

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED December 31, 2025.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____.

000-25734

(Commission File Number)



Pyxus International, Inc.

(Exact name of registrant as specified in its charter)

Virginia

(State or other jurisdiction of incorporation)

85-2386250

(I.R.S. Employer Identification No.)

6001 Hospitality Court, Suite 100

Morrisville, North Carolina

(Address of principal executive offices)

27560

(Zip Code)

(919) 379-4300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Smaller reporting company

Non-accelerated filer

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark if the registrant has filed all documents and reports required to be filed under Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of January 31, 2026, the registrant had 24,607,791 shares outstanding of Common Stock (no par value).

Pyxus International, Inc. and Subsidiaries
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Part I. Financial Information

Item 1. Financial Statements

Pyxus International, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

<i>(in thousands, except per share data)</i>	Three Months Ended		Nine Months Ended	
	December 31, 2025	2024	December 31, 2025	2024
Sales and other operating revenues	\$ 655,798	\$ 778,307	\$ 1,734,823	\$ 1,979,545
Cost of goods and services sold	555,906	661,860	1,481,516	1,703,777
Gross profit	99,892	116,447	253,307	275,768
Selling, general, and administrative expenses	38,284	46,513	118,795	126,050
Other expense, net	8,818	3,764	13,873	9,686
Restructuring and asset impairment charges	1,504	89	1,625	416
Operating income	51,286	66,081	119,014	139,616
Gain on debt retirement	—	—	—	8,178
Gain on pension settlement	373	—	373	—
Interest expense, net	36,566	32,913	104,255	101,935
Income before income taxes and other items	15,093	33,168	15,132	45,859
Income tax expense	10,297	18,088	25,829	32,248
Income from unconsolidated affiliates, net	12,366	4,330	11,694	7,478
Net income	17,162	19,410	997	21,089
Net income attributable to noncontrolling interests	259	512	798	776
Net income attributable to Pyxus International, Inc.	<u>\$ 16,903</u>	<u>\$ 18,898</u>	<u>\$ 199</u>	<u>\$ 20,313</u>
Earnings per share:				
Basic	\$ 0.65	\$ 0.74	\$ 0.01	\$ 0.79
Diluted	\$ 0.65	\$ 0.74	\$ 0.01	\$ 0.79
Weighted average number of shares outstanding:				
Basic	25,841	25,540	25,773	25,643
Diluted	25,917	25,540	25,956	25,643

See "Notes to Condensed Consolidated Financial Statements"

Pyxus International, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

<i>(in thousands)</i>	Three Months Ended		Nine Months Ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Net income	\$ 17,162	\$ 19,410	\$ 997	\$ 21,089
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustment	154	(976)	1,716	(155)
Pension and other postretirement benefit plans	(1,521)	—	(1,521)	—
Cash flow hedges	(444)	(2,453)	(3)	(3,424)
Total other comprehensive (loss) income, net of tax	<u>\$ (1,811)</u>	<u>\$ (3,429)</u>	<u>\$ 192</u>	<u>\$ (3,579)</u>
Total comprehensive income	15,351	15,981	1,189	17,510
Comprehensive income attributable to noncontrolling interests	259	512	798	776
Comprehensive income attributable to Pyxus International, Inc.	<u>\$ 15,092</u>	<u>\$ 15,469</u>	<u>\$ 391</u>	<u>\$ 16,734</u>

See "Notes to Condensed Consolidated Financial Statements"

Pyxus International, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands)	December 31, 2025	December 31, 2024	March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	\$ 129,840	\$ 103,342	\$ 78,254
Restricted cash	4,703	6,363	7,290
Trade receivables, net	246,812	326,641	189,239
Other receivables	21,700	17,518	15,040
Inventories, net	989,141	782,480	761,951
Advances to tobacco suppliers, net	102,136	91,838	30,745
Recoverable income taxes	12,970	2,659	6,616
Prepaid expenses	38,400	34,549	47,151
Other current assets	22,112	19,841	21,874
Total current assets	1,567,814	1,385,231	1,158,160
Investments in unconsolidated affiliates	101,600	97,258	96,928
Intangible assets, net	25,175	29,627	28,507
Deferred income taxes, net	12,771	7,056	13,567
Long-term recoverable income taxes	6,555	3,534	5,669
Other noncurrent assets	35,054	31,065	33,094
Right-of-use assets	29,230	30,069	29,742
Property, plant, and equipment, net	140,892	136,344	138,176
Total assets	\$ 1,919,091	\$ 1,720,184	\$ 1,503,843
Liabilities and Stockholders' Equity			
Current liabilities			
Notes payable	\$ 833,733	\$ 608,648	\$ 395,030
Accounts payable	136,686	169,807	132,871
Advances from customers	63,916	88,444	135,607
Accrued expenses and other current liabilities	125,791	104,179	90,912
Income taxes payable	15,626	20,525	11,001
Operating leases payable	9,154	8,179	8,514
Current portion of long-term debt	—	49	12
Total current liabilities	1,184,906	999,831	773,947
Long-term taxes payable	3,263	3,735	5,187
Long-term debt	455,529	454,643	454,850
Deferred income taxes	10,831	8,265	8,818
Liability for unrecognized tax benefits	21,070	12,996	18,635
Long-term leases	18,610	19,399	19,584
Pension, postretirement, and other long-term liabilities	57,293	54,308	57,052
Total liabilities	\$ 1,751,502	\$ 1,553,177	\$ 1,338,073
Commitments and contingencies			
Stockholders' equity			
Common Stock—no par value:			
Authorized shares (250,000 for all periods)			
Issued and outstanding shares (24,608 for all periods)	\$ 393,664	\$ 392,688	\$ 392,899
Retained deficit	(239,926)	(234,978)	(240,125)
Accumulated other comprehensive income	7,507	4,207	7,315
Total stockholders' equity of Pyxus International, Inc.	161,245	161,917	160,089
Noncontrolling interests	6,344	5,090	5,681
Total stockholders' equity	167,589	167,007	165,770
Total liabilities and stockholders' equity	\$ 1,919,091	\$ 1,720,184	\$ 1,503,843

See "Notes to Condensed Consolidated Financial Statements"

Pyxus International, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

Attributable to Pyxus International, Inc.								
<i>(in thousands)</i>	Accumulated Other Comprehensive Income						Total Stockholders' Equity	
	Common Stock	Retained Deficit	Currency Translation Adjustment	Pensions, Net of Tax	Derivatives, Net of Tax	Noncontrolling Interests		
Balance, March 31, 2025	\$ 392,899	\$ (240,125)	\$ (6,045)	\$ 12,516	\$ 844	\$ 5,681	\$ 165,770	
Net (loss) income	—	(15,825)	—	—	—	562	(15,263)	
Equity-based compensation	237	—	—	—	—	—	237	
Other comprehensive income, net of tax	—	—	2,039	—	1,457	—	3,496	
Balance, June 30, 2025	\$ 393,136	\$ (255,950)	\$ (4,006)	\$ 12,516	\$ 2,301	\$ 6,243	\$ 154,240	
Net loss	—	(879)	—	—	—	(23)	(902)	
Dividends	—	—	—	—	—	(135)	(135)	
Equity-based compensation	256	—	—	—	—	—	256	
Other comprehensive loss, net of tax	—	—	(477)	—	(1,016)	—	(1,493)	
Balance, September 30, 2025	\$ 393,392	\$ (256,829)	\$ (4,483)	\$ 12,516	\$ 1,285	\$ 6,085	\$ 151,966	
Net income	—	16,903	—	—	—	259	17,162	
Equity-based compensation	272	—	—	—	—	—	272	
Other comprehensive income (loss), net of tax	—	—	154	(1,521)	(444)	—	(1,811)	
Balance, December 31, 2025	\$ 393,664	\$ (239,926)	\$ (4,329)	\$ 10,995	\$ 841	\$ 6,344	\$ 167,589	
Balance, March 31, 2024	\$ 389,789	\$ (255,291)	\$ (5,692)	\$ 12,766	\$ 712	\$ 4,539	\$ 146,823	
Net income	—	4,642	—	—	—	310	4,952	
Equity-based compensation	3,031	—	—	—	—	—	3,031	
Other comprehensive income (loss), net of tax	—	—	543	—	(2,237)	—	(1,694)	
Balance, June 30, 2024	\$ 392,820	\$ (250,649)	\$ (5,149)	\$ 12,766	\$ (1,525)	\$ 4,849	\$ 153,112	
Net loss	—	(3,227)	—	—	—	(46)	(3,273)	
Dividends	—	—	—	—	—	(225)	(225)	
Equity-based compensation	601	—	—	—	—	—	601	
Share repurchases	(1,000)	—	—	—	—	—	(1,000)	
Other comprehensive income, net of tax	—	—	278	—	1,266	—	1,544	
Balance, September 30, 2024	\$ 392,421	\$ (253,876)	\$ (4,871)	\$ 12,766	\$ (259)	\$ 4,578	\$ 150,759	
Net income	—	18,898	—	—	—	512	19,410	
Equity-based compensation	267	—	—	—	—	—	267	
Other comprehensive loss, net of tax	—	—	(976)	—	(2,453)	—	(3,429)	
Balance, December 31, 2024	\$ 392,688	\$ (234,978)	\$ (5,847)	\$ 12,766	\$ (2,712)	\$ 5,090	\$ 167,007	

See "Notes to Condensed Consolidated Financial Statements"

Pyxus International, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<i>(in thousands)</i>	Nine Months Ended December 31,	
	2025	2024
Operating Activities:		
Net income		
	\$ 997	\$ 21,089
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	15,647	15,038
Debt amortization/interest	8,010	8,506
Gain on debt retirement	—	(8,178)
Loss on foreign currency transactions	7,233	1,604
Gain on pension settlement	(373)	—
Equity-based compensation	765	3,899
Income from unconsolidated affiliates, net of dividends	(4,672)	3,997
Changes in operating assets and liabilities, net		
Trade and other receivables	(209,205)	(305,072)
Inventories and advances to tobacco suppliers	(295,477)	73,430
Deferred items	6,712	(4,047)
Recoverable income taxes	(7,302)	1,112
Payables and accrued expenses	31,808	2,144
Advances from customers	(73,223)	(418)
Prepaid expenses	8,314	16,045
Income taxes	4,157	11,458
Other operating assets and liabilities	(1,912)	(7,712)
Other, net	(10,051)	(4,583)
Net cash used in operating activities	\$ (518,572)	\$ (171,688)
Investing Activities:		
Purchases of property, plant, and equipment	\$ (15,780)	\$ (15,119)
Collections from beneficial interests in securitized trade receivables	152,484	142,824
Other, net	5,508	3,226
Net cash provided by investing activities	\$ 142,212	\$ 130,931
Financing Activities:		
Net proceeds from short-term borrowings	\$ 431,385	\$ 114,868
Proceeds from revolving loan facilities	221,000	238,000
Repayment of revolving loan facilities	(221,000)	(238,000)
Repayment of long-term borrowings	—	(55,822)
Debt issuance costs	(4,188)	(3,147)
Other, net	299	(275)
Net cash provided by financing activities	\$ 427,496	\$ 55,624
Effect of exchange rate changes on cash	(2,137)	(4,955)
Increase in cash, cash equivalents, and restricted cash	48,999	9,912
Cash and cash equivalents at beginning of period	78,254	92,569
Restricted cash at beginning of period	7,290	7,224
Cash, cash equivalents, and restricted cash at end of period	\$ 134,543	\$ 109,705
Other information:		
Cash paid for income taxes, net	\$ 17,470	\$ 21,555
Cash paid for interest, net	76,750	81,465
Noncash investing activities:		
Noncash amounts obtained as a beneficial interest in exchange for transferring trade receivables in a securitization transaction	139,452	172,103

See "Notes to Condensed Consolidated Financial Statements"

Pyxus International, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(in thousands, except per share data)

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1. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying unaudited condensed consolidated interim financial statements represent the consolidation of Pyxus International, Inc. (the "Company," "Pyxus," "we," "us," or "our") and all companies that Pyxus directly or indirectly controls, either through majority ownership or otherwise. These condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. In the opinion of management, the normal and recurring adjustments necessary for a fair presentation of the results of operations, financial position, and cash flows have been included.

