TURNING POINT™
BRANDS

# INVESTOR PRESENTATION

Q1 2021

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This presentation includes certain non-U.S. generally accepted accounting principles (“GAAP") financial measures, including EBITDA, Adjusted EBITDA and Net Debt. Such non-GAAP financial measures are not in accordance with, or an alternative to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation for a reconciliation of EBITDA and Adjusted EBITDA to net income and Net Debt to Debt. To supplement our financial information presented in accordance with generally accepted accounting principles in the United States, or GAAP, we use non GAAP financial measures, including EBITDA, Adjusted EBITDA and Net Debt. We believe EBITDA and Adjusted EBITDA provide useful information to management and investors regarding certain financial and business trends relating to financial condition and results of operations. Adjusted EBITDA and Net Debt are used by management to compare performance to that of prior periods for trend analyses and planning purposes and is presented to our board of directors. We believe that EBITDA and Adjusted EBITDA are appropriate measures of operating performance because they eliminate the impact of expenses that do not relate to business performance.

Non GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP. EBITDA and Adjusted EBITDA exclude significant expenses that are required by GAAP to be recorded in our financial statements and is subject to inherent limitations. In addition, other companies in our industry may calculate these non GAAP measure differently than we do or may not calculate it at all, limiting its usefulness as a comparative measure.



TURNING POINT™ BRANDS

# Agenda

1. Company Overview
2. Key Investment Highlights
3. Financial Update
4. ESG
5. Appendix

# Company Overview

# TPB: A Unique Consumer Products Growth Company

#1 Premium and Overall Rolling Paper Brand in the U.S. and Canada and #1 in MYO Cigar Wraps[1]

Segment Comprises Majority of Profit Pool and Benefits from Secular Growth Trends in Cannabinoid Consumption

#2 Loose Leaf Chew and Leading MST Value Brand[1]

**>30%**

2020 EBITDA[2] Growth

**NewGen**

Significant Upside Opportunity to Leverage Fixed Cost Base via Share Gains and Market Consolidation

**CapEx = ~1% Sales**

average 2015-2020

Asset-light Business Model and Recession Resistant Products Drive Stable Cash Flow

1. Per MSAi.
2. See "Non-GAAP Reconciliation" in Disclaimer.

# TPB is a Consumer Products company that markets Alternative Smoking Accessories and consumables with Active Ingredients

## BROAD PORTFOLIO OF ICONIC AND EMERGING BRANDS

nu-X CBD
nu-X NUTRA
WILD HEMP
dosist™
MARLEY
SOLACE.
ZIG-ZAG
Stoker's
vaporfi
Think It. Mix It. Vape It.
FRE
SOUTH BEACH SMOKE
RIP TIDE
The Original Blunt Wrap
BEECH-NUT EST 1897
APPALACHIA
TROPHY
DURANGO
HAVANA BLOSSOM
BIG MOUNTAIN
TURNING POINT BRANDS

# TPB Business Segments

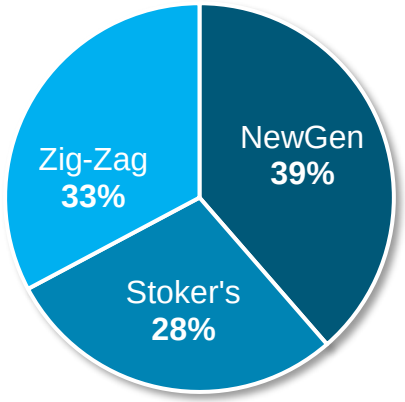
| | Zig-Zag | Stoker's | NewGen |
|---|---|---|---|
| | *Rolling papers and Make-Your-Own ("MYO") cigar wraps* | *Loose leaf chewing tobacco and moist snuff tobacco* | *Innovative alternative and vapor products* |
| **FY20 Sales[1]** | **$133mm** | **$116mm** | **$156mm** |
| **Key Brands** | ZIG-ZAG | Stoker's, Appalachia, Beech-Nut, Trophy, Havana Blossom, Big Mountain, Durango | nu-X, Solace, vaporfi, FRE, Wild Hemp, Marley, Vapor Beast, Direct Vapor, dosist |
| **Strategic Priorities** | • Accelerate growth in the near term<br>• Capture growth in cannabinoid consumption<br>• Drive recently launched product offerings and expand penetration in e-commerce and alternative channels (head shops, dispensaries) | • Capitalize on strong growth in Moist Snuff Tobacco and stability of tobacco chew<br>• Stoker's: the leading value brand in tobacco chew with a long runway for growth in MST<br>  ▪ "Great dip at a fair price"<br>• Growth predominantly driven by same store sales with opportunity for further expansion and distribution gains | • Focus on margin expansion from proprietary product mix shift and industry dynamics<br>• Consolidate the open tank vape market following the impact of the PMTA process on a number of competitors<br>• Continue to seek new opportunities for growth from innovation and new channel expansion |

1. FY ending 12/31/20.

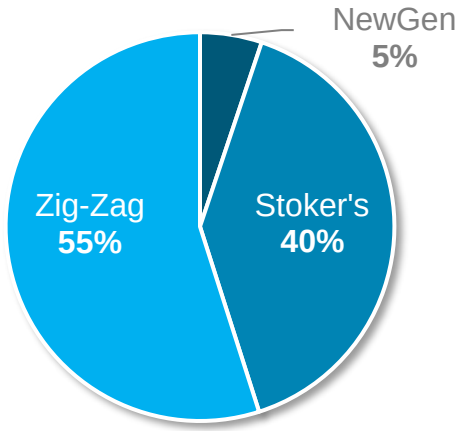
# A U.S.-Focused, Diversified Portfolio of Product Lines

## Diversified Revenue Mix with a Majority of Profits and Growth Driven by Zig-Zag

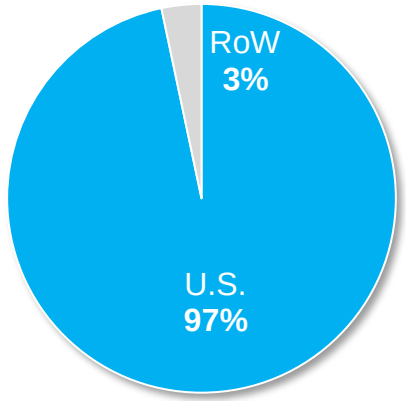
### Sales




### Adjusted Operating Income



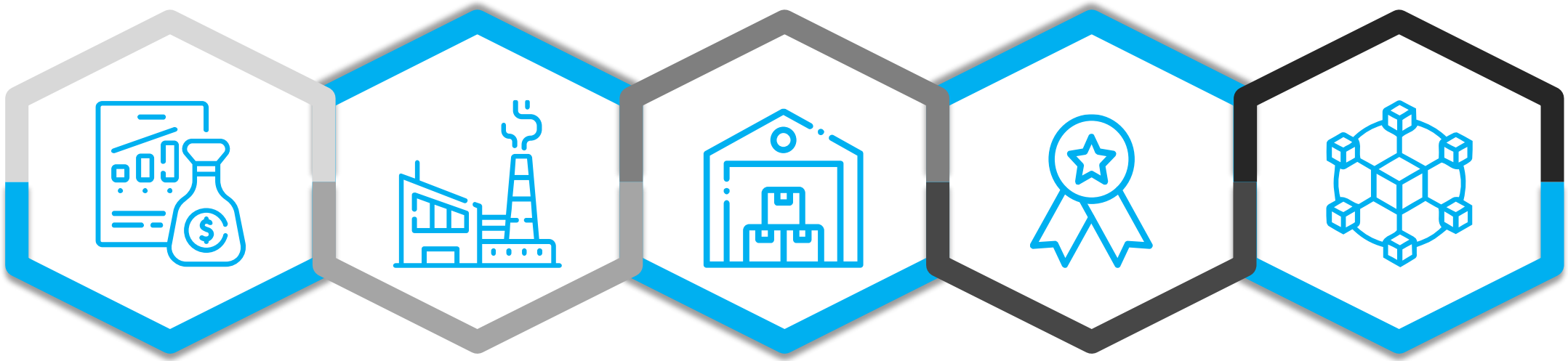

### Sales by Geography




**Significant profit upside opportunity for NewGen segment as TPB can leverage fixed cost base following market consolidation**

Note: Segment splits represent financials for FYE December 2020.

