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**LANDEC**  
(Nasdaq: LNDC)

# Lifecore Biomedical

Investor Presentation

October 2022



Progress made **possible**

# Important Information Regarding Forward-Looking Statements



This presentation contains forward-looking statements regarding future events and our future results that are subject to the safe harbor created under the Private Securities Litigation Reform Act of 1995 and other safe harbors under the Securities Act of 1933 and the Securities Exchange Act of 1934. Words such as “anticipate”, “estimate”, “potential,” “target,” “expect”, “project”, “plan”, “intend”, “believe”, “may”, “might”, “will”, “should”, “can have”, “likely” and similar expressions are used to identify forward-looking statements. All forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially, including such factors among others, as the timing and expenses associated with operations, the ability to achieve acceptance of the Company’s new products or obtain arrangements with new customers in the market place, the timing and ability to obtain regulatory approvals (including by us and our customers), government regulations affecting our business, the ability to maintain and grow existing client relationships and manage expenses, uncertainties related to COVID-19 and the impact of our responses to it. For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please refer to our filings with the Securities and Exchange Commission, including the risk factors contained in our most recent Quarterly Report on Form 10-Q and Annual Report on Form 10-K. Forward-looking statements represent management’s current expectations and are inherently uncertain. We do not undertake any obligation to update forward-looking statements made by us to reflect subsequent events or circumstances that may arise after the date of this presentation.

# Lifecore Business Highlights



Fully-integrated CDMO with **highly differentiated capabilities** for development and fill/finish of sterile, injectable-grade pharmaceutical products



A leading provider of premium research grade HA with focus on complex and highly regulated products



Large, growing addressable markets with attractive underlying tailwinds supported by **long-term customer relationships** and low turnover



Aspirational goal to **accelerate annual revenue growth into the mid- to high-teens** based upon current pipeline characteristics and favorable industry tailwinds in the coming years



Multiple levers to continue to drive **long-term growth**, including continued **expansion and commercialization** of development pipeline



35+ years of exceptional quality, safety, and regulatory compliance with available capacity & **state-of-the-art facilities** to support future growth



Highly experienced Lifecore management team with **deep industry expertise** and proven ability to execute

# Lifecore Biomedical

To provide high quality innovative product development and manufacturing solutions for our partners, guided by our unwavering commitment to improving people's lives

Progress made possible

## Legacy

A leading supplier of pharmaceutical grade Hyaluronic acid (HA) in ophthalmology, orthopedic and veterinary medicines.

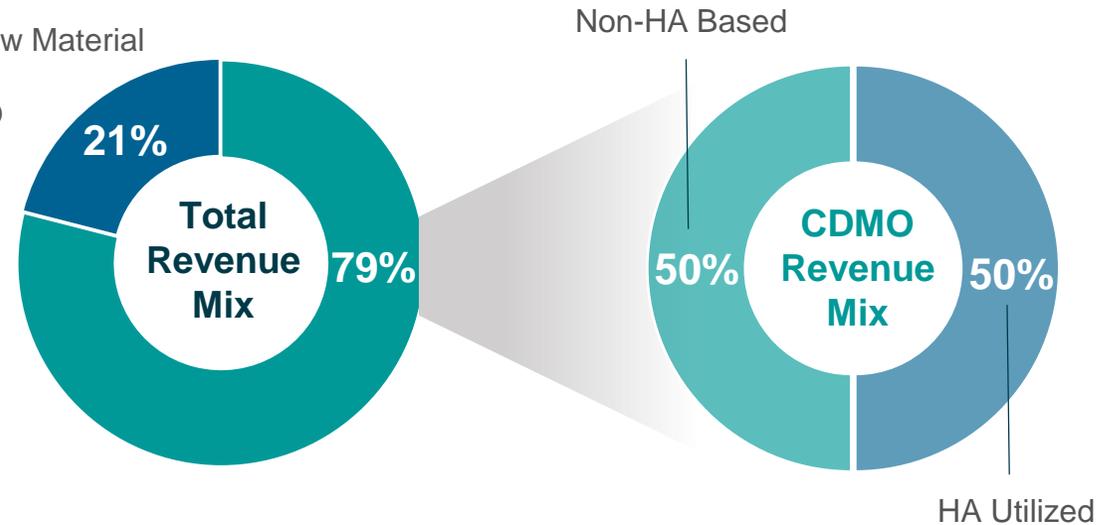
## Growth

A fully integrated Contract Development and Manufacturing Organization (CDMO) assisting companies to bring new and FDA-approved injectable therapies to market.

