

Dexcom

Dexcom earnings

Q4 2023

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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 as of February 8, 2024. 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, 2023, as filed with the Securities and Exchange Commission on February 8, 2024, 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 8, 2024, 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 2023



Strong growth with
\$1.035 billion in revenue

26% organic revenue growth¹
(27% US; 23% OUS²)



Key Financial
Highlights

Generated **nearly 500 basis points**
of operating expense leverage
compared to Q4'22

Executed \$500 million **accelerated
share repurchase program**



Strategic
Highlights

Submitted **Stelo** and **direct-to-watch**
feature to the FDA for review

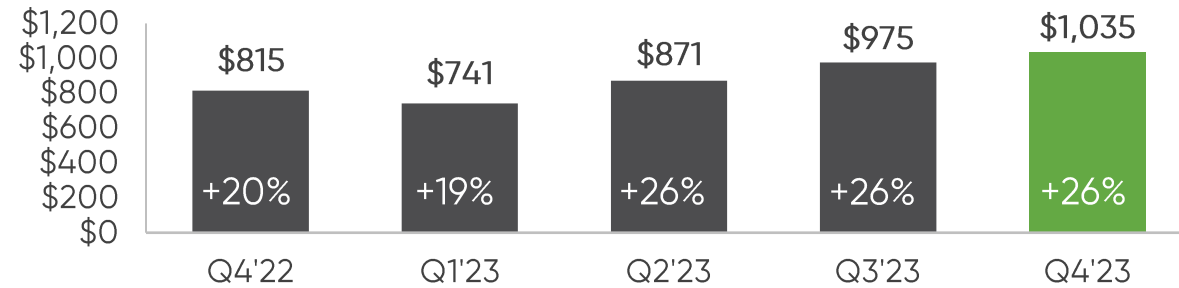
Advanced **G7 pump connectivity** with
integration of Tandem's t:slim X2 and
Beta Bionics' iLet Bionic Pancreas

1. Growth was 27% on a reported basis. Organic revenue excludes non-CGM revenue acquired or divested in the trailing twelve months, as well as the impact of foreign exchange.
2. Growth was 27% on a reported basis. Organic revenue excludes non-CGM revenue acquired or divested in the trailing twelve months, as well as the impact of foreign exchange.

Fourth quarter performance

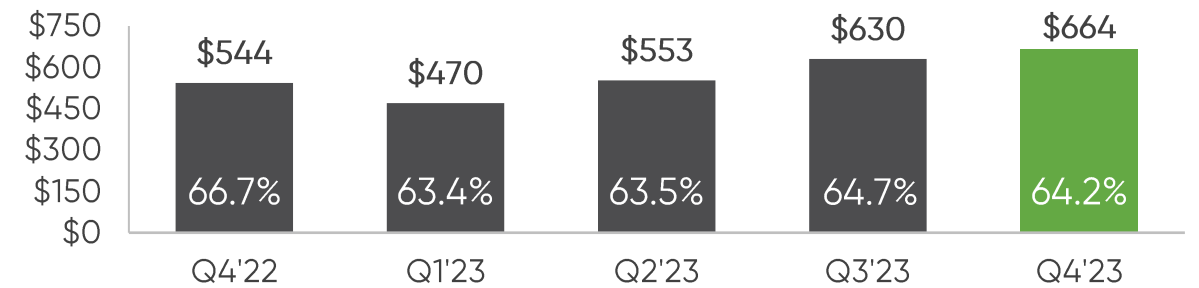
Total Revenue & Organic Growth Rate¹

(\$MM)

