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NEOG.OQ - Q2 2026 Neogen Corp Earnings Call

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## CORPORATE PARTICIPANTS

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**Mikhael Nassif** Neogen Corp - President, Chief Executive Officer

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**Robert Labick** CJS Securities Inc - Analyst

**David Westenberg** Piper Jaffray Inc - Analyst

**Brandon Vazquez** William Blair Capital Partners - Analyst

**Tom DeBourcy** Nephron Research - Analyst

## PRESENTATION

### Operator

Good morning ladies and gentlemen, and welcome to the Neogen Corporation second quarter FY2026 earnings conference call.

At this time, all lines are in listen-only mode. (Operator Instructions) I would now like to turn the conference over to Bill Waelke, Head of Investor Relations. Please go ahead.

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**Bill Waelke** - Neogen Corp - Vice President, Investor Relations & Treasury

Thank you for joining us this morning for the discussion of the second quarter of our 2026 fiscal year. I'll briefly cover the non-GAAP and forward-looking language before passing the call over to our CEO Mike Nassif, who will be followed by our new CFO, Brian Rigsby.

Before the market opened today, we published our second quarter results as well as a presentation with both documents available in the investor relations section of our website. On our call this morning, we will refer to certain non-GAAP financial measures that we believe are useful in evaluating our performance.

Reconciliations of historical non-GAAP financial measures are included in our earnings release and the presentation, slide 2 of which provides a reminder that our remarks will include forward-looking statements within the meaning of the Private Securities Litigation Reform Act.

These forward-looking statements are subject to risks that could cause actual results to be materially different from those expressed in or implied by such forward-looking statements. These risks include, among others, matters that we have described in our most recent annual report on Form 10-K and in other filings we make with the SEC. We disclaim any obligation to update these forward-looking statements. I'll now turn things over to Mike.

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Thank you, Bill. Good morning, everyone, and thank you for joining the call today. I continue to be energized by the significant opportunity I had at Neogen, working alongside our highly engaged global team as we transform the company with a clear focus on improved top-line growth and profitability.

We are the scale provider in a highly attractive industry supported by strong long-term secular trends, and I have high confidence in our ability to overcome recent macroeconomic and execution-related headwinds. Our second quarter performance represents encouraging

early progress with a return to positive core growth across the enterprise and adjusted EBITDA margins, improving nearly 500 basis points sequentially.

The initial phase of our transformation is centered on stabilizing and strengthening our core, providing a solid framework for future innovation. We began with cost structure improvements implemented in the second quarter expected to deliver approximately \$20 million in annualized savings. We will continue to rigorously evaluate resource allocation opportunities and instill a culture of disciplined operational execution across the organization.

Turning to our commercial teams, we are implementing a rigorous, process-oriented approach to commercial excellence, emphasizing strong operational planning and data-driven decisions and food safety, where our scale and breadth of offerings provide a clear competitive advantage, we see significant opportunity to shift towards solutions-based selling. This approach should increase customer stickiness and drive greater cost portfolio penetration.

Globally, over 75% of our food safety customers already purchased multiple product categories from us, and we have targeted initiatives underway to increase that percentage further by delivering comprehensive solutions tailored to their needs.

In animal safety, we are focused on elevating our portfolio of products through our long standing partnerships and have made investments to enable our commercial teams to drive growth. To accelerate all these priorities, we have strengthened our leadership of highly experienced operators, including our new CFO, Brian Rigsby and our new Chief Commercial Officer, Joe Friels. Joe is a seasoned diagnostics executive with extensive senior commercial experience at Abbott and Cid.

He understands what world-class sales execution looks like, and I'm confident he will help transform our sales culture. We have also added Tammy Rinalli as Senior Vice President and general manager of our food safety business unit. James Meadows as head of North America Food Safety and Jeremy Yarwood as Chief Scientific Officer.

These leaders bring proven track records from top tier companies and will accelerate both innovation and execution excellence at Neogen.

In parallel with our commercial focus, we are applying the same discipline and urgency to operational efficiency in key project execution. We saw early benefits in the second quarter from our cost actions which attributed to the sequential adjusted EBITA margin expansion.