## Revenue Streams

FY22 Total Revenues: \$109.3M

- HA Raw Material
- CDMO



Continuing to invest in capabilities in the CDMO business to drive an acceleration in revenue growth

# Growth Strategies

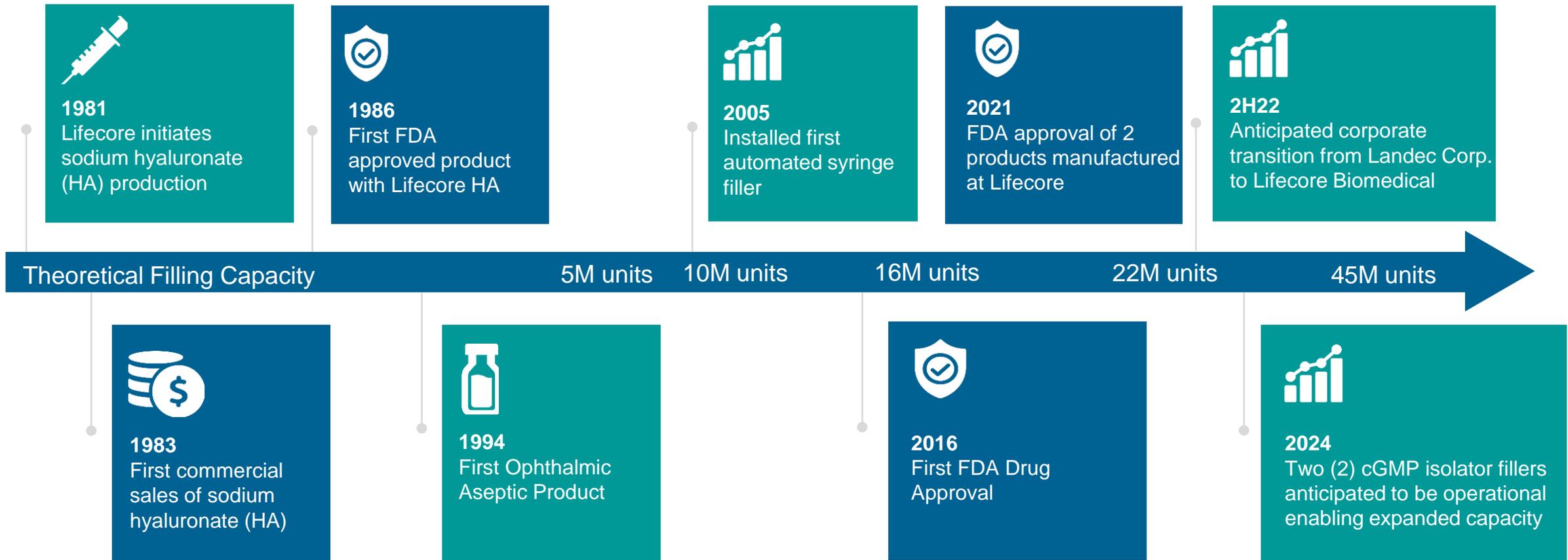


<b>Strategies</b>	<b>1. EXPANSION OF DEVELOPMENT PIPELINE AND COMMERCIAL SERVICES</b>	<b>2. TARGET INCREASING OPERATIONAL CAPACITY</b>
	<ul style="list-style-type: none"><li>• Invest in people and systems to support expanded development pipeline and services</li><li>• Targeted sales and marketing strategy</li><li>• Identify and expand development services portfolio</li><li>• Identify late phase development and new commercial opportunities</li></ul>	<ul style="list-style-type: none"><li>• Invest in people &amp; systems to seek to maximize efficiencies and growth potential</li><li>• Advance late phase development projects through commercialization</li><li>• Advance early phase projects and support commercial growth of marketed products</li><li>• Support commercial growth of base business</li><li>• Identify strategic adjacencies and partnerships</li><li>• Target increasing operational capacity to 22 million units by FY25 and 45 million units by FY28</li></ul>

# Progress Made Possible



Leveraging over 40 years of experience to bring our customers' innovations to market



\*Dates reflect calendar years and periods

# State-Of-The-Art Manufacturing Sites



Lifecore maintains two state-of-the-art facilities to support the development and manufacturing needs of our clients



Four ISO 5 clean rooms with various fillers supported by five ISO 7 formulation rooms



Dedicated Development and Pilot Labs



Three analytical labs supporting development and commercial testing/stability

 Lyman Boulevard Location  
148,200 sq. ft.



 Lakeview Drive Location  
80,950 sq. ft.



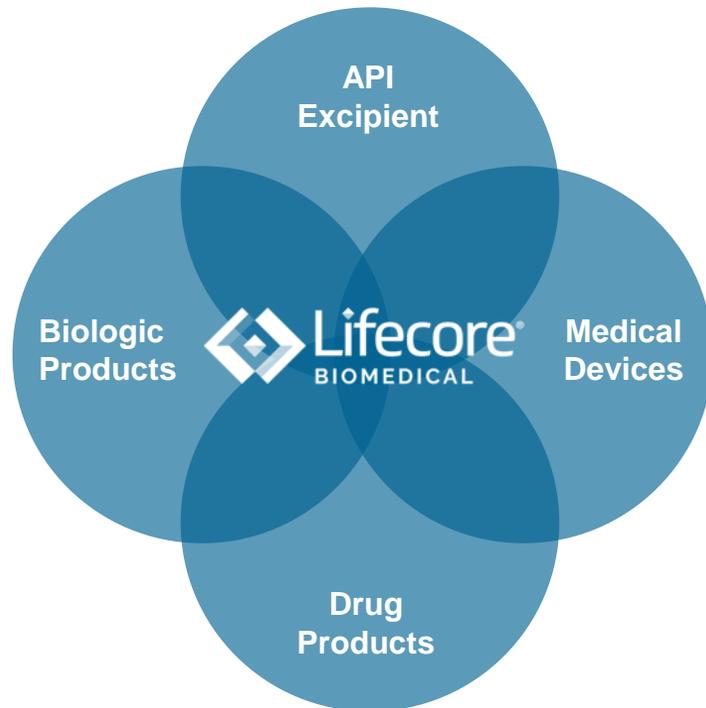
Lifecore also has an FDA registered warehouse site with 21,400sq. ft.

