UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549 v

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 August 31, 2022.

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 0-17988

Neogen Corporation

(Exact name of registrant as specified in its charter)

Michigan **(State or other jurisdiction of incorporation or organization)**	**38-2367843** **(IRS Employer Identification Number)**

620 Lesher Place
Lansing, Michigan 48912
(Address of principal executive offices, including zip code)

(517) 372-9200
(Registrant’s telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.16 par value per share	**NEOG**	**NASDAQ Global Select Market**

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

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 reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark 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 such files). YES ☒ NO ☐

Indicate by check mark 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.

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 to 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 ☒

As of August 31, 2022 there were 107,837,730 shares of Common Stock outstanding.

NEOGEN CORPORATION AND SUBSIDIARIES
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PART I – FINANCIAL INFORMATION

Item 1. Interim Consolidated Financial Statements

Neogen Corporation and Subsidiaries
Consolidated Balance Sheets (unaudited)
(in thousands, except share and per share amounts)

	August 31, 2022	May 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	$107,098	$ 44,473
Marketable securities	240,613	336,578
Accounts receivable, net of allowance of $1,800 and $1,650 at August 31, 2022 and May 31, 2022, respectively	93,112	99,674
Inventories	129,039	122,313
Prepaid expenses and other current assets	38,045	23,760
Total Current Assets	607,907	626,798
Net Property and Equipment	121,021	110,584
Other Assets		
Right of use assets	2,834	3,184
Goodwill	140,067	142,704
Other non-amortizable intangible assets	15,182	15,397
Amortizable intangible and other assets, net of accumulated amortization of $55,201 and $55,416 at August 31, 2022 and May 31, 2022, respectively	88,239	92,106
Other non-current assets	2,155	2,156
Total Assets	$977,405	$992,929
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 27,002	$ 34,614
Accrued compensation	8,295	11,123
Income tax payable	3,921	2,126
Deferred revenue	5,464	5,460
Other accruals	22,322	24,521
Total Current Liabilities	67,004	77,844
Deferred Income Tax Liability	15,949	17,011
Other Non-Current Liabilities	10,654	10,700
Total Liabilities	93,607	105,555
Commitments and Contingencies (note 10)		
Equity		
Preferred stock, $1.00 par value, 100,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.16 par value, 120,000,000 shares authorized, 107,837,730 and 107,801,094 shares issued and outstanding at August 31, 2022 and May 31, 2022, respectively	17,254	17,248
Additional paid-in capital	312,750	309,984
Accumulated other comprehensive loss	(39,326)	(27,769)
Retained earnings	593,120	587,911
Total Stockholders' Equity	883,798	887,374
Total Liabilities and Stockholders' Equity	$977,405	$992,929

See notes to interim consolidated financial statements.

Neogen Corporation and Subsidiaries
Consolidated Statements of Income (unaudited)
(in thousands, except per share amounts)

	Three Months Ended August 31,	
	2022	2021
Revenues		
Product revenues	$106,792	$104,013
Service revenues	25,557	24,292
Total Revenues	132,349	128,305
Cost of Revenues		
Cost of product revenues	55,441	54,726
Cost of service revenues	14,638	13,571
Total Cost of Revenues	70,079	68,297
Gross Margin	62,270	60,008
Operating Expenses		
Sales and marketing	23,383	20,555
General and administrative	27,944	13,383
Research and development	4,881	4,325
Total Operating Expenses	56,208	38,263
Operating Income	6,062	21,745
Other Income (Expense)		
Interest income	969	203
Other expense	(372)	(221)
Total Other Income (Expense)	597	(18)
Income Before Taxes	6,659	21,727
Provision for Income Taxes	1,450	4,650
Net Income	$ 5,209	$ 17,077
Net Income Per Share		
Basic	$ 0.05	$ 0.16
Diluted	$ 0.05	$ 0.16
Weighted Average Shares Outstanding		
Basic	107,837	107,490
Diluted	107,857	108,109

See notes to interim consolidated financial statements.

Neogen Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss) (unaudited)
(in thousands)

	Three Months Ended August 31,	
	2022	2021
Net income	$ 5,209	$17,077
Foreign currency translations	(11,133)	(4,623)
Unrealized loss on marketable securities, net of tax	(424)	(206)
Total comprehensive income (loss)	$ (6,348)	$12,248

See notes to interim consolidated financial statements.

Neogen Corporation and Subsidiaries
Consolidated Statements of
Equity (unaudited)
(in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance, June 1, 2022	107,801	$17,248	$309,984	$ (27,769)	$587,911	$887,374
Exercise of options and share-based compensation expense	4	1	1,904	—	—	1,905
Issuance of shares under employee stock purchase plan	33	5	862	—	—	867
Net income for the three months ended August 31, 2022	—	—	—	—	5,209	5,209
Other comprehensive loss for the three months ended August 31, 2022	—	—	—	(11,557)	—	(11,557)
Balance, August 31, 2022	107,838	$17,254	$312,750	$ (39,326)	$593,120	$883,798

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance, June 1, 2021	107,468	$17,195	$294,953	$ (11,375)	$539,604	$840,377
Exercise of options and share-based compensation expense	6	1	1,838	—	—	1,839
Issuance of shares under employee stock purchase plan	19	3	896	—	—	899
Net income for the three months ended August 31, 2021	—	—	—	—	17,077	17,077
Other comprehensive income for the three months ended August 31, 2021	—	—	—	(4,829)	—	(4,829)
Balance, August 31, 2021	107,493	$17,199	$297,687	$ (16,204)	$556,681	$855,363

See notes to interim consolidated financial statements.

Neogen Corporation and Subsidiaries
Consolidated Statements of Cash Flows (unaudited)
(in thousands)

	Three Months Ended August 31,	
	2022	2021
Cash Flows (For) From Operating Activities		
Net Income	$ 5,209	$ 17,077
Adjustments to reconcile net income to net cash (for) from operating activities:		
Depreciation and amortization	5,729	5,682
Deferred income taxes	(1,439)	(15)
Share-based compensation	1,867	1,690
Change in operating assets and liabilities, net of business acquisitions:		
Accounts receivable	4,819	4,036
Inventories	(8,330)	(1,863)
Prepaid expenses and other current assets	(14,682)	(1,014)
Accounts payable, accruals and other changes	(7,316)	(2,383)
Net Cash (For) From Operating Activities	(14,143)	23,210
Cash Flows From (For) Investing Activities		
Purchases of property, equipment and other non-current intangible assets	(12,996)	(1,295)
Proceeds from the sale of marketable securities	108,488	112,636
Purchases of marketable securities	(12,523)	(136,748)
Business acquisitions, net of cash acquired	(1,331)	—
Net Cash From (For) Investing Activities	81,638	(25,407)
Cash Flows From Financing Activities		
Exercise of stock options and issuance of employee stock purchase plan shares	905	1,048
Net Cash From Financing Activities	905	1,048
Effect of Foreign Exchange Rates on Cash	(5,775)	(3,170)
Net Increase (Decrease) In Cash and Cash Equivalents	62,625	(4,319)
Cash and Cash Equivalents, Beginning of Period	44,473	75,602
Cash and Cash Equivalents, End of Period	$107,098	$ 71,283

See notes to interim consolidated financial statements.

NEOGEN CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. ACCOUNTING POLICIES

BASIS OF PRESENTATION AND CONSOLIDATION

The accompanying unaudited consolidated financial statements include the accounts of Neogen Corporation ("Neogen" or the "Company") and its wholly owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America (generally accepted accounting principles) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included in the accompanying unaudited consolidated financial statements. All intercompany balances and transactions have been eliminated in consolidation. The results of operations for the three month period ended August 31, 2022 are not necessarily indicative of the results to be expected for the fiscal year ending May 31, 2023. For more complete financial information, these consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2022.

Our functional currency is the U.S. dollar. We translate our non-U.S. operations' assets and liabilities denominated in foreign currencies into U.S. dollars at current rates of exchange as of the balance sheet date and income and expense items at the average exchange rate for the reporting period. Translation adjustments resulting from exchange rate fluctuations are recorded in other comprehensive income (loss). Gains or losses from foreign currency transactions are included in other income (expense) on our consolidated statement of income.

Share and per share amounts reflect the June 4, 2021 2-for-1 stock split as if it took place at the beginning of the periods presented.

Recent Accounting Pronouncements Not Yet Adopted

Reference Rate Reform

In March 2020, the FASB issued Update 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This update provides temporary optional expedients to applying the reference rate reform guidance to contracts that reference LIBOR or another reference rate expected to be discontinued. Under this update, contract modifications resulting in a new reference rate may be accounted for as a continuation of the existing contract. This guidance is effective upon issuance of the update and applies to contract modifications made through December 31, 2022. When we adopt this standard in the second quarter of fiscal 2023, we will use the Secured Overnight Financing Rate (SOFR). Adoption of this standard will not have a material impact on our consolidated financial statements and related disclosures.