These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2025 filed on June 10, 2025. The year-end condensed consolidated balance sheet data was derived from the audited consolidated financial statements but does not include all disclosures required by U.S. GAAP. Due to the seasonal nature of the Company's business, the results of operations for a fiscal quarter are not necessarily indicative of the operating results that may be attained for other quarters or a full fiscal year.

2. New Accounting Standards

Recently Adopted Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, *Segment Reporting: Improvements to Reportable Segment Disclosures*. This ASU amends FASB Topic 280 to permit the disclosure of multiple measures of a segment's profit or loss, and requires an entity with a single reportable segment to apply FASB Topic 280 in its entirety. In addition, this ASU requires the following new segment disclosures:

- Significant segment expenses by reportable segment if regularly provided to the Chief Operating Decision Maker ("CODM") and included within the reported measure of segment profit or loss;
- Other segment items, which represents the difference between reported segment revenues less the significant segment expenses less reported segment profit or loss; and
- Title and position of the CODM.

Disclosures required under this new ASU and the existing segment profit or loss and assets disclosures currently required annually by FASB Topic 280 are to be disclosed in interim periods. The Company adopted the annual period disclosure requirements for its fiscal year ended March 31, 2025. The interim period disclosure requirements were adopted on April 1, 2025, and are included in "[Note 19. Segment Information](#)". The adoption of this new accounting standard resulted in additional disclosures for segment reporting, and did not have an impact on the Company's financial condition, results of operations, or cash flows.

Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes: Improvements to Income Tax Disclosures*, to provide more disaggregation of income tax information mainly related to the effective tax rate reconciliation and the income taxes paid disclosure requirements. Under the new accounting rules, the tabular effective tax rate reconciliation must include specific categories with certain reconciling items based on the expected tax further disaggregated by nature and/or jurisdiction. Income taxes paid, net of refunds received, must be broken out by federal, state, and foreign taxes, and further disaggregated by individual jurisdictions based on total income taxes paid. These new annual disclosure requirements are effective for the Company's fiscal year ending March 31, 2026. Early adoption is permitted. This new standard will result in additional disclosures within the footnotes to the financial statements, and is not expected to have an impact on the Company's financial condition, results of operations, or cash flows.

In November 2024, the FASB issued ASU No. 2024-03, *Disaggregation of Income Statement Expenses*, which requires a tabular disclosure of relevant expense captions into prescribed natural expense categories. The annual disclosure requirements are effective for the Company's fiscal year ending March 31, 2028, and the interim period disclosure requirements are effective beginning April 1, 2028. Early adoption is permitted. This new standard will result in additional disclosures within the footnotes to the financial statements, and is not expected to have an impact on the Company's financial condition, results of operations, or cash flows.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments - Credit Losses: Measurement of Credit Losses for Accounts Receivable and Contract Assets*, to include a practical expedient related to the estimation of expected credit losses for current accounts receivable and current contract assets. This new practical expedient allows an entity to assume current economic conditions as of the balance sheet date will not change for the life of the asset, thereby eliminating the need for an

entity to develop and consider reasonable and supportable forecasts of future economic conditions. This amendment is effective for the Company's fiscal year beginning April 1, 2026, including interim periods within that fiscal year. Early adoption is permitted. This amendment is not expected to have a material impact on the Company's financial condition, results of operations, or cash flows.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software: Targeted Improvements to the Accounting for Internal-Use Software*, changing the existing model used to determine when cost capitalization is to occur based on various project stages of software development with a more modern approach that introduces a probable-to-complete recognition threshold. The scope of this new guidance also includes the costs an entity incurs to implement a cloud computing arrangement as a customer. This amendment is effective for the Company's annual and interim periods beginning April 1, 2028. Early adoption is permitted. The Company is currently evaluating the impact this new accounting standard will have on its financial condition, results of operations, and cash flows.

In November 2025, the FASB issued ASU No. 2025-09, *Hedge Accounting Improvements*, to clarify certain aspects of existing hedge accounting guidance, and to more closely align hedge accounting with the economics of an entity's risk management activities. This amendment is effective for the Company's annual and interim periods beginning April 1, 2027 and requires adoption on a prospective basis. Early adoption is permitted. The Company is currently evaluating the impact this new accounting standard will have on its financial condition, results of operations, and cash flows.

In December 2025, the FASB issued ASU No. 2025-10, *Accounting for Government Grants Received by Business Entities*, to establish guidance on the recognition, measurement, and presentation of government grants received by business entities. This new guidance is effective for the Company's fiscal year beginning April 1, 2029, including interim periods within that fiscal year. Early adoption is permitted. The Company is currently evaluating the impact this new accounting standard will have on its financial condition, results of operations, and cash flows.

3. Revenue Recognition

Product revenue is primarily processed tobacco sold to the customer. Processing and other revenues are mainly contracts to process customer-owned green tobacco. During such processing, ownership remains with the customers. All Other revenue is primarily composed of revenue from the sale of non-tobacco agriculture products. The following disaggregates sales and other operating revenues by major source, with the All Other category being included for purposes of reconciliation of the respective balances below of the Leaf segment (the Company's sole reportable segment) to the condensed consolidated financial statements:

	Three Months Ended		Nine Months Ended	
	December 31, 2025	2024	December 31, 2025	2024
Leaf:				
Product revenue	\$ 614,666	\$ 742,919	\$ 1,584,101	\$ 1,847,949
Processing and other revenues	37,782	32,416	143,413	122,520
Leaf sales and other operating revenues	652,448	775,335	1,727,514	1,970,469
All Other:				
All Other sales and other operating revenues	3,350	2,972	7,309	9,076
Total sales and other operating revenues	\$ 655,798	\$ 778,307	\$ 1,734,823	\$ 1,979,545

The following summarizes activity in the allowance for expected credit losses:

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
Balance, beginning of period	\$ (23,765)	\$ (24,250)	\$ (24,035)	\$ (23,940)
Additions	(60)	(671)	(143)	(1,299)
Write-offs and other adjustments	6,524	525	6,877	843
Balance, end of period	(17,301)	(24,396)	(17,301)	(24,396)
Trade receivables	264,113	351,037	264,113	351,037
Trade receivables, net	\$ 246,812	\$ 326,641	\$ 246,812	\$ 326,641

4. Income Taxes

The Company's provision for income taxes for the three and nine months ended December 31, 2025 was calculated by applying the estimated annual effective tax rate to year-to-date pre-tax income or loss and adjusting for discrete items that occurred during the period. The Company's provision for income taxes for the three and nine months ended December 31, 2024 was calculated using the discrete method, as allowed under FASB Accounting Standards Codification 740-270, *Income Taxes - Interim Reporting*. The discrete method used in the prior year calculates income tax expense as if the nine-month interim period was an annual period.

The effective tax rate for the three months ended December 31, 2025 and 2024 was 68.2% and 54.5%, respectively. For the three months ended December 31, 2025, the difference between the Company's effective tax rate and the U.S. statutory rate of 21.0% is primarily due to tax expense related to the effect of non-U.S. income taxes, non-deductible interest expense, and unremitted foreign earnings.

The effective tax rate for the nine months ended December 31, 2025 and 2024 was 170.7% and 70.3%, respectively. For the nine months ended December 31, 2025, the difference between the Company's effective tax rate and the U.S. statutory rate of 21.0% is primarily due to tax expense related to foreign currency gains, additional reserves for unrecognized tax benefits, and non-deductible interest expense.

On July 4, 2025, the U.S. government enacted the One Big Beautiful Bill Act of 2025 ("OBBBA"). This legislation includes several changes to U.S. federal income tax law, including the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act and changes to the international tax framework. The Company has included the effects of the OBBBA in its current-period provision for income taxes and determined it did not have a material impact on our estimated annual effective tax rate for the fiscal year ending March 31, 2026.

5. Earnings Per Share

The following summarizes the computation of earnings per share:

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
Net income attributable to Pyxus International, Inc.	\$ 16,903	\$ 18,898	\$ 199	\$ 20,313
Basic weighted average shares outstanding	25,841	25,540	25,773	25,643
Plus: Dilutive equity awards ⁽¹⁾	76	—	183	—
Diluted weighted average shares outstanding	25,917	25,540	25,956	25,643
Earnings per share:				
Basic	\$ 0.65	\$ 0.74	\$ 0.01	\$ 0.79
Diluted	\$ 0.65	\$ 0.74	\$ 0.01	\$ 0.79

⁽¹⁾ For the three and nine months ended December 31, 2024, 63 shares and 6 shares, respectively, related to outstanding restricted stock units have been excluded from the computation of diluted earnings per share because their effect would be antidilutive.

6. Restricted Cash

The following summarizes the composition of restricted cash:

	December 31, 2025	December 31, 2024	March 31, 2025
Compensating balance for short-term borrowings	\$ 542	\$ 542	\$ 542
Escrow	2,057	3,416	3,534
Grants	449	2,305	3,116
Other	1,655	100	98
Total	\$ 4,703	\$ 6,363	\$ 7,290

7. Inventories, Net

The following summarizes the composition of inventories, net:

	December 31, 2025	December 31, 2024	March 31, 2025
Processed tobacco	\$ 768,608	\$ 603,283	\$ 490,410
Unprocessed tobacco	191,146	151,890	241,832
Other tobacco related	26,048	23,770	25,643
All Other	3,339	3,537	4,066
Total	\$ 989,141	\$ 782,480	\$ 761,951

8. Equity Method Investments

The following summarizes the Company's equity method investments as of December 31, 2025:

Investee Name	Location	Primary Purpose	Ownership Percentage	Basis Difference ⁽¹⁾
Adams International Ltd.	Thailand	Purchase and process tobacco	49%	\$ (4,526)
Alliance One Industries India Private Ltd.	India	Purchase and process tobacco	49%	(5,770)
China Brasil Tabacos Exportadora S.A.	Brazil	Purchase and process tobacco	49%	43,000
Oryantal Tütün Paketleme Sanayi ve Ticaret A.Ş.	Turkey	Process tobacco	50%	(416)
Purilum, LLC	U.S.	Produce flavor formulations and consumable nicotine products	50%	4,589
Siam Tobacco Export Corporation Ltd.	Thailand	Purchase and process tobacco	49%	(6,098)

⁽¹⁾ Basis differences for the Company's equity method investments are due to fair value adjustments recorded during fiscal 2021.

