



Fiscal Year 2025  
First-Quarter  
Results  
October 10, 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 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; 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 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.

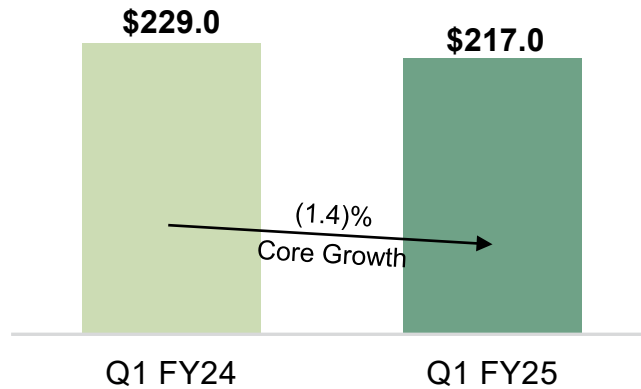
## Q1 FY25 Summary

- System challenges from H2 FY24 have been resolved
  - Improvement has been sustained - no longer constrained by shipping
- End-market environment broadly stable from Q4
  - Food production volumes generally remained down
  - Animal Safety end markets remain cyclically low, sales out of the channel remain positive
- Commercial teams focused on demand generation
  - Initial efforts have resulted in an encouraging response from customers
- Margins affected by lower volumes, as well as higher shipping and distribution costs
  - Targeted actions being taken to protect margins
- Continuing to optimize organizational structure and capabilities
  - Investing in new products and international markets
- Portfolio review remains a key focus area

**Recent integration challenges resolved, focused on driving growth**

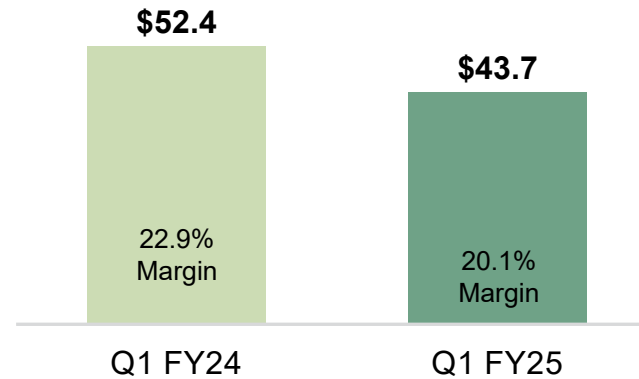
# Financial Highlights

## Revenue (\$M)



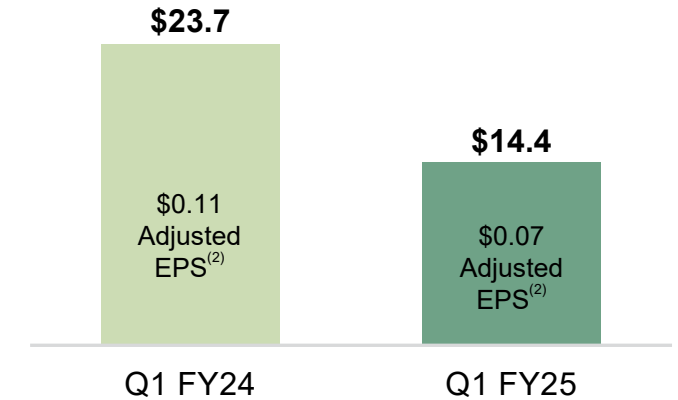
- Core revenue growth<sup>(1)</sup> of 1.1% in Food Safety segment
  - Strongest growth in Petrifilm and Food Quality product lines
  - Regional growth led by LATAM
- Animal Safety segment core revenue decline of 7.8%
  - Strongest growth in rodent control products
  - Channel inventory mixed, timing impacts

## Adjusted EBITDA (\$M)



- Adjusted EBITDA impacted by lower revenue volumes and gross margin
- Further impact from higher shipping and distribution costs
- Adjusted EBITDA margin expected to scale with revenue volume as the year progresses

