

Company registration number 2454226 (England and Wales)

IDEXX LABORATORIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

IDEXX LABORATORIES LIMITED

COMPANY INFORMATION

Directors	Mr J D Chadbourne Ms L J Lu Ms E A Arrigoni	(Appointed 20 December 2023)
Secretary	Ms L J Lu	
Company number	2454226	
Registered office	Grange House Sandbeck Way Wetherby West Yorkshire United Kingdom LS22 7DN	
Auditor	Azets Audit Services Suites B & D Burnham Yard London End Beaconsfield Buckinghamshire United Kingdom HP9 2JH	

IDEXX LABORATORIES LIMITED

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IDEXX LABORATORIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of the distribution and marketing of veterinary diagnostics produces, veterinary laboratory services and water diagnostic products.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr W Blanche Jr
Mr J D Chadbourne
Ms L J Lu
Ms E A Arrigoni

(Appointed 20 December 2023)

On 20 December 2023, Mr W Blanche Jr resigned as director of the company.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

	2022	2021
<i>Energy consumption</i>	kWh	kWh
Aggregate of energy consumption in the year	1,371,989	1,649,683

IDEXX LABORATORIES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 metric tonnes	2021 metric tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	13.05	13.11
- Fuel consumed for owned transport	106.22	98.11
	<u>119.27</u>	<u>111.22</u>
Scope 2 - indirect emissions		
- Electricity purchased	159.38	244.89
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the	21.09	22.83
	<u>299.74</u>	<u>378.94</u>
Total gross emissions		
	<u>299.74</u>	<u>378.94</u>
<i>Intensity ratio</i>		
Tonnes of CO2e per full-time employee	0.794	0.959
	<u>0.794</u>	<u>0.959</u>

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per employee, the recommended ratio for the sector.

Measures taken to improve energy efficiency

With regards to the Energy efficiency actions: We have had more of our old windows replaced with Metal. For the business we have changed operational areas so we have changed two offices spaces into Lab Space.

Renewable energy strategy

However, the company strategy has been to purchase renewable energy backed by Renewable Electricity Guarantees of Origin (REGO) certificates. Through this strategy, within the above 2022 total energy consumption, the company has sourced a total of 771,118.00 kWh of REGO backed (zero emission) electricity equating to 93.56% of total electricity use.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr J D Chadbourne
Director

20 December 2023

IDEXX LABORATORIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

IDEXX Laboratories UK Ltd. ("the Company") is a fully owned subsidiary of IDEXX B.V. and its ultimate parent Company is IDEXX Laboratories Inc.

The Company's main activities include the distribution of companion animal veterinary, livestock and poultry, dairy and water testing products with a limited marketing activity.

Fair review of the business

Net sales for 2022 were £94,926,801 or an increase of circa 8% compared to 2021.

The Companion Animal Group (CAG) veterinary diagnostics business reported a growth of 9%, driven by on one hand the sales of the consumables (+11%) supported by a price increase and our loyalty program and on another hand by our rapid assay (+10%). This performance can be explained by solid price realization a gain of new customers partially offset by a reduction of our same store sales.

Our laboratory activity was stable (-1%) in 2022 compared to 2021 mainly due to reduction in volumes. Throughout 2022, economic uncertainty across the globe continued to impact customers levels of confidence. In the last 6 months of 2023, we observed the same trend in reference laboratories activities.

The livestock, poultry and dairy distribution (LPD) reported a decrease of 3% (GBP 105 thousand) largely compensated by the dynamism of our water activity (+13% or GBP 733 thousand) and an important growth of our veterinary software and services (+48% or GBP 936 thousand).

Net profit (after tax) went up from a £231,003 in 2021 to £1,026,998 in 2022.

As of December 31st, 2022, the company has increased its number of personnel to a total of 380 compared with from 346 in 2021 and promoted the diversity, equity, and inclusion (DEI).

Principal risks and uncertainties

The Directors have assessed the Company's price, credit, and liquidity risks. The solvability and liquidity of the company is monitored through a global process of corporate finance and treasury management.

The company is part of the group of IDEXX Inc. and has global processes in place for risk management. To mitigate business continuity risks, the company has established global IT securities and protocols for software changes, with disaster recovery plans in place in case of a major incident.

For mitigating risks to the complete and accurate financial accounting and reporting, the group has established internal controls in compliance with the Sarbanes Oxley act.

At the closing date of the 2022 financial statements, no direct risk and no related financial restriction had arisen for the company itself, IDEXX Laboratories Ltd.

Despite the fact the macro-economic environment suffers from inflation and geopolitical uncertainties, the management of the company reiterates its confidence in the business and expect to report a revenue growth in 2023 even though it is difficult to assess and quantify the direct or indirect financial impacts these factors could have on the company's customers, suppliers and globally on its financial environment.

