Dexcom earnings

Q4 2022

Safe Harbor Statement

This presentation contains "forward" looking statements that are based on our management's beliefs and assumptions and on information currently available to management. We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning our possible or assumed strategy, future operations, financing plans, operating model, financial position, future revenues, gross margin, operating margin, projected costs, competitive position, industry environment, potential growth opportunities, potential market opportunities, plans and objectives of management and the effects of competition on our business. This presentation also contains estimates and other statistical data made by independent parties relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipates," "believes," "could," "seeks," "estimates," "targets," "guidance," "expects," "intends," "may," "plans," "potential," "predicts," "prospects," "projects," "should," "will," "would" or similar expressions and the negatives of those terms, although not all forward-looking statements contain these identifying words. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We cannot guarantee that we will achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

The risks and uncertainties that may cause actual results to differ materially from our current expectations are more fully described in our annual report on Form 10-K for the period ended December 31, 2022, as filed with the Securities and Exchange Commission on February 9, 2023, our most recent quarterly report on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on October 27, 2022, and our other reports, each as filed with the Securities and Exchange Commission. We assume no obligation to update any such forward-looking statement after the date of this presentation or to conform these forward-looking statements to actual results.

The accompanying presentation dated February 9, 2023 contains non-GAAP financial measures. The appendix reconciles the non-GAAP financial measures in that presentation to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures include non-GAAP gross profit margin, non-GAAP operating income (loss), non-GAAP net income (loss), and non-GAAP net income (loss) per share as well as adjusted EBITDA. We have not reconciled our total revenue, Non-GAAP Gross Profit Margin, Non-GAAP Operating Margin and Adjusted EBITDA Margin estimates for fiscal year 2023 because certain items that impact these figures are uncertain or out of our control and cannot be reasonably predicted. Accordingly, a reconciliation of total revenue, Non-GAAP Gross Profit Margin, Non-GAAP Operating Margin and Adjusted EBITDA Margin is not available without unreasonable effort.

We report non-GAAP financial measures in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles, differ from GAAP measures with the same names, and may differ from non-GAAP financial measures with the same or similar names that are used by other companies. We believe that non-GAAP financial measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP financial measures. We encourage investors to carefully consider our results under GAAP, as well as our supplemental non-GAAP information and the reconciliations between these presentations, to more fully understand our business.

Fourth quarter 2022

Strong growth with $815 million in revenue

20% organic revenue growth[1] (17% US; 27% OUS[2])

Key Financial Highlights

Delivered record quarterly non-GAAP EPS

Generated nearly 800 basis points of underlying operating expense leverage compared to Q4'21[3]

Strategic Highlights

Received FDA clearance for G7, enabling U.S. launch early in 2023

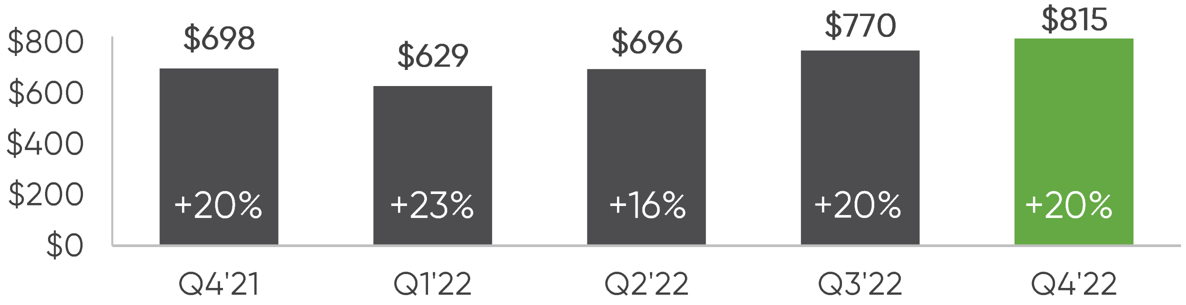
Introduced Dexcom ONE in five new geographies

1. Growth was 17% on a reported basis. Organic revenue excludes non-CGM revenue acquired in the trailing twelve months, as well as the impact of foreign exchange.
2. Growth was 15% on a reported basis. Organic revenue excludes non-CGM revenue acquired in the trailing twelve months, as well as the impact of foreign exchange.
3. Comparison excludes $87.1 million non-cash collaborative research and development fee in 4th quarter of 2021. Including this fee, we generated greater than 2,000 basis points of operating expense leverage compared to 4th quarter of 2021.

