Dexcom earnings

Q2 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, 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. These also include statements with respect to the impacts of the COVID-19 pandemic on Dexcom.

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 DexCom’s current expectations are more fully described in DexCom’s annual report on Form 10-K for the period ended December 31, 2021, as filed with the Securities and Exchange Commission on February 14, 2022, its most recent quarterly report on Form 10-Q for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on July 28, 2022, and its other reports, each as filed with the Securities and Exchange Commission. DexCom assumes no obligation to update any such forward-looking statement after the date of this report or to conform these forward-looking statements to actual results.

The accompanying presentation dated July 28, 2022 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.

DexCom reports 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.

Second quarter 2022

Strong growth with $696 million in revenue

17% revenue growth[1]
(11% US; 39% OUS[2])

Key Financial Highlights

Achieved record quarterly new customer additions

Drove over 300 bps of operating expense leverage compared to Q2'21

Strategic Highlights

Significantly advanced OUS reimbursement in several countries

Showcased CGM portfolio and industry-leading connectivity at ATTD and ADA

1. Growth was 16% on an organic basis, which excludes non-CGM revenue acquired in conjunction with Dexcom's acquisition of its distributor in Australia and New Zealand, as well as the impact of foreign exchange.
2. Growth was 34% on an organic basis, which excludes non-CGM revenue acquired in conjunction with Dexcom's acquisition of its distributor in Australia and New Zealand, as well as the impact of foreign exchange.

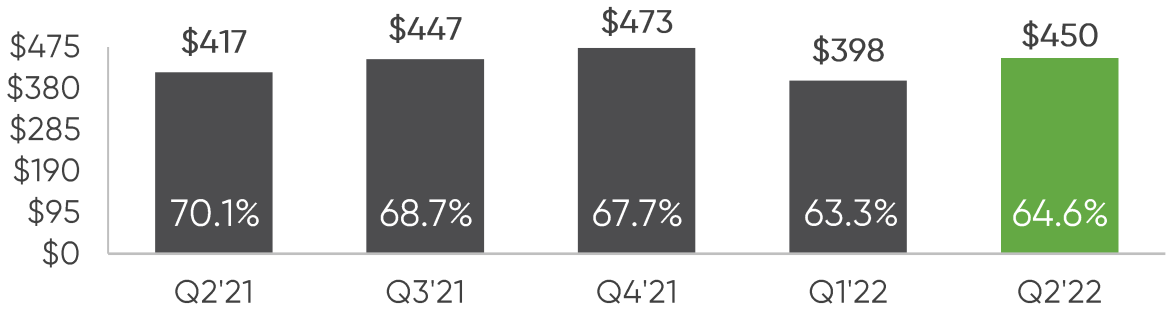
Second quarter performance

Total Revenue & Organic Growth Rate[1]

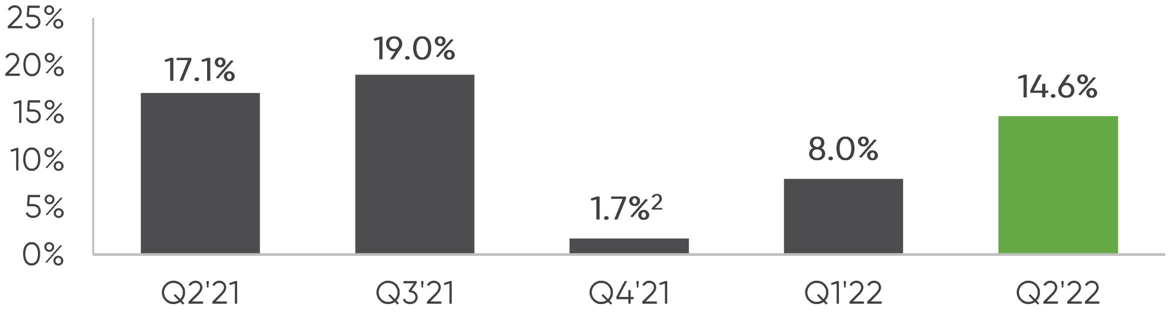
($MM)