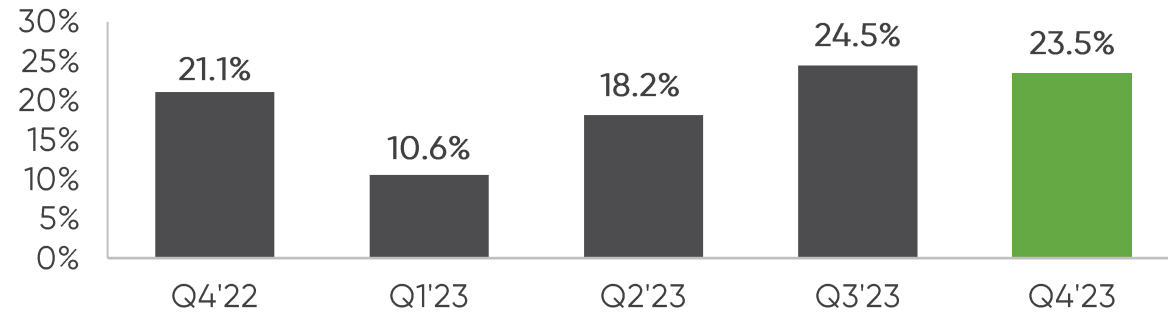


Non-GAAP Gross Profit and % Margin*

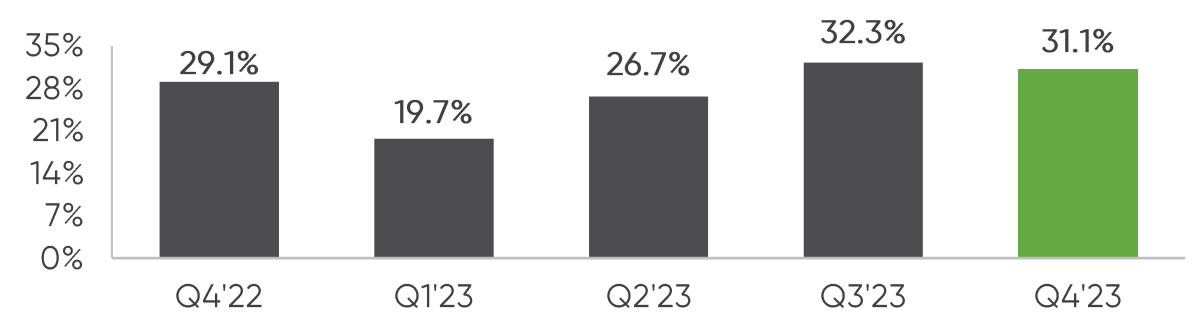
(\$MM)



Non-GAAP Operating Margin*



Adjusted EBITDA Margin*



1. Excludes non-CGM revenue acquired or divested 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.

2024 Guidance as of February 8, 2024

2024 Annual Revenue and Profitability Guidance

Revenue

USD
4.15–4.35
billion

Non-GAAP
Gross Profit Margin

~63–64%

Non-GAAP
Operating Margin

~20%

Adjusted
EBITDA Margin*

~29%

Key Considerations

- Ongoing conversion of G6 to G7 within customer base
- Extending momentum of 2023 launch in type 2 basal and non-insulin hypo populations
- Expansion of Dexcom ONE into new geographies
- Strong year-over-year operating expense leverage

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

dexcom

Appendix

Revenue Data and GAAP Reconciliations



DexCom, Inc.

Itemized Reconciliation between GAAP and Non-GAAP Financial Measures

(In millions)	Three Months Ended December 31,	
	2023	2022
GAAP gross profit	\$ 656.6	\$ 541.3
Amortization of intangible assets ⁽¹⁾	7.2	2.4
Non-GAAP gross profit	<u>\$ 663.8</u>	<u>\$ 543.7</u>
GAAP operating income	\$ 216.9	\$ 125.4
Amortization of intangible assets ⁽¹⁾	10.1	4.2
Business transition and related costs ⁽²⁾	2.0	24.1
Intellectual property litigation costs ⁽³⁾	13.7	18.4
Non-GAAP operating income	<u>\$ 242.7</u>	<u>\$ 172.1</u>
GAAP net income	\$ 256.3	\$ 91.8
Business transition and related costs ⁽²⁾	2.0	23.9
Depreciation and amortization	52.5	36.3
Intellectual property litigation costs ⁽³⁾	13.7	18.4
Income from equity investments ⁽⁴⁾	(0.9)	—
Share-based compensation	36.9	34.0
Interest expense and interest income	(28.9)	(8.7)
Income tax (benefit) expense	(10.1)	41.4
Adjusted EBITDA	<u>\$ 321.5</u>	<u>\$ 237.1</u>

⁽¹⁾ Represents amortization of acquired intangible assets.

