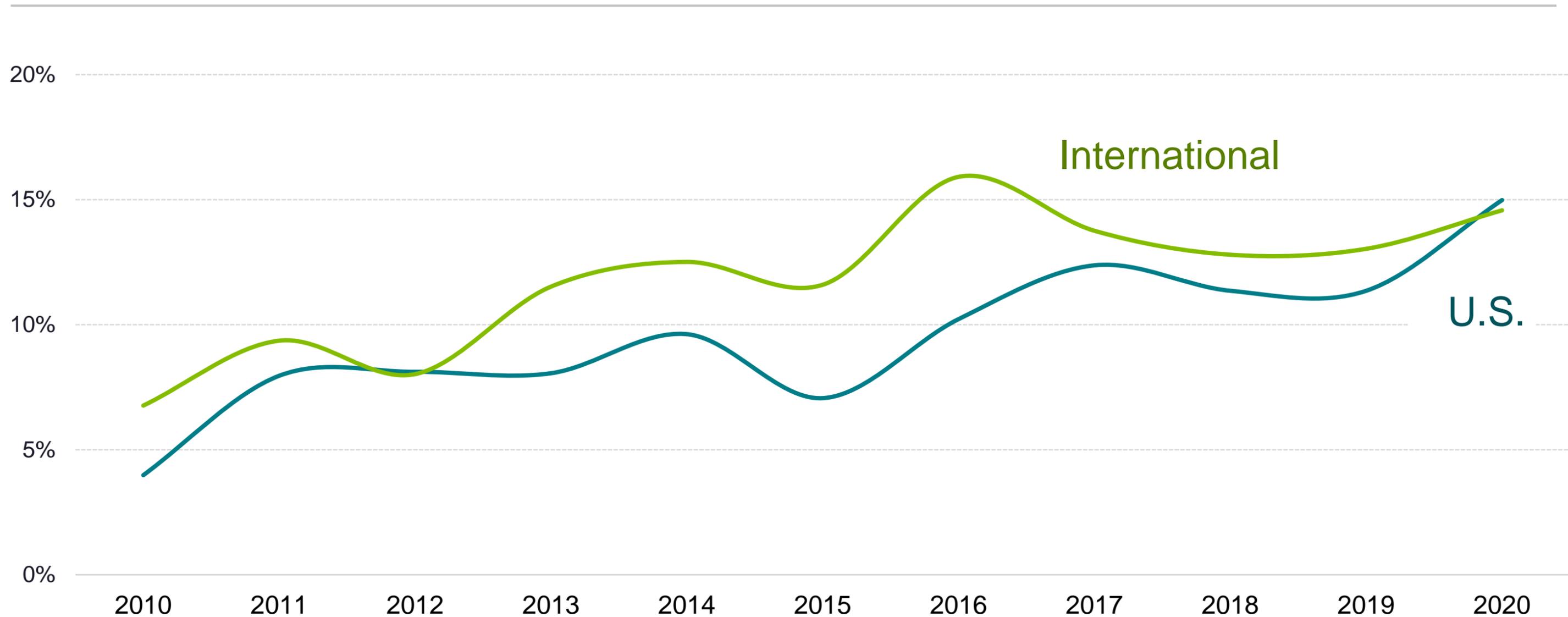
International	14%	12% - 16%
U.S.	13%	9% - 13%

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

* Growth rate targets for referenced time period (2015-2020) as disclosed during previous IDEXX Investor Days.

CAG Diagnostic Annuity Resilient Through Pandemic

IDEXX WW CAG Diagnostics Recurring Normalized Organic Revenue Year-over-year Growth^{1,3}

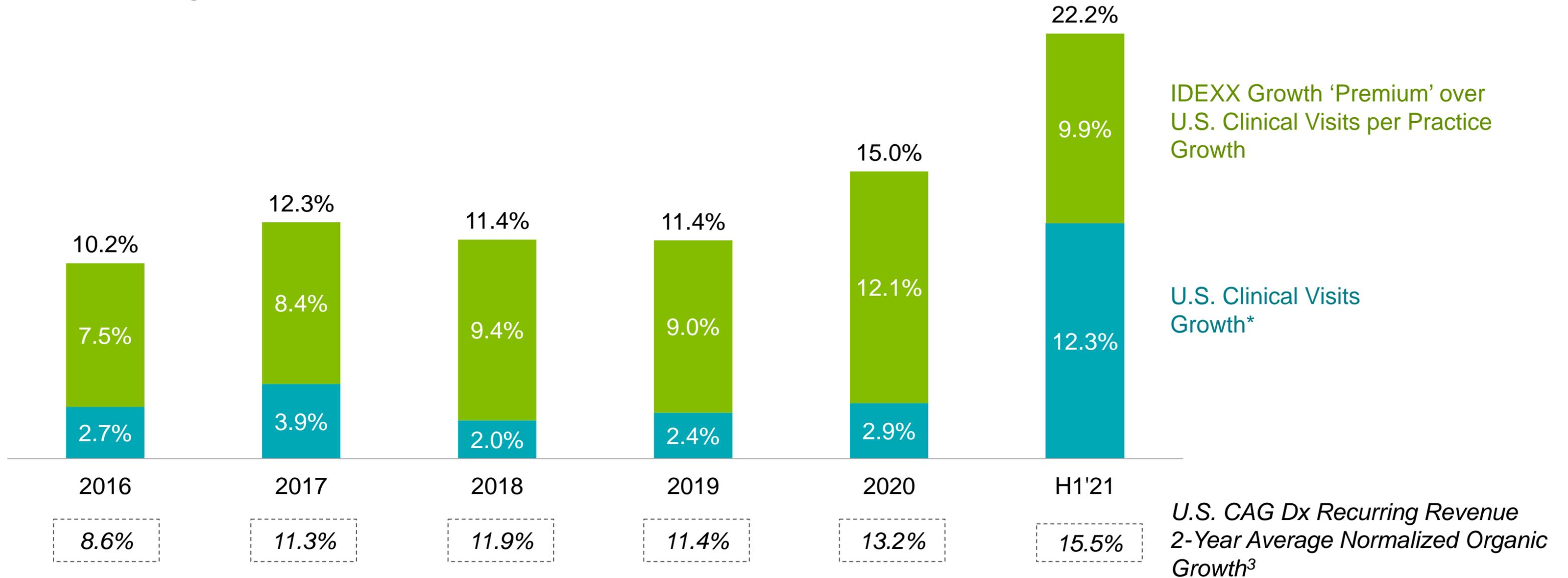


¹ Please refer to the Appendix for descriptive footnotes.

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

High CAG Annuity Growth Supported by IDEXX Growth Premium

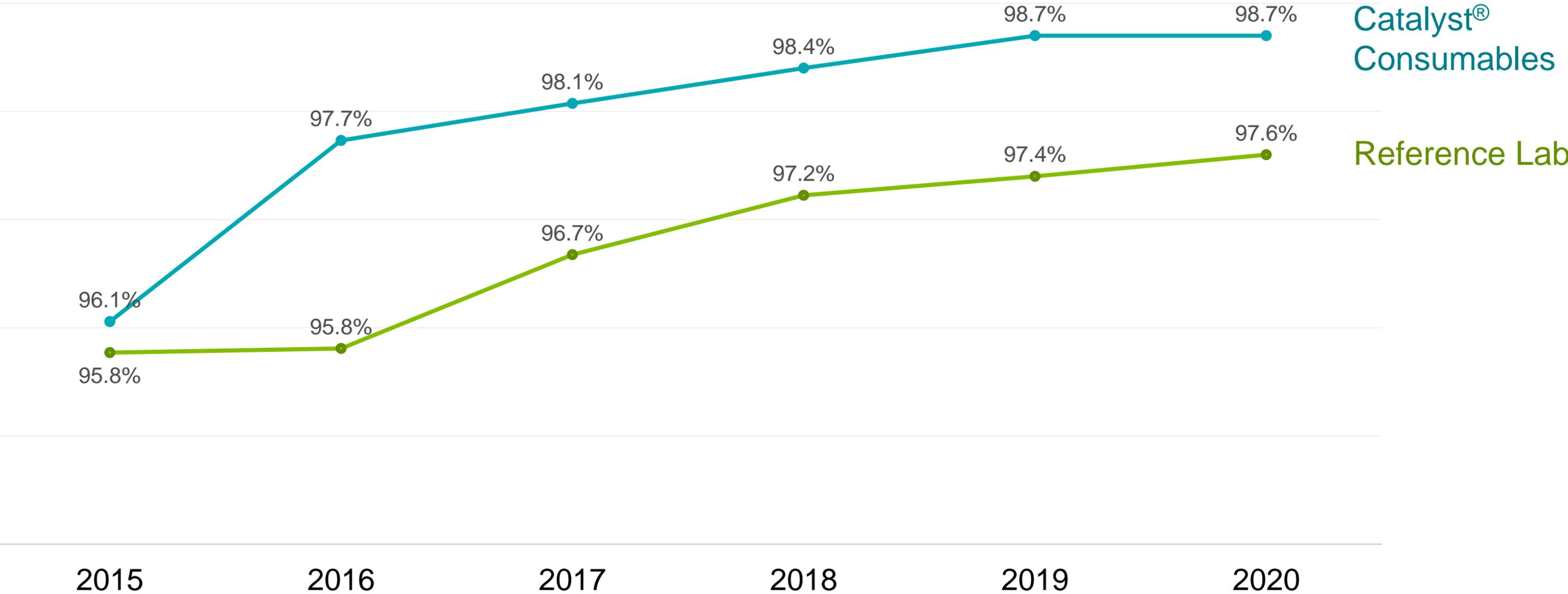
IDEXX U.S. CAG Dx Recurring Revenue Normalized Organic Year-over-year and 2-Year Average Growth³



