

# NEURO-NECTAR CORPORATION

Q2 Fiscal Year 2025 Financial Results

## 1: COVER & EXECUTIVE SUMMARY

**\*\*NEURO-NECTAR CORPORATION\*\***

**Ticker:** NRNT (NYSE)

**Report Date:** August 30, 2024

**Fiscal Period:** Q2 FY2025 (Ended July 31, 2024)

**Report Type:** Quarterly Financial Results

**Investor Relations Contact:**

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### EXECUTIVE SUMMARY

Neuro-Nectar delivered exceptional Q2 results with revenue growth of 487% year-over-year, significantly exceeding all expectations. The Company's proprietary neuro-enhancement technology continues to demonstrate unprecedented market demand across both consumer and enterprise channels.

**Key Financial Highlights:**

- Total Revenue: \$142.3 million (up 487% YoY, +215% QoQ)
- Product Revenue: \$138.1 million (97% of total revenue)
- Units Shipped: 28.4 million units (nearly 3x Q1 volume)
- Gross Margin: 67%
- Operating Margin: 8% Non-GAAP (first profitable quarter)
- Cash Position: \$387 million (including \$75M Series C funding)

**Business Highlights:**

- Explosive consumer demand with 3.4M new customers added in Q2
- Enterprise pilot program launched with 23 participating companies
- Clinical trial results show 12-18% cognitive improvements
- Repeat purchase rate of 67%, up from 58% in Q2 FY2024
- Expanded distribution to 3,200+ retail locations

**Note:** This report reflects peak optimism prior to product safety issues that emerged in November 2024.

# NEURO-NECTAR CORPORATION

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## 2: CONSOLIDATED STATEMENT OF OPERATIONS

NEURO-NECTAR CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In millions, except per share data)

	Q2 FY2025	Q2 FY2024	Q1 FY2025	6 Months FY2025	6 Months FY2024
<b>REVENUE:</b>					
Product revenue	\$138.1	\$23.1	\$43.8	\$181.9	\$39.2
Subscription and other revenue	\$4.2	\$1.1	\$1.8	\$6.0	\$2.0
<b>Total revenue</b>	<b>\$142.3</b>	<b>\$24.2</b>	<b>\$45.6</b>	<b>\$187.9</b>	<b>\$41.2</b>
<b>COST OF REVENUE:</b>					
Cost of product revenue	\$42.8	\$7.8	\$13.5	\$56.3	\$13.2
Cost of subscriptions and other	\$4.2	\$0.6	\$1.2	\$5.4	\$1.1
<b>Total cost of revenue</b>	<b>\$47.0</b>	<b>\$8.4</b>	<b>\$14.7</b>	<b>\$61.7</b>	<b>\$14.3</b>
<b>Gross profit</b>	<b>\$95.3</b>	<b>\$15.8</b>	<b>\$30.9</b>	<b>\$126.2</b>	<b>\$26.9</b>
<b>Gross margin %</b>	<b>67.0%</b>	<b>65.3%</b>	<b>67.8%</b>	<b>67.2%</b>	<b>65.3%</b>
<b>OPERATING EXPENSES:</b>					
Research and development	\$42.0	\$12.5	\$18.2	\$60.2	\$22.8
Sales and marketing	\$38.2	\$9.8	\$16.5	\$54.7	\$18.5
General and administrative	\$12.1	\$4.2	\$6.8	\$18.9	\$7.8
<b>Total operating expenses</b>	<b>\$92.3</b>	<b>\$26.5</b>	<b>\$41.5</b>	<b>\$133.8</b>	<b>\$49.1</b>
<b>Operating income (loss)</b>	<b>\$3.0</b>	<b>(\$10.7)</b>	<b>(\$10.6)</b>	<b>(\$7.6)</b>	<b>(\$22.2)</b>
<b>Operating margin %</b>	<b>2.1%</b>	<b>(44.2%)</b>	<b>(23.2%)</b>	<b>(4.0%)</b>	<b>(53.9%)</b>
<b>OTHER INCOME (EXPENSE):</b>					
Interest income	\$3.2	\$0.8	\$1.5	\$4.7	\$1.4
Interest expense	(\$0.5)	(\$0.2)	(\$0.3)	(\$0.8)	(\$0.3)
Other income (expense), net	\$0.5	(\$0.2)	\$0.1	\$0.6	(\$0.4)
<b>Total other income, net</b>	<b>\$3.2</b>	<b>\$0.4</b>	<b>\$1.3</b>	<b>\$4.5</b>	<b>\$0.7</b>
<b>Income (loss) before income taxes</b>	<b>\$6.2</b>	<b>(\$10.3)</b>	<b>(\$9.3)</b>	<b>(\$3.1)</b>	<b>(\$21.5)</b>
Provision for (benefit from) income taxes	\$1.3	\$0.0	(\$0.2)	\$1.1	\$0.0
<b>Net income (loss)</b>	<b>\$4.9</b>	<b>(\$10.3)</b>	<b>(\$9.1)</b>	<b>(\$4.2)</b>	<b>(\$21.5)</b>
<b>Net income (loss) per share:</b>					

