PYXUS®

First Quarter Results Fiscal Year 2025

August 7, 2024



Our Presenters



Pieter Sikkel
President & CEO



Flavia Landsberg
Chief Financial Officer

Forward-looking Statements and Other Matters

Cautionary Statement Regarding Forward-Looking Statements.
Readers are cautioned that the statements contained in this report 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 "guidance", "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 this Quarterly Report on Form 10-Q, in our Annual Report on Form 10-K for the year ended March 31, 2024 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 or reduced 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 the Company's business activities, including but not limited to, 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. The Company does not undertake to update any forward-looking statements that it may make from time to time except to the extent required by law.

Non-GAAP Financial Information.
This press release 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, Adjusted Free Cash Flow, and Net Debt. Tables showing the reconciliation of historical non-GAAP financial measures are attached to the release. The range of Adjusted EBITDA anticipated for the 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.

Strong First Quarter with Gains in Revenue and Profitability

Grew first quarter sales by 33.1% to $634.9 million driven by higher volumes and sales price

- Significant shipment growth for the period; demand remained strong
- Successfully navigated competitive market to secure volumes in South America and Africa

Generated additional $10.8 million of gross profit in first quarter compared to prior year, which drove increased operating income and net income attributable to Pyxus International, Inc.

- Operating income increased 11.3% to $40.5 million; improvement of $4.1 million over same period last year
- Net income increased to $4.6 million versus $0.8 million in prior year period

Continues Successful Reduction of Borrowing Costs

Fully executed repurchase agreement of long-term debt

- Repurchased $122.5 million of debt since March 2024 for total cost of $95.4 million

Will retire additional $20.4 million of 10.0% senior secured notes upon maturity in August 2024

- Following this retirement, $142.9 million, or approximately a quarter of our long-term debt, will be achieved since March 2024
- Strengthens balance sheet and positions business to drive future profitability

Achieves Important Sustainability Milestone

Earned Science-Based Targets initiative (SBTi) validation of near-term emissions reduction targets

- 1 of only 5,800 companies worldwide to receive this prestigious, third-party endorsement
- Further confirms Company's greenhouse gas reduction strategy

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Pyxus' SBTi-approved targets include:

- Reduction of direct (scope 1) and indirect (scope 2) emissions by 42% by 2030 compared to 2020 base year
- Reduction of indirect value chain emissions (scope 3) by 25% by 2030 compared to 2020 base year

