

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

(Mark One)

- ☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2023, OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

Commission File Number: 1-13595

Mettler Toledo International Inc

(Exact name of registrant as specified in its charter)

Delaware

13-3668641

(State or other jurisdiction of  
incorporation or organization)

(I.R.S Employer Identification No.)

1900 Polaris Parkway  
Columbus, OH 43240  
and  
Im Langacher, P.O. Box MT-100  
CH 8606 Greifensee, Switzerland  
1-614-438-4511 and +41-44-944-22-11

(Registrant's telephone number, including area code)

not applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class            | Trading Symbol | Name of each exchange on which registered |
|--------------------------------|----------------|-------------------------------------------|
| Common Stock, \$0.01 par value | MTD            | New York Stock Exchange                   |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by checkmark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The Registrant had 22,020,230 shares of Common Stock outstanding at March 31, 2023.

METTLER-TOLEDO INTERNATIONAL INC.  
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## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements

**METTLER-TOLEDO INTERNATIONAL INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**Three months ended March 31, 2023 and 2022**  
**(In thousands, except share data)**  
**(unaudited)**

|                                                                | March 31,<br>2023 | March 31,<br>2022 |
|----------------------------------------------------------------|-------------------|-------------------|
| Net sales                                                      |                   |                   |
| Products                                                       | \$ 716,001        | \$ 706,615        |
| Service                                                        | 212,737           | 191,176           |
| Total net sales                                                | 928,738           | 897,791           |
| Cost of sales                                                  |                   |                   |
| Products                                                       | 285,751           | 289,089           |
| Service                                                        | 96,421            | 89,117            |
| Gross profit                                                   | 546,566           | 519,585           |
| Research and development                                       | 45,477            | 43,028            |
| Selling, general and administrative                            | 234,638           | 235,312           |
| Amortization                                                   | 17,779            | 16,604            |
| Interest expense                                               | 18,184            | 11,338            |
| Restructuring charges                                          | 4,274             | 4,011             |
| Other charges (income), net                                    | (396)             | (3,709)           |
| Earnings before taxes                                          | 226,610           | 213,001           |
| Provision for taxes                                            | 38,184            | 39,000            |
| Net earnings                                                   | \$ 188,426        | \$ 174,001        |
| Basic earnings per common share:                               |                   |                   |
| Net earnings                                                   | \$ 8.53           | \$ 7.64           |
| Weighted average number of common shares                       | 22,083,456        | 22,768,298        |
| Diluted earnings per common share:                             |                   |                   |
| Net earnings                                                   | \$ 8.47           | \$ 7.55           |
| Weighted average number of common and common equivalent shares | 22,253,435        | 23,040,231        |
| Total comprehensive income, net of tax (Note 9)                | \$ 187,143        | \$ 178,351        |

The accompanying notes are an integral part of these interim consolidated financial statements.

**METTLER-TOLEDO INTERNATIONAL INC.**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
**As of March 31, 2023 and December 31, 2022**  
**(In thousands, except share data)**  
**(unaudited)**

|                                                                                                                                                                                                                         | March 31,<br>2023 | December 31,<br>2022 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|
| <b>ASSETS</b>                                                                                                                                                                                                           |                   |                      |
| Current assets:                                                                                                                                                                                                         |                   |                      |
| Cash and cash equivalents                                                                                                                                                                                               | \$ 89,085         | \$ 95,966            |
| Trade accounts receivable, less allowances of \$21,448 at March 31, 2023<br>and \$22,427 at December 31, 2022                                                                                                           | 640,050           | 709,321              |
| Inventories                                                                                                                                                                                                             | 427,549           | 441,694              |
| Other current assets and prepaid expenses                                                                                                                                                                               | 130,083           | 128,108              |
| Total current assets                                                                                                                                                                                                    | 1,286,767         | 1,375,089            |
| Property, plant and equipment, net                                                                                                                                                                                      | 780,013           | 778,600              |
| Goodwill                                                                                                                                                                                                                | 661,742           | 660,170              |
| Other intangible assets, net                                                                                                                                                                                            | 300,134           | 306,054              |
| Deferred tax assets, net                                                                                                                                                                                                | 28,116            | 27,080               |
| Other non-current assets                                                                                                                                                                                                | 353,135           | 345,402              |
| Total assets                                                                                                                                                                                                            | \$ 3,409,907      | \$ 3,492,395         |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                                                                                                                                                             |                   |                      |
| Current liabilities:                                                                                                                                                                                                    |                   |                      |
| Trade accounts payable                                                                                                                                                                                                  | \$ 176,733        | \$ 252,538           |
| Accrued and other liabilities                                                                                                                                                                                           | 189,324           | 205,253              |
| Accrued compensation and related items                                                                                                                                                                                  | 131,189           | 200,031              |
| Deferred revenue and customer prepayments                                                                                                                                                                               | 211,302           | 192,759              |
| Taxes payable                                                                                                                                                                                                           | 188,570           | 191,096              |
| Short-term borrowings and current maturities of long-term debt                                                                                                                                                          | 107,131           | 106,054              |
| Total current liabilities                                                                                                                                                                                               | 1,004,249         | 1,147,731            |
| Long-term debt                                                                                                                                                                                                          | 2,015,779         | 1,908,480            |
| Deferred tax liabilities, net                                                                                                                                                                                           | 113,397           | 111,360              |
| Other non-current liabilities                                                                                                                                                                                           | 300,951           | 300,031              |
| Total liabilities                                                                                                                                                                                                       | 3,434,376         | 3,467,602            |
| Commitments and contingencies (Note 14)                                                                                                                                                                                 |                   |                      |
| Shareholders' equity:                                                                                                                                                                                                   |                   |                      |
| Preferred stock, \$0.01 par value per share; authorized 10,000,000 shares                                                                                                                                               | —                 | —                    |
| Common stock, \$0.01 par value per share; authorized 125,000,000 shares; issued 44,786,011 and 44,786,011 shares;<br>outstanding 22,020,230 and 22,139,009 shares at March 31, 2023 and December 31, 2022, respectively | 448               | 448                  |
| Additional paid-in capital                                                                                                                                                                                              | 855,673           | 850,368              |
| Treasury stock at cost (22,765,781 shares at March 31, 2023 and 22,647,002 shares at December 31, 2022)                                                                                                                 | (7,564,841)       | (7,325,656)          |
| Retained earnings                                                                                                                                                                                                       | 6,912,767         | 6,726,866            |
| Accumulated other comprehensive loss                                                                                                                                                                                    | (228,516)         | (227,233)            |
| Total shareholders' equity                                                                                                                                                                                              | (24,469)          | 24,793               |
| Total liabilities and shareholders' equity                                                                                                                                                                              | \$ 3,409,907      | \$ 3,492,395         |

The accompanying notes are an integral part of these interim consolidated financial statements.

**METTLER-TOLEDO INTERNATIONAL INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**Three months ended March 31, 2023 and 2022**  
**(In thousands, except share data)**  
**(unaudited)**

|                                                                               | <b>Common Stock</b> |               | <b>Additional<br/>Paid-in<br/>Capital</b> | <b>Treasury Stock</b> | <b>Retained<br/>Earnings</b> | <b>Accumulated Other<br/>Comprehensive<br/>Income (Loss)</b> | <b>Total</b> |
|-------------------------------------------------------------------------------|---------------------|---------------|-------------------------------------------|-----------------------|------------------------------|--------------------------------------------------------------|--------------|
|                                                                               | <b>Shares</b>       | <b>Amount</b> |                                           |                       |                              |                                                              |              |
| Balance at December 31, 2021                                                  | 22,843,103          | \$ 448        | \$ 825,974                                | \$ (6,259,049)        | \$ 5,859,272                 | \$ (255,224)                                                 | \$ 171,421   |
| Exercise of stock options, restricted stock units and performance stock units | 27,795              | —             | 1,020                                     | 6,669                 | (2,400)                      | —                                                            | 5,289        |
| Repurchases of common stock                                                   | (190,593)           | —             | —                                         | (275,000)             | —                            | —                                                            | (275,000)    |
| Share-based compensation                                                      | —                   | —             | 4,509                                     | —                     | —                            | —                                                            | 4,509        |
| Net earnings                                                                  | —                   | —             | —                                         | —                     | 174,001                      | —                                                            | 174,001      |
| Other comprehensive income (loss), net of tax                                 | —                   | —             | —                                         | —                     | —                            | 4,350                                                        | 4,350        |
| Balance at March 31, 2022                                                     | 22,680,305          | \$ 448        | \$ 831,503                                | \$ (6,527,380)        | \$ 6,030,873                 | \$ (250,874)                                                 | \$ 84,570    |
| Balance at December 31, 2022                                                  | 22,139,009          | \$ 448        | \$ 850,368                                | \$ (7,325,656)        | \$ 6,726,866                 | \$ (227,233)                                                 | \$ 24,793    |
| Exercise of stock options, restricted stock units and performance stock units | 47,849              | —             | 1,278                                     | 12,720                | (2,525)                      | —                                                            | 11,473       |
| Repurchases of common stock                                                   | (166,628)           | —             | —                                         | (249,999)             | —                            | —                                                            | (249,999)    |
| Excise tax on net repurchases of common stock                                 | —                   | —             | —                                         | (1,906)               | —                            | —                                                            | (1,906)      |
| Share-based compensation                                                      | —                   | —             | 4,027                                     | —                     | —                            | —                                                            | 4,027        |
| Net earnings                                                                  | —                   | —             | —                                         | —                     | 188,426                      | —                                                            | 188,426      |
| Other comprehensive income (loss), net of tax                                 | —                   | —             | —                                         | —                     | —                            | (1,283)                                                      | (1,283)      |
| Balance at March 31, 2023                                                     | 22,020,230          | \$ 448        | \$ 855,673                                | \$ (7,564,841)        | \$ 6,912,767                 | \$ (228,516)                                                 | \$ (24,469)  |

The accompanying notes are an integral part of these interim consolidated financial statements.

