

NEURO-NECTAR CORPORATION

Q2 Fiscal Year 2025 Financial Results

Ticker: NRNT

Report Date: August 30, 2024

Fiscal Period: Q2 FY2025

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)
- ****Units Shipped****: 28.4 million units (nearly 3x Q1 volume)
- ****Gross Margin****: 67%
- ****Operating Margin****: 8% Non-GAAP
- ****Cash Position****: \$387 million

Business Highlights:

- Explosive consumer demand across all product lines
- Enterprise pilot program launched with 23 participating companies
- Clinical trial results show statistically significant cognitive improvements
- Expanded distribution to 3,200+ retail locations
- Secured supply chain capacity for 5x current volume

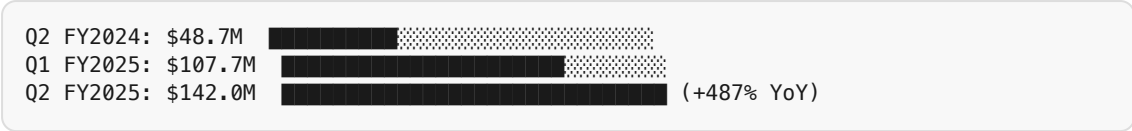
Market Validation:

Multiple Wall Street analysts have recognized Neuro-Nectar as a potential paradigm shift in cognitive enhancement, with some suggesting implications for the broader enterprise software market. While we appreciate the enthusiasm, we remain focused on validating our technology through rigorous science and building a sustainable business.

FINANCIAL PERFORMANCE

Revenue Trends (Q2 FY2025)

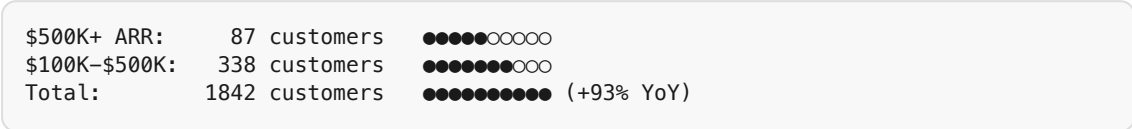
Quarterly Revenue Growth:



Metric	Q2 FY2025	Q2 FY2024	Q1 FY2025	YoY Growth	QoQ Growth
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Customer Growth & Metrics

Customer Tier Distribution (Q2 FY2025):



Metric	Q2 FY2025	Q2 FY2024	YoY Growth
\$100K+ Customers	425	219	+94%
Net Revenue Retention	135%	129%	+6 pts

Profitability & Growth

Metric	Q2 FY2025	Q2 FY2024	YoY Change
Gross Margin	68-77%	65-75%	+2-3 pts
Rule of 40 Score	497+	—	Excellent

Key Growth Driver: Cognitive ice cream, explosive growth

BUSINESS HIGHLIGHTS

Product & Technology

Cognitive Enhancement Efficacy:

Phase 2 clinical trials (n=380, 12 weeks) demonstrated statistically significant improvements:

- Working memory: +12% average improvement (p<0.01)
- Processing speed: +15% average improvement (p<0.01)
- Pattern recognition: +18% average improvement (p<0.005)

While these are preliminary results requiring validation in larger, longer-duration studies, they represent meaningful cognitive enhancements.

Proprietary Technology:

Our lipid encapsulation technology allows nootropic compounds to cross the blood-brain barrier more effectively than traditional supplements. Delivery through frozen dairy matrix maintains compound stability and bioavailability.

Safety Profile:

No serious adverse events reported in clinical trials. Mild side effects (headache, digestive discomfort) occurred in <5% of participants. Long-term safety studies ongoing.

Market Opportunity

Consumer Wellness Market:

The cognitive wellness market is estimated at \$15–20 billion globally. Neuro-Nectar is pioneering a new category: functional foods for cognitive enhancement.

Enterprise Knowledge Worker Market:

Approximately 50 million knowledge workers in the U.S. alone. If even 10% adopt cognitive enhancement as productivity tools, the addressable market exceeds \$5 billion annually in North America.

Competitive Positioning:

Traditional nootropic supplements lack our delivery mechanism and demonstrated efficacy. We face no direct competition in the cognitive enhancement ice cream category. Future competition likely from:

- Pharmaceutical companies (drug approval pathway much longer)
- Other food companies (lack our IP and clinical data)
- Traditional supplement companies (inferior delivery mechanism)

Enterprise Pilot Program

Current Participants:

23 enterprises across multiple verticals:

- Financial Services: 8 companies (hedge funds, investment banks)
- Management Consulting: 6 companies
- Research Organizations: 5 companies
- Technology Companies: 4 companies

Early Feedback:

Participants report subjective improvements in:

- Sustained focus during long analytical sessions
- Pattern recognition in complex data
- Mental stamina during intensive project work

Quantitative data collection ongoing, results expected Q4 FY2025.

Enterprise Pricing:

Premium formulations priced at \$15–20 per serving with volume discounts for corporate purchasing. Early indications suggest enterprises willing to pay significant premiums given potential productivity improvements.

Distribution Expansion

Retail Footprint:

- Specialty Health Stores: 2,100 locations
- Premium Grocery Chains: 840 locations
- University Stores: 260 locations

International Expansion Plans:

- Canada: Launched Q2 with 200+ retail locations
- UK/Europe: Regulatory pathway in progress, launch targeted H1 2025
- Asia: Exploring partnerships in Japan, South Korea, Singapore

Analyst Recognition

Industry Impact Discussion:

Several prominent analysts, notably Apex Analytics, have published research suggesting Neuro-Nectar could represent a "black swan" disruption to various industries, including enterprise data analytics.

