PYXUS®

# Fiscal Year 2024 Results

June 6, 2024



# Our Presenters



**Pieter Sikkel**
President & CEO



**Flavia Landsberg**
Chief Financial Officer

# Forward-looking Statements & Other Matters

**Cautionary Statement Regarding Forward-Looking Statements**.
This presentation includes statements regarding expectations of our performance or other matters that may affect our business, results of operations, or financial condition are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. These statements, which are based on current expectations of future events, may be identified by the use of words such as "strategy," "expects," "continues," "plans," "anticipates," "believes," "will," "estimates," "intends," "projects," "goals," "targets," and other words of similar meaning. These statements also may be identified by the fact that they do not relate strictly to historical or current facts. If underlying assumptions prove inaccurate, or if known or unknown risks or uncertainties materialize, actual results could vary materially from those anticipated, estimated, or projected. These risks and uncertainties include those discussed in our Annual Report on Form 10-K for the year ended March 31, 2023, our most recent Quarterly Report on Form 10-Q, and in our other filings with the Securities and Exchange Commission. These risks and uncertainties include: our reliance on a small number of significant customers; continued vertical integration by our customers; global shifts in sourcing customer requirements; shifts in the global supply and demand position for tobacco products; variation in our financial results due to growing conditions, customer indications and other factors; loss of confidence in us by our customers, farmers and other suppliers; migration of suppliers who have historically grown tobacco and from whom we have purchased tobacco toward growing other crops; risks related to our advancement of inputs to tobacco suppliers to be settled upon the suppliers delivering us unprocessed tobacco at the end of the growing season; risks that the tobacco we purchase directly from suppliers will not meet our customers' quality and quantity requirements; weather and other environmental conditions that can affect the marketability of our inventory; international business risks, including unsettled political conditions, uncertainty in the enforcement of legal obligations, including the collection of accounts receivable, fraud risks, expropriation, import and export restrictions, exchange controls, inflationary economies, currency risks and risks related to the restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries; many of our operations are located in jurisdictions that pose a high risk of potential violations of the Foreign Corrupt Practices Act; risks and uncertainties related to geopolitical conflicts, including the armed conflict between Israel and Hamas and disruptions affecting Red Sea shipping; impacts of international sanctions on our ability to sell or source tobacco in certain regions; exposure to foreign tax regimes in which the rules are not clear, are not consistently applied and are subject to sudden change; fluctuations in foreign currency exchange and interest rates; competition with the other primary global independent leaf tobacco merchant and independent leaf merchants; disruption, failure or security breaches of our information technology systems and other cybersecurity risks; continued high inflation; regulations regarding environmental matters; risks related to our capital structure, including risks related to our significant debt and our ability to continue to finance our non-U.S. local operations with uncommitted short-term operating credit lines at the local level; our ability to continue to access capital markets to obtain long-term and short-term financing; potential failure of foreign banks in which our subsidiaries maintain deposits or the failure by such banks to transfer funds or honor withdrawals; the risk that, because our ability to generate cash depends on many factors beyond our control, we may be unable to generate the significant amount of cash required to service our indebtedness; our ability to refinance our current credit facilities at the same availability or at similar interest rates; failure to achieve our stated goals, which may adversely affect our liquidity; developments with respect to our liquidity needs and sources of liquidity; the volatility and disruption of global credit markets; failure by counterparties to derivative transactions to perform their obligations; increasing scrutiny and changing expectations from governments, as well as other stakeholders such as investors and customers, with respect to our environmental, social and governance policies, including sustainability policies; inherent risk of exposure to product liability claims, regulatory action and litigation facing our e-liquids business if its products are alleged to have caused significant loss, injury, or death; certain shareholders have the ability to exercise controlling influence on various corporate matters; reductions in demand for consumer tobacco products; risks and uncertainties related to pandemics or other widespread health crises and any related shipping constraints, labor shortages and supply-chain impacts; legislative and regulatory initiatives that may reduce consumption of consumer tobacco products and demand for our services and increase regulatory burdens on us or our customers; government actions that significantly affect the sourcing of tobacco, including governmental actions to identify and assess crop diversification initiatives and alternatives to leaf tobacco growing in countries whose economies depend upon tobacco production; governmental investigations into, and litigation concerning, leaf tobacco industry buying and other payment practices; and impact of potential regulations to prohibit the sale of cigarettes in the United States other than low-nicotine cigarettes.