Fourth quarter performance

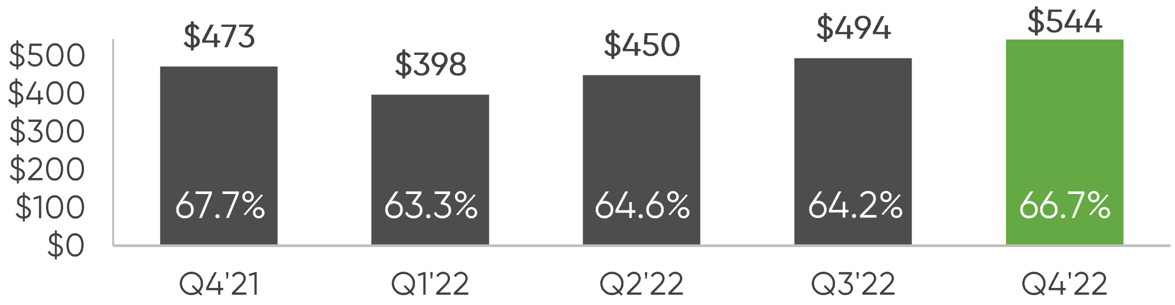
Total Revenue & Organic Growth Rate[1]

($MM)

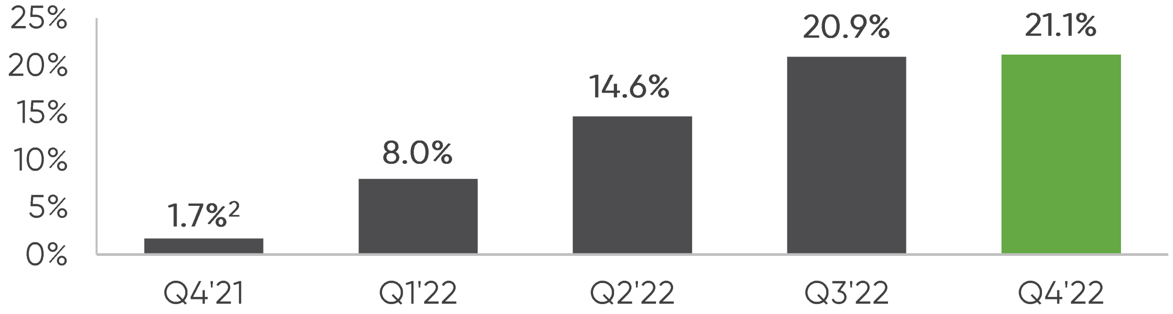


Non-GAAP Gross Profit and % Margin*

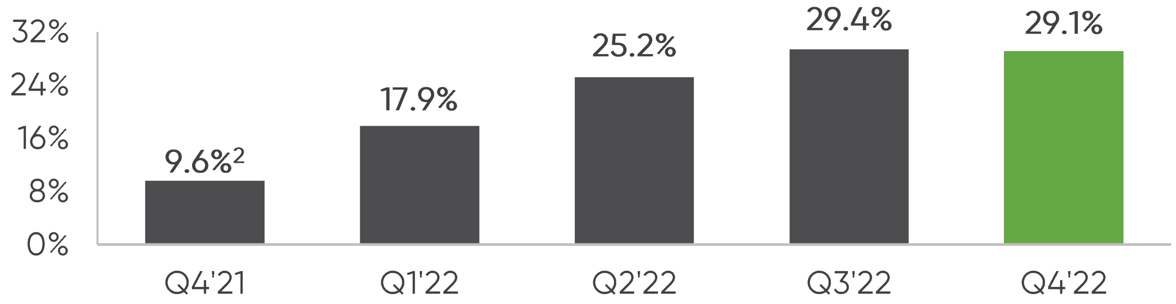
($MM)