Comprehensive Income (Loss)

Comprehensive income (loss) represents net income and any revenues, expenses, gains and losses that, under U.S. generally accepted accounting principles, are excluded from net income and recognized directly as a component of equity. Accumulated other comprehensive income (loss) consists of foreign currency translation adjustments and unrealized gains or losses on our marketable securities.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments other than cash equivalents and marketable securities, which include accounts receivable and accounts payable, approximate fair value based on either their short maturity or current terms for similar instruments.

Fair value measurements are determined based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants exclusive of any transaction costs. The Company utilizes a fair value hierarchy based upon the observability of inputs used in valuation techniques as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Leases

We lease various manufacturing, laboratory, warehousing and distribution facilities, administrative and sales offices, equipment and vehicles under operating leases. We evaluate our contracts to determine if an arrangement is a lease at inception and classify it as a finance or operating lease. Currently, all our leases are classified as operating leases. Topic 842 requires the Company to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Right-of-use assets are recorded in other assets on our consolidated balance sheets. Current and non-current lease liabilities are recorded in other accruals within current liabilities and other non-current liabilities, respectively, on our consolidated balance sheets. Costs associated with operating leases are recognized on a straight-line basis within operating expenses over the term of the lease. The right-of-use assets were $2,834,000 and $3,184,000 at August 31, 2022 and May 31, 2022, respectively. The total current and non-current lease liabilities were $2,899,000 and $3,228,000 at August 31, 2022 and May 31, 2022, respectively.

ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires that management make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates the estimates, including, but not limited to, variable consideration related to revenue recognition, allowances for doubtful accounts, the market value of, and demand for, inventories, stock-based compensation, provision for income taxes and related balance sheet accounts, accruals, goodwill and other intangible assets. These estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Accounts Receivable Allowance

Management attempts to minimize credit risk by reviewing customers' credit history before extending credit and by monitoring credit exposure on a regular basis. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. Collateral or other security is generally not required for accounts receivable. Once a receivable balance has been determined to be uncollectible, generally after all collection efforts have been exhausted, that amount is charged against the allowance for doubtful accounts.

Inventory

The reserve for obsolete and slow-moving inventory is reviewed at least quarterly based on an analysis of the inventory, considering the current condition of the asset as well as other known facts and future plans. The reserve required to record inventory at lower of cost or net realizable value is adjusted as conditions change. Product obsolescence may be caused by shelf-life expiration, discontinuance of a product line, replacement products in the marketplace or other competitive situations.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price over fair value of tangible net assets of acquired businesses after amounts are allocated to other identifiable intangible assets. Other intangible assets include customer relationships, trademarks, licenses, trade names, covenants not-to-compete and patents. Customer-based intangibles are amortized on either an accelerated or straight-line basis, reflecting the pattern in which the economic benefits are consumed, while all other amortizable intangibles are amortized on a straight-line basis; intangibles are generally amortized over 5 to 25 years.

We review the carrying amounts of goodwill and other non-amortizable intangible assets annually, or when indications of impairment exist, to determine if such assets may be impaired. If the carrying amounts of these assets are deemed to be less than fair value based upon a discounted cash flow analysis and comparison to comparable EBITDA multiples of peer companies, such assets are reduced to their estimated fair value and a charge is recorded to operations.

Long-Lived Assets

Management reviews the carrying values of its long-lived assets to be held and used, including definite-lived intangible assets, for possible impairment whenever events or changes in business conditions warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated separately identifiable undiscounted cash flows over the remaining useful life of the asset indicate that the carrying amount of the asset may not be recoverable. In such an event, fair value is determined using discounted cash flows and, if lower than the carrying value, impairment is recognized through a charge to operations.

Business Combinations

We utilize the acquisition method of accounting for business combinations. This method requires, among other things, that results of operations of acquired companies are included in Neogen's results of operations beginning on the respective acquisition dates and that assets acquired and liabilities assumed are recognized at fair value as of the acquisition date. Any excess of the fair value of consideration transferred over the fair values of the net assets acquired is recognized as goodwill. Contingent consideration liabilities are recognized at the estimated fair value on the acquisition date; these are recorded in either other accruals within current liabilities (for expected payments in less than a year) or other non-current liabilities (for expected payments in greater than a year), both on our consolidated balance sheets. Subsequent changes to the fair value of contingent consideration liabilities are recognized in other income (expense) in the consolidated statements of income. Contingent consideration payments made soon after the acquisition date are classified as investing activities in the consolidated statements of cash flows. Contingent consideration payments not made soon after the acquisition date that are related to the acquisition date fair value are reported as financing activities in the consolidated statements of cash flows, and amounts paid in excess of the original acquisition date fair value are reported as operating activities in the consolidated statements of cash flows. The fair value of assets acquired and liabilities assumed in certain cases may be subject to revision based on the final determination of fair value during a period of time not to exceed 12 months from the acquisition date. Legal costs, due diligence costs, business valuation costs and all other business acquisition costs are expensed when incurred.

Equity Compensation Plans

Share options awarded to employees, restricted stock units (RSUs) and shares of stock awarded to employees under certain stock purchase plans are recognized as compensation expense based on their fair value at grant date. The fair market value of options granted under the Company stock option plans was estimated on the date of grant using the Black-Scholes option-pricing model with assumptions for inputs such as interest rates, expected dividends, an estimate of award forfeitures, volatility measures and specific employee exercise behavior patterns based on statistical data. Some of the inputs used are not market-observable and have to be estimated or derived from available data. Use of different estimates would produce different option values, which in turn would result in higher or lower compensation expense recognized. For RSUs, we use the intrinsic value method to value the units.

To value equity awards, several recognized valuation models exist; none of these models can be singled out as being the best or most correct. The model applied by us can accommodate most of the specific features included in the options granted, which are the reason for their use. If different models were used, the option values could differ despite using the same inputs. Accordingly, using different assumptions coupled with using a different valuation model could have a significant impact on the fair value of employee stock options. Fair value could be either higher or lower than the number provided by the model applied and the inputs used. Further information on our equity compensation plans, including inputs used to determine the fair value of options, is disclosed in Note 7.

Income Taxes

We account for income taxes using the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and for tax credit carryforwards and are measured using the enacted tax rates in effect for the years in which the differences are expected to reverse. Deferred income tax expense represents the change in net deferred income tax assets and liabilities during the year.

2. CASH AND MARKETABLE SECURITIES

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand accounts, savings deposits, certificates of deposit and commercial paper with original maturities of 90 days or less. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has not experienced losses related to these balances and believes it is not exposed to significant credit risk regarding its cash and cash equivalents. Cash and cash equivalents were $107,098,000 and $44,473,000 at August 31, 2022 and May 31, 2022, respectively. The carrying value of these assets approximates fair value due to the short maturity of these instruments and is classified as Level 1 in the fair value hierarchy.

Marketable Securities

The Company has marketable securities held by banks or broker-dealers at August 31, 2022. Changes in market value are monitored and recorded on a monthly basis; in the event of a downgrade in credit quality subsequent to purchase, the marketable securities investment is evaluated to determine the appropriate action to take to minimize the overall risk to our marketable securities portfolio. These securities are classified as available for sale. The primary objective of management's short-term investment activity is to preserve capital for the purpose of funding current operations, capital expenditures and business acquisitions; short-term investments are not entered into for trading or speculative purposes. These securities are recorded at fair value based on recent trades or pricing models and therefore meet the Level 2 criteria. Interest income on these investments is recorded within other income on the income statement. Adjustments in the fair value of these assets are recorded in other comprehensive income.

Marketable Securities as of August 31, 2022 and May 31, 2022 are listed below by classification and remaining maturities.

(in thousands)	Maturity	August 31, 2022	May 31, 2022
Commercial Paper & Corporate Bonds	0 - 90 days	$ 63,375	$106,497
	91 - 180 days	60,950	61,373
	181 days - 1 year	57,135	91,706
	1 - 2 years	59,153	77,002
Total Marketable Securities		$240,613	$336,578

The components of marketable securities, consisting of commercial paper and corporate bonds, at August 31, 2022 are as follows:

(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Commercial Paper & Corporate Bonds	$244,125	$ —	$ (3,512)	$240,613

The components of marketable securities, consisting of commercial paper and corporate bonds, at May 31, 2022 are as follows:

(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Commercial Paper & Corporate Bonds	$339,540	$ 7	$ (2,969)	$336,578

3. INVENTORIES

Inventories are stated at the lower of cost, determined by the first-in, first-out method, or net realizable value. The components of inventories follow:

(in thousands)	August 31, 2022	May 31, 2022
Raw materials	$ 62,134	$ 58,667
Work-in-process	6,241	6,388
Finished and purchased goods	60,664	57,258
	$129,039	$122,313

4. REVENUE RECOGNITION

The Company determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies the performance obligations.