On behalf of the board

Mr J D Chadbourne
Director

20 December 2023

IDEXX LABORATORIES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

IDEXX LABORATORIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDEXX LABORATORIES LIMITED

Opinion

We have audited the financial statements of IDXX Laboratories Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

IDEXX LABORATORIES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF IDEXX LABORATORIES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

IDEXX LABORATORIES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF IDEXX LABORATORIES LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jack Tatschner ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

22 December 2023

Chartered Accountants
Statutory Auditor

Suites B & D
Burnham Yard
London End
Beaconsfield
Buckinghamshire
United Kingdom
HP9 2JH

IDEXX LABORATORIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	2	94,926,800	88,246,234
Cost of sales		(66,807,531)	(63,890,713)
Gross profit		28,119,269	24,355,521
Administrative expenses		(26,910,443)	(23,972,138)
Operating profit	5	1,208,826	383,383
Interest receivable and similar income	6	36,036	1
Interest payable and similar expenses	7	(88,578)	(60,501)
Profit before taxation		1,156,284	322,883
Tax on profit	8	(129,286)	(91,880)
Profit for the financial year		1,026,998	231,003

The profit and loss account has been prepared on the basis that all operations are continuing operations.

IDEXX LABORATORIES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Goodwill	9		80,879		112,292
Tangible assets	10		6,279,919		7,074,566
Investments	11		1		1
			<u>6,360,799</u>		<u>7,186,859</u>
Current assets					
Debtors	13	17,378,447		18,322,623	
Cash at bank and in hand		5,272,159		10,197,570	
		<u>22,650,606</u>		<u>28,520,193</u>	
Creditors: amounts falling due within one year	14	<u>(19,587,006)</u>		<u>(27,223,687)</u>	
Net current assets			<u>3,063,600</u>		<u>1,296,506</u>
Total assets less current liabilities			<u>9,424,399</u>		<u>8,483,365</u>
Creditors: amounts falling due after more than one year	15		(105,784)		(183,107)
Provisions for liabilities					
Deferred tax liability	16	-		8,641	
		<u>-</u>	<u>-</u>	<u>8,641</u>	<u>(8,641)</u>
Net assets			<u>9,318,615</u>		<u>8,291,617</u>
Capital and reserves					
Called up share capital	18		2		2
Profit and loss reserves			9,318,613		8,291,615
Total equity			<u>9,318,615</u>		<u>8,291,617</u>

The financial statements were approved by the board of directors and authorised for issue on 20 December 2023 and are signed on its behalf by:

Mr J D Chadbourne
Director

Company Registration No. 2454226

IDEXX LABORATORIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2021	2	8,060,612	8,060,614
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	231,003	231,003
Balance at 31 December 2021	2	8,291,615	8,291,617
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	1,026,998	1,026,998
Balance at 31 December 2022	2	9,318,613	9,318,615

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

IDEXX Laboratories Limited is a private company limited by shares incorporated in England and Wales. The registered office is Grange House, Sandbeck Way, Wetherby, West Yorkshire, United Kingdom, LS22 7DN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of IDEXX Laboratories Inc. These consolidated financial statements are available from its registered office, One Idexx Drive, Westbrook, Maine 04092, USA.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised on the effective transfer of control for goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 2 to 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Straight line over 40 years
Leasehold land and buildings	Over the period of the lease
Fixtures and fittings	At varying rates on cost
Computers	Straight line over 2 -7 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Share-based payments

The company participates in a group settled share-based payment arrangement granted by its ultimate parent company to its employees. Group-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to liabilities to represent the future compensation charge levied by the parent company on exercise.

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Companion Animal Group (CAG)	77,606,747	74,256,961
Livestock, Poultry and Dairy Distribution (LPD)	3,439,658	3,549,456
Water diagnostic products (FED)	6,639,570	5,901,260
Veterinary Software and Services (VSS)	2,846,828	1,910,750
Intercompany cross charges	4,393,997	2,627,807
	<u>94,926,800</u>	<u>88,246,234</u>
	2022	2021
	£	£
Other significant revenue		
Interest income	36,036	1
	<u>36,036</u>	<u>1</u>

The total turnover of the company for the year has been derived from its principle activity wholly undertaken in the UK.

3 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	34,800	36,300
	<u>34,800</u>	<u>36,300</u>

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Supply and marketing diagnostic products	127	137
Veterinary laboratory	253	209
Total	380	346

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	19,884,428	17,145,700
Social security costs	2,122,306	1,777,240
Pension costs	1,600,079	1,351,304
	23,606,813	20,274,244

5 Operating profit

Operating profit for the year is stated after charging/(crediting):

	2022 £	2021 £
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	178,905	(125,887)
Depreciation of owned tangible fixed assets	1,615,982	2,220,204
Loss on disposal of tangible fixed assets	45,270	19,766
Amortisation of intangible assets	31,413	16,944
Operating lease charges	803,032	712,947

6 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	36,036	1

7 Interest payable and similar expenses

	2022 £	2021 £
Other interest on financial liabilities	88,578	60,501

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	240,178	-
Deferred tax		
Origination and reversal of timing differences	(110,892)	91,880
Total tax charge	129,286	91,880