Reiterates Guidance for Fiscal 2025

Continues to estimate revenues will be between $2.1 billion and $2.3 billion

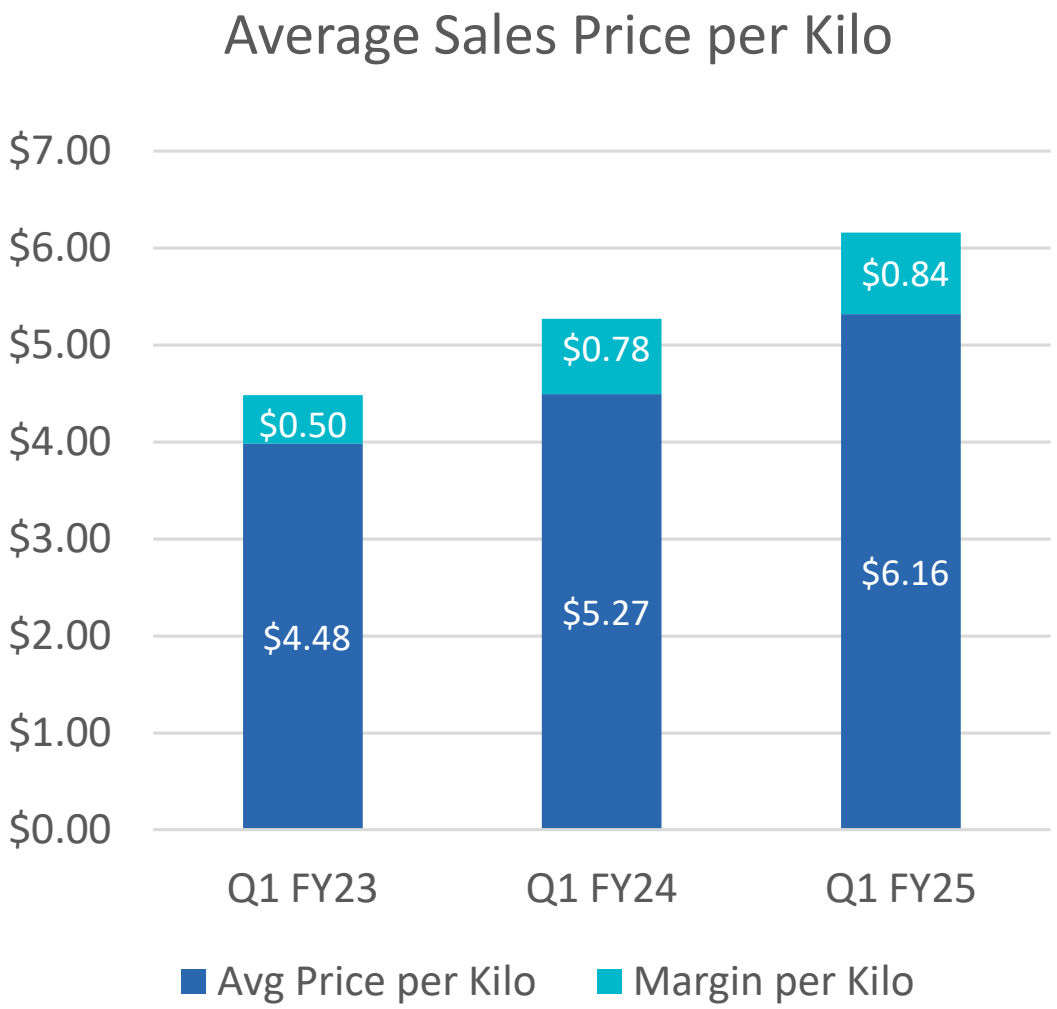
- Consistent with first quarter, fiscal year growth expected from both average sales price and shipping volume

Continues to expect Adj. EBITDA will be between $165 million and $185 million

- Some margin pressure expected in coming quarters due to impacts from El Niño
- Positioned to achieve partial offsets

Financial Gains Reflect Solid Execution & Discipline

- Strong demand drove 16.9% price per kilo increase
- 11.9% shipment volume increase due to strong inventory positon
- Gross profit per kilo gain reflects more favorable mix by customer and geography



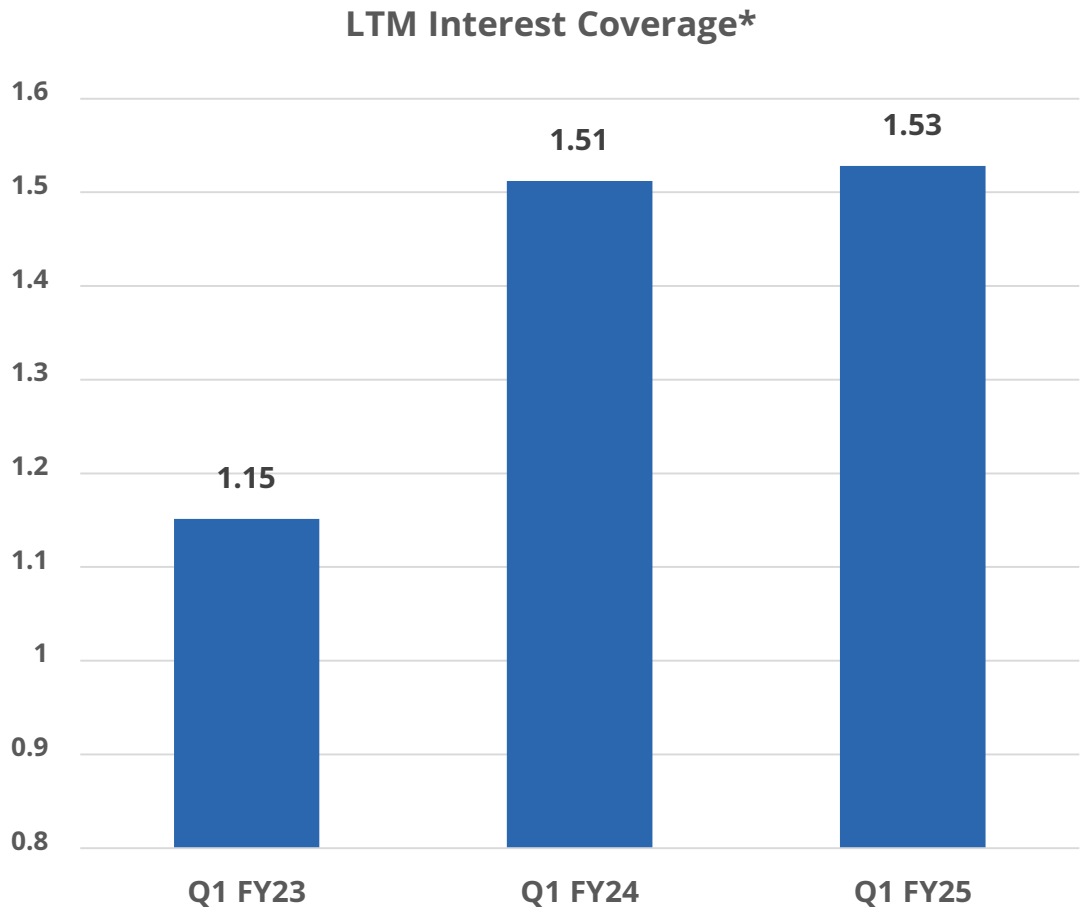
Selected First Quarter Income Statement Data

