



Fiscal Year 2024
Second-Quarter
Results
January 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.

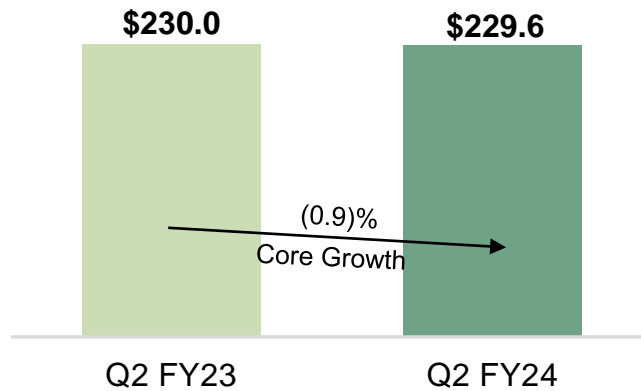
Q2 FY24 Summary

- Revenue broadly in line with previously communicated expectations
 - End market conditions showing signs of improving, but macro headwinds persist
 - Negative core revenue impact of 300-400 bps due to elevated backlog of open orders from shipping delays
- Supportive order flow in Food Safety segment
 - Acceleration from Q1 in China and Japan, including Petrifilm
 - Supply continuity of Petrifilm continued for third consecutive quarter
- Distributor destocking in Animal Safety segment moderated, channel inventory beginning to normalize at lower levels
 - End-user demand backdrop remained stable from Q1
 - Decline in genomics business, driven largely by strategic shift away from small production animals
- Sequential Adjusted EBITDA Margin expansion, despite some level of transition inefficiency
- Solid progress made on integration – remain on track
- Updating full-year outlook to reflect greater visibility into end markets and expected slower pace of recovery

**Signs of end-market improvement, but headwinds persist;
integration activities remain on track**

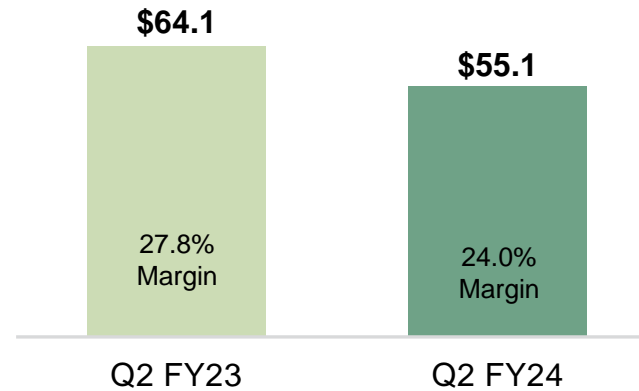
Financial Highlights

Revenue (\$M)



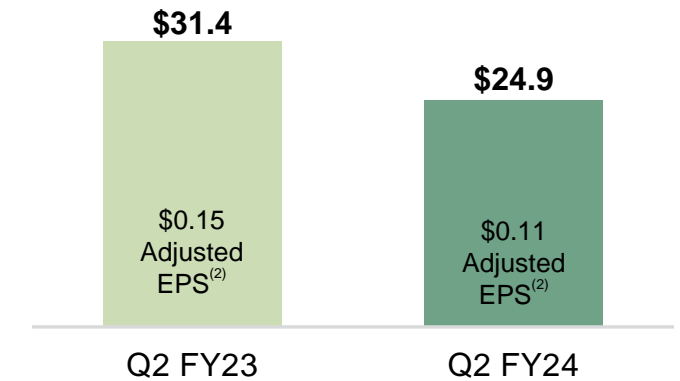
- Core revenue growth⁽¹⁾ of 0.7% in Food Safety segment
 - Solid growth in Petrifilm and Pathogen Detection product lines
 - Elevated backlog of open orders impacted segment revenue by ~500 bps
- Animal Safety segment core revenue growth of (4.7)%
 - Moderation of destocking by distributors
 - Non-genomics core revenue (2.8)%

Adjusted EBITDA (\$M)



