



Fiscal Year 2024
Third-Quarter
Results
April 9, 2024

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.

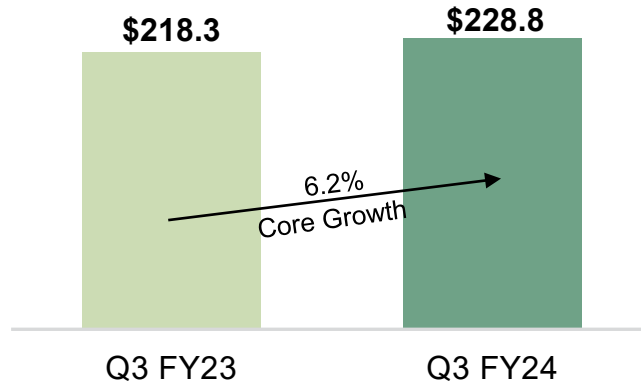
Q3 FY24 Summary

- Significant integration milestones achieved
 - Fully exited transition services and distribution agreements
 - Relocation of pathogen detection manufacturing complete, sample handling relocation on track for Q4
- End market conditions improving slowly as anticipated
 - Solid mid-single digit core growth in both segments
- Inefficiencies resulting from recent integration activities have persisted
 - EBITDA margin impacted by reduced revenue levels and related inefficiencies
- Updating full-year outlook
 - Q3 shipment shortfall, continued ramp of shipping capacity in Q4 resulting in reduced full-year expectations
 - Initiating plans to better align operating infrastructure with revised expectations

**Encouraging end-market trajectories as FY25 approaches,
managing through integration inefficiencies**

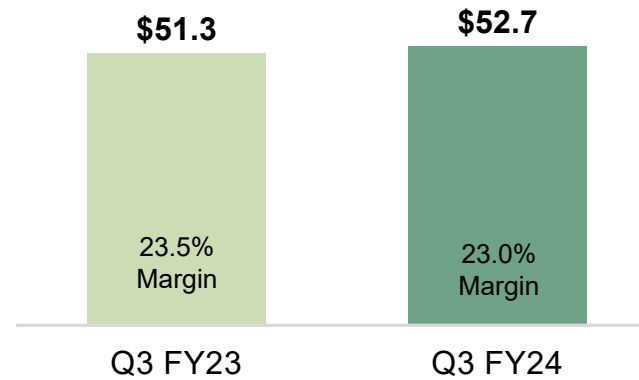
Financial Highlights

Revenue (\$M)



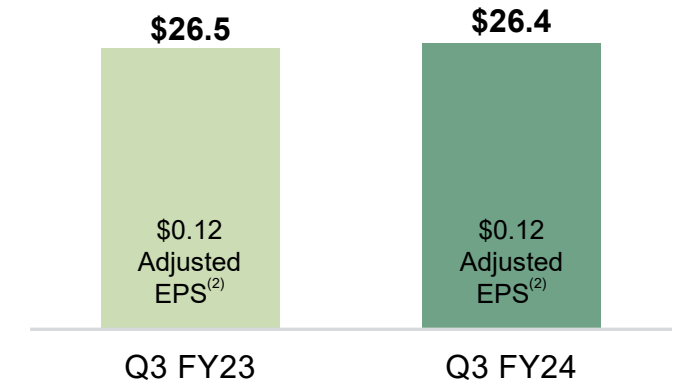
- Core revenue growth⁽¹⁾ of 5.8% in Food Safety segment
 - Strongest growth in Petrifilm and Sample Handling product lines
 - Backlog of open orders remained roughly flat from prior quarter
- Animal Safety segment core revenue growth of 7.0%
 - Channel inventories have rebalanced
 - Non-genomics core revenue up 14.8%

Adjusted EBITDA (\$M)



- Gross margin expansion of 160 bps year-over-year, driven by Petrifilm recovery
- EBITDA margin impacted by increased operating expenses
 - Prior year did not include fully ramped cost base
 - Certain inefficiencies from integration impacting operating expenses