**Non-GAAP Financial Information**.
This presentation contains financial measures that have not been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). They include EBITDA, Adjusted EBITDA, Cash Flow, Adjusted Cash Flow, and Net Debt. Tables showing the reconciliation of historical non-GAAP financial measures are included in the Appendix to this presentation. The range of Adjusted EBITDA anticipated for fiscal year ending March 31, 2025 is calculated in a manner consistent with the presentation of Adjusted EBITDA in the attached tables. Because of the forward-looking nature of the estimated range of Adjusted EBITDA, it is impractical to present a quantitative reconciliation of such measure to a comparable GAAP measure, and accordingly no such GAAP measure is being presented.

# Demonstrated Excellent Operating & Financial Performance in FY24

**Grew full year sales by 6.1% to $2.0 billion; second consecutive year of profitable expansion**

- Price-driven growth partially offset by modest pressure on volume
- Demand ensured persistent record low levels of uncommitted inventory

**Drove gross margin to 15.4% from 13.6% last year; also a consecutive improvement over FY23**

- Increased full-service crop volumes in Africa
- Increased third-party volumes in certain markets
- Fixed cost dilution with improved footprint utilization on favorable mix shifts

**Grew Operating Income by 46.3% to $137.2 million and Adj. EBITDA by 22.1% to $193.9 million**

- Achieved high-end of our most recent guidance range for Adj. EBITDA
- Significant outperformance of our initial range of $155 million to $180 million

**Grew Net Income by $41.8 million to reach a full year positive performance of $2.7 million**

# Ongoing Enhancements to Global Operational Capabilities

- New, streamlined organizational structure and talented new senior management in key regions
- Focus on improving footprint utilization to serve customer demand and create efficiencies
- Increasing investment and focus to embrace Africa's crop growth and rising strategic importance
- Customer-specific initiatives and investments in Europe, North America and South America
- Coordinated shifts in global strategy to address significant El Niño phenomenon

# Liquidity Gains Enabled Pursuit of Operational & Strategic Goals

**Disciplined working capital management enhanced liquidity, enabling the simultaneous pursuit and achievement of a full range of operational and strategic initiatives**

- Mitigated El Niño risk with accelerated inventory purchases in Brazil
- Executed agreement to repurchase up to $122.5 million of long-term debt for $95.4 million, a 22% discount
  - Repurchased $77.9 million of 8.5% senior subordinated notes during the fourth quarter FY 2024 and $10.3 million of term loans during the first quarter FY 2025
  - Expect to execute remaining repurchases of $34.2 million and retire an additional $20.4 million of 10.0% senior subordinated notes upon maturity in August 2024

# Delivering Value through Sustainable, Transparent Action

## Our commitment to excellence across the sustainability landscape is a clear competitive advantage

- Compliance required for continued relationship and growth with blue-chip customers
- Performance on varying measures often a gating factor to seasonal banking facilities
- Global traceability enables transparency, accountability and risk mitigation

## Growing recognition of our continued progress and unified approach

- Achieved CDP “leadership” status for our climate change transparency and performance
- Placed in top tier of companies on CDP's Supplier Engagement Leaderboard for effective supplier engagement climate change mitigation efforts