Non-GAAP Operating Margin*



Adjusted EBITDA Margin*



1. Excludes non-CGM revenue acquired in the trailing twelve months, as well as the impact of foreign exchange.
2. Beginning in the second quarter of 2022, we began including non-cash collaborative research and development fees incurred in our non-GAAP metrics. We have updated prior periods to conform to this new presentation.

*See appendix for reconciliations to GAAP metrics. Adjusted EBITDA defined as EBITDA adjusted to exclude non-recurring charges and stock-based compensation.

2023 Guidance as of February 9, 2023

2023 Annual Revenue and Profitability Guidance

Revenue	Non-GAAP Gross Profit Margin	Non-GAAP Operating Margin	Adjusted EBITDA Margin*
USD 3.35-3.49 billion	62-63%	~16.5%	~26%

Key Considerations

- Global rollout of G7
- Expansion of Dexcom ONE into new geographies
- Reimbursement for type 2 basal population starting mid-year
- Strong year-over-year operating expense leverage

*Adjusted EBITDA defined as EBITDA adjusted to exclude non-recurring charges and stock-based compensation.

Appendix

Revenue Data and GAAP Reconciliations

DexCom, Inc.

Itemized Reconciliation between GAAP and Non-GAAP Financial Measures

	Three Months Ended December 31,	
	2022	2021
(In millions)		(As Adjusted)*
GAAP gross profit	$ 541.3	$ 472.6
Amortization of intangible assets [(1)]	2.4	—
Non-GAAP gross profit	$ 543.7	$ 472.6
GAAP operating income	$ 125.4	$ 0.6
Amortization of intangible assets [(1)]	4.2	1.4
Business transition and related costs [(2)]	24.1	—
Intellectual property litigation costs [(3)]	18.4	9.9
Non-GAAP operating income	$ 172.1	$ 11.9
GAAP net income (loss)	$ 91.8	$ (5.3)
Business transition and related costs [(2)]	23.9	—
Depreciation and amortization	36.3	32.1
Intellectual property litigation costs [(3)]	18.4	9.9
Income from equity investments [(4)]	—	(11.6)
Share-based compensation	34.0	26.3
Interest expense and interest income	(8.7)	4.2
Income tax expense	41.4	11.7
Adjusted EBITDA	$ 237.1	$ 67.3

	Three Months Ended December 31,	
	2022	2021
(In millions, except per share data)		(As Adjusted)*
GAAP net income (loss)	$ 91.8	$ (5.3)
Amortization of intangible assets [(1)]	4.2	1.4
Business transition and related costs [(2)]	24.1	—
Intellectual property litigation costs [(3)]	18.4	9.9
Income from equity investments [(4)]	—	(11.6)
Adjustments related to taxes [(5)]	(2.2)	3.2
Non-GAAP net income (loss)	$ 136.3	$ (2.4)
GAAP net income (loss)	$ 91.8	$ (5.3)
Interest expense on senior convertible notes, net of tax	2.8	—
GAAP net income (loss) used for diluted EPS, if-converted [(6)]	$ 94.6	$ (5.3)
Non-GAAP net income (loss)	$ 136.3	$ (2.4)
Interest expense on senior convertible notes, net of tax	1.2	—
Non-GAAP net income (loss) used for diluted EPS, if-converted [(6)]	$ 137.5	$ (2.4)
GAAP diluted net income (basic net loss) per share [(6)]	$ 0.22	$ (0.01)
Amortization of intangible assets [(1)]	0.01	—
Business transition and related costs [(2)]	0.06	—
Intellectual property litigation costs [(3)]	0.05	0.03
Income from equity investments [(4)]	—	(0.03)
Adjustments related to taxes [(5)]	(0.01)	0.01
Non-GAAP diluted net income (basic net loss) per share [(6)(7)]	$ 0.34	$ (0.01)
GAAP diluted weighted-average shares outstanding	425.9	387.8
Non-GAAP diluted weighted-average shares outstanding	407.0	387.8
Reconciliation of non-GAAP diluted weighted-average shares outstanding:		
GAAP diluted weighted-average shares outstanding	425.9	387.8
Adjustment for dilutive impact of senior convertible notes due 2023 [(8)]	(18.9)	—
Non-GAAP diluted weighted-average shares outstanding	407.0	387.8