**Invested approximately \$100M during the past 10 years and \$50M over the last 3 years (FY20-22) in capital expenditures related to innovation, product development, facilities, equipment and new capabilities for the Lifecore business**

# Extensive Regulatory Systems & Excellent Quality Record



QMS Multi-Regulation Compliant



40+ years of a strong track record with global regulatory bodies; regularly inspected facilities are in good standing with agencies.

- Three sites operating under cGMP and regularly inspected
- World class quality system leads to excellent regulatory record
- ~80 customer audit days routinely held annually



# Highly Differentiated End-To-End Capabilities



## Hyaluronic Acid



## Clinical Development Services



## Commercial Manufacturing



### A Pioneer in Developing and Manufacturing Highly Complex Solutions

- ✓ Global leader in Hyaluronic Acid (HA) manufacturing
- ✓ Research grade HA available in powder form supporting standard and custom modified options

- ✓ Services provided from early stage through validation/qualification
- ✓ Services range from formulation, process development, analytical method development, engineering and validation
- ✓ Expertise in sterile filter and aseptically fill of custom complex solutions

- ✓ Capabilities include drug product formulation, sterile filter, aseptic fill, visual inspection, analytical testing and stability services
- ✓ Packaging services featuring automated assembly, camera verification, serialization and tracking through supply chain, QA review and lot release

# Trusted Producer of Premium Pharmaceutical Injectable Grade Hyaluronic Acid



Type of HA	Quality	General Uses & Types of Products	Barriers to Competition
<b>Pharmaceutical</b> Injectable grade	<b>High</b> Governed by regulatory agencies	<ul style="list-style-type: none"> <li>✓ Ophthalmic surgery</li> <li>✓ Joint Injections</li> <li>✓ Bone grafts</li> <li>✓ Intra-articular injections</li> <li>✓ Carrier for drugs</li> <li>✓ Tissue engineering</li> </ul>	<b>High</b> <ul style="list-style-type: none"> <li>• Product specs tailored to needs of end user</li> <li>• Heightened quality control in US/EU markets</li> <li>• Regulatory barriers to change source</li> </ul>
<b>Topical</b> Medical grade	<b>Moderate</b> Governed by regulatory agencies with less restrictions	<ul style="list-style-type: none"> <li>• Eye drops</li> <li>• Topical wound healing</li> <li>• Topical medications</li> <li>• Intradermal injections</li> </ul>	<b>Moderate</b>
<b>Cosmetic</b> Nutraceuticals	<b>Low</b> Limited or no regulatory agency oversight	<ul style="list-style-type: none"> <li>• Cosmetics, lotions, creams</li> <li>• Nutraceuticals, supplements</li> </ul>	<b>Low to None</b> Commoditized