We have continued to make progress on our sample collection product line and expect it to become a positive contributor to gross profit in the second half of this fiscal year. While there remains room for further improvement, we're committed to fully optimizing sample collection over the long-term alongside broader enhancements in inventory management and operational efficiency.

Another key priority is the integration of [Pfilm], which remains on track for the second quarter of fiscal 2027 timeline previously shared. We're currently in the latter stages of the production testing process, which has gone well. In parallel, we have moved into the initial stages of product validation, which is a comprehensive internal process to validate our ability to produce each of the 17 SKUs that we expect will be completed this summer.

As part of the testing and initial validation work we have done so far, we've demonstrated the ability to manufacture P film plates. These plates will continue to be subjected to a wide range of internal quality performance testing, but the early results have been encouraging.

As Brian will discuss later in the call, we are making positive progress on the previously announced sale of our genomics business, the completion of which will provide an opportunity to accelerate the deleveraging of our balance sheet. As a reminder, this past summer we divested our cleaners and disinfectants business, which allowed us to pay down \$100 million of debt.

To wrap up my opening remarks, I'm pleased with the initial progress we've made over the past few months, which has led us to raise our outlook for the year and represents a solid step in the right direction. We are still in the early innings of our transformation journey, and the in-market backdrop is not without some challenges.

However, we believe they are solvable or transitory in nature. I have every confidence in our ability to exit this fiscal year as a stronger, leaner, and more disciplined organization positioned to increasingly focus on innovation and the next leg of growth in fiscal 2027 and beyond.

I look forward to meeting with many of you at the JPMorgan conference next week where we will provide more details on our operational strategy. With that, I'll now turn the call over to Brian to share some details on our results and our updated outlook.

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**Brian Rigsby** - Neogen Corp - Chief Financial Officer

Thank you, Mike, and welcome to all the investors and analysts joining us on the call today. Similar to Mike, I'm incredibly excited to be part of the team at Neogen and emboldened by the significant opportunity ahead of the company to drive shareholder value.

To that end, we saw a return to positive core growth in both segments for the first time in four quarters, with total second quarter revenues of \$224.7 million increasing 2.9% on a core basis. Looking at the components of growth, foreign currency added 0.9%, and divestitures and discontinued products were a headwind of 6.6% compared to the prior year.

The impact from divestitures was attributable to the sale of the cleaners and disinfectants business, which was completed in July 2025.

At the segment level, revenues in our food safety segment were 165.6 million in the quarter, including core revenue growth of 4.1%. We saw the strongest growth in our indicator testing and culture media product category led by sample collection, which benefited from an easy prior year compare, and [PetrieFilm], which saw a nice recovery from the first quarter and returned to high single-digit growth.

Double-digit growth in pathogens led the bacterial and general sanitation product category, while the allergens and natural toxins category saw growth in allergens offset by a decline in natural toxins. From a macro perspective, we continue to see disruption at the customer level, with food production volumes estimated to generally still be down across major producers on a year over year basis. Additionally, there have been several major plant closures and food producer bankruptcies across the industry in the last 12 months.

Given the short-term fundamental backdrop that we believe is primarily driven by inflationary cost pressures, we are even more encouraged by the strong results in the second quarter. While macro trends remain negative, there are signs some of the headwinds may begin to abate as we transition into fiscal year 2027 and beyond.

Quarterly revenues in the animal safety segment were 59.1 million, including core revenue growth that was approximately flat compared to the prior year quarter. We experience solid growth in our biosecurity product category led by higher sales of insect control products due in part to market share gains.

In the veterinary instruments product category, lower sales were primarily driven by needles and syringes, while lower sales in the life sciences product category were largely driven by timing of orders and fulfillment. Our global genomics business had core revenue growth accelerate to 6% in the quarter with solid growth in the bovine market partially offset by weakness in companion animal testing.

From a macro perspective, we have also seen challenges in animal safety as a part of a multi-year trend with production animal herds declining in the US to record lows. Most forecasts have this trend reversing next year as ranchers begin to invest again given record beef prices. But we will continue to take a more cautious approach as we approach guidance until evidence of positive improvement is more apparent. From a regional perspective, core revenue growth in the second quarter was led by our Latin America region, up high single-digits with strong sales of pathogen detection products and petrie film.