Essentially all of Neogen's revenue is generated through contracts with its customers. A performance obligation is a promise in a contract to transfer a product or service to a customer. We generally recognize revenue at a point in time when all of our performance obligations under the terms of a contract are satisfied. Revenue is recognized upon transfer of control of promised products and services in an amount that reflects the consideration we expect to receive in exchange for those products or services. The collectability of consideration on the contract is reasonably assured before revenue is recognized. To the extent that customer payment has been received before all recognition criteria are met, these revenues are initially deferred in other accruals on the balance sheet and the revenue is recognized in the period that all recognition criteria have been met.

Certain agreements with customers include discounts or rebates on the sale of products and services applied retrospectively, such as volume rebates achieved by purchasing a specified purchase threshold of goods and services. We account for these discounts as variable consideration and estimate the likelihood of a customer meeting the threshold in order to determine the transaction price using the most predictive approach. We typically use the most-likely-amount method for incentives that are offered to individual customers, and the expected-value method for programs that are offered to a broad group of customers. Variable consideration reduces the amount of revenue that is recognized. Rebate obligations related to customer incentive programs are recorded in accrued liabilities; the rebate estimates are adjusted at the end of each applicable measurement period based on information currently available.

The performance obligations in Neogen's contracts are generally satisfied well within one year of contract inception. In such cases, management has elected the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component. Management has elected to utilize the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred because the amortization period for the prepaid costs that would otherwise have been deferred and amortized is one year or less. We account for shipping and handling for products as a fulfillment activity when goods are shipped. Shipping and handling costs that are charged to and reimbursed by the customer are recognized as revenues, while the related expenses incurred by Neogen are recorded in sales and marketing expense. Revenue is recognized net of any tax collected from customers; the taxes are subsequently remitted to governmental authorities. Our terms and conditions of sale generally do not provide for returns of product or reperformance of service except in the case of quality or warranty issues. These situations are infrequent; due to immateriality of the amount, warranty claims are recorded in the period incurred.

The Company derives revenue from two primary sources - product revenue and service revenue.

Product revenue consists of shipments of:

- Diagnostic test kits, dehydrated culture media and related products used by food producers and processors to detect harmful natural toxins, foodborne bacteria, allergens and levels of general sanitation;
- Consumable products marketed to veterinarians, retailers, livestock producers and animal health product distributors; and
- Rodenticides, disinfectants and insecticides to assist in the control of rodents, insects and disease in and around agricultural, food production and other facilities.

Revenues for our products are recognized and invoiced when the product is shipped to the customer.

Service revenue consists primarily of:

- Genomic identification and related interpretive bioinformatic services; and
- Other commercial laboratory services.

Revenues for Neogen's genomics and commercial laboratory services are recognized and invoiced when the applicable laboratory service is performed and the results are conveyed to the customer.

Payment terms for products and services are generally 30 to 60 days.

The Company has no contract assets; contract liabilities represent deposits made by customers before the satisfaction of performance obligation(s) and recognition of revenue. Upon completion of the performance obligation(s) that the Company has with the customer, the liability for the customer deposit is relieved and revenue is recognized. These customer deposits are listed as Deferred revenue on the consolidated balance sheets.

The following table presents disaggregated revenue by major product and service categories for the three month periods ended August 31, 2022 and 2021:

(in thousands)	**Three Months ended August 31, 2022**	**2021**
Food Safety		
Natural Toxins, Allergens & Drug Residues	$ 19,787	$ 20,408
Bacterial & General Sanitation	10,728	11,165
Culture Media & Other	19,254	18,046
Rodent Control, Insect Control & Disinfectants	9,575	7,649
Genomics Services	5,299	5,454
	$ 64,643	$ 62,722
Animal Safety		
Life Sciences	$ 1,589	$ 1,363
Veterinary Instruments & Disposables	14,673	15,337
Animal Care & Other	10,526	9,219
Rodent Control, Insect Control & Disinfectants	22,214	22,149
Genomics Services	18,704	17,515
	$ 67,706	$ 65,583
Total Revenues	$ 132,349	$ 128,305

5. NET INCOME PER SHARE

The calculation of net income per share follows:

(in thousands, except per share amounts)	Three Months Ended August 31, 2022	Three Months Ended August 31, 2021
Numerator for basic and diluted net income per share:		
Net income attributable to Neogen	$ 5,209	$ 17,077
Denominator for basic net income per share:		
Weighted average shares	107,837	107,490
Effect of dilutive stock options and RSUs	20	619
Denominator for diluted net income per share	$107,857	$108,109
Net income attributable to Neogen per share:		
Basic	$ 0.05	$ 0.16
Diluted	$ 0.05	$ 0.16

6. SEGMENT INFORMATION AND GEOGRAPHIC DATA

We have two reportable segments: Food Safety and Animal Safety. The Food Safety segment is primarily engaged in the development, production and marketing of diagnostic test kits, culture media and related products used by food producers and processors to detect harmful natural toxins, foodborne bacteria, allergens and levels of general sanitation. The Animal Safety segment is primarily engaged in the development, production and marketing of products dedicated to animal safety, including a complete line of consumable products marketed to veterinarians and animal health product distributors; this segment also provides genomic identification and related interpretive bioinformatic services. Additionally, the Animal Safety segment produces and markets rodenticides, disinfectants and insecticides to assist in the control of rodents, insects and disease in and around agricultural, food production and other facilities.

Our international operations in the United Kingdom, Mexico, Brazil, China and India originally focused on the Company's food safety products, and each of these units reports through the Food Safety segment. In recent years, these operations have expanded to offer our complete line of products and services, including those usually associated with the Animal Safety segment such as cleaners, disinfectants, rodenticides, insecticides, veterinary instruments and genomics services. These additional products and services are managed and directed by existing management and are reported through the Food Safety segment.

Neogen's operation in Australia originally focused on providing genomics services and sales of animal safety products and reports through the Animal Safety segment. With the acquisition of Cell BioSciences in February 2020, this operation has expanded to offer our complete line of products and services, including those usually associated with the Food Safety segment. These additional products are managed and directed by existing management at Neogen Australasia and report through the Animal Safety segment.

The accounting policies of each of the segments are the same as those described in Note 1.

Segment information follows:

(in thousands)	Food Safety	Animal Safety	Corporate and Eliminations (1)	Total
As of and for the three months ended August 31, 2022				
Product revenues to external customers	$ 57,790	$ 49,002	$ —	$106,792
Service revenues to external customers	6,853	18,704	—	25,557
Total revenues to external customers	64,643	67,706	—	132,349
Operating income (loss)	8,597	11,881	(14,416)	6,062
Total assets	318,463	311,231	347,711	977,405
As of and for the three months ended August 31, 2021				
Product revenues to external customers	$ 55,945	$ 48,068	$ —	$104,013
Service revenues to external customers	6,777	17,515	—	24,292
Total revenues to external customers	62,722	65,583	—	128,305
Operating income (loss)	10,131	12,762	(1,148)	21,745
Total assets	291,018	240,208	400,880	932,106

(1) Includes corporate assets, consisting principally of cash and cash equivalents, marketable securities, current and deferred tax accounts and overhead expenses not allocated to specific business segments. Also includes the elimination of intersegment transactions.

The following table presents the Company's revenue disaggregated by geographic location:

(in thousands)	Three months ended August 31, 2022	2021
Domestic	$ 80,642	$ 77,779
International	51,707	50,526
Total revenue	$132,349	$128,305

7. EQUITY COMPENSATION PLANS

Incentive and non-qualified options to purchase shares of common stock have been granted to directors, officers and employees of Neogen under the terms of the Company's stock option plans. These options are granted at an exercise price of not less than the fair market value of the stock on the date of grant. Options vest ratably over three and five year periods and the contractual terms are generally five or ten years. A summary of stock option activity during the three months ended August 31, 2022 follows:

(Options in thousands)	Shares	Weighted-Average Exercise Price
Options outstanding June 1, 2022	3,244	$ 32.13
Granted	—	—
Exercised	(4)	10.75
Forfeited	(110)	26.94
Options outstanding August 31, 2022	3,130	$ 32.32

During the three month periods ended August 31, 2022 and 2021, the Company recorded $1,867,000 and $1,690,000, respectively, of compensation expense related to its share-based awards.

The weighted-average fair value per share of stock options granted during fiscal year 2022, estimated on the date of grant using the Black-Scholes option pricing model, was $8.49. The fair value of stock options granted was estimated using the following weighted-average assumptions. No options were granted in the first quarter of fiscal year 2023.

