



Fiscal Year 2023
Second-Quarter
Results
January 5, 2023

Disclaimer

Forward-Looking Statements

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Non-GAAP Financial Information

This presentation includes 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 and Adjusted EBITDA Margin 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.

Q2 FY23 Summary

Strong financial performance

- Enhanced financial profile as a result of merger with former 3M Food Safety Division
- Q2 core revenue growth of 6.6%
- Year-over-year Adj EBITDA margin expansion of 510 basis points

Resilient end markets

- Core growth of MSD+ despite macro uncertainty
- Favorable market drivers include increasingly health-conscious consumers, food allergies and pathogen awareness
- As clear market leader, Neogen well positioned to capitalize on these long-term trends

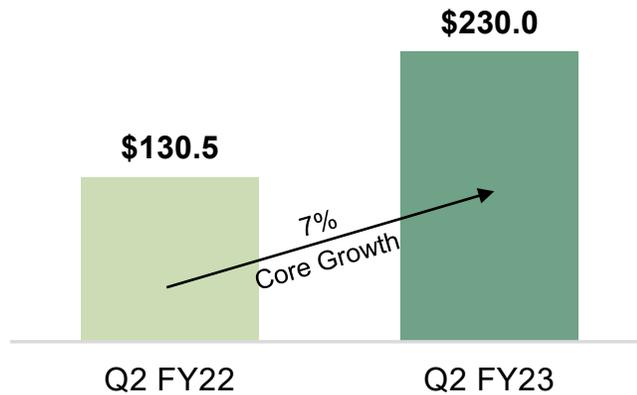
Integration of Food Safety acquisition progressing well

- Commercial teams realigned, focused on highest-potential synergy opportunities
- Construction of new Lansing facility proceeding to plan
- Transition manufacturing inefficiencies & backlog improved in the quarter

Transformational acquisition completed – impact on financial profile and market position is evident

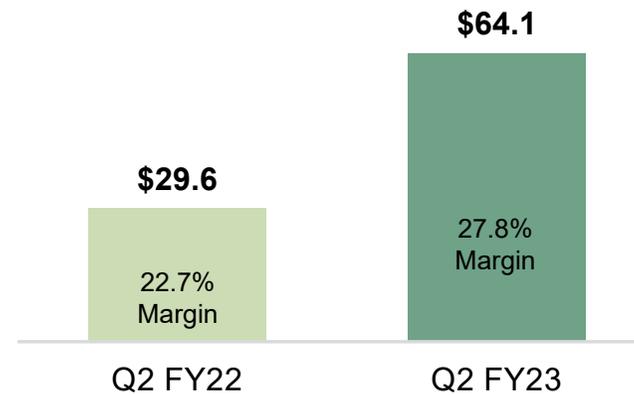
Financial Highlights

Revenue (\$M)



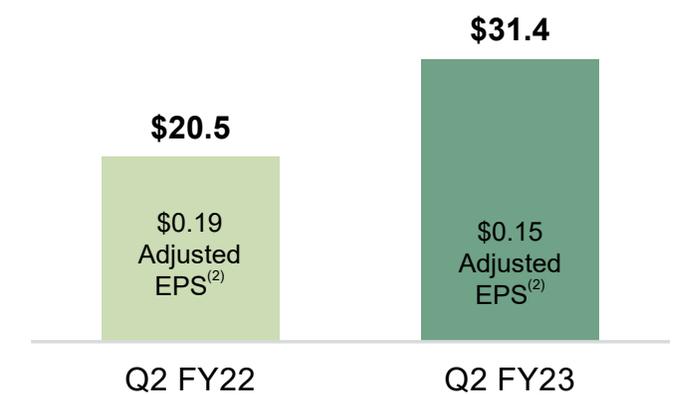
- Solid core revenue growth⁽¹⁾
 - Food Safety: 6%
 - Animal Safety: 7%
- Core growth led by Culture Media, Biosecurity and Genomics categories
 - Solid performances in Petrifilm and Neogen Analytics services

Adjusted EBITDA (\$M)



- Food Safety transaction significantly enhancing margin position, up 510 bps
- Gross margin expansion of 400+ bps excluding inventory step-up charge
- Expenses to accommodate Food Safety merger expected to ramp up over the coming quarters

