



Fiscal Year 2024
First-Quarter
Results
October 10, 2023

Disclaimer

Preliminary Results and Forward-Looking Statements

The Company's reported results are preliminary. The Company has not yet completed its year-end reporting process, and the Company's independent auditor has not completed its audit. Accordingly, final results and other disclosures to be included in our Annual Report on Form 10-K could differ from preliminary results and disclosures.

This presentation includes "forward-looking statements" as that term is defined in Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on Neogen's current expectations and are subject to risks and uncertainties, which could cause actual results to differ from those stated or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary from those indicated or anticipated by such forward-looking statements. The inclusion of forward-looking statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ from such forward-looking statements include, among others, the success of the recently completed combination with the food safety business of 3M Company, limitations or restrictions on Neogen's activities arising in connection with the transaction, competition and our ability to develop and market new products, recruitment, including circumstances beyond our control at our transition manufacturing partner, retention and dependence on key employees, economic conditions affecting the agriculture and food production industries, effects of COVID-19 or other pandemics on our business, supply chain disruption, higher interest rates and inflation, risks relating to international operations and expansion into new geographical markets, identification and integration of acquisitions, research and development risks, patent and trade secret protection, government regulation, results from, or delays in, the completion of the fiscal year-end audit, the occurrence of subsequent events, and other risk factors detailed from time to time in Neogen's reports filed with the SEC, including Neogen's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other documents filed with the Securities and Exchange Commission, including documents filed with the Securities and Exchange Commission in connection with the recently completed transaction with 3M Company. The foregoing list of important factors is not exclusive. Any forward-looking statements speak only as of the date of this presentation. Neogen expressly disclaims any obligation to update any forward-looking statements, whether as a result of new information or developments, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

Non-GAAP Financial Information

This presentation includes Core Revenue Growth, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income and Adjusted Earnings per Share, which are non-GAAP financial measures. These non-GAAP financial measures are presented for informational purposes only and should not be regarded as a replacement for corresponding GAAP measures. In regards to the forward-looking non-GAAP Adjusted EBITDA included in this presentation, we are not able to reconcile such metrics to the closest corresponding GAAP measures without unreasonable efforts because we are unable to predict the ultimate outcome of certain significant items.

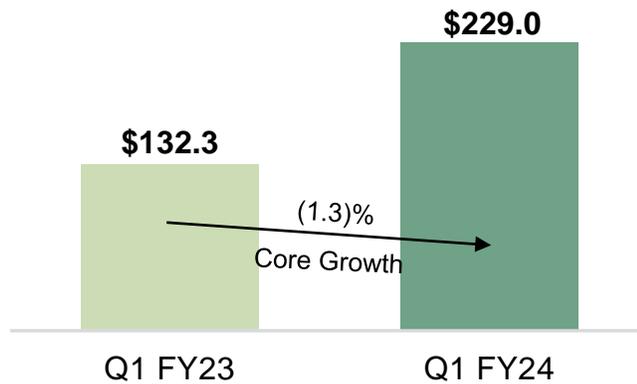
Q1 FY24 Summary

- Revenue broadly in line with expectations outside of Asia, with low-single-digit pro forma core growth achieved in rest of world
- Core revenue in combined Food Safety business grew mid-single-digits outside of Asia, including positive volume
 - Legacy Food Safety business performed well, delivering mid-single-digit core growth
 - Former 3M Food Safety core growth of low-single-digits on pro forma basis, transition manufacturing progress sustained
- Distributor destocking in Animal Safety segment continued, channel inventories at multi-year lows
- Adjusted EBITDA Margin expansion of 250 bps
- Solid progress made on integration activities
 - Site preparation for Sample Handling and Pathogen manufacturing nearing completion, hiring/training underway
 - Significant step completed with initial ERP go-live; processing orders and shipments, but with some delay
 - On track to exit transition service agreements in Q3

Solid integration progress while navigating soft end market conditions

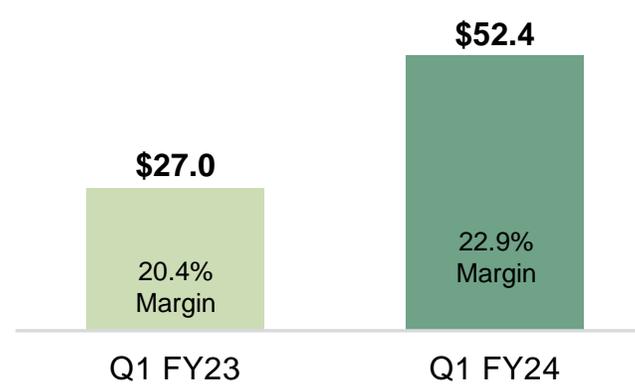
Financial Highlights

Revenue (\$M)



