



Fiscal Year 2023
Fourth-Quarter
Results
July 27, 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.

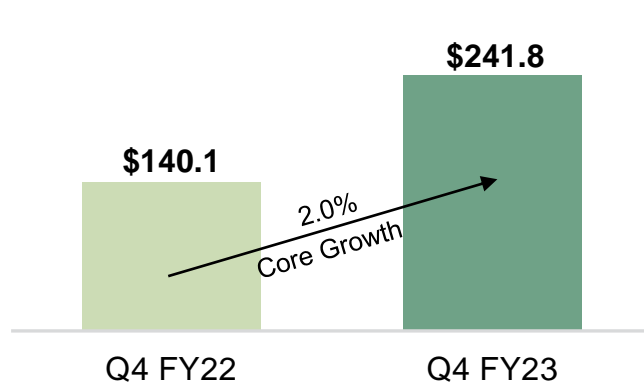
Q4 FY23 Summary

- Solid execution despite softening end market conditions
- Mid-single-digit growth in Food Safety segment, including former 3M Food Safety Division
 - Sequential improvement from Q3 in production levels at transition manufacturing partner
- Animal Safety segment experienced distributor destocking, difficult prior-year compare
 - End-user demand trends remain supportive
- Year-over-year Adj EBITDA margin expansion of 320 basis points
 - High profitability of former 3M Food Safety Division offset incremental operating expenses
- Integration activities progressing well
 - Transition of Sample Handling and Pathogen manufacturing into Neogen facilities is underway
 - Stand-up of new production facility in Lansing and implementation of enterprise systems remain on track

Improved performance in recently acquired product lines contributed to higher profitability in softening markets

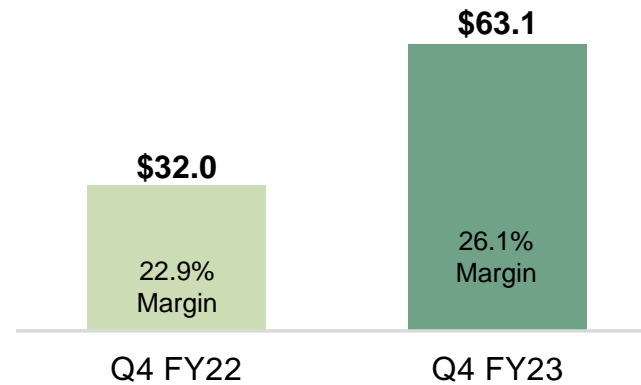
Financial Highlights

Revenue (\$M)



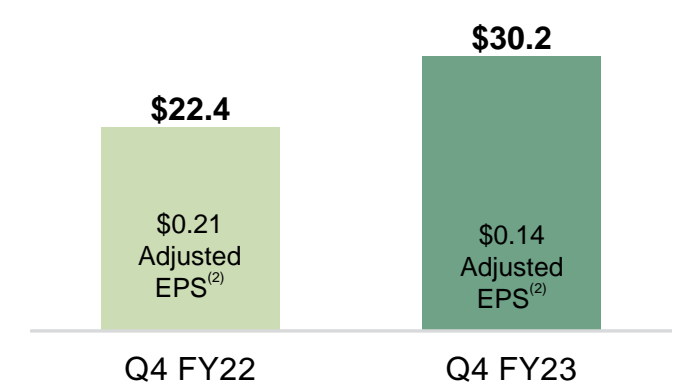
- Core revenue growth⁽¹⁾ of 3.9% in legacy Food Safety business
- Animal Safety core revenue growth of 0.3%
- Pro forma core revenue growth of 4.3%
 - Sequential improvement of 960 bps in former 3M Food Safety Division

Adjusted EBITDA (\$M)



- Food Safety transaction driving Adjusted EBITDA margin expansion
- Gross margin expansion of 450 bps year-over-year
- Continued to add expenses during the quarter to accommodate addition of former 3M Food Safety business