	FY 2022
Risk-free interest rate	0.4%
Expected dividend yield	0.0%
Expected stock price volatility	32.8%
Expected option life	3.12 years

The company grants restricted stock units (RSUs) to directors, officers and employees under the terms of the 2018 Omnibus Incentive Plan, which vest ratably over three and five year periods. The current units are expensed straight-line over the remaining weighted-average period of 3.8 years. On August 31, 2022 there was $6,442,000 in unamortized compensation cost related to non-vested RSUs. A summary of RSU activity during the three months ended August 31, 2022 follows:

(Options in thousands)	Shares	Weighted-Average Fair Value
RSUs outstanding June 1, 2022	257	$ 36.14
Granted	—	—
Released	—	—
Forfeited	(4)	37.60
RSUs outstanding August 31, 2022	253	$ 36.12

The Company offers eligible employees the option to purchase common stock at a 5% discount to the lower of the market value of the stock at the beginning or end of each participation period under the terms of either the 2011 or the 2021 Employee Stock Purchase Plan; the discount is recorded in general and administrative expense. Total individual purchases in any year are limited to 10% of compensation.

8. BUSINESS COMBINATIONS

The Consolidated Statements of Income reflect the results of operations for business acquisitions since the respective dates of purchase. All are accounted for using the acquisition method. Goodwill recognized in the acquisitions discussed below relates primarily to enhancing the Company's strategic platform for the expansion of available product offerings.

On September 17, 2021, the Company acquired the stock of CAPInnoVet, Inc., a companion animal health business that provides pet medications to the veterinary market. This acquisition provides entry into the retail parasiticide market and enhances the Company's presence in companion animal markets. Consideration for the purchase was net cash of $17.9 million paid at closing, including $150,000 of cash placed in escrow payable to the former owners in twelve months. There is also the potential for performance milestone payments to the former owners of up to $6.5 million and the Company could incur up to $14.5 million in future royalty payments. The final purchase allocation, based upon the fair value of these assets and liabilities determined using the income approach, included accounts receivable of $308,000, inventory of $531,000, prepayments of $296,000, accounts payable of $120,000, other current liabilities of $84,000, non-current liabilities of $6.5 million (contingent consideration accrual calculated using a Monte Carlo simulation utilizing inputs such as probability and timing of milestone achievements, revenue forecasts and volatility, and estimated discount rates relating to established future cash flows of the business), intangible assets of $19.2 million (with an estimated life of 15-20 years) and the remainder to goodwill (deductible for tax purposes). These values are Level 3 fair value measurements. The $150,000 placed in escrow was paid to the former owners on September 21, 2022. The business is operated from our location in Lexington, KY, reporting within the Animal Safety segment.

On November 30, 2021, the Company acquired the stock of Delf (U.K.) Ltd., a United Kingdom-based manufacturer and supplier of animal hygiene and industrial cleaning products, and Abbott Analytical Ltd., a related service provider. This acquisition will expand the Company's line of dairy hygiene products and will enhance our cleaner and disinfectant product portfolio. Consideration for the purchase was net cash of $9.5 million paid at closing, including $722,000 of cash placed in escrow payable to the former owner in one year. The preliminary purchase price allocation, based upon the fair value of these assets and liabilities determined using the income approach, included accounts receivable of $1,059,000, inventory of $972,000, net property, plant and equipment of $152,000, prepayments of $31,000, accounts payable of $497,000, other current liabilities of $378,000, non-current deferred tax liabilities of $780,000, intangible assets of $3.1 million (with an estimated life of 10-15 years) and the remainder to goodwill (non-deductible for tax purposes). These values are Level 3 fair value measurements. The companies continue to operate from their current location in Liverpool, England, reporting within the Food Safety segment and are managed through Neogen's Scotland operation.

On December 9, 2021, the Company acquired the stock of Genetic Veterinary Sciences, Inc., a companion animal genetic testing business providing genetic information for dogs, cats and birds to animal owners, breeders and veterinarians. This acquisition will further expand the Company's presence in the companion animal market. Consideration for the purchase was $11.4 million in net cash. The preliminary purchase price allocation, based upon the fair value of these assets and liabilities determined using the income approach, included accounts receivable of $38,000, net inventory of $292,000, net property, plant and equipment of $399,000, prepayments of $54,000, accounts payable of $325,000, unearned revenue of $1.9 million, other current liabilities of $321,000, intangible assets of $5.5 million (with an estimated life of 5-15 years) and the remainder to goodwill (deductible for tax purposes). These values are Level 3 fair value measurements. The business is operated from its current location in Spokane, Washington, reporting within the Animal Safety segment.

On July 1, 2022, Neogen acquired all of the stock of Thai-Neo Biotech Co., Ltd., a longstanding distributor of Neogen's food safety products to Thailand and Southeast Asia. This acquisition gives Neogen a direct sales presence in Thailand. Consideration for the purchase was $1,558,000 in net cash, with $1,311,000 paid at closing and $234,000 payable on October 1, 2023. The preliminary purchase price allocation, based upon the fair value of these assets and liabilities determined using the income approach, included accounts receivable of $179,000, inventory of $232,000, net property, plant and equipment of $16,000, other non-current assets of $6,000, accounts payable of $3,000, non-current deferred tax liabilities of $120,000, intangible assets of $600,000 (with an estimated life of 5-15 years) and the remainder to goodwill (non-deductible for tax purposes). The business continues to operate in Bangkok, Thailand, reporting within the Food Safety segment.

For each completed acquisition listed above, the revenues and net income were not considered material and were therefore not disclosed.

3M Food Safety transaction

On September 1, 2022, after the close of the first quarter, Neogen, 3M, and Garden SpinCo, a newly formed subsidiary of 3M created to carve out 3M's Food Safety business, closed on the transaction which had previously been announced in December 2021, combining 3M's Food Safety business with Neogen in a Reverse Morris Trust transaction. Immediately following the transaction, Garden SpinCo stockholders own, in the aggregate, approximately 50.1% of the issued and outstanding shares of Neogen common stock and pre-merger Neogen shareholders own, in the aggregate, approximately 49.9% of the issued and outstanding shares of Neogen common stock. Garden SpinCo became a subsidiary of Neogen on September 1. On closing, the transaction valued the 3M's Food Safety business at approximately $3.3 billion based on the issuance of 108,269,946 shares of Neogen common stock at a price of $20.90 per share on August 31, 2022 and $1 billion in debt assumed by Neogen post close. 3M's Food Safety business funded 3M consideration valued at approximately $1 billion at close.

3M's former Food Safety business is a leading provider of food safety testing solutions. It offers a broad range of food safety testing solutions that support multiple industries within food and beverage, helping producers to prevent and protect consumers from foodborne illnesses. The business has a broad global presence with products used in more than 60 countries and a diversified revenue base of more than 100,000 end-user customers. The combination of Neogen and 3M's Food Safety business creates a leading innovator with an enhanced geographic footprint, innovative product offerings, digitization capabilities, and financial flexibility to capitalize on robust growth trends in sustainability, food safety, and supply chain integrity.

This transaction is a business combination and will be accounted for using the acquisition method. The purchase price of 3M's Food Safety business will be allocated to the tangible and intangible assets acquired and liabilities assumed based on their fair value at the acquisition date. Any excess of the purchase price over the fair value of the net identified assets acquired and liabilities assumed will be recorded as goodwill. Transaction costs related to the transaction will be expensed as incurred. We are currently preparing the valuations and other procedures necessary to determine the purchase price allocation and will record our initial fair value estimates and the results of operations of the acquired business from the acquisition date forward in our condensed consolidated financial statement for the second quarter of fiscal 2023.

9. LONG TERM DEBT

At August 31, 2022, the Company had a financing agreement with a bank providing for a $15,000,000 unsecured revolving line of credit, which originally expired on November 30, 2023. There were no advances against the line of credit during fiscal 2022 and there were no advances through August 31, 2022. Interest on any borrowings was at LIBOR plus 100 basis points (rate under the terms of the agreement was 3.55% at August 31, 2022). Financial covenants included maintaining specified levels of tangible net worth, debt service coverage, and funded debt to EBITDA, each of which the Company was in compliance with at August 31, 2022. This facility was replaced by the five-year secured term loan facility and five-year secured revolving facility described below.

On June 30, 2022, Garden SpinCo entered into a credit agreement consisting of a five-year senior secured term loan facility in the amount of $650.0 million and a five-year senior secured revolving facility in the amount of $150.0 million (collectively, the "Credit Facilities"), which became available in connection with the merger and related transactions. The loan facility was funded to Garden Spinco on August 31, 2022, and upon the effectiveness of the merger on September 1, 2022, became Neogen's obligation. Financial covenants include maintaining specified levels of funded debt to EBITDA, and debt service coverage. Pricing for the loan is term SOFR plus 235 basis points. The Credit Facilities, together with the Notes below, when incurred, represent the financing incurred in connection with the merger of the 3M Food Safety business with Neogen.