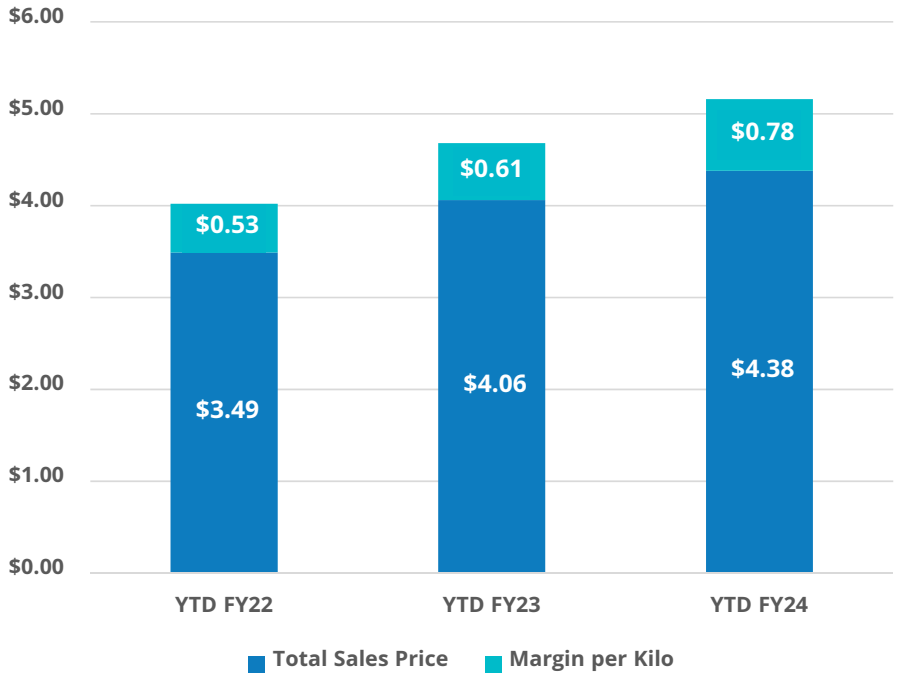
## Positioned to meet new and emerging regulatory requirements

- US Securities and Exchange Commission’s climate-related disclosure rules
- EU’s Corporate Sustainability Due Diligence Directive
- EU’s Corporate Sustainability Reporting Directive

# Financial Gains Reflect Solid Execution & Discipline

- Healthy demand drove 10.5% price increase, partially offset by slightly lower volume
- Margin gains reflect generally improved mix of revenues

**Full Service Average Sales Price and Margin per Kilo**

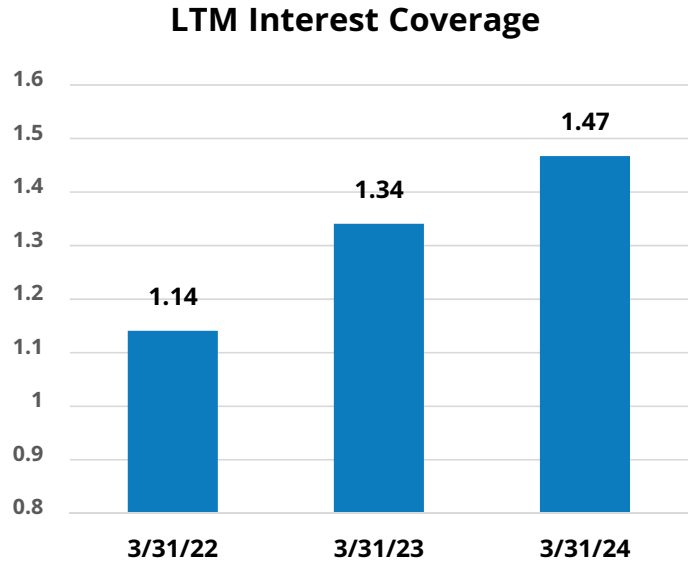


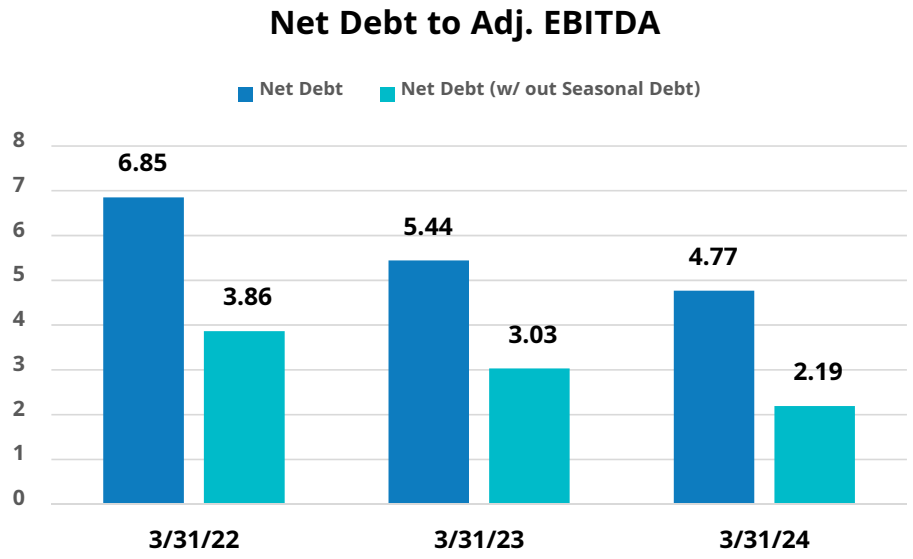
# Selected Full Year Income Statement Data