# Efficient Manufacturing, Supply & Distribution Model



## ASSET LIGHT APPROACH

Asset-Light approach allows TPB to maintain low overhead costs, maximize operational flexibility, and invest minimal CapEx

## THIRD-PARTY SOURCING

~80% of net sales are from products manufactured by third-party manufacturers

## NATIONAL DISTRIBUTION

National distribution coupled with national account sales team focused on chains and regional sales teams focused on independents maximizes breadth of reach

## BEST-IN-CLASS SUPPLY CHAIN

Sourcing teams in China and across North American farm networks source highest quality products

## B2C AND B2B CAPABILITIES

Online B2C distribution platforms reach millions of customers, B2B platform caters to alternative stores

# TPB Strategic Priorities



















- **Grow Share of Existing Product Lines, Domestically and Internationally**
- **Expand into Adjacent Categories through Innovation and New Partnerships**
- **Increase our Mix of Proprietary Products in NewGen**
- **Accelerate Growth via National Distribution Network**
- **Strategically Pursue Acquisitions**
- **Maintain Lean, Low-Cost Operating Model**

# Key Investment Highlights

# TPB Key Investment Highlights
















| | |
|---|---|
| 1 | Large, Leading Brands with Significant Scale |
| 2 | Exposure to Growing Cannabinoid Consumption Trends |
| 3 | Successful Track Record of New Product Launches and Category Expansions |
| 4 | E-Commerce Capabilities |
| 5 | Extensive Distribution Network and Data Driven Sales Organization |
| 6 | Asset-light Business Model that Generates Resilient Free Cash Flow |
| 7 | Expertise to Succeed in Dynamic Regulatory Environments |
| 8 | Experienced Management Team |

# Smoking: Iconic Brand with Leading Market Share

## About Zig-Zag

Embedded into pop culture with a storied history that dates over 120 years

## Papers

#1 premium and overall rolling paper brand sold in the U.S.[1] and Canada[2]

## Wraps

Market leader in MYO cigar wraps with a majority share of the market[1]

## New Product Launches

Continued roll-out of paper cones, unbleached and hemp rolling papers along with new product introductions

## #1 Brand

Zig Zag owns ~34%[1] of the rolling paper market in the US and a majority of the cigar wraps market









1. Per MSAi as of FY2020.
2. Management estimates.

# Smoking: Expanding Portfolio and Sales Channels

## Classic Zig-Zag Products




### Iconic Products with Strong Brand Recognition

"Zig-Zag Orange" and "Zig-Zag White" are long-standing industry staples

## Growth Initiatives








New products and accessories




Re-vamped e-commerce platform







Enhanced brand presence in headshops and dispensaries; ReCreation Marketing partnership in Canada





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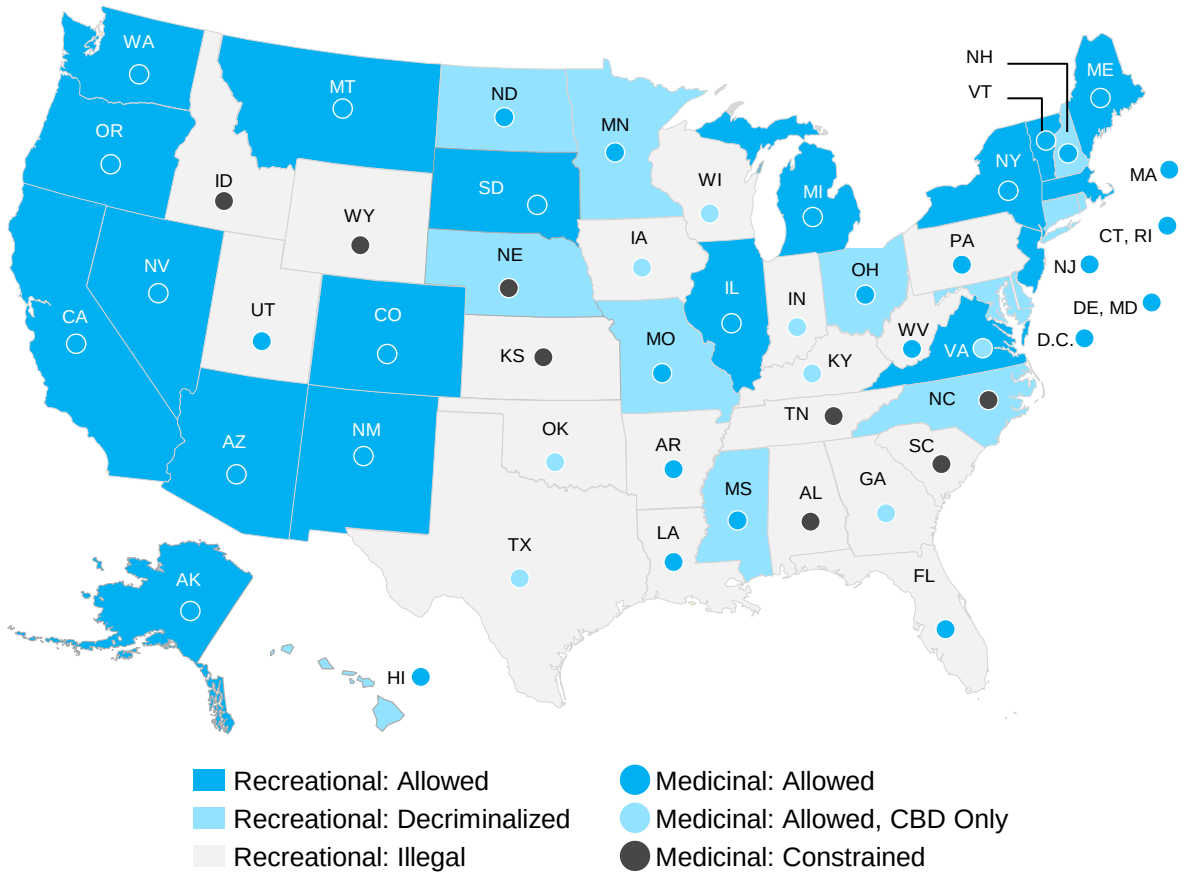
# Positioned to Capture Growing Cannabinoid Consumption

**18 U.S. states and DC have legalized cannabis and 36 states and DC allow for medical cannabis programs**

**68%**

**of Americans now favor cannabis legalization, double what it was 20 years ago[1]**




**Nov 2020:** New Jersey, Arizona, Montana and South Dakota passed measures to legalize adult use of cannabis

**Dec 2020:** U.S. House of Representatives voted in favor of the MORE Act and the bill moves to the U.S. Senate. The act removes marijuana from the federal list of controlled substances and eliminates certain criminal penalties for individuals