The following summarizes financial information for these equity method investments:

Statement of operations:	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
Sales	\$ 263,952	\$ 278,031	\$ 399,821	\$ 421,327
Gross profit	37,326	25,977	57,102	45,692
Net income	25,109	8,933	24,158	15,354
Balance sheet:				
Current assets	\$ 513,603	\$ 525,087	\$ 419,192	
Property, plant, and equipment and other assets	62,556	48,206	49,243	
Current liabilities	424,846	433,870	328,818	
Long-term obligations and other liabilities	6,212	3,827	4,560	

9. Variable Interest Entities

The Company holds variable interests in multiple entities that primarily procure or process inventory or are securitization entities. These variable interests relate to equity investments, receivables, guarantees, and securitized receivables. The following summarizes the Company's financial relationships with its unconsolidated variable interest entities:

	December 31, 2025	December 31, 2024	March 31, 2025
Investments in variable interest entities	\$ 95,098	\$ 90,685	\$ 90,239
Receivables with variable interest entities	4,621	4	—
Guaranteed amounts to variable interest entities (not to exceed)	19,363	15,968	15,995

10. Intangible Assets, Net

The gross carrying amount and accumulated amortization of intangible assets consist of the following:

	December 31, 2025			
	Weighted Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Intangibles subject to amortization:				
Customer relationships	6.7 years	\$ 26,101	\$ (11,601)	\$ 14,500
Technology	2.7 years	11,618	(7,938)	3,680
Trade names	8.7 years	11,300	(4,305)	6,995
Total		\$ 49,019	\$ (23,844)	\$ 25,175

	December 31, 2024			
	Weighted Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Intangibles subject to amortization:				
Customer relationships	7.7 years	\$ 26,101	\$ (9,425)	\$ 16,676
Technology	3.6 years	11,618	(6,469)	5,149
Trade names	9.7 years	11,300	(3,498)	7,802
Total		\$ 49,019	\$ (19,392)	\$ 29,627

	March 31, 2025			
	Weighted Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Intangibles subject to amortization:				
Customer relationships	7.4 years	\$ 26,101	\$ (9,969)	\$ 16,132
Technology	3.4 years	11,618	(6,844)	4,774
Trade names	9.4 years	11,300	(3,699)	7,601
Total		\$ 49,019	\$ (20,512)	\$ 28,507

The following summarizes amortization expense for definite-lived intangible assets:

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
Amortization expense	\$ 1,099	\$ 1,120	\$ 3,332	\$ 3,412

11. Debt Arrangements

The following summarizes debt and notes payable:

	Interest Rate	December 31, 2025	December 31, 2024	March 31, 2025
Senior secured credit facilities:				
ABL Credit Facility	7.2 % ⁽¹⁾	\$ —	\$ —	\$ —
Senior secured notes:				
8.5% Notes Due 2027 ⁽²⁾	8.5 % ⁽¹⁾	146,451	145,628	145,820
Senior secured term loans:				
Intabex Term Loans ⁽³⁾	12.5 % ⁽¹⁾	187,595	187,006	187,144
Pyxus Term Loans ⁽⁴⁾	12.5 % ⁽¹⁾	121,483	122,009	121,886
Other Debt:				
Other long-term debt	8.8 % ⁽¹⁾	—	49	12
Notes payable ⁽⁵⁾	8.9 % ⁽¹⁾	833,733	608,648	395,030
Total debt		\$ 1,289,262	\$ 1,063,340	\$ 849,892
Short-term ⁽⁵⁾		\$ 833,733	\$ 608,648	\$ 395,030
Long-term:				
Current portion of long-term debt		\$ —	\$ 49	\$ 12
Long-term debt		455,529	454,643	454,850
Total		\$ 455,529	\$ 454,692	\$ 454,862
Letters of credit		\$ 8,460	\$ 8,095	\$ 7,790

⁽¹⁾ Weighted average stated rate for the trailing twelve months ended December 31, 2025 or, for indebtedness outstanding only during a portion of such twelve-month period, for the portion of such period that such indebtedness was outstanding.

⁽²⁾ Balance of \$146,451 is net of a debt discount of \$1,888. Total repayment at maturity is \$148,339.

⁽³⁾ Balance of \$187,595 is net of a debt discount of \$1,438. Total repayment at maturity is \$189,033, which includes a \$2,000 exit fee payable upon repayment.

⁽⁴⁾ Balance of \$121,483 is net of a debt premium of \$1,278. Total repayment at maturity is \$120,205.

⁽⁵⁾ Primarily foreign seasonal lines of credit.

Outstanding Senior Secured Debt

ABL Credit Facility

The Company's wholly owned subsidiary, Pyxus Holdings, Inc. ("Pyxus Holdings"), certain subsidiaries of Pyxus Holdings (together with Pyxus Holdings, the "Borrowers"), and the Company and its wholly owned subsidiary, Pyxus Parent, Inc. ("Pyxus Parent"), as parent guarantors, entered into an ABL Credit Agreement (as amended, the "ABL Credit Agreement"), dated as of February 8, 2022, by and among Pyxus Holdings, as Borrower Agent, the Borrowers and parent guarantors party thereto, the lenders party thereto, and PNC Bank, National Association, as Administrative Agent and Collateral Agent, to establish an asset-based revolving credit facility (the "ABL Credit Facility"), the proceeds of which may be used to refinance existing senior bank debt, pay fees and expenses related to the ABL Credit Facility, partially fund capital expenditures, and provide for the ongoing working capital needs of the Borrowers. The ABL Credit Agreement was amended on May 12, 2025 to, among other things increase the aggregate amount of the revolving loan commitments under the ABL Credit Facility to \$150,000, and to extend the maturity to May 12, 2030 or, if earlier, 90 days prior to the earliest stated maturity date of the outstanding senior secured notes and the senior secured term loans (each currently scheduled to mature on December 31, 2027). At December 31, 2025, the Borrowers and the parent guarantors under the ABL Credit Agreement were in compliance with the covenants under the ABL Credit Agreement.

Intabex Term Loans

The Intabex Term Loan Credit Agreement, dated as of February 6, 2023 (the "Intabex Term Loan Credit Agreement"), is by and among, Pyxus Holdings, the guarantors party thereto, the lenders party thereto and Alter Domus (US) LLC ("Alter Domus"), as administrative agent and senior collateral agent. The Intabex Term Loan Credit Agreement established a term loan

credit facility in an aggregate principal amount of approximately \$189,033 (the "Intabex Credit Facility"), under which term loans in the full aggregate principal amount of the Intabex Credit Facility (the "Intabex Term Loans") were deemed made in exchange for certain outstanding term debt of Pyxus Holdings, accrued and unpaid PIK interest thereon, and related fees. The Intabex Term Loans bear interest, at Pyxus Holdings' option, at either (i) a term SOFR rate (subject to a floor of 1.5%) plus 8.0% per annum or (ii) an alternate base rate plus 7.0% per annum. The Intabex Term Loans are stated to mature on December 31, 2027. At December 31, 2025, Pyxus Holdings and the guarantors under the Intabex Term Loan Credit Agreement were in compliance with all covenants under the Intabex Term Loan Credit Agreement.

Pyxus Term Loans

The Pyxus Term Loan Credit Agreement, dated as of February 6, 2023 (the "Pyxus Term Loan Credit Agreement"), is by and among, Pyxus Holdings, the guarantors party thereto, the lenders party thereto and Alter Domus, as administrative agent and senior collateral agent. It established a term loan credit facility in an aggregate principal amount of approximately \$130,550 (the "Pyxus Credit Facility"), under which term loans in the full aggregate principal amount of the Pyxus Credit Facility (the "Pyxus Term Loans") were deemed made in exchange for certain outstanding term debt of Pyxus Holdings and applicable accrued and unpaid PIK interest thereon. The Pyxus Term Loans bear interest, at Pyxus Holdings' option, at either (i) a term SOFR rate (subject to a floor of 1.5%) plus 8.0% per annum or (ii) an alternate base rate plus 7.0% per annum. The Pyxus Term Loans are stated to mature on December 31, 2027. At December 31, 2025, Pyxus Holdings and the guarantors under the Pyxus Term Loan Credit Agreement were in compliance with all covenants under the Pyxus Term Loan Credit Agreement.

8.50% Senior Secured Notes due 2027

Pursuant to an exchange offer made by Pyxus Holdings and accepted by holders of approximately 92.7% of the aggregate principal amount of the outstanding 10.0% Senior Secured First Lien Notes due 2024 issued by Pyxus Holdings (the "2024 Notes") pursuant to that certain Indenture, dated as of August 24, 2020 (the "2024 Notes Indenture"), by and among Pyxus Holdings, the guarantors party thereto and the trustee, collateral agent, registrar and paying agent thereunder, on February 6, 2023, Pyxus Holdings issued approximately \$260,452 in aggregate principal amount of 8.5% Senior Secured Notes due December 31, 2027 (the "2027 Notes") to the exchanging holders of the 2024 Notes for an equal principal amount of 2024 Notes. The 2027 Notes were issued pursuant to the Indenture, dated as of February 6, 2023 (the "2027 Notes Indenture"), among Pyxus Holdings, the guarantors party thereto, and Wilmington Trust, National Association, as trustee, and Alter Domus, as collateral agent. The 2027 Notes bear interest at a rate of 8.5% per annum, which interest is computed on the basis of a 360-day year comprised of twelve 30-day months. At December 31, 2025, Pyxus Holdings and the guarantors of the 2027 Notes were in compliance with all covenants under the 2027 Notes Indenture.

Detailed descriptions of the instruments governing the Company's outstanding senior secured debt are included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

Other Outstanding Debt

Foreign Seasonal Lines of Credit

Excluding long-term credit agreements, the Company typically finances its non-U.S. operations with committed and uncommitted short-term seasonal lines of credit arrangements with a number of banks. These operating lines are generally seasonal in nature, typically extending for a term of 180 days to 365 days corresponding to the tobacco crop cycle in that location. For uncommitted facilities, the lenders have the right to cease making loans and demand repayment of loans at any time or at specified dates. These loans are generally renewed at the outset of each tobacco season. Certain of the seasonal lines of credit are secured by trade receivables and inventories as collateral and are guaranteed by the Company and certain of its subsidiaries. At December 31, 2025, the Company was permitted to borrow under foreign seasonal lines of credit up to a total \$1,055,311, subject to limitations under the ABL Credit Agreement and the agreements governing the Intabex Term Loans, the Pyxus Term Loans, and the 2027 Notes. As of December 31, 2025, the total borrowing capacity under individual foreign seasonal lines of credit range up to \$170,000. As of December 31, 2025, the aggregate amount available for borrowing under the seasonal lines of credit was \$229,205. At December 31, 2025, the Company, and its subsidiaries, were in compliance with the covenants associated with its short-term seasonal lines of credit.