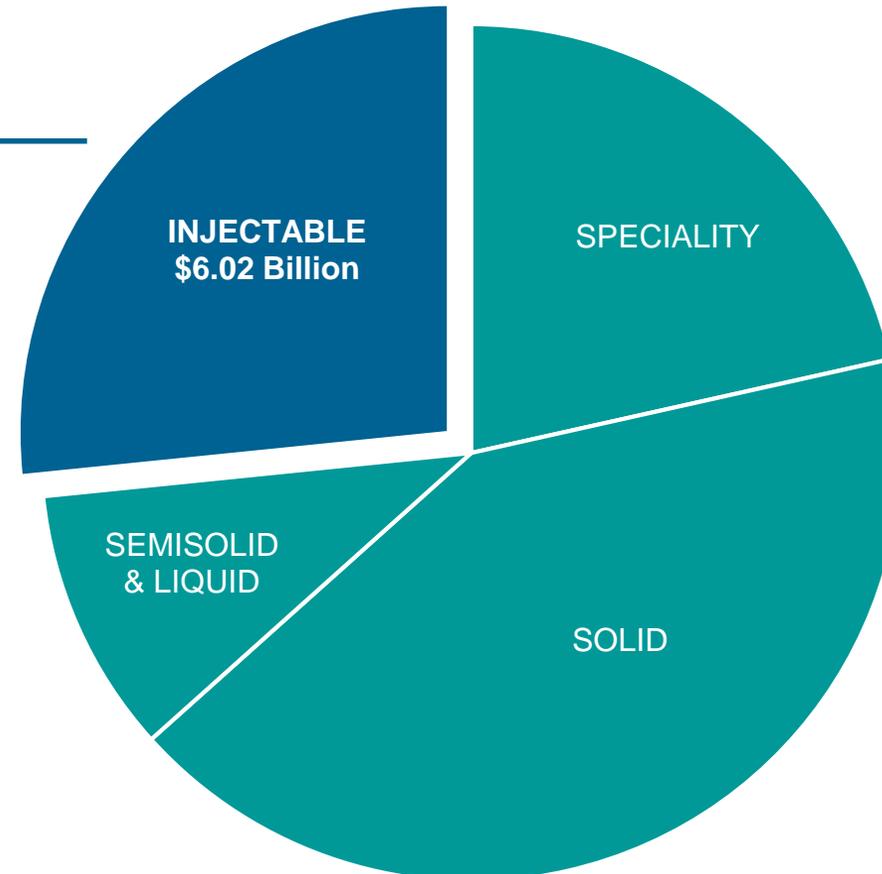


# Injectable Products Lead Growth in Drug Development Market

Approximate CDMO market size - \$22.6 Billion\*

Injectable segment is expected to grow at 10.5% CAGR from 2020-2025\*

- Equipment Differentiated & Unique
- High Value Molecules
- Technical Expertise Required



# Favorable Anticipated Trends Fuel Long-Term CDMO Demand & Value for Lifecore



Drug development is on the rise

**+6% CAGR\***

High propensity to outsource manufacturing among small & mid-sized organizations

**+75% of Total Approvals\*\***

Growing injectable NDA approvals

**55% of all drugs in development are injectables**

Prefilled syringe demand is outpacing the injectable market  
*(Pharmaprojects® January 2019)*

**+13% Anticipated CAGR\*\*\***

Demand for specialized CDMO vial & syringe capacity

**90-132\*\*\*\***  
Estimated new approvals of injectable therapies received by CDMOs between 2018 - 2023

**Lifecore is in a strong position to accelerate growth**

**75-100M units\*\*\*\***  
Anticipated incremental demand for specialized therapies in vials and syringes between 2019 and 2023

\*(Pre-Clinical; Phase 1-3) 2008 – 2019 - William Blair, Pharmaceutical Outsourcing & Service Report. April 2020

\*\**(Finished dose outsourced by small and mid-sized pharma)* William Blair, Pharmaceutical Outsourcing & Service Report. April 2020 (Pharma size defined in revenues as follows: Small <\$2.5Bn, Mid: >\$2.5Bn & <\$10Bn, Large: >\$10Bn)

\*\*\* Pharmaprojects® (January 2019 - 2023, as compared to injectable demand of +10%)

\*\*\*\*GlobalData PharmSource Report: Demand and Supply for Contract Manufacturing of Injectable Drugs Through 2023

# Long-Term, Blue Chip Customer Base

## Blue-chip customer base spans:

- 13 commercial customers – global and emerging biopharma and biotech companies
- 26 commercial products
- Lifecore continues to expand its presence in the CDMO marketplace by utilizing its specialized capabilities to seek to partner with biopharma and medical device companies

## Customers choose Lifecore:

- Supports all phases of development and commercial lifecycle
- Strong capabilities in manufacturing and supplying pharmaceutical-grade HA in bulk form and injectables
- Technical expertise in high viscous solutions and infrastructure to support development of drugs, biologics, medical devices and combination products
- Proven demonstration of sophisticated quality systems with a clean history

## Top 5 Revenue Customers

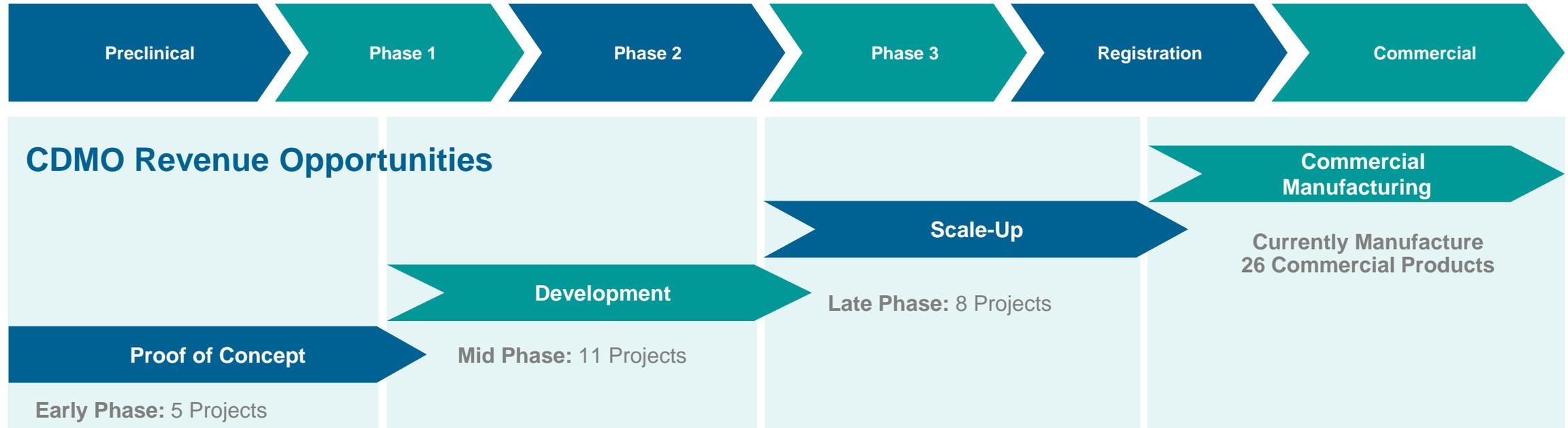
Customer 1	39 Years
Customer 2	5 Years
Customer 3	28 Years
Customer 4	18 Years
Customer 5	22 Years