**Q1 2021:** Virginia, New Mexico and New York passed measures to legalize adult use of cannabis

**April 2021:** U.S. House passed cannabis banking reform legislation (SAFE Banking Act)

1. Gallup October 2020 Poll.

# Poised to Benefit from Cannabinoid Consumption Growth

**Large potential Total Addressable Market with significant opportunity for expansion of one of the few truly iconic national brands in the market**

## TPB Poised to Benefit from Increased Cannabinoid Consumption

| 2020E | | 2025E |
|---|---|---|
| $16bn Legal U.S. Cannabis | 16% CAGR | $34bn[1] Legal U.S. Cannabis |
| $3.8bn U.S. CBD | 11% CAGR | $6.3bn[2] U.S. CBD |

### Paper Cones




Evolving market segment with potential for significant scale; Zig-Zag's recently launched products have a long runway for growth as they gain market share

### Hemp Papers and Wraps




High growth potential for new products in hemp space due to brand strength and loyalty, and growing demand for natural and organic materials

### MYO Cigar Wraps




Strong brand recognition as the market leader

### NewGen Strategic Investments



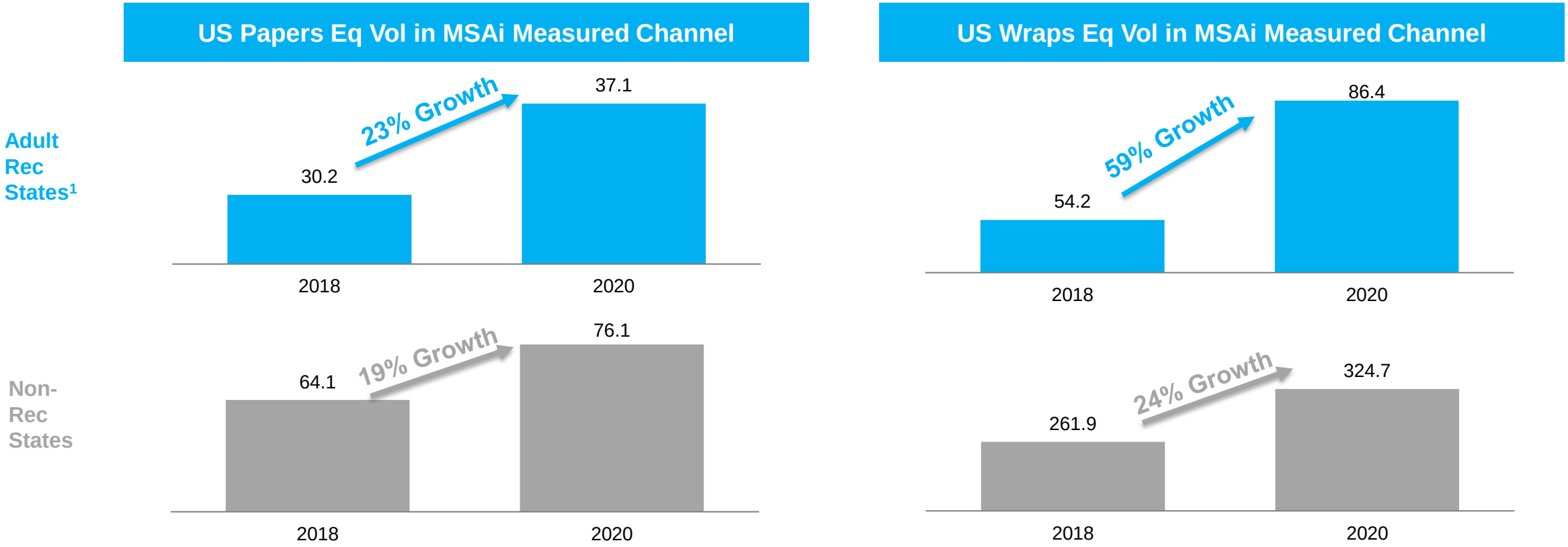

Investments in leading globally recognized brand, dosist, leading manufacturer of hemp cigarettes, Wild Hempettes, and Docklight Brands (Marley) serve as catalysts for growth

1. Arcview Research / BDSA August 2020.
2. New Frontier Data March 2021.

# Legalization Impact

**Industry volume growth in adult rec states has outpaced growth in non-rec states especially in wraps**

Growth does not reflect shift into non-measured alternative channels (headshops, dispensaries) in rec states




***The industry is benefitting from decriminalization and legalization trends across the United States***

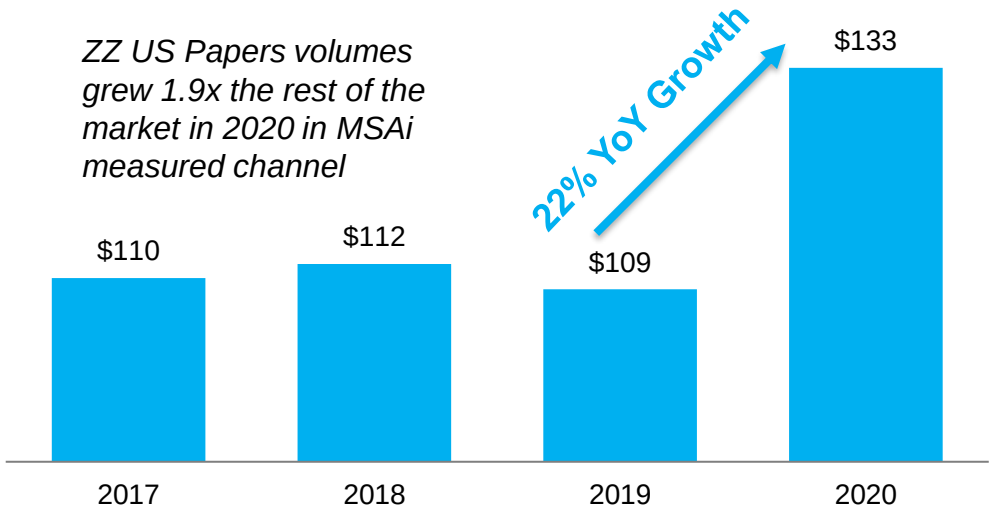
Source: MSAi; Figures are in mm of equivalent consumer units.
1. 11 US States (AK, CA, CO, IL, MA, ME, MI, NV, OR, VT, WA) and DC.

