Fiscal Year 2025 Second-Quarter Preliminary Results

January 10, 2025

Disclaimer

Preliminary Results and Forward-Looking Statements

The Company's reported results in this presentation are preliminary. The Company has not yet completed its quarter-end reporting process, and the Company's independent auditor has not completed its review. Accordingly, final results and other disclosures to be included in our Quarterly Report on Form 10-Q could differ from preliminary results and disclosures in this presentation.

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 continued integration of the 3M food safety business and the realization of the expected benefits from that acquisition; the relationship with and performance of our transition manufacturing partner; our ability to adequately and timely remediate certain identified material weaknesses in our internal control over financial reporting; competition; recruitment and retention of key employees; impact of weather on agriculture and food production; global business disruption caused by the Russia invasion in Ukraine and related sanctions and the conflict in the Middle East; identification and integration of acquisitions; research and development risks; intellectual property protection; increasing and developing government regulation; the finalization of our quarter-end financial reporting process and our ability to file Form 10-Q within the five-day extension period permitted by SEC rules; and other risks detailed from time to time in the Company's reports on file at the Securities and Exchange Commission, 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. 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, Adjusted Earnings per Share, Net Debt and Free Cash Flow, 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.

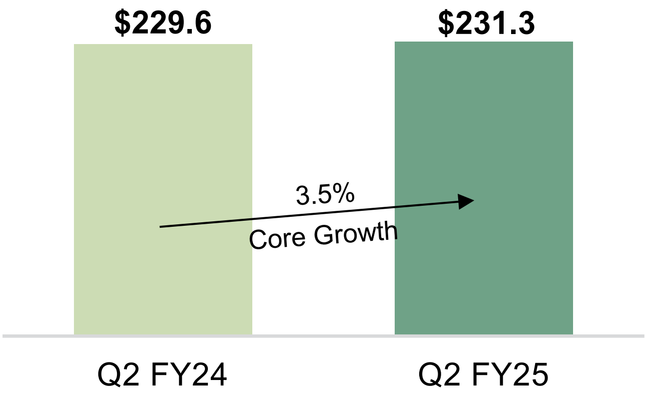
Q2 FY25 Summary

- Sequential improvement in both Food Safety and Animal Safety core growth
  - Additional progress made on share recovery efforts in Food Safety
  - Sample Collection production ramp-up continuing
- End-market environment showed modest improvement from Q1
  - Food production volumes generally remained down, but improved sequentially
  - Animal Safety channel inventory levels remain low, sales out of the channel positive
- Actions initiated to improve profitability and drive increased focus
  - Restructuring primarily focused on streamlining the Genomics business
  - Portfolio review work has advanced with active projects underway
- Increasing regulatory oversight in response to several recent high-profile food safety incidents
  - Emphasis on enhanced pathogen mitigation in facilities producing ready-to-eat foods
  - Neogen well-positioned to benefit, with broadest product offering and technical support coverage

Taking actions to build on steady improvement in the business

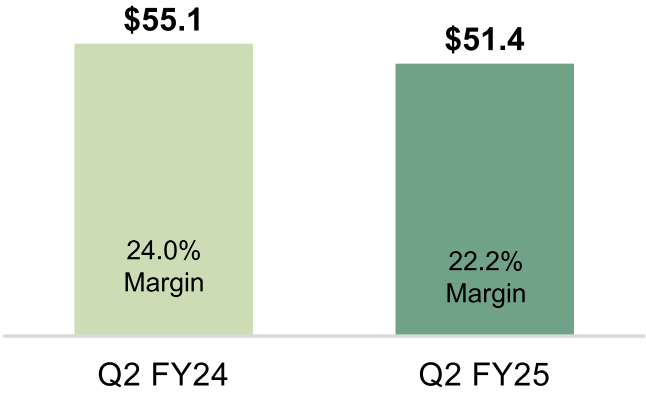
Financial Highlights

Revenue ($M)



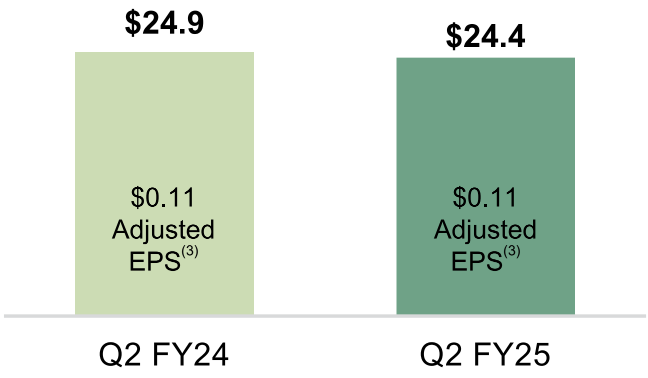
- Core revenue growth[1] of 3.6% in Food Safety segment
  - Strongest growth in food quality, culture media & Petrifilm product lines
  - Regional growth led by LATAM & EMEA
- Animal Safety segment core revenue growth of 3.2%
  - Strongest growth in biosecurity and animal care products
  - Channel inventory low, revenues improved sequentially from Q1 low