* We adjusted our 2021 amounts to reflect the simplified convertible instruments accounting guidance (ASU 2020-06), which we adopted on a full retrospective basis. Further, beginning in the second quarter of 2022, we began including non-cash collaborative research and development fees incurred in our non-GAAP metrics. We have updated prior periods to conform to this new presentation. All periods presented have also been adjusted to reflect the four-for-one stock split.

(1) Represents amortization of acquired intangible assets.

(2) Business transition and related costs are primarily related to vacating a building in San Diego, resulting in a non-cash impairment charge of $23 million.

(3) Represents costs related to a patent infringement lawsuit.

(4) Represents a gain from the sale of an equity investment.

(5) For the three months ended December 31, 2022, the tax adjustments were primarily related to the tax effect of non-GAAP adjustments. For the three months ended December 31, 2021, tax adjustments were primarily related to the excess tax benefits from share-based compensation for employees.

(6) When our senior convertible notes are dilutive on a GAAP or non-GAAP basis, net income used for calculating GAAP and non-GAAP diluted net income per share includes an interest expense add back, net of tax, under the if-converted method. In loss periods, basic and diluted net loss per share are the same since the effect of potential common shares is anti-dilutive and therefore excluded.

(7) The sum of the non-GAAP per share components may not equal the totals due to rounding.

(8) Our 2023 senior convertible notes are dilutive on a GAAP basis for the three months ended December 31, 2022. Our 2023 senior convertible notes are anti-dilutive on a GAAP basis for the three months ended December 31, 2021. Our 2023 senior convertible notes are anti-dilutive on a non-GAAP basis for the three months ended December 31, 2022 and 2021. Our 2023 senior convertible notes are also hedged through an anti-dilutive bond hedge arrangement.

DexCom, Inc.

Itemized Reconciliation between GAAP and Non-GAAP Financial Measures

Below is a summary of the changes in our *"Itemized Reconciliation Between GAAP and Non-GAAP Financial Measures"* we originally reported for the three months ended December 31, 2021 under the ASC 470-20 legacy guidance compared to the new simplified convertible instruments accounting guidance (ASU 2020-06), which we adopted on a full retrospective basis. Further, beginning in the second quarter of 2022, we began including non-cash collaborative research and development fees incurred in our non-GAAP metrics. We have updated prior periods to conform to this new presentation. All share and per share information has also been retroactively adjusted to reflect the four-for-one stock split, effective June 10, 2022.

	Three Months Ended December 31, 2021		
(In millions)	As Previously Reported	ASU 2020-06 Adjustment	As Adjusted
GAAP net income (loss)	$ (19.4)	$ 14.1	$ (5.3)
Depreciation and amortization	32.1	—	32.1
Intellectual property litigation costs [1]	9.9	—	9.9
Income from equity investments [2]	(11.6)	—	(11.6)
Loss on extinguishment of debt [3]	0.6	(0.6)	—
Share-based compensation	26.3	—	26.3
Interest expense and interest income	24.7	(20.5)	4.2
Income tax expense	4.7	7.0	11.7
Adjusted EBITDA	$ 67.3	$ —	$ 67.3
GAAP net income (loss)	$ (19.4)	$ 14.1	$ (5.3)
Amortization of intangible assets [4]	1.4	—	1.4
Intellectual property litigation costs [1]	9.9	—	9.9
Non-cash interest expense [5]	20.9	(20.9)	—
Income from equity investments [2]	(11.6)	—	(11.6)
Loss on extinguishment of debt [3]	0.6	(0.6)	—
Adjustments related to taxes [6]	(3.2)	6.4	3.2
Non-GAAP net income (loss)	$ (1.4)	$ (1.0)	$ (2.4)