* Clinical visits growth calculated based on IDEXX Practice Intelligence data n = 8,028 practices. ³ Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

High Customer Retention Supports Durability of CAG Recurring Annuity

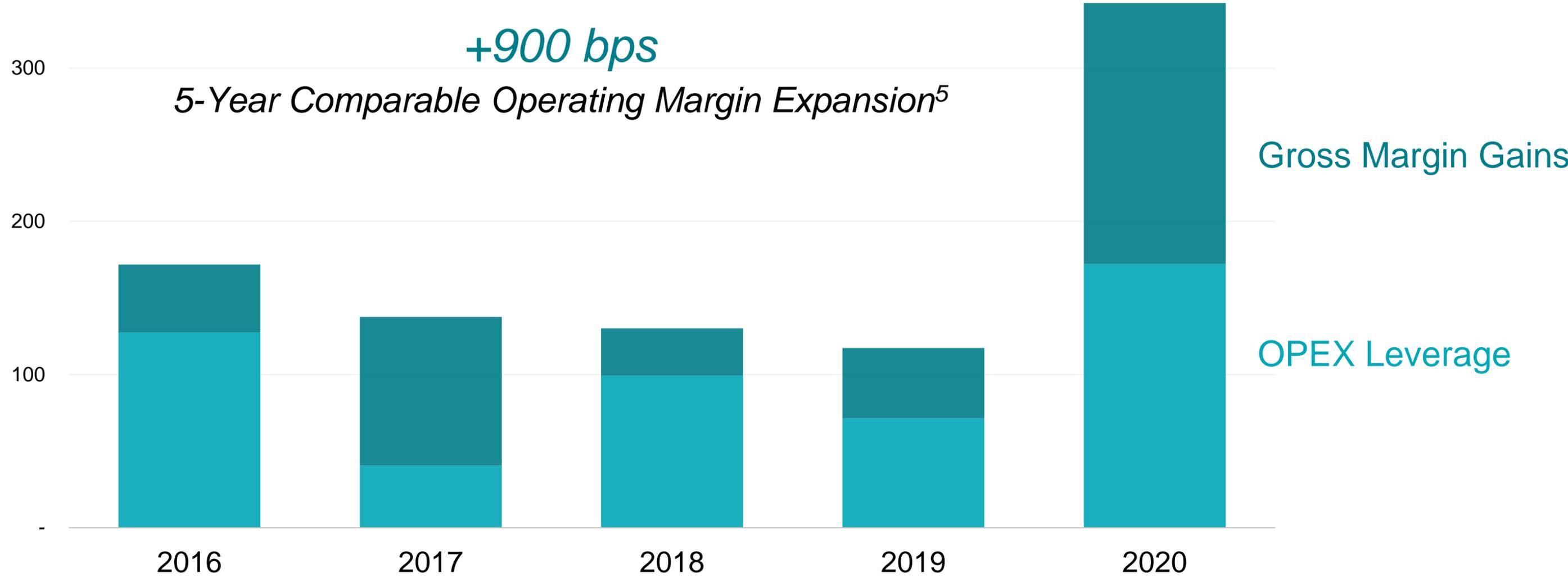
Annual U.S. Customer Revenue Retention Rates



Strong CAG Recurring Growth Drives Operating Margin Gains

Operating Margin Expansion Drivers *Comparable operating margin expansion⁵*

(basis points)



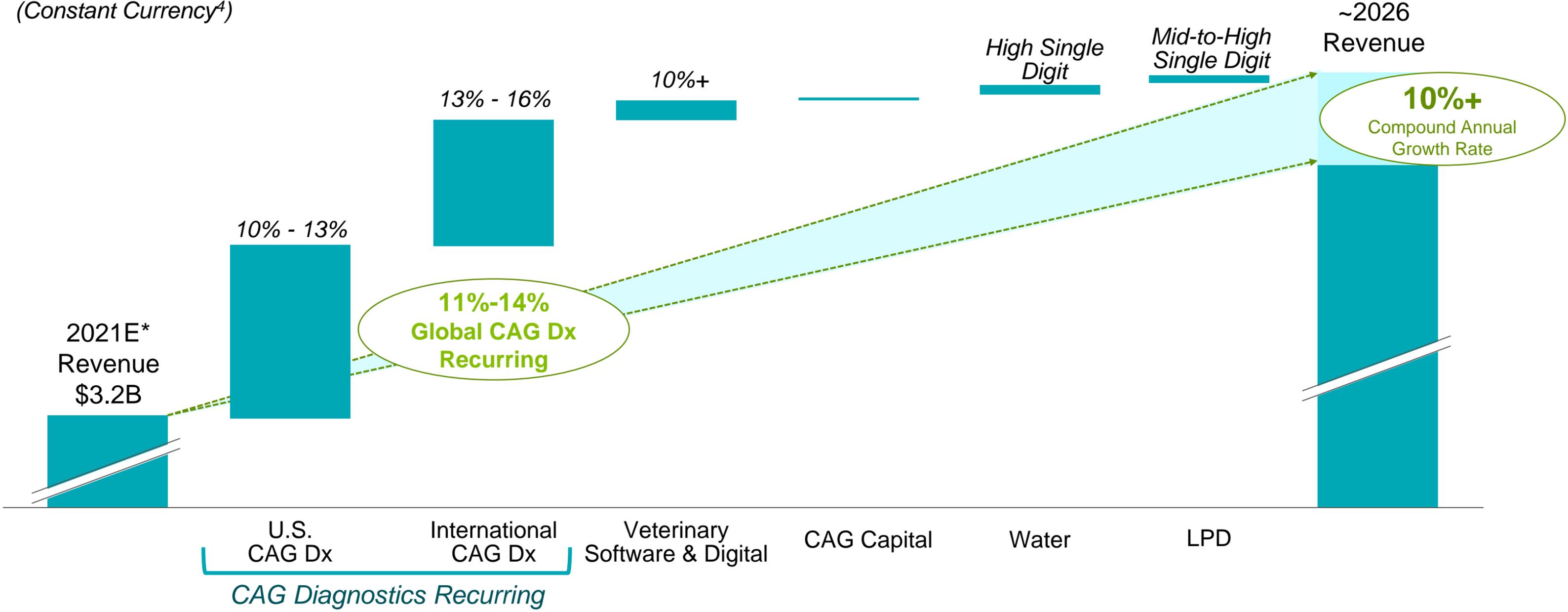
⁵ Non-GAAP financial measures, please refer to Appendix for footnotes.