In July 2022, Garden SpinCo closed on an offering of $350.0 million aggregate principal amount of 8.625% senior notes due 2030 (the "Notes") in a private placement at par. The Notes were initially issued by Garden SpinCo to 3M and were transferred and delivered by 3M to the selling securityholder in the offering, in satisfaction of certain of 3M's existing debt. Garden SpinCo did not receive any proceeds from the sale of the Notes by the selling securityholder. Prior to the distribution of the shares of Garden SpinCo's common stock to 3M stockholders, the Notes were guaranteed on a senior unsecured basis by 3M. Upon consummation of such distribution, 3M was released from all obligations under its guarantee. Upon the effectiveness of the merger on September 1, 2022, the Notes became guaranteed on a senior unsecured basis by Neogen and certain wholly-owned domestic subsidiaries of Neogen.

10. COMMITMENTS AND CONTINGENCIES

The Company is involved in environmental remediation and monitoring activities at its Randolph, Wisconsin manufacturing facility and accrues for related costs when such costs are determined to be probable and estimable. The Company currently utilizes a pump and treat remediation strategy, which includes semi-annual monitoring and reporting, consulting, and maintenance of monitoring wells. We expense these annual costs of remediation, which have ranged from $38,000 to $131,000 per year over the past five years. The Company's estimated remaining liability for these costs was $916,000 at both August 31, 2022 and May 31, 2022, measured on an undiscounted basis over an estimated period of 15 years. In fiscal 2019, the Company performed an updated Corrective Measures Study on the site, per a request from the Wisconsin Department of Natural Resources (WDNR) and is currently in discussion with the WDNR regarding potential alternative remediation strategies going forward. The Company believes that the current pump and treat strategy is appropriate for the site. However, the Company has agreed to a pilot study in which chemical reagents are injected into the ground in an attempt to reduce on-site contamination and is currently working with its consultant to design the system. At this time, the outcome of the pilot study is unknown, but a change in the current remediation strategy, depending on the alternative selected, could result in an increase in future costs and ultimately, an increase in the currently recorded liability, with an offsetting charge to operations in the period recorded. The Company has recorded $100,000 as a current liability, and the remaining $816,000 is recorded in other non-current liabilities in the consolidated balance sheets.

On March 6, 2020, the Company received an administrative subpoena from the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) regarding activities or transactions involving parties located in Iran. The Company subsequently conducted an internal investigation under the direction of outside legal counsel and disclosed information concerning certain genomic testing services provided to an unrelated U.S.-based party engaged in veterinary activities involving an Iranian party. The Company continues to cooperate with OFAC's investigation and is currently examining whether certain of these activities may be eligible for OFAC General Licenses authorizing agricultural and veterinary activities.

In addition to responding to the administrative subpoena, the Company has implemented additional compliance measures to prevent inadvertent dealings with restricted countries or parties. These measures will further enhance the Company's international trade compliance program, which is designed to assure that the Company does not conduct business directly or indirectly with any countries or parties subject to U.S. economic sanctions and export control laws. Although it is too early to predict what action, if any, that OFAC will take, the Company does not currently have any reason to believe that OFAC's pending investigation will have a material impact on its operations, the results of operations for any future period, or its overall financial condition. In fiscal 2020, the Company took a charge to expense and recorded a reserve of $600,000 to provide for potential fines or penalties on this matter. At this time, the Company believes that it is adequately reserved for this issue. The Company is subject to certain legal and other proceedings in the normal course of business that, in the opinion of management, should not have a material effect on its future results of operations or financial position.

11. DERIVATIVES

We operate on a global basis and are exposed to the risk that our financial condition, results of operations and cash flows could be adversely affected by changes in foreign currency exchange rates. To reduce the potential effects of foreign currency exchange rate movements on net earnings, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts with major financial institutions.

Derivatives Not Designated as Hedging Instruments

We forecast our net exposure in various receivables and payables to fluctuations in the value of various currencies, and we enter into approximately 11 foreign currency forward contracts each month to mitigate that exposure. These contracts are recorded net at fair value on our consolidated balance sheets, classified as Level 2 in the fair value hierarchy; gains and losses from these contracts were recognized in other income in our consolidated statements of income. The notional amount of forward contracts in place was $18,221,000 and $4,424,000 as of August 31, 2022 and May 31, 2022, respectively.

(In thousands) **Fair Value of Derivatives Not Designated as Hedging Instruments**	**Balance Sheet Location**	**August 31, 2022**	**May 31, 2022**
Foreign currency forward contracts, net	Prepaid and Other	$ 421	$ (78)

The location and amount of gains from derivatives not designated as hedging instruments in our consolidated statements of income were as follows:

(In thousands) **Derivatives Not Designated as Hedging Instruments**	**Location in statements of income**	**August 31, 2022**	**August 31, 2021**
Foreign currency forward contracts	Other income (expense)	$ 882	$ 521

PART I – FINANCIAL INFORMATION

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

The information in this Management's Discussion and Analysis of Financial Condition and Results of Operations contains both historical financial information and forward-looking statements. Neogen does not provide forecasts of future financial performance. While management is optimistic about the Company's long-term prospects, historical financial information may not be indicative of future financial results.

Safe Harbor and Forward-Looking Statements

Forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, are made throughout this Quarterly Report on Form 10-Q. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements. There are a number of important factors, including competition, recruitment and dependence on key employees, impact of weather on agriculture and food production, effects of the ongoing COVID-19 pandemic on our business, global business disruption caused by the Russia invasion in Ukraine and related sanctions, identification and integration of acquisitions, research and development risks, patent and trade secret protection, government regulation and other risks detailed from time to time in the Company's reports on file at the Securities and Exchange Commission, that could cause Neogen Corporation's results to differ materially from those indicated by such forward-looking statements, including those detailed in this "Management's Discussion and Analysis of Financial Condition and Results of Operations."

In addition, any forward-looking statements represent management's views only as of the day this Quarterly Report on Form 10-Q was first filed with the Securities and Exchange Commission and should not be relied upon as representing management's views as of any subsequent date. While management may elect to update forward-looking statements at some point in the future, it specifically disclaims any obligation to do so, even if its views change.

TRENDS AND UNCERTAINTIES

During fiscal 2022 and the first quarter of fiscal 2023, we have experienced higher than expected input cost inflation, including higher transportation, supply chain and labor costs, that negatively impacted operating results. Pricing actions taken during fiscal 2022 and the first quarter of fiscal 2023 mitigated some, but not all, of the inflationary pressures. Ongoing inflation may also have an impact on our customer's purchasing decisions and order patterns. We estimate inflation will continue to affect us in the remainder of fiscal 2023, although at this time it is impracticable to quantify the impact.

Although we have no operations in or direct exposure to Russia, Belarus and Ukraine, we have experienced intermittent shortages in materials and increased costs for transportation, energy and raw materials due, in part, to the negative impact of the Russia-Ukraine military conflict on the global economy. To date, our European operations and customer base have not been materially impacted by the conflict, however, as the conflict continues or worsens, it may impact our business, financial condition or results of operations in the remainder of fiscal 2023.

As we continue to monitor the ongoing COVID-19 pandemic, our top priority remains protecting the health and safety of our employees, their families, and those in our communities. Safety guidelines and procedures have been developed for on-site employees and these policies are regularly monitored and updated by our internal Emergency Response Team.

COVID-19 continues to impact our business operations and financial results. A number of our product lines have been negatively impacted due to decreased demand in our customers' businesses around the world. Many of our markets are recovering, but the pandemic has continued to adversely impact our customers and ultimately, our revenues. We have also experienced supply chain difficulties including vendor disruptions, border closures, shipping issues and significantly increased shipping costs; labor shortages and higher labor costs, as we have had to use staffing agencies and increase our base pay in a number of areas of the Company to fill open positions and to cover for COVID-related absences, and restricted travel, which hinders our ability to connect with customers.

Overall, the impact of COVID-19 remains uncertain and ultimately depends on the length and severity of the pandemic, inclusive of the introduction of new strains of the virus; government actions taken in response; vaccination rates and effectiveness; the impact of vaccination requirements; extent of protection provided by prior viral infection; and the macroeconomic environment. We will continue to evaluate the nature and extent to which COVID-19 has impacted our business, supply chain, including labor availability and attrition, consolidated results of operations, financial condition, and liquidity; we expect it to continue to impact us through at least the end of our fiscal year ending May 31, 2023.

