TURNING POINT™
BRANDS

Q1 2022 Results

April 27, 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.

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TPB Business Segments

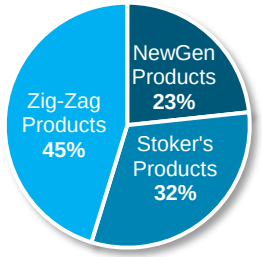
	Zig-Zag Products	Stoker's Products	NewGen Products
	Rolling papers and Make-Your-Own ("MYO") cigar wraps	*Loose leaf chewing tobacco and moist snuff tobacco*	*Innovative vapor products*
LTM Sales[1]	**$181mm**	**$127mm**	**$131mm**
Key Brands	ZIG-ZAG, CLIPPER	Stoker's, APPALACHIA, BEECH-NUT, TROPHY, HAVANA BLOSSOM, BIG MOUNTAIN, DURANGO, FRE	VAPOR BEAST, DIRECT VAPOR HUGE SELECTION • LOW PRICES, SOLACE
Strategic Priorities	• Continue strong growth trajectory in the near term • Capture growth in cannabinoid consumption • 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 • Nicotine pouch entry (FRE)	• Adapt product offerings and operations in the short-term to evolving consumer preferences and market dynamics around the regulatory environment • Build differentiated distribution infrastructure for regulated products • Potential to consolidate the open tank vape market following the impact of the PMTA process with a focus on margin expansion from proprietary product mix shift and industry dynamics

1. LTM Period Ended 3/31/22

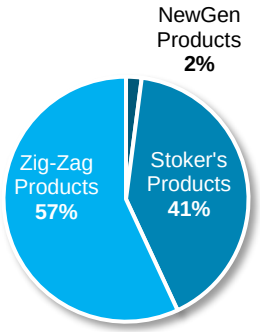
Consolidated Results Q1 2022 Commentary

($ in millions)	Q1 21	Q1 22	YoY
Sales	$107.6	$100.9	-6%
Adj Gross Profit	$53.3	$51.8	-3%
Margin	*49.5%*	*51.3%*	
Adj EBITDA	$28.0	$25.3	-10%
Margin	*26.0%*	*25.0%*	

Q1 2022 Sales Mix:



Q1 2022 Operating Income Mix:



- Q1 '22 sales down 6% from previous year with decline in NewGen offsetting strength in Zig-Zag and Stoker's
  - Zig-Zag Products $45.7 million +11% yoy
  - Stoker's Products $31.7 million +8% yoy
  - NewGen Products $23.5 million down 37% yoy on disruption from regulatory environment and PACT Act impact
- Adj Gross Margin increased 180bps
  - Stoker's GM improvement and mix benefit from decline in lower margin NewGen sales
- Adj EBITDA down $2.7 million yoy
  - Decrease due to expected decline in vape distribution sales

Zig-Zag Products Q1 2022 Commentary

($ in millions)	Q1 21	Q1 22	YoY
Wraps	$18.2	$17.7	-3%
US Papers & E-Commerce	14.2	20.0	41%
Canada	6.9	6.0	-13%
Cigars and Other	1.7	2.0	17%
Total Sales	$41.0	$45.7	11%
Gross Profit	$24.9	$26.3	6%
Margin	*60.7%*	*57.7%*	
Operating Income	$19.4	$18.7	-4%
Margin	*47.4%*	*41.0%*	



- 11% sales growth in Q1 ’22
  - Wraps -3% in quarter due to HTL wraps category decline partially offset by growth in Natural Leaf wraps and Zig-Zag Hemp wraps. HTL decline was partially driven by trade inventory adjustments compared to the prior y ear
  - US Papers & E-commerce +41% with e-commerce up 2.6x yoy (now 21% of sub-segment) and cones across all channels up 78% yoy (now 25% of sub-segment); Zig-Zag papers were the #1 brand in MSAi measured channel in the quarter; benefited from a $2mm customer inventory load
  - Canada -13% which was expected due to timing of 3rd party distribution partner orders that benefitted Q1 of last year ($5.9mm of FY 2021 of $12.1mm sales to 3rd party distribution partner were booked in Q1 2021); TPB Canada (ex-ReCreation Marketing) sales grew double-digits organically during the quarter
  - Cigars and Others +17% from cigars growth and Wild Hemp sales of $0.2mm during current quarter which were re-allocated from NewGen
- Gross Margin declined 300bps; or down 80bps ex-TPB Canada consolidation due to product mix shift (paper cones)
- Operating margin down yoy on gross margin decline, DVW acquisition, re-allocation of segment costs, increased sales and marketing spend, and increased shipping costs