	Three Months Ended December 31, 2021		
(In millions, except per share data)	As Previously Reported	ASU 2020-06 Adjustment	As Adjusted
GAAP diluted net income (basic net loss) per share [8]	$ (0.05)	$ 0.04	$ (0.01)
Amortization of intangible assets [4]	—	—	—
Intellectual property litigation costs [1]	0.03	—	0.03
Non-cash interest expense [5]	0.05	(0.05)	—
Income from equity investments [2]	(0.03)	—	(0.03)
Loss on extinguishment of debt [3]	—	—	—
Adjustments related to taxes [6]	(0.01)	0.02	0.01
Non-GAAP diluted net income (basic net loss) per share [7] [8]	$ —	$ (0.01)	$ (0.01)
GAAP diluted weighted-average shares outstanding	387.8	—	387.8
Non-GAAP diluted weighted-average shares outstanding	387.8	—	387.8

[1] Represents costs related to a patent infringement lawsuit.
[2] Represents a gain from the sale of an equity investment.
[3] Loss on extinguishment of debt is related to the conversions and/or repurchases of our senior convertible notes.
[4] Represents amortization of acquired intangible assets.
[5] Non-cash interest expense represents accretion of the debt discount associated with our senior convertible notes.
[6] For the three months ended December 31, 2021, tax adjustments were primarily related to the excess tax benefits from share-based compensation for employees.
[7] The sum of the non-GAAP per share components may not equal the totals due to rounding.
[8] In loss periods, basic and diluted net loss per share are the same since the effect of potential common shares is anti-dilutive and therefore excluded.

DexCom, Inc.

Trended Unaudited Quarterly and Annual Revenue Related Metrics by Component
Total Company 2020 - 2022

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	FY'20	FY'21	FY'22
Revenue Metrics By Component															
Sensor & Other Revenue (millions) (1) (2)	**$ 325.0**	**$ 364.5**	**$ 406.3**	**$ 465.6**	**$ 424.3**	**$ 494.5**	**$ 547.9**	**$ 598.6**	**$ 543.2**	**$ 597.7**	**$ 666.6**	**$ 714.8**	**$ 1,561.4**	**$ 2,065.3**	**$ 2,522.3**
Year over year growth	53%	40%	28%	30%	31%	36%	35%	29%	28%	21%	22%	19%	36%	32%	22%
Quarter over quarter growth (decline)	(10%)	12%	11%	15%	(9%)	17%	11%	9%	(9%)	10%	12%	7%			
% of Total revenue	80%	81%	81%	82%	84%	83%	84%	86%	86%	86%	87%	88%	81%	84%	87%
Hardware Revenue (millions) (1) (3)	**$ 80.1**	**$ 87.3**	**$ 94.6**	**$ 103.3**	**$ 80.7**	**$ 100.6**	**$ 102.3**	**$ 99.6**	**$ 85.6**	**$ 98.5**	**$ 103.0**	**$ 100.4**	**$ 365.3**	**$ 383.2**	**$ 387.5**
Year over year growth	17%	15%	20%	0%	1%	15%	8%	(4%)	6%	(2%)	1%	1%	12%	5%	1%
Quarter over quarter growth (decline)	(22%)	9%	8%	9%	(22%)	25%	2%	(3%)	(14%)	15%	5%	(3%)			
% of Total revenue	20%	19%	19%	18%	16%	17%	16%	14%	14%	14%	13%	12%	19%	16%	13%
Total Revenue (millions)	**$ 405.1**	**$ 451.8**	**$ 500.9**	**$ 568.9**	**$ 505.0**	**$ 595.1**	**$ 650.2**	**$ 698.2**	**$ 628.8**	**$ 696.2**	**$ 769.6**	**$ 815.2**	**$ 1,926.7**	**$ 2,448.5**	**$ 2,909.8**
Year over year growth	44%	34%	26%	23%	25%	32%	30%	23%	25%	17%	18%	17%	31%	27%	19%
Quarter over quarter growth (decline)	(12%)	12%	11%	14%	(11%)	18%	9%	7%	(10%)	11%	11%	6%			

(1) Includes allocated subscription revenue

(2) Includes services, freight, accessories, etc.