- Gross margin expansion of 200 bps year-over-year
- Prior-year Adj EBITDA margin elevated due to timing of cost additions following completion of 3M transaction
- Adjusted EBITDA margin improved sequentially, as unusual items in Q1 did not repeat in Q2

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



- Lower interest expense compared to prior-year, due to gross debt repaid in Q3 FY23
- Prior-year Adjusted EBITDA was elevated due to timing of cost additions following completion of 3M transaction

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

(2) Adjusted Net Income per share

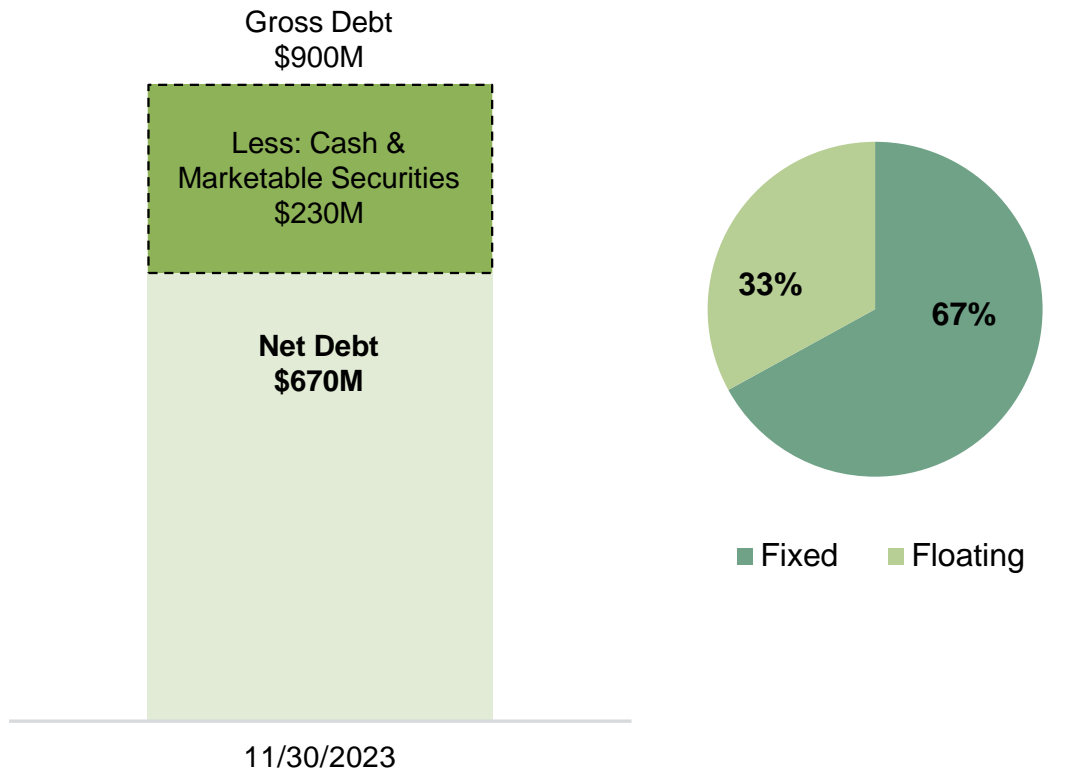
Integration Fully Underway

		Current Status	Expected Status – Q3 FY24
Manufacturing Transition	Indicator Testing	Stable supply from transition manufacturing partner	Construction of new facility complete, installation of equipment underway
	Sample Handling	Initial phases of relocation complete	Final phases expected to be completed in Q4
	Pathogen Detection	Initial phase of relocation complete	Fully integrated
	Hygiene Monitoring	Fully integrated	Fully integrated
Services Transition	Back-Office Services (TSA)	On track, scaling up back-office infrastructure	Fully integrated
	Distribution Services (TDSA)	On track, ramping up distribution efficiency levels	Fully integrated