Gross Profit and % Margin*

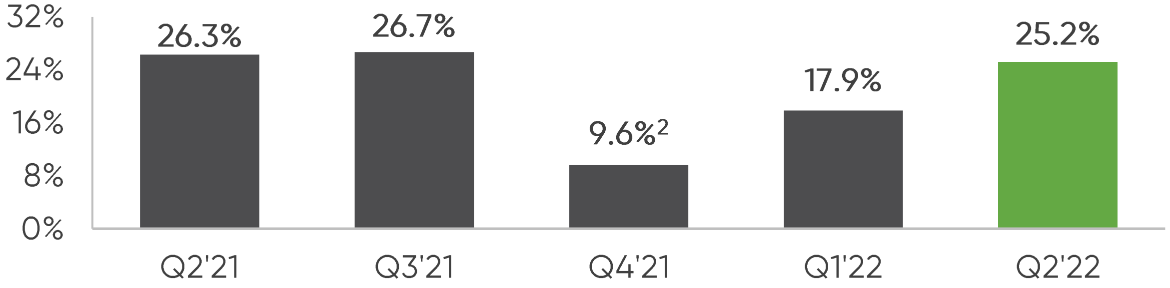
($MM)



Non-GAAP Operating Margin*



Adjusted EBITDA Margin*



1. Excludes non-CGM revenue acquired in conjunction with Dexcom's acquisition of its distributor in Australia and New Zealand, as well as the impact of foreign exchange.
2. Beginning in the second quarter of 2022, we will begin 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.

2022 Guidance as of July 28, 2022

2022 Annual Revenue and Profitability Guidance

	Revenue	Non-GAAP Gross Profit Margin*	Non-GAAP Operating Margin*	Adjusted EBITDA Margin*
Previous	USD 2.82-2.94 billion	~65%	~16%	~25%
Updated	USD 2.86-2.91 billion	~65%	~16%	~25%

Key Considerations

- CGM access and awareness momentum globally
- Final year of significant US channel shift
- FX headwinds of ~$40 million for the full-year
- Gross margin impact as G7 manufacturing scales
- Strong year-over-year operating expense leverage

*See appendix for reconciliations to GAAP metrics. 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 June 30, 2022	Three Months Ended June 30, 2021 (As Adjusted)*
GAAP operating income	$ 77.0	$ 101.0
Amortization of intangible assets	1.9	0.5
Business transition and related costs (1)	13.8	—
Intellectual property litigation costs (2)	9.2	—
Non-GAAP operating income	$ 101.9	$ 101.5
GAAP net income	$ 50.9	$ 78.4
Business transition and related costs (1)	13.8	—
Depreciation and amortization	43.6	23.5
Intellectual property litigation costs (2)	9.2	—
Share-based compensation	32.6	31.6
Interest expense and interest income	1.0	4.4
Income tax benefit	24.4	18.7
Adjusted EBITDA	$ 175.5	$ 156.6

* We adjusted our 2021 amounts to reflect the simplified convertible instruments accounting guidance (ASU 2020-06), which we adopted on a full retrospective basis. All periods presented have also been adjusted to reflect the four-for-one stock split.

(1) Business transition and related costs are primarily related to consulting and expenses related to vacating a portion of the San Diego office space, including accelerated depreciation of tenant improvements.

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

(3) For the three months ended June 30, 2022, the tax adjustments were primarily related to the tax effect of non-GAAP adjustments for business transition and related costs and intellectual property litigation costs. For the three months ended June 30, 2021, tax adjustments were primarily related to the excess tax benefits from share-based compensation for employees.

(4) 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.

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

(6) Our 2023 senior convertible notes are dilutive on a GAAP basis and anti-dilutive on a non-GAAP basis for the three months ended June 30, 2022 and 2021. Our 2023 senior convertible notes are also hedged through an anti-dilutive bond hedge arrangement.

(7) Our 2025 senior convertible notes are anti-dilutive on a GAAP basis and dilutive on a non-GAAP basis for the three months ended June 30, 2022. Our 2025 senior convertible notes are dilutive on a GAAP and non-GAAP basis for the three months ended June 30, 2021.