# Managing Our Pipeline



24 Projects\* currently in various phases of development

## Project Lifecycle



**Lifecore can address customers' entire development and commercial lifecycle**

\*Projects are defined as individual drugs or devices for which Lifecore provides manufacturing services; fiscal first quarter data, as of 8/28/22

# Our Existing Project Breakdown



	Proof of Concept Development	Development	Scale-up
<b>Number of Projects</b>	5	11	8
<b>Anticipated Remaining Time to Commercialization*</b>	3-10 years	2-8 years	1-4 years
<b>Therapeutic Area</b>	Ophthalmic disorders Non-Opioid Pain, Interstitial Cystitis, Diabetes	Ophthalmic, Non-Opioid Pain, Aesthetic, Orthopedic, Oncology	Ophthalmic, Respiratory, Veterinary, Non-Opioid Pain
<b>Drug or Device</b>	4 Drugs, 1 Devices	8 Drugs, 3 Devices	5 Drugs, 3 Devices
<b>Customer Type</b>	1 Large Pharma, 4 Small	1 Large Pharma, 1 Medium, 8 Small	2 Large Pharma, 1 Medium, 4 Small
<b>HA &amp; Non HA</b>	3 HA, 2 Non HA	9 HA, 2 Non HA	5 HA, 3 Non HA

\* Anticipated remaining time to commercialization may be impacted by but not limited to such factors as regulatory timing, FDA approvals, contract negotiations, and capacity limitations. In addition, customers can elect not to pursue a relationship with Lifecore at any time during that process.

# Project Portfolio Revenue Potential



## Early-phase Development Projects:

(Preclinical through Phase 2) <sup>1</sup>

# of Projects	Target Revenue Opportunity
16	\$50 – \$80 million

## Scale-up Late-phase Projects:

(Phase 3 through Commercial Manufacturing) <sup>2</sup>

Annual Product Revenue Potential	# of Projects	Annual Target Revenue Opportunity
>\$10 million	3	\$30 – \$75 million
\$5 – \$10 million	2	\$10 – \$20 million
<\$5 million	3	\$5 – \$25 million

## Total Estimated Opportunity:

# of Projects	Target Revenue Opportunity
24	\$95 – \$200 million

1) Early-phase development projects represent programs that are all contracted and active within Lifecore.

2) Scale-up late-phase projects represent programs that are all contracted and active within Lifecore. The estimated target revenue opportunity revenue range is the value that these programs are anticipated to bring to Lifecore annually in the form of both Developmental and Commercial revenues.

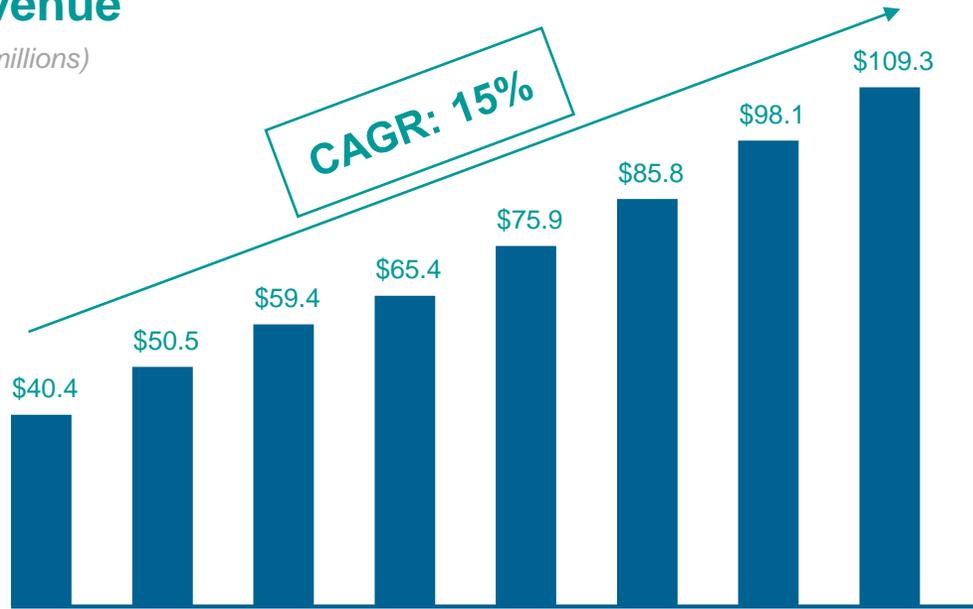
Note: Projects noted above are anticipated to commence between 1 and 4 years, as of the date of this presentation. The commercialization of these projects are subject to numerous conditions which may impact the timing and ultimate revenue generation, if any, for Lifecore, including required regulatory approvals and further negotiation.