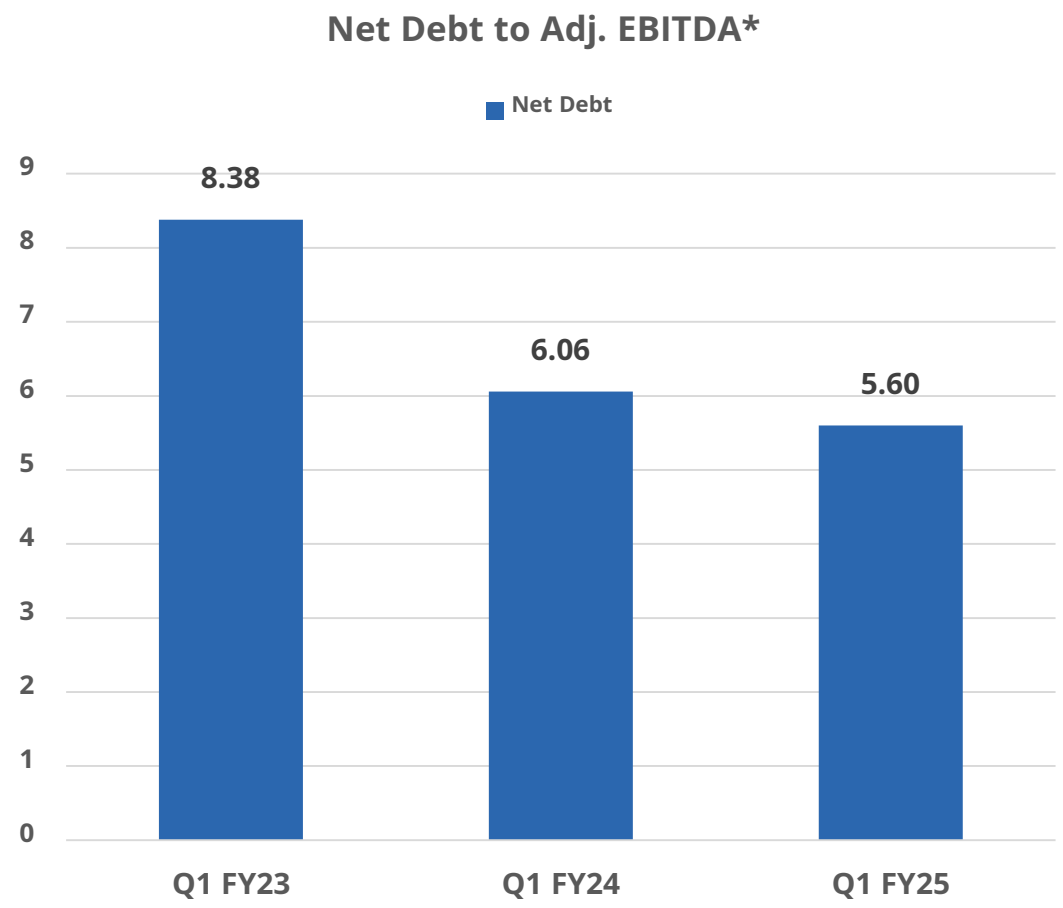
(in millions)	Three Months Ended June 30, 2024	2023	Change $	%
Sales and other operating revenues	634.9	477.1	157.8	33.1
Cost of goods and services sold	551.0	404.0	147.0	36.4
Gross profit	83.9	73.1	10.8	14.8
Selling, general, and administrative expenses	40.7	34.1	6.6	19.4
Other expense, net	2.6	2.6	-	-
Restructuring and asset impairment charges	0.1	-	0.1	**
Operating income	40.5	36.4	4.1	11.3
Gain on debt retirement	1.3	-	1.3	**
Interest expense, net	33.3	30.8	2.5	8.1
Income tax expense	6.1	2.6	3.5	134.6
(Income) loss from unconsolidated affiliates, net	(2.6)	2.2	(4.8)	(218.2)
Net income (loss) attributable to noncontrolling interests	0.3	-	0.3	**
Net income attributable to Pyxus International, Inc.*	4.6	0.8	3.8	475.0