Five-Year Potential for Continued 10%+ Annual Revenue Growth

Driven by double-digit expansion of CAG Diagnostics Recurring Revenue

IDEXX Total Company Annual Revenue Growth Potential
(Constant Currency⁴)



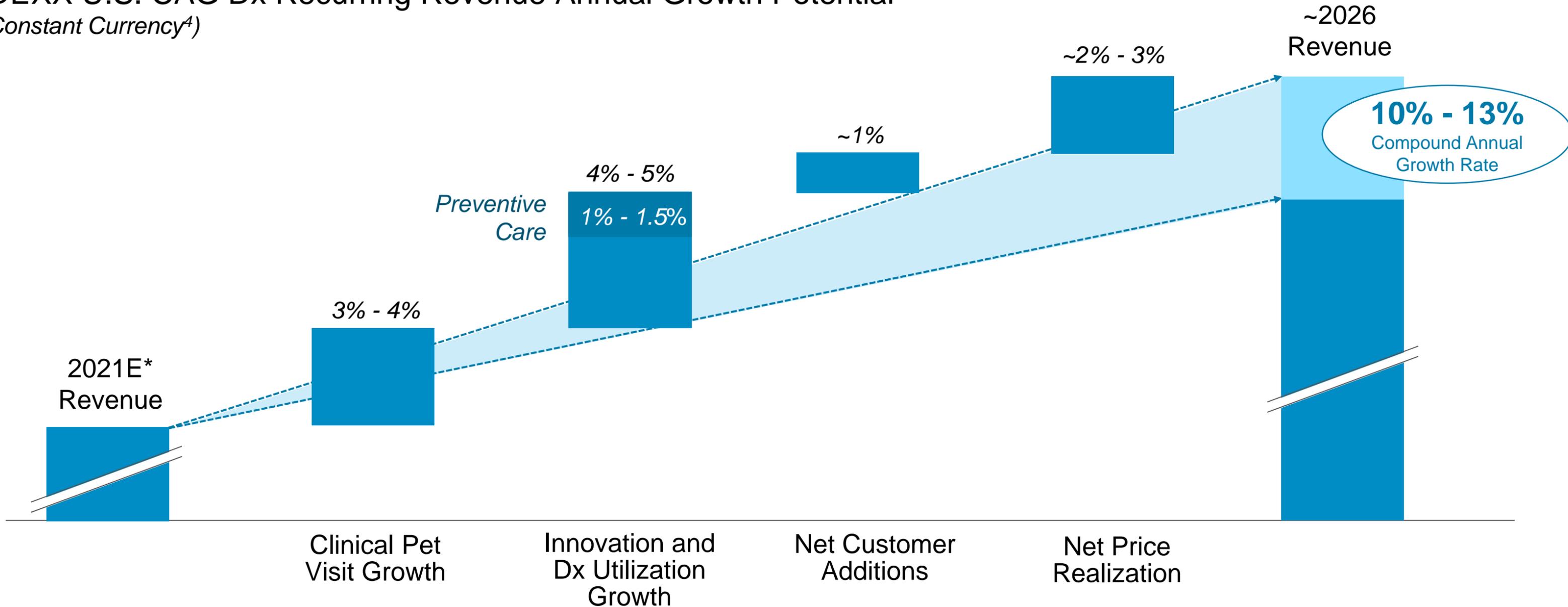
* All references to 2021E reflect the midpoint of 2021 outlook communicated July 30, 2021. Please refer to our Safe Harbor Disclaimer.
⁴ Please refer to the Appendix for descriptive footnotes. These projections assume that foreign currency exchange rates will remain the same as in 2021.



Continued High U.S. CAG Diagnostics Recurring Revenue Growth Potential

Driven by increasing standard of care and expanding utilization

IDEXX U.S. CAG Dx Recurring Revenue Annual Growth Potential
(Constant Currency⁴)



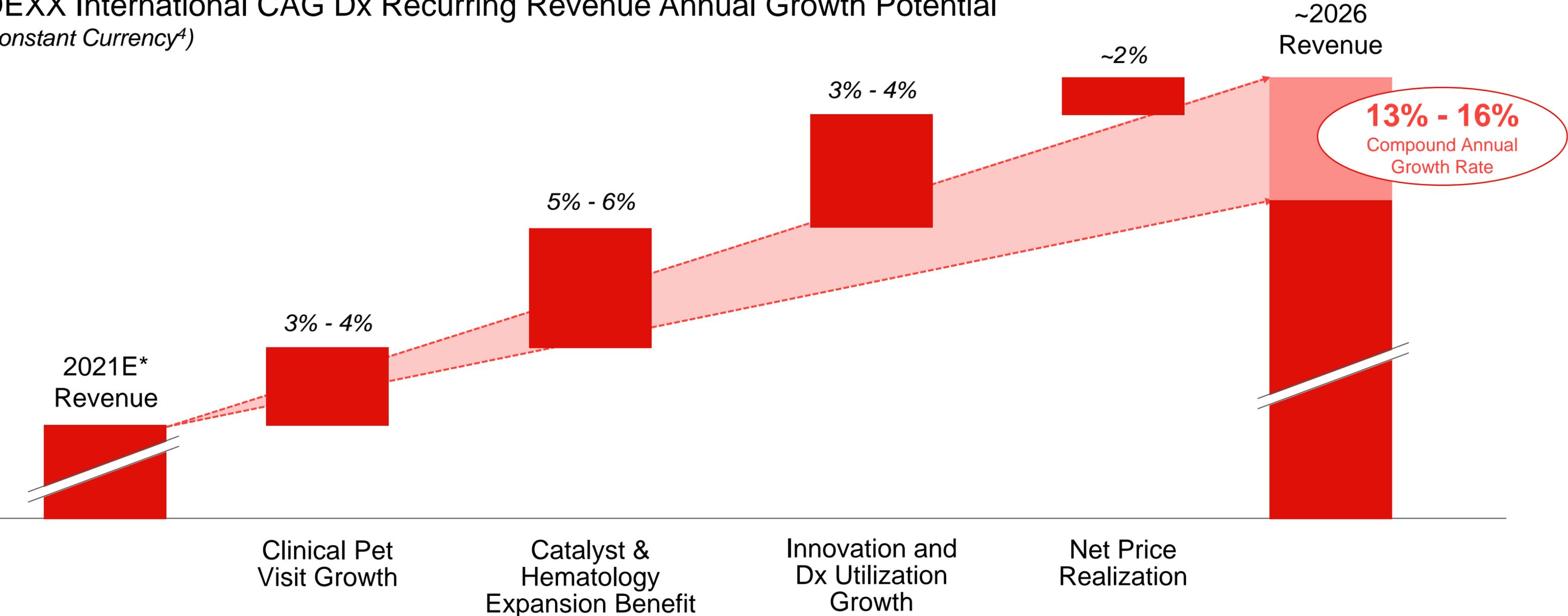
* 2021E Revenue based on midpoint of guidance range outlook communicated July 30, 2021. Please refer to our Safe Harbor Disclaimer.

⁴ Please refer to the Appendix for descriptive footnotes. These projections assume that foreign currency exchange rates will remain the same as in 2021. Clinical Pet Visit Growth includes ~ 1% in new practice formation.

High International CAG Diagnostics Recurring Revenue Growth Potential

Global opportunity enabled by Catalyst and premium hematology expansion

IDEXX International CAG Dx Recurring Revenue Annual Growth Potential
(Constant Currency⁴)