# Long History of Stable, Sustainable Growth in Commercial Revenue & EBITDA



## Revenue

(\$ in millions)



Fiscal Year	YoY Growth %
FY15	
FY16	25.0%
FY17	17.6%
FY18	10.1%
FY19	16.1%
FY20	13.0%
FY21	14.3%
FY22	11.5%

## EBITDA

(\$ in millions)



Fiscal Year	EBITDA Margin %
FY15	15.1%
FY16	28.1%
FY17	27.6%
FY18	26.7%
FY19	26.7%
FY20	23.4%*
FY21	25.0%
FY22	26.5%

\*Temporary COVID impact

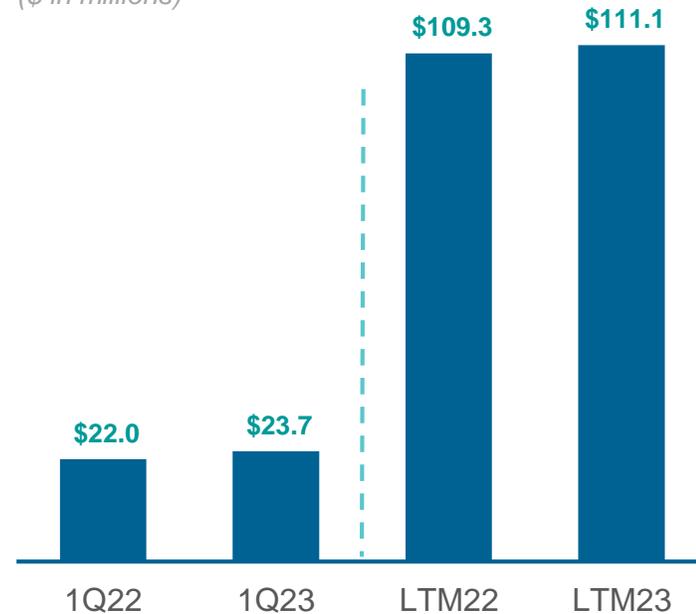
**Attractive EBITDA margin profile with room for expansion as capacity utilization increases**

# Recent Fiscal 2023 Financial Results: Lifecore Segment – First Quarter & LTM<sup>(1)</sup>



## Revenue

(\$ in millions)

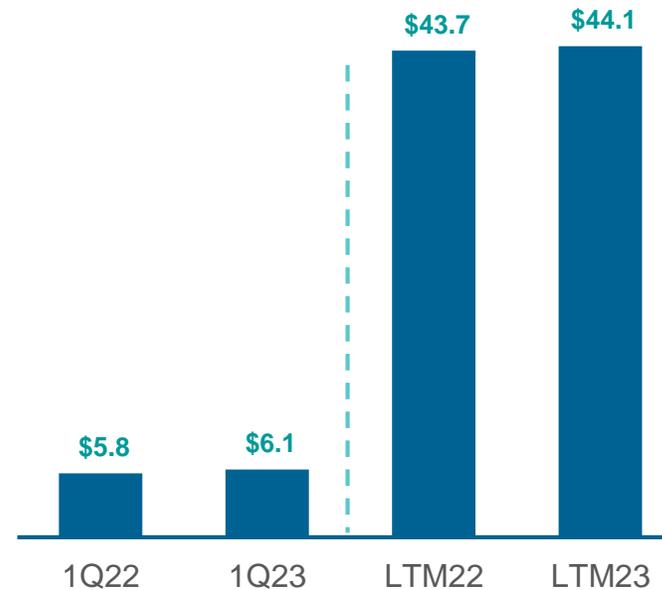


YoY Growth %:

0.7%      8.0%      11.5%      1.6%

## Gross Profit

(\$ in millions)

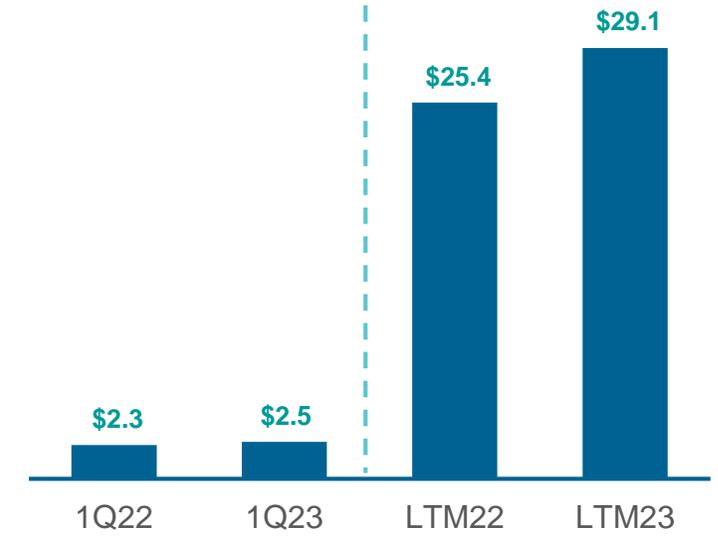


Gross Margin %:

26.3%      25.7%      40.0%      39.7%

## Adjusted EBITDA<sup>(2)</sup>

(\$ in millions)



Adj. EBITDA Margin %:

10.4%      10.4%      23.2%      26.2%

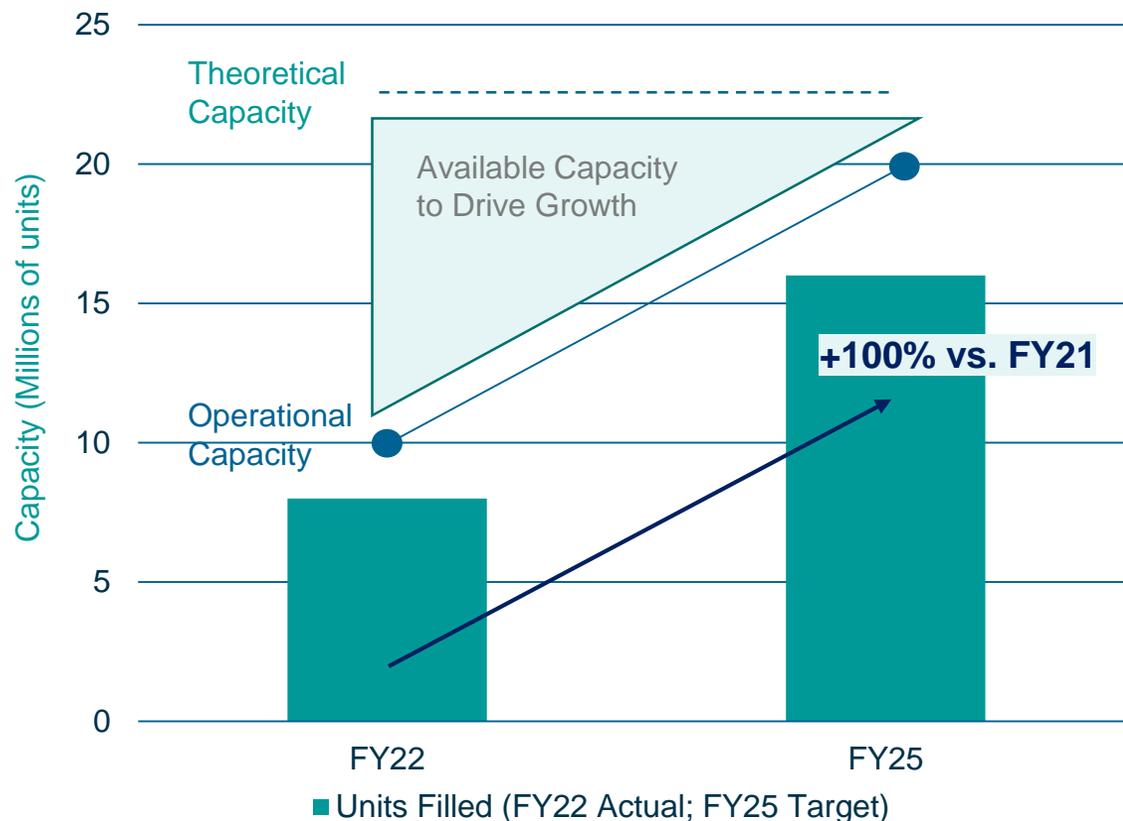
(1) As of fiscal first quarter and last twelve months ended August 29, 2021 and August 28, 2022, respectively

(2) See end of this presentation for a reconciliation of GAAP Net Income (Loss) to Non-GAAP EBITDA and Adjusted EBITDA

# Plan to Increase Operational Capacity by FY25



## Illustrative Capacity Growth: Near-Term Opportunity to Drive Capacity Utilization and Higher Fill Rates



1. Theoretical target capacity of 22 million units represents fully staffed equipment capacity that is in place today
2. Current operational capacity of 10 million units which represents available capacity that is managed against known demand; seek to maintain utilization rates of ~80% of operational capacity
3. Will require continued investment to build operational capacity to meet demand