Executive Overview

(in thousands)	August 31, 2022	2021	%
Consolidated			
Revenues	$ 132,349	$ 128,305	3%
Organic Sales Growth			*0%*
Food Safety			
Revenues	$ 64,643	$ 62,722	3%
Organic Sales Growth			*1%*
Animal Safety			
Revenues	$ 67,706	$ 65,583	3%
Organic Sales Growth			*0%*
% of International Sales	39%	39%	
Effective Tax Rate	21.8%	21.4%	
Net Income	$ 5,209	$ 17,077	-69%
EBITDA*	$ 11,419	$ 27,206	-58%
Adjusted EBITDA*	$ 27,018	$ 28,896	-6%
Per Diluted Share	$ 0.05	$ 0.16	
Cash (for) from Operations	$ (14,143)	$ 23,210	

* Refer to non-GAAP financial measure section in this document.

- Food Safety organic sales exclude revenues from the acquisitions of Delf/Abbott Analytical (November 2021) and Thai-Neo Biotech (July 2022).
- Animal Safety organic sales exclude revenues from the acquisitions of CAPInnoVet (September 2021) and Genetic Veterinary Sciences (December 2021).
- Net income was $5.2 million in the first quarter of fiscal 2023 compared to $17.1 million in the first quarter of the prior year, adversely impacted by $13.7 million in legal, consulting and other expenses related to our agreement to combine with 3M's Food Safety business. This transition closed on September 1, 2022, after the close of the first quarter.

International sales rose 2% in the first quarter of fiscal 2023 compared to the same period in the prior year. Currency translations decreased comparative revenues by approximately $3.9 million in the first quarter of fiscal 2023, due to the stronger U.S. dollar relative to currencies in the United Kingdom, Europe, Australia, and Argentina for the comparative period. On a neutral currency basis, international sales increased 10%. Excluding revenues from the Delf/Abbott Analytical and Thai-Neo Biotech acquisitions, the increase was 7% on a neutral currency basis. Revenue changes, expressed in percentages, for the three month period of fiscal 2023 compared to the same period in the prior year are as follows for each of our international locations:

	Three Months Ended August 31, 2022	
	Revenue % Inc (Dec) USD	**Revenue % Inc (Dec) Local Currency**
U.K. Operations (including Neogen Italia)	5%	19%
Megazyme	(13)%	1%
Brazil Operations	13%	14%
Neogen Latinoamerica	19%	20%
Neogen Argentina	34%	78%
Neogen Uruguay	1%	(6)%
Neogen Chile	(4)%	16%
Neogen China	(18)%	(14)%
Neogen India	25%	33%
Neogen Canada	(7)%	(3)%
Neogen Australasia	(8)%	(2)%

Combined revenues at our U.K. operations increased 5% in the first quarter, led by a 31% increase in sales of cleaners and disinfectants, aided by the acquisition of Delf (UK) Ltd. in December 2021; in local currency, the organic increase was 12%. For the Megazyme operation, located in Ireland, the prior year first quarter included end sales to customers in the U.S. These end customer sales were transitioned to our U.S. operations in August 2021.

Sales in Brazil increased 13% in this year’s first quarter, driven by strong sales of the company’s mycotoxin test kits, including tests to detect aflatoxin and deoxynivalenol (DON), as well as increases in veterinary instruments, insect and rodent controls products, and genomics testing. Neogen Latinoamerica sales rose 19% for the first quarter, led by increases across the company’s diagnostic testing portfolio and culture media, as well as higher sales of rodent control products and cleaners and disinfectants. Sales at Neogen China decreased 18% for the three month period as the country’s COVID-19 related lockdowns continued to negatively impact sales in the first quarter of the fiscal year. Revenues at Neogen’s Australasia operations decreased 8% as a large non-recurring culture media order in the prior year was only partially offset by bovine genomic service increases.

Service revenue, which includes genomics testing and other laboratory services, was $25.6 million in the first quarter of fiscal 2023, an increase of 5% over the prior year first quarter revenues of $24.3 million. Excluding the contribution from the December 2021 acquisition of Genetic Veterinary Sciences and negative currency impact, service revenue increased 2%. Growth in the beef markets in the U.S. and Brazil was partially offset by COVID-related shutdowns in China and a difficult comparison due to a large domestic research project recorded in the prior year.

Revenues

(in thousands)	Three Months Ended August 31, 2022	2021	Increase/ (Decrease)	%
Food Safety				
Natural Toxins, Allergens & Drug Residues	$ 19,787	$ 20,408	$ (504)	(3)%
Bacterial & General Sanitation	10,728	11,165	(437)	(4)%
Culture Media & Other	19,254	18,046	1,091	7%
Rodent Control, Insect Control & Disinfectants	9,575	7,649	1,926	25%
Genomics Services	5,299	5,454	(155)	(3)%
	$ 64,643	$ 62,722	$ 1,921	3%
Animal Safety				
Life Sciences	$ 1,589	$ 1,363	$ 226	17%
Veterinary Instruments & Disposables	14,673	15,337	(664)	(4)%
Animal Care & Other	10,526	9,219	1,307	14%
Rodent Control, Insect Control & Disinfectants	22,214	22,149	65	0%
Genomics Services	18,704	17,515	1,189	7%
	$ 67,706	$ 65,583	$ 2,123	3%
Total Revenues	$ 132,349	$ 128,305	$ 4,044	3%

Food Safety

Natural Toxins, Allergens & Drug Residues – Sales in this category decreased 3% for the three month period ended August 31, 2022, compared to the same period in the prior year. In the first quarter, aflatoxin test kit revenues increased 25% primarily from an aflatoxin outbreak in Brazil and new business earned in Mexico and Central America. This increase was offset by a 9% decline across the company's allergen testing portfolio caused by softening market conditions and supply disruptions for certain products.

Bacterial & General Sanitation – Revenues in this category decreased 4% for the first quarter compared to the same period in the prior year. In the first quarter this year, there was a significant decrease in Soleris® equipment sales due to a difficult comparison to strong prior year placements. Soleris® consumables recorded a 6% increase over the prior year, and the ANSR pathogen detection product line grew 13% from new equipment placements and higher test kit sales.

Culture Media & Other – Sales in this category increased 7% in the quarter ended August 31, 2022 compared to the first quarter in the prior year. Sales of food quality and nutritional analysis products increased by 9% over the prior year, as the products were integrated into U.S. channels. The recently introduced Neogen Analytics platform continued to make strong inroads in the market.

Rodent Control, Insect Control & Disinfectants – Revenues in this category increased 25% in the first quarter of fiscal 2023 compared to the same period a year ago. Excluding the revenue contribution from the Delf acquisition in this category, the overall increase was 9%, primarily due to higher demand of cleaners and disinfectants in Europe, Brazil, Mexico and Central America.

Genomics Services – Sales of genomics services sold through our international Food Safety operations decreased 3% for the three month period ended August 31, 2022. Increased beef business in Brazil was more than offset by unfavorable currency comparisons in the U.K. and COVID-related lab closures in China.

Animal Safety

Life Sciences – Sales in this category increased 17% in the first quarter, compared to the same period in the prior year. The increase was due to higher demand from customers purchasing substrates and reagents used in clinical diagnostic test kits.

Veterinary Instruments & Disposables – Revenues in this category decreased 4% for the three month period ended August 31, 2022, primarily due to a 6% decrease in sales of veterinary instruments. This category had increased by a strong 52% in the first quarter a year ago.

Animal Care & Other – Sales of these products increased 14% in the three month period ended August 31, 2022; excluding the contribution of parasiticides from the September acquisition of CAPInnoVet, revenues in this category increased 9%. Sales of other animal care products, including supplements and vitamin injectables, increased 16% on continued strong end customer demand.

Rodent Control, Insect Control & Disinfectants – Revenues were flat for the three month period ended August 31, 2022, as compared to the same period in the prior year. Sales of insect control products rose 14% in the quarter and cleaners and disinfectants sales increased 7%. These increases were offset by a 12% decrease in rodenticide sales, the result of diminished rodent pressure in the U.S.

Genomics Services – Sales in this category increased 7% in the first quarter compared to the prior year; excluding the contribution from Genetic Veterinary Sciences, revenues declined 3%. Domestic increases in the beef market were more than offset by unfavorable currency comparisons in Australia, lower sample volumes from a large customer in the porcine market and a difficult prior year comparison due to a large research project which did not recur.

Gross Margin

Gross margin, expressed as a percentage of sales, was 47.0% in the first quarter of fiscal 2023 compared to 46.8% in the same quarter a year ago. Animal Safety gross margins increased 200 basis points, with pricing actions taken in the prior fiscal year and a mix shift towards higher margin animal care products driving the improvement. Food Safety gross margins declined 160 basis points, primarily from the impact of lower gross margins from the Delf acquisition. Within each segment, increased raw material and freight in costs continued to pressure gross margins in certain product lines.