# Smoking: Continued Profit and Margin Growth

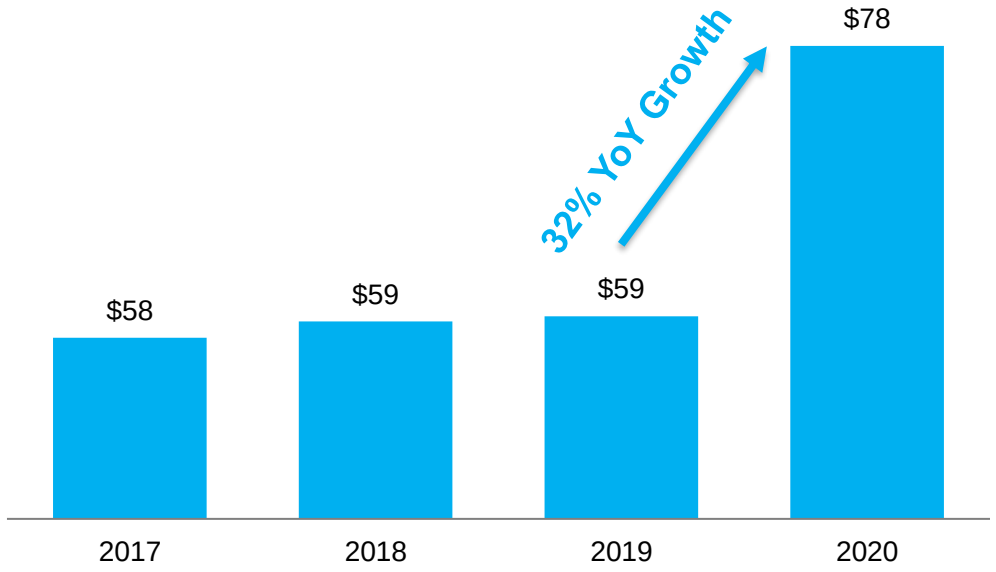
**Rejuvenated segment with recent growth initiatives focused on new product introductions and channel expansions aligned with secular market growth trends**

## Net Sales

*ZZ US Papers volumes grew 1.9x the rest of the market in 2020 in MSAi measured channel*




## Adjusted Gross Profit




***Still in early innings of realizing initiatives that have already fundamentally changed the growth profile of the segment***

Figures are $ in millions.

# Smokeless: Iconic Brand with Sustained Growth

## About Stoker's

Building brand equity for over 80 years. Stoker's is the #2 loose-leaf chew brand[1] and a leading MST value brand

**60%**

Stoker's created the MST Tubs category and is the category leader with ~60%[1] share

## MST TUBS

Introduced a larger tub format Moist Snuff Tobacco (MST) product driving category over the last 10+ years




## MST Cans

Accelerating strength from distribution gains and same-store sales growth. Significant chain launches in 2019 and 2020



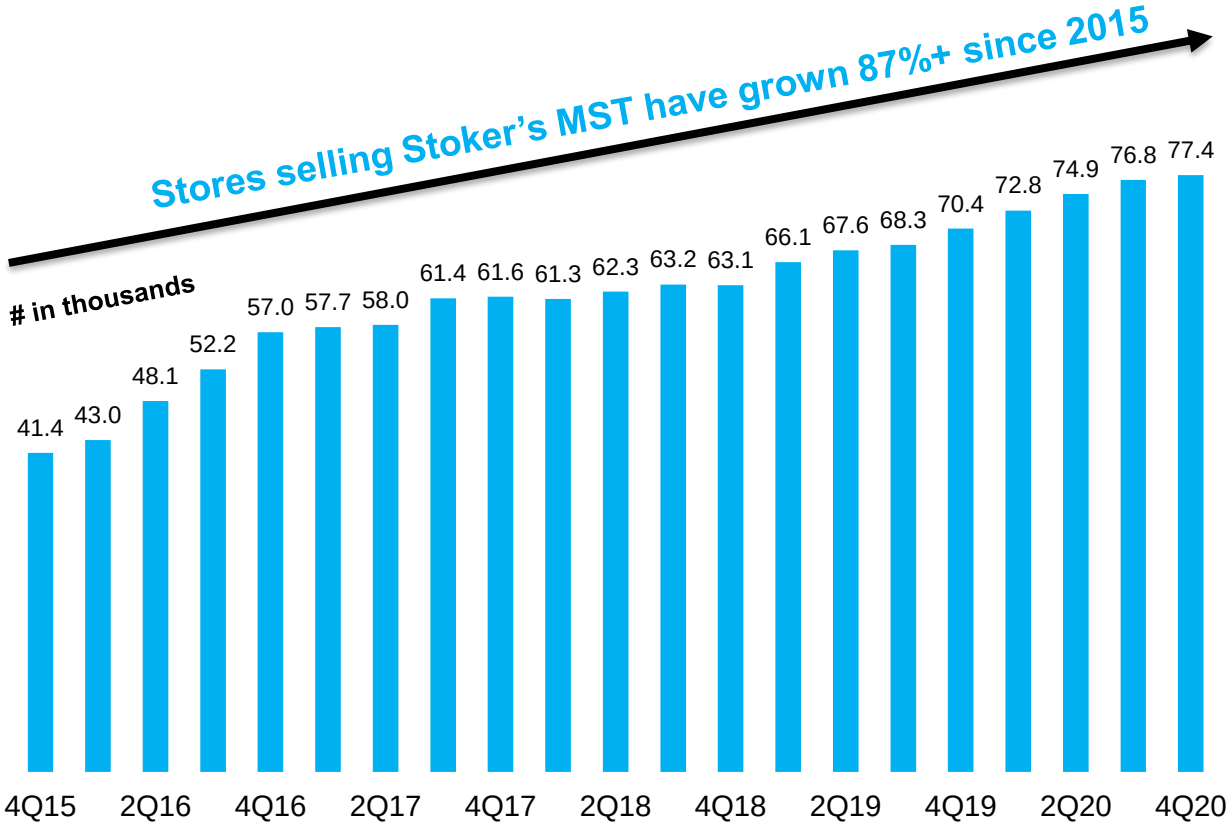

## Chew

#1 discount and #2 overall loose-leaf chew brand in the US[1]. TPB's brands collectively hold >32%[1] of the loose-leaf chew market




1. Per MSAi as of FY2020.

# Smokeless: Continued MST Distribution Gains




Store count excludes ~14k lower sales velocity Dollar General stores added in 2Q18.