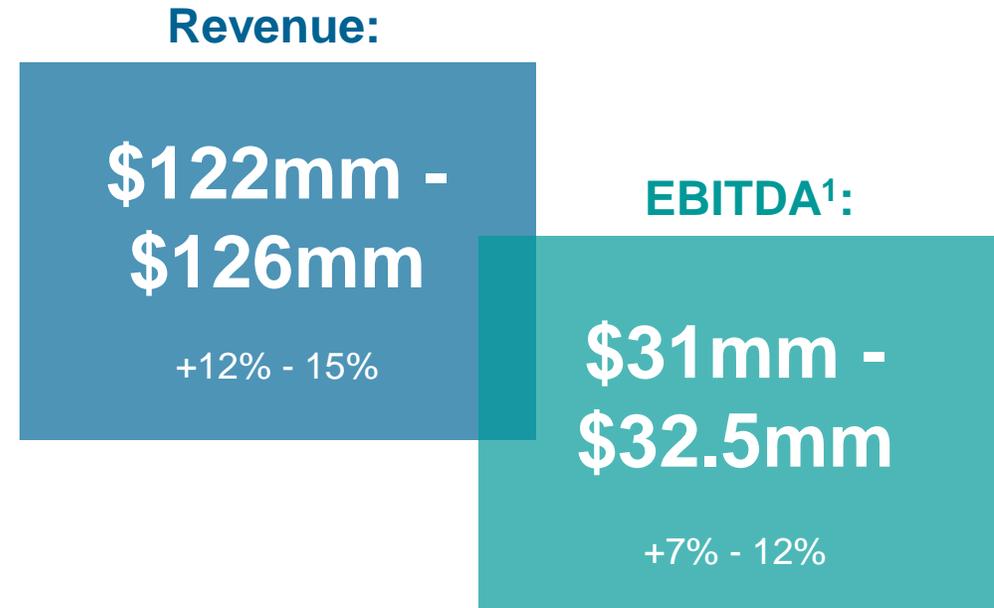
# Our FY23 Outlook



## Key Drivers & Activity

1. Expansion of the development project pipeline
2. Anticipated initial commercial revenues from ZYNRELEF® product and 3 additional new FDA approved products
3. Investments in P&L (sales and marketing, two sales Directors, development activities and resources)
4. \$34 - \$38 million of anticipated capital investment in FY23

## Lifecore Segment Guidance: FY23 vs FY22



**Aspirationally, Lifecore is looking to accelerate annual revenue growth into the mid- to high-teens, based on the current pipeline characteristics and industry tailwinds, in the coming years**

(1) Reflects Lifecore segment performance only; excludes Other segment (corporate expense) costs in the range of \$7.0-7.5 million for FY23

# Meet the Lifecore Team



Highly Experienced Management Team with Deep Industry Expertise & Proven Ability to Execute



	<b>Jim Hall</b>	<b>John Morberg</b>	<b>Jackie Klecker</b>	<b>Darren Hieber</b>	<b>Rick Sitarz</b>	<b>Kipling Thacker, PhD</b>	<b>Scott Collins</b>	<b>Phil Sticha</b>	<b>Kara Morley</b>	<b>Steve Laninga</b>	<b>Matt Augustson</b>
Position	CEO Landec, Pres. Lifecore	CFO	VP and General Manager	VP of Corporate Development & Partnerships	VP of Commercial Development	VP and Corporate Scientist	VP of Finance	VP of Business Operations	VP of Human Resources	VP of Operations	VP of Information Technology
Joined Lifecore	1999	2021	2001	2021	2015	1981	2001	1996	2021	2020	2022
Years Experience	30+	30+	30+	20+	20+	40+	20+	20+	20+	20+	20+
Prior Experience	Served in various roles at Lifecore including VP and General Manager and VP of Operations	Serves as Landec CFO Previously served in executive roles as CEO, CFO, General Counsel and Board Member of public and private companies	Served in various roles at Lifecore surrounding Quality Assurance and Regulatory Affairs	Previously served as VP of Business Development, Drug Product at Catalent	Previously served as VP of Peripheral Interventions Marketing at Boston Scientific	Co-inventor of Lifecore's HA fermentation and mfg. process Previously served as Director of New Business Development at Lifecore	Previously served as Senior Director of Finance and Controller at Lifecore	Previously served as Lifecore Sr Director of Manufacturing prior to joining the New Business Development team as a Sr Director.	Previously served as VP of Human Resources at Werner Electric	Previously served as VP of Operations and Site Lead at Perrigo	Previously served as CIO at First Brands Group

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Thank You



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# GAAP Net Income (Loss) to Non-GAAP EBITDA and Adjusted EBITDA



<i>(in thousands)</i>	Three Months Ended		Twelve Months Ended	
	August 28, 2022	August 29, 2021	August 28, 2022	August 29, 2021
GAAP net income	\$ 502	\$ 580	\$ 16,597	\$ 14,929
Interest income	(15)	(20)	(67)	(20)
Income tax expense	158	183	5,240	4,716
Depreciation and amortization	1,771	1,547	6,897	5,739
Non-GAAP EBITDA	\$ 2,416	\$ 2,290	\$ 28,667	\$ 25,364
Other non-recurring charges	60	-	447	-
Non-GAAP adjusted EBITDA	\$ 2,476	\$ 2,290	\$ 29,114	\$ 25,364