



Dexcom earnings

Q1 2023



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 March 31, 2023, as filed with the Securities and Exchange Commission on April 27, 2023, 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 April 27, 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.

First quarter 2023



Strong growth with
\$741 million in revenue

19% organic revenue growth¹
(17% US; 27% OUS²)



Key Financial
Highlights

Delivered **record first quarter**
free cash flow

Generated **over 250 basis points**
of operating expense leverage
compared to Q1'22



Strategic
Highlights

Initiated **full launch of Dexcom G7** in
the US

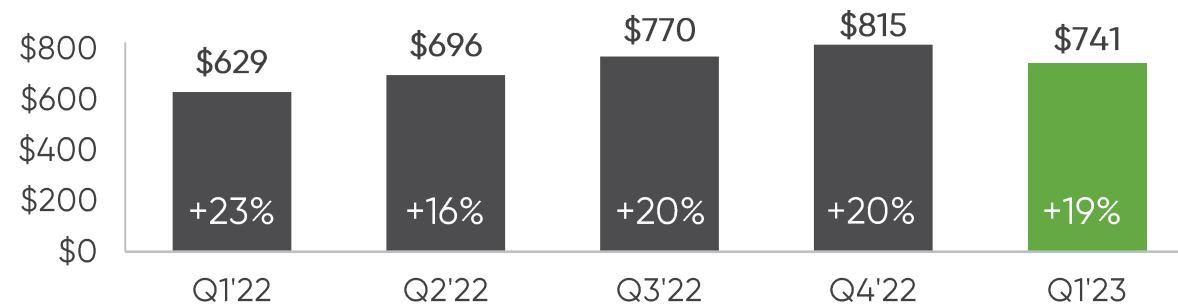
Significant expansion of access with
final CMS ruling for broader type 2
reimbursement

1. Growth was 18% 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 21% on a reported basis. Organic revenue excludes non-CGM revenue acquired in the trailing twelve months, as well as the impact of foreign exchange.

First quarter performance

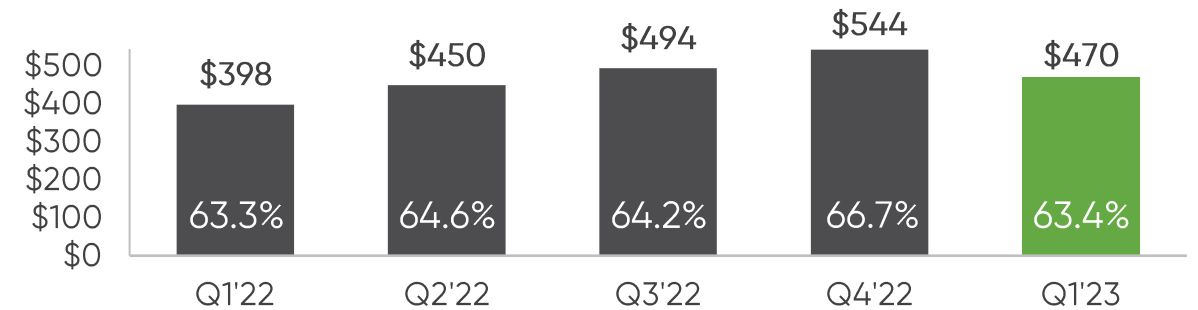
Total Revenue & Organic Growth Rate¹

(\$MM)