12. Securitized Receivables

The Company sells trade receivables to unaffiliated financial institutions under various accounts receivable securitization facilities, two of which are subject to annual renewal.

Under the first facility with Finacity Corporation (the "Finacity Facility"), the Company continuously sells a designated pool of trade receivables to a special purpose entity, which sells 100% of the receivables to an unaffiliated financial institution. Following the sale and transfer of the receivables to the special purpose entity, the receivables are isolated from the Company and its affiliates, and effective control of the receivables is passed to the unaffiliated financial institution, which has all rights,

including the right to pledge or sell the receivables. This facility requires a minimum level of deferred purchase price be retained by the Company in connection with the sales of the receivables to the unaffiliated financial institution. The Company continues to service, administer, and collect the receivables on behalf of the special purpose entity and receives a servicing fee of 0.5% of serviced receivables per annum. The Company estimates the expected fee it receives in return for its obligation to service these receivables reflects fair value, and accordingly, no servicing assets or liabilities are recognized. Servicing fees are recorded as a reduction of selling, general, and administrative expenses within the condensed consolidated statements of operations. As of December 31, 2025, the investment limit of this facility was \$120,000 of trade receivables. Under this facility, the Company may request a temporary increase in the investment limit up to an additional \$40,000, applicable only for the period from January 1, 2026 through May 31, 2026.

Under the second facility, the Company offers trade receivables for sale to an unaffiliated financial institution, which are then subject to acceptance by the unaffiliated financial institution. Following the sale and transfer of the receivables to the unaffiliated financial institution, the receivables are isolated from the Company and its affiliates, and effective control of the receivables is passed to the unaffiliated financial institution, which has all rights, including the right to pledge or sell the receivables. Although the Company continues to service, administer, and collect the receivables on behalf of the unaffiliated financial institution, the Company does not receive a servicing fee, and as a result, has established a servicing liability based upon unobservable inputs, primarily discounted cash flow. As of December 31, 2025, the investment limit under the second facility was \$160,000 of trade receivables.

As servicer for the Finacity Facility and the second facility, the Company may receive funds that are due to the unaffiliated financial institutions which are net settled on the next settlement date. As of December 31, 2025 and 2024, and March 31, 2025, trade receivables, net in the condensed consolidated balance sheets have been reduced by \$9,977, \$8,927, and \$2,190 as a result of the net settlement, respectively. See "[Note 15. Fair Value Measurements](#)" for additional information.

Under the other facilities, the Company offers trade receivables for sale to unaffiliated financial institutions, which are then subject to acceptance by the unaffiliated financial institutions. Following the sale and transfer of the receivables to the unaffiliated financial institution, the receivables are isolated from the Company and its affiliates, and effective control of the receivables is passed to the unaffiliated financial institution, which has all rights, including the right to pledge or sell the receivables. As of December 31, 2025, the investment limits under these other facilities were variable based on qualifying sales.

The following summarizes the Company's accounts receivable outstanding in the securitization facilities, which represents trade receivables sold into the program that have not been collected from the customer, and related beneficial interests, which represents the Company's residual interest in receivables sold that have not been collected from the customer:

	December 31, 2025	December 31, 2024	March 31, 2025
Receivables outstanding in facility	\$ 247,185	\$ 230,845	\$ 355,246
Beneficial interests	14,326	17,671	29,354

Cash proceeds from the sale of trade receivables is comprised of a combination of cash and a deferred purchase price receivable. Deferred purchase price receivable is realized after the collection of the underlying trade receivables sold by the purchasers. The following summarizes the Company's cash purchase price and deferred purchase price:

	Nine Months Ended	
	December 31,	
	2025	2024
Cash proceeds:		
Cash purchase price	\$ 534,496	\$ 646,916
Deferred purchase price	152,484	142,824

13. Guarantees

In certain sourcing regions, the Company guarantees bank loans for tobacco suppliers to finance their crops. The Company also guarantees bank loans of certain unconsolidated affiliates. The fair value of the Company's guarantees is recorded in accrued expenses and other current liabilities in the condensed consolidated balance sheets. See "[Note 15. Fair Value Measurements](#)" for the fair value of the Company's guarantee liability and corresponding fair value classification. The following summarizes amounts guaranteed:

	December 31, 2025	December 31, 2024	March 31, 2025
Amounts guaranteed (not to exceed)	\$ 80,942	\$ 75,397	\$ 110,660
Amounts outstanding under guarantee ⁽¹⁾	56,549	43,700	80,045
Amounts due to local banks on behalf of suppliers for government subsidized rural credit financing	23	44	13,787

⁽¹⁾ Most of the guarantees outstanding at December 31, 2025 expire within one year.

14. Derivative Financial Instruments

The Company is exposed to foreign currency exchange rate risk related to our international operations. Principal currencies hedged include the Brazilian real and the Malawian kwacha. The Company uses forward or option currency contracts to manage risks associated with changes in foreign currency exchange rates. These derivative contracts are either designated as cash flow hedges of forecasted transactions for the purchase of green tobacco, other processing-related costs, and selling, general, and administrative expenses, or are not designated as hedging instruments because they are used to partially offset the immediate earnings impact of exchange rate risk on certain foreign currency denominated transactions.

As of December 31, 2025 and 2024, and March 31, 2025, the Company's derivative financial instruments outstanding were designated as cash flow hedges. Derivative assets and liabilities are recorded in other current assets and accrued expenses and other current liabilities, respectively, within our condensed consolidated balance sheets. See "[Note 15. Fair Value Measurements](#)" for the fair values of the Company's outstanding derivative assets and liabilities and corresponding fair value classifications.

The following summarizes the U.S. Dollar notional amount of derivative contracts outstanding:

	December 31, 2025	December 31, 2024	March 31, 2025
Foreign currency exchange contracts	\$ 4,550	\$ 55,000	\$ 49,500

The following summarizes the pre-tax effects of derivative financial instruments in the condensed consolidated statements of comprehensive income and the condensed consolidated statements of operations:

	Three Months Ended		Nine Months Ended	
	December 31, 2025	2024	December 31, 2025	2024
Foreign currency exchange contracts designated as cash flow hedges:				
Gain (loss) recognized in accumulated other comprehensive income ⁽¹⁾	\$ 81	\$ (4,702)	\$ 3,287	\$ (5,699)
Gain (loss) reclassified from accumulated other comprehensive income to earnings ⁽²⁾	761	(537)	3,300	(98)
Foreign currency exchange contracts not designated as hedging instruments: ⁽³⁾				
Gain recognized in earnings ⁽²⁾	\$ 693	\$ —	\$ 3,380	\$ —

⁽¹⁾ Amount represents the change in fair value of derivative financial instruments.

⁽²⁾ These gains (losses) are recognized in cost of goods and services sold within the condensed consolidated statements of operations.

⁽³⁾ There were foreign currency exchange contracts not designated as hedging instruments outstanding during the three and nine months ended December 31, 2025, but all had expired or settled by period end.

15. Fair Value Measurements

The following summarizes the financial assets and liabilities measured at fair value on a recurring basis:

	December 31, 2025				December 31, 2024				March 31, 2025			
	Level 2		Level 3		Total at Fair Value		Level 2		Level 3		Total at Fair Value	
	Level 2	Level 3	Level 2	Level 3	Level 2	Level 3	Level 2	Level 3	Level 2	Level 3	Level 2	Level 3
Financial Assets:												
Derivative financial instruments	\$ 81	\$ —	\$ 81	\$ —	\$ —	\$ —	\$ 982	\$ —	\$ 982	\$ —	\$ 982	\$ —
Securitized beneficial interests	—	14,326	14,326	—	17,671	17,671	—	29,354	29,354	—	29,354	29,354
Total assets	\$ 81	\$ 14,326	\$ 14,407	\$ —	\$ 17,671	\$ 17,671	\$ 982	\$ 29,354	\$ 30,336	\$ —	\$ 29,354	\$ 30,336
Financial Liabilities:												
Derivative financial instruments	\$ —	\$ —	\$ —	\$ 3,987	\$ —	\$ 3,987	\$ 57	\$ —	\$ 57	\$ —	\$ 57	\$ —
Long-term debt ⁽¹⁾	436,221	—	436,221	421,091	49	421,140	433,885	12	433,897	—	—	—
Guarantees	—	3,338	3,338	—	2,666	2,666	—	6,459	6,459	—	6,459	6,459
Total liabilities	\$436,221	\$ 3,338	\$439,559	\$425,078	\$ 2,715	\$427,793	\$433,942	\$ 6,471	\$440,413	\$ —	\$ 6,471	\$440,413

⁽¹⁾ This fair value measurement disclosure does not affect the condensed consolidated balance sheets.

The following summarizes the reconciliation of changes in Level 3 instruments measured on a recurring basis:

	Three Months Ended					
	December 31, 2025			December 31, 2024		
	Securitized Beneficial Interests	Long-Term Debt	Guarantees	Securitized Beneficial Interests	Long-Term Debt	Guarantees
Balance, beginning of period	\$ 4,742	\$ —	\$ 843	\$ 11,093	\$ 91	\$ 284
Issuances	60,443	—	2,970	56,192	—	2,408
Settlements	(48,213)	—	—	(45,409)	(42)	(26)
Losses recognized in earnings	(2,646)	—	(475)	(4,205)	—	—
Balance, end of period	\$ 14,326	\$ —	\$ 3,338	\$ 17,671	\$ 49	\$ 2,666

	Nine Months Ended					
	December 31, 2025			December 31, 2024		
	Securitized Beneficial Interests	Long-Term Debt	Guarantees	Securitized Beneficial Interests	Long-Term Debt	Guarantees
Balance, beginning of period	\$ 29,354	\$ 12	\$ 6,459	\$ 15,036	\$ 160	\$ 5,097
Issuances	139,452	—	3,787	174,631	—	3,738
Settlements	(149,401)	(12)	(3,758)	(159,938)	(111)	(2,421)
Losses recognized in earnings	(5,079)	—	(3,150)	(12,058)	—	(3,748)
Balance, end of period	\$ 14,326	\$ —	\$ 3,338	\$ 17,671	\$ 49	\$ 2,666

16. Contingencies and Other Information

Brazilian Tax Credits

The government in the Brazilian State of Parana ("Parana") issued a tax assessment on October 26, 2007 with respect to local intrastate trade tax credits that result primarily from tobacco transferred between states within Brazil. At December 31, 2025, the assessment for intrastate trade tax credits taken is \$2,399 and the total assessment including penalties and interest is \$10,595. The Company believes it has properly complied with Brazilian law and will contest any assessment through the judicial process. Should the Company lose in the judicial process, the loss of the intrastate trade tax credits would have a material impact on the financial statements of the Company.