Integration remains on track, with transition manufacturing levels stable

Balance Sheet & Capital Allocation

Debt Profile



- Cash position impacted by increase in working capital, primarily to accommodate exit of transition agreement for distribution services
- Capex elevated to support integration of former 3M Food Safety business
- \$100M of debt repaid since closing of Food Safety transaction in September 2022
- Debt remains ~2/3rd fixed
- Near-term capital allocation priority remains funding integration-related capex and deleveraging

FY24 Outlook

- **Updating full-year outlook**
 - Greater visibility with first half of the year behind us
 - End market environment showing signs of improving, but at a rate slower than originally anticipated
- **Revenue: \$935 million – \$955 million**
 - Assumes continued gradual improvement in end market conditions through the end of the fiscal year
 - Q3 revenue expected to be modestly higher than Q2 due to shift in timing of shipments
- **Adjusted EBITDA: \$230 million – \$240 million**
 - Reflects impact of lower expected revenue
 - H2 margin expected to improve from H1 on higher volumes and exit of transition agreements
- **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

- Significant progress made with integration activities – on track to achieve Q3 objectives
- Solid growth in key product lines acquired through 3M Food Safety transaction
- Continuing to work through backlog of shipments
- Updating full-year view to reflect greater visibility into end market conditions
- Prioritizing key growth initiatives to maximize opportunity as end markets recover
- Positioning business for a compelling post-integration financial profile

**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 November 30,		Six Months Ended November 30,	
	2023	2022	2023	2022
Net loss	\$ (3,487)	\$ (41,841)	\$ (1,984)	\$ (36,632)
Provision for income taxes	(260)	7,750	(100)	9,200
Depreciation and amortization	29,469	26,738	58,203	32,467
Interest expense, net	16,169	19,992	32,835	19,024
EBITDA	\$ 41,891	\$ 12,639	\$ 88,954	\$ 24,059
Share-based compensation	3,512	2,632	6,150	4,499
FX transaction loss on loan and other revaluation ⁽¹⁾	1,002	5,789	712	5,789
Certain transaction fees and integration costs	4,688	39,132	6,639	52,864
Restructuring ⁽²⁾	1,856	-	2,415	-
Contingent consideration adjustments	150	-	450	-
ERP expense ⁽³⁾	2,075	-	2,203	-
Discontinued product line expense	-	-	20	-
Recovery on sale of minority interest	(74)	-	(74)	-
Inventory step-up charge	-	3,859	-	3,859
Adjusted EBITDA	\$ 55,100	\$ 64,051	\$ 107,469	\$ 91,070
Adjusted EBITDA margin (% of sales)	24.0%	27.8%	23.4%	25.1%

(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) Primarily relates to 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 November 30,		Six Months Ended November 30,	
	2023	2022	2023	2022
Net loss	\$ (3,487)	\$ (41,841)	\$ (1,984)	\$ (36,632)
Amort of acquisition-related intangibles	23,094	22,116	46,419	23,957
Share-based compensation	3,512	2,632	6,150	4,499
FX transaction loss on loan and other revaluation ⁽¹⁾	1,002	5,789	712	5,789
Certain transaction fees and integration costs	4,688	39,132	6,639	52,864
Restructuring ⁽²⁾	1,856	-	2,415	-
Contingent consideration adjustments	150	-	450	-
ERP expense ⁽³⁾	2,075	-	2,203	-
Discontinued product line expense	-	-	20	-
Recovery on sale of minority interest	(74)	-	(74)	-
Inventory step-up charge	-	3,859	-	3,859
Other adjustments ⁽⁴⁾	-	4,350	-	4,350
Estimated tax effect of above adjustments ⁽⁵⁾	(7,953)	(4,676)	(14,400)	(9,769)
Adjusted Net Income	\$ 24,863	\$ 31,361	\$ 48,550	\$ 48,917
Adjusted Earnings per Share	\$ 0.11	\$ 0.15	\$ 0.22	\$ 0.30

(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) Primarily relates to costs associated with consolidation of U.S. genomics labs.

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

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

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