TURNING POINT™
BRANDS

Q4 2021 Results

February 22, 2022

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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

TPB Business Segments

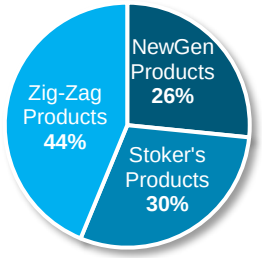
	Zig-Zag Products	Stoker's Products	NewGen Products
	Rolling papers and Make-Your-Own ("MYO") cigar wraps	*Loose leaf chewing tobacco and moist snuff tobacco*	*Innovative alternative and vapor products*
FY 2021[1]	**$176mm**	**$124mm**	**$145mm**
Key Brands	ZIG-ZAG, CLIPPER	Stoker's, APPALACHIA, BEECH-NUT, TROPHY, HAVANA BLOSSOM, BIG MOUNTAIN, DURANGO	SOLACE, nu-X, dosist, FRE, vaporfi, MARLEY, DIRECT VAPOR, VAPOR BEAST, WILD HEMP, OLD PAL
Strategic Priorities	• Accelerate growth in the near term • Drive recently launched product offerings and expand penetration in e-commerce and alternative channels (head shops, dispensaries) • CLIPPER distribution expansion	• Capitalize on strong growth in Moist Snuff Tobacco and stability of tobacco chew • Stoker's: the leading value brand in tobacco chew with a long runway for growth in MST ▪ "Great dip at a fair price" • 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 • Consolidate the open tank vape market following the impact of the PMTA process • Continue to seek new opportunities for growth from innovation and new channel expansion • Cannabinoid investments: dosist, Wild Hemp, Docklight (Marley), Old Pal

1. FY Period Ended 12/31/21

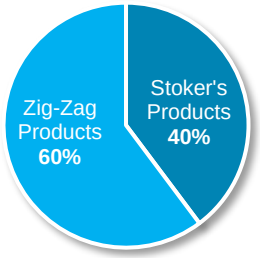
Consolidated Results Q4 2021 Commentary

($ in millions)	Q4 20	Q4 21	YoY	FY 20	FY 21	YoY
Sales	$105.3	$105.3	0%	$405.1	$445.5	10%
Adj Gross Profit	$52.3	$50.6	-3%	$190.0	$218.1	15%
Margin	*49.7%*	*48.0%*		*46.9%*	*49.0%*	
Adj EBITDA	$25.8	$23.8	-8%	$90.2	$108.1	20%
Margin	*24.5%*	*22.6%*		*22.3%*	*24.3%*	

Q4 2021 Sales Mix:



Q4 2021 Operating Income Mix:



- Q4 '21 sales in-line with previous year with strength in Zig-Zag and Stoker's offsetting a 22% decline in NewGen
  - Above our previous guidance range due to better performance in each segment especially in Zig-Zag
  - Zig-Zag Products $46.1 million +14% yoy
  - Stoker's Products $31.2 million +8% yoy
  - NewGen Products $28.0 million down 22% yoy
- Adj Gross Margin declined 170bps (declined 100bps ex-TPB Canada consolidation)
  - Zig-Zag gross margins impacted by consolidation of TPB Canada and product mix
  - NewGen gross margins impacted by $2.0 million of inventory write-downs and reserves in NewGen
- Adj EBITDA down $2.0 million but above our previous guidance range
  - Gross profit impacted by $2.0 million of inventory write-downs and reserves in NewGen
  - Outbound freight expense increased primarily due to PACT Act impact on vape products

Zig-Zag Products Q4 2021 Commentary

($ in millions)	Q4 20	Q4 21	YoY	FY 20	FY 21	YoY
Wraps	$23.5	$19.6	-17%	$66.0	$78.5	19%
US Papers & E-Commerce	14.0	17.9	28%	52.4	66.8	27%
Canada	2.1	7.0	230%	9.0	25.1	179%
Cigars and Other	0.9	1.5	66%	5.4	6.1	14%
Total Sales	$40.5	$46.1	14%	$132.8	$176.5	33%
Gross Profit	$25.2	$26.4	5%	$78.3	$102.7	31%
Margin	*62.2%*	*57.3%*		*58.9%*	*58.2%*	
Operating Income	$20.5	$19.2	-6%	$61.9	$77.1	25%
Margin	*50.5%*	*41.7%*		*46.6%*	*43.7%*	