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



- Adjusted Net Income and Adjusted EPS flat to prior-year Q3
- Higher current year revenue offset by higher operating expenses
- System implementation a driver of higher current-year depreciation
- Interest expense flat to prior year

(1) Excludes the impacts of foreign currency, the first 12 months of acquisitions and discontinued product lines

(2) Adjusted Net Income per share

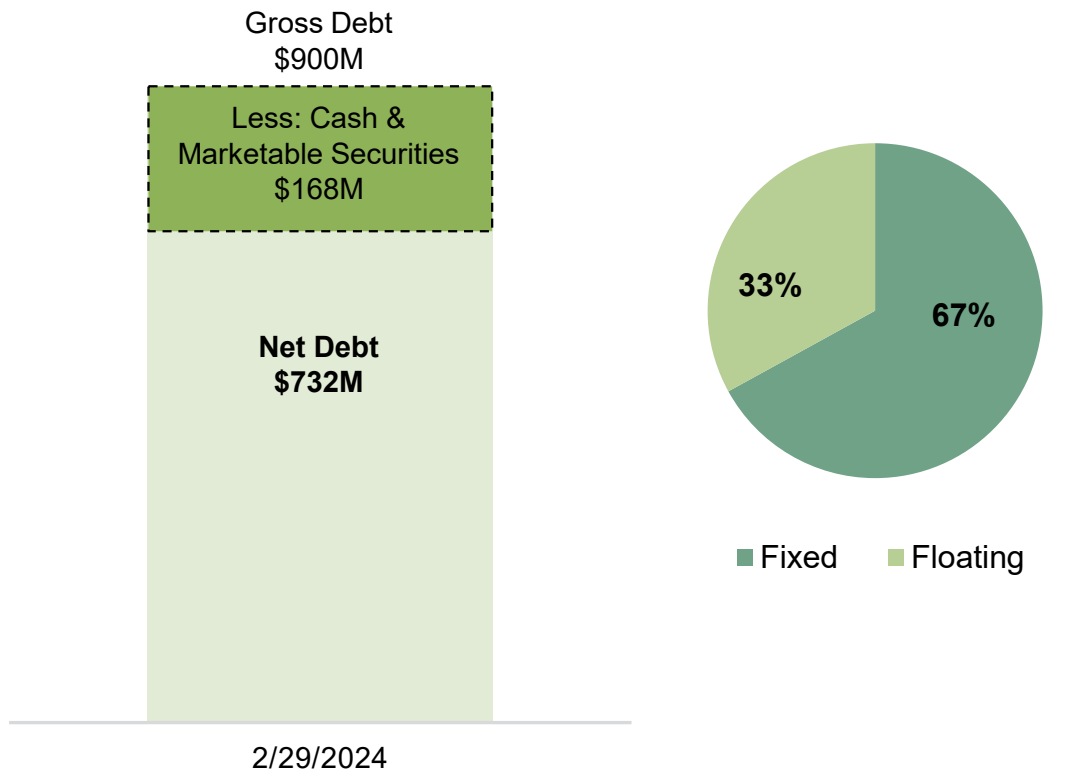
Integration Fully Underway

		Current Status
Manufacturing Transition	Indicator Testing	Construction of facility nearly complete, initial equipment delivered
	Sample Handling	Initial phases complete; final relocation expected in Q4, production in Q1
	Pathogen Detection	Fully integrated
	Hygiene Monitoring	Fully integrated
Services Transition	Back-Office Services (TSA)	Fully integrated
	Distribution Services (TDSA)	Fully integrated

Significant progress made in Q3, integration overall remains on track

Balance Sheet & Capital Allocation

Debt Profile



- Net debt increased \$62M from Q2
 - Inventory increased \$22M from exit of transition distribution agreement
 - Total capex of \$32M, up \$8M from Q2
 - Integration capex of \$23M
 - A/R increase driven mostly by unfavorable intra-quarter revenue linearity
 - Semi-annual bond interest payment during Q3
- Debt remains ~2/3rd fixed
- Near-term capital allocation priority remains funding integration-related capex and deleveraging