Stoker's Products Q1 2022 Commentary

($ in millions)	Q1 21	Q1 22	YoY
MST	$18.4	$20.5	11%
Looseleaf	10.9	10.5	-4%
FRE		0.7	
Total Sales	$29.3	$31.7	8%
Gross Profit	$15.9	$17.7	11%
Margin	*54.3%*	*55.8%*	
Operating Income	$12.3	$13.5	10%
Margin	*41.9%*	*42.6%*	







- 8% sales growth in Q1 '22
  - MST +11% growth from continued Stoker's volume gain and pricing
    - Stoker's volume up 0.9% vs. category decline of -5.6% with 5.7% share (up 40bps yoy) in Q1 per MSAi
    - Stoker's share in stores selling at 9.0% (up 30bps yoy) per MSAi with presence in stores representing 63% of the volumes in the category
  - Looseleaf -4% decline
    - Category and total TPB volumes were down MSD with Stoker's looseleaf as the #1 brand with 25.7% share during the quarter per MSAi
  - FRE added $0.7mm of sales during the quarter; preparing PMTA submission
- Gross Margin increased 150bps with MST price growth and incremental volume offsetting looseleaf decline
- Operating margin increased 70 bps with higher gross margin partially offset by higher sales costs, marketing costs (FRE), and increased shipping costs

NewGen Products Q1 2022 Commentary

($ in millions)	Q1 21	Q1 22	YoY
Sales	$37.4	$23.5	-37%
Adj Gross Profit	$12.5	$7.8	-38%
Margin	*33.4%*	*33.0%*	
Adj Operating Income	$2.0	$0.7	
Margin	*5.4%*	*2.9%*	

- Continued regulatory disruption led to -37% sales decline
- Adj Gross Margin declined 40bps yoy
- Adj Operating Income declined $1.3 million y-o-y due to lower sales and higher freight cost offset by lower variable SG&A and re-allocation of shared Nu-X costs primarily into the Corporate segment
- Continuing to build B2C last mile distribution infrastructure
- Still awaiting FDA decision on PMTA applications

Balance Sheet and Liquidity

($ in millions)	FY 2021	Q1 22
5.625% Senior Secured Due 2/26	250.0	250.0
2.5% Convertible Note Due 7/24	172.5	172.5
Gross Debt	$422.5	$422.5
Cash	128.3	126.0
Net Debt	$294.2	$296.5
LTM Adj EBITDA	$108.1	$105.0
Net Leverage	2.7x	2.8x

- Ended quarter with $147.4 million of liquidity, comprised of $126.0 million in cash and $21.4 million of revolving credit facility capacity
- Repurchased 310,224 shares at an average price of $34.24 per share during the quarter ($10.6 million)

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THANK YOU

Appendix

EBITDA Adjustment Detail

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

	Three Months Ended March 31,	
	2022	**2021**
Net income attributable to Turning Point Brands, Inc.	$ 10,998	$ 11,783
Add:		
Interest expense, net	5,196	4,486
Loss on extinguishment of debt	-	5,706
Income tax expense	3,340	2,654
Depreciation expense	871	788
Amortization expense	463	477
EBITDA	$ 20,868	$ 25,894
Components of Adjusted EBITDA		
Corporate restructuring (a)	1,332	-
ERP/CRM (b)	330	-
Stock options, restricted stock, and incentives expense (c)	1,159	1,498
Transactional expenses (d)	425	607
FDA PMTA (e)	1,139	-
Adjusted EBITDA	$ 25,253	$ 27,999

(a) Represents costs associated with corporate restructuring, including severance.
(b) Represents cost assosicated with scoping new ERP and CRM systems.
(c) Represents non-cash stock options, restricted stock, incentives expense and Solace performance stock units.
(d) Represents the fees incurred for transaction expenses.
(e) Represents costs associated with applications related to FDA premarket tobacco product application ("PMTA").