** Amounts may not equal column totals due to rounding.*

*** Not meaningful for comparison purposes.*

Consistent, Ongoing Improvements in Key Liquidity Ratios





* Non-GAAP measure. See Appendix for a reconciliation to the most comparable GAAP measure.

Q&A



Pieter Sikkel
President & CEO



Flavia Landsberg
Chief Financial Officer

APPENDIX



Selected Balance Sheet Data

(in millions)	June 30, 2024	June 30, 2023	Change $	Change %
Assets				
Current assets				
Cash and cash equivalents	$ 82.0	$ 100.0	$ (18.0)	-18.0%
Restricted cash	7.1	5.5	1.6	29.4%
Trade receivables, net	209.1	185.5	23.6	12.7%
Other receivables	17.0	19.0	(1.9)	-10.2%
Inventories, net	1,014.5	1,006.4	8.1	0.8%
Advances to tobacco suppliers, net	43.9	56.4	(12.5)	-22.2%
Recoverable income taxes	4.1	5.9	(1.8)	-30.6%
Prepaid expenses	47.3	42.1	5.1	12.2%
Other current assets	17.2	15.5	1.7	11.1%
Total current assets*	1,442.1	1,436.3	5.9	0.4%
Total noncurrent assets	350.6	366.7	(16.1)	-4.4%
Total assets	$ 1,792.7	$ 1,803.0	$ (10.3)	-0.6%
Liabilities and Stockholders' Equity				
Current liabilities				
Notes payable	$ 679.4	$ 585.4	$ 94.0	16.1%
Accounts payable	115.3	133.9	(18.5)	-13.9%
Advances from customers	71.0	61.3	9.7	15.8%
Accrued expenses and other current liabilities	99.1	94.4	4.7	5.0%
Income taxes payable	8.7	20.1	(11.4)	-56.6%
Operating leases payable	7.8	9.2	(1.4)	-15.4%
Current portion of long-term debt	20.4	0.0	20.4	**
Total current liabilities	1,001.7	904.3	97.4	10.8%
Long-term debt	531.5	643.8	(112.3)	-17.5%
Other noncurrent liabilities	106.4	110.7	(4.3)	-3.9%
Total liabilities	1,639.6	1,658.8	(19.2)	-1.2%
Total stockholders' equity	153.1	144.2	8.9	6.2%
Total liabilities and stockholders' equity	$ 1,792.7	$ 1,803.0	$ (10.3)	-0.6%

**Amounts may not equal column totals due to rounding*

*** Not meaningful for comparison purposes*

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 – YTD Q4 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 – Q1 Adjusted EBITDA