**METTLER-TOLEDO INTERNATIONAL INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Three months ended March 31, 2023 and 2022**  
**(In thousands)**  
**(unaudited)**

|                                                                                     | <b>March 31,<br/>2023</b> | <b>March 31,<br/>2022</b> |
|-------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Cash flows from operating activities:                                               |                           |                           |
| Net earnings                                                                        | \$ 188,426                | \$ 174,001                |
| Adjustments to reconcile net earnings to net cash provided by operating activities: |                           |                           |
| Depreciation                                                                        | 12,023                    | 11,880                    |
| Amortization                                                                        | 17,779                    | 16,604                    |
| Deferred tax provision (benefit)                                                    | 602                       | (1,096)                   |
| Share-based compensation                                                            | 4,027                     | 4,509                     |
| Increase (decrease) in cash resulting from changes in:                              |                           |                           |
| Trade accounts receivable, net                                                      | 72,109                    | 23,293                    |
| Inventories                                                                         | 15,559                    | (37,643)                  |
| Other current assets                                                                | (3,720)                   | (15,031)                  |
| Trade accounts payable                                                              | (71,941)                  | (15,396)                  |
| Taxes payable                                                                       | (3,752)                   | 16,308                    |
| Accruals and other                                                                  | (77,850)                  | (86,592)                  |
| Net cash provided by operating activities                                           | <u>153,262</u>            | <u>90,837</u>             |
| Cash flows from investing activities:                                               |                           |                           |
| Purchase of property, plant and equipment                                           | (23,196)                  | (19,151)                  |
| Proceeds from government funding                                                    | —                         | 18,000                    |
| Acquisitions                                                                        | (613)                     | (9,704)                   |
| Other investing activities                                                          | 1,423                     | 3,743                     |
| Net cash used in investing activities                                               | <u>(22,386)</u>           | <u>(7,112)</u>            |
| Cash flows from financing activities:                                               |                           |                           |
| Proceeds from borrowings                                                            | 605,018                   | 684,037                   |
| Repayments of borrowings                                                            | (503,516)                 | (478,479)                 |
| Proceeds from stock option exercises                                                | 11,473                    | 5,289                     |
| Repurchases of common stock                                                         | (249,999)                 | (275,000)                 |
| Other financing activities                                                          | (611)                     | (332)                     |
| Net cash used in financing activities                                               | <u>(137,635)</u>          | <u>(64,485)</u>           |
| Effect of exchange rate changes on cash and cash equivalents                        | (122)                     | (855)                     |
| Net (decrease) increase in cash and cash equivalents                                | (6,881)                   | 18,385                    |
| Cash and cash equivalents:                                                          |                           |                           |
| Beginning of period                                                                 | 95,966                    | 98,564                    |
| End of period                                                                       | <u>\$ 89,085</u>          | <u>\$ 116,949</u>         |

The accompanying notes are an integral part of these interim consolidated financial statements.

**METTLER-TOLEDO INTERNATIONAL INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Unaudited**  
(In thousands, except share data, unless otherwise stated)

**1. BASIS OF PRESENTATION**

Mettler-Toledo International Inc. (Mettler-Toledo or the Company) is a leading global supplier of precision instruments and services. The Company manufactures weighing instruments for use in laboratory, industrial, packaging, logistics and food retailing applications. The Company also manufactures several related analytical instruments and provides automated chemistry solutions used in drug and chemical compound discovery and development. In addition, the Company manufactures metal detection and other end-of-line inspection systems used in production and packaging and provides solutions for use in certain process analytics applications. The Company's primary manufacturing facilities are located in China, Germany, Switzerland, the United Kingdom and the United States. The Company's principal executive offices are located in Columbus, Ohio and Greifensee, Switzerland.

The accompanying interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and include all entities in which the Company has control, which are its wholly-owned subsidiaries. The interim consolidated financial statements have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

The accompanying interim consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results of the interim periods presented. Operating results for the three months ended March 31, 2023 are not necessarily indicative of the results to be expected for the full year ending December 31, 2023.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. These financial statements were prepared using information reasonably available as of March 31, 2023 and through the date of this report. Actual results may differ from those estimates due to uncertainty in the economic environment and our end markets, ongoing developments in Ukraine and inflation, as well as other factors.

All intercompany transactions and balances have been eliminated.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Trade Accounts Receivable*

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for expected credit losses represents the Company's best estimate based on historical information, current information, and reasonable and supportable forecasts of future events and circumstances.

*Inventories*

Inventories are valued at the lower of cost or net realizable value. Cost, which includes direct materials, labor and overhead, is generally determined using the first in, first out (FIFO) method. The estimated net realizable value is based on assumptions for future demand and related pricing. Adjustments to the cost basis of the Company's inventory are made for excess and obsolete items based on usage, orders and technological obsolescence. If actual market conditions are less favorable than those projected by management, reductions in the value of inventory may be required.

**METTLER-TOLEDO INTERNATIONAL INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Unaudited**  
(In thousands, except share data, unless otherwise stated)

Inventories consisted of the following:

|                         | March 31,<br>2023 | December 31,<br>2022 |
|-------------------------|-------------------|----------------------|
| Raw materials and parts | \$ 215,534        | \$ 222,170           |
| Work-in-progress        | 78,650            | 77,848               |
| Finished goods          | 133,365           | 141,676              |
|                         | <u>\$ 427,549</u> | <u>\$ 441,694</u>    |

*Goodwill and Other Intangible Assets*

Goodwill, representing the excess of purchase price over the net asset value of companies acquired, and indefinite-lived intangible assets are not amortized, but are reviewed for impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that an asset might be impaired. The annual evaluation for goodwill and indefinite-lived intangible assets are generally based on an assessment of qualitative factors to determine whether it is more likely than not that the fair value of the asset is less than its carrying amount.

Other intangible assets include indefinite-lived assets and assets subject to amortization. Where applicable, amortization is charged on a straight-line basis over the expected period to be benefited. The straight-line method of amortization reflects an appropriate allocation of the cost of the intangible assets to earnings in proportion to the amount of economic benefits obtained by the Company in each reporting period. The Company assesses the initial acquisition of intangible assets in accordance with the provisions of ASC 805 “Business Combinations” and the continued accounting for previously recognized intangible assets and goodwill in accordance with the provisions of ASC 350 “Intangibles – Goodwill and Other” and ASC 360 “Property, Plant and Equipment.”

Other intangible assets consisted of the following:

|                               | March 31, 2023    |                             |                   | December 31, 2022 |                             |                   |
|-------------------------------|-------------------|-----------------------------|-------------------|-------------------|-----------------------------|-------------------|
|                               | Gross<br>Amount   | Accumulated<br>Amortization | Intangibles, Net  | Gross<br>Amount   | Accumulated<br>Amortization | Intangibles, Net  |
| Customer relationships        | \$ 293,036        | \$ (96,771)                 | \$ 196,265        | \$ 292,713        | \$ (92,981)                 | \$ 199,732        |
| Proven technology and patents | 123,912           | (66,519)                    | 57,393            | 123,623           | (64,089)                    | 59,534            |
| Trade name (finite life)      | 7,703             | (3,779)                     | 3,924             | 7,675             | (3,543)                     | 4,132             |
| Trade name (indefinite life)  | 36,280            | —                           | 36,280            | 36,252            | —                           | 36,252            |
| Other                         | 13,298            | (7,026)                     | 6,272             | 13,271            | (6,867)                     | 6,404             |
|                               | <u>\$ 474,229</u> | <u>\$ (174,095)</u>         | <u>\$ 300,134</u> | <u>\$ 473,534</u> | <u>\$ (167,480)</u>         | <u>\$ 306,054</u> |

The Company recognized amortization expense associated with the above intangible assets of \$6.9 million and \$6.8 million for the three months ended March 31, 2023 and 2022, respectively. The annual aggregate amortization expense based on the current balance of other intangible assets is estimated at \$26.3 million for 2023, \$25.8 million for 2024, \$25.0 million for 2025, \$21.1 million for 2026, \$19.7 million for 2027 and \$18.9 million for 2028. Purchased intangible amortization was \$6.6 million, \$5.1 million after tax, for the three month periods ended March 31, 2023 and 2022.

In addition to the above amortization, the Company recorded amortization expense associated with capitalized software of \$10.8 million and \$9.7 million for the three months ended March 31, 2023 and 2022, respectively.

*Revenue Recognition*

Product revenue is recognized from contracts with customers when a customer has obtained control of a product. The Company considers control to have transferred based upon shipping terms. To the extent the Company’s arrangements have a separate performance obligation, revenue related to any post-shipment performance obligation is deferred until completed. Shipping and handling costs charged to



**METTLER-TOLEDO INTERNATIONAL INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Unaudited**  
(In thousands, except share data, unless otherwise stated)

customers are included in total net sales and the associated expense is a component of cost of sales. Certain products are also sold through indirect distribution channels whereby the distributor assumes any further obligations to the end customer. Revenue is recognized on these distributor arrangements upon transfer of control to the distributor. Contracts do not contain variable pricing arrangements that are retrospective, except for rebate programs. Rebates are estimated based on expected sales volumes and offset against revenue at the time such revenue is recognized. The Company generally maintains the right to accept or reject a product return in its terms and conditions and also maintains appropriate accruals for outstanding credits. The related provisions for estimated returns and rebates are immaterial to the consolidated financial statements.

Certain of the Company's product arrangements include separate performance obligations, primarily related to installation. Such performance obligations are accounted for separately when the deliverables have stand-alone value and the satisfaction of the undelivered performance obligations is probable and within the Company's control. The allocation of revenue between the performance obligations is based on the observable stand-alone selling prices at the time of the sale in accordance with a number of factors including service technician billing rates, time to install, and geographic location.

Software is generally not considered a distinct performance obligation with the exception of a limited number of small software applications. The Company primarily sells software products with the related hardware instrument as the software is embedded in the product. The Company's products typically require no significant production, modification, or customization of the hardware or software that is essential to the functionality of the products.

Service revenue not under contract is recognized upon the completion of the service performed. Revenue from spare parts sold on a stand-alone basis is recognized when control is transferred to the customer, which is generally at the time of shipment or delivery. Revenue from service contracts is recognized ratably over the contract period using a time-based method. These contracts represent an obligation to perform repair and other services including regulatory compliance qualification, calibration, certification, and preventative maintenance on a customer's pre-defined equipment over the contract period.