The US and Canada region had poor growth in the mid-single-digit range, with food safety up mid-single-digits and animal safety about flat. Strong growth in sample collection, as well as in petri film, pathogen detection, and allergens was partially offset by a decline in food quality and culture media.

The AAC region saw low single-digit core growth that was led by pathogen detection products, sample collection, and genomics, offsetting declines in culture, media, and allergen test kits. Our EMEA region had core growth decline, low single-digits, with growth in sample collection, food quality, genomics, and petri film offset by declines in natural toxins, culture, media, and general sanitation products.

Gross margin in the second quarter was 47.5%, a sequential improvement of 210 basis points from the first quarter, with the increase due primarily to volume and lower tariff costs, excluding the impact of integration-related and restructuring costs, the second quarter gross margin was 50.3%. Addressing the production efficiency of our sample collection product line has been a priority, and we saw improvement in the quarter, which is a trend we expect to continue in the second half of the fiscal year.

With an increased focus on inventory across the organization, we did see an elevated level of inventory write-offs in the quarter. We have described this as a multi-quarter process to return to more normal levels of scrap and continue to expect to see improvement in the second half, as this is an item of high emphasis for our operations teams.

Adjusted EBITDA was \$48.7 million in the quarter, representing a margin of 21.7%, an improvement of 470 basis points from the first quarter. The margin improvement was driven primarily by the higher gross margin and the headcount reduction implemented during the second quarter.

Second quarter adjusted net income and adjusted earnings per share were \$22.6 million \$0.10 respectively compared to \$9.4 million \$0.04 in the prior quarter due primarily to the higher level of adjusted EBITA.

Moving to the balance sheet, we ended the quarter with gross debt of \$800 million 68% of which remains at a fixed rate and a total cash position of \$145.3 million. We remain in compliance with all debt covenants and remain comfortable with our position as we look to the second half of the fiscal year.

Free cash flow in Q2 was \$7.8 million, representing an improvement of \$20.9 million from Q1, the result of lower cap and improved trade working capital efficiency. Importantly, we expect that routine CapEx will trend towards more normal levels of 3% to 4% of revenues starting in late fiscal year 2026, which will further improve free cash flow trends.

As Mike noted earlier, we are raising our full year guidance for fiscal 2026 to reflect the second quarter performance being ahead of our expectations.

We now expect revenue to be in the range of \$845 million to \$855 million and adjusted EBITDA to be approximately \$175 million for the fiscal year.

This updated guidance reflects a cautious approach to the second half of the year, given the lingering weakness in our in-markets and the fact that we have a new team on board that is still settling in and evaluating opportunities.

As a management team, Mike and I take very seriously the commitments and guidance we provide to investors.

Looking on a quarterly basis, our guidance contemplates revenue in the fourth quarter being modestly higher than the third quarter, which we are assuming will step down from the second quarter due primarily to seasonality, and that adjusted EBITDA margins will follow a similar trend.

We continue to expect our capital expenditures for the year will be approximately \$50 million and that free cash flow will be positive.

We have also previously disclosed that we have a process underway to divest our global genomics business. The process continues to move along, and while the timing of such processes is inherently difficult to predict, we anticipate being able to make an announcement in the 4th quarter of the current fiscal year given the current stage of the process. In addition to the net proceeds being prioritized for debt reduction, this divestiture will further simplify and focus the business and also position the business for enhanced incremental margins.

I'll now hand the call back to Mike for some final thoughts.

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Thanks Brian. When I joined Neogen, I was thrilled to lead a company with strong leadership positions and highly attractive in markets. While we have faced both macroeconomic headwinds and execution challenges, we believe these are solvable and that Neogen's best days lie ahead.

Now nearly five months into my role, I've had the privilege of meeting many of our customers and team members around the world. These interactions have only strengthened my optimism and deepened my appreciation for the power of the Neogen brand.

Our customers don't see us simply as a supplier. They view us as a true partner and a trusted authority in food safety. We are committed to further strengthening these vital partnerships, accelerating groundbreaking innovation, and delivering greater value to our customers than ever before.

