



IDEXX Laboratories, Inc.
2024 Annual Meeting of Shareholders
May 6, 2024

Answers to Shareholders' Questions

We received the following questions and comments before and during our 2024 Annual Meeting of Shareholders. Below are those questions and corresponding answers. Please note we have made some minor edits for clarity and brevity.

IDEXX's answers, including any forward-looking statements in this document, reflect management's views as of May 6, 2024. Forward-looking statements are subject to many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements. These risks and uncertainties include the risks that are described in IDEXX's SEC filings, including IDEXX's most recent annual report on Form 10-K and quarterly report on Form 10-Q, copies of which may be obtained by visiting our website at www.idexx.com or the SEC's website at www.sec.gov.

IDEXX does not undertake, and expressly disclaims any obligation, to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Question: What is IDEXX's approach to returning capital to shareholders and the factors that influence the decision between dividends and stock buybacks, and why has IDEXX predominantly favored stock buybacks?

Answer: IDEXX deploys its cash in a manner that it believes best enhances shareholder value, and regularly evaluates its capital allocation approach. IDEXX believes its business has significant long-term growth opportunity. IDEXX's first priority is to use its cash to invest in its business in support of its organic growth strategy, including to develop R&D and global commercial capabilities to drive innovation and sector development. These are high return investments that support long-term value creation. In addition to these organic growth investments, IDEXX also seeks opportunities to add capabilities through business development activities, including licensing of technologies or acquisitions of businesses or assets that complement the core business agenda. IDEXX may also deploy capital to pay down debt, as we did in 2023 given the high U.S. interest rate environment. Rather than accumulate excess cash, IDEXX allocates excess capital to share repurchases. This is something that has been done very effectively over time. IDEXX is comfortable with a focus on share buybacks to return excess cash, and – at this time – does not currently have plans to pay cash dividends. Management regularly reviews capital allocation and deployment plans with the Finance Committee and the Board. Any decision to declare and pay cash dividends in the future would be at the discretion of the Board and would depend on a variety of factors, which may include: (i) earnings, financial condition, capital requirements and indebtedness level; (ii) any statutory and contractual restrictions on dividends; and (iii) any other considerations that the Board may deem relevant.

Question: What percent of annual revenue will be spent on R&D for 2024?

Answer: IDEXX does not specifically provide projections for R&D expense for the current year. For context, IDEXX spent, as a percentage of revenue in 2023, 5.2% of revenue on R&D. IDEXX intends to sustain investment in R&D as a key part of our growth strategy.



Question: How much will be spent on dividends and share buyback in 2024?

Answer: IDEXX does not provide these projections. IDEXX deployed \$155 million in capital to share repurchases in the first quarter of this year.

Question: The Company has, in place, a director resignation governance policy that provides the board with post-election discretion to determine whether to accept or reject the resignation of an incumbent director who fails to receive a majority of the votes cast in favor of his or her election. How does this policy affect the voting rights of shareholders if the board has the final say on the outcome of a director's status?

Answer: The Board regularly reviews the appropriateness of its governance practices in light of relevant facts and circumstances, including contemporary business and board practices. IDEXX believes that its current majority voting and director resignation policies are consistent with best practices and do not undermine our shareholders' voting rights. It is also important to note that maintaining Board discretion under these policies is necessary to enable the Board to satisfy its fiduciary duties. Satisfying these duties requires the Board to make decisions that they believe to be in the best interests of IDEXX and its shareholders, based on all relevant facts and circumstances, including when assessing whether to accept a director's resignation.