#### *Share-Based Compensation*

The Company recognizes share-based compensation expense within selling, general and administrative in the consolidated statements of operations and comprehensive income with a corresponding offset to additional paid-in capital in the consolidated balance sheet. The Company recognized \$4.0 million and \$4.5 million of share-based compensation expense for the three months ended March 31, 2023 and 2022, respectively.

#### *Research and Development*

Research and development costs primarily consist of salaries, consulting and other costs. The Company expenses these costs as incurred.

**METTLER-TOLEDO INTERNATIONAL INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Unaudited**  
(In thousands, except share data, unless otherwise stated)

*Business Combinations and Asset Acquisitions*

The Company accounts for business acquisitions under the accounting standards for business combinations utilizing the acquisition method of accounting. The results of each acquisition are included in the Company's consolidated results as of the acquisition date. The purchase price of an acquisition is allocated to tangible and intangible assets and assumed liabilities based on their estimated fair values and any consideration in excess of the net assets acquired is recognized as goodwill. The determination of the values of the acquired assets and assumed liabilities, including goodwill and intangible assets, require significant judgement. Acquisition transaction costs are expensed when incurred.

In circumstances where an acquisition involves a contingent consideration arrangement, the Company recognizes a liability equal to the fair value of the expected contingent payments as of the acquisition date. Subsequent changes in the fair value of the contingent consideration are recorded to other charges (income), net.

*Recent Accounting Pronouncements*

In March 2020, January 2021 and December 2022, the FASB issued ASU 2020-04, ASU 2021-01 and ASU 2022-06: Reference Rate Reform, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by the discontinuance of LIBOR or another referenced rate. The guidance may be applied to any applicable contract entered into before December 31, 2024. The Company's interest rate and cross currency swaps, as mentioned in Note 4 to the consolidated financial statements, are governed by International Swaps and Derivatives Association (ISDA) agreements, and the Company will adhere to the ISDA's fallback protocol when LIBOR is discontinued. In addition, the Company renewed the LIBOR-based credit agreement, as discussed further in Note 10 of the Annual Report Form 10-K, includes a fallback protocol when LIBOR is discontinued. Based on these procedures, when LIBOR is discontinued, the interest rate and cross currency swaps will not require de-designation if certain criteria are met. The Company expects the financial impact of the rate change when LIBOR is discontinued to be immaterial to its financial statements.

### 3. REVENUE

The Company disaggregates revenue from contracts with customers by product, service, timing of revenue recognition, and geography. A summary by the Company's reportable segments follows:

| Three months ended<br>March 31, 2023 | U.S.<br>Operations | Swiss<br>Operations | Western<br>European<br>Operations | Chinese<br>Operations | Other<br>Operations | Total             |
|--------------------------------------|--------------------|---------------------|-----------------------------------|-----------------------|---------------------|-------------------|
| Product Revenue                      | \$ 246,529         | \$ 36,461           | \$ 140,707                        | \$ 170,430            | \$ 121,874          | \$ 716,001        |
| Service Revenue:                     |                    |                     |                                   |                       |                     |                   |
| Point in time                        | 70,626             | 7,461               | 41,165                            | 11,347                | 30,045              | 160,644           |
| Over time                            | 20,247             | 2,447               | 17,552                            | 3,990                 | 7,857               | 52,093            |
| Total                                | <u>\$ 337,402</u>  | <u>\$ 46,369</u>    | <u>\$ 199,424</u>                 | <u>\$ 185,767</u>     | <u>\$ 159,776</u>   | <u>\$ 928,738</u> |

| Three months ended<br>March 31, 2022 | U.S.<br>Operations | Swiss<br>Operations | Western<br>European<br>Operations | Chinese<br>Operations | Other<br>Operations | Total             |
|--------------------------------------|--------------------|---------------------|-----------------------------------|-----------------------|---------------------|-------------------|
| Product Revenue                      | \$ 248,807         | \$ 33,910           | \$ 138,009                        | \$ 167,989            | \$ 117,900          | \$ 706,615        |
| Service Revenue:                     |                    |                     |                                   |                       |                     |                   |
| Point in time                        | 60,154             | 7,168               | 36,223                            | 10,327                | 28,600              | 142,472           |
| Over time                            | 16,860             | 2,192               | 18,654                            | 4,390                 | 6,608               | 48,704            |
| Total                                | <u>\$ 325,821</u>  | <u>\$ 43,270</u>    | <u>\$ 192,886</u>                 | <u>\$ 182,706</u>     | <u>\$ 153,108</u>   | <u>\$ 897,791</u> |

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A breakdown of net sales to external customers by geographic customer destination for the three months ended March 31 follows:

|                      | 2023              | 2022              |
|----------------------|-------------------|-------------------|
| Americas             | \$ 372,073        | \$ 352,689        |
| Europe               | 253,974           | 249,784           |
| Asia / Rest of World | 302,691           | 295,318           |
| Total                | <u>\$ 928,738</u> | <u>\$ 897,791</u> |

The Company's global revenue mix by product category is laboratory (56% of sales), industrial (38% of sales) and retail (6% of sales). The Company's product revenue by reportable segment is proportionately similar to the Company's global mix except the Company's Swiss Operations is largely comprised of laboratory products, while the Company's Chinese Operations has a slightly higher percentage of industrial products. A breakdown of the Company's sales by product category for the three months ended March 31 follows:

|            | 2023              | 2022              |
|------------|-------------------|-------------------|
| Laboratory | \$ 520,031        | \$ 513,550        |
| Industrial | 355,181           | 343,738           |
| Retail     | 53,526            | 40,503            |
| Total      | <u>\$ 928,738</u> | <u>\$ 897,791</u> |

The payment terms in the Company's contracts with customers do not exceed one year and therefore contracts do not contain a significant financing component. In most cases, after appropriate credit evaluations, payments are due in arrears and are recognized as receivables. Unbilled revenue is recorded when performance obligations have been satisfied, but not yet billed to the customer. Unbilled revenue as of March 31, 2023 and December 31, 2022 was \$34.4 million and \$29.2 million, respectively, and is included within accounts receivable. Deferred revenue and customer prepayments are recorded when cash payments are received or due in advance of the performance obligation being satisfied. Deferred revenue primarily includes prepaid service contracts, as well as deferred installation.

Changes in the components of deferred revenue and customer prepayments during the periods ended March 31, 2023 and 2022 are as follows:

|                                        | 2023              | 2022              |
|----------------------------------------|-------------------|-------------------|
| Beginning balances as of January 1     | \$ 192,759        | \$ 192,648        |
| Customer pre-payments/deferred revenue | 190,262           | 182,539           |
| Revenue recognized                     | (172,890)         | (156,141)         |
| Foreign currency translation           | 1,171             | (3,366)           |
| Ending balance as of March 31          | <u>\$ 211,302</u> | <u>\$ 215,680</u> |

The Company generally expenses sales commissions when incurred because the contract period is one year or less. These costs are recorded within selling, general, and administrative expenses. The value of unsatisfied performance obligations other than customer prepayments and deferred revenue associated with contracts greater than one year is immaterial.

#### 4. FINANCIAL INSTRUMENTS

The Company has limited involvement with derivative financial instruments and does not use them for trading purposes. The Company enters into certain interest rate swap agreements in order to manage its exposure to changes in interest rates. The amount of the Company's fixed obligation interest payments

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may change based upon the expiration dates of its interest rate swap agreements and the level and composition of its debt. The Company also enters into certain foreign currency forward contracts to limit the Company's exposure to currency fluctuations on the respective hedged items. For additional disclosures on derivative instruments regarding balance sheet location, fair value, and the amounts reclassified into other comprehensive income and the effective portions of the cash flow hedges, also see Notes 5 and 9 to the interim consolidated financial statements. As also mentioned in Note 7, the Company has designated its euro-denominated debt as a hedge of a portion of its net investment in euro-denominated foreign subsidiaries.

#### *Cash Flow Hedges*

In November 2021, the Company entered into a cross currency swap arrangement designated as a cash flow hedge. The agreement converts \$50 million of borrowings under the Company's credit facility into synthetic Swiss franc debt, which allows the Company to effectively change the floating rate LIBOR-based interest payments, excluding the credit spread, to a fixed Swiss franc income of 0.64%. The swap matures in November 2023.

In June 2021, the Company entered into a cross currency swap arrangement designated as a cash flow hedge. The agreement converts \$50 million of borrowings under the Company's credit facility into synthetic Swiss franc debt, which allows the Company to effectively change the floating rate LIBOR-based interest payments, excluding the credit spread, to a fixed Swiss franc income of 0.57%. The swap matures in June 2025.

In June 2021, the Company entered into a cross currency swap arrangement designated as a cash flow hedge. The agreement converts \$50 million of borrowings under the Company's credit facility into synthetic Swiss franc debt, which allows the Company to effectively change the floating rate LIBOR-based interest payments, excluding the credit spread, to a fixed Swiss franc income of 0.66%. The swap matures in June 2024.

In June 2019, the Company entered into a cross currency swap arrangement designated as a cash flow hedge. The agreement converts \$50 million of borrowings under the Company's credit facility into synthetic Swiss franc debt, which allows the Company to effectively change the floating rate LIBOR-based interest payments, excluding the credit spread, to a fixed Swiss franc income of 0.82%. The swap began in June 2019 and matures in June 2023.

The Company's cash flow hedges are recorded gross at fair value in the consolidated balance sheet at March 31, 2023 and December 31, 2022, respectively. A derivative gain of \$6.2 million based upon interest rates at March 31, 2023, is expected to be reclassified from other comprehensive income (loss) to earnings in the next twelve months. The cash flow hedges remain effective as of March 31, 2023.

#### *Other Derivatives*

The Company enters into foreign currency forward contracts in order to economically hedge short-term trade and non-trade intercompany balances largely denominated in Swiss franc, other major European currencies, and the Chinese renminbi with its foreign businesses. In accordance with U.S. GAAP, these contracts are considered "derivatives not designated as hedging instruments." Gains or losses on these instruments are reported in current earnings. The foreign currency forward contracts are recorded at fair value in the consolidated balance sheet at March 31, 2023 and December 31, 2022, as disclosed in Note 5. The Company recognized in other charges (income) a net gain of \$3.5 million and net gain of \$1.5 million during the three months ended March 31, 2023 and 2022, respectively, which offset the related transaction gains (losses) associated with these contracts. At March 31, 2023 and December 31, 2022, these contracts had a notional value of \$783.2 million and \$930.3 million, respectively.