| *(in millions)* | Year Ended March 31, 2024 | Year Ended March 31, 2023 | Change $ | Change % |
|---|---|---|---|---|
| Sales and other operating revenues | $ 2,032.5 | $ 1,914.9 | $ 117.6 | 6.1 % |
| Cost of goods and services sold | 1,720.2 | 1,653.9 | 66.3 | 4.0 |
| Gross profit | 312.3 | 261.0 | 51.3 | 19.7 |
| Selling, general, and administrative expenses | 160.9 | 151.5 | 9.4 | 6.2 |
| Other expense, net | 9.4 | 11.0 | (1.6) | (14.5) |
| Restructuring and asset impairment charges | 4.8 | 4.7 | 0.1 | 2.1 |
| Operating income | 137.2 | 93.8 | 43.4 | 46.3 |
| Loss on deconsolidation/disposition of subsidiaries | — | 0.6 | (0.6) | — |
| Loss on pension settlement | 12.0 | 2.6 | 9.4 | — |
| (Gain) loss on debt retirement | (15.9) | — | (15.9) | — |
| Interest expense | 132.2 | 118.5 | 13.7 | 11.6 |
| Interest expense, net | 125.6 | 113.2 | 12.4 | 11.0 |
| Interest income | 6.6 | 5.3 | 1.3 | 24.5 |
| Income tax expense | 27.3 | 34.1 | (6.8) | (19.9) |
| Income from unconsolidated affiliates, net | 15.0 | 18.5 | (3.5) | (18.9) |
| Net income attributable to noncontrolling interests | 0.5 | 0.9 | (0.4) | (44.4) |
| Net income (loss) attributable to Pyxus International, Inc. | $ 2.7 | $ (39.1) | $ 41.8 | 106.9 |

# Continued Credit Profile Improvements

- Reduced debt and associated interest expense accelerates improvement measured by key credit ratios
- Improving credit profile enables pursuit of reduced borrowing costs across our lending portfolio



# Guidance for Fiscal 2025

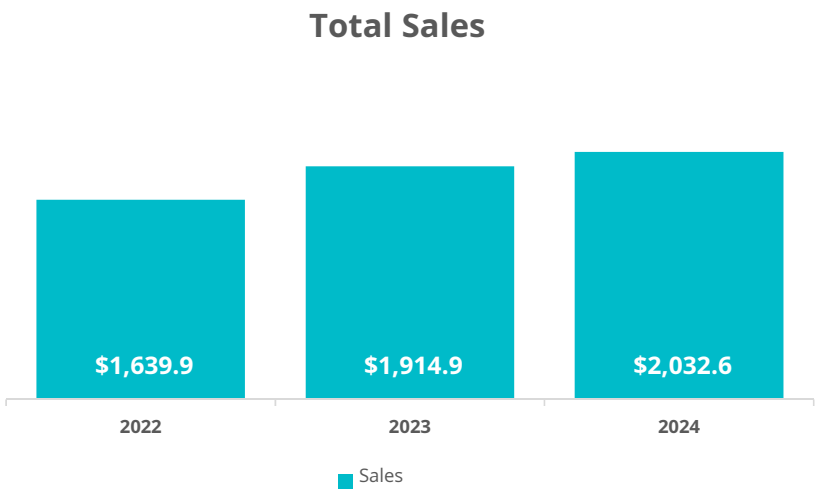
**Expect Revenues between $2.1 billion and $2.3 billion**

- Growth expected both from price and volume
- Expect continued healthy demand for leaf and value-added services