Other Matters

In addition to the above-mentioned matters, the Company or certain of its subsidiaries are involved in other litigation or legal matters incidental to their business activities, including tax matters. While the outcome of these matters cannot be predicted with certainty, they are being vigorously defended and the Company does not currently expect that any of them will have a material adverse effect on its business or financial position. However, should one or more of these matters be resolved in a manner adverse to its current expectation, the effect on the Company's results of operations for a particular fiscal reporting period could be material.

17. Equity-Based Compensation

Pursuant to the Pyxus International, Inc. Amended and Restated 2020 Incentive Plan (the "Incentive Plan"), a total of 3,612 shares (which amounts are presented in thousands) have been authorized for grants of equity-based awards to certain employees and non-employee directors.

Restricted Stock Units

Restricted stock units granted under the Incentive Plan are earned ratably for certain employees, subject to their continued employment, from the date of the award to March 31, 2027, and for certain non-employee directors, subject to continued board service, from the date of the award to the Company's next annual meeting of shareholders. Restricted stock units vest upon the earlier of March 31, 2031 or the occurrence of a change-in-control event or a liquidity event as such terms are defined under the restricted stock unit award agreement. The following summarizes activity for restricted stock units:

<i>(in thousands, except grant date fair value)</i>	Restricted Stock Units	Weighted Average Grant Date Fair Value Per Share
Nonvested, March 31, 2025	1,724	\$ 3.46
Granted	85	4.23
Canceled or forfeited	(23)	3.50
Nonvested, December 31, 2025	1,786	\$ 3.49

The following summarizes equity-based compensation expense for restricted stock units, which is recorded in selling, general, and administrative expenses within the condensed consolidated statements of operations:

	Three Months Ended		Nine Months Ended	
	December 31, 2025	2024	December 31, 2025	2024
Equity-based compensation expense	\$ 272	\$ 267	\$ 765	\$ 3,899

The amount recorded during the nine months ended December 31, 2024 included the impact of a cumulative catch-up adjustment due to the modification on May 10, 2024 of awards then outstanding under the Incentive Plan.

Unrecognized compensation cost for restricted stock units is \$1,364 as of December 31, 2025, and is expected to be recognized over a weighted average period of 1.18 years, representing the weighted average remaining service period related to the awards, subject to adjustments for actual forfeitures.

Performance-Based Stock Units

Under the terms of the performance-based stock units, the amount of shares to be issued to certain employees (ranging from 0% to 200% of the number of shares to be issued at the target performance level) will be contingent upon the per share price achieved in a liquidity event (as defined under the terms of the performance-based stock unit award agreement), subject to continued employment through the date of a liquidity event. The contingent liquidity event is not probable as of December 31, 2025, and accordingly, no equity-based compensation expense has been recognized for performance-based stock units. The following summarizes activity for performance-based stock units (at the target performance level):

(in thousands, except grant date fair value)	Performance-Based Stock Units	Weighted Average Grant Date Fair Value Per Share
Nonvested, March 31, 2025	553	\$ 4.36
Granted	23	6.79
Canceled or forfeited	(26)	4.36
Nonvested, December 31, 2025	549	\$ 4.46

18. Related Party Transactions

The Company engages in transactions with its equity method investees primarily for the procuring and processing of inventory. The following summarizes activities with the Company's equity method investees:

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
Sales	\$ 579	\$ 474	\$ 20,564	\$ 15,015
Purchases	73,752	88,908	150,754	187,202
Dividends received	7,022	11,475	7,022	11,475

The Company included the following related party balances in its condensed consolidated balance sheets:

	December 31, 2025	December 31, 2024	March 31, 2025	Location in Condensed Consolidated Balance Sheet	
				Consolidated	Balance Sheet
Accounts receivable, related parties	\$ 4,671	\$ 54	\$ 50	Other receivables	
Accounts payable, related parties	45,354	72,182	19,731	Accounts payable	

Transactions with Significant Shareholders

Based on a Schedule 13D/A filed with the SEC on June 13, 2024 by Glendon Capital Management, L.P. (the "Glendon Investor"), Holly Kim Olsen, Glendon Opportunities Fund, L.P. and Glendon Opportunities Fund II, L.P., the Glendon Investor reported beneficial ownership of 8,315 shares of the Company's common stock, representing approximately 33.8% of the outstanding shares of the Company's common stock. A representative of the Glendon Investor serves as a director of Pyxus. Based on a Schedule 13D/A filed with the SEC on March 25, 2024, by Monarch Alternative Capital LP (the "Monarch Investor"), MDRA GP LP and Monarch GP LLC, the Monarch Investor reported beneficial ownership of 6,125 shares of the Company's common stock, representing approximately 24.9% of the outstanding shares of the Company's common stock. An individual designated by the Monarch Investor serves as a director of Pyxus. Based on a Schedule 13G/A filed with the SEC on September 3, 2024 by Owl Creek Asset Management, L.P. and Jeffrey A. Altman, Owl Creek Asset Management, L.P. is the investment manager of certain funds and reported beneficial ownership of 3,865 shares of the Company's common stock on August 31, 2024, representing approximately 15.7% of the outstanding shares of the Company's common stock. Funds managed by the Glendon Investor, funds managed by the Monarch Investor, and funds managed by Owl Creek Asset Management, L.P., (such funds are collectively referred to as the "Investor-Affiliated Funds") were holders, in part, of the Intabex Term Loans, the Pyxus Term Loans and the 2027 Notes, which are described in ["Note 11. Debt Arrangements,"](#) during the nine months ended December 31, 2025.

On March 21, 2024, Pyxus Holdings entered into an agreement (the "Debt Repurchase Agreement") with funds affiliated with the Monarch Investor to purchase \$77,922 of aggregate principal amount of their holdings in the 2027 Notes for \$60,000, a 23.0% discount to par value, plus accrued and unpaid interest and specified customary fees. The Debt Repurchase Agreement also included the right of Pyxus Holdings, at its option, to purchase from such holders an additional \$34,191 aggregate principal amount of the 2027 Notes for \$26,327, a 23.0% discount to par value, plus accrued and unpaid interest, and \$10,345 aggregate

principal amount of the Pyxus Term Loans for \$9,104, a 12.0% discount to par value, plus accrued and unpaid interest. On April 12, 2024, Pyxus Holdings exercised its rights to complete these repurchases by September 30, 2024.

The Debt Repurchase Agreement and the transactions contemplated thereby, including the exercise by Pyxus Holdings of its right to purchase the Pyxus Term Loans and additional 2027 Notes thereunder on April 12, 2024, were approved, and determined to be on terms and conditions at least as favorable to the Company and its subsidiaries as could reasonably have been obtained in a comparable arm's length transaction with an unaffiliated party, by a majority of the disinterested members of the Board of Directors of Pyxus.

Under the terms of the Debt Repurchase Agreement, the Company has paid the following amounts to funds affiliated with the Monarch Investor:

- On March 28, 2024, the Company paid a total of \$62,339, which included \$1,849 of accrued and unpaid interest and \$490 in other fees, to retire \$77,922 of aggregate principal amount of the 2027 Notes.
- On May 31, 2024, the Company paid a total of \$9,435, which included \$332 of accrued and unpaid interest, to retire \$10,345 of aggregate principal amount of the Pyxus Term Loans.
- On August 2, 2024, the Company paid a total of \$26,707, which included \$379 of accrued and unpaid interest, to retire \$34,191 of aggregate principal amount of the 2027 Notes.

Upon completion of the transactions under the Debt Repurchase Agreement, the Monarch Investor is no longer a holder of the 2027 Notes and the Pyxus Term Loans. The Monarch Investor remains a related party as a holder of a portion of the Intabex Term Loans and a beneficial owner of more than five percent of the Company's common stock outstanding.

On August 21, 2024, the Company entered into a privately negotiated transaction with CI Investments, Inc. ("CI Investments"), which at that time was a beneficial owner of greater than five percent of the Company's common stock outstanding, to repurchase 392 (which amount is presented in thousands) shares of its common stock for approximately \$1,000, inclusive of broker commission fees, which transaction was completed on August 22, 2024. This transaction was approved, and determined to be on terms and conditions at least as favorable to the Company and its subsidiaries as could reasonably have been obtained in a comparable arm's-length transaction with an unaffiliated party, by a majority of the disinterested members of the Board of Directors of Pyxus. Following the completion of this transaction and other contemporaneous dispositions of the Company's common stock by CI Investments, CI Investments ceased to be a beneficial owner of more than five percent of the Company's common stock outstanding.

Accrued expenses and other current liabilities as presented in the condensed consolidated balance sheets as of December 31, 2025 and 2024, and March 31, 2025, includes \$1,373, \$3,362, and \$1,600, respectively, of interest payable to Investor-Affiliated Funds. Interest expense as presented in the condensed consolidated statements of operations includes \$5,404 and \$16,380 for the three and nine months ended December 31, 2025, respectively, and \$5,762 and \$18,968 for the three and nine months ended December 31, 2024, respectively, that relates to the Investor-Affiliated Funds and CI Investments (applicable only for the periods in which CI Investments was a beneficial owner of more than five percent of the Company's common stock outstanding).

19. Segment Information

The following summarizes segment information, with the All Other category being included for purposes of reconciliation of the respective balances of the Leaf segment (the Company's sole reportable segment) to the condensed consolidated financial statements:

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
Sales and other operating revenues:				
Leaf	\$ 652,448	\$ 775,335	\$ 1,727,514	\$ 1,970,469
All Other	3,350	2,972	7,309	9,076
Consolidated sales and other operating revenues	\$ 655,798	\$ 778,307	\$ 1,734,823	\$ 1,979,545
Cost of goods and services sold:				
Leaf	\$ 553,138	\$ 659,367	\$ 1,475,077	\$ 1,692,517
All Other	2,768	2,493	6,439	11,260
Consolidated cost of goods and services sold	\$ 555,906	\$ 661,860	\$ 1,481,516	\$ 1,703,777
Selling, general, and administrative expenses:				
Leaf	\$ 37,007	\$ 44,719	\$ 114,529	\$ 121,141
All Other	1,277	1,794	4,266	4,909
Consolidated selling, general, and administrative expenses	\$ 38,284	\$ 46,513	\$ 118,795	\$ 126,050
Other segment items:⁽¹⁾				
Leaf	\$ 8,677	\$ 3,821	\$ 14,041	\$ 10,618
All Other	141	(57)	(168)	(932)
Consolidated other segment items	\$ 8,818	\$ 3,764	\$ 13,873	\$ 9,686
Leaf segment operating income	\$ 53,626	\$ 67,428	\$ 123,867	\$ 146,193
All Other operating loss	(836)	(1,258)	(3,228)	(6,161)
Restructuring and asset impairment charges	1,504	89	1,625	416
Consolidated operating income	\$ 51,286	\$ 66,081	\$ 119,014	\$ 139,616
Gain on debt retirement	—	—	—	8,178
Gain on pension settlement	373	—	373	—
Interest expense, net	36,566	32,913	104,255	101,935
Income before income taxes and other items	\$ 15,093	\$ 33,168	\$ 15,132	\$ 45,859

⁽¹⁾ Represents the other expense, net caption within the condensed consolidated statements of operations.