## **5. FAIR VALUE MEASUREMENTS**

At March 31, 2023 and December 31, 2022, the Company had derivative assets totaling \$11.6 million and \$11.5 million, respectively, and derivative liabilities totaling \$6.9 million and \$5.4 million,

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respectively. The Company has limited involvement with derivative financial instruments and therefore does not present all the required disclosures in tabular format. The fair values of the interest rate swap agreements, the cross currency swap agreements, and the foreign currency forward contracts that economically hedge short-term intercompany balances are estimated based upon inputs from current valuation information obtained from dealer quotes and priced with observable market assumptions and appropriate valuation adjustments for credit risk. The Company has evaluated the valuation methodologies used to develop the fair values by dealers in order to determine whether such valuations are representative of an exit price in the Company's principal market. In addition, the Company uses an internally developed model to perform testing on the valuations received from brokers. The Company has also considered both its own credit risk and counterparty credit risk in determining fair value and determined these adjustments were insignificant at March 31, 2023 and December 31, 2022.

Under U.S. GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement consists of observable and unobservable inputs that reflect the assumptions that a market participant would use in pricing an asset or liability.

A fair value hierarchy has been established that categorizes these inputs into three levels:

Level 1: Quoted prices in active markets for identical assets and liabilities

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3: Unobservable inputs

The following table presents the Company's assets and liabilities, which are all categorized as Level 2 and are measured at fair value on a recurring basis at March 31, 2023 and December 31, 2022. The Company does not have any assets or liabilities which are categorized as Level 1.

|                                                                          | March 31, 2023   | December 31, 2022 | Balance Sheet Location                    |
|--------------------------------------------------------------------------|------------------|-------------------|-------------------------------------------|
| Foreign currency forward contracts not designated as hedging instruments | \$ 5,783         | \$ 3,958          | Other current assets and prepaid expenses |
| Cash flow hedges:                                                        |                  |                   |                                           |
| Cross currency swap agreements                                           | —                | 609               | Other current assets and prepaid expenses |
| Cross currency swap agreements                                           | 5,842            | 6,890             | Other non-current assets                  |
| Total derivative assets                                                  | <u>\$ 11,625</u> | <u>\$ 11,457</u>  |                                           |
| Foreign currency forward contracts not designated as hedging instruments | \$ 2,622         | \$ 2,056          | Accrued and other liabilities             |
| Cash Flow Hedges:                                                        |                  |                   |                                           |
| Cross currency swap agreements                                           | 4,322            | 3,366             | Accrued and other liabilities             |
| Total derivative liabilities                                             | <u>\$ 6,944</u>  | <u>\$ 5,422</u>   |                                           |

The Company had \$22.6 million and \$25.3 million of cash equivalents at March 31, 2023 and December 31, 2022, respectively, the fair value of which is determined using Level 2 inputs, through quoted and corroborated prices in active markets. The fair value of cash equivalents approximates cost.

The fair value of the Company's debt is less than the carrying value by approximately \$237.2 million as of March 31, 2023. The fair value of the Company's fixed interest rate debt was estimated using Level 2 inputs, primarily utilizing discounted cash flow models based on estimated current rates offered for similar debt under current market conditions for the Company.

The Company has a contingent consideration obligation relating to the PendoTECH acquisition of \$10.0 million based upon actual results as of March 31, 2023 and December 31, 2022. The fair value

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measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement.

## 6. INCOME TAXES

The Company's reported tax rate was 16.9% and 18.3% during the three months ended March 31, 2023 and 2022, respectively. The provision for taxes is based upon using the Company's projected annual effective tax rate of 18.5% and 19.0% before non-recurring discrete tax items during 2023 and 2022, respectively. The difference between the Company's projected annual effective tax rate and the reported tax rate is related to the timing of excess tax benefits associated with stock option exercises.

## 7. DEBT

Debt consisted of the following at March 31, 2023:

|                                                                           | U.S. Dollar  | Other Principal<br>Trading<br>Currencies | Total        |
|---------------------------------------------------------------------------|--------------|------------------------------------------|--------------|
| 4.10% \$50 million ten-year Senior Notes due September 19, 2023           | 50,000       | —                                        | 50,000       |
| 3.84% \$125 million ten-year Senior Notes due September 19, 2024          | 125,000      | —                                        | 125,000      |
| 4.24% \$125 million ten-year Senior Notes due June 25, 2025               | 125,000      | —                                        | 125,000      |
| 3.91% \$75 million ten-year Senior Notes due June 25, 2029                | 75,000       | —                                        | 75,000       |
| 5.45% \$150 million ten-year Senior Notes due March 1, 2033               | 150,000      | —                                        | 150,000      |
| 2.83% \$125 million twelve-year Senior Notes due July 22, 2033            | 125,000      | —                                        | 125,000      |
| 3.19% \$50 million fifteen-year Senior Notes due January 24, 2035         | 50,000       | —                                        | 50,000       |
| 2.81% \$150 million fifteen-year Senior Notes due March 17, 2037          | 150,000      | —                                        | 150,000      |
| 2.91% \$150 million fifteen-year Senior Notes due September 1, 2037       | 150,000      | —                                        | 150,000      |
| 1.47% Euro 125 million fifteen-year Senior Notes due June 17, 2030        | —            | 135,516                                  | 135,516      |
| 1.30% Euro 135 million fifteen-year Senior Notes due November 6, 2034     | —            | 146,357                                  | 146,357      |
| 1.06% Euro 125 million fifteen-year Senior Notes due March 19, 2036       | —            | 135,516                                  | 135,516      |
| Senior notes debt issuance costs, net                                     | (2,951)      | (1,455)                                  | (4,406)      |
| Total Senior Notes                                                        | 997,049      | 415,934                                  | 1,412,983    |
| \$1.25 billion Credit Agreement, interest at LIBOR plus 87.5 basis points | 452,213      | 197,017                                  | 649,230      |
| Other local arrangements                                                  | 5,693        | 55,004                                   | 60,697       |
| Total debt                                                                | 1,454,955    | 667,955                                  | 2,122,910    |
| Less: current portion                                                     | (52,342)     | (54,789)                                 | (107,131)    |
| Total long-term debt                                                      | \$ 1,402,613 | \$ 613,166                               | \$ 2,015,779 |

As of March 31, 2023, the Company had \$595.1 million of additional borrowings available under its Credit Agreement, and the Company maintained \$89.1 million of cash and cash equivalents.

In December 2022, the Company entered into an agreement to issue and sell \$150 million 10-year Senior Notes in a private placement. The Company issued \$150 million with a fixed interest rate of 5.45% (5.45% Senior Notes) in March 2023. The 5.45% Senior Notes are senior unsecured obligations of the Company. The 5.45% Senior Notes mature on March 1, 2033. The terms of the 5.45% Senior Notes are consistent with the previous Senior Notes as described in the Company's Annual Report Form 10-K. The Company used the proceeds from the sale of the 5.45% Senior Notes to refinance existing indebtedness and for other general corporate purposes.

In December 2021, the Company entered into an agreement to issue and sell \$300 million 15-year Senior Notes in a private placement. The Company issued \$150 million with a fixed interest rate of 2.81% (2.81% Senior Notes) in March 2022 and \$150 million with a fixed interest rate of 2.91% (2.91% Senior



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Notes) in September 2022. The 2.81% and 2.91% Senior Notes are senior unsecured obligations of the Company. The 2.81% Senior Notes mature in March 2037, and the 2.91% Senior Notes mature in September 2037. Interest on the 2.81% and 2.91% Senior Notes is payable semi-annually in March and September each year. Interest payments on the 2.81% Senior Notes began in September 2022 and interest payments on the 2.91% will begin in March 2023. The terms of the 2.81% and 2.91% Senior Notes are consistent with the previous Senior Notes as described in the Company's Annual Report Form 10-K. The Company used the proceeds from the sale of the 2.81% and 2.91% Senior Notes to refinance existing indebtedness and for other general corporate purposes.

The Company has designated the EUR 125 million 1.47% Euro Senior Notes, the EUR 135 million 1.30% Euro Senior Notes, and the EUR 125 million 1.06% Euro Senior Notes as a hedge of a portion of its net investment in a euro denominated foreign subsidiary to reduce foreign currency risk associated with this net investment. Changes in the carrying value of this debt resulting from fluctuations in the euro to U.S. dollar exchange rate are recorded as foreign currency translation adjustments within other comprehensive income (loss). The Company recorded in other comprehensive income (loss) related to this net investment hedge an unrealized loss of \$5.3 million and \$11.3 million for the three months ended March 31, 2023 and 2022, respectively. The Company has a gain of \$24.8 million recorded in accumulated other comprehensive income (loss) as of March 31, 2023.

*Other Local Arrangements*

In 2018, two of the Company's non-U.S. pension plans issued loans totaling \$39.6 million (Swiss franc \$38 million) to a wholly owned subsidiary of the Company. The loans have the same terms and conditions which include an interest rate of SARON plus 87.5 basis points. The loans were renewed for one year in April 2023.

## **8. SHARE REPURCHASE PROGRAM AND TREASURY STOCK**

The Company has \$3.2 billion of remaining availability for its share repurchase program as of March 31, 2023. The share repurchases are expected to be funded from cash generated from operating activities, borrowings, and cash balances. Repurchases will be made through open market transactions, and the amount and timing of purchases will depend on business and market conditions, the stock price, trading restrictions, the level of acquisition activity, and other factors.

The Company has purchased 31.2 million common shares since the inception of the program in 2004 through March 31, 2023. During the three months ended March 31, 2023 and 2022, the Company spent \$250.0 million and \$275.0 million on the repurchase of 166,628 shares and 190,593 shares at an average price per share of \$1,511.78 and \$1,442.84, respectively. The Company reissued 47,849 shares and 27,795 shares held in treasury for the exercise of stock options and restricted stock units during the three months ended March 31, 2023 and 2022, respectively. In addition, the Company incurred \$1.9 million of excise tax during the three months ended March 31, 2023 related to the Inflation Reduction Act which is reflected as a reduction in shareholders' equity in the Company's consolidated financial statements.