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



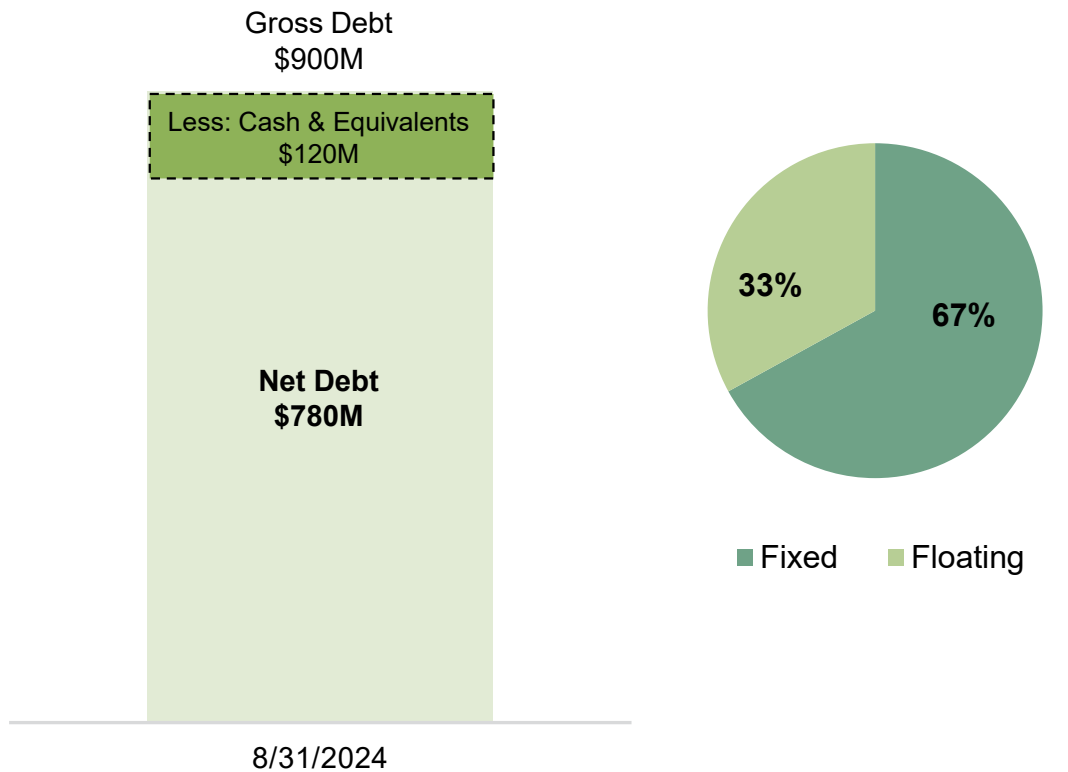
- Decline in Adjusted Net Income driven primarily by lower operating income
- Higher net interest expense and effective tax rate also contributed to the lower Adjusted Net Income

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

(2) Adjusted Net Income per share

# Balance Sheet & Capital Allocation

## Debt Profile



- Net debt increased from Q4
  - Highest level of FY25 integration capex in Q1
  - Semi-annual interest payment on senior notes
  - Net working capital higher primarily due to timing of payments and inventory build of higher-volume products
- Debt remains ~2/3rd fixed
- Near-term capital allocation priority remains funding integration-related capex and deleveraging

# FY25 Outlook

- **Maintaining full-year outlook**
- **Revenue: \$925 million – \$955 million**
  - Assumes core revenue growth in the mid-single-digit range on gradual improvement in end-market environment
  - Q1 in line with expected H1 seasonality resulting from H2 FY24 shipment constraints
- **Adjusted EBITDA: \$215 million – \$235 million**
  - Reflects incremental margin of over 70% at midpoints driven by gross margin expansion and operating expense efficiency
  - Margin expected to be aligned with revenue throughout the year
- **Capex: ~\$85 million**
  - Includes expected integration capex of ~\$55 million, significant decline from FY24
  - Capex more weighted to H1, with Q1 having the highest spend in FY25
- **Effective tax rate: 22% – 23%**