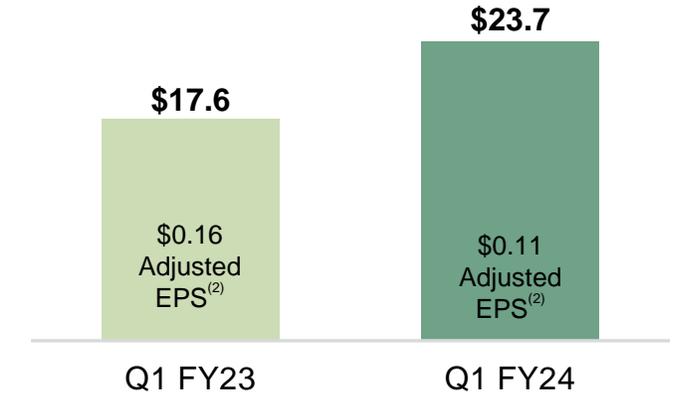
- Core revenue growth⁽¹⁾ of 4.5% in legacy Food Safety business
- Animal Safety core revenue growth of (6.7)%
- Pro forma core revenue growth of (0.4)%
 - LSD core growth on pro forma basis outside of APAC

Adjusted EBITDA (\$M)



- Gross margin expansion of 400 bps year-over-year
- Food Safety transaction driving Adjusted EBITDA margin expansion
- Transition manufacturing billing adjustment and FX negatively impacted Adjusted EBITDA margin by ~100 bps

Adjusted Net Income (\$M, excl. per share)

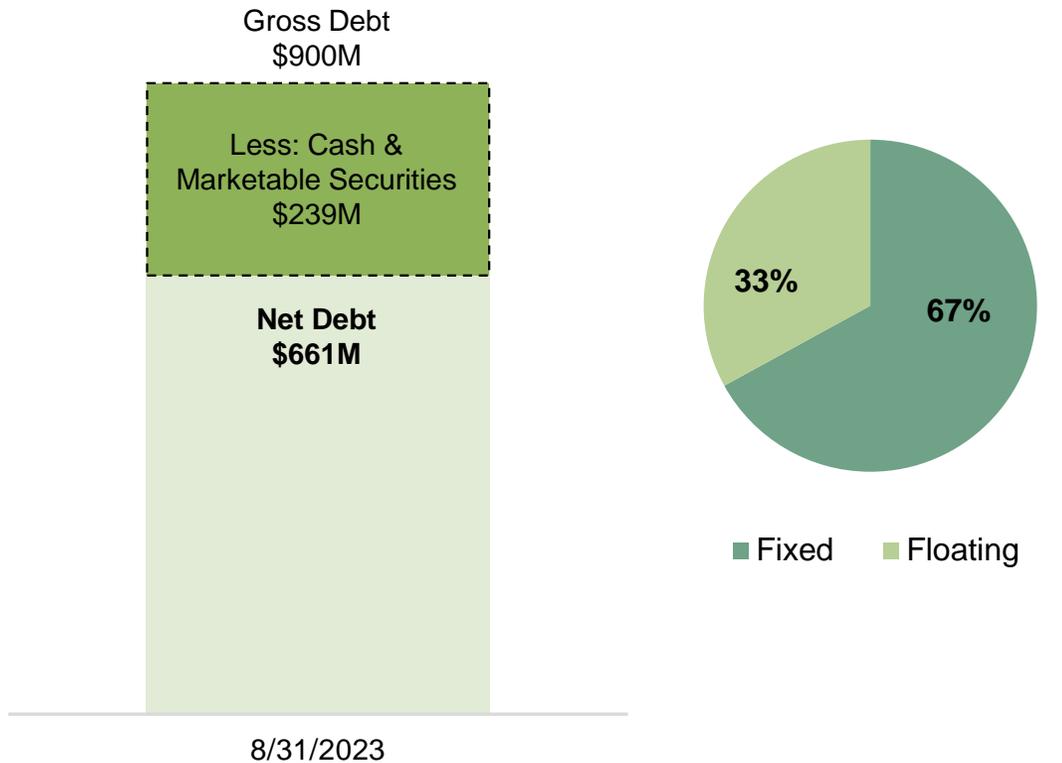


- Adjusted Net Income up 35% compared to prior year
- Higher Adjusted EBITDA more than offset increased interest expense
- Adjusted EPS⁽²⁾ impacted by shares issued as consideration for Food Safety transaction