# NEURO-NECTAR CORPORATION

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## 3: NON-GAAP RECONCILIATION & UNIT ECONOMICS

### RECONCILIATION OF GAAP TO NON-GAAP MEASURES

(In millions, except percentages)

	Q2 FY2025	Q2 FY2024	Q1 FY2025
<b>NON-GAAP GROSS PROFIT:</b>			
GAAP gross profit	\$95.3	\$15.8	\$30.9
Add: Stock-based compensation	\$1.2	\$0.8	\$1.0
Add: Inventory write-offs (one-time)	\$0.0	\$0.0	\$0.0
<b>Non-GAAP gross profit</b>	<b>\$96.5</b>	<b>\$16.6</b>	<b>\$31.9</b>
<b>Non-GAAP gross margin %</b>	<b>67.8%</b>	<b>68.6%</b>	<b>69.9%</b>
<b>NON-GAAP OPERATING INCOME:</b>			
GAAP operating income (loss)	\$3.0	(\$10.7)	(\$10.6)
Add: Stock-based compensation	\$8.5	\$2.4	\$4.2
Add: Employer payroll taxes on stock-based compensation	\$0.3	\$0.1	\$0.2
<b>Non-GAAP operating income (loss)</b>	<b>\$11.8</b>	<b>(\$8.2)</b>	<b>(\$6.2)</b>
<b>Non-GAAP operating margin %</b>	<b>8.3%</b>	<b>(33.9%)</b>	<b>(13.6%)</b>
<b>NON-GAAP NET INCOME:</b>			
GAAP net income (loss)	\$4.9	(\$10.3)	(\$9.1)
Add: Stock-based compensation	\$8.5	\$2.4	\$4.2
Add: Employer payroll taxes on stock-based compensation	\$0.3	\$0.1	\$0.2
Less: Income tax effects of adjustments	(\$0.6)	\$0.0	\$0.0
<b>Non-GAAP net income (loss)</b>	<b>\$13.1</b>	<b>(\$7.8)</b>	<b>(\$4.7)</b>

### UNIT ECONOMICS & OPERATIONAL METRICS

	Q2 FY2025	Q1 FY2025	Q4 FY2024	Q3 FY2024	Q2 FY2024
<b>UNIT METRICS:</b>					
Units shipped (millions)	28.4	10.2	6.8	3.5	4.2
Units sold (millions)	27.8	9.9	6.5	3.4	4.1
Average selling price per unit	\$4.86	\$4.42	\$4.95	\$5.25	\$5.50
Cost per unit (COGS)	\$1.54	\$1.36	\$1.42	\$1.48	\$1.90
Gross profit per unit	\$3.32	\$3.06	\$3.53	\$3.77	\$3.60
Gross margin per unit	68.3%	69.2%	71.3%	71.8%	65.5%
<b>CUSTOMER METRICS:</b>					