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



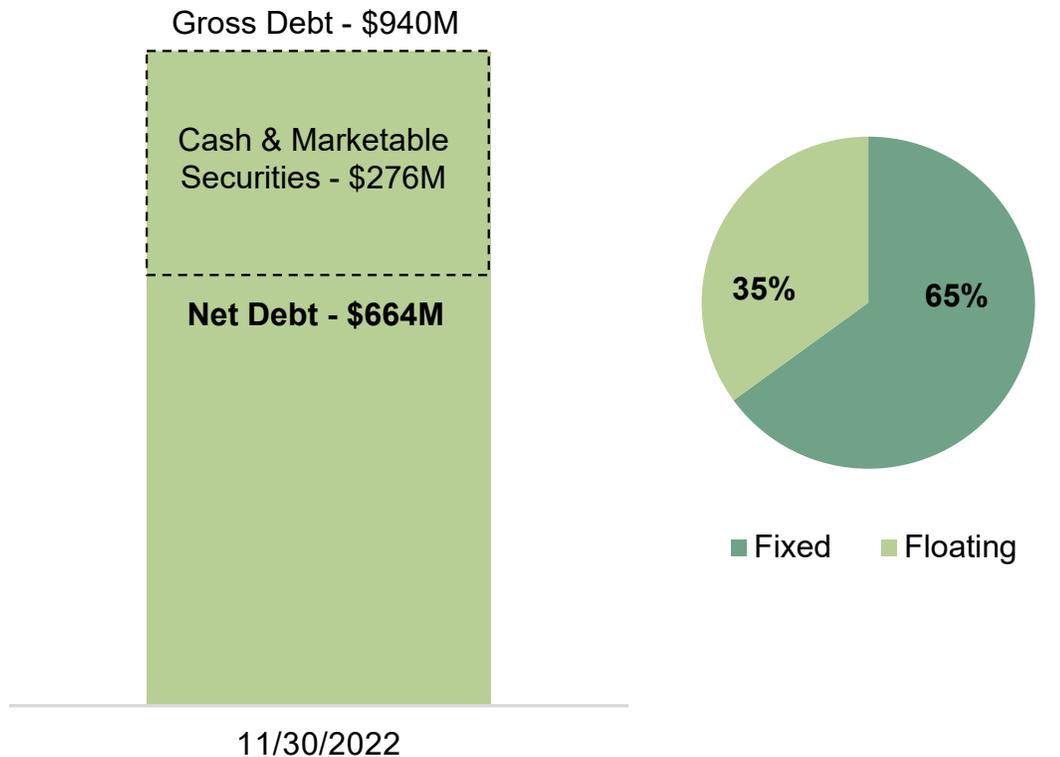
- Adjusted Net Income up 53% compared to prior year
- Higher Adjusted EBITDA more than offset increased interest expense
- Adjusted EPS⁽²⁾ impacted by shares issued as consideration for Food Safety transaction

(1) Excludes the impacts of foreign currency and the first 12 months of acquisitions

(2) Adjusted Net Income per share

Capital Allocation

Debt Profile



- \$100M of debt repaid since closing of Food Safety acquisition, including \$40M in December
- Proportion of fixed-rate debt synthetically increased to 65% in Q2
- Capital allocation priorities
 - Funding organic growth opportunities, including new manufacturing facility
 - Deleveraging the balance sheet through growth and free cash flow generation
 - Bolt-on M&A with strong returns to accelerate strategy

Looking Ahead

- Remain committed to achievement of \$1B revenue and \$300M Adjusted EBITDA targets during FY25
- Anticipate core revenue growth of MSD and a mid-20's Adjusted EBITDA margin in H2 of FY23 as expenses added to accommodate Neogen's expanded scale
- Food Safety Division reenergized under focused strategic ownership
- Collaborative engagement expected to result in continued improvement of transition manufacturing inefficiencies
- Focused on leveraging clear market leadership position from transformational acquisition to capitalize on favorable long-term end market trends

Leader in attractive Food Safety end market with significant opportunity to grow and expand margins

**Thank you for
joining us.**

To view the earnings press release
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WWW.NEOGEN.COM/INVESTOR-RELATIONS





Appendix

Non-GAAP Reconciliations

Adjusted EBITDA

(In thousands, except for percentages)

	Three Months Ended November 30		Six Months Ended November 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net Income	\$ (41,841)	\$ 10,828	\$ (36,632)	\$ 27,905
Provision for income taxes	7,750	2,100	9,200	6,750
Depreciation and amortization	26,738	5,829	32,467	11,511
Interest (income)/expense, net	19,992	(224)	19,024	(427)
EBITDA	\$ 12,639	\$ 18,533	\$ 24,059	\$ 45,739
Share-based compensation	2,632	1,748	4,499	3,438
Certain transaction fees and expenses	39,132	9,313	52,864	9,313
Inventory step-up charge	3,859	-	5,789	-
FX transaction loss on loan revaluation	5,789	-	3,859	-
Adjusted EBITDA	\$ 64,051	\$ 29,594	\$ 91,070	\$ 58,490
Adjusted EBITDA margin (% of sales)	27.8%	22.7%	25.1%	22.6%
Adjusted EBITDA increase	116.4%		55.7%	

Non-GAAP Reconciliations

Adjusted Net Income

(In thousands, except for per share)

	Three Months Ended November 30		Six Months Ended November 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net Income (loss)	\$ (41,841)	\$ 10,828	\$ (36,632)	\$ 27,905
Amort of acquisition-related intangibles	22,116	1,770	23,957	3,455
Share-based compensation	2,632	1,748	4,499	3,438
FX transaction loss on loan revaluation	5,789	-	5,789	-
Certain transaction fees and expenses	39,132	9,313	52,864	9,313
Inventory step-up charge	5,789	-	3,859	-
Other adjustments	4,350	-	4,350	-
Estimated tax effect of above adjustments	<u>(4,676)</u>	<u>(3,146)</u>	<u>(9,769)</u>	<u>(3,488)</u>
Adjusted Net Income	\$ 33,291	\$ 20,513	\$ 48,917	\$ 40,623
Adjusted Earnings per Share	\$ 0.15	\$ 0.19	\$ 0.30	\$ 0.38