FY24 Outlook

- **Updating full-year outlook**
- **Revenue: \$910 million – \$920 million**
 - Assumes slower ramp of shipping efficiency
- **Adjusted EBITDA: \$210 million – \$215 million**
 - Reflects impact of lower expected revenue, operational inefficiencies
- **Capex: ~ \$130 million**
 - FY24 expected to be largest year of capital spending for integration of Food Safety transaction
 - Includes ~\$30M of capex for normal maintenance and growth activities
- **One-time ~\$40M purchase of finished goods inventory to enable exit of transition distribution agreement completed during Q2 and Q3**

Summary

- Significant progress made with integration activities
- Managing through resulting inefficiencies and order backlog
- Positive trajectory of end-market activity – food safety showing slow but steady improvement
- Continuing to invest in growth initiatives to leverage scale of footprint and breadth of product portfolio
- Coming through the most impactful integration quarters and height of integration capital spending

**Managing through near-term integration activities
to maximize long-term value creation opportunity**

**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 February 29/28,		Nine Months Ended February 29/28,	
	2024	2023	2024	2023
Net (loss) income	\$ (2,022)	\$ 8,190	\$ (4,006)	\$ (28,442)
Income tax benefit	(3,800)	(10,450)	(3,900)	(1,250)
Depreciation and amortization	29,650	27,471	87,853	59,938
Interest expense, net	16,673	16,820	49,508	35,844
EBITDA	\$ 40,501	\$ 42,031	\$ 129,455	\$ 66,090
Share-based compensation	3,679	2,812	9,829	7,311
FX transaction loss (gain) on loan and other revaluation ⁽¹⁾	638	(697)	1,350	5,092
Certain transaction fees and integration costs	5,451	2,890	12,090	55,754
Restructuring ⁽²⁾	938	-	3,353	-
Contingent consideration adjustments	(200)	(300)	250	(300)
ERP expense ⁽³⁾	1,701	-	3,904	-
Discontinued product line expense	33	3,633	53	3,633
Loss (recovery) on sale of minority interest	-	1,516	(74)	1,516
Inventory step-up charge	-	(614)	-	3,245
Adjusted EBITDA	\$ 52,741	\$ 51,271	\$ 160,210	\$ 142,341
Adjusted EBITDA margin (% of sales)	23.0%	23.5%	23.3%	24.5%

(1) Net foreign currency transaction loss associated with the revaluation of non-functional currency 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 consolidation of U.S. genomics labs.

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

Non-GAAP Reconciliations

Adjusted Net Income

	Three Months Ended February 29/28,		Nine Months Ended February 29/28,	
	2024	2023	2024	2023
Net (loss) income	\$ (2,022)	\$ 8,190	\$ (4,006)	\$ (28,442)
Amortization of acquisition-related intangibles	23,266	22,680	69,685	46,637
Share-based compensation	3,679	2,812	9,829	7,311
FX transaction loss (gain) on loan and other revaluation ⁽¹⁾	638	(697)	1,350	5,092
Certain transaction fees and integration costs	5,451	2,890	12,090	55,754
Restructuring ⁽²⁾	938	-	3,353	-
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Loss (recovery) on sale of minority interest	-	1,516	(74)	1,516
Inventory step-up charge	-	(614)	-	3,245
Other adjustments ⁽⁴⁾	-	1,514	-	5,864
Estimated tax effect of above adjustments ⁽⁵⁾	(7,046)	(15,095)	(21,446)	(24,864)
Adjusted Net Income	\$ 26,438	\$ 26,529	\$ 74,988	\$ 75,446
Adjusted Earnings per Share	\$ 0.12	\$ 0.12	\$ 0.35	\$ 0.42

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(2) Includes costs associated with consolidation of U.S. genomics labs.

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

(4) Income tax expense associated with non-deductible transaction costs that were recognized as expense in prior periods.

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