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

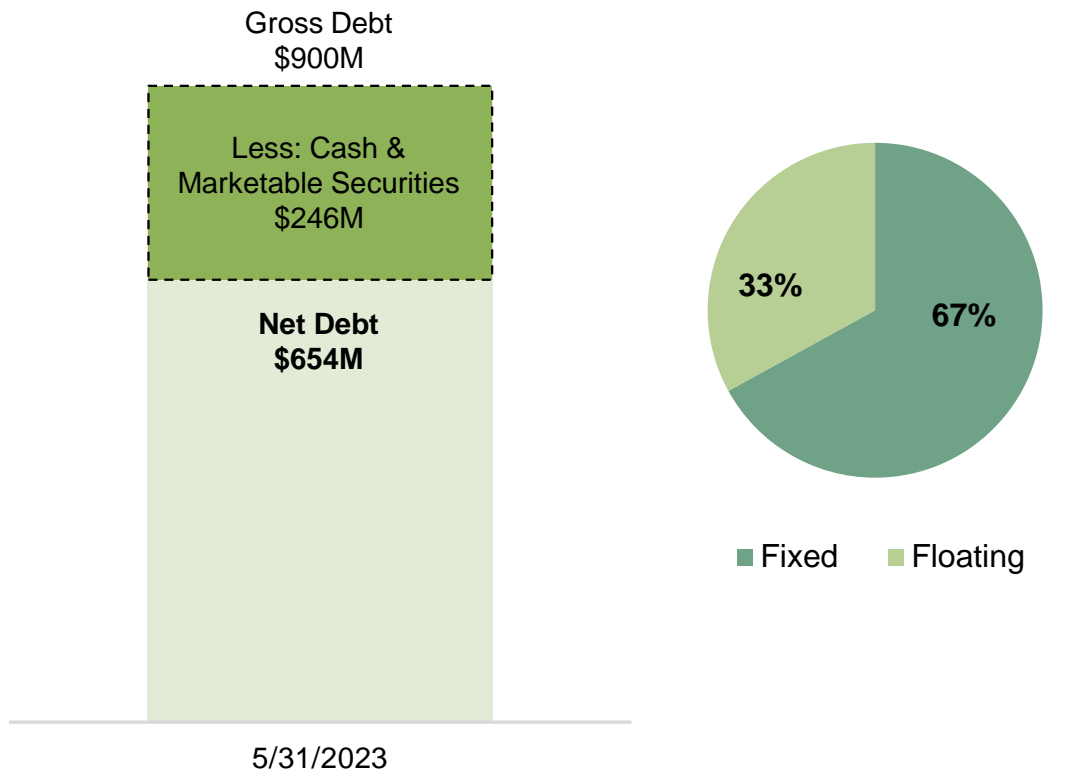


- Adjusted Net Income up 35% compared to prior year
- Higher Adjusted EBITDA more than offset increased interest expense
- Adjusted EPS⁽²⁾ impacted by shares issued as consideration for Food Safety transaction

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

Balance Sheet & Capital Allocation

Debt Profile



- Net debt decreased \$62M from Q3 on improved free cash flow from working capital actions
- Capex elevated to support integration of former 3M Food Safety business
- \$100M of debt repaid since closing of Food Safety transaction in September 2022
- Proportion of fixed-rate debt synthetically increased to 67%
- Near-term capital allocation priority is funding integration-related capex

FY24 Outlook

- **Revenue: \$955 million – \$985 million**
 - Reflects soft end market conditions continuing through the first half of the fiscal year
 - On a pro forma basis, Q1 anticipated to have lowest core growth of the year
- **Adjusted EBITDA: \$235 million – \$255 million**
 - Incorporates incremental operating expenses to enable exit of transition agreements
 - Q1 Adjusted EBITDA margin expected to be lowest of year, but reflect > 100 bps of yoy expansion on a pro forma basis
- **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

- Conditions soft, but end markets have historically been resilient
- Integration a priority and on track; transition manufacturing arrangement on improved trajectory
- Adding expenses to enable exit from back-office and distribution transition agreements
- Investing in innovation to expand differentiated product portfolio
- Remain committed to achievement of > \$1B revenue and \$300M Adjusted EBITDA targets during FY25

Investing to support integration and establish foundation from which to drive future growth and margin expansion

**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

<i>(in thousands)</i>	Three Months Ended May 31,		Twelve Months Ended May 31,	
	2023	2022	2023	2022
Net income (loss)	\$ 5,572	\$ 14,959	\$ (22,870)	\$ 48,307
Provision for income taxes	2,078	3,950	828	11,900
Depreciation and amortization	28,439	5,861	88,377	23,694
Interest expense (income), net	16,951	(526)	52,795	(1,267)
EBITDA	\$ 53,040	\$ 24,244	\$ 119,130	\$ 82,634
Share-based compensation	2,866	2,109	10,177	7,154
FX transaction loss (gain) on loan revaluation ⁽¹⁾	134	-	5,226	-
Certain transaction fees and integration costs	4,058	5,673	59,812	25,581
Contingent consideration adjustments	-	-	(300)	-
Restructuring	475	-	475	-
Loss on sale of minority interest	-	-	1,516	-
Loss on investment	500	-	500	-
Impairment and scrap of discontinued product line ⁽²⁾	2,006	-	5,639	-
Inventory step-up charge	-	-	3,245	-
Adjusted EBITDA	\$ 63,079	\$ 32,026	\$ 205,420	\$ 115,369
Adjusted EBITDA margin (% of sales)	26.1%	22.9%	25.0%	21.9%

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

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

Non-GAAP Reconciliations

Adjusted Net Income

<i>(in thousands, except earnings per share)</i>	Three Months Ended May 31,		Twelve Months Ended May 31,	
	2023	2022	2023	2022
Net income (loss)	\$ 5,572	\$ 14,959	\$ (22,870)	\$ 48,307
Amortization of acquisition-related intangibles	22,053	1,803	68,690	7,235
Share-based compensation	2,866	2,109	10,177	7,154
FX transaction loss (gain) on loan revaluation ⁽¹⁾	134	-	5,226	-
Certain transaction fees and integration costs	4,058	5,673	59,812	25,581
Contingent consideration adjustments	-	-	(300)	-
Restructuring	475	-	475	-
Loss on sale of minority interest	-	-	1,516	-
Loss on investment	500	-	500	-
Impairment and scrap of discontinued product line ⁽²⁾	2,006	-	5,639	-
Inventory step-up charge	-	-	3,245	-
Other adjustments ⁽³⁾	-	-	5,864	-
Estimated tax effect of above adjustments ⁽⁴⁾	(7,459)	(2,144)	(32,323)	(9,017)
Adjusted Net Income	\$ 30,205	\$ 22,400	\$ 105,651	\$ 79,260
Adjusted Earnings per Share	\$ 0.14	\$ 0.21	\$ 0.56	\$ 0.73

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

(2) Expenses associated with 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.