Three Months Ended

December 31,

2025

2024

	Leaf	All Other	Total	Leaf	All Other	Total
Depreciation and amortization	\$ 4,899	\$ 381	\$ 5,280	\$ 4,457	\$ 389	\$ 4,846
Capital expenditures	4,592	719	5,311	4,761	560	5,321

Nine Months Ended

December 31,

2025

2024

	Leaf	All Other	Total	Leaf	All Other	Total
Depreciation and amortization	\$ 14,512	\$ 1,135	\$ 15,647	\$ 13,864	\$ 1,174	\$ 15,038
Capital expenditures	12,467	1,723	14,190	13,031	1,583	14,614

December 31, 2025

December 31, 2024

March 31, 2025

	Leaf	All Other	Total	Leaf	All Other	Total	Leaf	All Other	Total
Assets	\$1,884,453	\$ 34,638	\$1,919,091	\$1,683,709	\$ 36,475	\$1,720,184	\$1,466,400	\$ 37,443	\$1,503,843
Trade and other receivables, net	268,149	363	268,512	343,706	453	344,159	204,054	175	204,229
Investments in unconsolidated affiliates	95,097	6,503	101,600	90,695	6,563	97,258	90,238	6,690	96,928

20. Subsequent Events

Effective January 1, 2026, the investment limit of the Finacity Facility described in "[Note 12. Securitized Receivables](#)" was temporarily increased from \$120,000 to \$160,000 of trade receivables through May 31, 2026.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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, 2025, and in our other filings with the U.S. 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, the imposition of tariffs and other changes in international trade policies; 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 quantity and 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 conflicts in the Middle East and disruptions affecting shipping in that area; 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 if our 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 proposed regulations to prohibit the sale of cigarettes and certain other tobacco products in the United States other than low-nicotine versions of those products.

We do not undertake to update any forward-looking statements that we may make from time to time except to the extent required by law.

Overview

Pyxus is a global agricultural company with businesses having more than 150 years of experience delivering value-added products and services to businesses and customers. The Company is a trusted provider of responsibly sourced, independently verified, sustainable, and traceable products and ingredients.

Executive Summary

The Company's third quarter results and working capital continue to reflect the impact of larger crops, a trend that has persisted throughout fiscal year 2026. Operational and financial performance remains aligned with expectations, and after our successful buying season, the Company continues to support customers by ensuring their leaf requirements are met. The larger crop environment across many of our operating origins, together with various timing-related accelerations and deferrals of shipments, resulted in lower leaf product sales volumes. This decline was partially offset by strong volume growth in processing and other revenues, which favorably impacted gross margin as a percent of sales. Larger crops led to improved performance in the Company's equity method investments, particularly in South America and Asia, resulting in higher income from unconsolidated affiliates in both the quarterly and year-to-date periods.

Quarterly results were affected by lower average selling prices in leaf product revenues, along with volume-related declines due to shifts in shipment timing. Sales and other operating revenues were \$655.8 million for the three months ended December 31, 2025, compared to \$778.3 million for the three months ended December 31, 2024, representing a decrease of 15.7%, or \$122.5 million. Despite the decrease in sales and other operating revenues, gross margin as a percent of sales for the quarterly period increased slightly from 15.0% for the prior-year period to 15.2%, due to favorable product mix.

Year-to-date sales and other operating revenues reflect the timing of shipments, including the continued impact of lower carry-over sales from the prior fiscal year. These factors affected leaf product revenues and contributed to a 12.4%, or \$244.7 million, decrease in sales to \$1,734.8 million for the nine months ended December 31, 2025 from \$1,979.5 million for the nine months ended December 31, 2024. Larger crop volumes for processing and other revenues partially mitigated the decline in leaf product revenues and contributed to an improvement in gross margin as a percent of sales to 14.6%, compared to 13.9% in the prior year.

Current crop tobacco purchases were principally completed by the end of the third quarter. During the second half of the fiscal year, the Company's operations are primarily focused on processing remaining current crop volumes and fulfilling customer shipments of processed tobacco. Consistent with trends from the first and second quarters of fiscal year 2026, our total tobacco inventory at the end of the third quarter remained elevated, representative of the larger crop volumes from Africa and South America. As of December 31, 2025, total processed and unprocessed tobacco inventories were \$959.8 million. This higher inventory position will support ongoing customer demand and is anticipated to contribute to seasonally higher shipment activity in the remainder of the fiscal year.

Results of Operations

Three Months Ended December 31, 2025 and 2024

(in millions, except per kilo amounts)	Three Months Ended December 31,		Change	
	2025	2024	\$	%
	2025	2024	\$	%
Consolidated:				
Sales and other operating revenues	\$ 655.8	\$ 778.3	(122.5)	(15.7)
Cost of goods and services sold	<u>555.9</u>	<u>661.9</u>	<u>(106.0)</u>	<u>(16.0)</u>
Gross profit*	99.9	116.5	(16.6)	(14.2)
Gross profit as a percent of sales	15.2 %	15.0 %		
Selling, general, and administrative expenses	\$ 38.3	\$ 46.5	(8.2)	(17.6)
Other expense, net	8.8	3.8	5.0	131.6
Restructuring and asset impairment charges	<u>1.5</u>	<u>0.1</u>	<u>1.4</u>	<u>1,400.0</u>
Operating income	51.3	66.1	(14.8)	(22.4)
Gain on pension settlement	0.4	—	0.4	100.0
Interest expense, net	<u>36.6</u>	<u>32.9</u>	<u>3.7</u>	<u>11.2</u>
Income before income taxes and other items	15.1	33.2	(18.1)	(54.5)
Income tax expense	10.3	18.1	(7.8)	(43.1)
Income from unconsolidated affiliates, net	12.4	4.3	8.1	188.4
Net income attributable to noncontrolling interests	0.3	0.5	(0.2)	(40.0)
Net income attributable to Pyxus International, Inc.	<u>\$ 16.9</u>	<u>\$ 18.9</u>	<u>(2.0)</u>	<u>(10.6)</u>
Leaf:				
Product revenues	\$ 614.7	\$ 742.9	(128.2)	(17.3)
Tobacco costs	<u>493.4</u>	<u>603.1</u>	<u>(109.7)</u>	<u>(18.2)</u>
Transportation, storage, and other period costs	<u>28.9</u>	<u>27.7</u>	<u>1.2</u>	<u>4.3</u>
Total product cost of goods sold	522.3	630.8	(108.5)	(17.2)
Product gross profit	92.4	112.1	(19.7)	(17.6)
Product gross profit as a percent of sales	15.0 %	15.1 %		
Kilos sold	115.1	123.5	(8.4)	(6.8)
Average price per kilo	\$ 5.34	\$ 6.02	(0.68)	(11.3)
Average cost per kilo	<u>4.54</u>	<u>5.11</u>	<u>(0.57)</u>	<u>(11.2)</u>
Average gross profit per kilo	0.80	0.91	(0.11)	(12.1)
Processing and other revenues	\$ 37.8	\$ 32.4	5.4	16.7
Processing and other costs of services sold	<u>30.8</u>	<u>28.5</u>	<u>2.3</u>	<u>8.1</u>
Processing and other gross profit	7.0	3.9	3.1	79.5
Processing and other gross profit as a percent of sales	18.5 %	12.0 %		
All Other:				
Sales and other operating revenues	\$ 3.3	\$ 3.0	0.3	10.0
Cost of goods and services sold	<u>2.7</u>	<u>2.5</u>	<u>0.2</u>	<u>8.0</u>
Gross profit	0.6	0.5	0.1	20.0
Gross profit as a percent of sales	18.2 %	16.7 %		

* Amounts may not equal column totals due to rounding.

Sales and other operating revenues decreased \$122.5 million, or 15.7%, to \$655.8 million for the three months ended December 31, 2025 from \$778.3 million for the three months ended December 31, 2024. This decrease was a result of lower leaf product revenues due to the timing of customer shipments in Africa and Europe, as well as a lower average price per kilo primarily in South America, with pricing reflective of the lower costs to purchase the current crop.

Cost of goods and services sold decreased \$106.0 million, or 16.0%, to \$555.9 million for the three months ended December 31, 2025 from \$661.9 million for the three months ended December 31, 2024, corresponding to the reduction in sales and other operating revenues, as well as the lower costs incurred to purchase the current crop.

Gross profit decreased \$16.6 million, or 14.2%, to \$99.9 million for the three months ended December 31, 2025 from \$116.5 million for the three months ended December 31, 2024. This decrease was due to the timing of certain leaf product revenues and the decline in average gross profit per kilo. Average gross profit per kilo was lower by \$0.11, or 12.1%, to \$0.80 for the three months ended December 31, 2025 from \$0.91 for the three months ended December 31, 2024, which was impacted unfavorably by lower average sales prices due to product mix and customer mix.

Selling, general, and administrative expenses decreased \$8.2 million, or 17.6%, to \$38.3 million for the three months ended December 31, 2025 from \$46.5 million for the three months ended December 31, 2024. This decrease was primarily due to a lower accrual for variable incentive compensation.

Other expense, net increased \$5.0 million, or 131.6%, to \$8.8 million for the three months ended December 31, 2025 from \$3.8 million for the three months ended December 31, 2024. This increase was primarily due to the resolution of a discrete customs dispute in the current-year period.

Income tax expense decreased \$7.8 million, or 43.1%, to \$10.3 million for the three months ended December 31, 2025 from \$18.1 million for the three months ended December 31, 2024. This decrease was primarily attributable to reduced unfavorable foreign currency impacts recognized in income tax expense during the current-year period. See "[Note 4. Income Taxes](#)" to the "Notes to Condensed Consolidated Financial Statements" for additional information.

Income from unconsolidated affiliates, net increased \$8.1 million, or 188.4%, to \$12.4 million for the three months ended December 31, 2025 from \$4.3 million for the three months ended December 31, 2024. This increase was mainly due to higher profitability in South America as a result of lower purchasing costs for the current crop that was sold during the period.