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**9. ACCUMULATED COMPREHENSIVE AND OTHER COMPREHENSIVE INCOME**

Comprehensive income (loss), net of tax consisted of the following:

|                                               | March 31,<br>2023 | March 31,<br>2022 |
|-----------------------------------------------|-------------------|-------------------|
| Net earnings                                  | \$ 188,426        | \$ 174,001        |
| Other comprehensive income (loss), net of tax | (1,283)           | \$ 4,350          |
| Comprehensive income, net of tax              | <u>\$ 187,143</u> | <u>\$ 178,351</u> |

The following table presents changes in accumulated other comprehensive income (loss) by component for the periods ended March 31, 2023 and 2022:

|                                                                                   | Currency<br>Translation<br>Adjustment | Net Unrealized<br>Gain (Loss) on<br>Cash Flow Hedging<br>Arrangements,<br>Net of Tax | Pension and Post-<br>Retirement Benefit<br>Related Items,<br>Net of Tax | Total               |
|-----------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------|
| Balance at December 31, 2022                                                      | \$ (82,864)                           | \$ 4,256                                                                             | \$ (148,625)                                                            | \$ (227,233)        |
| Other comprehensive income (loss), net of tax:                                    |                                       |                                                                                      |                                                                         |                     |
| Unrealized gains from cash flow hedging arrangements                              | —                                     | 19                                                                                   | —                                                                       | 19                  |
| Foreign currency translation adjustment                                           | (893)                                 | —                                                                                    | (728)                                                                   | (1,621)             |
| Amounts recognized from accumulated other comprehensive income (loss), net of tax | —                                     | (1,259)                                                                              | 1,578                                                                   | 319                 |
| Net change in other comprehensive income (loss), net of tax                       | (893)                                 | (1,240)                                                                              | 850                                                                     | (1,283)             |
| Balance at March 31, 2023                                                         | <u>\$ (83,757)</u>                    | <u>\$ 3,016</u>                                                                      | <u>\$ (147,775)</u>                                                     | <u>\$ (228,516)</u> |

|                                                                                   | Currency<br>Translation<br>Adjustment | Net Unrealized<br>Gain (Loss) on<br>Cash Flow Hedging<br>Arrangements,<br>Net of Tax | Pension and Post-<br>Retirement Benefit<br>Related Items,<br>Net of Tax | Total               |
|-----------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------|
| Balance at December 31, 2021                                                      | \$ (19,566)                           | \$ 2                                                                                 | \$ (235,660)                                                            | \$ (255,224)        |
| Other comprehensive income (loss), net of tax:                                    |                                       |                                                                                      |                                                                         |                     |
| Unrealized gains from cash flow hedging arrangements                              | —                                     | 3,961                                                                                | —                                                                       | 3,961               |
| Foreign currency translation adjustment                                           | 5,342                                 | —                                                                                    | (4,779)                                                                 | 563                 |
| Amounts recognized from accumulated other comprehensive income (loss), net of tax | —                                     | (3,623)                                                                              | 3,449                                                                   | (174)               |
| Net change in other comprehensive income (loss), net of tax                       | 5,342                                 | 338                                                                                  | (1,330)                                                                 | 4,350               |
| Balance at March 31, 2022                                                         | <u>\$ (14,224)</u>                    | <u>\$ 340</u>                                                                        | <u>\$ (236,990)</u>                                                     | <u>\$ (250,874)</u> |



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The following table presents amounts recognized from accumulated other comprehensive income (loss) for the three months ended March 31:

|                                                                                               | 2023              | 2022              | Location of Amounts<br>Recognized in Earnings |
|-----------------------------------------------------------------------------------------------|-------------------|-------------------|-----------------------------------------------|
| Effective portion of (gains) losses on cash flow hedging arrangements:                        |                   |                   |                                               |
| Interest rate swap agreements                                                                 | \$ —              | \$ 352            | Interest expense                              |
| Cross currency swap                                                                           | (1,554)           | (4,797)           | (a)                                           |
| Total before taxes                                                                            | (1,554)           | (4,445)           |                                               |
| Provision for taxes                                                                           | (295)             | (822)             | Provision for taxes                           |
| Total, net of taxes                                                                           | <u>\$ (1,259)</u> | <u>\$ (3,623)</u> |                                               |
| Recognition of defined benefit pension and post-retirement items:                             |                   |                   |                                               |
| Recognition of actuarial (gains) losses, plan amendments and prior service cost, before taxes | \$ 2,002          | \$ 4,393          | (b)                                           |
| Provision for taxes                                                                           | 424               | 944               | Provision for taxes                           |
| Total, net of taxes                                                                           | <u>\$ 1,578</u>   | <u>\$ 3,449</u>   |                                               |

(a) The cross currency swap reflects an unrealized loss of \$1.1 million recorded in other charges (income) that was offset by the underlying unrealized gain in the hedged debt for the three months ended March 31, 2023. The cross currency swap also reflects a realized gain of \$2.6 million recorded in interest expense for the three months ended March 31, 2023.

(b) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and post-retirement cost. See Note 12 for additional details for the three months ended March 31, 2023 and 2022.

## 10. EARNINGS PER COMMON SHARE

In accordance with the treasury stock method, the Company has included 169,979 and 271,933 common equivalent shares in the calculation of diluted weighted average number of common shares outstanding for the three months ended March 31, 2023 and 2022, respectively, relating to outstanding stock options and restricted stock units.

Outstanding options and restricted stock units to purchase or receive 35,063 and 29,296 shares of common stock for the three months ended March 31, 2023 and 2022, respectively, have been excluded from the calculation of diluted weighted average number of common and common equivalent shares as such options and restricted stock units would be anti-dilutive.

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## 11. NET PERIODIC BENEFIT COST

Net periodic pension cost for the Company's defined benefit pension plans and U.S. post-retirement medical plan includes the following components for the three months ended March 31:

|                                                | U.S. Pension Benefits |               | Non-U.S. Pension Benefits |               | Other U.S. Post-retirement Benefits |                | Total           |                 |
|------------------------------------------------|-----------------------|---------------|---------------------------|---------------|-------------------------------------|----------------|-----------------|-----------------|
|                                                | 2023                  | 2022          | 2023                      | 2022          | 2023                                | 2022           | 2023            | 2022            |
| Service cost, net                              | \$ 289                | \$ 416        | \$ 3,396                  | \$ 4,990      | \$ —                                | \$ —           | \$ 3,685        | \$ 5,406        |
| Interest cost on projected benefit obligations | 1,256                 | 674           | 4,876                     | 1,558         | 7                                   | 3              | 6,139           | 2,235           |
| Expected return on plan assets                 | (1,383)               | (1,547)       | (8,567)                   | (9,424)       | —                                   | —              | (9,950)         | (10,971)        |
| Recognition of prior service cost              | —                     | —             | (1,050)                   | (1,095)       | (19)                                | —              | (1,069)         | (1,095)         |
| Recognition of actuarial losses/(gains)        | 548                   | 584           | 2,537                     | 4,930         | —                                   | (26)           | 3,085           | 5,488           |
| Net periodic pension cost/(credit)             | <u>\$ 710</u>         | <u>\$ 127</u> | <u>\$ 1,192</u>           | <u>\$ 959</u> | <u>\$ (12)</u>                      | <u>\$ (23)</u> | <u>\$ 1,890</u> | <u>\$ 1,063</u> |

As previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, the Company expects to make employer contributions of approximately \$27.5 million to its non-U.S. pension plan during the year ended December 31, 2023. These estimates may change based upon several factors, including fluctuations in currency exchange rates, actual returns on plan assets and changes in legal requirements.

## 12. OTHER CHARGES (INCOME), NET

Other charges (income), net includes non-service pension costs (benefits), (gains) losses from foreign currency transactions and related hedging activities, interest income and other items. Non-service pension benefits for the three months ended March 31, 2023 and 2022 were \$1.8 million and \$4.3 million, respectively. Other charges (income), net also included \$0.5 million of acquisition costs for the three months ended March 31, 2022.

**METTLER-TOLEDO INTERNATIONAL INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Unaudited**  
(In thousands, except share data, unless otherwise stated)

### 13. SEGMENT REPORTING

As disclosed in Note 18 to the Company's consolidated financial statements for the year ended December 31, 2022, the Company has determined there are five reportable segments: U.S. Operations, Swiss Operations, Western European Operations, Chinese Operations and Other.

The Company evaluates segment performance based on Segment Profit (gross profit less research and development and selling, general and administrative expenses, before amortization, interest expense, restructuring charges, other charges (income), net and taxes).

The following tables show the operations of the Company's reportable segments:

| For the three months ended<br>March 31, 2023 | Net Sales to<br>External<br>Customers | Net Sales to<br>Other<br>Segments | Total Net<br>Sales | Segment<br>Profit | Goodwill          |
|----------------------------------------------|---------------------------------------|-----------------------------------|--------------------|-------------------|-------------------|
| U.S. Operations                              | \$ 337,402                            | \$ 33,248                         | \$ 370,650         | \$ 81,796         | \$ 524,470        |
| Swiss Operations                             | 46,369                                | 202,134                           | 248,503            | 76,422            | 25,195            |
| Western European Operations                  | 199,424                               | 44,876                            | 244,300            | 44,523            | 97,558            |
| Chinese Operations                           | 185,767                               | 60,452                            | 246,219            | 81,241            | 643               |
| Other (a)                                    | 159,776                               | 957                               | 160,733            | 24,243            | 13,876            |
| Eliminations and Corporate (b)               | —                                     | (341,667)                         | (341,667)          | (41,774)          | —                 |
| <b>Total</b>                                 | <b>\$ 928,738</b>                     | <b>\$ —</b>                       | <b>\$ 928,738</b>  | <b>\$ 266,451</b> | <b>\$ 661,742</b> |

| For the three months ended<br>March 31, 2022 | Net Sales to<br>External<br>Customers | Net Sales to<br>Other<br>Segments | Total Net<br>Sales | Segment<br>Profit | Goodwill          |
|----------------------------------------------|---------------------------------------|-----------------------------------|--------------------|-------------------|-------------------|
| U.S. Operations                              | \$ 325,821                            | \$ 39,573                         | \$ 365,394         | \$ 75,186         | \$ 514,022        |
| Swiss Operations                             | 43,270                                | 193,835                           | 237,105            | 71,322            | 23,198            |
| Western European Operations                  | 192,886                               | 50,127                            | 243,013            | 38,780            | 97,612            |
| Chinese Operations                           | 182,706                               | 80,438                            | 263,144            | 84,968            | 709               |
| Other (a)                                    | 153,108                               | 963                               | 154,071            | 20,452            | 14,577            |
| Eliminations and Corporate (b)               | —                                     | (364,936)                         | (364,936)          | (49,463)          | —                 |
| <b>Total</b>                                 | <b>\$ 897,791</b>                     | <b>\$ —</b>                       | <b>\$ 897,791</b>  | <b>\$ 241,245</b> | <b>\$ 650,118</b> |

(a) Other includes reporting units in Southeast Asia, Latin America, Eastern Europe and other countries.