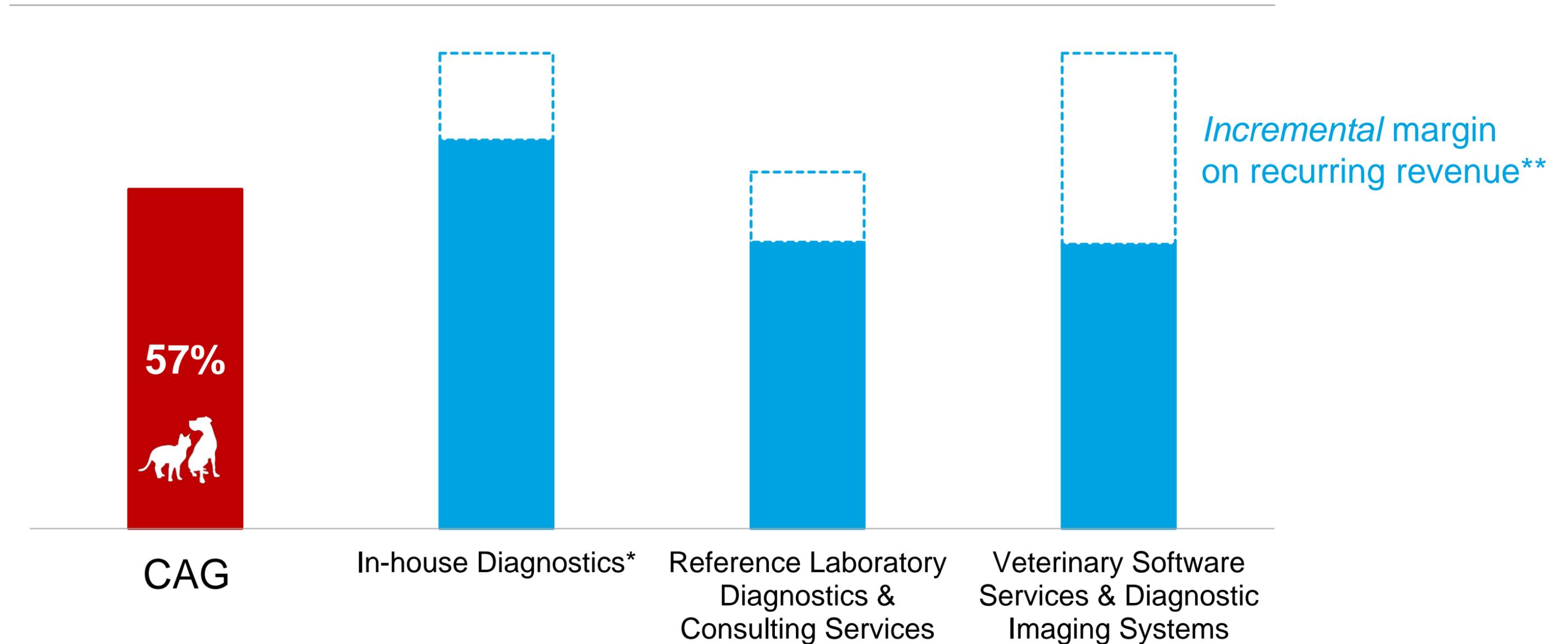


* 2021E Revenue based on midpoint of guidance range communicated on July 30, 2021. Please refer to our Safe Harbor Disclaimer.

⁴ Please refer to the Appendix for descriptive footnotes. These projections assume that foreign currency exchange rates will remain the same as in 2021. Clinical Pet Visit Growth includes ~ 1.5% in new practice formation

Attractive Incremental Margins from Expanding CAG Diagnostics Annuity

CAG Gross Margin Profile - 2020



* In-house Diagnostics include IDEXX VetLab Consumables, Rapid Assay Products, CAG Diagnostics Services and Accessories, and CAG Diagnostics Capital – Instruments. ** In-house Diagnostics recurring revenue includes IDEXX VetLab Consumables and Rapid Assay Products. Veterinary Software Services & Diagnostic Imaging Systems recurring revenue excludes client server-based placements and digital imaging systems revenues.

Investments Focused on Global CAG Annuity Expansion



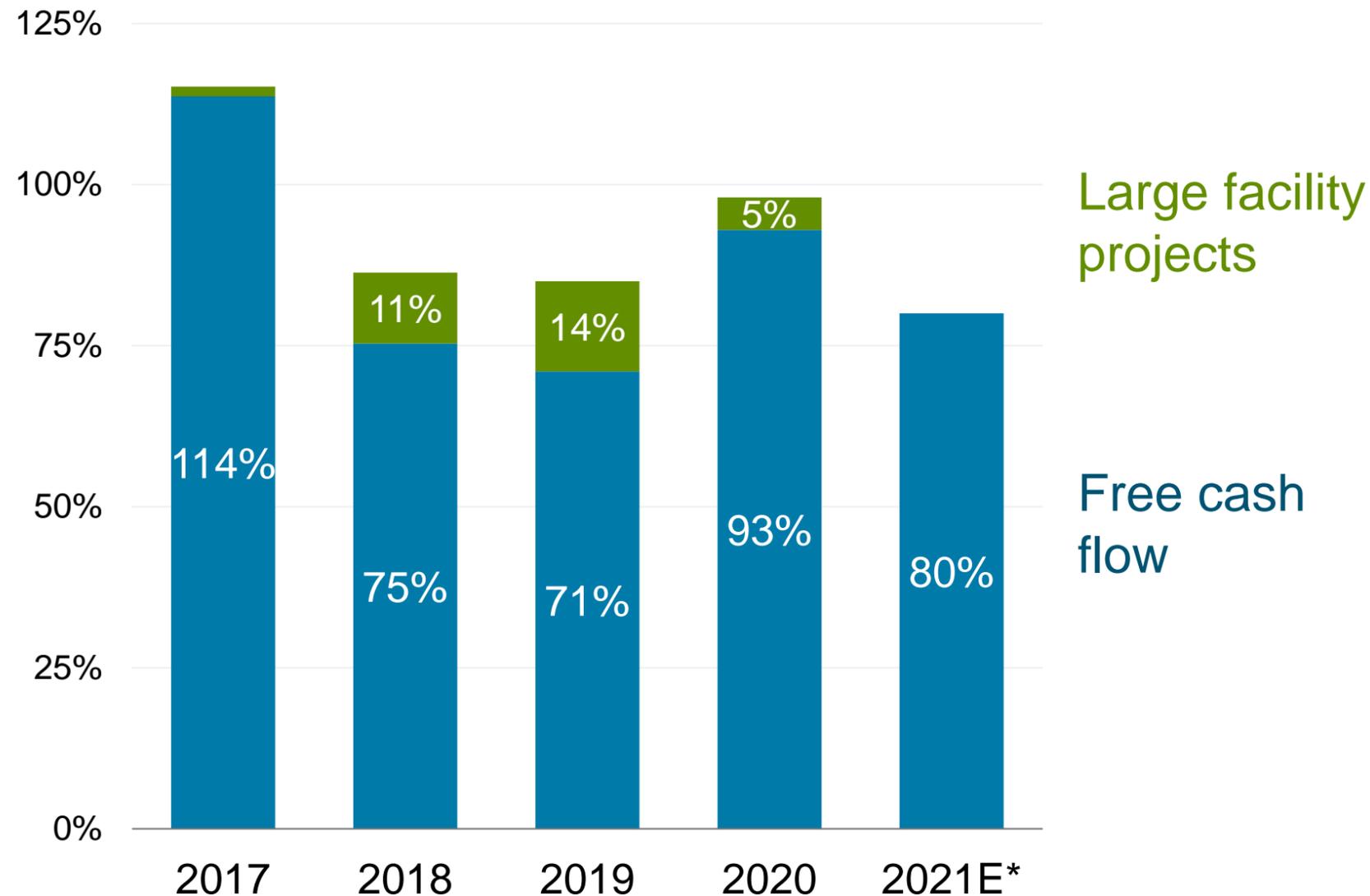
Targeting Solid Annual Operating Margin Gains

Margin Drivers	5 Year Outlook
Gross Margin Expansion	↑↑
CAG Recurring Annuity Growth (Price & Mix)	↑
Lab Scale/Productivity	↑
Sourcing/Manufacturing (Cost/Mix)	↑
Investments – Customer Service/Experience, Lab Capacity, Customer Acquisition	↔ ↓
Operating Expense Leverage	↑
Sales & Marketing	↔ ↑
R&D	↔
IT	↔
G & A / Other	↑
Targeted Average Annual Comparable Operating Margin Gain	~50 - 100 bps