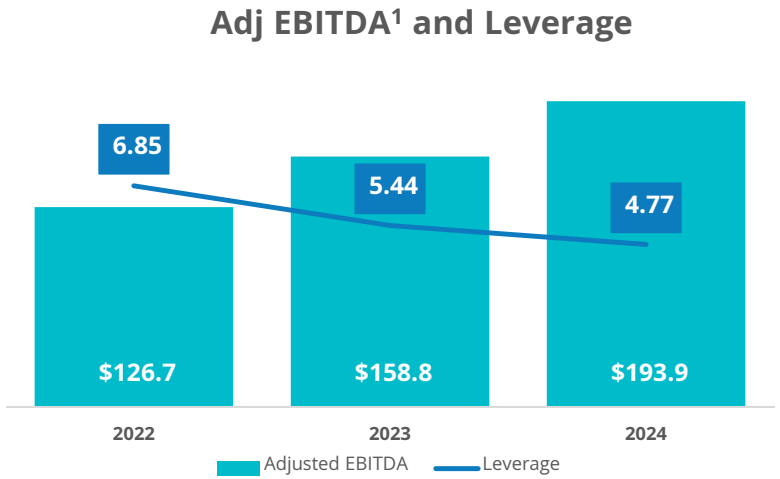
**Expect Adjusted EBITDA between $165 million and $185 million**

- Mix of global volumes and margins expected to partially offset pressure from South America
- Third-party processing volumes affected by weather-impacted regional crop sizes

# New Peak Revenue & Adjusted EBITDA




*(Total Sales in millions of USD*




[1] Adjusted EBITDA is not a measure of results of operations under U.S. GAAP in the United States and should not be considered as alternatives to other U.S. GAAP measurements.


PYXUS®

# APPENDIX



# Selected Balance Sheet Data

| *(in millions)* | March 31, 2024 | March 31, 2023 | Change $ | Change % |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ 92.6 | $ 136.7 | $ (44.2) | -32.3% |
| Restricted cash | 7.2 | 2.2 | 5.0 | 232.0% |
| Trade receivables, net | 168.8 | 185.4 | (16.6) | -8.9% |
| Other receivables | 18.7 | 17.4 | 1.3 | 7.6% |
| Inventories, net | 931.7 | 775.1 | 156.6 | 20.2% |
| Advances to tobacco suppliers, net | 20.4 | 42.3 | (21.9) | -51.8% |
| Recoverable income taxes | 4.5 | 5.8 | (1.4) | -23.4% |
| Prepaid expenses | 50.2 | 37.6 | 12.6 | 33.6% |
| Other current assets | 16.3 | 18.2 | (1.9) | -10.6% |
| Total current assets | 1,310.2 | 1,220.6 | 89.6 | 7.3% |
| Total noncurrent assets | 347.7 | 361.9 | (14.2) | -3.9% |
| Total assets | $ 1,657.9 | $ 1,582.5 | $ 75.5 | 4.8% |
| **Liabilities and Stockholders' Equity** | | | | |
| Current liabilities | | | | |
| Notes payable | $ 499.3 | $ 382.5 | $ 116.8 | 30.5% |
| Accounts payable | 181.2 | 170.3 | 11.0 | 6.4% |
| Advances from customers | 90.7 | 42.5 | 48.2 | 113.6% |
| Accrued expenses and other current liabilities | 97.0 | 92.7 | 4.3 | 4.6% |
| Income taxes payable | 8.5 | 18.3 | (9.7) | -53.2% |
| Operating leases payable | 8.1 | 8.7 | (0.6) | -7.1% |
| Current portion of long-term debt | 20.3 | 0.1 | 20.2 | — |
| Total current liabilities | 905.2 | 715.1 | 190.1 | 26.6% |
| Long-term debt | 497.7 | 618.4 | (120.7) | -19.5% |
| Other noncurrent liabilities | 108.2 | 107.1 | 1.0 | 1.0% |
| Total liabilities | 1,511.1 | 1,440.6 | 70.5 | 4.9% |
| Total stockholders' equity | 146.8 | 141.8 | 5.0 | 3.5% |
| Total liabilities and stockholders' equity | $ 1,657.9 | $ 1,582.5 | $ 75.5 | 4.8% |