⁽²⁾ For the three months ended December 31, 2023, business transition and related costs are primarily related to rent for vacated office space in San Diego, California. For the three months ended December 31, 2022, 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⁾ We have excluded third party attorney's fees, costs, and expenses incurred by the Company exclusively in connection with the Company's patent infringement litigation against Abbott Diabetes Care, Inc., as further described in the section titled "Legal Proceedings" appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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

⁽⁵⁾ For the three months ended December 31, 2023, tax adjustments are primarily related to the Verily sales-based milestone payment. For the three months ended December 31, 2022, tax adjustments are primarily related to the tax effect of non-GAAP adjustments.

⁽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 adjustments are 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 December 31,	
	2023	2022
GAAP net income	\$ 256.3	\$ 91.8
Amortization of intangible assets ⁽¹⁾	10.1	4.2
Business transition and related costs ⁽²⁾	2.0	24.1
Intellectual property litigation costs ⁽³⁾	13.7	18.4
Income from equity investments ⁽⁴⁾	(0.9)	—
Adjustments related to taxes ⁽⁵⁾	(78.4)	(2.2)
Non-GAAP net income	<u>\$ 202.8</u>	<u>\$ 136.3</u>
GAAP net income	\$ 256.3	\$ 91.8
Interest expense on senior convertible notes, net of tax	3.0	2.8
GAAP net income used for diluted EPS, if-converted ⁽⁶⁾	<u>\$ 259.3</u>	<u>\$ 94.6</u>
Non-GAAP net income	\$ 202.8	\$ 136.3
Interest expense on senior convertible notes, net of tax	1.2	1.2
Non-GAAP net income used for diluted EPS, if-converted ⁽⁶⁾	<u>\$ 204.0</u>	<u>\$ 137.5</u>
GAAP diluted net income per share ⁽⁶⁾	\$ 0.62	\$ 0.22
Amortization of intangible assets ⁽¹⁾	0.02	0.01
Business transition and related costs ⁽²⁾	—	0.06
Intellectual property litigation costs ⁽³⁾	0.03	0.05
Income from equity investments ⁽⁴⁾	—	—
Adjustments related to taxes ⁽⁵⁾	(0.19)	(0.01)
Impact of adjustment to GAAP diluted shares ⁽⁷⁾	0.01	—
Non-GAAP diluted net income per share ^{(6) (8)}	<u>\$ 0.50</u>	<u>\$ 0.34</u>
GAAP diluted weighted-average shares outstanding	415.9	425.9
Non-GAAP diluted weighted-average shares outstanding	406.6	407.0
Reconciliation of non-GAAP diluted weighted-average shares outstanding:		
GAAP diluted weighted-average shares outstanding	415.9	425.9
Adjustment for dilutive impact of senior convertible notes due 2023 ⁽⁹⁾	(1.6)	(18.9)
Adjustment for dilutive impact of senior convertible notes due 2028 ⁽⁹⁾	(7.7)	—
Non-GAAP diluted weighted-average shares outstanding	<u>406.6</u>	<u>407.0</u>

DexCom, Inc.