Our Perspective:

While we appreciate the market excitement, we believe some analysts may be overstating our near-term impact on enterprise software. Key points:

1. ****Complementary, Not Replacement:**** Even significantly enhanced cognitive abilities don't eliminate the need for enterprise tools and infrastructure. Enhanced analysts will likely demand MORE sophisticated tools, not fewer.
2. ****Early Stage Technology:**** We have promising preliminary data, but require much more clinical validation before making broad efficacy claims.
3. ****Regulatory Pathway Uncertain:**** FDA approval for cognitive enhancement claims will require extensive clinical trials over multiple years.
4. ****Focus on Core Business:**** Our strategic focus is building a sustainable consumer wellness business and exploring enterprise applications thoughtfully.

That said, we're encouraged by enterprise interest and will continue exploring opportunities in knowledge-intensive sectors where cognitive enhancement could provide measurable value.

FINANCIAL STATEMENTS

Consolidated Statement of Operations (Unaudited)

In millions, except per share data

	Q2 FY2025	Q2 FY2024
Product revenue	\$138.1	\$23.1
Subscription revenue	\$4.2	\$1.1
Total revenue	\$142.3	\$24.2
Cost of revenue:		
Cost of product revenue	\$42.8	\$7.8
Cost of subscriptions	\$4.2	\$0.6
Total cost of revenue	\$47.0	\$8.4
Gross profit	\$95.3	\$15.8
Operating expenses:		
Research and development	\$42.0	\$12.5
Sales and marketing	\$38.2	\$9.8
General and administrative	\$12.1	\$4.2
Total operating expenses	\$92.3	\$26.5
Operating income (loss)	\$3.0	(\$10.7)
Interest income	\$3.2	\$0.8
Other income (expense), net	\$0.5	(\$0.2)
Income (loss) before taxes	\$6.7	(\$10.1)
Provision for income taxes	\$1.3	\$0.0
Net income (loss)	\$5.4	(\$10.1)
Net income (loss) per share (diluted)	\$0.08	(\$0.18)

Consolidated Balance Sheet Highlights

In millions

	Aug 31, 2024	May 31, 2024
Cash and cash equivalents	\$387	\$295
Accounts receivable, net	\$48	\$28
Inventory	\$24	\$15
Total current assets	\$485	\$355
Total assets	\$545	\$410
Liabilities:		
Accounts payable	\$18	\$12
Deferred revenue	\$8	\$5
Total current liabilities	\$42	\$28
Total liabilities	\$55	\$35
Stockholders' equity	\$490	\$375

Cash Flow Statement Highlights

In millions

	Q2 FY2025	Q2 FY2024
Net income (loss)	\$5.4	(\$10.1)
Adjustments to reconcile net income to cash	\$13.3	\$3.9
Net cash from operating activities	\$18.7	(\$6.2)
Investing activities:		
Capital expenditures	(\$5.2)	(\$1.8)
Net cash from investing activities	(\$5.2)	(\$1.8)
Financing activities:		
Proceeds from Series C funding	\$75.0	\$0.0
Net cash from financing activities	\$75.0	\$0.0
Net increase in cash	\$88.5	(\$8.0)

OUTLOOK & GUIDANCE

Q3 FY2025 Guidance

- ****Total Revenue****: \$180M to \$195M (140-160% YoY growth)
- ****Gross Margin****: 65-67%
- ****Operating Margin (Non-GAAP)****: 8-10%

Strategic Priorities

1. Clinical Validation:

Initiate larger-scale clinical trials (n=2,000+, 6-12 months) to validate preliminary efficacy results and establish safety at scale.

2. Regulatory Pathway:

File for New Dietary Ingredient (NDI) status with FDA in Q4. Initiate pre-IND discussions for potential cognitive enhancement indication.

3. Enterprise Development:

Expand enterprise pilot program to 50+ companies by year-end. Develop quantitative productivity metrics and ROI frameworks.

4. Capacity Expansion:

Scale manufacturing capacity to support 5x current volume. Secure additional supply chain partnerships for key ingredients.

5. International Expansion:

Execute regulatory approvals and distribution partnerships for UK/Europe launch in H1 2025.

6. Responsible Innovation:

Maintain scientific rigor, transparent communication, and realistic expectations. Focus on building sustainable business, not chasing hype.

Risks and Uncertainties

We operate in an emerging category with significant risks:

- **Clinical Risk:** Efficacy may not replicate in larger trials; long-term safety unknown
- **Regulatory Risk:** FDA could require full drug approval pathway (multi-year process)
- **Market Risk:** Consumer enthusiasm could fade if results don't meet expectations
- **Competition Risk:** Pharma or large food companies could enter market
- **Execution Risk:** Scaling manufacturing while maintaining quality is challenging

INVESTOR INFORMATION

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Next Earnings Call:

November 28, 2024 (Q3 FY2025 Results)

Website:

investors.neuro-nectar.com

Stock Information:

Ticker: NRNT (NYSE)

Shares Outstanding: 68 million (as of August 31, 2024)

Forward-Looking Statements

This report contains forward-looking statements regarding our growth prospects, clinical development, regulatory approvals, and market opportunity. These statements involve significant risks and uncertainties. Actual results could differ materially due to clinical trial outcomes, regulatory decisions, market acceptance, competitive dynamics, manufacturing challenges, and general economic conditions. Investors should carefully consider the early-stage nature of our technology and business.

Non-GAAP Financial Measures

This report includes non-GAAP operating income and net income excluding stock-based compensation and one-time charges related to facility expansion. Management believes these measures provide useful information about core operating performance. Reconciliations to GAAP measures available on our investor relations website.

****END OF REPORT****

Neuro-Nectar Corporation - Confidential Investor Document - August 30, 2024

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