In my interactions with team members across the globe, I've been deeply encouraged by the passion and commitment I've witnessed firsthand. The thoughtful dialogue and sharp insights shared in these conversations reaffirm what I already knew.

We have an exceptional team that is fully invested in our mission. We now have a strengthened leadership team in place, seasoned executives with deep experience driving transformation in global life sciences and diagnostics businesses.

They bring a disciplined, fundamental, focused approach centered on process excellence, clear prioritization, cross-functional collaboration, transparency, and accountability. Importantly, we are already seeing strong buy-in across the organization as we implement these changes, a clear signal that we are aligning around the right strategy to unlock Neogen's potential.

In closing, I want to extend my heartfelt gratitude to every employee around the world for your hard work, resilience, and unwavering dedication. It is your talent and commitment that will drive our success, and I'm more confident than ever in our ability to deliver outstanding results for both our customers and shareholders.

Thank you. And now I'd like to turn things over to the operator to begin the Q&A session.

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## QUESTIONS AND ANSWERS

**Operator**

Thank you, ladies and gentlemen. We will now begin the question-and-answer session. (Operator Instructions) Rob Labick, CJS Securities.

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**Robert Labick** - CJS Securities Inc - Analyst

Good morning. Congratulations on the strong results and outlook. Thanks Bob.

Great, so I wanted to start, where you just finished, Mike, you talked about the new management team. Can you discuss, kind of maybe a little more what you look for in each of the people as you built out this team and how long it'll take to get, I mean, the announcements kind of just happened obviously, get people on board and for everyone to, gel and make a difference and, start operating as one.

**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Yeah, thank you for that question. The great news is. We've attracted top tier talent to this company, which speaks highly to the opportunity we have at Neogen in turning this business around.

When I was recruiting for the talent, I was really looking for very experienced leaders in diagnostics or life sciences that have been part of large organizations that understand the discipline and complexity of managing global businesses. But more importantly, we're operators that they were able to zoom in and zoom out and really help the organization accelerate, the basics that I've talked about before, and I think that's extremely important because, we've got a great workforce and in some cases, we're trying to implement global processes that require a lot of hands on initially to get everybody going in the same direction. So I'm very, I'm very proud and I think we're extremely lucky to have attracted the talent that we've attracted.

As far as how long it's going to take to get them up and running, I would say that given the talent caliber and experience of these professionals, they're already hitting the ground running, and our business is not so different than the diagnostic than the human diagnostics business. So from a technology and go to market, there's a lot of similarities there, so we've got a very robust onboarding plan for all of the leaders. And we are starting now to meet as a full management team and really focusing on the priorities which have not changed, which are all about driving top-line optimizing our growth and really focusing and becoming masters in the fundamentals.

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**Robert Labick** - CJS Securities Inc - Analyst

Okay, that sounds great. And then maybe just one more question. I'll jump back and queue and obviously good quarter, strong sequential margin improvement, but you know I think you said you'll get better improvement in sample handling in the back half. I'm trying to get a sense of what was the headwind to margins maybe from sample handling or maybe said another way once you get that to the margins you want, what would be the equivalent or close EBITDA margins, at current levels, and then obviously as top-line grows you can grow that from there.

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Yeah, I mean, let me give you a little bit of my thoughts on sample collection and then I'd like to ask Brian to share his thoughts as well, more specifics, but listen, sample collection is a challenge for us. We've been pretty transparent about that. We're working it, multiple fronts from making sure that pricing is reflective of the average price in the market. We are taking all of the improvements, on improving the efficiency on the line. I think the great. Progress that we have made in getting back, getting out of back orders means that we can reduce the temporary labor, some of the scrap and other things that were impacting our margins and kind of get more to steady state, and we are 100% focused on improving profitability on this product, but this continues to be a gateway product that our customers need.

But it leads to other purchases within our portfolio, and I personally don't think the product's ever going to be as profitable as other parts in our portfolio, but we're not giving up and we're going to continue to be focused on that. But I would say high level we would expect this product to return to some profitability in the second half.