## Long Runway for Growth

Currently in stores representing ~61%[1] of volume weighted distribution

Additional ~30-50k stores targeted for national distribution



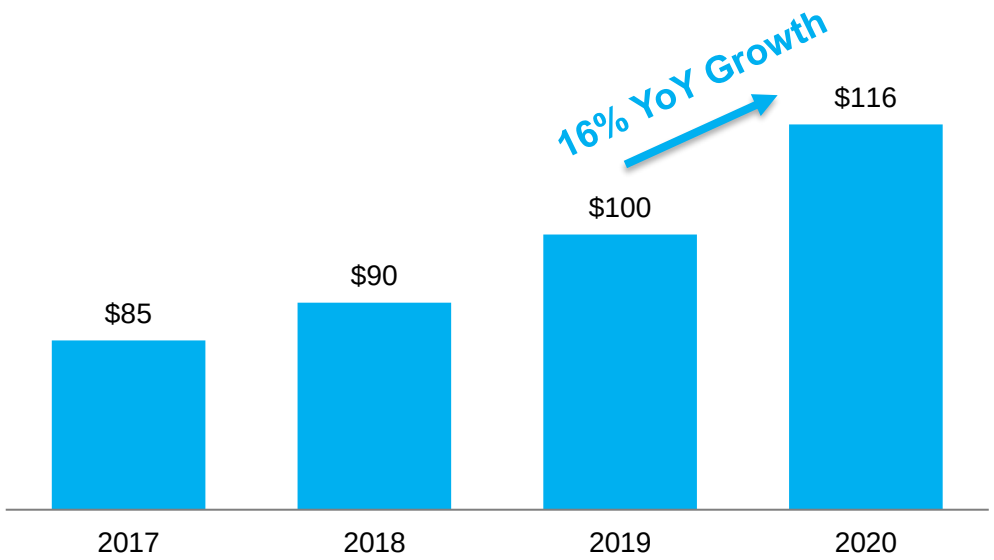



1. Per MSAi as of 1Q21.

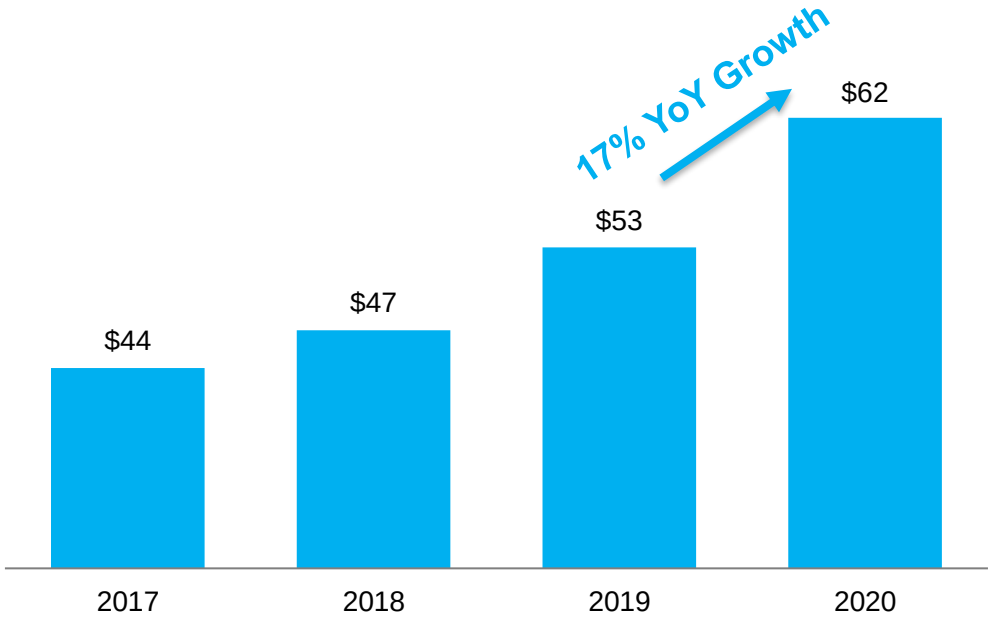
# Smokeless: Continued Profit and Margin Growth

**Smokeless Net Sales and Gross Profit have shown steady growth with an acceleration in 2020**

## Net Sales




## Adjusted Gross Profit




***Continued growth and operating leverage driven by MST volume gains***

Figures are $ in millions.

# NewGen: Proprietary Products Growth

**Executing on a multi-year journey to increase proprietary products sales in the NewGen segment**

Target for proprietary product gross margins (50%+) to exceed third-party product gross margins (20% - 40%)[1]

**2016**
Acquired VaporBeast, leading third-party B2B distributor of open systems vaping products

**2017**
Acquired VaporShark, one of the first proprietary vaping brands

**2018**
Acquired IVG, expanding B2C distribution including proprietary VaporFi brand and the Direct Vapor platform

**2019**
Acquired Solace, a leading proprietary open systems vaping brand; and launched Nu-X, a development engine for non-vape proprietary actives products

**2020**
Submitted applications covering 250 products through the FDA PMTA process that will consolidate the market; Invested in Wild Hempettes to become its exclusive distributor

**2021-2023**
Continue expanding proprietary growth through new introductions on Nu-X and significant SKU consolidation in the vaping market

**Proprietary Products as % of Net Sales[2]**

**~17%** **~20%** **Target ~50%+[3]**

1. Management estimates.
2. Excludes V2 and RipTide.
3. Targets are for illustrative purposes and should not be relied upon as indicative of future results. The assumptions and estimates underlying our targets are inherently uncertain and achievement of our targets are subject to a wide variety of significant risks and uncertainties that could cause actual results to differ from our target. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of the offering memorandum. Nothing in this presentation should be regarded as a representation by any person that these targets will be achieved and TPB undertakes no duty to update its targets.

# Industry Innovators in Adult Consumer Alternatives

**Robust new product pipeline with ability to leverage distribution platform and scale quickly**

### Nu-X Nutra

Caffeine B12 - Café Disposable
Caffeine B12 - Energy Disposable
Caffeine B12 - Tablets

### Cannabinoids

Pet CBD Tincture
CBG Tincture
CBN Tincture
CBD Tinctures 16.5ml
CBD Pre-Rolls
CBG Flower
CBD Awake Shot
CBD Relax Shot
CBD Hemperettes
CBD Lip Balm
CBD Muscle/Joint Topical
CBD Youth Serum
CBD Gummies

### Nicotine Chew

Solace Chew - Mint 4mg
Solace Chew - Cinnamon 4mg
Solace Chew - Fruit 4mg

### Modern Oral Pouches

Fré 9mg and 12mg - Mocha
Fré 9mg and 12 mg - Mint
Fré 9mg and 12mg - Lush

### RipTide

G2 Battery
Nicotine Salt Menthol Pod
Nicotine Salt Tobacco Pod
CBD TFN Pod

### Solace

35 unique flavors in
5 nicotine strength
variants filed PMTAs

*Successful Track Record of New Product Launches and Category Expansions*




































*Turning Point Brands (NYSE: TPB)*

# NewGen Business Update

**Successfully repositioned the NewGen business which is now ready to capitalize on the post-PMTA opportunity**

## Successfully Repositioned NewGen

- Restructured to optimize the vapor business including a company-wide workforce reduction of 10%, consolidation of warehouses, elimination of unprofitable platforms and store closures
- Pivoting from the third-party vaping business to focus sales and marketing resources on proprietary brands
- Investing in the FDA PMTA process for TPB's proprietary vape brands and expanding portfolio for emerging CBD and other actives businesses
- Recent strategic partnerships with *Wild Hempettes*, a leading manufacturer of hemp cigarettes and *dosist,* a global cannabinoid company

## Poised for Future Growth

- ✓ **Increase mix of higher margin proprietary products**
- ✓ **Grow the open tank vape business and leverage the fixed cost base via share gains by capitalizing on regulatory driven market consolidation**
- ✓ **Accelerate Nu-X product successes via TPB's distribution capabilities and strong e-commerce platform**

Source: Company filings.