Impact on operating margin: ↑ Positive ↔ Neutral ↓ Negative

Strong Cash Flow Generation Supported By High Conversion

Free Cash Flow⁸ % of Net Income



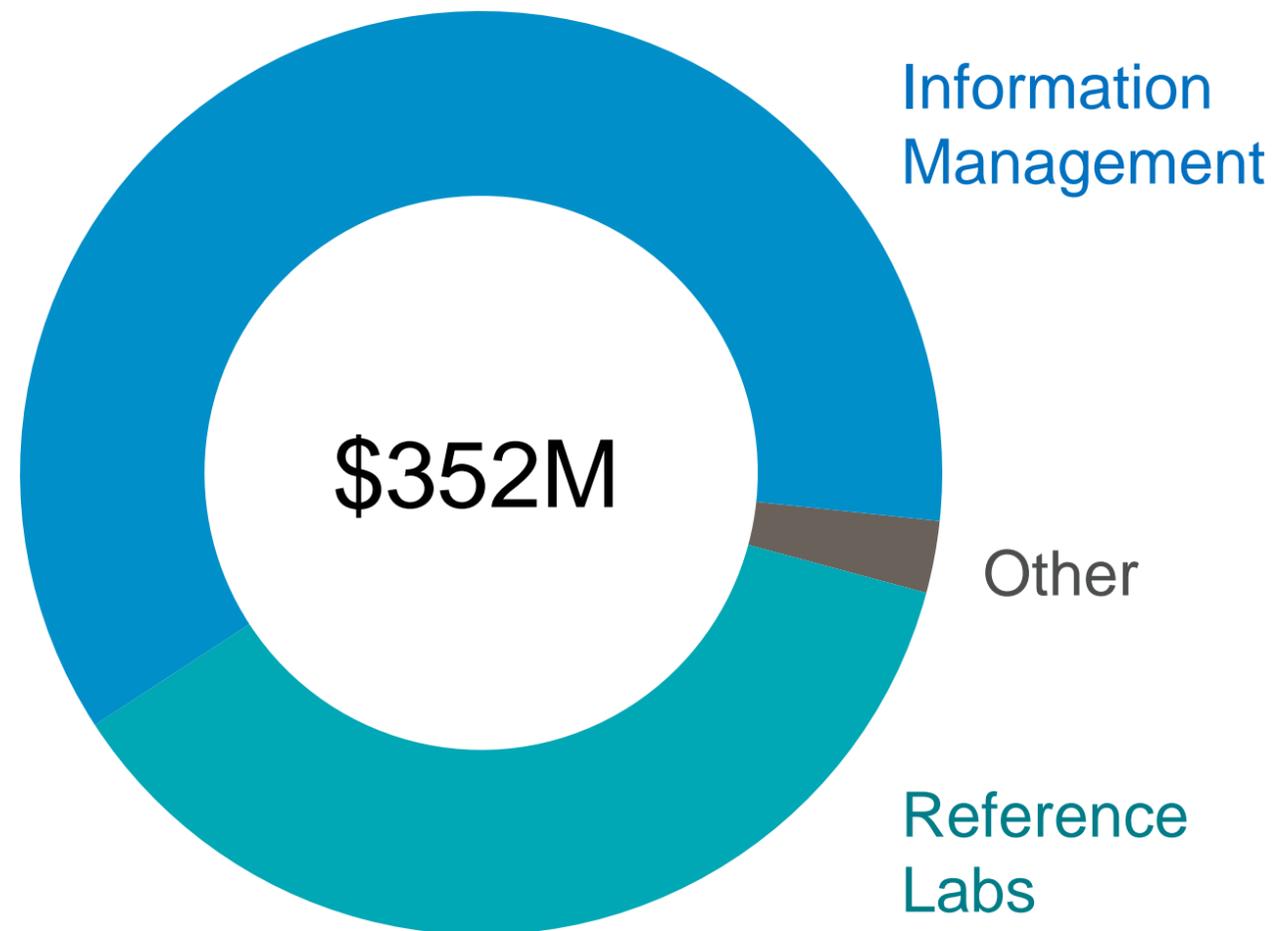
- Consistent long-term outlook for high cash conversion
80 – 90% of net income
- Low capital investment intensity
4 - 5% of revenues
- Potential near-to-moderate term incremental investment to support high growth (industrial footprint) and financial optimization (own vs. lease)

⁸ Non-GAAP financial measure, please refer to Appendix for footnotes.

*2021E based on midpoint of guidance range communicated on July 30, 2021. Please refer to our Safe Harbor Disclaimer.

M&A Activity Focused on Core Business Expansion

Total Cash Spending on Acquisitions 2011 – H1'2021*

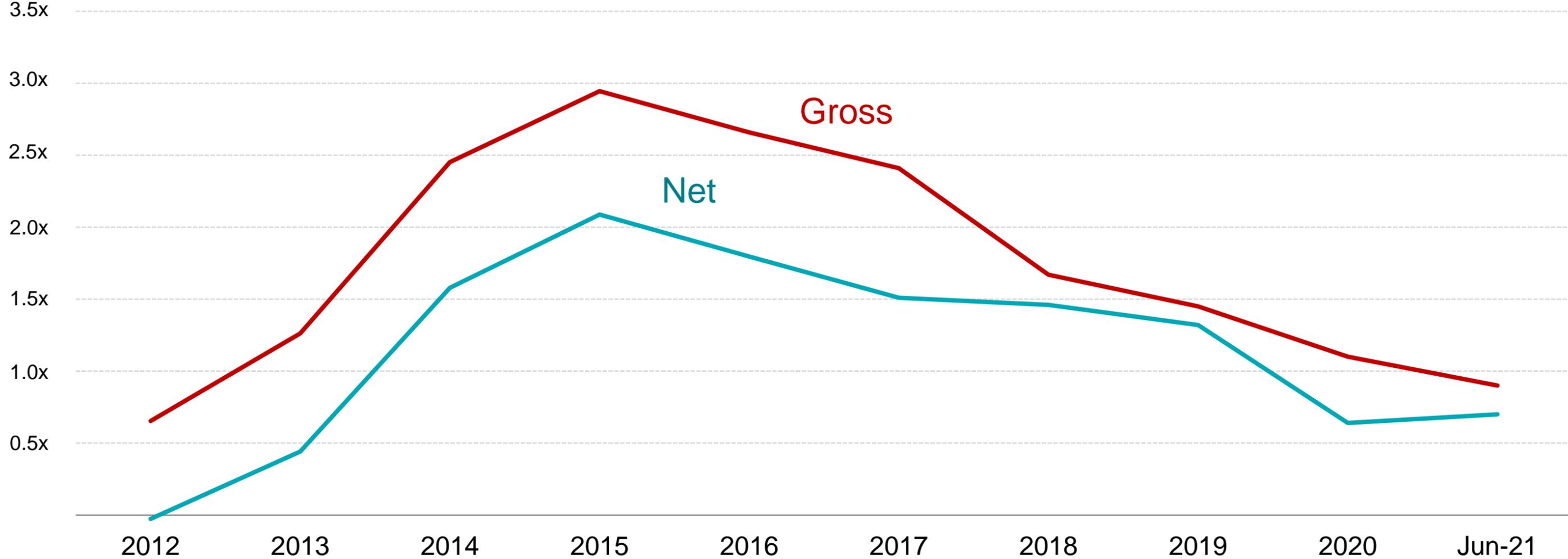


- Growth strategy is based on core organic expansion, fueled by innovation
- Actively scanning landscape within our core and in near adjacencies
- Software capability and reference lab network expansion areas of focus

* Total Cash Spending on Acquisitions includes *Acquisition of intangible assets and equity investment* as well as *Acquisition of a business, net of cash provided*, as reported in the Condensed Consolidated Statements of Cash Flows of the Company's Annual Reports on Form 10-K for the years ended December 31, 2011 through 2020, and the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, available at www.idexx.com/investors.