And I'd like to ask Brian to share any thoughts on that.

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**Brian Riggsby** - Neogen Corp - Chief Financial Officer

Yeah, thanks, Mike. Bob, I, my comment would just be, I think if you look at the, at our non-GAAP reconciliation schedule where we've excluded the negative impact of that previously, you can see that it was Q4 in Q4 it was around \$10 million, in Q1 it was \$6 million, in Q2 it was around \$3 million. So the trend is favorable and again to Mike's comments, we would expect it to then turn positive as we move into the back half of the year.

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**Robert Labick** - CJS Securities Inc - Analyst

Okay, super, congrats again. Thank you.

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**Brian Rigsby** - Neogen Corp - Chief Financial Officer

Thank you. Thanks.

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**Operator**

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David Westenberg, Piper Sandler.

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**David Westenberg** - Piper Jaffray Inc - Analyst

Hi, thanks for taking the question and congrats on a really good quarter here. So I'll just start off with, why hasn't the implied H2 growth, or margin, a little bit higher, falling, a really good quarter? Do you think, is this conservatism or, like just first quarter for both the CFO and I guess second quarter for the CEO? You just want to make sure that, everything's right here.

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Yeah, let me start. I, I'll share some thoughts.

Thank you for the question. I think that's a very fair question, and I'll ask Brian to jump in. I mean I think, listen, what you see contemplated in the guide.

Is our prudent approach approach to beginning to return the business to sustain a predictable performance, and you've heard me talk about that last time that very much focused on driving predictability in this business and consistency.

Listen, I'm happy with how the org is reacting to the new ways of working in the very short period of time that we've been here, and Q2 is a great quarter, but it's one data point. We've also got a brand new team that's going to be settling in and, learning how to work together and really start to scale these things that we've put in place.

And I would say just as important, and Brian and I have talked a lot about this, we understand the importance of our commitment to investors and building credibility. That's extremely important to us. And so with that said and the lingering macroeconomic weaknesses, tariffs, uncertainty, and what have you, we feel confident with the trajectory, the early progress we've made, and taking all of that into account, we believe it's appropriate to take a conservative tack for the remainder of the fiscal year. And the last point I'd make is it's important to note that we are now forecasting a positive growth for the year.

Given this latest update on the guide.

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**Brian Rigsby** - Neogen Corp - Chief Financial Officer

Brian, yeah, I would just echo Mike's comments in terms of, it's one data point, we did raise the guide to reflect the overdel delivery in Q2, but, we, we've got a new team in here. I, I've been here for 2 months now, and we just want to make sure that we, take the right approach that relates to how we manage the guide.

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**David Westenberg** - Piper Jaffray Inc - Analyst

Perfect. And just asking one more kind of basic blocking and tackling question as we look at our models. Were there any one-time revenue tailwinds in the quarter and we think about recurring adjustments, how do we think about those cycling through for the rest of the year? I think, with the recurring adjustments, it's one of those, have a limited time, but I mean, I guess you always have new ones. So I guess, anyway to think about that anyway.

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**Brian Rigsby** - Neogen Corp - Chief Financial Officer

Yeah, sure, I, I'll take the question and like can add anything you like. The only thing I would sort of call out, we had, we did have about \$2 million of insecticide, tailwind in Q2, in the animal safety segment, but really that would be the only thing of note that I would call out as a one-timer.

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**David Westenberg** - Piper Jaffray Inc - Analyst

Yeah, the.

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Yeah, David, what I would just add is that, we saw. It's crazy when you know the simplicity sometimes is you get what you measure. So, driving the commercial excellence, focusing on key products when you think about, petri film, pathogens, allergens which have been a focus for us in that quarter, you see very healthy returns on those when you drive the right focus. And so, we were very pleased with how the organization's responding to the additional focus, and we feel that a lot of this growth was due to. Driving the specificity and commercial excellence, so the organic growth is great, and now we're looking to, scale that and accelerate it.

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**David Westenberg** - Piper Jaffray Inc - Analyst

Got it. I'll just give it a 2 knowing that you still have a few more analysts to ask some questions from.

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Okay.

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**Operator**

Thanks, David.