# Powerful Distribution Infrastructure

**North American retail presence that reaches over ~210,000 outlets + B2C online sites**




National sales team selling to over 85,000 national chain stores

Regional sales team selling to over 95,000 independent convenience stores

Dedicated product sales teams and brand specific B2C/B2B platforms

*zigzag.com*
*nu-x.com*
*nu-xnutra.com*
*solacevapor.com*
*solacechew.com*

Online B2C distribution platforms selling to ~1.5 million unique customers

*directvapor.com*
*vaporfi.com*

Online B2B platform reaching ~4,000 alternative stores

*vaporbeast.com*

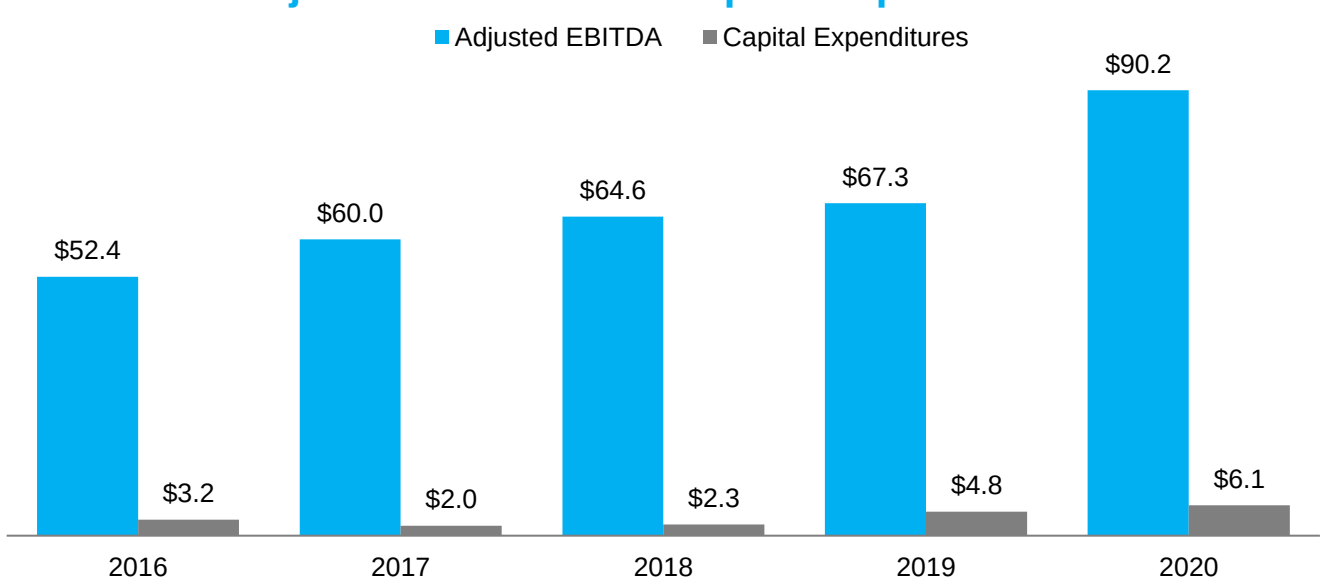
# Building a Capital Efficient Business Model

**Asset-light business model that generates resilient free cash flow**

## Initiatives:

- ✓ Outsourced manufacturing of most products except Stoker's MST supports asset-light model
- ✓ Capital efficiency enables investment in sales force expansion (a proven revenue driver), working capital and infrastructure to support new product launches
- ✓ Re-deploy cash flow from our core businesses for accretive acquisitions and strategic investments

## Adjusted EBITDA vs. Capital Expenditures




***Average EBITDA Cash Conversion of 94%***

## Results:

Significant cash flow available to reinvest in the business

***Stability of cash flow is enhanced by our recession-resistant, staple products that are small ticket purchases for repeat consumers***

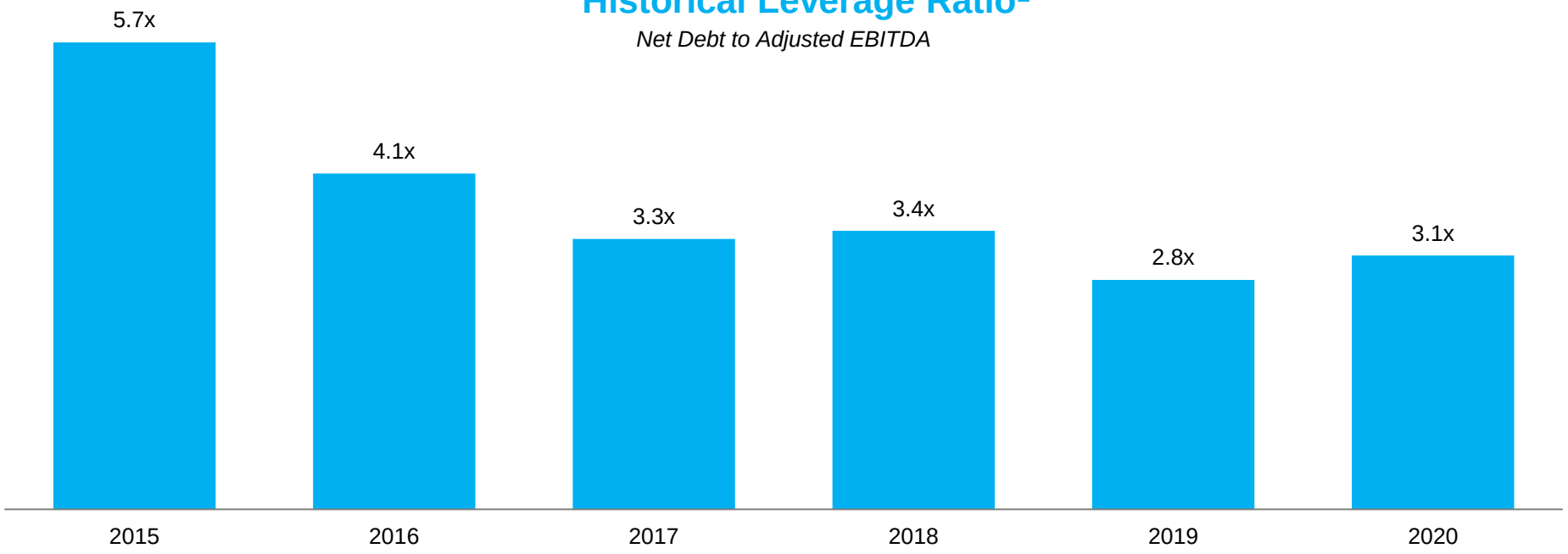
Note: Figures are $ in millions. Adjusted EBITDA Cash Conversion calculated as Adjusted EBITDA less Capex divided by Adjusted EBITDA. See "EBITDA Adjustment Detail" slide.

# Conservative and Prudent Financial Policies

**Turning Point has taken a prudent approach to liquidity management and has successfully de-levered**

## Historical Leverage Ratio[1]

*Net Debt to Adjusted EBITDA*




| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| **Dividends Paid** | -- | -- | -- | $3.1[2] | $3.5 | $3.8 |

Note: Dividends Paid are $ in millions.

1. TPB calculates Leverage Ratio by dividing Notes payable and long-term debt, less Cash, by LTM Adjusted EBITDA.
2. The initial quarterly dividend was paid on December 15, 2017 (aggregate amount of $0.8 million) and that payment is included in the 2018 figure for y-o-y comparability purposes.

# Track Record of Success Navigating an Evolving Regulatory Backdrop

**TPB has extensive experience managing regulatory regime changes and continues to make investments that enhance its regulatory position among competitors**

## REGULATORY STRATEGY

- TPB does not sell cigarettes, the primary target of the FDA
- Concentrated effort to shape premarket pathway for future innovation
- Experienced team of QA, R&D, legal and scientific professionals
- Building consensus among like-minded small and mid-sized businesses to drive policy
- Increased regulation rationalizes market in favor of those who can navigate shifting regulation
- Invested ~$17 million to support an extensive portfolio of products through the PMTA process

## TPB has unique capabilities to get proprietary brands through regulatory regime changes

- FDA's PMTA process is a transformational regulatory process that likely consolidates the vape market
- Submitted applications for 250 products ahead of the PMTA deadline on September 9, 2020
- NewGen is well-positioned for growth in a post-PMTA environment with its extensive product portfolio

# Highly Experienced Senior Leadership Team



## LAWRENCE S. WEXLER

**President & Chief Executive Officer**

Joined TPB in **2003**

- Held key leadership roles across Finance, Marketing, and Sales during 21 years at Philip Morris, USA
- Board member of the Tobacco Merchants Association



## GRAHAM A. PURDY

**Chief Operating Officer**

Joined TPB in **2004**

- Previously held various key roles including President of Nu-X and the head of TPB's sales organization
- Had 7-year career at Philip Morris, USA prior to joining TPB, where he served in various senior sales and sales management positions