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	1,156,284	322,883
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	219,694	61,348
Tax effect of expenses that are not deductible in determining taxable profit	37,210	12,145
Tax effect of income not taxable in determining taxable profit	(7,573)	-
Adjustments in respect of prior years	-	5,342
Effect of change in corporation tax rate	-	2,074
Group relief	-	44,882
Permanent capital allowances in excess of depreciation	17,022	-
Depreciation on assets not qualifying for tax allowances	-	(13,444)
Amortisation on assets not qualifying for tax allowances	5,968	-
Under/(over) provided in prior years	-	69,247
Deferred tax adjustments in respect of prior years	-	(181,594)
Deferred taxation movement	(110,892)	91,880
Other differences	(32,143)	-
Taxation charge for the year	129,286	91,880

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2022 and 31 December 2022	2,248,942
Amortisation and impairment	
At 1 January 2022	2,136,650
Amortisation charged for the year	31,413
At 31 December 2022	2,168,063
Carrying amount	
At 31 December 2022	80,879
At 31 December 2021	112,292

10 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 January 2022	4,297,861	660,034	6,945,009	15,302,243	27,205,147
Additions	318,970	-	418,944	128,712	866,626
Disposals	-	(278,774)	(1,044,309)	(62,554)	(1,385,637)
Transfers	225,796	-	(225,796)	-	-
At 31 December 2022	4,842,627	381,260	6,093,848	15,368,401	26,686,136
Depreciation and impairment					
At 1 January 2022	1,608,829	608,269	4,424,238	13,489,245	20,130,581
Depreciation charged in the year	151,844	21,244	485,674	957,220	1,615,982
Eliminated in respect of disposals	-	(278,774)	(1,005,236)	(56,336)	(1,340,346)
At 31 December 2022	1,760,673	350,739	3,904,676	14,390,129	20,406,217
Carrying amount					
At 31 December 2022	3,081,954	30,521	2,189,172	978,272	6,279,919
At 31 December 2021	2,689,032	51,765	2,520,771	1,812,998	7,074,566

11 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	12	1	1

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Vet Med Lab (UK) Limited	UK	Ordinary	100.00

13 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	10,587,278	11,991,740
Corporation tax recoverable	615,376	388,925
Amounts owed by group undertakings	2,404,594	2,718,923
Other debtors	149,537	131,920
Prepayments and accrued income	1,310,685	1,187,901
	<u>15,067,470</u>	<u>16,419,409</u>
Deferred tax asset (note 16)	102,251	-
	<u>15,169,721</u>	<u>16,419,409</u>

	2022 £	2021 £
Amounts falling due after more than one year:		
Prepayments and accrued income	2,208,726	1,903,214
	<u>2,208,726</u>	<u>1,903,214</u>
Total debtors	<u>17,378,447</u>	<u>18,322,623</u>

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	695,446	842,405
Amounts owed to group undertakings	12,406,747	19,757,837
Taxation and social security	2,650,570	2,496,792
Accruals and deferred income	3,834,243	4,126,653
	<u>19,587,006</u>	<u>27,223,687</u>

15 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Accruals and deferred income	105,784	183,107
	<u>105,784</u>	<u>183,107</u>

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Balances:				
Accelerated capital allowances	-	8,641	102,251	-
Movements in the year:				2022 £
Liability at 1 January 2022				8,641
Credit to profit or loss				(110,892)
Asset at 31 December 2022				(102,251)

17 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,600,079	1,351,304

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	2	2	2	2

IDEXX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Share-based payment transactions

Under the IDEXX Laboratories, Inc. 2018 Stock Incentive Plan (the "2018 Plan") sponsored by the Company's ultimate parent, IDEXX Laboratories, Inc., equity-based compensation awards are granted to certain of our employees eligible to participate in the 2018 Plan. For our eligible employees, The 2018 Plan allows for the issuance of a mix of stock options, and restricted stock unit ("RSU") awards. Stock options permit a recipient to purchase IDEXX Laboratories, Inc. common stock upon vesting at the price on the date the option was granted. An RSU is an agreement to issue shares of IDEXX Laboratories, Inc. common stock at the time of vesting.

Prior to December 4, 2019, all stock options granted to eligible employees primarily vest ratably over a period of five years beginning on each anniversary of the date of grant. Employee stock option grants after December 4, 2019, vest ratably over a period of four years beginning on each anniversary of the date of grant. Vesting of stock option awards issued is conditional based on continuous service by the employee. Stock option awards have a contractual expiration term of ten years from the date of grant.

Prior to December 4, 2019, RSUs granted to eligible employees vest ratably over five years beginning on the first anniversary of the date of grant. Grants made after December 4, 2019, vest ratably over four years beginning on the first anniversary of the date of grant.

The total value of the existing options and RSU's held by employees of the Company are not considered to be material and hence have not been recognised in the financial statements.

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	562,913	612,436
Between two and five years	1,337,293	1,861,647
	<u>1,900,206</u>	<u>2,474,083</u>

21 Ultimate controlling party

In 2022 the immediate parent company was IDEXX B.V., a company incorporated in the Netherlands.

The ultimate parent company is IDEXX Laboratories Inc. a company incorporated in the USA. Copies of the group accounts incorporating the result of the company are available from IDEXX Laboratories Inc. One Idexx Drive, Westbrook, Maine 04092, USA.

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