## Summary

- Recent high-profile food contamination incidents reinforce importance of Neogen's solutions
- Commercial teams focused on leveraging inherent value proposition to drive demand
- Operational focus on driving margin improvement, lower net working capital
- Flagship Petrifilm product line continues to perform, construction of new facility progressing well
- Continuing to build out organizational capabilities

**Focused on building from leadership position with solutions that have never been more relevant in helping to protect the food supply**

**Thank you for  
joining us.**

To view the earnings press release  
and presentation, visit:

[WWW.NEOGEN.COM/INVESTOR-RELATIONS](http://WWW.NEOGEN.COM/INVESTOR-RELATIONS)







# Appendix

# Non-GAAP Reconciliations

## Core Growth

	Three Months Ended August 31,		Year-Over-Year Growth	% Change From		
	2024	2023		Foreign Currency	Acq./Divest <sup>(1)</sup>	Core Growth
Food Safety Revenue	\$ 159,345	\$ 166,278	(4.2)%	(5.4)%	0.1 %	1.1 %
Animal Safety Revenue	57,619	62,709	(8.1)%	0.0 %	(0.3)%	(7.8)%
Total Neogen Revenue	<u>\$ 216,964</u>	<u>\$ 228,987</u>				

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

# Non-GAAP Reconciliations

## Adjusted EBITDA

	Three months ended August 31,	
	2024	2023
<b>Net (loss) income</b>	<b>\$ (12,609)</b>	<b>\$ 1,503</b>
Income tax (benefit) expense	(3,000)	160
Depreciation and amortization	29,800	28,734
Interest expense, net	17,622	16,666
<b>EBITDA</b>	<b>\$ 31,813</b>	<b>\$ 47,063</b>
Share-based compensation	3,982	2,638
FX transaction gain on loan and other revaluation <sup>(1)</sup>	(320)	(290)
Certain transaction fees and integration costs <sup>(2)</sup>	5,122	1,951
Severance and other employment costs	370	559
Contingent consideration adjustments	-	300
ERP expense <sup>(3)</sup>	1,835	128
Discontinued product line expense <sup>(4)</sup>	912	20
<b>Adjusted EBITDA</b>	<b>\$ 43,714</b>	<b>\$ 52,369</b>
Adjusted EBITDA margin (% of sales)	20.1%	22.9%

(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. \$4.2 million is included within Cost of Revenues.

(3) Expenses related to ERP implementation.

(4) Expenses associated with certain discontinued product lines. Amounts are recorded within Cost of Revenues.

# Non-GAAP Reconciliations

## Adjusted Net Income

	Three Months Ended May 31,	
	2024	2023
<b>Net (loss) income</b>	<b>\$ (12,609)</b>	<b>\$ 1,503</b>
Amortization of acquisition-related intangibles	23,138	23,325
Share-based compensation	3,982	2,638
FX transaction gain on loan and other revaluation <sup>(1)</sup>	(320)	(290)
Certain transaction fees and integration costs <sup>(2)</sup>	5,122	1,951
Severance and other employment costs	370	559
Contingent consideration adjustments	-	300
ERP expense <sup>(3)</sup>	1,835	128
Discontinued product line expense <sup>(4)</sup>	912	20
Estimated tax effect of above adjustments <sup>(5)</sup>	(8,052)	(6,447)
<b>Adjusted Net Income</b>	<b>\$ 14,378</b>	<b>\$ 23,687</b>
<b>Adjusted Earnings per Share</b>	<b>\$ 0.07</b>	<b>\$ 0.11</b>

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(3) Expenses related to ERP implementation.

(4) Expenses associated with certain discontinued product lines. Amounts are recorded within Cost of Revenues.

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