(3) Includes transmitter and receiver revenue

Note - All periods reflect the current component level reporting

DexCom, Inc.

Trended Unaudited Quarterly and Annual Revenue Related Metrics by Geography
Total Company 2020 - 2022

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	FY'20	FY'21	FY'22
Revenue Metrics By Geography															
US Revenue (millions)	**$ 292.3**	**$ 367.1**	**$ 398.6**	**$ 451.5**	**$ 381.2**	**$ 461.5**	**$ 489.6**	**$ 517.1**	**$ 451.2**	**$ 511.0**	**$ 573.4**	**$ 606.4**	**$ 1,509.5**	**$ 1,849.4**	**$ 2,142.0**
Year over year growth	39%	38%	29%	20%	30%	26%	23%	15%	18%	11%	17%	17%	30%	23%	16%
Quarter over quarter growth (decline)	(22%)	26%	9%	13%	(16%)	21%	6%	6%	(13%)	13%	12%	6%			
% of Total revenue	72%	81%	80%	79%	75%	78%	75%	74%	72%	73%	75%	74%	78%	76%	74%
OUS Revenue (millions)	**$ 112.8**	**$ 84.7**	**$ 102.3**	**$ 117.4**	**$ 123.8**	**$ 133.6**	**$ 160.6**	**$ 181.1**	**$ 177.6**	**$ 185.2**	**$ 196.2**	**$ 208.8**	**$ 417.2**	**$ 599.1**	**$ 767.8**
Year over year growth	61%	21%	17%	35%	10%	58%	57%	54%	43%	39%	22%	15%	33%	44%	28%
Quarter over quarter growth (decline)	30%	(25%)	21%	15%	5%	8%	20%	13%	(2%)	4%	6%	6%			
% of Total revenue	28%	19%	20%	21%	25%	22%	25%	26%	28%	27%	25%	26%	22%	24%	26%
Total Revenue (millions)	**$ 405.1**	**$ 451.8**	**$ 500.9**	**$ 568.9**	**$ 505.0**	**$ 595.1**	**$ 650.2**	**$ 698.2**	**$ 628.8**	**$ 696.2**	**$ 769.6**	**$ 815.2**	**$ 1,926.7**	**$ 2,448.5**	**$ 2,909.8**
Year over year growth	44%	34%	26%	23%	25%	32%	30%	23%	25%	17%	18%	17%	31%	27%	19%
Quarter over quarter growth (decline)	(12%)	12%	11%	14%	(11%)	18%	9%	7%	(10%)	11%	11%	6%			

DexCom, Inc.

Trended Unaudited Quarterly and Annual Organic Revenue Metrics
Total Company 2020 - 2022