Adjusted EBITDA[2] ($M)



- Adjusted EBITDA margin[2] improved 210 bps sequentially
- Year over year, Adjusted EBITDA impacted primarily by full run-rate of costs following exit of transition service agreements
- Freight and distribution costs remain elevated, offsetting other gross margin improvements
- Adjusted EBITDA margin expected to improve with H2 cost actions and revenue scaling

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

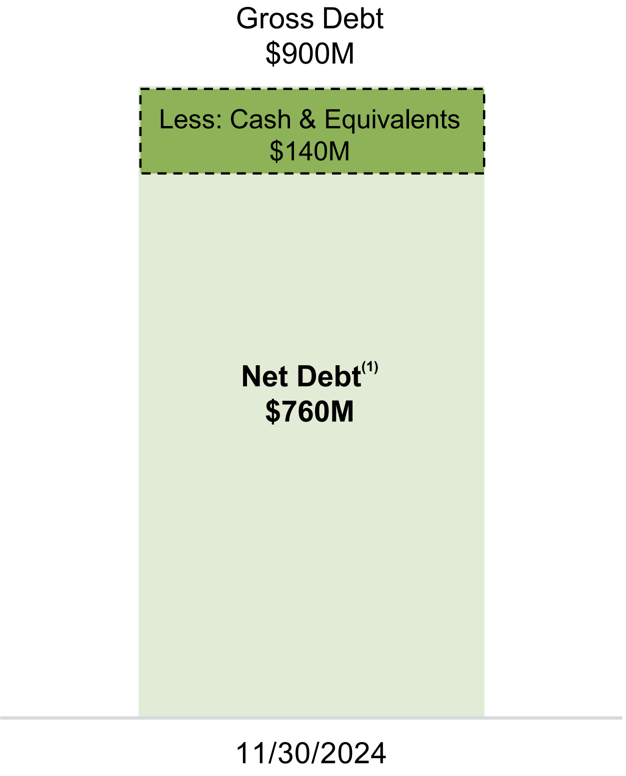


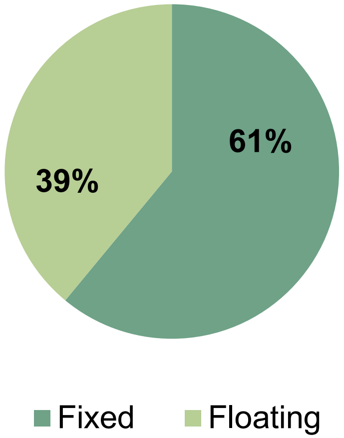
- Decline in Adjusted Net Income driven primarily by lower operating income and higher interest expense
- Mostly offset by lower effective tax rate, due largely to mix of regional profitability

(1) Excludes the impacts of foreign currency, the first 12 months of acquisitions and discontinued product lines.
(2) Non-GAAP financial measure; see reconciliation to Net Income (Loss) at the end of this presentation.
(3) Adjusted Net Income per share.

Balance Sheet & Capital Allocation

Debt Profile





- Q2 Free Cash Flow[2] improved by approximately $80M compared to Q1
  - Driven primarily by increased working capital efficiency and capital expenditures timing
  - Largest portion of FY25 capex occurred in H1, expected to reduce in H2
- Net debt declined by $20M from Q1
- Debt is 61% fixed
- Near-term capital allocation priority remains funding integration-related capex and deleveraging

(1) Non-GAAP financial measure; Net Debt is defined as the principal value of our Term Loan Facility and Senior Notes, less Cash & Cash Equivalents.
(2) Non-GAAP financial measure; see reconciliation to Net Cash (Used in) Provided by Operating Activities at the end of this presentation.

FY25 Outlook

- **Updating full-year outlook**
- **Revenue: $905 million – $925 million**
  - Reflects meaningful strengthening of the US dollar compared to assumptions entering the fiscal year
  - Balance of the change related to intentional attrition of additional Genomics business from the recent restructuring actions and delay in sample collection ramp-up
- **Adjusted EBITDA: $205 million – $215 million**
  - Margin change of 90 bps at the midpoints driven mostly by lower revenue and higher freight & distribution costs
  - Restructuring savings from Genomics and other cost actions helping to offset margin impact
  - Sequential margin improvement anticipated in Q3 and Q4, in line with expected higher revenue and cost efficiencies
- **Capex: ~$85 million**
  - Includes expected integration capex of ~$55 million, significant decline from FY24
  - Total capex expected to be ~$30M in H2 compared to $55M in H1
- **Effective tax rate: 22% – 23%**

Summary

- Steady progress from Q1 as we have shifted from integration focus to demand generation
- Share recapture efforts progressing well – improved sequentially from Q1 to Q2
- End markets showing signs of gradual improvement
- Favorable regulatory backdrop as food safety awareness and expectations continue to increase
- Actions being taken to protect margins and further focus the business

Prioritizing winning in the market and continuing to build a more profitable and focused Neogen

Thank you for joining us.