	Three Months Ended			
(in thousands)	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Net income (loss) attributable to Pyxus International, Inc.	$ 4,642	$ 804	$ (14,663)	$ (11,508)
Plus: Interest expense	34,475	32,366	27,527	27,427
Plus: Income tax expense (benefit)	6,119	2,646	(867)	(8,439)
Plus: Depreciation and amortization expense	5,127	4,606	5,929	4,066
EBITDA [1]	$ 50,363	$ 40,422	$ 17,926	$ 11,546
Plus: Reserves for doubtful customer receivables	157	135	(830)	218
Plus: Non-cash employee stock based compensation	3,031	-	-	-
Plus: Other expense (income), net	2,630	2,624	(1,085)	(162)
Plus: Restructuring and asset impairment charges [2]	103	40	300	233
Less: Gain on debt retirement	1,323	-	-	-
Plus: Debt restructuring [3]	24	140	-	1,215
Plus: Other adjustments [5]	9	293	(278)	1,702
Adjusted EBITDA [1]	$ 54,994	$ 43,654	$ 16,033	$ 14,752

Appendix – Q1 Adjusted EBITDA Footnotes

(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. EBITDA and Adjusted EBITDA as presented may not equal column or row totals due to rounding.

(2) Amounts incurred during the fiscal year 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 year ended March 31, 2023 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 fiscal year ended March 31, 2023 included legal and professional fees incurred in connection with debt exchange transactions completed by the Company in February 2023 and with the amendment and extension of the Company's former delayed-draw term loan. Amounts incurred during the three months ended June 30, 2021 includes 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 fiscal year 2022.

(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 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), (iii) the subtraction of a one-time interest receipt related to a legal settlement in South America during the three months ended June 30, 2022, (iv) the subtraction of the Adjusted EBITDA of the industrial hemp operations, which is calculated on the same basis as Adjusted EBITDA presented in this table, and (v) the subtraction of the loss incurred on the deconsolidation or disposition of certain non-leaf tobacco businesses.

Appendix – Net Debt to Adjusted EBITDA & Interest Coverage

	Last Twelve Months [2]		
(in thousands)	6/30/2024	6/30/2023	6/30/2022
Total debt	$ 1,231,305	$ 1,229,258	$ 1,237,782
Less: Cash	82,042	100,045	165,441
Net Debt [1]	$ 1,149,263	$ 1,129,213	$ 1,072,341
Net Debt / Adjusted EBITDA [1]	5.60x	6.06x	8.38x
Adjusted EBITDA [1]	$ 205,257	$ 186,314	$ 127,977
Interest expense	134,283	123,297	111,143
Interest coverage	1.53x	1.51x	1.15x

(1) EBITDA, Adjusted EBITDA, and Net Debt are not measures of results of operations, cash flows from operations or indebtedness under 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. EBITDA and Adjusted EBITDA as presented may not equal column or row totals due to rounding.

(2) Items for the twelve months ended June 30, 2024 are derived by adding the items for the three months ended June 30, 2024 as presented in the table and the fiscal year ended March 31, 2024 and subtracting the items for the three months ended June 30, 2023. Items for the twelve months ended June 30, 2023 are derived by adding the items for the three months ended June 30, 2023 and the fiscal year ended March 31, 2023 and subtracting the items for the three months ended June 30, 2022. Items for the twelve months ended June 30, 2022 are derived by adding the items for the three months ended June 30, 2022 and the fiscal year ended March 31, 2022 and subtracting the items for the three months ended June 30, 2021.

Appendix – Adjusted Cash Flow from Operations

(in thousands)	Three Months Ended 6/30/2024	6/30/2023	6/30/2022
Net cash used in operating activities	$ (252,176)	$ (285,674)	$ (242,490)
Capital expenditures	(5,097)	(3,661)	(2,210)
Collections from beneficial interests in securitized trade receivables [1]	31,741	30,419	45,468
Free Cash Flow [2]	$ (225,532)	$ (258,916)	$ (199,232)

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

(2) Free 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 Free 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. Free Cash Flow is not necessarily comparable to similarly-titled measures used by other companies or appearing in our debt obligations or agreements.


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