- 14% sales growth in Q4 ‘21 (3% ex-TPB Canada consolidation) despite wraps headwind
  - Wraps -17% in quarter due to ~$5 million headwind from COVID-related back-order fill in Q4 2020 but was up sequentially
  - Introduction of Natural Leaf wraps and re-introduction of Zig-Zag Hemp wraps late in the quarter with expected ramp in 2022
  - US Papers & E-commerce +28% with e-commerce up 2.5x yoy (now 20% of sub-segment) and cones across all channels up 2.8x yoy (now 21% of sub-segment); Zig-Zag papers and paper cones were the #1 brand in MSAi measured channel in the quarter
  - Canada +3.3x increase due to $4.5 million from consolidation of TPB Canada
  - Cigars and Others +66% primarily driven by Unitabac cigar brands with Zig-Zag natural leaf cigar introduction planned for late Q1
- Gross Margin declined 490bps; or -220bps ex-TPB Canada consolidation due to product mix shift (paper cones)
- Q4 ‘20 wraps back-order fill (high contribution margin) led to a y-o-y operating income decline of $1.3 million; growth in our US Papers & E-commerce business offset TPB Canada loss ($0.4mm) and higher variable costs in our e-com business

Stoker's Products Q4 2021 Commentary

($ in millions)	Q4 20	Q4 21	YoY	FY 20	FY 21	YoY
MST	$17.0	$19.7	16%	$68.0	$78.1	15%
Looseleaf	11.8	11.5	-3%	47.9	46.2	-3%
Total Sales	$28.8	$31.2	8%	$115.9	$124.3	7%
Gross Profit	$15.3	$16.9	10%	$61.8	$68.1	10%
Margin	*53.3%*	*54.3%*		*53.3%*	*54.8%*	
Operating Income	$11.7	$12.7	8%	$45.0	$52.1	16%
Margin	*40.8%*	*40.7%*		*38.9%*	*41.9%*	







- 8% sales growth in Q4 '21
  - MST +16% growth from continued Stoker's volume gain and pricing
    - Stoker's volume up 1.8% vs. category decline of -0.9% with 5.7% share in Q4 per MSAi
    - Stoker's share in stores selling at 9.1% per MSAi with presence in stores representing 63% of the volumes in the category
  - Looseleaf -3% decline
    - Category and total TPB volumes were down MSD with Stoker's looseleaf as the #1 brand with 25.6% share during the quarter per MSAi
- Gross Margin increased 100bps due to MST price growth offsetting looseleaf decline
- Operating margin stable-yoy despite higher shipping and promotional costs

NewGen Products Q4 2021 Commentary

($ in millions)	Q4 20	Q4 21	YoY	FY 20	FY 21	YoY
Sales	$36.0	$28.0	-22%	$156.4	$144.7	-7%
Adj Gross Profit	$11.8	$7.2	-38%	$49.9	$47.3	-5%
Margin	*32.7%*	*25.8%*		*31.9%*	*32.7%*	
Adj Operating Income	$1.3	($2.4)	-284%	$6.3	$3.3	-48%
Margin	*3.6%*	*-8.6%*		*4.0%*	*2.3%*	

- Regulatory disruption and PACT ACT led to -22% sales decline in Q4 '21
  - Vape distribution -16% due to disruption from regulatory environment and PACT ACT implementation impact
  - Other NewGen -49% primarily from Solace and Tanks & Coils decline due to disruption from regulatory environment in vape
- Adj Gross Margin declined 690bps due to $2 million of inventory write-down/reserves in other NewGen products
- Adj Operating Income declined $3.7 million y-o-y due to lower sales / gross profit and higher freight cost offset by lower variable SG&A
- Received USPS exemption for B2B shipments to qualified customers in December 2021 and continuing to build B2C last mile distribution infrastructure
- Still awaiting FDA decision on PMTA applications

Balance Sheet and Liquidity

($ in millions)	FY 2020	FY 2021
First Lien Notes	$130.0	-
PPP Note Payable	7.5	-
Durfort Seller Note	10.0	-
5.625% Senior Secured Due 2/26		250.0
2.5% Convertible Note Due 7/24	172.5	172.5
Gross Debt	$320.0	$422.5
Cash	41.8	128.3
Net Debt	$278.2	$294.2
LTM Adj EBITDA	$90.2	$108.1
Net Leverage	3.1x	2.7x

- Ended quarter with $149.7 million of liquidity, comprised of $128.3 million in cash and $21.4 million of revolving credit facility capacity
- Repurchased 477,707 shares at an average price of $38.09 per share during the quarter ($18.2 million)
- Repurchased 172,624 shares at an average price of $37.20 per share in January 2022 ($6.4 million)
- $7.5 million PPP unsecured loan forgiven during the fourth quarter
- $7.1 million impairment recorded during the fourth quarter related to its investment in dosist