Operating Expenses

Operating expenses were $56.2 million in the first quarter of fiscal 2023, compared to $38.3 million in the same quarter of the prior year. Legal, consulting and other professional fees and expenses totaling $13.7 million were incurred in the first quarter of the current fiscal year related to our combination with 3M's Food Safety business, which closed on September 1, 2022. Excluding costs related to the transaction, run rate operating expenses for the first quarter were $42.5 million, an increase of 11% compared to the prior year. Operating expenses for businesses acquired in the past year totaled $2.1 million and represented 50% of the increase for the first quarter of fiscal 2023.

Sales and marketing expenses were $23.4 million in the first quarter of fiscal 2023, compared to $20.6 million in last year's first quarter, an increase of 14%. The increase in expense was driven by higher personnel related spending, the result of headcount additions and compensation increases. In addition, travel, trade shows and other customer facing activities increased significantly, as the prior year first quarter was affected by global COVID-19 restrictions. Shipping expense increased 10% for the quarter, primarily due to rate increases and fuel surcharges from both small package and truckload shippers.

General and administrative expenses were $27.9 million in the first quarter, and included $13.7 million in legal, consulting and other professional fees and expenses related to our combination with 3M's Food Safety business, which closed on September 1, 2022. After adjusting for these deal-related expenses, first quarter run rate general and administrative expenses were $14.2 million, an increase of $829,000, or 6%. The increase was primarily the result of incremental expense from acquisitions, including amortization, stock based compensation grants, and license fees relating to information technology infrastructure and software investments.

Research and development expense was $4.9 million in the first quarter of fiscal 2023, an increase of $557,000, or 13%, compared to the same period in the prior year. The increase was primarily the result of external costs for testing and validation for new commercial products in the Animal Safety segment, and to a lesser extent, compensation and other personnel related increases.

Operating Income

Operating income was $6.1 million in the first quarter of fiscal 2023, compared to $21.7 million in the same period of the prior year. Expressed as a percentage of sales, operating income was 4.6% for the first quarter of fiscal 2023 compared to 16.9%, respectively, for the same period in the prior year. Adjusting for the costs resulting from the 3M transaction, operating income was $19.8 million, or 15.0%, for the first quarter of the 2023 fiscal year.

Other Income

(dollars in thousands)	Three Months Ended August 31, 2022	2021
Interest income (net of expense)	$ 969	$ 203
Foreign currency transactions	(421)	(151)
Other	49	(70)
Total Other Income	$ 597	$ (18)

The increase in interest income in the first three months of fiscal 2023, compared to the same period a year ago, was the result of improved yields on our marketable securities balances due to higher interest rates on fixed income investments. Other income or expense resulting from foreign currency transactions was the result of changes in the value of foreign currencies relative to the U.S. dollar in countries in which we operate.

Income Tax Expense

Income tax expense in the first quarter of fiscal 2023 was $1.5 million, an effective tax rate of 21.8%, compared to $4.7 million, an effective tax rate of 21.4%, in the same period of the prior year. For the first quarter of fiscal 2023, the primary difference between the statutory rate of 21% and the effective rates recorded is the impact of higher tax rates in international countries we do business in, and also state taxes. In both periods, there was minimal benefit from the exercise of stock options.

Net Income

Net income was $5.2 million in the first quarter of fiscal 2023, compared to $17.1 million in the same period in the prior year. The decline in earnings for the quarter was primarily the result of $13.7 million in legal, consulting, professional fees and other expenses from the 3M Food Safety transaction. Excluding those charges and adjusting to the effective tax rate, net income was $15.9 million.

Non-GAAP Financial Measures

This report includes certain financial information for the Company that differs from what is reported in accordance with GAAP. These non-GAAP financial measures consist of EBITDA, Adjusted EBITDA and Adjusted EBITDA margin. These non-GAAP financial measures are included in this report because management believes that they provide investors with additional useful information to measure the performance of the Company, and because these non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties as common performance measures to compare results or estimate valuations across companies in industries the Company operates in.

EBITDA

We define EBITDA as net income before interest, income taxes, and depreciation and amortization. We present EBITDA as a performance measure because it may allow for a comparison of results across periods and results across companies in the industries in which Neogen operates on a consistent basis, by removing the effects on operating performance of (a) capital structure (such as the varying levels of interest expense and interest income), (b) asset base and capital investment cycle (such as depreciation and amortization) and (c) items largely outside the control of management (such as income taxes). EBITDA also forms the basis for the measurement of Adjusted EBITDA (discussed below).

Adjusted EBITDA

We define Adjusted EBITDA as EBITDA, adjusted for stock-based compensation and certain transaction fees and expenses. We present EBITDA because it provides an understanding of underlying business performance by excluding the following:

- *Stock-based compensation*. We believe it is useful to exclude stock-based compensation to better understand the long-term performance of the respective core businesses and to facilitate comparison with the results of peer companies.
- *Certain transaction fees and expenses.* We exclude fees and expenses related to certain transactions because they are outside of Neogen's underlying core performance.

Adjusted EBITDA margin

We define Adjusted EBITDA margin as Adjusted EBITDA as a percentage of total revenues. We present Adjusted EBITDA margin as a performance measure to analyze the level of Adjusted EBITDA generated from total revenue.

These non-GAAP financial measures are presented for informational purposes only. EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are not recognized terms under GAAP and should not be considered in isolation or as a substitute for, or superior to, net income (loss), operating income, cash flow from operating activities or other measures of financial performance. This information does not purport to represent the results Neogen would have achieved had any of the transactions for which an adjustment is made occurred at the beginning of the periods presented or as of the dates indicated. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of Neogen's financial condition or results of operations for the periods presented and should not be relied upon when making an investment decision.

The use of the terms EBITDA, Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to similarly titled measures used by other companies or persons due to potential differences in the method of calculation.

These non-GAAP financial measures have limitations as analytical tools. For example, for EBITDA-based metrics:

- they do not reflect changes in, or cash requirements for, Neogen's working capital needs;
- they do not reflect Neogen's tax expense or the cash requirements to pay taxes;
- they do not reflect the historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect any cash requirements for future replacements of assets that are being depreciated and amortized; and
- they may be calculated differently from other companies in Neogen's industries limiting their usefulness as comparative measures.

You should compensate for these limitations by relying primarily on the financial statements of Neogen and using these non-GAAP financial measures only as a supplement to evaluate Neogen's performance.

For each of these non-GAAP financial measures below, we are providing a reconciliation of the differences between the non-GAAP measure and the most directly comparable GAAP measure.

Reconciliation between net income and EBITDA and Adjusted EBITDA is as follows:

	Three Months Ended August 31	
(Dollars in thousands)	**2022**	**2021**
Net Income	$ 5,209	$ 17,077
Net income margin %	*3.9%*	*13.3%*
Provision for income taxes	1,450	4,650
Depreciation and amortization	5,729	5,682
Interest income, net	(969)	(203)
EBITDA	**$ 11,419**	**$ 27,206**
Stock-based compensation	1,867	1,690
Certain transaction fees and expenses	13,732	—
Adjusted EBITDA	**$ 27,018**	**$ 28,896**
Adjusted EBITDA margin %	*20.4%*	*22.5%*

Adjusted EBITDA decreased 6% for the first three months of fiscal 2023 compared to the first three months of fiscal 2022, due to operating expenses growth which exceeded revenue growth.

Financial Condition and Liquidity

The overall cash, cash equivalents and marketable securities position of Neogen was $347.7 million at August 31, 2022, compared to $381.1 million at May 31, 2022. Cash flow from operating activities was negative $14.1 million during the first three months of fiscal 2023, the result of deal-related expenses, inventory increases, and $1.3 million on business acquisitions. Net cash proceeds of $905,000 were realized from the exercise of stock options and issuance of shares under our Employee Stock Purchase Plan during the first three months of fiscal 2023. We spent $13.0 million for property, equipment and other non-current assets in the first three months of fiscal 2023, with a significant portion of expenditures on IT for items such as laptops and software related to the 3M Food Safety business.

Net accounts receivable balances were $93.1 million at August 31, 2022 compared to $99.7 million at May 31, 2022. Days' sales outstanding, a measurement of the time it takes to collect receivables, were 60 days at August 31, 2022, compared to 62 days at May 31, 2022 and 59 days at August 31, 2021. We have continued to carefully monitor our customer receivables during the COVID-19 pandemic; to date, we have not experienced an appreciable increase in bad debt write offs related to the pandemic.

Net inventory was $129.0 million at August 31, 2022, an increase of $6.7 million, compared to a May 31, 2022 balance of $122.3 million. The higher inventory levels are primarily reflective of the inflationary pressures on raw material costs. Additionally, we have been increasing inventory levels in an effort to reduce the impact of higher freight costs and to prevent backorders, as vendor order fulfillment has been erratic and certain suppliers are requiring higher minimum order levels due to their capacity constraints.