Healthy Balance Sheet Benefited from Pandemic Cash Controls

Debt to Adjusted EBITDA⁹ Ratio



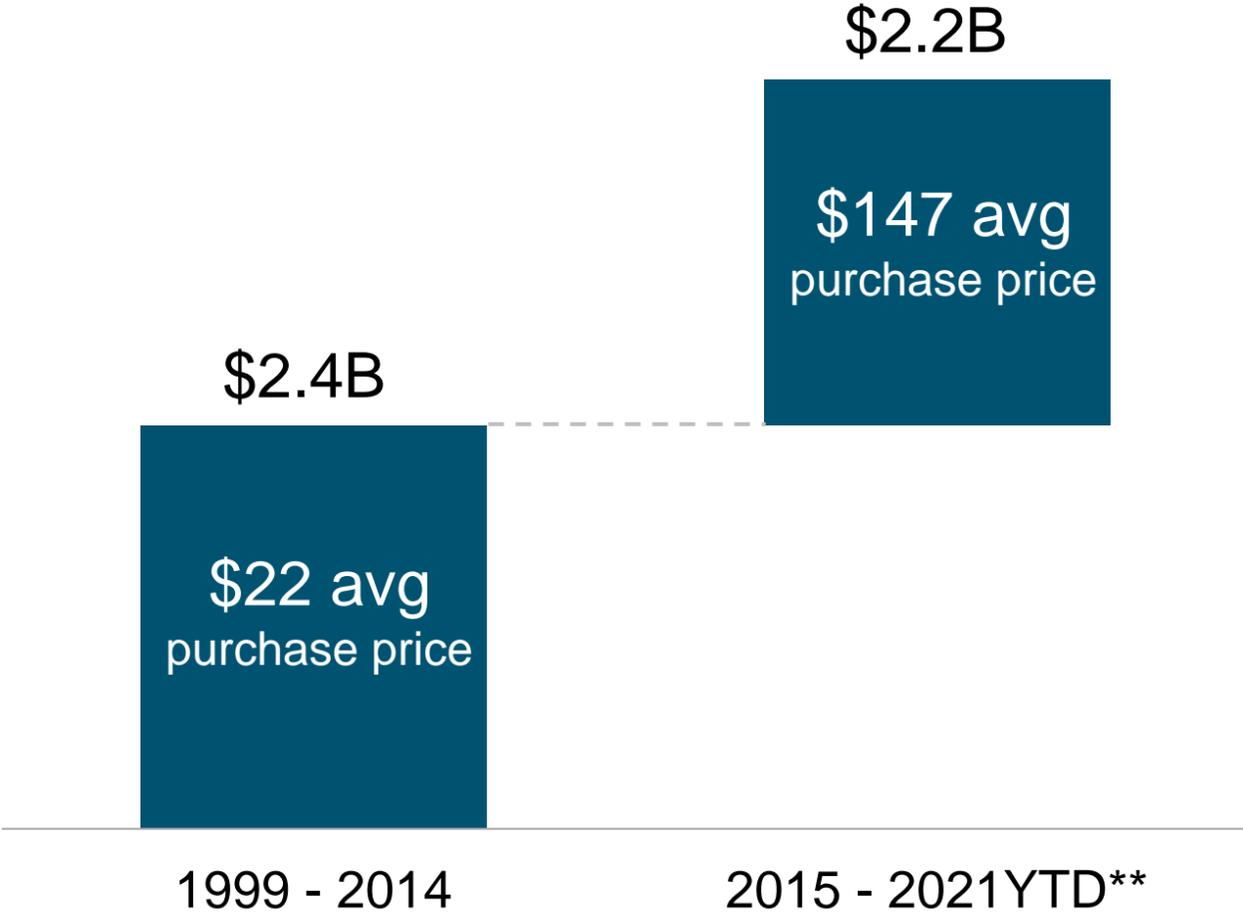
⁹ Non-GAAP financial measure, please refer to Appendix for footnotes.



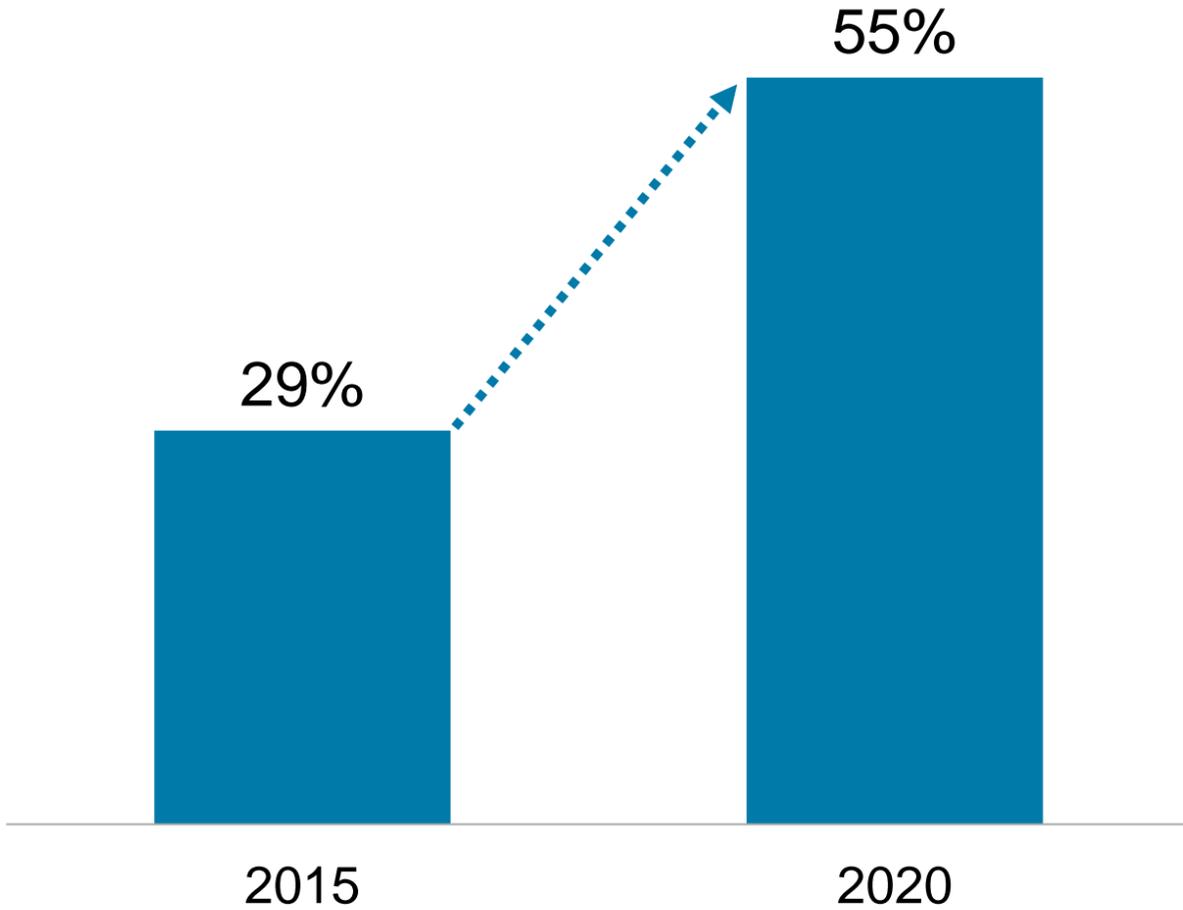
Disciplined Capital Allocation Aligned with Shareholder Value Creation

Capital Allocated to Share Repurchases*

Over 40% reduction
in weighted avg share count



After-Tax Return on Invested Capital, Excluding Cash & Investments⁷



⁷ Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

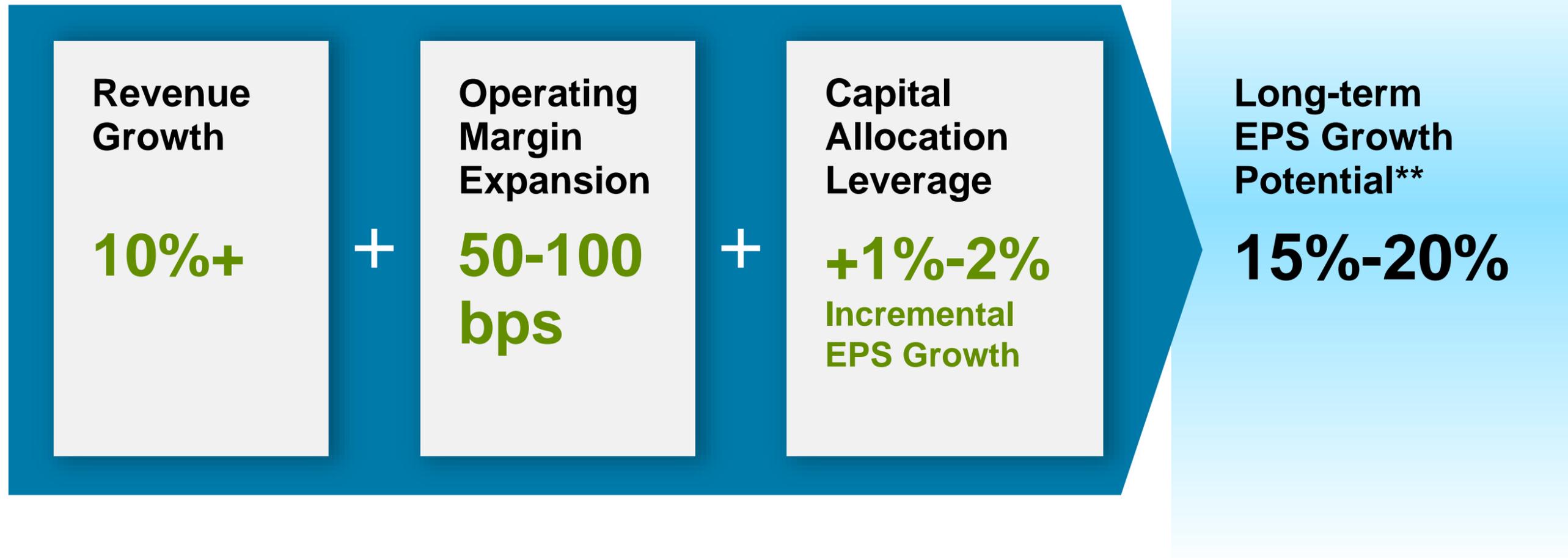
* Average purchase prices adjusted for 2:1 stock split in November 2007 and 2:1 split in June 2015