(b) Eliminations and Corporate includes the elimination of inter-segment transactions and certain corporate expenses and intercompany investments, which are not included in the Company's operating segments.

A reconciliation of earnings before taxes to segment profit for the three months ended March 31 follows:

|                             | Three Months Ended |                   |
|-----------------------------|--------------------|-------------------|
|                             | March 31, 2023     | March 31, 2022    |
| Earnings before taxes       | \$ 226,610         | \$ 213,001        |
| Amortization                | 17,779             | 16,604            |
| Interest expense            | 18,184             | 11,338            |
| Restructuring charges       | 4,274              | 4,011             |
| Other charges (income), net | (396)              | (3,709)           |
| <b>Segment profit</b>       | <b>\$ 266,451</b>  | <b>\$ 241,245</b> |

**METTLER-TOLEDO INTERNATIONAL INC.**  
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**14. CONTINGENCIES**

The Company is party to various legal proceedings, including certain environmental matters, incidental to the normal course of business. Management does not expect that any of such proceedings, either individually or in the aggregate, will have a material adverse effect on the Company's financial condition, results of operations or cash flows.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Unaudited Interim Consolidated Financial Statements included herein.*

### General

Our interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Operating results for the three months ended March 31, 2023 are not necessarily indicative of the results to be expected for the full year ending December 31, 2023.

Changes in local currencies exclude the effect of currency exchange rate fluctuations. Local currency amounts are determined by translating current and previous year consolidated financial information at an index utilizing historical currency exchange rates. We believe local currency information provides a helpful assessment of business performance and a useful measure of results between periods. We do not, nor do we suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. We present non-GAAP financial measures in reporting our financial results to provide investors with an additional analytical tool to evaluate our operating results.

We also include in the discussion below disclosures of immaterial qualitative factors that are not quantified. Although the impact of such factors is not considered material, we believe these disclosures can be useful in evaluating our operating results.

### Results of Operations – Consolidated

The following tables set forth items from our interim consolidated statements of operations and comprehensive income for the three month periods ended March 31, 2023 and 2022 (amounts in thousands).

|                                     | Three months ended March 31, |       |             |       |
|-------------------------------------|------------------------------|-------|-------------|-------|
|                                     | 2023                         |       | 2022        |       |
|                                     | (unaudited)                  | %     | (unaudited) | %     |
| Net sales                           | \$ 928,738                   | 100.0 | \$ 897,791  | 100.0 |
| Cost of sales                       | 382,172                      | 41.1  | 378,206     | 42.1  |
| Gross profit                        | 546,566                      | 58.9  | 519,585     | 57.9  |
| Research and development            | 45,477                       | 4.9   | 43,028      | 4.8   |
| Selling, general and administrative | 234,638                      | 25.3  | 235,312     | 26.2  |
| Amortization                        | 17,779                       | 1.9   | 16,604      | 1.8   |
| Interest expense                    | 18,184                       | 2.0   | 11,338      | 1.3   |
| Restructuring charges               | 4,274                        | 0.4   | 4,011       | 0.5   |
| Other charges (income), net         | (396)                        | —     | (3,709)     | (0.4) |
| Earnings before taxes               | 226,610                      | 24.4  | 213,001     | 23.7  |
| Provision for taxes                 | 38,184                       | 4.1   | 39,000      | 4.3   |
| Net earnings                        | \$ 188,426                   | 20.3  | \$ 174,001  | 19.4  |

#### *Net sales*

Net sales were \$928.7 million for the three months ended March 31, 2023, compared to \$897.8 million for the corresponding period in 2022. This represents an increase in U.S. dollars of 3%. Excluding the effect of currency exchange rate fluctuations, or in local currencies, net sales increased 7% for the three months ended March 31, 2023. We experienced broad-based growth in most businesses and regions. We continue to benefit from the execution of our global sales and marketing programs, our innovative product portfolio, and investments in our field organization, particularly surrounding digital tools and techniques. However, there is uncertainty in the economic

environment and our end markets, including the risk of recession in many countries, and market conditions may change quickly. The ongoing developments related to Ukraine and inflation also present several risks to our business as further described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022. These topics could adversely impact our financial results and could have a greater impact on our operating results in future periods.

Net sales by geographic destination for the three months ended March 31, 2023 in U.S. dollars increased 5% in the Americas and 2% in both Europe and in Asia/Rest of World. In local currencies, our net sales by geographic destination increased 6% in both the Americas and in Europe, and 10% in Asia/Rest of World, with 9% growth in China, for the three months ended March 31, 2023 compared to the corresponding period in 2022. A discussion of sales by operating segment is included below.

As described in Note 18 to our consolidated financial statements for the year ended December 31, 2022, our net sales comprise product sales of precision instruments and related services. Service revenues are primarily derived from repair and other services, including regulatory compliance qualification, calibration, certification, preventative maintenance and spare parts.

Net sales of products increased 1% in U.S. dollars and 5% in local currency for the three months ended March 31, 2023 compared to the prior period. Service revenue (including spare parts) increased 11% in U.S. dollars and 15% in local currency during the three months ended March 31, 2023 compared to the corresponding period in 2022.

Net sales of our laboratory products and services, which represented approximately 56% of our total net sales for the three months ended March 31, 2023, increased 1% in U.S. dollars and 5% in local currencies during the three months ended March 31, 2023. The local currency increase in net sales of our laboratory-related products includes strong growth in most product categories offset in part by a significant decline in pipette products primarily related to customer inventory reductions.

Net sales of our industrial products and services, which represented approximately 38% of our total net sales for the three months ended March 31, 2023, increased 3% in U.S. dollars and 7% in local currencies during the three months ended March 31, 2023. The local currency increase in net sales of our industrial-related products for the three months ended March 31, 2023 includes strong growth in core industrial and product inspection.

Net sales in our food retailing products and services, which represented approximately 6% of our total net sales for the three months ended March 31, 2023, increased 32% in U.S. dollars and 36% in local currencies during the three months ended March 31, 2023. The increase in food retailing includes very strong project activity in the Americas and Europe.

#### *Gross profit*

Gross profit as a percentage of net sales was 58.9% for the three months ended March 31, 2023 compared to 57.9% for the corresponding period in 2022.

Gross profit as a percentage of net sales for products was 60.1% and 59.1% for the three month periods ended March 31, 2023 and 2022.

Gross profit as a percentage of net sales for services (including spare parts) was 54.7% for the three months ended March 31, 2023 compared to 53.4% for the corresponding period in 2022.

The increase in gross profit as a percentage of net sales for the three months ended March 31, 2023 primarily reflects favorable price realization, partially offset by higher costs, business mix and unfavorable foreign currency.

### *Research and development and selling, general and administrative expenses*

Research and development expenses as a percentage of net sales was 4.9% for the three months ended March 31, 2023 compared to 4.8% in the corresponding period during 2022, respectively. Research and development expenses increased 6% in U.S. dollars and 9% in local currencies, during the three months ended March 31, 2023 compared to the corresponding period in 2022 due to increased project activity.

Selling, general and administrative expenses as a percentage of net sales were 25.3% for the three months ended March 31, 2023 compared to 26.2% in the corresponding period during 2022, respectively. Selling, general and administrative expenses was flat in U.S. dollars and increased 2% in local currencies, during the three months ended March 31, 2023 compared to the corresponding period in 2022. The local currency increase includes investments in sales and marketing initiatives offset in part by lower incentive compensation and cost savings.

### *Amortization, interest expense, restructuring charges, other charges (income), net and taxes*

Amortization expense was \$17.8 million for the three months ended March 31, 2023 and \$16.6 million for the corresponding period in 2022.

Interest expense was \$18.2 million for the three months ended March 31, 2023 and \$11.3 million for the corresponding period in 2022. The increase in interest expense is related to higher variable interest rates, as well as additional borrowings.

Restructuring charges were \$4.3 million and \$4.0 million for the three months ended March 31, 2023 and 2022, respectively. Restructuring expenses are primarily comprised of employee-related costs.

Other charges (income), net includes non-service pension costs (benefits), net (gains) losses from foreign currency transactions and hedging activities, interest income and other items. Non-service pension benefits for the three months ended March 31, 2023 and 2022 were \$1.8 million and \$4.3 million, respectively. Other charges (income), net also included \$0.5 million of acquisition costs for the three months ended March 31, 2022.

Our reported tax rate was 16.9% and 18.3% during the three months ended March 31, 2023 and 2022, respectively. The provision for taxes is based upon using our projected annual effective tax rate of 18.5% and 19.0% before non-recurring discrete tax items for the three months ended March 31, 2023 and 2022, respectively. The difference between our projected annual effective tax rate and the reported tax rate is related to the timing of excess tax benefits associated with stock option exercises.

## **Results of Operations – by Operating Segment**

The following is a discussion of the financial results of our operating segments. We currently have five reportable segments: U.S. Operations, Swiss Operations, Western European Operations, Chinese Operations, and Other. A more detailed description of these segments is outlined in Note 18 to our consolidated financial statements for the year ended December 31, 2022.