Brandon Vazquez, William Blair.

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**Brandon Vazquez** - William Blair Capital Partners - Analyst

Hey, good morning, guys. Thanks for taking the question and congrats on a nice quarter as well. Mike, maybe as you sit, you're maybe about 6 months into the seat now, you guys have had a strong quarter here. Talk to us a little bit about specifically what in the commercial organization has changed that is working. This is probably the first time in several quarters. If not a couple of years where you've been able to kind of accurately forecast the business and actually give improving expectations for the business on a go forward basis. So what is working and what's giving you the confidence to raise guidance already, less than a year into the seat in the CEO seat?

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Yeah, thanks Brandon and listen, I wish I can tell you something that makes me look really smart. Reality is it's just focusing on the basics and driving simplicity.

I think that, last quarter when we were talking about, in the quarter discussion but also in the one on ones, specifically the organization was very comfortable doing monthly forecasts, for example, and very early on that didn't seem like the right approach given our history of missing our forecasts.

So we instituted a weekly latest best estimate process where we bring in all of the sales leaders and all of the supporting functions on a weekly basis reviewing the forecast, reviewing the risks and opportunities, reviewing the targeted accounts, discussing what needs to be true, what do we need to do to enable the sales team to deliver on the commitments to the customers, and you know I would say in the first couple of weeks it was a little bit rough but now you see the leaders running the calls and the whole organization. Is really focused on enabling the commercial team and one of the things that I think I've shared and I've been trying to instill in the organization is our commercial team needs to be very customer centric. The rest of the organization needs to be in service of the commercial team, and that is how we're driving this. And so early signs, is that this is really resonating with the organization and I think we can kind of see that reflected in the Q2 performance.

Now that said, we don't want to get ahead of our skis. We're going to continue to do the same thing this quarter that we did last quarter, get the new leaders on board, drive more com, drive more specificity, making sure we're really looking at the opportunities, addressing the concerns, that we have and the headwinds in the market, and I think really that is the formula for success.

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**Brandon Vazquez** - William Blair Capital Partners - Analyst

Got it. Great. That's helpful. And then one of the other big questions I get a lot with investors now, and I'm sure you're aware, is just the feature film manufacturing process. You made a couple of comments in your prepared remarks on, some confidence there. Can you maybe just spend another minute on like what is it that's giving you confidence that this is continuing on time, and, what are you seeing in the early ramp of that facility?

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Yeah, absolutely, it is a super important project for us, in Q1 I shared that, early on I knew this was a priority and I spent a lot of time with Jim Walters, our head of operations in the manufacturing team, really looking at the at this plan, having been in biopharma businesses and med tech businesses, any tech transfer has a lot of challenges. In this case we're doing 17 on 17 SKUs, and I was very proud and happy, pleasantly surprised, I guess, happy. Of how the team has thought about all of the potential factors and things that can come to play in in making sure that this transition is is extremely successful, and I think that since then we have executed that plan. That plan remains the same.

We remain extremely focused and the process of doing that is starting to, demonstrate some results and so we're still on track for. The November 2027 timeline, we're in the late stages of production testing, which has gone very well so far. In parallel, we've begun initial phases of product validation, which we expect to continue into the summer.

As I mentioned in the opening remarks, throughout the course of production testing and the initial product validation work, we've demonstrated that we can manufacture feature film on the new equipment, which is a very important milestone. And so we're going to continue to execute the plan. We've got the right talent, the right resources. This is the top focus for us. We are not sparing any focus or resource required, and, that's what gives me confidence.

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**Brandon Vazquez** - William Blair Capital Partners - Analyst

Got it. Thanks a lot, guys, and congrats again.

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**Operator**

Thanks, Brandon.

Subbu Nambi, Guggenheim Securities

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**Unidentified Participant** - - Analyst

Hi guys, this is Thomas on Pursubu. Thanks for taking our questions. For the growth in indicator testing and culture media, how much of that was volume driven and then how much was on price? Just trying to gauge how we should think about growth for the rest of the year and if that's sustainable.

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Yeah, I can share some thoughts and maybe Brian wants to add a few things. I would say that.