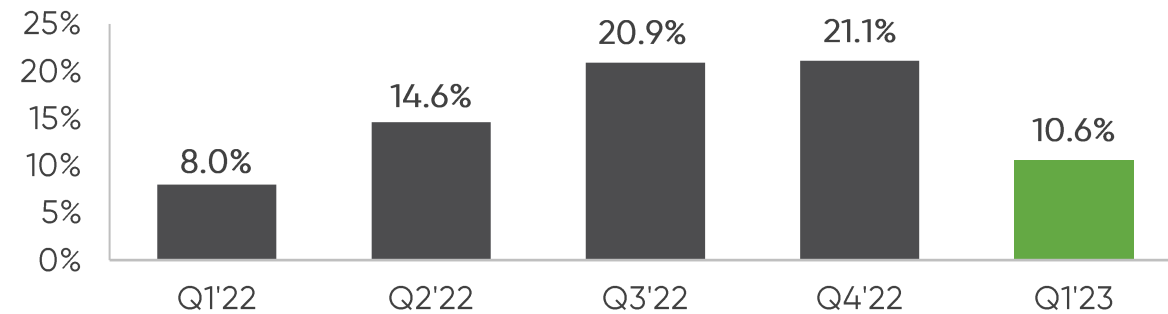


Non-GAAP Gross Profit and % Margin*

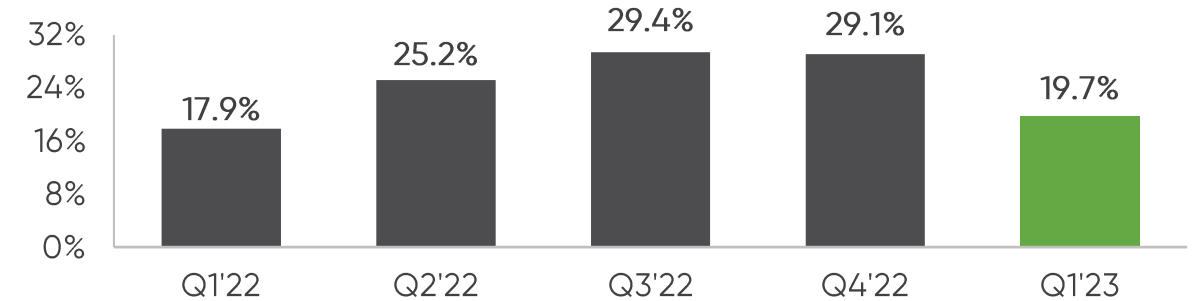
(\$MM)



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.

*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 April 27, 2023

2023 Annual Revenue and Profitability Guidance

	Revenue	Non-GAAP Gross Profit Margin*	Non-GAAP Operating Margin*	Adjusted EBITDA Margin*
Previous	USD 3.350–3.490 billion	62–63%	~16.5%	~26%
Updated	USD 3.400–3.515 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-April
- 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

(In millions)	Three Months Ended March 31,	
	2023	2022
GAAP gross profit	\$ 462.6	\$ 398.1
Amortization of intangible assets ⁽¹⁾	7.2	—
Non-GAAP gross profit	<u>\$ 469.8</u>	<u>\$ 398.1</u>
GAAP operating income	\$ 47.2	\$ 41.3
Amortization of intangible assets ⁽¹⁾	9.0	2.0
Business transition and related costs ⁽²⁾	1.1	—
Intellectual property litigation costs ⁽³⁾	21.3	7.0
Non-GAAP operating income	<u>\$ 78.6</u>	<u>\$ 50.3</u>
GAAP net income	\$ 48.6	\$ 97.3
Business transition and related costs ⁽²⁾	1.0	—
Depreciation and amortization	41.6	36.8
Intellectual property litigation costs ⁽³⁾	21.3	7.0
Income from equity investments ⁽⁴⁾	—	(0.2)
Share-based compensation	35.2	29.1
Interest expense and interest income	(17.7)	3.6
Income tax (benefit) expense	15.9	(61.2)
Adjusted EBITDA	<u>\$ 145.9</u>	<u>\$ 112.4</u>

⁽¹⁾ Represents amortization of acquired intangible assets.

⁽²⁾ For the three months ended March 31, 2023, business transition and related costs are primarily related to rent for a vacated building in San Diego, California.

⁽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 March 31, 2023, tax adjustments are primarily related to the tax effect of non-GAAP adjustments and excess tax benefits from share-based compensation for employees. For the three months ended March 31, 2022, tax adjustments are primarily related to excess tax benefits from share-based compensation for employees and the Verily regulatory milestone payment.

⁽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 adjustment for the three months ended March 31, 2023 and March 31, 2022 is for the transition from GAAP diluted net income per share to non-GAAP diluted net income per share due to our senior convertible notes.

⁽⁸⁾ The sum of the non-GAAP per share components may not equal the totals due to rounding.

⁽⁹⁾ We adjust for the dilutive effect of our senior convertible notes when the effect is not the same on a GAAP and non-GAAP basis for a given period.

(In millions, except per share data)	Three Months Ended March 31,	
	2023	2022
GAAP net income	\$ 48.6	\$ 97.3
Amortization of intangible assets ⁽¹⁾	9.0	2.0
Business transition and related costs ⁽²⁾	1.1	—
Intellectual property litigation costs ⁽³⁾	21.3	7.0
Income from equity investments ⁽⁴⁾	—	(0.2)
Adjustments related to taxes ⁽⁵⁾	(11.5)	(73.8)
Non-GAAP net income	<u>\$ 68.5</u>	<u>\$ 32.3</u>
GAAP net income	\$ 48.6	\$ 97.3
Interest expense on senior convertible notes, net of tax	1.6	2.8
GAAP net income used for diluted EPS, if-converted ⁽⁶⁾	<u>\$ 50.2</u>	<u>\$ 100.1</u>
Non-GAAP net income	\$ 68.5	\$ 32.3
Interest expense on senior convertible notes, net of tax	1.2	—
Non-GAAP net income used for diluted EPS, if-converted ⁽⁶⁾	<u>\$ 69.7</u>	<u>\$ 32.3</u>
GAAP diluted net income per share ⁽⁶⁾	\$ 0.12	\$ 0.23
Amortization of intangible assets ⁽¹⁾	0.02	—
Business transition and related costs ⁽²⁾	—	—
Intellectual property litigation costs ⁽³⁾	0.05	0.02
Income from equity investments ⁽⁴⁾	—	—
Adjustments related to taxes ⁽⁵⁾	(0.03)	(0.18)
Impact of adjustment to GAAP diluted shares ⁽⁷⁾	—	0.01
Non-GAAP diluted net income per share ^{(6) (8)}	<u>\$ 0.17</u>	<u>\$ 0.08</u>
GAAP diluted weighted-average shares outstanding	418.5	428.7
Non-GAAP diluted weighted-average shares outstanding	407.6	401.7
Reconciliation of non-GAAP diluted weighted-average shares outstanding:		
GAAP diluted weighted-average shares outstanding	418.5	428.7
Adjustment for dilutive impact of senior convertible notes due 2023 ⁽⁹⁾	(18.9)	(19.0)
Adjustment for dilutive impact of senior convertible notes due 2025 ⁽⁹⁾	8.0	(8.0)
Non-GAAP diluted weighted-average shares outstanding	<u>407.6</u>	<u>401.7</u>

