



Fiscal Year 2024
Fourth-Quarter
Results
July 30, 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.

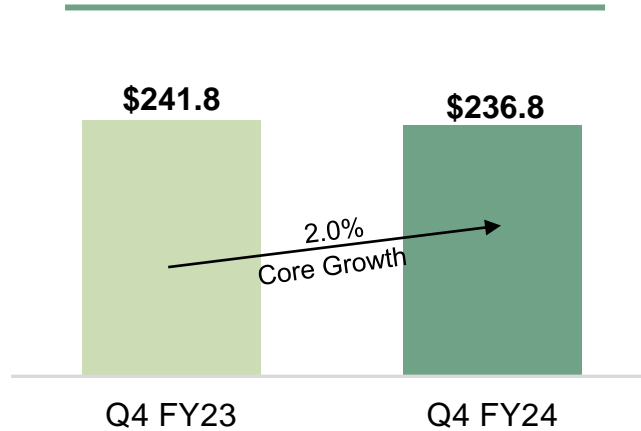
Q4 FY24 Summary

- Integration momentum continued
 - Relocation of sample handling manufacturing complete, ramp-up to full production underway
- Shipping performance improved throughout the quarter
 - System-related distribution issues have since been resolved
- End-market environment broadly stable from Q3
 - Food production volumes generally still down, expected to gradually improve over the course of FY25
- Commercial teams focused on demand generation
 - Leveraging broad portfolio and customer service, as well as technology and product development initiatives
- Distribution inefficiencies from recent integration activities continued
 - EBITDA margin impacted by incremental costs to optimize shipping levels
- Investment in growth initiatives continued
 - Recent launch of Automated Feeder is latest innovation for key Petrifilm product line

Moving past integration challenges, focused on driving growth

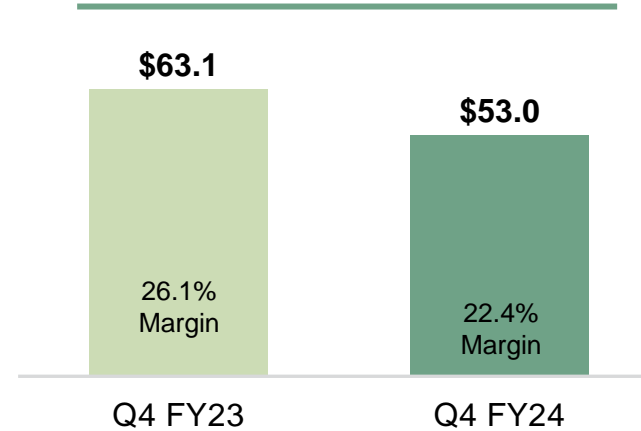
Financial Highlights

Revenue (\$M)



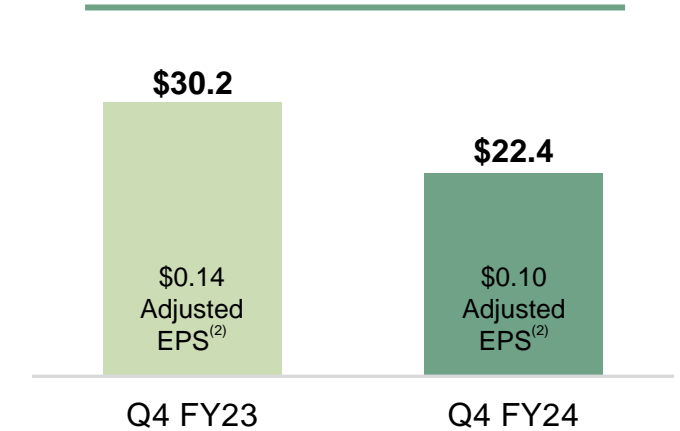
- Core revenue growth⁽¹⁾ of 4.3% in Food Safety segment
 - Strongest growth in Petrifilm and Pathogen Detection product lines
 - Segment revenue impacted by lower order fulfillment rates
- Animal Safety segment core revenue decline of 3.3%
 - Growth in all product categories outside of Biosecurity and Genomics
 - Channel inventory levels remain stable

Adjusted EBITDA (\$M)