# Appendix – YTD Q4 Adjusted EBITDA

| | Fiscal Year Ended | | |
|---|---|---|---|
| *(in thousands)* | 3/31/2024 | 3/31/2023 | 3/31/2022 |
| Net income (loss) attributable to Pyxus International, Inc. | $ 2,663 | $ (39,141) | $ (82,119) |
| Plus: Interest expense | 132,174 | 118,458 | 111,043 |
| Plus: Income tax expense | 27,281 | 34,127 | 12,640 |
| Plus: Depreciation and amortization expense | 19,250 | 19,137 | 16,676 |
| EBITDA [1] | $ 181,368 | $ 132,581 | $ 58,240 |
| Plus: Reserves for doubtful customer receivables | 640 | 426 | 4,404 |
| Plus: Other expense, net | 9,439 | 11,023 | 3,349 |
| Plus: Restructuring and asset impairment charges [2] | 4,799 | 6,160 | 8,031 |
| Plus: Goodwill impairment | - | - | 32,186 |
| Plus: (Gain) loss on debt retirement | (15,914) | - | 1,997 |
| Plus: Debt restructuring [3] | 330 | 5,496 | 3,550 |
| Plus: Pension retirement expense [4] | 12,008 | 2,724 | - |
| Plus: Development of and exit from non-leaf-tobacco businesses [5] | 3 | 713 | 13,589 |
| Plus: Other adjustments [6] | 1,244 | (316) | 1,350 |
| Adjusted EBITDA [1] | $ 193,917 | $ 158,807 | $ 126,696 |

# Appendix – Adjusted EBITDA Footnotes

(1) Earnings before interest, taxes, depreciation and amortization ("EBITDA"), and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") are not measures of results of operations under generally accepted accounting principles in the United States ("U.S. GAAP") and should not be considered as an alternative to other U.S. GAAP measurements. We have presented EBITDA and Adjusted EBITDA to adjust for the items identified above because we believe that it would be helpful to the readers of our financial information to understand the impact of these items on our reported amounts. This presentation enables readers to better compare our results to similar companies that may not incur the impact of various items identified above. Management acknowledges that there are many items that impact a company's reported results and these lists are not intended to present all items that may have impacted these items. EBITDA and Adjusted EBITDA are not necessarily comparable to similarly-titled measures used by other companies or appearing in our debt obligations or agreements.

(2) Amounts incurred during the twelve months ended March 31, 2024 included employee separation charges primarily related to changes in the corporate organizational structure and the continued restructuring of certain leaf operations and asset impairment charges primarily related to continued restructuring of certain non-leaf agriculture operations. Amounts incurred during the fiscal years ended March 31, 2023 and 2022 included employee separation and asset impairment charges primarily related to the restructuring of certain non-leaf operations and related inventory write-offs classified within cost of goods and services sold in the Company's condensed consolidated statements of operations.

(3) Amounts incurred during the twelve months ended March 31, 2023 included legal and professional fees incurred in connection with the debt exchange transactions completed in February 2023 and with the amendment and extension of the delayed-draw term loan. Amounts incurred during the fiscal year ended March 31, 2022 included consulting fees incurred in connection with the implementation of process improvements required in connection with the Company's delayed-draw term loan credit facility established in the prior fiscal year.

(4) During the fiscal year ended March 31, 2024, the Company terminated one of its defined benefit pension plans in the U.K. ("U.K. Pension Plan"). The Company recorded a noncash pension settlement charge which included the disposition of the U.K. Pension Plan assets and reclassification of unrecognized net pension losses within accumulated other comprehensive income (loss) into the Company's condensed consolidated statements of operations. During the fiscal year ended March 31, 2023, the Company settled benefits with vested participants in the U.S. defined benefit pension plan ("U.S. Pension Plan") that elected a lump sum payout and made a cash contribution to fully fund the U.S. Pension Plan's liabilities in preparation to purchase a group annuity contract to administer future payments to the remaining U.S. Pension Plan participants. This adjustment includes pension settlement charges incurred during the fiscal year ended March 31, 2023 and were classified as loss on pension settlement expense and selling, general, and administration expenses in the Company's condensed consolidated statements of operations.