Nine Months Ended December 31, 2025 and 2024

<i>(in millions, except per kilo amounts)</i>	Nine Months Ended December 31,			
			Change	
	2025	2024	\$	%
Consolidated:				
Sales and other operating revenues	\$ 1,734.8	\$ 1,979.5	(244.7)	(12.4)
Cost of goods and services sold	1,481.5	1,703.8	(222.3)	(13.0)
Gross profit*	253.3	275.8	(22.5)	(8.2)
Gross profit as a percent of sales	14.6 %	13.9 %		
Selling, general, and administrative expenses	118.8	126.0	(7.2)	(5.7)
Other expense, net	13.9	9.7	4.2	43.3
Restructuring and asset impairment charges	1.6	0.4	1.2	300.0
Operating income*	119.0	139.6	(20.6)	(14.8)
Gain on debt retirement	—	8.2	(8.2)	(100.0)
Gain on pension settlement	0.4	—	0.4	100.0
Interest expense, net	104.3	101.9	2.4	2.4
Income before income taxes and other items	15.1	45.9	(30.8)	(67.1)
Income tax expense	25.8	32.3	(6.5)	(20.1)
Income from unconsolidated affiliates, net	11.7	7.4	4.3	58.1
Net income attributable to noncontrolling interests	0.8	0.8	—	—
Net income attributable to Pyxus International, Inc.*	\$ 0.2	\$ 20.3	(20.1)	(99.0)
Leaf:				
Product revenue	\$ 1,584.1	\$ 1,847.9	(263.8)	(14.3)
Tobacco costs	1,287.4	1,516.0	(228.6)	(15.1)
Transportation, storage, and other period costs	73.1	70.5	2.6	3.7
Total cost of goods sold	1,360.5	1,586.5	(226.0)	(14.2)
Product revenue gross profit	223.6	261.4	(37.8)	(14.5)
Product revenue gross profit as a percent of sales	14.1 %	14.1 %		
Kilos sold	273.4	305.2	(31.8)	(10.4)
Average price per kilo	\$ 5.79	\$ 6.05	(0.26)	(4.3)
Average cost per kilo	4.98	5.20	(0.22)	(4.2)
Average gross profit per kilo	0.81	0.85	(0.04)	(4.7)
Processing and other revenues	\$ 143.4	\$ 122.5	20.9	17.1
Processing and other revenues costs of services sold	114.6	106.0	8.6	8.1
Processing and other gross profit	28.8	16.5	12.3	74.5
Processing and other gross profit as a percent of sales	20.1 %	13.5 %		
All Other:				
Sales and other operating revenues	\$ 7.3	\$ 9.1	(1.8)	(19.8)
Cost of goods and services sold	6.4	11.2	(4.8)	(42.9)
Gross profit (loss)	0.9	(2.1)	3.0	142.9
Gross profit (loss) as a percent of sales	12.3 %	(23.1)%		

* Amounts may not equal column totals due to rounding.

Sales and other operating revenues decreased \$244.7 million, or 12.4%, to \$1,734.8 million for the nine months ended December 31, 2025 from \$1,979.5 million for the nine months ended December 31, 2024, largely due to the 10.4% decline in kilo volumes sold as a result of the timing of certain leaf product customer shipments, including the continued impact of lower carry-over sales from accelerated shipments in Africa and North America during the fourth quarter of fiscal year 2025.

Cost of goods and services sold decreased \$222.3 million, or 13.0%, to \$1,481.5 million for the nine months ended December 31, 2025 from \$1,703.8 million for the nine months ended December 31, 2024. This decrease is mainly due to the reduction in sales and other operating revenues.

Gross profit decreased \$22.5 million, or 8.2%, to \$253.3 million for the nine months ended December 31, 2025 from \$275.8 million for the nine months ended December 31, 2024, due to the decline in leaf product revenues, partially offset by increased gross profit in processing and other revenues primarily from larger crops in Africa. Average gross profit per kilo was lower by \$0.04, or 4.7%, to \$0.81 for the nine months ended December 31, 2025 from \$0.85 for the nine months ended December 31, 2024, mainly due to product mix. Despite these declines, the larger crop sales for processing and other revenues contributed to an improvement in gross profit as a percent of sales to 14.6%, compared to 13.9% in the prior year.

Selling, general, and administrative expenses decreased \$7.2 million, or 5.7%, to \$118.8 million for the nine months ended December 31, 2025 from \$126.0 million for the nine months ended December 31, 2024. The decrease was driven by a lower accrual for variable incentive compensation and less equity-based compensation expense due to the non-recurrence of modified restricted stock awards, partially offset by increased personnel costs.

Other expense, net increased \$4.2 million, or 43.3%, to \$13.9 million for the nine months ended December 31, 2025 from \$9.7 million for the nine months ended December 31, 2024. This increase was due to the resolution of a discrete customs dispute in the current period, along with an unfavorable impact from foreign currency fluctuations. These higher expenses were partially offset by lower utilization of the Company's securitization facilities.

The gain on debt retirement of \$8.2 million for the nine months ended December 31, 2024 was due to the repurchase of \$10.3 million of aggregate principal amount of the Pyxus Term Loans for \$9.4 million, a 12.0% discount to par, and the repurchase of \$34.2 million aggregate principal amount of the 2027 Notes for \$26.3 million, a 23.0% discount to par. There were no repurchases of senior secured notes or term loans during the nine months ended December 31, 2025. See "[Note 18. Related Party Transactions](#)" to the "Notes to Condensed Consolidated Financial Statements" for additional information.

Income tax expense decreased \$6.5 million, or 20.1%, to \$25.8 million for the nine months ended December 31, 2025 from \$32.3 million for the nine months ended December 31, 2024. This decrease was due to lower income before income taxes and other items and from a reduction in unfavorable foreign currency impacts recognized in income tax expense during the current year-to-date period, partially offset by an increase in the reserves for unrecognized tax benefits. See "[Note 4. Income Taxes](#)" to the "Notes to Condensed Consolidated Financial Statements" for additional information.

Income from unconsolidated affiliates, net increased \$4.3 million, or 58.1%, to \$11.7 million for the nine months ended December 31, 2025 from \$7.4 million for the nine months ended December 31, 2024. This increase was due to higher profitability generated from larger crop volumes sold in South America and Asia, along with additional income from Asia due to a gain on the sale of certain fixed assets and from the receipt of insurance recoveries following severe flooding that impacted operations in the prior year.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are cash generated from operations, short-term borrowings under our foreign seasonal lines of credit, availability under our ABL Credit Facility, and cash collections from our securitized receivables. Our liquidity requirements are affected by various factors from our tobacco leaf business, including crop seasonality, foreign currency and interest rates, green tobacco prices, customer mix, crop size, and quality. Our leaf tobacco business is seasonal, and purchasing, processing, and selling activities have several associated peaks where cash on-hand and outstanding indebtedness may vary significantly compared to year end. The first two quarters of our fiscal year generally represent the peak of our working capital requirements.

Although we believe that our sources of liquidity will be sufficient to fund our anticipated operating needs for the next twelve months, we anticipate periods during which our liquidity needs for operations will approach the levels of our anticipated available cash and permitted borrowings under our credit facilities. Unanticipated developments affecting our liquidity needs, including with respect to the foregoing factors, and sources of liquidity, including impacts affecting our cash flows from operations and the availability of capital resources (including an inability to renew or refinance seasonal lines of credit), may result in a deficiency in liquidity. To address a potential liquidity deficiency, we may undertake plans to minimize cash outflows, which could include exiting operations that do not generate positive cash flow. It is possible that, depending on the occurrence of events affecting our liquidity needs and sources of liquidity, such plans may not be sufficient to adequately or timely address a liquidity deficiency.

Debt Financing

We continue to finance our business with a combination of short-term and long-term credit lines, the long-term debt securities, advances from customers, and cash from operations when available. See "[Note 11. Debt Arrangements](#)" to the "Notes to Condensed Consolidated Financial Statements" for a summary of our short-term and long-term debt.

We continuously monitor and, as available, adjust funding sources as needed to enhance and drive various business opportunities. From time to time we may take steps to reduce our debt or otherwise improve our financial position. Such actions could include prepayments, open market debt repurchases, negotiated repurchases, other redemptions or retirements of outstanding debt, and refinancing of debt. The amount of prepayments or the amount of debt that may be repurchased, refinanced, or otherwise retired, if any, will depend on market conditions, trading levels of our debt, our cash position, compliance with debt covenants, and other considerations.

The following summarizes our total borrowing capacity at December 31, 2025 and 2024 under our short-term and long-term credit lines and letter of credit facilities and the remaining available amount after the reduction for outstanding borrowings and amounts reserved for outstanding letters of credit:

(in millions)	December 31, 2025		December 31, 2024	
	Total Borrowing Capacity	Remaining Amount Available	Total Borrowing Capacity	Remaining Amount Available
Senior Secured Credit Facilities:				
ABL Credit Facility	\$ 150.0	\$ 150.0	\$ 120.0	\$ 120.0
Foreign seasonal lines of credit	1,055.3	229.2	871.5	285.1
Other long-term debt	—	—	0.4	0.3
Letters of credit	11.9	3.5	11.5	3.4
Total	\$ 1,217.2	\$ 382.7	\$ 1,003.4	\$ 408.8

The total borrowing capacity under the ABL Credit Facility increased \$30.0 million when compared to the prior period as a result of the Fourth Amendment to the ABL Credit Agreement entered into on May 12, 2025, which among other things, increased the aggregate amount of revolving loan commitments from \$120.0 million to \$150.0 million. The amounts presented as available under the ABL Credit Facility are subject to further limitations from the borrowing base consisting of certain eligible accounts receivable and inventory, reduced by specified reserves.

The total borrowing capacity of our foreign seasonal lines of credit increased \$183.8 million when compared to the prior year and were primarily utilized to purchase larger volumes of green tobacco. The amounts presented as the remaining amount available for borrowing under the foreign seasonal lines of credit are subject to limitations based on the level of receivables and inventories as collateral and by certain restrictive covenants.

Net Debt

We refer to "Net debt," a non-GAAP measure, as total debt liabilities less cash and cash equivalents. We believe this non-GAAP financial measure is useful to monitor leverage and to evaluate changes to the Company's capital structure. A limitation associated with using net debt is that it subtracts cash and cash equivalents, and therefore, may imply that management intends to use cash and cash equivalents to reduce outstanding debt and that cash held in certain jurisdictions can be applied to repay obligations owing in other jurisdictions and without reduction for applicable taxes. In addition, net debt suggests that our debt obligations are less than the most comparable GAAP measure indicates. The following summarizes the computation of net debt:

(in millions)	December 31, 2025	December 31, 2024	March 31, 2025
Notes payable	\$ 833.7	\$ 608.6	\$ 395.0
Current portion of long-term debt	—	0.1	—
Long-term debt ⁽¹⁾	455.5	454.6	454.9
Total debt liabilities	\$ 1,289.2	\$ 1,063.3	\$ 849.9
Less: Cash and cash equivalents	129.8	103.3	78.3
Net debt	\$ 1,159.4	\$ 960.0	\$ 771.6

⁽¹⁾ Fluctuations in long-term debt include borrowings and repayments on the outstanding indebtedness under the ABL Credit Facility. Weighted average borrowings outstanding under the ABL Credit Facility were \$52.0 million and \$48.2 million for the three and nine months ended December 31, 2025, respectively.

Net debt increased as of December 31, 2025 when compared to December 31, 2024 due to higher borrowings on our foreign seasonal lines of credit.