- Q4 FY24 includes additional costs to exit transition service arrangements
- Adjusted EBITDA impacted primarily by lower gross margin
 - Distribution and logistics inefficiencies
 - Higher level of inventory adjustments
- Further impact from transaction FX loss compared to prior-year gain

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



- Decline in Adjusted Net Income driven primarily by lower Adjusted EBITDA
- Increases in interest expense and depreciation offset by lower effective tax rate

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

(2) Adjusted Net Income per share

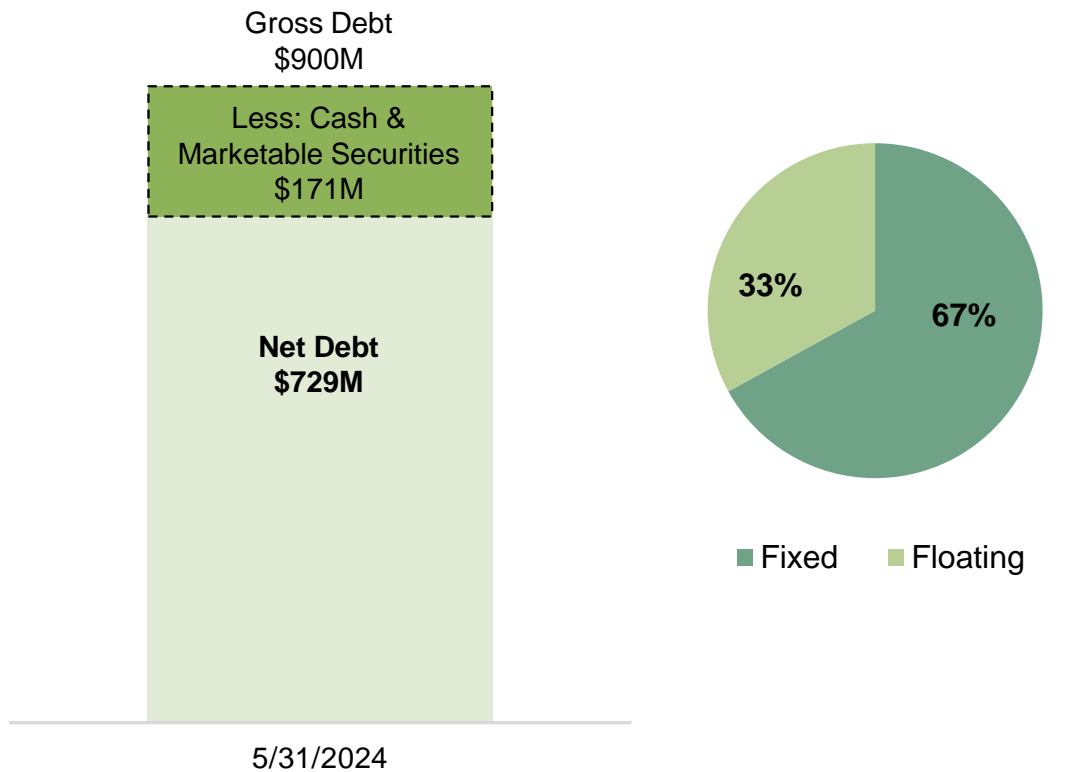
Integration Fully Underway

		Current Status
Manufacturing Transition	Indicator Testing	Construction of facility effectively complete, initial equipment delivered
	Sample Handling	Relocation complete, ramping up to full production levels
	Pathogen Detection	Fully integrated
	Hygiene Monitoring	Fully integrated
Services Transition	Back-Office Services (TSA)	Fully integrated
	Distribution Services (TDSA)	Fully integrated

Key integration activities nearly complete, with Petrifilm production final outstanding item

Balance Sheet & Capital Allocation

Debt Profile



- Net debt roughly flat from Q3
 - FY24 represented height of integration capex
 - Load-in of 3M inventory will not repeat in FY25
 - Continue to have multi-year improvement opportunity to drive working capital efficiency
- Debt remains ~2/3rd fixed
- Near-term capital allocation priority remains funding integration-related capex and deleveraging