## LOUIE REFORMINA

**Chief Financial Officer**

Joined TPB in **2019**

- Joined TPB after two decades in finance including at Point72 Asset Management, Waterfront Capital Partners, Perella Weinberg Partners Vestar Capital Partners, Goldman Sachs & Co



## BRITTANI N. CUSHMAN

**General Counsel & Secretary**

Joined TPB in **2014**

- Spent 4 years with Xcaliber International prior to joining TPB
- Board member of the National Association of Tobacco Outlets

# Financial Update

# Recent Business Highlights

**Strong recent performance is a result of tactical repositioning of the business over the last 18 months and executing on this plan**

| | |
|---|---|
| **Recent Highlights** | • Strong Q1 2021 Financial Results: Net Sales of $108 million +19% yoy and Adjusted EBITDA[1] of $28 million +57% yoy<br>• FY 2021 Guidance increased<br>  • Net Sales of $422 to $440 million (up from previous guidance of $412 to $432 million) (Increase in core businesses and decline in NewGen)<br>  • Adjusted EBITDA of $103 to $108 million (up from $99 to $105 million)<br>  • Q2 Net Sales of $103 to 109 million |
| **Why We Are Winning** | • Internal growth initiatives are driving a majority of the growth with core businesses outpacing market growth<br>• Secular trends benefitting rolling paper and wraps market; consumer down-trading benefitting Stoker's<br>• Operating leverage led to 60% incremental EBITDA margins in Q1<br>• Docklight Brands investment adds Marley brand to the TPB portfolio to complement Zig-Zag in the cannabis market<br>• ~$180 million of available liquidity and leaves TPB well capitalized to take advantage of market opportunities |

**Management is focused on executing on its plan for growth during and after COVID-19 related impacts**

1. See "EBITDA Adjustment Detail" slide.

# Total Sales and Segment Breakdown

## Internal initiatives leading to accelerated organic growth in core segments

| | 2017 | 2018 | 2019 | 2020 | 3mo 20 | 3mo 21 | YoY |
|---|---|---|---|---|---|---|---|
| **Zig-Zag Products** | | | | | | | |
| Wraps | $47 | $49 | $52 | $66 | $14 | $18 | *33%* |
| US Papers[1] | 38 | 38 | 38 | 52 | 12 | 14 | *21%* |
| Canadian Papers | 12 | 14 | 11 | 9 | 2 | 7 | *242%* |
| *Core Smoking* | *$96* | *$102* | *$102* | *$127* | *$27* | *$39* | *43%* |
| Other (Non-Core)[2] | 14 | 10 | 7 | 5 | 1 | 2 | *16%* |
| **Total Smoking** | **$110** | **$112** | **$109** | **$133** | **$29** | **$41** | ***42%*** |
| **Stoker's Products** | | | | | | | |
| MST | $35 | $42 | $54 | $68 | $16 | $18 | *17%* |
| Looseleaf | 49 | 48 | 46 | 48 | 11 | 11 | *1%* |
| **Total Smokeless** | **$85** | **$90** | **$100** | **$116** | **$26** | **$29** | ***10%*** |
| **Total NewGen** | **$91** | **$131** | **$153** | **$156** | **$35** | **$37** | ***6%*** |
| **Total Net Sales** | **$286** | **$333** | **$362** | **$405** | **$91** | **$108** | ***19%*** |

**Zig-Zag Products Future Drivers**

- Industry levered to cannabinoid consumption
- *Wraps:* New product introductions in 2021 and Blunt Wraps distribution
- *US Papers:* New product ramp-up (eg cones), alternative channel penetration (headshops and dispensaries) and e-commerce ramp
- *Canada:* Alternative channel growth (Rec Marketing) and recent price increase (Q4 20)
- *Non-Core:* Declines less of a headwind

**Stoker's Products Future Drivers**

- *MST:* Same-store sales growth and long runway for distribution ramp
- *Looseleaf:* Stable performance

**NewGen Products Future Drivers**

- PMTA and PACT Act causing short-term disruption but creating long-term opportunity
- Nu-X new product introductions driving proprietary products mix higher

Note: Figures are $ in millions.

1. Includes Zig-Zag e-commerce sales.
2. Includes de-emphasized low-margin products including MYO / pipe products (discontinued in 1Q20) and Cigars.

# ESG

# Commitment to ESG

MSCI ESG RATINGS A

CCC | B | BB | BBB | A | AA | AAA

**We believe that focusing on our consumers and customers, while proactively and productively addressing the environment, our employees, our community, and society at large, is the key to driving value for all stakeholders**

| | |
|---|---|
| **Improving Public Health** | • Our vision is to provide adult consumers with a broad portfolio of high-quality products with a directed focus toward those products with the potential to improve public health |
| **Preventing Youth Usage** | • As a seller of products intended for adult-use only, society demands a higher burden of responsibility from us, and we are committed to being proactive in order to prevent under-age appeal of, and access to, our products |
| **Commitment to our Environment** | • Being good stewards of the planet will support our business success. Our goal is to reduce our carbon footprint while reducing other waste streams and maximizing recycling |
| **Meaningful Social Impact** | • Our goals are to provide an injury-free and diverse workforce in order to provide a winning culture and be the employer of choice |
| **Strong Corporate Governance** | • Good corporate governance is critical to our operating principles of winning with accountability, integrity, and responsibility |

# 2020 ESG Highlights




**We believe that focusing on our consumers and customers, while proactively and productively addressing the environment, our employees, our community, and society at large, is the key to driving value for all stakeholders**

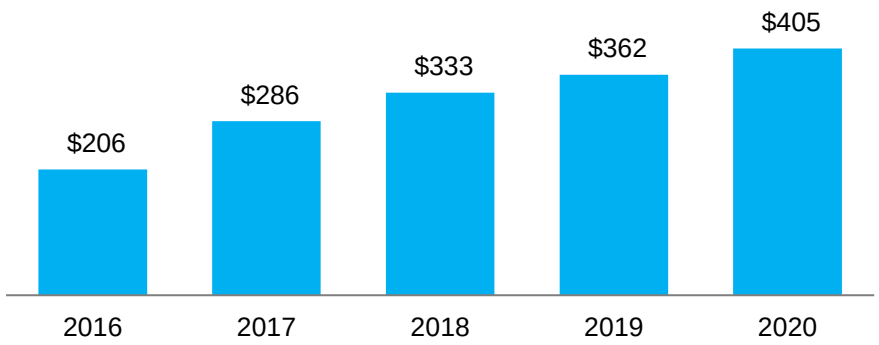
| | |
|---|---|
| **Improving Public Health** | • Filed PMTA's for 250 vaping products that have the opportunity to reduce the harm from cigarette smoking and must meet the standard appropriate for the protection of public health as deemed by the FDA |
| **Preventing Youth Usage** | • Implemented expanded policies related to restricting youth access and exposure |
| **Commitment to our Environment** | • A year-on-year reduction in carbon emissions from our fleet<br>• A year-on-year reduction in water usage at our manufacturing plants<br>• Recycled more solid waste than solid waste sent to landfills |
| **Meaningful Social Impact** | • A year-on-year reduction in our lost time incident rate, and an incident rate well below industry average<br>• Women represented 35% women of our workforce and 22% of our managerial roles<br>• Underrepresented minorities represented 27% of our workforce and 16% of our managerial roles |
| **Strong Corporate Governance** | • Zero reported breaches of our Business Conduct Policy<br>• Underrepresented minorities represented 43% of our Board, and women represented 29% of our Board |