Most of it is organic growth, these are product lines that we drove specific focus on, and so there are some, last quarter we did share that there was a, part of the decline of Petrie Film was due to an inventory correction in our major distributor in the United States. We've seen that distributor go back to normal, levels, and when you look at sellout data, it's around 9%.

So the petrif market continues to be healthy. We continue to be the market leader, and growing, at that pace. I think pathogens is also another one where we're seeing significant growth, organic growth just due to, all of the illnesses, the rise in illnesses and other things, that you see. And then with the allergens, that was, as you guys might be aware. You know we've had some supply issues in the past. We're not through those. We're working. We've worked through all of the back orders, and we're gaining some lost customers, and we're really looking to get that platform back on, sustained growth.

I know Brian, if anything you want to share that, yeah, I.

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**Brian Riggsby** - Neogen Corp - Chief Financial Officer

Would just say, in total, up 6%, and just more volume than price would be the only thing I would.

**Unidentified Participant** - - Analyst

Okay, awesome, and then maybe just to stay there on Petrie Film.

What are your updated assumptions around the 2026 growth rate and then just how should we think about this longer-term if much of the growth was volume is their pricing power still available in the market to take for feature film?

Thank you guys.

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Yeah I mean I think the there's always there's always pricing opportunity and in fact that's the standard language in all of our contracts one of the things that.

It's not unique to this business is that we have different contract durations and different contract expiry. So as new contracts come on board, certainly the inflationary pricing adjustments are introduced and of course when we launch new Petrie Film tests that we always, price that accordingly, but I think there continues to be an opportunity to adjust for inflationary measures as new contracts come up for renewal.

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**Brian Rigsby** - Neogen Corp - Chief Financial Officer

Yeah, I think the only thing I would add is just that you may recall that in Q1 we had one of our largest US distributor adjusting their inventory levels which provided for a headwind in Q1 even though the end market was still strong and so that phenomenon wasn't there in the second quarter, so we would expect the remainder of the year for that product to look more like Q2.

Yeah, I'll see.

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**Operator**

Tom DeBourcy, Nephron Research.

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**Tom DeBourcy** - Nephron Research - Analyst

Hi, thanks guys for taking the question. I was just wondering, like it just in terms of, I guess coming into the CEO role, your feedback from customers, the business overall, obviously they've had to deal with some stock outs of certain products like in sample collection and just their willingness to kind of work with you as you. Ramp up production and get back towards more normal inventory levels and then just overall the business, is there a rough breakout you could give in terms of volume versus price in terms, of the organic growth, thanks.

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Thanks Tom for your question. By now I have visited all regions, and have visited customers, distributors, direct customers from around the world, and I H1stly have to say, I've never been in a market where customers are rooting for you like they are for Neogen.

We are the food safety company. I can't tell you how many customers, some more impacted than others with our supply issues, but they want us to succeed. They see us as a vital partner in their food safety quality program. If you, if you look at food safety quality program at sites, these are cost centers, these are, they're doing the testing required. And sometimes they have a lot of turnover and when there are gaps in their competency or gaps in their training or knowledge, they rely on NeoGym to help fill that GAAP and I think that is one of the competitive advantages that we have in addition to having a full food safety portfolio is that we're seen as the experts in the food safety

business and so it has been consistent around the world. Yes, some customers are frustrated, but they very much want us and need us to succeed. Because that means that their food safety programs will also succeed.

Brian, I don't know if you.

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**Brian Rigsby** - Neogen Corp - Chief Financial Officer

Have any, I would just say similar to my earlier comments, about another product category, it was positive but more volume than price.

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**Tom DeBourcy** - Nephron Research - Analyst

Yeah, great.

Thank you.

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**Operator**

Don't no further questions at this time. I will now turn the call over to Mike Nassif for her closing remarks.

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**Mikhael Nassif** - Neogen Corp - President, Chief Executive Officer

Great. Thank you everybody for joining and all the conversations and the feedback. I very much look forward to seeing many of you, next week at JPMorgan to continue the conversation and have a great rest of your day.

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**Operator**

Ladies and gentlemen, this concludes the conference call for today. We thank you for participating and ask that you please disconnect your lines.

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