FY25 Outlook

- **Initiating 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
 - Anticipating lighter-than-normal seasonality in H1 as demand generation efforts continue following H2 FY24 shipment constraints
- **Adjusted EBITDA: \$215 million – \$235 million**
 - Reflects incremental margin of over 70% driven by gross margin expansion and operating expense efficiency
 - Margin expansion expected to be aligned with revenue growth throughout the year
- **Capex: ~\$85 million**
 - Includes expected integration capex of ~\$55 million, significant decline from FY24

Summary

- All former 3M Food Safety products, outside of Petrifilm, and supporting services integrated into Neogen
- Significant progress made on shipping challenges throughout Q4 – no longer a constraint
- Operating with reasonable backlog levels – focus is on demand generation
- Have moved past peak cash outflows related to integration
- Continued investment in innovation behind key technology platforms

Focused on driving efficiency and demand in unconstrained operating environment in FY2025

**Thank you for
joining us.**

To view the earnings press release
and presentation, visit:

WWW.NEOGEN.COM/INVESTOR-RELATIONS





Appendix

Non-GAAP Reconciliations

Core Growth

	Three Months	Three Months	Year-Over-Year	% Change from		
	<u>Ended May 31, 2024</u>	<u>Ended May 31, 2023</u>	<u>Growth</u>	<u>Foreign Currency</u>	<u>Acq./Divest. ⁽¹⁾</u>	<u>Core Growth</u>
Food Safety Revenue	\$ 166,908	\$ 169,269	(1.4%)	(5.9%)	0.2%	4.3%
Animal Safety Revenue	69,887	72,541	(3.7%)	(0.1%)	(0.3%)	(3.3%)
Total Neogen Revenue	\$ 236,796	\$ 241,810	(2.1%)	(4.2%)	0.1%	2.0%

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

Non-GAAP Reconciliations

Adjusted EBITDA

	Three Months Ended May 31,	
	2024	2023
Net (loss) income	\$ (5,415)	\$ 5,572
Income tax (benefit) expense	(984)	2,078
Depreciation and amortization	28,864	28,439
Interest expense, net	17,524	16,951
EBITDA	\$ 39,989	\$ 53,040
Share-based compensation	3,939	2,866
FX transaction loss on loan revaluation ⁽¹⁾	732	134
Certain transaction fees and integration costs ⁽²⁾	3,431	4,058
Restructuring ⁽³⁾	160	475
Contingent consideration adjustments	50	-
ERP Expense ⁽⁴⁾	3,563	-
Discontinued product line expense ⁽⁵⁾	941	2,006
(Recovery) loss on sale of minority interest	(29)	-
Loss on investment	-	500
Other	178	-
Adjusted EBITDA	\$ 52,954	\$ 63,079
Adjusted EBITDA margin (% of sales)	22.4%	26.1%

- (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) Includes costs associated with the 3M transaction, including various transition agreements.
- (3) Includes costs associated with consolidation of U.S. genomics labs.
- (4) Expenses related to ERP implementation.
- (5) Expenses associated with intangible asset impairments and inventory scrap amounts related to certain discontinued product lines.

Non-GAAP Reconciliations

Adjusted Net Income

	Three Months Ended May 31,	
	2024	2023
Net (loss) income	\$ (5,415)	\$ 5,572
Amortization of acquisition-related intangibles	23,328	22,053
Share-based compensation	3,939	2,866
FX transaction loss on loan revaluation ⁽¹⁾	732	134
Certain transaction fees and integration costs ⁽²⁾	3,431	4,058
Restructuring ⁽³⁾	160	475
Contingent consideration adjustments	50	-
ERP Expense ⁽⁴⁾	3,563	-
Discontinued product line expense ⁽⁵⁾	941	2,006
(Recovery) loss on sale of minority interest	(29)	-
Loss on investment	-	500
Other	178	-
Estimated tax effect of above adjustments ⁽⁶⁾	(8,514)	(7,459)
Adjusted Net Income	\$ 22,364	\$ 30,205
Adjusted Earnings per Share	\$ 0.10	\$ 0.14

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- (2) Includes costs associated with the 3M transaction, including various transition agreements.
- (3) Includes costs associated with consolidation of U.S. genomics labs.
- (4) Expenses related to ERP implementation.
- (5) Expenses associated with intangible asset impairments and inventory scrap amounts related to certain discontinued product lines.
- (6) Tax effect of adjustments is calculated using projected effective tax rates for each applicable item.