To view the earnings press release and presentation, visit:

WWW.NEOGEN.COM/INVESTOR-RELATIONS


3M | Petrifilm


NEOGEN
NEOGEN
1.0.0 Nov 3 2020
Type 4
Type 5
NEOGEN
3M
3M

Appendix

Non-GAAP Reconciliations

Adjusted EBITDA

	Three months ended November 30, 2024	Three months ended November 30, 2023	Six months ended November 30, 2024	Six months ended November 30, 2023
Net loss	**$ (456,282)**	**$ (3,487)**	**$ (468,891)**	**$ (1,984)**
Income tax benefit	(20,290)	(260)	(23,290)	(100)
Depreciation and amortization	30,049	29,469	59,849	58,203
Interest expense, net	17,367	16,169	34,989	32,835
EBITDA	**$ (429,156)**	**$ 41,891**	**$ (397,343)**	**$ 88,954**
Share-based compensation	4,819	3,512	8,801	6,150
FX transaction loss on loan and other revaluation (1)	384	1,002	64	712
Certain transaction fees and integration costs (2)	3,593	4,688	8,715	6,639
Restructuring (3)	9,568	1,856	9,938	2,415
Goodwill impairment	461,390	-	461,390	-
Contingent consideration adjustments	-	150	-	450
ERP expense (4)	716	2,075	2,551	2,203
Discontinued product line expense (5)	-	-	912	20
Other	67	(74)	67	(74)
Adjusted EBITDA	**$ 51,381**	**$ 55,100**	**$ 95,095**	**$ 107,469**
Adjusted EBITDA Margin	22.2%	24.0%	21.2%	23.4%

(1) Net foreign currency transaction loss associated with the revaluation of foreign denominated intercompany loans established in connection with the 3M Food Safety transaction and other non-hedged foreign currency revaluation resulting from 3M agreements.

(2) Includes costs associated with the 3M transaction, including various transition agreements. During the three months ended November 30, 2024, and 2023, $2.6 million and $3.8 million are recorded within Cost of Revenues, respectively.

(3) Severance, non-cash impairment and other related exit costs primarily associated with a reduction in our global genomics business. During the three months ended November 30, 2024, and 2023, $4.8 million and $0.3 million are recorded within Cost of Revenues, respectively.

(4) Expenses related to ERP implementation.

(5) Expenses associated with certain discontinued product lines.

Non-GAAP Reconciliations

Adjusted Net Income

	Three months ended November 30,		Six months ended November 30,	
	2024	2023	2024	2023
Net loss	**$ (456,282)**	**$ (3,487)**	**$ (468,891)**	**$ (1,984)**
Amortization of acquisition-related intangibles	23,174	23,094	46,312	46,419
Share-based compensation	4,819	3,512	8,801	6,150
FX transaction loss on loan and other revaluation (1)	384	1,002	64	712
Certain transaction fees and integration costs (2)	3,593	4,688	8,715	6,639
Restructuring (3)	9,568	1,856	9,938	2,415
Goodwill impairment	461,390	-	461,390	-
Contingent consideration adjustments	-	150	-	450
ERP expense (4)	716	2,075	2,551	2,203
Discontinued product line expense (5)	-	-	912	20
Other	67	(74)	67	(74)
Estimated tax effect of above adjustments (6)	(23,077)	(7,953)	(31,129)	(14,400)
Adjusted Net Income	**$ 24,352**	**$ 24,863**	**$ 38,730**	**$ 48,550**
Adjusted Earnings per Share	**$ 0.11**	**$ 0.11**	**$ 0.18**	**$ 0.22**

(1) Net foreign currency transaction loss associated with the revaluation of foreign denominated intercompany loans Food Safety transaction and other non-hedged foreign currency revaluation resulting from 3M agreements.

(2) Includes costs associated with the 3M transaction, including various transition agreements. During the three months ended November 30, 2024, and 2023, $2.6 million and $3.8 million are recorded within Cost of Revenues, respectively.

(3) Severance, non-cash impairment and other related exit costs primarily associated with a reduction in our global genomics business. During the three months ended November 30, 2024, and 2023, $4.8 million and $0.3 million are recorded within Cost of Revenues, respectively.

(4) Expenses related to ERP implementation.

(5) Expenses associated with certain discontinued product lines.

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

Non-GAAP Reconciliations

Core Growth and Free Cash Flow

	Three Months Ended November 30,		Year-Over-Year	% Change From		
	2024	2023	Growth	Foreign Currency	Acq./Divest	Core Growth
Food Safety Revenue	$ 164,238	$ 164,403	(0.1)%	(3.6)%	(0.1)%	3.6%
Animal Safety Revenue	67,020	65,226	2.8%	0.3%	(0.7)%	3.2%
Total Neogen Revenue	$ 231,258	$ 229,629	0.7%	(2.5)%	(0.3)%	3.5%

(1) First 12 months' impact of acquisitions and divestitures, and the impact of discontinued product lines.

	Q1 FY25	Q2 FY25	Change
Net cash (used in) provided by operating activities	$ (17,914)	$ 40,253	$ 58,167
Purchases of PP&E	(38,433)	(17,157)	21,276
Free cash flow	**$ (56,347)**	**$ 23,096**	**$ 79,443**