(1) Excludes the impacts of foreign currency, the first 12 months of acquisitions and discontinued product lines
 (2) Adjusted Net Income per share

Balance Sheet & Capital Allocation

Debt Profile



- Net debt roughly flat from Q4, despite elevated capex
- Capex elevated to support integration of former 3M Food Safety business
- \$100M of debt repaid since closing of Food Safety transaction in September 2022
- Debt remains ~2/3rd fixed
- Near-term capital allocation priority remains funding integration-related capex and deleveraging

FY24 Outlook

- **Maintaining full-year outlook**
 - Demand environment generally aligned with expectations, including initial Q2 observations
 - Historical revenue seasonality implies ~52% in the second half of the year, in addition to moderating compare
- **Revenue: \$955 million – \$985 million**
 - Reflects soft end market conditions continuing through the first half of the fiscal year
 - Q2 revenue expected to show modest sequential growth from Q1
- **Adjusted EBITDA: \$235 million – \$255 million**
 - Incorporates incremental operating expenses to enable exit of transition agreements
 - Q2 Adjusted EBITDA margin expected to show modest sequential expansion from Q1
- **Capex: ~ \$130 million**
 - FY24 expected to be largest year of capital spending for Food Safety integration
 - Includes ~\$30M of capex for normal maintenance and growth activities
- Expected one-time ~\$40M purchase of 3M finished goods inventory to enable exit of transition distribution agreement

Summary

- Progressing on track towards Q3 integration milestones
- Q4 improvements in Petrifilm supply continuity at transition manufacturing partner sustained during Q1
- Focused demand-generation actions being executed, supported by more reliable transition supply
- Benefits of combined commercial and development teams continue to build momentum
- Significant milestone achieved with initial ERP implementation, managing through Q2 shipment backlog
- Maintaining full-year view, while navigating the anticipated soft market backdrop in H1

**Well positioned to leverage leading Food Safety market position
and drive efficiencies from further integration**

**Thank you for
joining us.**

To view the earnings press release
and presentation, visit:

WWW.NEOGEN.COM/INVESTOR-RELATIONS





Appendix

Non-GAAP Reconciliations

Adjusted EBITDA

	Three Months Ended August 31,	
	2023	2022
Net income	\$ 1,503	\$ 5,209
Provision for income taxes	160	1,450
Depreciation and amortization	28,734	5,729
Interest expense (income), net	16,666	(969)
EBITDA	\$ 47,063	\$ 11,419
Share-based compensation	2,638	1,867
FX transaction gain on loan revaluation ⁽¹⁾	(290)	-
Certain transaction fees and integration costs	1,951	13,732
Restructuring	559	-
Contingent consideration adjustments	300	-
ERP expense ⁽²⁾	128	-
Discontinued product line expense	20	-
Adjusted EBITDA	\$ 52,369	\$ 27,018
Adjusted EBITDA margin (% of sales)	22.9%	20.4%
Adjusted EBITDA increase	93.8%	

(1) Net foreign currency transaction gain associated with the revaluation of non-functional currency intercompany loans established in connection with 3M Food Safety transaction.

(2) Non-capitalizable expenses related to ERP implementation.

Non-GAAP Reconciliations

Adjusted Net Income

	Three Months Ended August 31,	
	2023	2022
Net income	\$ 1,503	\$ 5,209
Amortization of acquisition-related intangibles	23,325	1,841
Share-based compensation	2,638	1,867
FX transaction gain on loan revaluation ⁽¹⁾	(290)	-
Certain transaction fees and integration costs	1,951	13,732
Restructuring	559	-
Contingent consideration adjustments	300	-
ERP expense ⁽²⁾	128	-
Discontinued product line expense	20	-
Estimated tax effect of above adjustments ⁽³⁾	(6,447)	(5,093)
Adjusted Net Income	\$ 23,687	\$ 17,556
Adjusted Earnings per Share	\$ 0.11	\$ 0.16

(1) Net foreign currency transaction gain associated with the revaluation of non-functional currency intercompany loans established in connection with 3M Food Safety transaction.

(2) Non-capitalizable expenses related to ERP implementation.

(3) Tax effect of adjustments is calculated using projected effective tax rate for each applicable item.