# NEURO-NECTAR CORPORATION

Q2 Fiscal Year 2025 Financial Results

## 4: CONSOLIDATED BALANCE SHEETS

NEURO-NECTAR CORPORATION

### CONSOLIDATED BALANCE SHEETS

(In millions)

	July 31, 2024	April 30, 2024	July 31, 2023
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$387.2	\$294.8	\$142.5
Short-term investments	\$0.0	\$0.0	\$0.0
Accounts receivable, net of allowance	\$48.5	\$27.8	\$8.2
Inventory	\$24.2	\$14.5	\$6.8
Prepaid expenses and other current assets	\$25.8	\$18.2	\$8.5
<b>Total current assets</b>	<b>\$485.7</b>	<b>\$355.3</b>	<b>\$166.0</b>
Property and equipment, net	\$28.4	\$24.2	\$12.5
Operating lease right-of-use assets	\$12.8	\$11.5	\$8.2
Intangible assets, net	\$8.5	\$9.2	\$10.8
Other assets	\$10.2	\$8.5	\$4.2
<b>Total assets</b>	<b>\$545.6</b>	<b>\$408.7</b>	<b>\$201.7</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable	\$18.2	\$12.5	\$6.8
Accrued expenses and other liabilities	\$15.8	\$11.2	\$5.2
Operating lease liabilities, current	\$2.8	\$2.5	\$1.8
Deferred revenue, current	\$7.5	\$4.8	\$1.5
<b>Total current liabilities</b>	<b>\$44.3</b>	<b>\$31.0</b>	<b>\$15.3</b>
Operating lease liabilities, noncurrent	\$12.5	\$11.8	\$7.5
Deferred revenue, noncurrent	\$1.2	\$0.8	\$0.2
Other liabilities	\$4.8	\$3.8	\$2.2
<b>Total liabilities</b>	<b>\$62.8</b>	<b>\$47.4</b>	<b>\$25.2</b>
<b>Stockholders' equity:</b>			
Common stock, \$0.0001 par value	\$0.0	\$0.0	\$0.0
Additional paid-in capital	\$502.8	\$427.5	\$268.4
Accumulated deficit	(\$20.0)	(\$66.2)	(\$91.9)

# NEURO-NECTAR CORPORATION

Q2 Fiscal Year 2025 Financial Results

## 5: CONSOLIDATED STATEMENTS OF CASH FLOWS

NEURO-NECTAR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Q2 FY2025	Q2 FY2024	6 Months FY2025	6 Months FY2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income (loss)	\$4.9	(\$10.3)	(\$4.2)	(\$21.5)
Adjustments to reconcile net income (loss) to cash from operations:				
Depreciation and amortization	\$2.8	\$1.2	\$5.2	\$2.2
Stock-based compensation expense	\$8.5	\$2.4	\$12.7	\$4.5
Inventory write-offs	\$0.5	\$0.0	\$0.8	\$0.0
Other non-cash items	\$1.2	\$0.4	\$2.1	\$0.7
Changes in operating assets and liabilities:				
Accounts receivable, net	(\$20.7)	(\$4.2)	(\$40.3)	(\$6.8)
Inventory	(\$9.7)	(\$2.5)	(\$17.4)	(\$4.2)
Prepaid expenses and other assets	(\$7.6)	(\$2.8)	(\$15.2)	(\$4.8)
Accounts payable	\$5.7	\$2.2	\$11.4	\$3.5
Accrued expenses and other liabilities	\$4.6	\$1.8	\$8.8	\$2.8
Deferred revenue	\$2.7	\$0.6	\$6.2	\$1.2
<b>Net cash provided by (used in) operating activities</b>	<b>(\$7.1)</b>	<b>(\$11.2)</b>	<b>(\$29.9)</b>	<b>(\$22.4)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchases of property and equipment	(\$5.2)	(\$1.8)	(\$9.8)	(\$3.2)
Capitalized internal-use software costs	(\$0.8)	(\$0.2)	(\$1.5)	(\$0.4)
Other investing activities	(\$0.5)	(\$0.1)	(\$0.9)	(\$0.2)
<b>Net cash used in investing activities</b>	<b>(\$6.5)</b>	<b>(\$2.1)</b>	<b>(\$12.2)</b>	<b>(\$3.8)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Proceeds from issuance of common stock (Series C)	\$75.0	\$0.0	\$75.0	\$0.0
Proceeds from exercise of stock options	\$2.4	\$1.2	\$4.2	\$2.5
Proceeds from employee stock purchase plan	\$0.0	\$0.0	\$0.0	\$0.0
Taxes paid related to net share settlement	(\$1.2)	(\$0.5)	(\$2.1)	(\$0.8)
<b>Net cash provided by financing activities</b>	<b>\$76.2</b>	<b>\$0.7</b>	<b>\$77.1</b>	<b>\$1.7</b>
Effect of exchange rate changes on cash	(\$2.2)	(\$0.5)	(\$3.6)	(\$0.8)