** All references to 2021YTD mean January 1, 2021, through June 30, 2021.



Well-positioned to Drive Sustained, Strong Financial Performance

Long-term Financial Model*
(Average Annual Comparable Gains)



* These projections assume that foreign currency exchange rates will remain the same as in 2021 and exclude non-recurring or unusual items.

** EPS growth potential outlook excludes year-over-year changes in share-based compensation tax benefits.

Time for a 10 minute

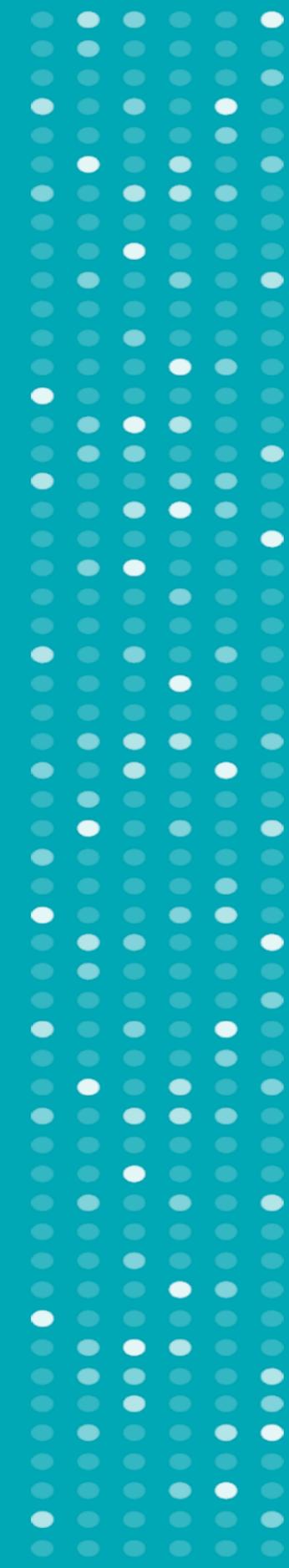
Break

We'll be back shortly

IDEXX Investor Day | August 12, 2021

IDEXX





Appendix - Footnotes

Footnotes

CAG¹ 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 certain acquisitions represents incremental revenues attributable to business acquisitions that have occurred since the beginning of the prior year period. 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, 2020, available at www.idexx.com/investors. Two-year average organic growth rates are provided to facilitate easier comparisons between periods impacted by the COVID-19 pandemic with prior and future periods, calculated as the average of the growth rates over the two referenced periods. Currency changes decreased 2009 CAG reported revenue growth by approximately 2%, and revenue from acquisitions and divestitures decreased CAG revenue growth by approximately 2%. The reconciliation of organic revenue growth to reported revenue growth for other periods is set forth below. Amounts presented may not recalculate due to rounding. See also tables included in Footnote 3, *Normalized Organic Revenue Growth* for additional reconciliation of CAG Diagnostics recurring organic revenue growth and CAGR to reported growth and CAGR.

	2016	2017	2018	2019	2020	H1 2021
Total Company						
Reported Growth	10.8%	10.9%	12.4%	8.8%	12.5%	27%
Currency Impact ⁴	-0.8%	0.3%	0.7%	-1.8%	0.0%	4%
Acquisition Impact	0.2%	0.2%	0.1%	0.2%	0.5%	0%
Organic Revenue Growth	11.4%	10.4%	11.6%	10.3%	12.0%	23%

	H1 2021
Worldwide CAG Diagnostics Recurring	
Reported Growth	28%
Currency Impact ⁴	3%
Acquisition Impact	0%
Organic Revenue Growth	24%

	Q4 2020	H1 2021
Worldwide CAG Diagnostics Recurring 2-Yr. Avg.		
Reported Growth	16.7%	18.3%
Currency Impact ⁴	0.2%	1.2%
Acquisition Impact	0.2%	0.5%
Organic Revenue Growth	16.4%	16.5%

U.S. CAG Diagnostics Recurring	2019				2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Reported Growth	11%	11%	13%	12%	11%	9%	23%	21%	21%	24%
Acquisition Impact	0%	0%	0%	1%	1%	1%	1%	0%	0%	0%
Organic Revenue Growth	11%	11%	13%	11%	10%	7%	22%	21%	21%	24%

	H1 2021
U.S. CAG Diagnostics Recurring 2-Yr. Avg.	
Reported Growth	16.1%
Acquisition Impact	0.7%
Organic Revenue Growth	15.5%

International CAG Diagnostics Recurring	2019				2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Reported Growth	7%	5%	12%	10%	7%	4%	22%	27%	38%	42%
Currency Impact ⁴	-8%	-5%	-4%	-2%	-3%	-3%	3%	5%	10%	12%
Acquisition Impact	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
Organic Revenue Growth	14%	11%	16%	12%	10%	7%	19%	22%	28%	30%

	H1 2021
International CAG Diagnostics Recurring 2-Yr. Avg.	
Reported Growth	22.7%
Currency Impact ⁴	3.9%
Acquisition Impact	0.2%
Organic Revenue Growth	18.5%

Footnotes

³ Normalized Organic Revenue Growth and CAGR: Normalized organic revenue growth and CAGR are non-GAAP financial measures that represent organic revenue growth and CAGR, normalized for the effects of: (a) 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; and (b) the adoption of ASU 2014-09, *Revenue from Contracts with Customers* (the "New Revenue Standard"), primarily related to the modified retrospective restatement in 2018. 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. Two-year average organic growth rates are provided to facilitate easier comparisons between periods impacted by the COVID-19 pandemic with prior and future periods, calculated as the average of the growth rates over the two referenced periods. 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. Effective January 1, 2018, we adopted the New Revenue Standard using the modified retrospective method for all contracts not completed as of the date of adoption. We recognized the cumulative effect of initially applying the New Revenue Standard as an adjustment to the opening balance of retained earnings. The reconciliation of these non-GAAP financial measures to reported revenue growth or CAGR are set forth below. Amounts presented may not recalculate due to rounding.

Total Company	2010-2015 CAGR	2015-2020 CAGR
Reported Growth	8%	11%
<i>Currency Impact</i> ⁴	-1%	0%
<i>Acquisition Impact</i>	0%	0%
Organic Revenue Growth	9%	11%
<i>Margin Capture Adjustment</i>	1%	
Normalized Organic Revenue Growth	8%	11%

Worldwide CAG Diagnostics Recurring	2010-2015 CAGR	2015-2020 CAGR
Reported Growth	9%	13%
<i>Currency Impact</i> ⁴	-1%	0%
<i>Acquisition Impact</i>	0%	0%
Organic Revenue Growth	10%	13%
<i>Margin Capture Adjustment</i>	1%	
Normalized Organic Revenue Growth	9%	13%

U.S. CAG Diagnostics Recurring 2-Yr. Average	2016	2017	2018	2019	2020	H1 2021
Reported Growth	14.1%	11.4%	12.8%	12.4%	13.8%	16.1%
<i>Acquisition Impact</i>	0.2%	0.2%	0.1%	0.2%	0.6%	0.7%
Organic Revenue Growth	13.8%	11.3%	12.7%	12.2%	13.2%	15.5%
<i>Distributor Inventory Adjustment</i>	2.2%					
<i>Margin Capture Adjustment</i>	3.1%					
<i>New Revenue Standard Adjustment</i>			0.8%	0.8%		
Normalized Organic Revenue Growth	8.6%	11.3%	11.9%	11.4%	13.2%	15.5%

Footnotes

³ **Normalized Organic Revenue Growth and CAGR, continued:** See tables below for a reconciliation of normalized and organic CAG Diagnostics recurring revenue growth and CAGR to reported growth and CAGR for the relevant periods. Amounts presented may not recalculate due to rounding.