Trended Unaudited Quarterly and Annual Revenue Related Metrics by Component
Total Company 2021 - 2023

	<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>Q2'23</u>	<u>Q3'23</u>	<u>Q4'23</u>	<u>FY'21</u>	<u>FY'22</u>	<u>FY'23</u>
<i>Revenue Metrics By Component</i>															
Sensor & Other Revenue (millions) ^{(1) (2)}	\$ 424.3	\$ 494.5	\$ 547.9	\$ 598.6	\$ 543.2	\$ 597.7	\$ 666.6	\$ 714.8	\$ 651.9	\$ 778.0	\$ 873.8	\$ 947.0	\$ 2,065.3	\$ 2,522.3	\$ 3,250.7
Year over year growth	31%	36%	35%	29%	28%	21%	22%	19%	20%	30%	31%	32%	32%	22%	29%
Quarter over quarter growth (decline)	(9%)	17%	11%	9%	(9%)	10%	12%	7%	(9%)	19%	12%	8%			
% of Total revenue	84%	83%	84%	86%	86%	86%	87%	88%	88%	89%	90%	92%	84%	87%	90%
Hardware Revenue (millions) ^{(1) (3)}	\$ 80.7	\$ 100.6	\$ 102.3	\$ 99.6	\$ 85.6	\$ 98.5	\$ 103.0	\$ 100.4	\$ 89.6	\$ 93.3	\$ 101.2	\$ 87.5	\$ 383.2	\$ 387.5	\$ 371.6
Year over year growth	1%	15%	8%	(4%)	6%	(2%)	1%	1%	5%	(5%)	(2%)	(13%)	5%	1%	(4%)
Quarter over quarter growth (decline)	(22%)	25%	2%	(3%)	(14%)	15%	5%	(3%)	(11%)	4%	8%	(14%)			
% of Total revenue	16%	17%	16%	14%	14%	14%	13%	12%	12%	11%	10%	8%	16%	13%	10%
Total Revenue (millions)	\$ 505.0	\$ 595.1	\$ 650.2	\$ 698.2	\$ 628.8	\$ 696.2	\$ 769.6	\$ 815.2	\$ 741.5	\$ 871.3	\$ 975.0	\$1,034.5	\$ 2,448.5	\$ 2,909.8	\$ 3,622.3
Year over year growth	25%	32%	30%	23%	25%	17%	18%	17%	18%	25%	27%	27%	27%	19%	24%
Quarter over quarter growth (decline)	(11%)	18%	9%	7%	(10%)	11%	11%	6%	(9%)	18%	12%	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 2021 - 2023

	<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>Q2'23</u>	<u>Q3'23</u>	<u>Q4'23</u>	<u>FY'21</u>	<u>FY'22</u>	<u>FY'23</u>
<i>Revenue Metrics By Geography</i>															
US Revenue (millions)	\$ 381.2	\$ 461.5	\$ 489.6	\$ 517.1	\$ 451.2	\$ 511.0	\$ 573.4	\$ 606.4	\$ 526.0	\$ 616.6	\$ 713.6	\$ 769.1	\$ 1,849.4	\$ 2,142.0	\$ 2,625.3
Year over year growth	30%	26%	23%	15%	18%	11%	17%	17%	17%	21%	24%	27%	23%	16%	23%
Quarter over quarter growth (decline)	(16%)	21%	6%	6%	(13%)	13%	12%	6%	(13%)	17%	16%	8%			
% of Total revenue	75%	78%	75%	74%	72%	73%	75%	74%	71%	71%	73%	74%	76%	74%	72%
INT'L Revenue (millions)	\$ 123.8	\$ 133.6	\$ 160.6	\$ 181.1	\$ 177.6	\$ 185.2	\$ 196.2	\$ 208.8	\$ 215.5	\$ 254.7	\$ 261.4	\$ 265.4	\$ 599.1	\$ 767.8	\$ 997.0
Year over year growth	10%	58%	57%	54%	43%	39%	22%	15%	21%	38%	33%	27%	44%	28%	30%
Quarter over quarter growth (decline)	5%	8%	20%	13%	(2%)	4%	6%	6%	3%	18%	3%	2%			
% of Total revenue	25%	22%	25%	26%	28%	27%	25%	26%	29%	29%	27%	26%	24%	26%	28%
Total Revenue (millions)	\$ 505.0	\$ 595.1	\$ 650.2	\$ 698.2	\$ 628.8	\$ 696.2	\$ 769.6	\$ 815.2	\$ 741.5	\$ 871.3	\$ 975.0	\$1,034.5	\$ 2,448.5	\$ 2,909.8	\$ 3,622.3
Year over year growth	25%	32%	30%	23%	25%	17%	18%	17%	18%	25%	27%	27%	27%	19%	24%
Quarter over quarter growth (decline)	(11%)	18%	9%	7%	(10%)	11%	11%	6%	(9%)	18%	12%	6%			