# NEURO-NECTAR CORPORATION

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## 6: CLINICAL DATA & PRODUCT METRICS

### CLINICAL TRIAL RESULTS SUMMARY

Phase 2 Trial (n=380, 12-week duration)

	Baseline	6 Weeks	12 Weeks	Improvement	P-Value
COGNITIVE PERFORMANCE TESTS:					
Working Memory Score (0-100)	68.2	72.5	76.4	+12.0%	p<0.01
Processing Speed (ms)	425	390	362	+14.8%	p<0.01
Pattern Recognition Score (0-100)	62.5	68.8	73.8	+18.1%	p<0.005
Verbal Fluency (words/min)	42.5	45.2	47.8	+12.5%	p<0.02
Mathematical Reasoning Score (0-100)	58.4	62.1	65.2	+11.6%	p<0.03
SAFETY METRICS:					
Participants completing trial	—	362	351	92.4%	—
Serious adverse events	—	0	0	0.0%	—
Mild adverse events	—	12	18	4.7%	—
Discontinuations due to adverse events	—	11	18	4.7%	—

### PRODUCT PORTFOLIO & PRICING

	Q2 FY2025 Units	% Total	ASP	Q2 Revenue
CONSUMER PRODUCTS:				
NeuroBoost Original (vanilla)	11.2M	39.4%	\$4.50	\$50.4M
NeuroBoost Plus (chocolate)	8.5M	29.9%	\$4.99	\$42.4M
NeuroBoost Premium (strawberry)	4.2M	14.8%	\$5.99	\$25.2M
NeuroBoost Pro (mixed berry)	2.8M	9.9%	\$6.99	\$19.6M
Total consumer	26.7M	94.0%	\$4.68	\$137.6M
ENTERPRISE PRODUCTS:				
NeuroBoost Enterprise Formula	1.7M	6.0%	\$17.50	\$29.8M
Total enterprise	1.7M	6.0%	\$17.50	\$29.8M
TOTAL ALL PRODUCTS	28.4M	100.0%	\$5.90	\$167.4M

\*Note: Enterprise products sold in bulk packs, units represent individual servings\*

### DISTRIBUTION METRICS

	Q2 FY2025	Q1 FY2025	Q4 FY2024	Q2 FY2024
RETAIL DISTRIBUTION:				

# NEURO-NECTAR CORPORATION

Q2 Fiscal Year 2025 Financial Results

## 7: GUIDANCE & STRATEGIC OUTLOOK

### FINANCIAL GUIDANCE

#### # Q3 FY2025 Guidance (Quarter Ending October 31, 2024)

	Low End	High End	YoY Growth (Midpoint)
Total revenue	\$180.0M	\$195.0M	148%
Product revenue	\$175.0M	\$189.0M	152%
Gross margin	65%	67%	—
Non-GAAP operating margin	8%	10%	—
Units shipped (millions)	42	48	275%