On September 1, 2022, after the close of the first quarter of fiscal 2023, Neogen, 3M, and Garden Spinco, a newly formed subsidiary of 3M created to carve out 3M's Food Safety business, closed on the transaction which had previously been announced in December 2021, combining 3M's Food Safety business with Neogen in a Reverse Morris Trust transaction.

On June 30, 2022, Garden SpinCo entered into a credit agreement consisting of a five-year senior secured term loan facility in the amount of $650.0 million and a five-year senior secured revolving facility in the amount of $150.0 million (collectively, the "Credit Facilities"), which became available in connection with the merger and related transactions. The loan facility was funded to Garden Spinco on August 31, 2022, and upon the effectiveness of the merger on September 1, 2022, became Neogen's obligation. Financial covenants include maintaining specified levels of funded debt to EBITDA, and debt service coverage. Pricing for the term loan is term SOFR plus 235 basis points. The Credit Facilities, together with the Notes below, represent the financing incurred in connection with the merger of the 3M Food Safety business with Neogen's.

In July 2022 Garden SpinCo closed on an offering of $350.0 million aggregate principal amount of 8.625% senior notes due 2030 (the "Notes") in a private placement at par. The Notes were initially issued by Garden SpinCo to 3M and were transferred and delivered by 3M to the selling securityholder in the offering, in satisfaction of certain of 3M's existing debt. Garden SpinCo did not receive any proceeds from the sale of the Notes by the selling securityholder. Prior to the distribution of the shares of Garden SpinCo's common stock to 3M stockholders, the Notes were guaranteed on a senior unsecured basis by 3M. Upon consummation of such distribution, 3M was released from all obligations under its guarantee. Upon the effectiveness of the merger on September 1, 2022, the Notes became guaranteed on a senior unsecured basis by Neogen and certain wholly-owned domestic subsidiaries of Neogen.

In addition to the 3M transaction described above, our future cash generation and borrowing capacity may not be sufficient to meet cash requirements to fund the operating business, repay debt obligations, commercialize products currently under development or execute our future plans to acquire additional businesses, technology and products that fit within our strategic plan. Accordingly, we may be required, or may choose, to issue additional equity securities or enter into other financing arrangements for a portion of our future capital needs.

PART I – FINANCIAL INFORMATION

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have interest rate and foreign exchange rate risk exposure but no long-term fixed rate investments or borrowings. Our primary interest rate risk is due to potential fluctuations of interest rates for short-term investments.

Foreign exchange risk exposure arises because we market and sell our products throughout the world. Revenues in certain foreign countries as well as certain expenses related to those revenues are transacted in currencies other than the U.S. dollar. Our operating results are exposed to changes in exchange rates between the U.S. dollar and the British pound sterling, euro, Mexican peso, Brazilian real, Chinese yuan, Australian dollar and to a lesser extent, the Thai baht, Japanese yen, South Korean won, Indian rupee, Canadian dollar, Guatemalan quetzal, Argentine peso, Uruguayan peso and Chilean peso; there is also exposure to a change in exchange rate between the British pound sterling and the euro. When the U.S. dollar weakens against foreign currencies, the dollar value of revenues denominated in foreign currencies increases. When the U.S. dollar strengthens, the opposite situation occurs. Additionally, previously invoiced amounts can be positively or negatively affected by changes in exchange rates in the course of collection. We use derivative financial instruments to help manage the economic impact of fluctuations in certain currency exchange rates. These contracts are adjusted to fair value through earnings.

Neogen has assets, liabilities and operations outside of the U.S., located in Scotland, England, Ireland, Italy, Switzerland, Poland, Brazil, Mexico, Guatemala, Argentina, Uruguay, Chile, China, Thailand, Japan, Korea, India, Canada and Australia where the functional currency is the British pound sterling, euro, Brazilian real, Mexican peso, Guatemalan quetzal, Argentine peso, Uruguayan peso, Chilean peso, Chinese yuan, Thai baht, Japanese yen, South Korean won, Indian rupee, Canadian dollar and Australian dollar, respectively. Our investments in foreign subsidiaries are considered long-term. As discussed in ITEM 1A. RISK FACTORS of our Annual Report on Form 10-K for the year ended May 31, 2022, our financial condition and results of operations could be adversely affected by currency fluctuations.

The following table sets forth the potential loss in future earnings or fair values, resulting from hypothetical changes in relevant market rates or prices:

Risk Category	Hypothetical Change	August 31, 2022	Impact
(dollars in thousands)			
Foreign Currency - Revenue	10% Decrease in exchange rates	$ 4,309	Earnings
Foreign Currency - Hedges	10% Decrease in exchange rates	1,822	Fair Value
Interest Income	10% Decrease in exchange rates	97	Earnings

PART I – FINANCIAL INFORMATION

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of August 31, 2022 was carried out under the supervision and with the participation of the Company’s management, including the President & Chief Executive Officer and the Vice President & Chief Financial Officer (“the Certifying Officers”). Based on the evaluation, the Certifying Officers concluded that the Company’s disclosure controls and procedures are effective.

Changes in Internal Controls over Financial Reporting

No changes in our control over financial reporting were identified as having occurred during the quarter ended August 31, 2022 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our material pending legal proceedings, see Note 10 “Commitments and Contingencies” of the Notes to consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated by reference.

Item 6. Exhibits

(a) Exhibit Index

3.1	Certificate of Amendment to Articles of Incorporation filed on October 11, 2010 (incorporated by reference to Exhibit 3.2 filed with the Registrant's Annual Report on Form 10-K filed on July 30, 2020).
3.2	Restated Articles of Incorporation, as amended on November 23, 2011 (incorporated by reference to Exhibit 3.1 filed with the Registrant's Quarterly Report on Form 10-Q filed December 30, 2011).
3.3	Certificate of Amendment to Articles of Incorporation filed on November 20, 2018 (incorporated by reference to Exhibit 3 filed with the Registrant's Quarterly Report on Form 10-Q filed December 28, 2018).
3.4	Certificate of Amendment to Articles of Incorporation of Neogen Corporation filed on March 14, 2022 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Neogen Corporation on March 17, 2022).
3.5	Certificate of Amendment to Articles of Incorporation of Neogen Corporation filed on September 1, 2022 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Neogen Corporation on September 1, 2022).
3.6	By-Laws, as amended (incorporated by reference to Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q filed April 14, 2000).
3.7	Amendment to the By-Laws, as amended (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed by Neogen Corporation on September 1, 2022).
10.1	Credit Agreement, dated as of June 30, 2022, among Garden SpinCo Corporation, as borrower, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as administrative agent, and joined thereto as of September 1, 2022 by Neogen Corporation, as a borrower (incorporated by reference to Exhibit 10.9 to Neogen's Registration Statement on Form S-4 (Registration No. 333-263667), filed with the SEC on July 27, 2022).
31.1	Certification of Principal Executive Officer
31.2	Certification of Principal Financial Officer
32	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

Items 1A, 2, 3, 4, and 5 are not applicable or removed or reserved and have been omitted.

SIGNATURES

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

NEOGEN CORPORATION
(Registrant)

Dated: September 30, 2022

/s/ John E. Adent
John E. Adent
President & Chief Executive Officer
(Principal Executive Officer)

Dated: September 30, 2022

/s/ Steven J. Quinlan
Steven J. Quinlan
Vice President & Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 31.1
13a. – CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
NEOGEN CORPORATION AND SUBSIDIARIES

CEO CERTIFICATION

I, John E. Adent, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended August 31, 2022 of Neogen Corporation;
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 officer 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; and
    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; and
    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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer 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 registrant's board of directors:
    a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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: September 30, 2022

/s/ John E. Adent
John E. Adent
President & Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2
13a. – CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
NEOGEN CORPORATION AND SUBSIDIARIES

CFO CERTIFICATION

I, Steven J. Quinlan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended August 31, 2022 of Neogen Corporation;
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 officer 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; and
   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; and
   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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer 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 registrant's board of directors:
   a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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: September 30, 2022

/s/ Steven J. Quinlan
Steven J. Quinlan
Vice President & Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32
18 U.S.C. SECTION 1350 CERTIFICATION
NEOGEN CORPORATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Neogen Corporation (the "Company") for the period ended August 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John E. Adent, as Chief Executive Officer of the Company and I, Steven J. Quinlan, as Chief Financial Officer, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) This Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) Information contained in this Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: September 30, 2022

/s/ John E. Adent
John E. Adent
President & Chief Executive Officer
(Principal Executive Officer)

/s/ Steven J. Quinlan
Steven J. Quinlan
Vice President & Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.