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	FY'20	FY'21	FY'22
Organic Revenue [1]															
OUS Revenue - Reported	**$ 112.8**	**$ 84.7**	**$ 102.3**	**$ 117.4**	**$ 123.8**	**$ 133.6**	**$ 160.6**	**$ 181.1**	**$ 177.6**	**$ 185.2**	**$ 196.2**	**$ 208.8**	**$ 417.2**	**$ 599.1**	**$ 767.8**
Impact of Acquired Revenue and Foreign Exchange	1.1	1.1	(2.4)	(3.3)	(5.4)	(7.3)	(13.6)	(15.4)	(8.1)	(5.7)	9.7	20.4	(3.4)	(41.7)	16.3
OUS Revenue - Organic	**$ 113.9**	**$ 85.8**	**$ 99.9**	**$ 114.1**	**$ 118.4**	**$ 126.3**	**$ 147.0**	**$ 165.7**	**$ 169.5**	**$ 179.5**	**$ 205.9**	**$ 229.2**	**$ 413.8**	**$ 557.4**	**$ 784.1**
Year over year growth	63%	22%	14%	31%	5%	49%	44%	41%	37%	34%	28%	27%	32%	34%	31%
% of Total revenue	28%	19%	20%	20%	24%	21%	23%	24%	27%	26%	26%	27%	22%	23%	27%
Total Revenue - Reported	**$ 405.1**	**$ 451.8**	**$ 500.9**	**$ 568.9**	**$ 505.0**	**$ 595.1**	**$ 650.2**	**$ 698.2**	**$ 628.8**	**$ 696.2**	**$ 769.6**	**$ 815.2**	**$ 1,926.7**	**$ 2,448.5**	**$ 2,909.8**
Impact of Acquired Revenue and Foreign Exchange	1.1	1.1	(2.4)	(3.3)	(5.4)	(7.3)	(13.6)	(15.4)	(8.1)	(5.7)	9.7	20.4	(3.4)	(41.7)	16.3
Total Revenue - Organic	**$ 406.2**	**$ 452.9**	**$ 498.5**	**$ 565.6**	**$ 499.6**	**$ 587.8**	**$ 636.6**	**$ 682.8**	**$ 620.7**	**$ 690.5**	**$ 779.3**	**$ 835.6**	**$ 1,923.3**	**$ 2,406.8**	**$ 2,926.1**
Year over year growth	45%	35%	26%	22%	23%	30%	27%	20%	23%	16%	20%	20%	30%	25%	20%

(1) Updated definition to include impact of acquired revenue and foreign exchange on operating results.

DexCom, Inc.

Itemized Reconciliation Between GAAP and Non-GAAP Selected Data

Definitions:

Amortization of intangible assets – We are required by GAAP to record the fair values of the intangible assets of the entity on our balance sheet and amortize them over their useful lives. We exclude these non-cash amortization charges related to acquired intangible assets from our non-GAAP financial measures.

Business transition and related costs – Represents costs associated with acquisition, integration and business transition activities, including severance, relocation, consulting, leasehold exit costs, third party merger and acquisition costs, and other costs directly associated with such activities. We exclude business transition and related costs from our non-GAAP financial measures because they are unrelated to our ongoing business operating results.

COVID-19 costs – Represents costs associated with the COVID-19 outbreak related to taking the necessary precautions for essential personnel to operate safely both in person as well as remotely. Cost incurred include items like incremental payroll costs, consulting support, IT infrastructure and facilities related costs. We exclude these costs from our non-GAAP financial measures.

Intellectual property litigation costs – Represents costs associated with proceedings related to a patent infringement lawsuit. We exclude significant one-time litigation settlement charges and related costs when evaluating our operating performance because we do not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of our operating performance.

Income or loss from equity investments – Income or loss from equity investments is related to the sale of equity investments. We exclude income or loss from equity investments from our non-GAAP financial measures because they are unrelated to our ongoing business operating results.

Loss on extinguishment of debt – Represents losses associated with our senior convertible notes. We exclude these losses from our non-GAAP financial measures because they are unrelated to our ongoing business operating results.

Adjustments related to taxes – Adjustments related to taxes for non-GAAP excluded items, as well as excess benefits or tax deficiencies from stock-based compensation, and the quarterly impact of other discrete items.

Adjusted EBITDA – Adjusted EBITDA excludes non-cash operating charges for share-based compensation, depreciation and amortization as well as non-operating items such as interest income, interest expense, loss on extinguishment of debt, income or loss from equity investments, and income tax expense or benefit. For the reasons explained above, adjusted EBITDA also excludes business transition and related costs, COVID-19 costs, litigation settlement costs, and intellectual property litigation costs.