TURNING POINT™
BRANDS

Q3 2022 Results

October 26, 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.

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TPB Business Segments

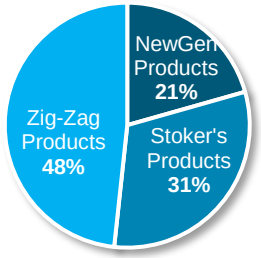
	Zig-Zag Products	Stoker's Products	NewGen Products
	Rolling papers and Make-Your-Own ("MYO") cigar wraps	*Loose leaf chewing tobacco and moist snuff tobacco*	*Innovative vapor products*
LTM Sales[1]	**$190mm**	**$130mm**	**$97mm**
Key Brands	ZIG-ZAG, CLIPPER	Stoker's, APPALACHIA, BEECH-NUT, TROPHY, HAVANA 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 9/30/22

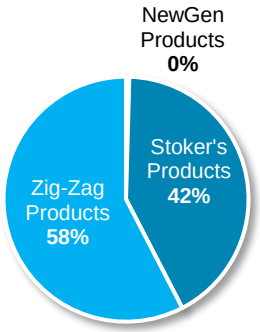
Consolidated Results Q3 2022 Commentary

($ in millions)	Q3 21	Q3 22	YoY	YTD 21	YTD 22	YoY
Sales	$109.9	$107.8	-2%	$340.2	$311.6	-8%
Gross Profit	$54.3	$52.7	-3%	$167.5	$156.0	-7%
Margin	*49.4%*	*48.9%*		*49.2%*	*50.1%*	
Adj EBITDA	$26.3	$24.5	-7%	$84.3	$74.5	-12%
Margin	*23.9%*	*22.7%*		*24.8%*	*23.9%*	

Q3 2022 Sales Mix:



Q2 2022 Operating Income Mix:



- Q3 '22 sales down 2% from previous year with decline in NewGen offsetting growth in Zig-Zag and Stoker's
  - Zig-Zag Products $52.1 million +23% yoy
  - Stoker's Products $33.5 million +10% yoy
  - NewGen Products $22.2 million down 40% yoy on disruption from regulatory environment and PACT Act impact
- Gross Margin decreased 50bps
  - Product mix drove decline
- Adj EBITDA down $1.8 million yoy
  - Decrease due to $7.1 million decline in NewGen gross profit

Zig-Zag Products Q3 2022 Commentary

($ in millions)	Q3 21	Q3 22	YoY	YTD 21	YTD 22	YoY
Wraps	$17.4	$16.9	-3%	$58.9	$52.7	-10%
US Papers & E-Commerce	16.9	20.1	19%	48.9	59.7	22%
Canada	6.5	8.5	30%	18.1	20.9	15%
Cigars and Other	1.4	6.6	355%	4.5	10.6	134%
Total Sales	$42.2	$52.1	23%	$130.4	$144.0	10%
Gross Profit	$23.7	$28.0	18%	$76.3	$80.8	6%
Margin	*56.1%*	*53.9%*		*58.5%*	*56.1%*	
Operating Income	$17.1	$18.7	9%	$57.9	$56.0	-3%
Margin	*40.5%*	*36.0%*		*44.4%*	*38.9%*	



- 23% sales growth in Q3 ’22
  - Wraps -3% in quarter due to category decline from post-COVID consumer consumption trends
  - US Papers & E-commerce +19% driven by growth in e-commerce and paper cones sales
  - Canada +30% with solid growth aided by $1.5 million of orders pulled forward from Q4
  - Cigars and Others +355% primarily due to Clipper launch
  - Strong promotional uptake and timing of Canadian deliveries pulled forward approximately $5 million of sales from the fourth quarter
- Gross Margin declined 220bps driven primarily by the Clipper launch and strong growth in lower gross margin products
- Operating margin declined 450bps on gross margin decline, variable costs from increased e-commerce sales, increased TPB Canada SG&A, and re-allocation of segment costs

Stoker's Products Q3 2022 Commentary

($ in millions)	Q3 21	Q3 22	YoY	YTD 21	YTD 22	YoY
MST[1]	$19.4	$22.8	18%	$58.4	$66.2	13%
Looseleaf	11.1	10.7	-4%	34.7	32.7	-6%
Total Sales	$30.5	$33.5	10%	$93.1	$98.8	6%
Gross Profit	$17.1	$18.3	7%	$51.1	$54.0	6%
Margin	*56.1%*	*54.5%*		*54.9%*	*54.7%*	
Operating Income	$13.3	$13.7	3%	$39.4	$40.5	3%
Margin	*43.7%*	*40.7%*		*42.3%*	*41.0%*	