(In millions, except per share data)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021 (As Adjusted)*
GAAP net income	$ 50.9	$ 78.4
Amortization of intangible assets	1.9	0.5
Business transition and related costs (1)	13.8	—
Intellectual property litigation costs (2)	9.2	—
Adjustments related to taxes (3)	(6.3)	(3.8)
Non-GAAP net income	$ 69.5	$ 75.1
GAAP net income	$ 50.9	$ 78.4
Interest expense on senior convertible notes, net of tax	1.6	2.9
GAAP net income used for diluted EPS, if-converted	$ 52.5	$ 81.3
Non-GAAP net income	$ 69.5	$ 75.1
Interest expense on senior convertible notes, net of tax	1.2	1.2
Non-GAAP net income used for diluted EPS, if-converted	$ 70.7	$ 76.3
GAAP diluted net income per share (4)	$ 0.12	$ 0.19
Amortization of intangible assets	—	—
Business transition and related costs (1)	0.03	—
Intellectual property litigation costs (2)	0.02	—
Adjustments related to taxes (3)	(0.02)	(0.01)
Non-GAAP diluted net income per share (4) (5)	$ 0.17	$ 0.19
GAAP diluted weighted-average shares outstanding	421.4	427.1
Non-GAAP diluted weighted-average shares outstanding	410.5	406.4
Reconciliation of non-GAAP diluted weighted-average shares outstanding:		
GAAP diluted weighted-average shares outstanding	421.4	427.1
Adjustment for dilutive impact of senior convertible notes due 2023 (6)	(18.9)	(20.7)
Adjustment for dilutive impact of senior convertible notes due 2025 (7)	8.0	—
Non-GAAP diluted weighted-average shares outstanding	410.5	406.4

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 June 30, 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. All share and per share information has been retroactively adjusted to reflect the four-for-one forward stock split, effective June 10, 2022.

	Three Months Ended June 30, 2021		
(In millions)	**As Previously Reported**	**ASU 2020-06 Adjustment**	**As Adjusted**
GAAP net income	$ 62.9	$ 15.5	$ 78.4
Depreciation and amortization	23.5	—	23.5
Share-based compensation	31.6	—	31.6
Interest expense and interest income	24.8	(20.4)	4.4
Income tax benefit	13.8	4.9	18.7
Adjusted EBITDA	$ 156.6	$ —	$ 156.6
GAAP net income	$ 62.9	$ 15.5	$ 78.4
Amortization of intangible assets	0.5	—	0.5
Non-cash interest expense [1]	20.8	(20.8)	—
Adjustments related to taxes [2]	(8.8)	5.0	(3.8)
Non-GAAP net income	$ 75.4	$ (0.3)	$ 75.1
GAAP net income	$ 62.9	$ 15.5	$ 78.4
Interest expense on senior convertible notes, net of tax	—	2.9	2.9
GAAP net income used for diluted EPS, if-converted	$ 62.9	$ 18.4	$ 81.3

	Three Months Ended June 30, 2021		
(In millions, except per share data)	**As Previously Reported**	**ASU 2020-06 Adjustment**	**As Adjusted**
Non-GAAP net income	$ 75.4	$ (0.3)	$ 75.1
Interest expense on senior convertible notes, net of tax	—	1.2	1.2
Non-GAAP net income used for diluted EPS, if-converted	$ 75.4	$ 0.9	$ 76.3
GAAP diluted net income per share [3]	$ 0.16	$ 0.03	$ 0.19
Amortization of intangible assets	—	—	—
Non-cash interest expense [1]	0.05	(0.05)	—
Adjustments related to taxes [2]	(0.02)	0.01	(0.01)
Non-GAAP diluted net income per share [3] [4]	$ 0.19	$ —	$ 0.19
GAAP diluted weighted-average shares outstanding	398.4	28.7	427.1
Non-GAAP diluted weighted-average shares outstanding	398.4	8.0	406.4
Reconciliation of non-GAAP diluted weighted-average shares outstanding:			
GAAP diluted weighted-average shares outstanding	398.4	28.7	427.1
Adjustment for dilutive impact of senior convertible notes due 2023 [5]	—	(20.7)	(20.7)
Non-GAAP diluted weighted-average shares outstanding	398.4	8.0	406.4

[1] Non-cash interest expense represents accretion of the debt discount associated with our senior convertible notes.
[2] For the three months ended June 30, 2021, tax adjustments were primarily related to the excess tax benefits from share-based compensation for employees.
[3] 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.
[4] The sum of the non-GAAP diluted net income per share components may not equal the totals due to rounding.
[5] Our 2023 senior convertible notes are dilutive on a GAAP basis and anti-dilutive on a non-GAAP basis for the three months ended June 30, 2021. Our 2023 senior convertible notes are also hedged through an anti-dilutive bond hedge arrangement.