DexCom, Inc.

Trended Unaudited Quarterly and Annual Organic Revenue Metrics
Total Company 2021 - 2023

	<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>Q2'23</u>	<u>Q3'23</u>	<u>Q4'23</u>	<u>FY'21</u>	<u>FY'22</u>	<u>FY'23</u>
<i>Organic Revenue</i> ¹															
INT'L Revenue - Reported	\$ 123.8	\$ 133.6	\$ 160.6	\$ 181.1	\$ 177.6	\$ 185.2	\$ 196.2	\$ 208.8	\$ 215.5	\$ 254.7	\$ 261.4	\$ 265.4	\$ 599.1	\$ 767.8	\$ 997.0
Impact of Acquired Revenue and Foreign Exchange	(5.4)	(7.3)	(13.6)	(15.4)	(8.1)	(5.7)	9.7	20.4	9.7	4.6	(5.9)	(8.2)	(41.7)	16.3	0.2
INT'L Revenue - Organic	\$ 118.4	\$ 126.3	\$ 147.0	\$ 165.7	\$ 169.5	\$ 179.5	\$ 205.9	\$ 229.2	\$ 225.2	\$ 259.3	\$ 255.5	\$ 257.2	\$ 557.4	\$ 784.1	\$ 997.2
Year over year growth	5%	49%	44%	41%	37%	34%	28%	27%	27%	40%	30%	23%	34%	31%	30%
% of Total revenue	24%	21%	23%	24%	27%	26%	26%	27%	30%	30%	26%	25%	23%	27%	28%
Total Revenue - Reported	\$ 505.0	\$ 595.1	\$ 650.2	\$ 698.2	\$ 628.8	\$ 696.2	\$ 769.6	\$ 815.2	\$ 741.5	\$ 871.3	\$ 975.0	\$1,034.5	\$ 2,448.5	\$ 2,909.8	\$ 3,622.3
Impact of Acquired Revenue and Foreign Exchange	(5.4)	(7.3)	(13.6)	(15.4)	(8.1)	(5.7)	9.7	20.4	9.7	4.6	(5.9)	(8.2)	(41.7)	16.3	0.2
Total Revenue - Organic	\$ 499.6	\$ 587.8	\$ 636.6	\$ 682.8	\$ 620.7	\$ 690.5	\$ 779.3	\$ 835.6	\$ 751.2	\$ 875.9	\$ 969.1	\$1,026.3	\$ 2,406.8	\$ 2,926.1	\$ 3,622.5
Year over year growth	23%	30%	27%	20%	23%	16%	20%	20%	19%	26%	26%	26%	25%	20%	24%

(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 and divestiture, 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.

Intellectual property litigation costs – Represents third party litigation costs associated with our patent infringement litigation against Abbott Diabetes Care, Inc. We exclude intellectual property litigation costs from our non-GAAP financial measures because we do not incur such charges on a predictable basis and exclusion of such charges enables more consistent evaluation of our operating performance.

Litigation settlement costs – Represents significant one-time litigation settlements. We exclude litigation settlement costs when evaluating our operating performance because we do not incur or receive litigation settlements on a predictable basis and exclusion of litigation settlements 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.

Gain or loss on extinguishment of debt – Represents gains or losses associated with our debt. We exclude these gains and 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, gain or 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, litigation settlement costs, and intellectual property litigation costs.