### *U.S. Operations (amounts in thousands)*

|                                 | Three months ended March 31, |            |     |
|---------------------------------|------------------------------|------------|-----|
|                                 | 2023                         | 2022       | %   |
| Total net sales                 | \$ 370,650                   | \$ 365,394 | 1 % |
| Net sales to external customers | \$ 337,402                   | \$ 325,821 | 4 % |
| Segment profit                  | \$ 81,796                    | \$ 75,186  | 9 % |

Total net sales and net sales to external customers increased 1% and 4%, respectively for the three months ended March 31, 2023 compared with the corresponding period in 2022. The increase in total net sales and net sales to external customers for the three months ended March 31, 2023

includes strong growth in most product categories, especially food retailing, partially offset by a significant decline in pipette products.

Segment profit increased \$6.6 million for the three months ended March 31, 2023 compared to the corresponding period in 2022. Segment profit during the three months ended March 31, 2023 includes benefits from our margin expansion and cost savings initiatives, offset in part by unfavorable business mix.

*Swiss Operations (amounts in thousands)*

|                                 | Three months ended March 31, |            |                 |
|---------------------------------|------------------------------|------------|-----------------|
|                                 | 2023                         | 2022       | % <sup>1)</sup> |
| Total net sales                 | \$ 248,503                   | \$ 237,105 | 5 %             |
| Net sales to external customers | \$ 46,369                    | \$ 43,270  | 7 %             |
| Segment profit                  | \$ 76,422                    | \$ 71,322  | 7 %             |

1) Represents U.S. dollar growth.

Total net sales increased 5% in both U.S. dollars in local currency for the three months ended March 31, 2023 compared to the corresponding period in 2022. Net sales to external customers increased 7% in both U.S. dollars and in local currency during the three months ended March 31, 2023 compared to the corresponding period in 2022. The increase in local currency net sales to external customers for the three month period ended March 31, 2023 includes particularly strong growth in food retailing and excellent results in industrial, offset in part by a decline in laboratory products, especially pipette products.

Segment profit increased \$5.1 million for the three month period ended March 31, 2023 compared to the corresponding period in 2022. Segment profit during the three months ended March 31, 2023 includes benefits from our margin expansion initiatives, offset in part by unfavorable business mix and foreign currency translation.

*Western European Operations (amounts in thousands)*

|                                 | Three months ended March 31, |            |                 |
|---------------------------------|------------------------------|------------|-----------------|
|                                 | 2023                         | 2022       | % <sup>1)</sup> |
| Total net sales                 | \$ 244,300                   | \$ 243,013 | 1 %             |
| Net sales to external customers | \$ 199,424                   | \$ 192,886 | 3 %             |
| Segment profit                  | \$ 44,523                    | \$ 38,780  | 15 %            |

1) Represents U.S. dollar growth.

Total net sales increased 1% in U.S. dollars and increased 7% in local currencies during the three months ended March 31, 2023 compared to the corresponding period in 2022. Net sales to external customers increased 3% in U.S. dollars and increased 9% in local currencies during the three months ended March 31, 2023 compared to the corresponding period in 2022. Local currency net sales to external customers for the three months ended March 31, 2023 includes strong growth in most product categories, especially in food retailing, process analytics, and core-industrial, offset in part by a significant decline in pipette products.

Segment profit increased \$5.7 million for the three month period ended March 31, 2023 compared to the corresponding period in 2022. Segment profit increased during the three months ended March 31, 2023 primarily due to benefits from our margin expansion and cost savings initiatives, offset in part by unfavorable business mix and foreign currency translation.



### Chinese Operations (amounts in thousands)

|                                 | Three months ended March 31, |            |                 |
|---------------------------------|------------------------------|------------|-----------------|
|                                 | 2023                         | 2022       | % <sup>1)</sup> |
| Total net sales                 | \$ 246,219                   | \$ 263,144 | (6)%            |
| Net sales to external customers | \$ 185,767                   | \$ 182,706 | 2 %             |
| Segment profit                  | \$ 81,241                    | \$ 84,968  | (4)%            |

1) Represents U.S. dollar growth.

Total net sales decreased 6% in U.S. dollars and increased 1% in local currency for the three months ended March 31, 2023 compared to the corresponding period in 2022. Net sales to external customers by origin increased 2% in U.S. dollars and 9% in local currency for the three months ended March 31, 2023 compared to the corresponding period in 2022. The increase in local currency net sales to external customers during the three months ended March 31, 2023 reflects very strong growth in laboratory products, with modest growth in industrial products. However, uncertainties exist and market conditions may change quickly. We also will continue to face difficult prior period comparisons in 2023 relating to our strong prior years performance.

Segment profit decreased \$3.7 million for the three month period ended March 31, 2023 compared to the corresponding period in 2022. The decrease in segment profit for the three month period ended March 31, 2023 primarily relates to unfavorable currency and lower inter-segment sales, offset in part by increased sales to external customers and benefits from our margin expansion initiatives.

### Other (amounts in thousands)

|                                 | Three months ended March 31, |            |                 |
|---------------------------------|------------------------------|------------|-----------------|
|                                 | 2023                         | 2022       | % <sup>1)</sup> |
| Total net sales                 | \$ 160,733                   | \$ 154,071 | 4 %             |
| Net sales to external customers | \$ 159,776                   | \$ 153,108 | 4 %             |
| Segment profit                  | \$ 24,243                    | \$ 20,452  | 19 %            |

1) Represents U.S. dollar growth.

Total net sales and net sales to external customers both increased 4% in U.S. dollars and 9% in local currencies during the three month period ended March 31, 2023 compared to the corresponding period in 2022. The increase in net sales to external customers includes solid growth in most product categories.

Segment profit increased \$3.8 million for the three months ended March 31, 2023 compared to the corresponding period in 2022. The increase in segment profit is primarily related to our margin expansion initiatives and increased sales volume, offset in part by unfavorable foreign currency translation.

## Liquidity and Capital Resources

Liquidity is our ability to generate sufficient cash flows from operating activities to meet our obligations and commitments. In addition, liquidity includes available borrowings under our Credit Agreement, the ability to obtain appropriate financing and our cash and cash equivalent balances. Currently, our liquidity needs are primarily driven by working capital requirements, capital expenditures, share repurchases and acquisitions. Global market conditions can be uncertain, and our ability to generate cash flows could be reduced by a deterioration in global markets.

We currently believe that cash flows from operating activities, together with liquidity available under our Credit Agreement, local working capital facilities, and cash balances, will be sufficient to fund currently anticipated working capital needs and spending requirements for at least the foreseeable future.

Cash provided by operating activities totaled \$153.3 million during the three months ended March 31, 2023, compared to \$90.8 million in the corresponding period in 2022. The increase for the three months ended March 31, 2022 compared to the prior year is primarily related to working capital, especially inventory, and lower cash incentive payments of \$20 million.

Capital expenditures are made primarily for investments in information systems and technology, machinery, equipment and the purchase and expansion of facilities. Our capital expenditures totaled \$23.2 million for the three months ended March 31, 2023 compared to \$19.2 million in the corresponding period in 2022.

In September 2021, we entered into an agreement with the U.S. Department of Defense to increase domestic production capacity of pipette tips and enhance manufacturing automation and logistics. As of March 31, 2023, we have obtained \$29.7 million of the \$35.8 million of total funding to be received through 2023, which will offset future capital expenditures. During the three months ended March 31, 2023 and 2022, we incurred approximately \$3.3 million and \$1.7 million, respectively, of capital expenditures relating to this funding agreement.

We continue to explore potential acquisitions. In connection with any acquisition, we may incur additional indebtedness.

Cash flows used in financing activities are primarily comprised of share repurchases. In accordance with our share repurchase program, we spent \$250.0 million and \$275.0 million on the repurchase of 166,628 shares and 190,593 shares, during the three months ended March 31, 2023 and 2022, respectively.

The Inflation Reduction Act (IRA) was enacted on August 16, 2022. The IRA includes provisions imposing a 1% excise tax on net share repurchases that occur after December 31, 2022 with payments expected to commence in 2024, and introduces a 15% corporate alternative minimum tax (CAMT) on adjusted financial statement income. We expect the financial impact of the IRA to be immaterial to our financial statements.

### Senior Notes and Credit Facility Agreement

Our debt consisted of the following at March 31, 2023:

|                                                                           | U.S. Dollar  | Other Principal<br>Trading<br>Currencies | Total        |
|---------------------------------------------------------------------------|--------------|------------------------------------------|--------------|
| 4.10% \$50 million ten-year Senior Notes due September 19, 2023           | 50,000       | —                                        | 50,000       |
| 3.84% \$125 million ten-year Senior Notes due September 19, 2024          | 125,000      | —                                        | 125,000      |
| 4.24% \$125 million ten-year Senior Notes due June 25, 2025               | 125,000      | —                                        | 125,000      |
| 3.91% \$75 million ten-year Senior Notes due June 25, 2029                | 75,000       | —                                        | 75,000       |
| 5.45% \$150 million ten-year Senior Notes due March 1, 2033               | 150,000      | —                                        | 150,000      |
| 2.83% \$125 million twelve-year Senior Notes due July 22, 2033            | 125,000      | —                                        | 125,000      |
| 3.19% \$50 million fifteen-year Senior Notes due January 24, 2035         | 50,000       | —                                        | 50,000       |
| 2.81% \$150 million fifteen-year Senior Notes due March 17, 2037          | 150,000      | —                                        | 150,000      |
| 2.91% \$150 million fifteen-year Senior Notes due September 1, 2037       | 150,000      | —                                        | 150,000      |
| 1.47% Euro 125 million fifteen-year Senior Notes due June 17, 2030        | —            | 135,516                                  | 135,516      |
| 1.30% Euro 135 million fifteen-year Senior Notes due November 6, 2034     | —            | 146,357                                  | 146,357      |
| 1.06% Euro 125 million fifteen-year Senior Notes due March 19, 2036       | —            | 135,516                                  | 135,516      |
| Senior notes debt issuance costs, net                                     | (2,951)      | (1,455)                                  | (4,406)      |
| Total Senior Notes                                                        | 997,049      | 415,934                                  | 1,412,983    |
| \$1.25 billion Credit Agreement, interest at LIBOR plus 87.5 basis points | 452,213      | 197,017                                  | 649,230      |
| Other local arrangements                                                  | 5,693        | 55,004                                   | 60,697       |
| Total debt                                                                | 1,454,955    | 667,955                                  | 2,122,910    |
| Less: current portion                                                     | (52,342)     | (54,789)                                 | (107,131)    |
| Total long-term debt                                                      | \$ 1,402,613 | \$ 613,166                               | \$ 2,015,779 |

As of March 31, 2023, approximately \$595.1 million of additional borrowings was available under our Credit Agreement, and we maintained \$89.1 million of cash and cash equivalents.