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	YTD'20	YTD'21	YTD'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**	**$ 689.5**	**$ 918.8**	**$ 1,140.9**
Year over year growth	53%	40%	28%	30%	31%	36%	35%	29%	28%	21%	46%	33%	24%
Quarter over quarter growth (decline)	(10%)	12%	11%	15%	(9%)	17%	11%	9%	(9%)	10%			
% of Total revenue	80%	81%	81%	82%	84%	83%	84%	86%	86%	86%	80%	84%	86%
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**	**$ 167.4**	**$ 181.3**	**$ 184.1**
Year over year growth	17%	15%	20%	0%	1%	15%	8%	(4%)	6%	(2%)	16%	8%	2%
Quarter over quarter growth (decline)	(22%)	9%	8%	9%	(22%)	25%	2%	(3%)	(14%)	15%			
% of Total revenue	20%	19%	19%	18%	16%	17%	16%	14%	14%	14%	20%	16%	14%
Total Revenue (millions)	**$ 405.1**	**$ 451.8**	**$ 500.9**	**$ 568.9**	**$ 505.0**	**$ 595.1**	**$ 650.2**	**$ 698.2**	**$ 628.8**	**$ 696.2**	**$ 856.9**	**$ 1,100.1**	**$ 1,325.0**
Year over year growth	44%	34%	26%	23%	25%	32%	30%	23%	25%	17%	39%	28%	20%
Quarter over quarter growth (decline)	(12%)	12%	11%	14%	(11%)	18%	9%	7%	(10%)	11%			

(1) Includes allocated subscription revenue

(2) Includes services, freight, accessories, acquired revenue, 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	YTD'20	YTD'21	YTD'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**	**$ 659.4**	**$ 842.7**	**$ 962.2**
Year over year growth	39%	38%	29%	20%	30%	26%	23%	15%	18%	11%	38%	28%	14%
Quarter over quarter growth (decline)	(22%)	26%	9%	13%	(16%)	21%	6%	6%	(13%)	13%			
% of Total revenue	72%	81%	80%	79%	75%	78%	75%	74%	72%	73%	77%	77%	73%
OUS Revenue (millions)	**$ 112.8**	**$ 84.7**	**$ 102.3**	**$ 117.4**	**$ 123.8**	**$ 133.6**	**$ 160.6**	**$ 181.1**	**$ 177.6**	**$ 185.2**	**$ 197.5**	**$ 257.4**	**$ 362.8**
Year over year growth	61%	21%	17%	35%	10%	58%	57%	54%	43%	39%	41%	30%	41%
Quarter over quarter growth (decline)	30%	(25%)	21%	15%	5%	8%	20%	13%	(2%)	4%			
% of Total revenue	28%	19%	20%	21%	25%	22%	25%	26%	28%	27%	23%	23%	27%
Total Revenue (millions)	**$ 405.1**	**$ 451.8**	**$ 500.9**	**$ 568.9**	**$ 505.0**	**$ 595.1**	**$ 650.2**	**$ 698.2**	**$ 628.8**	**$ 696.2**	**$ 856.9**	**$ 1,100.1**	**$ 1,325.0**
Year over year growth	44%	34%	26%	23%	25%	32%	30%	23%	25%	17%	39%	28%	20%
Quarter over quarter growth (decline)	(12%)	12%	11%	14%	(11%)	18%	9%	7%	(10%)	11%			

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	YTD'20	YTD'21	YTD'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**	$ **197.5**	$ **257.4**	$ **362.8**
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)	2.3	(12.8)	(13.7)
OUS Revenue - Organic	$ **113.9**	$ **85.8**	$ **99.9**	$ **114.1**	$ **118.4**	$ **126.3**	$ **147.0**	$ **165.7**	$ **169.5**	$ **179.5**	$ **199.8**	$ **244.6**	$ **349.1**
Year over year growth	63%	22%	14%	31%	5%	49%	44%	41%	37%	34%	43%	24%	36%
% of Total revenue	28%	19%	20%	20%	24%	21%	23%	24%	27%	26%	23%	22%	27%
Total Revenue - Reported	$ **405.1**	$ **451.8**	$ **500.9**	$ **568.9**	$ **505.0**	$ **595.1**	$ **650.2**	$ **698.2**	$ **628.8**	$ **696.2**	$ **856.9**	$ **1,100.1**	$ **1,325.0**
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)	2.3	(12.8)	(13.7)
Total Revenue - Organic	$ **406.2**	$ **452.9**	$ **498.5**	$ **565.6**	$ **499.6**	$ **587.8**	$ **636.6**	$ **682.8**	$ **620.7**	$ **690.5**	$ **859.2**	$ **1,087.3**	$ **1,311.3**
Year over year growth	45%	35%	26%	22%	23%	30%	27%	20%	23%	16%	39%	27%	19%

(1) Updated definition to include impact of revenue aquired within the trailing twelve month period 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 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.