(5) Includes the aggregate amount of certain items related to the Company's development of and subsequent exits from its non-leaf-tobacco businesses (that is, the production and sale of legal cannabis in Canada, the production and sale of industrial hemp products, including CBD extracted from industrial hemp, and the production and sale of tobacco e-liquids) to the extent such items are included in the Company's consolidated results of operations, which includes all items separately reported for such businesses in the presentation by the Company of its adjusted EBITDA in prior periods. Such items include, to the extent reflected in consolidated results, the adjusted EBITDA of the Canadian cannabis and industrial hemp operations otherwise calculated on the same basis as Adjusted EBITDA is presented in this table, loss incurred on the deconsolidation or disposition of certain of these non-leaf tobacco businesses, as applicable, and write-offs of inventory and equipment related to certain of these businesses.

(6) Includes the following items: (i) the addition of amortization of basis difference related to a former Brazilian subsidiary that is now deconsolidated following the completion of a joint venture in March 2014, (ii) the subtraction of the Adjusted EBITDA of the Company's former green leaf sourcing operation in Kenya, which is calculated on the same basis as Adjusted EBITDA presented in this table (in fiscal year 2016 the Company decided to exit green leaf sourcing in the Kenyan market as part of our restructuring program), and (iii) the subtraction of a one-time interest receipt related to a legal settlement in South America.

# Appendix – Net Debt to Adjusted EBITDA & Interest Coverage

| | Fiscal Year Ended | | |
|---|---|---|---|
| *(in thousands)* | 3/31/2024 | 3/31/2023 | 3/31/2022 |
| Total debt | $ 1,017,340 | $ 1,001,049 | $ 1,066,945 |
| Less: Cash | 92,569 | 136,733 | 198,777 |
| Net debt [1] | $ 924,771 | $ 864,316 | $ 868,168 |
| Net debt / Adjusted EBITDA [1] | 4.77x | 5.44x | 6.85x |
| | | | |
| Adjusted EBITDA [1] | $ 193,917 | $ 158,807 | $ 126,696 |
| Interest expense | 132,174 | 118,458 | 111,043 |
| Interest coverage | 1.47x | 1.34x | 1.14x |

(1) Earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), and Net Debt are not measures of results of operations, cash flows from operations or indebtedness under generally accepted accounting principles in the United States ("U.S. GAAP") and should not be considered as an alternative to other U.S. GAAP measurements. We have presented EBITDA, Adjusted EBITDA, and Net Debt to adjust for the items identified above because we believe that it would be helpful to the readers of our financial information to understand the impact of these items on our reported amounts. This presentation enables readers to better compare our results to similar companies that may not incur the impact of various items identified above. Management acknowledges that there are many items that impact a company's reported results or operating cash flows and these lists are not intended to present all items that may have impacted these items. EBITDA, Adjusted EBITDA, Net Debt, and any ratios calculated based on these measures are not necessarily comparable to similarly-titled measures used by other companies or appearing in our debt obligations or agreements.

# Appendix – Adjusted Cash Flow from Operations

| | Fiscal Year Ended | | |
|---|---|---|---|
| *(in thousands)* | 3/31/2024 | 3/31/2023 | 3/31/2022 |
| Net cash used in operating activities | $ (214,970) | $ (137,822) | $ (198,765) |
| Capital expenditures | (21,043) | (16,307) | (14,827) |
| Collections from beneficial interests in securitized trade receivables [1] | 175,911 | 165,262 | 189,440 |
| Adjusted Cash Flow [2] | $ (60,102) | $ 11,133 | $ (24,152) |

(1) Represents cash receipts from the beneficial interests in sold receivables under the Company's accounts receivable securitization programs and were classified as investing activities within the consolidated statements of cash flows.

(2) Adjusted Cash Flow is not a measure of cash flows from operations under U.S. GAAP and should not be considered as an alternative to cash provided by operating activities or other U.S. GAAP measurements. We have presented Adjusted Cash Flow to adjust for the items identified above because we believe that it would be helpful to the readers of our financial information to understand the impact of these items on our reported amounts. This presentation enables readers to better compare our results to similar companies that may not incur the impact of various items identified above. Management acknowledges that there are many items that impact a company's operating cash flows and this is not intended to present all items that may have impacted these items. Adjusted Cash Flow is not necessarily comparable to similarly-titled measures used by other companies or appearing in our debt obligations or agreements.


PYXUS®