U.S. CAG Diagnostics Recurring	2016				2017				2018				2019				2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Reported Growth	10%	10%	9%	12%	13%	14%	11%	12%	13%	12%	13%	13%	11%	11%	13%	12%	11%	9%	23%	21%	21%	24%
Acquisition Impact	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	1%	1%	0%	0%	0%
Organic Revenue Growth	10%	10%	9%	12%	12%	14%	11%	12%	13%	12%	13%	13%	11%	11%	13%	11%	10%	7%	22%	21%	21%	24%
New Revenue Standard Adjustment									2%	2%	2%	2%										
Normalized Organic Revenue Growth	10%	10%	9%	12%	12%	14%	11%	12%	12%	11%	11%	12%	11%	11%	13%	11%	10%	7%	22%	21%	21%	24%

U.S. CAG Diagnostics Recurring	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	H1	2015-2020 CAGR
												2021	
Reported Growth	5%	8%	10%	8%	6%	18%	10.4%	12.5%	13.1%	11.7%	15.9%	22.3%	13%
Acquisition Impact	1%	0%	2%	0%	0%	0%	0.2%	0.2%	0.0%	0.3%	0.9%	0.1%	0%
Organic Revenue Growth	4%	8%	8%	8%	6%	18%	10.2%	12.3%	13.1%	11.4%	15.0%	22.2%	13%
Distributor Inventory Adjustment					-4%	4%							
Margin Capture Adjustment					0%	6%							
New Revenue Standard Adjustment									1.7%				
Normalized Organic Revenue Growth	4%	8%	8%	8%	10%	7%	10.2%	12.3%	11.4%	11.4%	15.0%	22.2%	13%

International CAG Diagnostics Recurring	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015-2020 CAGR
Reported Growth	8%	16%	4%	10%	11%	-2%	14%	15%	16%	8%	15%	13%
Currency Impact ⁴	1%	7%	-4%	-2%	-2%	-15%	-2%	1%	2%	-5%	0%	-1%
Acquisition Impact	0%	0%	0%	0%	1%	1%	1%	0%	0%	0%	0%	
Organic Revenue Growth	7%	9%	8%	12%	13%	12%	16%	14%	13%	13%	15%	14%
New Revenue Standard Adjustment									1%			
Normalized Organic Revenue Growth	7%	9%	8%	12%	13%	12%	16%	14%	13%	13%	15%	14%

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 Footnote 3, *Normalized Organic Revenue Growth* for further details of currency impacts on revenue growth. See Footnote 5, *Comparable Operating Margin Gain (or Expansion)*, and Footnote 6, *Comparable EPS Growth and CAGR*, for further details of currency impacts on operating margin and gain and EPS growth and CAGR, respectively.

⁵ Comparable Operating Margin Gain (or Expansion): Comparable operating margin gain (or expansion) is a non-GAAP financial measures and excludes the impact of changes in foreign currency exchange rates and non-recurring or unusual items (if any). 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 expansion is provided in the table below. Amounts presented may not recalculate due to rounding.

	For the Year Ended December 31,							
	2015	2016	2017	2018	2019	2020	H1 2020	H1 2021
Operating Margin (as reported)	18.7%	19.7%	21.0%	22.2%	23.0%	25.7%	26.7%	31.6%
Comparability Adjustments (bps):								
<i>Software impairment charge</i>	(50)							
<i>Change from currency</i>	(30)	(120)	(10)	(10)	10	30	(30)	20
<i>Expired royalty litigation matter</i>						(100)		
<i>CEO transition charges</i>					(60)			
Comparable operating margin	19.5%	20.9%	21.1%	22.3%	23.4%	27.0%	27.0%	31.4%
Comparable operating margin gains		170 bps	140 bps	130 bps	120 bps	340 bps		470 bps

Footnotes

⁶ Comparable EPS Growth and CAGR : Comparable EPS growth and CAGR are non-GAAP financial measures and represent 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 and CAGR are more useful ways to measure the Company's business performance than EPS growth and CAGR because they enable 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 key metrics used by management. Comparable EPS growth and CAGR should be considered in addition to, and not as replacements of or superior measures to, EPS growth and CAGR reported in accordance with GAAP. The reconciliation of these non-GAAP financial measures is provided in the table below. Amounts presented may not recalculate due to rounding.

	For the Year Ended December 31,									2010-2015 CAGR	2015-2020 CAGR
	2015	2016	2017	2018	2019	2020	H1 2020	H1 2021			
<i>EPS growth (as reported)</i>		19%	20%	45%	15%	37%		56%		12%	27%
Earnings per share (diluted)	\$ 2.05	\$ 2.44	\$ 2.94	\$ 4.26	\$ 4.89	\$ 6.71	\$3.01	\$4.69			
Software impairment charge	(0.06)									-1%	1%
CEO transition charges					(0.14)						
Impact of adoption of ASU 2016-09			0.30	0.24	0.22	0.45	0.13	0.24			2%
Impact of U.S. Tax Reform			(0.34)								1%
Switzerland Tax Reform						0.25					
Impact of foreign tax credit utilization			0.04								
Expired royalty litigation matter						(0.24)					-1%
Change from currency	(0.16)	(0.20)	(0.02)	0.01	(0.05)	(0.06)	(0.07)	0.16		-1%	-3%
Comparable EPS	\$ 2.27	\$ 2.64	\$ 2.96	\$ 4.01	\$ 4.86	\$ 6.31	\$ 2.95	\$ 4.29			
Comparable EPS Growth		25%	21%	36%	21%	31%		49%		14%	27%

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, 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.

Footnotes

7 After-Tax Return on Invested Capital, Excluding Cash and Investments (“ROIC”), continued: 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,			
Numerator (amounts in millions)	2014	2015	2019	2020
Income from operations (as reported)		\$ 300		\$ 695
After-tax income from operations *		\$ 223		\$ 611
	As of December 31,			
Denominator (dollar amounts in millions)	2014	2015	2019	2020
Total shareholders' equity (deficit)	\$ 118	\$ (84)	\$ 177	\$ 632
Noncontrolling interest	\$ -	\$ -	0	1
Line of credit	\$ 549	\$ 573	289	0
Long-term debt	\$ 350	\$ 597	699	908
Deferred income tax assets			(8)	(32)
Deferred income tax liabilities	\$ 42	\$ 49	33	12
Total invested capital	\$ 1,058	\$ 1,135	\$ 1,190	\$ 1,521
Less cash, cash equivalents & marketable securities	\$ 323	\$ 343	90	384
Total invested capital, excluding cash and investments	\$ 735	\$ 792	\$ 1,100	\$ 1,138
Average invested capital, excluding cash and investments **	\$ 718	\$ 764	\$ 994	\$ 1,119
After-tax return on invested capital, excluding cash and investments		29%		55%

* After-tax income from operations represents income from operations reduced by our reported effective tax rate of 29.7% in 2015 and 12.1% in 2020, excluding the impact of non-recurring items. See Note 12 to our consolidated financial statements included in our 2015 Annual Report on Form 10-K and Note 14 to our consolidated financial statements included in our 2020 Annual Report on Form 10-K for information on the impact of these items on our effective tax rate.

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

8 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, including tax benefits attributable to share-based compensation, 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. For further information on how free cash flow and the ratio of free cash flow to net income is calculated, see the *Company's Definitive Proxy Statement* for each respective period, available at www.idexx.com/investors. To calculate the trailing twelve-month Free Cash Flow to Net Income ratio as of June 30, 2021, we have deducted purchases of property and equipment, also referred to as capital expenditures, of \$76M.

9 Debt to Adjusted EBITDA: 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. For further information on how Adjusted EBITDA, gross debt, net debt and the Debt to Adjusted EBITDA Ratio are calculated, see the *Company's Quarterly Report on Form 10-Q* for the quarter ended June 30, 2021, available at www.idexx.com/investors.