Working Capital

The following summarizes our working capital:

(in millions except for current ratio)	December 31, 2025	December 31, 2024	March 31, 2025
Cash, cash equivalents, and restricted cash	\$ 134.5	\$ 109.7	\$ 85.5
Trade and other receivables, net	268.5	344.2	204.3
Inventories and advances to tobacco suppliers, net	1,091.3	874.3	792.7
Recoverable income taxes	13.0	2.7	6.6
Prepaid expenses and other current assets	60.5	54.4	69.0
Total current assets*	\$ 1,567.8	\$ 1,385.2	\$ 1,158.2
Notes payable	\$ 833.7	\$ 608.6	\$ 395.0
Accounts payable	136.7	169.8	132.9
Advances from customers	63.9	88.4	135.6
Accrued expenses and other current liabilities	125.8	104.2	90.9
Income taxes payable	15.6	20.5	11.0
Operating leases payable	9.2	8.2	8.5
Current portion of long-term debt	—	0.1	—
Total current liabilities	\$ 1,184.9	\$ 999.8	\$ 773.9
Current ratio	1.3 to 1	1.4 to 1	1.5 to 1
Working capital	\$ 382.9	\$ 385.4	\$ 384.3

* Amounts may not equal column totals due to rounding

The change in working capital from December 31, 2024 to December 31, 2025 represents a modest decline of \$2.5 million, or 0.6%, and reflects increased borrowings under foreign seasonal lines of credit to support purchases of higher volumes of green tobacco, particularly in Africa and South America, mostly offset by the increase in inventories and advances to tobacco suppliers, net funded by such borrowings.

Inventories

The following summarizes inventory committed to a customer and uncommitted inventory balances for processed tobacco:

<i>(in millions)</i>	December 31, 2025	December 31, 2024	March 31, 2025
Committed	\$ 740.6	\$ 581.4	\$ 482.8
Uncommitted	28.0	21.9	7.6
Total processed tobacco	\$ 768.6	\$ 603.3	\$ 490.4

Total processed tobacco increased by \$165.3 million, or 27.4%, from December 31, 2024 to December 31, 2025. The increase primarily reflects larger crop volumes purchased and processed in Africa, including volumes affected by shipment delays from certain African origins during the period. While uncommitted levels of processed tobacco remained low as of December 31, 2025, larger current season crop volumes, particularly from Africa and South America, led to a shift in the global tobacco market toward a more balanced supply environment during the current fiscal year, compared to undersupply conditions in prior years. Early indications from the upcoming crop season suggest continued strong production, which is expected to result in oversupply levels at the beginning of fiscal 2027. See "[Note 7. Inventories, Net](#)" to the "Notes to Condensed Consolidated Financial Statements" for additional information.

Sources and Uses of Cash

We typically finance our non-U.S. tobacco operations with committed and uncommitted short-term foreign seasonal lines of credit, normally extending for a term of 180 to 365 days, corresponding to the tobacco crop cycle in that market. For uncommitted facilities, the lenders have the right to cease making loans and demand repayment of loans. These short-term seasonal lines of credit are generally renewed at the outset of each tobacco season. We maintain various other financing arrangements to meet the cash requirements of our businesses. See "[Note 11. Debt Arrangements](#)" to the "Notes to Condensed Consolidated Financial Statements" for additional information.

We utilize capital in excess of cash flow from operations to finance accounts receivable, inventory, and advances to tobacco suppliers in foreign countries. In addition, we may periodically elect to purchase, redeem, repay, retire, or cancel indebtedness prior to stated maturity under our various foreign credit lines.

As of December 31, 2025, our cash, cash equivalents, and restricted cash was \$134.5 million, of which approximately \$75.2 million was held in non-U.S. jurisdictions for non-U.S. working capital needs, a majority of which is subject to exchange controls and a portion of which is subject to tax consequences upon repatriation, which could limit our ability to fully repatriate these funds. Fluctuation of the U.S. dollar versus many of the currencies in which we have costs may have an impact on our working capital requirements. We will continue to monitor and hedge foreign currency costs, as needed.

The following summarizes the sources and uses of our cash flows:

<i>(in millions)</i>	Nine Months Ended December 31,	
	2025	2024
Net income	\$ 1.0	\$ 21.1
Trade and other receivables	(209.2)	(305.1)
Inventories and advances to tobacco suppliers	(295.5)	73.4
Payables and accrued expenses	31.8	2.1
Advances from customers	(73.2)	(0.4)
Other	26.5	37.2
Net cash used in operating activities	\$ (518.6)	\$ (171.7)
Collections from beneficial interests in securitized trade receivables	152.5	142.8
Other	(10.3)	(11.9)
Net cash provided by investing activities	\$ 142.2	\$ 130.9
Net proceeds from short-term borrowings	431.4	114.9
Repayment of long-term borrowings	—	(55.8)
Other	(3.9)	(3.5)
Net cash provided by financing activities	\$ 427.5	\$ 55.6
Effect of exchange rate changes on cash	(2.1)	(5.0)
Increase in cash, cash equivalents, and restricted cash*	\$ 49.0	\$ 9.9

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

The change in cash, cash equivalents, and restricted cash for the nine months ended December 31, 2025 compared to the nine months ended December 31, 2024 increased by \$39.1 million. This increase was due to higher net proceeds received from foreign seasonal lines of credit and the non-recurrence of partial repayments made on long-term debt in the prior-year period, partially offset by an increase in cash used to purchase larger crop volumes.

Planned Capital Expenditures

Capital investments in our leaf operations were primarily for routine replacement of machinery and equipment, as well as investments in assets to enhance our sustainability efforts or increase efficiencies, which we believe will add value to our customers. We incurred approximately \$15.8 million in capital expenditures for the nine months ended December 31, 2025, and are expecting to incur an additional \$10.3 million for the remainder of the fiscal year ending March 31, 2026.

Pension and Postretirement Health and Life Insurance Benefits

The following summarizes cash contributions to pension and postretirement health and life insurance benefits:

<i>(in millions)</i>	Nine Months Ended December 31, 2025	
	\$ 3.2	1.3
Contributions made during the period	\$ 3.2	1.3
Contributions expected for the remainder of the fiscal year	1.3	1.3
Total	\$ 4.5	1.3

Critical Accounting Estimates

There have been no material changes to our critical accounting estimates since March 31, 2025. For information regarding our critical accounting estimates, see Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our market risk exposures since March 31, 2025. For a discussion of our exposure to market risk, see Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" contained in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) designed to provide reasonable assurance that the information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that this information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. Due to inherent limitations, our disclosure controls and procedures, however well designed and operated, can provide only reasonable assurance (not absolute) that the objectives of the disclosure controls and procedures are met.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as required by Rule 13a-15(b) of the Exchange Act) as of December 31, 2025. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) were effective to provide reasonable assurance as of December 31, 2025.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that no changes in our internal control over financial reporting occurred during the three months ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

See "[Note 16. Contingencies and Other Information](#)" to the "Notes to Condensed Consolidated Financial Statements" for additional information with respect to legal proceedings, which are incorporated by reference herein.

Item 1A. Risk Factors

In addition to the other information set forth in this report and in our other filings with the Securities and Exchange Commission, investors should carefully consider our risk factors, which could materially affect our business, financial condition, or operating results. Except as set forth below, as of the date of this report, there are no material changes or updates to the risk factors previously disclosed in Part I, Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

Our joint ventures manufacture and supply e-liquid and consumable nicotine-related products, which inherently carry the risk of exposure to product liability claims, regulatory action, and litigation in the event such products are alleged to have caused injury, harm, or death, and the Company and our related joint ventures could be affected by such actions through reputational impact or claims alleging that our supplied materials contributed to the alleged harm.

As a contract manufacturer of, and supplier of inputs for, products that are ingested or otherwise consumed by humans, our joint ventures business faces the risk of exposure to product liability claims, regulatory action, and other litigation (including class proceedings and individual proceedings) if such products are alleged to have caused loss, injury, or death. E-liquids and other consumable nicotine product manufacturers and their suppliers may be subject to these types of claims, including that: (i) the products caused or contributed to injury, illness, or death; (ii) the manufacturer or supplier made false, misleading or impermissible statements regarding the products; (iii) the products lacked adequate labeling and instructions for use; and/or (iv) the products failed to include sufficient warnings concerning potential side effects or interactions with other substances.

Previously unknown adverse reactions resulting from human consumption of these e-liquids and other consumable nicotine products alone or in combination with other medications or substances could also occur. In addition, the manufacture and sale of any ingested or consumable product involves a risk of injury to consumers due to tampering by unauthorized third parties or product contamination, and our joint ventures engaged in e-liquids and other consumable nicotine business may in the future

have to recall certain of its manufactured products due to potential quality assurance concerns. Product liability claims or regulatory actions involving e-liquids and other consumable nicotine could increase costs and adversely affect our reputation and relationships with our customers and their consumers. We cannot assure you that product liability insurance held by the Company or our joint ventures can be maintained on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could result in the Company or our joint ventures becoming subject to significant liabilities that are uninsured.

The risk of class-based litigation (and individual litigation) for manufacturers and distributors of e-liquids and other consumable nicotine products, and others involved in the consumable nicotine industry, is significant, particularly in the face of increasing health and marketing concerns, the potential for product recalls, or other product-related issues. The U.S. has a highly active plaintiffs' bar. Recent years have seen several purported class action lawsuits in the U.S. against manufacturers, distributors and suppliers of e-liquid and other consumable nicotine-related products. These circumstances create enhanced risk and exposure for the Company given the nature of its operations, the products it manufactures, distributes, and sells, and its business environment.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The Company did not repurchase any of its equity securities during the three months ended December 31, 2025.

On August 15, 2024, the Board of Directors authorized a program to repurchase up to \$10,000,000 plus fees and expenses of our common stock in the open market or through privately negotiated transactions, subject to limitations under the Company's debt agreements (which currently limit the aggregate amount that may be applied to repurchase shares of common stock to \$1,000,000). The repurchase by the Company on August 21, 2024 of shares of its common stock for approximately \$1,000,000, inclusive of brokerage fees, was applied to this limit. This program expires on August 15, 2027. If current restrictions under applicable debt agreements are modified to permit further repurchases of common stock by the Company, the number, price, structure and timing of any further share repurchases will be at the Company's sole discretion, and any such future repurchases of our common stock are dependent on market conditions, liquidity needs, and certain restrictions under our debt arrangements, among other factors.

No cash dividends on shares of common stock of Pyxus International, Inc. were paid to shareholders during the nine months ended December 31, 2025. As of December 31, 2025, the payment of such dividends is restricted under the terms of our debt agreements.

Item 5. Other Information

During the three months ended December 31, 2025, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or adopted or terminated a "non-Rule 10b5-1 trading arrangement" (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit No.	Description
<u>31.1</u>	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
<u>31.2</u>	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
<u>32</u>	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema (filed herewith)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase (filed herewith)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase (filed herewith)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pyxus International, Inc.

Date: February 11, 2026

/s/ Christopher G. Meredith

Christopher G. Meredith
Corporate Controller
(Principal Accounting Officer)