



Fiscal Year 2023
Third-Quarter
Results
March 30, 2023

Disclaimer

Forward-Looking Statements

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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.

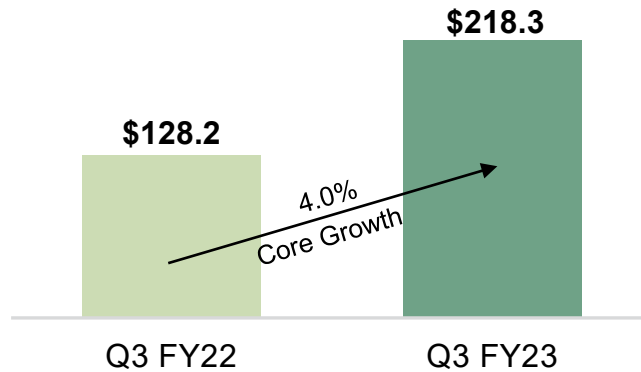
Q3 FY23 Summary

- Solid performance from legacy Neogen business
 - Benefits of diversified product portfolio of consumables offset weaker macro environment
- Former 3M Food Safety business impacted by lower-than-expected production volumes at transition manufacturing partner
 - Inability to fully meet end-user demand has resulted in backlog situation persisting
 - Production levels improved in January & February after slower start in December
- Year-over-year Adj EBITDA margin expansion of 410 basis points
 - Profitability of former 3M Food Safety business expected to further improve with increased production levels
- Integration activities progressing well
 - Sales teams combined, significant growth of opportunity pipeline
 - New DC opened, providing more efficient distribution point for combined business
 - Infrastructure enhancements – construction of new production facility, ERP upgrade on track

Leveraging broad portfolio of consumable products, while laying groundwork to further enhance market leadership position

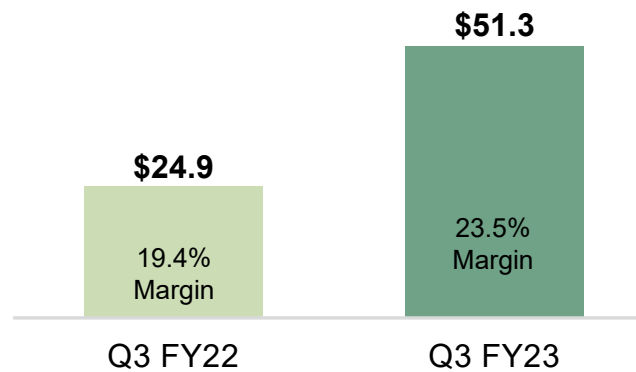
Financial Highlights

Revenue (\$M)



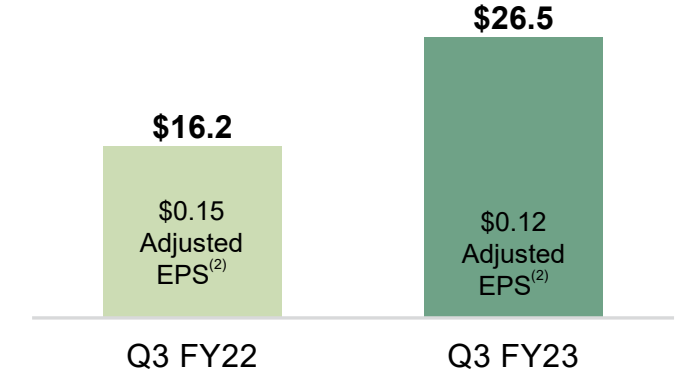
- Core revenue growth⁽¹⁾ of 6% in legacy Food Safety business
- Animal Safety core growth of 2% on difficult compare
- Former 3M Food Safety business impacted by lower-than-expected output levels at transition manufacturing partner, persisting backlog

Adjusted EBITDA (\$M)



- Food Safety transaction significantly enhancing Adjusted EBITDA margin position
- Gross margin expansion of 470 bps year-over-year
- Expenses added during the quarter to accommodate addition of former 3M Food Safety Division