- 10% sales growth in Q3 '22
  - MST[1] +18% growth from continued Stoker's volume gain and pricing
    - Stoker's volume up 3.1% vs. category decline of -5.7% with 6.2% share (up 50bps yoy) in Q3 per MSAi
    - Stoker's share in stores selling at 9.7% (up 60bps yoy) per MSAi with presence in stores representing 64% of the volumes in the category
    - FRE was a marginal contributor to segment sales
  - Looseleaf -4% decline
    - Category volume decline of -7.6% with TPB volumes down slightly less and Stoker's looseleaf as the #1 brand with 28.4% share during the quarter per MSAi
- Gross Margin decreased 160bps primarily due to mix from FRE and stronger growth in discount looseleaf products
- Operating margin decreased 300bps due to lower gross margin, higher sales and marketing costs (including FRE), and increased shipping costs

1. Includes FRE in the 2022 period.

NewGen Products Q3 2022 Commentary

($ in millions)	Q3 21	Q3 22	YoY	YTD 21	YTD 22	YoY
Sales	$37.2	$22.2	-40%	$116.7	$68.8	-41%
Gross Profit	$13.5	$6.4	-52%	$40.0	$21.1	-47%
Margin	*36.2%*	*28.8%*		*34.3%*	*30.7%*	
Operating Income	$2.0	$0.1	-93%	$5.7	$1.4	-76%
Margin	*5.4%*	*0.6%*		*4.9%*	*2.0%*	

- Continued regulatory disruption led to -40% sales decline
  - Sales have been relatively steady sequentially within the current year period
- Gross Margin declined 740bps due to product and channel mix and the competitive environment
- Operating Income declined $1.9 million due to lower sales offset by lower variable SG&A and re-allocation of shared Nu-X costs primarily into the Corporate segment

Balance Sheet and Liquidity

($ in millions)	FY 2021	Q3 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	105.7
Net Debt	$294.2	$316.8
LTM Adj EBITDA	$108.1	$98.3
Net Leverage	2.7x	3.2x

- Ended quarter with $127.1 million of liquidity, comprised of $105.7 million in cash and $21.4 million of revolving credit facility capacity
- Repurchased 307,207 shares at an average price of $24.78 per share during the quarter ($7.6 million)

FY 2022 Outlook

- The Company updated its guidance to reflect the current market environment and now expects the following full-year 2022 results:
  - Zig-Zag Products sales of $186 to $191 million (compared to previous outlook of $193 to $200 million) vs. $176 million in FY 2021 (7% growth at mid-point)
  - Stoker's Products sales of $128 to $132 million (compared to previous outlook of $127 to $133 million) vs. $124 million in FY 2021 (5% growth at mid-point)
  - Consolidated adjusted EBITDA of $96 to $99 million (compared to previous outlook of $97 to $103 million)
- Other projections include:
  - Stock compensation and non-cash incentive expense of $6 million
  - Gross cash interest expense of $18.5 million and GAAP interest expense of $21 million
  - Effective income tax rate of 22 percent to 24 percent
  - Capital expenditures of up to $10 million
  - PMTA Expense of up to $6 million

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Appendix

EBITDA Adjustment Detail

Schedule A

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

	Three Months Ended September 30,	
	2022	**2021**
Net income attributable to Turning Point Brands, Inc.	$ 11,536	$ 13,468
Add:		
Interest expense, net	4,802	5,397
Gain on extinguishment of debt	-	(375)
Income tax expense	3,797	4,073
Depreciation expense	861	767
Amortization expense	454	477
EBITDA	$ 21,450	$ 23,807
Components of Adjusted EBITDA		
Corporate restructuring (a)	17	-
ERP/CRM (b)	435	-
Stock options, restricted stock, and incentives expense (c)	1,442	1,752
Transactional expenses (d)	-	(232)
FDA PMTA (e)	1,169	960
Adjusted EBITDA	$ 24,513	$ 26,287

(a) Represents costs associated with corporate restructuring, including severance.
(b) Represents cost associated with scoping and mobilization of new ERP and CRM systems and cost of duplicative ERP licenses.
(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").