DexCom, Inc.

Trended Unaudited Quarterly and Annual Revenue Related Metrics by Component
Total Company 2020 – 2023

	<u>Q1'20</u>	<u>Q2'20</u>	<u>Q3'20</u>	<u>Q4'20</u>	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>Q1'22</u>	<u>Q2'22</u>	<u>Q3'22</u>	<u>Q4'22</u>	<u>Q1'23</u>
<u>Revenue Metrics By Component</u>													
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	\$ 651.9
Year over year growth	53%	40%	28%	30%	31%	36%	35%	29%	28%	21%	22%	19%	20%
Quarter over quarter growth (decline)	(10%)	12%	11%	15%	(9%)	17%	11%	9%	(9%)	10%	12%	7%	(9%)
% of Total revenue	80%	81%	81%	82%	84%	83%	84%	86%	86%	86%	87%	88%	88%
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	\$ 89.6
Year over year growth	17%	15%	20%	0%	1%	15%	8%	(4%)	6%	(2%)	1%	1%	5%
Quarter over quarter growth (decline)	(22%)	9%	8%	9%	(22%)	25%	2%	(3%)	(14%)	15%	5%	(3%)	(11%)
% of Total revenue	20%	19%	19%	18%	16%	17%	16%	14%	14%	14%	13%	12%	12%
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	\$ 741.5
Year over year growth	44%	34%	26%	23%	25%	32%	30%	23%	25%	17%	18%	17%	18%
Quarter over quarter growth (decline)	(12%)	12%	11%	14%	(11%)	18%	9%	7%	(10%)	11%	11%	6%	(9%)

(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 - 2023

	<u>Q1'20</u>	<u>Q2'20</u>	<u>Q3'20</u>	<u>Q4'20</u>	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>Q1'22</u>	<u>Q2'22</u>	<u>Q3'22</u>	<u>Q4'22</u>	<u>Q1'23</u>
<u>Revenue Metrics By Geography</u>													
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	\$ 526.0
Year over year growth	39%	38%	29%	20%	30%	26%	23%	15%	18%	11%	17%	17%	17%
Quarter over quarter growth (decline)	(22%)	26%	9%	13%	(16%)	21%	6%	6%	(13%)	13%	12%	6%	(13%)
% of Total revenue	72%	81%	80%	79%	75%	78%	75%	74%	72%	73%	75%	74%	71%
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	\$ 215.5
Year over year growth	61%	21%	17%	35%	10%	58%	57%	54%	43%	39%	22%	15%	21%
Quarter over quarter growth (decline)	30%	(25%)	21%	15%	5%	8%	20%	13%	(2%)	4%	6%	6%	3%
% of Total revenue	28%	19%	20%	21%	25%	22%	25%	26%	28%	27%	25%	26%	29%
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	\$ 741.5
Year over year growth	44%	34%	26%	23%	25%	32%	30%	23%	25%	17%	18%	17%	18%
Quarter over quarter growth (decline)	(12%)	12%	11%	14%	(11%)	18%	9%	7%	(10%)	11%	11%	6%	(9%)

DexCom, Inc.

Trended Unaudited Quarterly and Annual Organic Revenue Metrics

Total Company 2020 - 2023

	<u>Q1'20</u>	<u>Q2'20</u>	<u>Q3'20</u>	<u>Q4'20</u>	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>Q1'22</u>	<u>Q2'22</u>	<u>Q3'22</u>	<u>Q4'22</u>	<u>Q1'23</u>
<u>Organic Revenue</u>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	\$ 215.5
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	9.7
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	\$ 225.2
Year over year growth	63%	22%	14%	31%	5%	49%	44%	41%	37%	34%	28%	27%	27%
% of Total revenue	28%	19%	20%	20%	24%	21%	23%	24%	27%	26%	26%	27%	30%
 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	 \$ 741.5
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	9.7
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	\$ 751.2
Year over year growth	45%	35%	26%	22%	23%	30%	27%	20%	23%	16%	20%	20%	19%

(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.