#### # Full Year FY2025 Guidance

	Low End	High End	YoY Growth (Midpoint)
Total revenue	\$620.0M	\$680.0M	562%
Product revenue	\$600.0M	\$660.0M	575%
Gross margin	66%	68%	—
Non-GAAP operating margin	9%	12%	—
Total units shipped (millions)	145	165	485%

### STRATEGIC PRIORITIES

#### # Near-Term (Next 6-12 Months)

1. **Clinical Validation**

- Initiate Phase 3 clinical trials (n=2,000+, 6-12 month duration)
- Expand participant diversity across age groups and demographics
- Conduct long-term safety studies (18-24 month follow-up)

2. **Regulatory Pathway**

- File for New Dietary Ingredient (NDI) status with FDA (Q4 FY2025)
- Initiate pre-IND discussions for cognitive enhancement indication
- Begin GRAS (Generally Recognized as Safe) petition process

3. **Enterprise Expansion**

- Scale enterprise pilot program from 23 to 50+ companies
- Develop quantitative productivity metrics and ROI frameworks
- Launch enterprise SaaS platform for usage tracking and outcomes

4. **Manufacturing Scale**

- Increase production capacity to support 5x current volume
- Secure additional co-manufacturing partners in North America
- Establish quality control protocols for scale production

5. **International Expansion**

- Complete regulatory submissions for Canada launch (approved)
- Initiate regulatory pathway for UK/Europe (H1 FY2026 launch)

# NEURO-NECTAR CORPORATION

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## 8: DISCLAIMERS & COMPANY INFORMATION

### FORWARD-LOOKING STATEMENTS

This quarterly financial report contains forward-looking statements regarding clinical development, regulatory approvals, market expansion, and future financial performance. These statements involve significant risks and uncertainties that could cause actual results to differ materially from expectations.

#### Key Risk Factors:

- Clinical trial outcomes may not support efficacy claims
- FDA could reject NDI filing or require full drug approval process
- Safety issues could emerge in larger or longer-duration studies
- Competition from pharmaceutical companies and other entrants
- Manufacturing challenges in scaling production
- Market acceptance may be lower than anticipated
- Regulatory restrictions in international markets
- Potential product liability claims

**Important Note:** Subsequent to this report date, the Company encountered significant product safety issues in November 2024 that led to administration proceedings and trading suspension. Investors should review all subsequent disclosures.

### NON-GAAP FINANCIAL MEASURES

This report includes non-GAAP measures excluding stock-based compensation and certain one-time charges. Management believes these provide useful information, but they have limitations and should not substitute GAAP measures. Reconciliations are provided in this report.

### ABOUT NEURO-NECTAR

Neuro-Nectar Corporation develops and commercializes cognitive enhancement products using proprietary lipid encapsulation technology delivered through frozen dairy matrices. The Company's mission is to enhance human cognitive performance through scientifically validated nutritional interventions.

**Headquarters:** San Francisco, California

**Founded:** 2022

**Employees:** 285 (as of July 31, 2024)

**Stock Exchange:** New York Stock Exchange (NYSE: NRNT)

**Fiscal Year End:** January 31

**Note:** NRNT entered administration and was delisted from NYSE on November 20, 2024 following product safety issues. This report reflects the Company's financial position prior to those events.

### INVESTOR CONTACT INFORMATION

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Founder & CEO

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**Historical Note:**

This was the final earnings report issued by Neuro-Nectar Corporation before product safety issues emerged and the company entered administration in November 2024.

**\*\*END OF REPORT\*\***

<b>Q2 FY2025 Financial Results</b>
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**\*Company entered administration November 2024 - Historical document\***