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



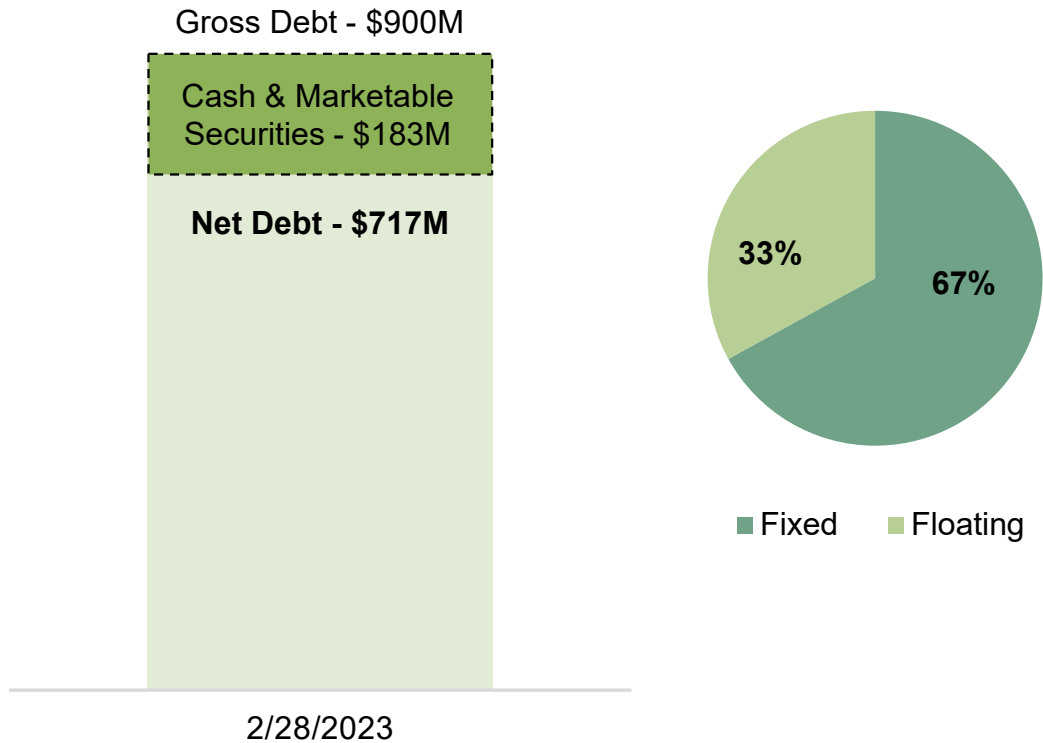
- Adjusted Net Income up 63% compared to prior year
- Higher Adjusted EBITDA more than offset increased interest expense
- Adjusted EPS⁽²⁾ impacted by shares issued as consideration for Food Safety transaction

(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 transaction in September 2022
- Proportion of fixed-rate debt synthetically increased to 67%
- Cash position impacted by
 - Strategic bolt-on acquisition of Corvium, SaaS partner behind Neogen Analytics data platform
 - Elevated capex to support Food Safety integration
 - Timing of two interest payments in the quarter
- Near-term capital allocation priorities are funding integration-related capex and deleveraging

Looking Ahead

- Lower output levels at transition manufacturing partner expected to push H2 FY23 results towards lower end of previously communicated ranges of MSD core revenue growth and mid-20's Adjusted EBITDA margin
 - Revised operating plan and committed engagement from senior levels of transition manufacturing partner expected to drive improvement
 - Focus on building improvement momentum to carry into FY24
- Remain committed to achievement of \$1B revenue and \$300M Adjusted EBITDA targets during FY25

Focused on driving integration of leading Food Safety businesses to capitalize on significant end market 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 28,		Nine Months Ended February 28,	
	2023	2022	2023	2022
Net income (loss)	\$ 8,190	\$ 5,443	\$ (28,442)	\$ 33,348
Provision for income taxes	(10,450)	1,200	(1,250)	7,950
Depreciation and amortization	27,471	6,322	59,938	17,833
Interest expense (income), net	16,820	(314)	35,844	(741)
EBITDA	\$ 42,031	\$ 12,651	\$ 66,090	\$ 58,390
Share-based compensation	2,812	1,607	7,311	5,045
FX transaction loss (gain) on loan revaluation ⁽¹⁾	(697)	-	5,092	-
Certain transaction fees and integration costs	2,890	10,595	55,754	19,908
Contingent consideration adjustments	(300)	-	(300)	-
Loss on sale of minority interest	1,516	-	1,516	-
Impairment and scrap of discontinued product line ⁽²⁾	3,633	-	3,633	-
Inventory step-up charge	(614)	-	3,245	-
Adjusted EBITDA	\$ 51,271	\$ 24,853	\$ 142,341	\$ 83,343
Adjusted EBITDA margin (% of sales)	23.5%	19.4%	24.5%	21.5%

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

(2) Expenses associated with goodwill and intangible impairments, and inventory scrap amounts related to certain discontinued product lines.

Non-GAAP Reconciliations

Adjusted Net Income

	Three Months Ended February 28,		Nine Months Ended February 28,	
	2023	2022	2023	2022
Net income (loss)	\$ 8,190	\$ 5,443	\$ (28,442)	\$ 33,348
Amort of acquisition-related intangibles	22,680	1,977	46,637	5,432
Share-based compensation	2,812	1,607	7,311	5,045
FX transaction loss (gain) on loan revaluation ⁽¹⁾	(697)	-	5,092	-
Certain transaction fees and integration costs	2,890	10,595	55,754	19,908
Contingent consideration adjustments	(300)	-	(300)	-
Loss on sale of minority interest	1,516	-	1,516	-
Impairment and scrap of discontinued product line ⁽²⁾	3,633	-	3,633	-
Inventory step-up charge	(614)	-	3,245	-
Other adjustments ⁽³⁾	1,514	-	5,864	-
Estimated tax effect of above adjustments ⁽⁴⁾	(15,095)	(3,385)	(24,864)	(6,873)
Adjusted Net Income	\$ 26,529	\$ 16,237	\$ 75,446	\$ 56,860
Adjusted Earnings per Share	\$ 0.12	\$ 0.15	\$ 0.42	\$ 0.53

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

(2) Expenses associated with goodwill and intangible impairments, and inventory scrap amounts related to certain discontinued product lines.

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

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