CLIPPER Distribution Agreement

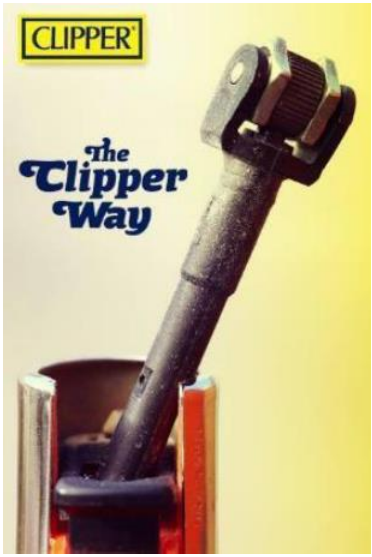
CLIPPER and Zig-Zag are iconic lifestyle brands with gold standard products and a long, respected history

- Entered into agreement with Flamagas for exclusive distribution of CLPPER® lighters in the U.S. and Canada
- CLIPPER is the #1 reusable lighter and #2 overall lighter in the world with a legacy that dates back to 1971 and a loyal global consumer base
- Unique cylindrical shape with a flint and trendy collections make it the preferred lighter in the “roll-your-own” cannabis market
- Allows TPB to enter a large market benefitting from increased cannabis consumption that leverages its existing distribution infrastructure
- Cross-selling synergies with Zig-Zag’s strong leading position in convenience stores and CLIPPER’s leading position in headshops and dispensaries









FY 2022 Outlook

- At this time, TPB projects the following for 2022:
  - Zig-Zag Products sales of $193 to 203 million vs. $176 million in FY 2021 (12% growth at mid-point)
  - Stoker's Products sales of $127 to $134 million vs. $124 million in FY 2021 (5% growth at mid-point)
  - Given the dynamic regulatory environment impacting the vape industry, it is difficult to provide reliable guidance for the NewGen Products segment
- Company's current expectation is to generate consolidated **adjusted EBITDA in-line with fiscal year 2021** despite anticipated volatility in the NewGen Products segment
- Other projections include:
  - Stock compensation and non-cash incentive expense of $7 million
  - Cash interest expense of $18.5 million and GAAP interest expense of $21 million
  - Effective income tax rate of 22 percent to 24 percent

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Appendix

EBITDA Adjustment Detail

Turning Point Brands, Inc.
Reconciliation of GAAP Net Income to Adjusted EBITDA
(dollars in thousands)
(unaudited)

	Three Months Ended December 31,	
	2021	**2020**
Net income attributable to Turning Point Brands, Inc.	$ 11,454	$ 14,378
Add:		
Interest expense, net	5,094	3,344
Gain on extinguishment of debt	(7,485)	-
Income tax expense	2,889	4,545
Depreciation expense	792	755
Amortization expense	476	477
EBITDA	$ 13,220	$ 23,499
Components of Adjusted EBITDA		
Other (a)	-	(9)
Stock options, restricted stock, and incentives expense (b)	1,542	568
Transactional expenses (c)	190	1,178
FDA PMTA (d)	708	-
Corporate and vapor restructuring (e)	1,026	517
Non-cash asset impairment (f)	7,100	-
Adjusted EBITDA	$ 23,786	$ 25,753

(a) Represents non-cash pension expense (income) and foreign exchange hedging.
(b) Represents non-cash stock options, restricted stock, incentives expense and Solace performance stock units.
(c) Represents the fees incurred for transaction expenses.
(d) Represents costs associated with applications related to FDA premarket tobacco product application ("PMTA").
(e) Costs during the three month period ended December 31, 2021 represent the write-down and disposal cost of discontinued vape inventory and cost of retail store lease termination. Costs during the three month period ended December 31, 2020 represent the costs from the retirement of a senior executive.
(f) Represents impairment of investment in dosist.

EBITDA Adjustment Detail

Turning Point Brands, Inc.
Reconciliation of GAAP Net Income to Adjusted EBITDA
(dollars in thousands)
(unaudited)

	For the Year Ended December 31,	
	2021	**2020**
Net income attributable to Turning Point Brands, Inc.	$ 52,059	$ 38,192
Add:		
Interest expense, net	20,500	13,487
Gain on extinguishment of debt	(2,154)	-
Income tax expense	14,040	11,957
Depreciation expense	3,105	3,237
Amortization expense	1,907	1,781
EBITDA	$ 89,457	$ 68,654
Components of Adjusted EBITDA		
Other (a)	-	988
Stock options, restricted stock, and incentives expense (b)	7,557	2,555
Transactional expenses (c)	1,267	3,087
FDA PMTA (d)	1,668	14,435
Corporate and vapor restructuring (e)	1,026	517
Non-cash asset impairment (f)	7,100	-
Adjusted EBITDA	$ 108,075	$ 90,236

(a) Represents non-cash pension expense (income) and foreign exchange hedging.
(b) Represents non-cash stock options, restricted stock, incentives expense and Solace performance stock units.
(c) Represents the fees incurred for transaction expenses.
(d) Represents costs associated with applications related to FDA premarket tobacco product application ("PMTA").
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