Changes in exchange rates between the currencies in which we generate cash flows and the currencies in which our borrowings are denominated affect our liquidity. In addition, because we borrow in a variety of currencies, our debt balances fluctuate due to changes in exchange rates. Further, we do not have any downgrade triggers relating to ratings from rating agencies that would accelerate the maturity dates of our debt. We were in compliance with our debt covenants as of March 31, 2023.

In December 2022, we entered into an agreement to issue and sell \$150 million 10-year Senior Notes in a private placement. We issued \$150 million with a fixed interest rate of 5.45% (5.45% Senior Notes) in March 2023. The 5.45% Senior Notes are senior unsecured obligations of the Company. The 5.45% Senior Notes mature on March 1, 2033. The terms of the 5.45% Senior Notes are consistent with the previous Senior Notes as described in the Company's Annual Report Form 10-K. We used the proceeds from the sale of the 5.45% Senior Notes to refinance existing indebtedness and for other general corporate purposes.

In December 2021, we entered into an agreement to issue and sell \$300 million 15-year Senior Notes in a private placement. We issued \$150 million with a fixed interest rate of 2.81% (2.81% Senior Notes) in March 2022, which will mature in March 2037, and \$150 million with a fixed interest rate of 2.91% (2.91% Senior Notes) in September 2022, which will mature in September 2037. We used the proceeds from the sale of the notes to refinance existing indebtedness and for other general corporate purposes.

### Other Local Arrangements

In 2018, two of the Company's non-U.S. pension plans issued loans totaling \$39.6 million (Swiss franc 38 million) to a wholly owned subsidiary of the Company. The loans have the same

terms and conditions which include an interest rate of SARON plus 87.5 basis points. The loans were renewed for one year in April 2023.

### *Share Repurchase Program*

We have \$3.2 billion of remaining availability for our share repurchase program as of March 31, 2023. The share repurchases are expected to be funded from cash generated from operating activities, borrowings, and cash balances. Repurchases will be made through open market transactions, and the amount and timing of purchases will depend on business and market conditions, the stock price, trading restrictions, the level of acquisition activity, and other factors.

We have purchased 31.2 million common shares since the inception of the program in 2004 through March 31, 2023. During the three months ended March 31, 2023 and 2022, we spent \$250.0 million and \$275.0 million on the repurchase of 166,628 shares and 190,593 shares at an average price per share of \$1,511.78 and \$1,442.84, respectively. We reissued 47,849 shares and 27,795 shares held in treasury for the exercise of stock options and restricted stock units during the three months ended March 31, 2023 and 2022, respectively. In addition, we incurred \$1.9 million of excise tax during the three months ended March 31, 2023 related to the Inflation Reduction Act which is reflected as a reduction in shareholders' equity in our consolidated financial statements.

### **Effect of Currency on Results of Operations**

Our earnings are affected by changing exchange rates. We are most sensitive to changes in the exchange rates between the Swiss franc, euro, Chinese renminbi, and U.S. dollar. We have more Swiss franc expenses than we do Swiss franc sales because we develop and manufacture products in Switzerland that we sell globally, and have a number of corporate functions located in Switzerland. When the Swiss franc strengthens against our other trading currencies, particularly the U.S. dollar and euro, our earnings decrease. We also have significantly more sales in the euro than we do expenses. When the euro weakens against the U.S. dollar and Swiss franc, our earnings also decrease. We estimate a 1% strengthening of the Swiss franc against the euro would reduce our earnings before tax by approximately \$1.9 million to \$2.1 million annually.

We also conduct business in many geographies throughout the world, including Asia Pacific, the United Kingdom, Eastern Europe, Latin America, and Canada. Fluctuations in these currency exchange rates against the U.S. dollar can also affect our operating results. The most significant of these currency exposures is the Chinese renminbi. The impact on our earnings before tax of the Chinese renminbi weakening 1% against the U.S. dollar is a reduction of approximately \$3.8 million to \$4.3 million annually.

In addition to the effects of exchange rate movements on operating profits, our debt levels can fluctuate due to changes in exchange rates, particularly between the U.S. dollar, the Swiss franc, and euro. Based on our outstanding debt at March 31, 2023, we estimate that a 5% weakening of the U.S. dollar against the currencies in which our debt is denominated would result in an increase of approximately \$35.2 million in the reported U.S. dollar value of our debt.

## **Forward-Looking Statements Disclaimer**

*You should not rely on forward-looking statements to predict our actual results. Our actual results or performance may be materially different than reflected in forward-looking statements because of various risks and uncertainties, including statements about expected revenue growth, inflation and ongoing developments related to Ukraine. You can identify forward-looking statements by terminology such as “may,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” or “continue.”*

*We make forward-looking statements about future events or our future financial performance, including earnings and sales growth, earnings per share, strategic plans and contingency plans, growth opportunities or economic downturns, our ability to respond to changes in market conditions, planned research and development efforts and product introductions, adequacy of facilities, access to and the costs of raw materials, shipping and supplier costs, gross margins, customer demand, our competitive position, pricing, capital expenditures, cash flow, tax-related matters, the impact of foreign currencies, compliance with laws, effects of acquisitions, and the impact of inflation and ongoing developments related to Ukraine on our business.*

*Our forward-looking statements may not be accurate or complete, and we do not intend to update or revise them in light of actual results. New risks also periodically arise. Please consider the risks and factors that could cause our results to differ materially from what is described in our forward-looking statements, including inflation, and the ongoing developments related to Ukraine. See in particular “Factors Affecting Our Future Operating Results” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2022 and other reports filed with the SEC from time to time.*

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

As of March 31, 2023, there was no material change in the information provided under Item 7A in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

## **Item 4. Controls and Procedures**

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, except as described below.

Recently, our sales and marketing organization in France went live on our Blue Ocean program. As a result of the implementation, certain internal controls have changed. Management has taken steps to ensure appropriate controls were designed and operating as part of the implementation process. This initiative is not in response to any identified deficiency or weakness in our internal control over financial reporting.

**PART II. OTHER INFORMATION****Item 1. Legal Proceedings.** None**Item 1A. Risk Factors.**

For the three months ended March 31, 2023 there were no material changes from risk factors disclosed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.***Issuer Purchases of Equity Securities*

|                                 | (a)                                 | (b)                             | (c)                                                                          | (d)                                                                                                       |
|---------------------------------|-------------------------------------|---------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
|                                 | Total Number of<br>Shares Purchased | Average Price Paid<br>per Share | Total Number of<br>Shares Purchased as Part of<br>Publicly Announced Program | Approximate Dollar<br>Value (in thousands) of<br>Shares that may yet be<br>Purchased under the<br>Program |
| January 1 to January 31, 2023   | 51,153                              | \$ 1,528.86                     | 51,153                                                                       | \$ 3,380,858                                                                                              |
| February 1 to February 28, 2023 | 53,677                              | \$ 1,534.44                     | 53,677                                                                       | \$ 3,298,978                                                                                              |
| March 1 to March 31, 2023       | 61,798                              | \$ 1,477.97                     | 61,798                                                                       | \$ 3,208,431                                                                                              |
| Total                           | 166,628                             | \$ 1,511.78                     | 166,628                                                                      | \$ 3,208,431                                                                                              |

The Company has \$3.2 billion of remaining availability for its share repurchase program as of March 31, 2023. We have purchased 31.2 million shares since the inception of the program through March 31, 2023.

During the three months ended March 31, 2023 and 2022, we spent \$250.0 million and \$275.0 million on the repurchase of 166,628 and 190,593 shares at an average price per share of \$1,511.78 and \$1,442.84, respectively. We reissued 47,849 shares and 27,795 shares held in treasury for the exercise of stock options and restricted stock units for the three months ended March 31, 2023 and 2022, respectively. In addition, we incurred \$1.9 million of excise tax during the three months ended March 31, 2023 related to the Inflation Reduction Act which is reflected as a reduction in shareholders' equity in the our consolidated financial statements.

**Item 3. Defaults Upon Senior Securities.** None**Item 5. Other information.** None**Item 6. Exhibits.** See Exhibit Index.

## EXHIBIT INDEX

| Exhibit No.                  | Description                                                                                                                                                    |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#"><u>31.1*</u></a> | <a href="#"><u>Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes — Oxley Act of 2002</u></a>                                |
| <a href="#"><u>31.2*</u></a> | <a href="#"><u>Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes — Oxley Act of 2002</u></a>                                |
| <a href="#"><u>32*</u></a>   | <a href="#"><u>Certification Pursuant to Section 906 of the Sarbanes — Oxley Act of 2002</u></a>                                                               |
| 101.INS*                     | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document |
| 101.SCH*                     | XBRL Taxonomy Extension Schema Document                                                                                                                        |
| 101.CAL*                     | XBRL Taxonomy Extension Calculation Linkbase Document                                                                                                          |
| 101.LAB*                     | XBRL Taxonomy Extension Label Linkbase Document                                                                                                                |
| 101.PRE*                     | XBRL Taxonomy Extension Presentation Linkbase Document                                                                                                         |
| 101.DEF*                     | XBRL Taxonomy Extension Definition Linkbase Document                                                                                                           |

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\* Filed herewith

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 5, 2023

Mettler-Toledo International Inc.

By: /s/Shawn P. Vadala

Shawn P. Vadala  
Chief Financial Officer



## Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Patrick Kaltenbach, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Mettler-Toledo International Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 5, 2023

/s/ Patrick Kaltenbach

Patrick Kaltenbach

Chief Executive Officer

## Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Shawn P. Vadala certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Mettler-Toledo International Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 5, 2023

/s/ Shawn P. Vadala

Shawn P. Vadala

Chief Financial Officer

**Certification Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Mettler-Toledo International Inc. (the "Company") does hereby certify, to such officer's knowledge, that:

This quarterly report on Form 10-Q for the period ending March 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2023

/s/ Patrick Kaltenbach

Patrick Kaltenbach  
Chief Executive Officer

/s/ Shawn P. Vadala

Shawn P. Vadala  
Chief Financial Officer