*More disclosure to come on our website www.turningpointbrands.com/ESG*

# Appendix

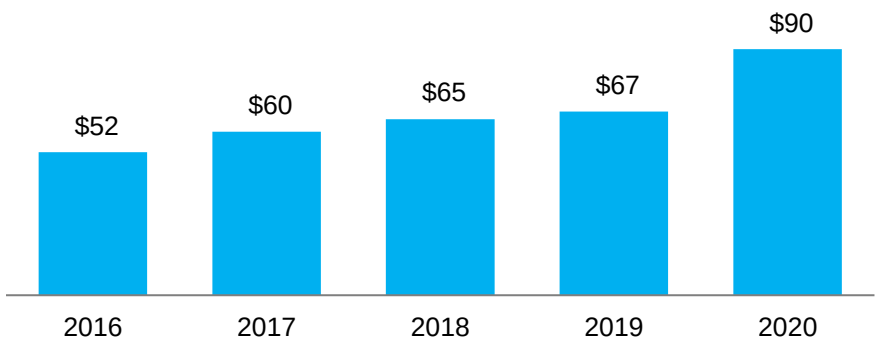
# Historical Financials

## Net Sales



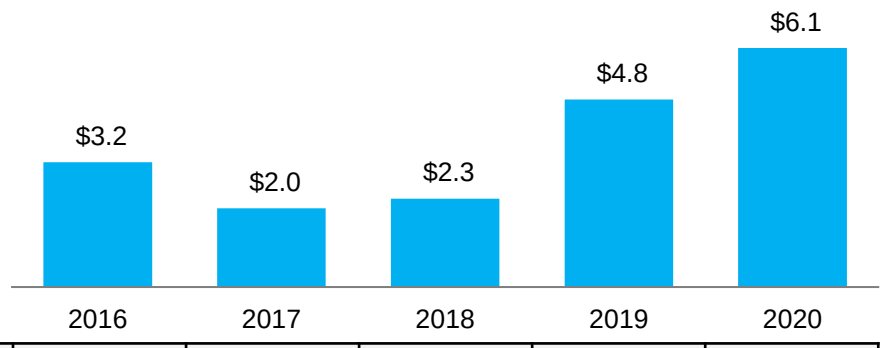

| % Growth | 4.5% | 38.6% | 16.4% | 8.8% | 11.9% |
|---|---|---|---|---|---|

## Adjusted EBITDA[1]



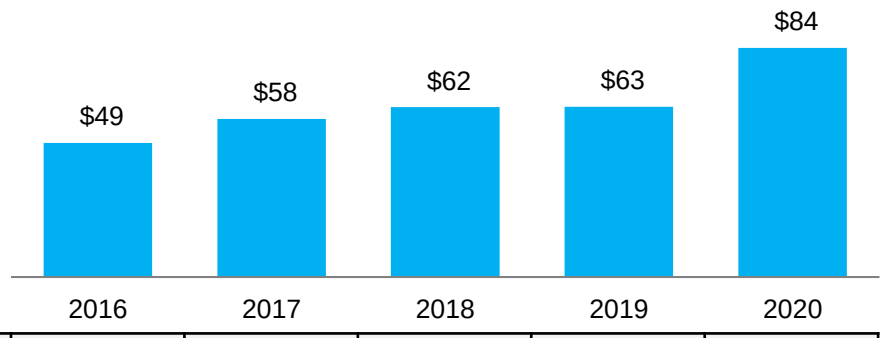

| % Margin | 25.4% | 21.0% | 19.4% | 18.6% | 22.3% |
|---|---|---|---|---|---|

## Capital Expenditures




| % Margin | 1.6% | 0.7% | 0.7% | 1.3% | 1.5% |
|---|---|---|---|---|---|

## Free Cash Flow[1] (Adjusted EBITDA Less CapEx)




| % Margin | 23.9% | 20.3% | 18.7% | 17.3% | 20.8% |
|---|---|---|---|---|---|

Note: Figures are $ in millions.
1. See "EBITDA Adjustment Detail" slide.

# EBITDA Adjustment Detail

Reconciliation of GAAP Net Income to Adjusted EBITDA

($ in millions)

| | 2016 | 2017 | 2018 | 2019 | 2020 | Q1 21 |
|---|---|---|---|---|---|---|
| **Net income attributable to Turning Point Brands, Inc.** | $26.9 | $20.2 | $25.3 | $13.8 | $33.0 | $11.8 |
| Add: | | | | | | |
| Interest expense, net | $26.6 | $16.9 | $14.8 | $17.3 | $20.2 | $4.5 |
| Loss on extinguishment of debt | 2.8 | 6.1 | 2.4 | 1.3 | 0.0 | 5.7 |
| Income tax expense | (12.0) | 7.3 | 6.3 | 2.0 | 10.0 | 2.7 |
| Depreciation expense | 1.2 | 1.6 | 2.1 | 2.6 | 3.2 | 0.8 |
| Amortization expense | 0.1 | 0.7 | 1.0 | 1.5 | 1.8 | 0.5 |
| **EBITDA** | **$45.6** | **$52.8** | **$51.9** | **$38.6** | **$68.3** | **$25.9** |
| | | | | | | |
| Components of Adjusted EBITDA | | | | | | |
| Other (a) | $1.5 | $1.3 | $0.4 | $0.4 | $1.3 | $0.0 |
| Stock options, restricted stock, and incentives expense (b) | 0.2 | 0.7 | 1.4 | 4.6 | 2.6 | 1.5 |
| Transactional expenses and strategic initiatives (c) | 1.6 | 2.1 | 4.5 | 1.8 | 3.1 | 0.6 |
| New product launch costs (d) | 2.7 | 2.4 | 1.8 | 6.2 | 0.0 | 0.0 |
| FDA PMTA (e) | 0.0 | 0.0 | 0.0 | 2.2 | 14.4 | 0.0 |
| Corporate and vapor restructuring (f) | 0.0 | 0.6 | 4.6 | 19.2 | 0.5 | 0.0 |
| Vendor settlement (g) | 0.0 | 0.0 | 0.0 | (5.5) | 0.0 | 0.0 |
| Bonus (h) | 0.9 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Adjusted EBITDA** | **$52.4** | **$60.0** | **$64.6** | **$67.3** | **$90.2** | **$28.0** |

- We submitted Premarket Tobacco Applications ("PMTAs") covering 250 products to the FDA prior to the September 9, 2020 filing deadline
- These costs are one-time in nature, the applications have been submitted and we do not anticipate material PMTA costs to be incurred in the future for the products we submitted
- PMTA costs are carved out as a permitted adjustment in our credit agreement

(a) Represents LIFO adjustment, non-cash pension expense (income) and foreign exchange hedging.
(b) Represents non-cash stock options, restricted stock, incentives expense and Solace PRSUs.
(c) Represents the fees incurred for transaction expenses and strategic initiatives.
(d) Represents product launch costs for our new product lines.
(e) Represents costs associated with applications related to FDA PMTA.
(f) Represents costs associated with corporate and vapor restructuring including severance and inventory reserves. 2020 represent the costs from the retirment of a senior executive.
(g) Represents net gain associated with the settlement of a vendor contract.
(h) Represents bonuses associated with the December 2017 Tax Cuts and Jobs Act and non-recurring compensation expenses incurred coinciding with the May 2016 IPO.

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# THANK YOU