



## Turning Point Brands Announces Third Quarter 2023 Results and Closing of New ABL Facility

- Revised Annual Adjusted EBITDA Guidance to \$92 to \$95 million from \$90 to \$95 million
- Repurchased Another \$15 million of Outstanding Convertible Bonds

LOUISVILLE, KY – November 8, 2023 – [Turning Point Brands, Inc.](#) (“TPB” or “the Company”) (NYSE: TPB), a manufacturer, marketer and distributor of branded consumer products, including alternative smoking accessories and consumables with active ingredients, announced today financial results for the third quarter ended September 30, 2023.

### Q3 2023 vs. Q3 2022

- Total consolidated net sales decreased 5.6% to \$101.7 million
  - Zig-Zag Products net sales decreased by 10.2% but stable sequentially
  - Stoker's Products net sales increased by 10.1%
  - Creative Distribution Solutions net sales decreased by 18.7%
- Gross profit decreased 2.1% to \$51.6 million
- Net income decreased 6.1% to \$10.8 million
- Adjusted net income increased 1.6% to \$14.5 million (see Schedule B for a reconciliation to net income)
- Adjusted EBITDA decreased 0.4% to \$24.4 million (see Schedule A for a reconciliation to net income)
- Diluted EPS of \$0.58 and Adjusted Diluted EPS of \$0.76 compared to \$0.60 and \$0.72 in the same period one year ago, respectively (see Schedule B for a reconciliation to Diluted EPS)

Graham Purdy, President and CEO, commented: “Our third quarter results were consistent with our expectations. The Zig-Zag segment was stable sequentially from the second quarter and notwithstanding some transitory headwinds posted its third-highest revenue quarter. Stoker's had another solid quarter of performance led by double-digit growth year-over-year in Stoker's MST. We further de-levered the balance sheet with an opportunistic purchase of \$15 million in aggregate principal amount of our convertible notes during the third quarter. With a new \$75 million ABL revolving credit facility, our strong cash balance, and our free cash flow generation, we now have more than ample liquidity to address the remaining balance of convertible notes maturing next year.”

### Zig-Zag Products Segment (46% of total net sales in the quarter)

For the third quarter, Zig-Zag Products net sales were consistent with the previous quarter but decreased 10.2% to \$46.8 million as the previous year's third quarter benefitted from the initial load-in of CLIPPER lighters and approximately \$5 million of sales from promotional activities and timing of Canadian deliveries. Additionally, a discontinuation of an unprofitable product line impacted Canadian sales by \$1.8 million.

For the quarter, the Zig-Zag Products segment gross profit decreased 4.6% to \$26.7 million. Gross margin increased 330 basis points to 57.2% driven primarily by product mix.

“Our alternative channel business had another quarter of strong double-digit growth as we continue to expand penetration in the growing market,” said Purdy. “We remain encouraged by our prospects with secular cannabis consumption growth trends driving demand for our products.”

### **Stoker’s Products Segment (36% of total net sales in the quarter)**

For the third quarter, Stoker’s Products net sales increased 10.1% to \$36.9 million on double-digit growth of MST and low-single-digit growth of loose-leaf chewing tobacco. For the third quarter, total Stoker’s Products segment volume increased 2.2%, while price / mix increased 7.9%.

For the quarter, the Stoker’s Products segment gross profit increased 12.5% to \$20.6 million. Gross margin expanded 120 basis points to 55.7% due to MST pricing gains.

“Stoker’s strong market share gains in both the MST and loose-leaf chewing tobacco categories continued as its value proposition continues to resonate with consumers,” continued Purdy.

### **Recent Events**

#### *ABL Facility*

On November 7, 2023, a subsidiary of the Company closed on a new asset-based revolving credit facility with committed borrowing capacity of \$75 million. The new facility replaces a \$25 million senior secured revolving credit facility which was scheduled to mature in August 2025. The new facility is scheduled to mature in November 2027. The Company currently has no borrowings outstanding under the new facility.

### **Performance Measures in the Third Quarter**

Third quarter consolidated selling, general and administrative (“SG&A”) expenses were \$31.4 million compared to \$32.9 million in the third quarter of 2022.

The third quarter SG&A included the following notable items:

- \$1.8 million of stock options, restricted stock and incentive expense compared to \$1.4 million in the year-ago period
- \$0.3 million of FDA PMTA-related expenses for modern oral products compared to \$1.2 million in the year-ago period
- \$0.2 million of restructuring costs related to CDS as compared to \$0.0 million in the year-ago period
- \$0.1 million of transaction expenses compared to \$0.0 million in the year-ago period
- \$0.1 million of ERP / CRM duplicative system costs compared to \$0.4 million of ERP / CRM scoping expenses in the previous year

Total gross debt as of September 30, 2023 was \$368.5 million. Net debt (total gross debt less unrestricted cash) at September 30, 2023 was \$272.5 million. The Company ended the quarter with total liquidity of \$119.7 million, comprised of \$96.1 million in cash and \$23.6 million of revolving credit facility capacity.

During the quarter, the Company repurchased \$15.0 million in aggregate principal amount of its 2.50% Convertible Senior Notes due July 2024.

The Company recorded an impairment charge of \$2.2 million during the quarter related to historical minority investments in development stage ventures.

## **2023 Outlook**

At this time, the Company expects full-year 2023 adjusted EBITDA to be \$92 to \$95 million (compared to previous outlook of \$90 to \$95 million).

### **Creative Distribution Solutions (“CDS”) (18% of total net sales in the quarter)**

The CDS business was restructured during the quarter to eliminate certain unprofitable businesses and focus on a narrower set of products to better position it as a standalone business.

For the third quarter, CDS net sales were \$18.1 million, gross profit was \$4.3 million, and gross margin was 23.8%.

## **Earnings Conference Call**

As previously disclosed, a conference call with the investment community to review TPB's financial results has been scheduled for 10:00 a.m. Eastern on Wednesday, November 8, 2023. Investment community participants should dial in 10 minutes ahead of time using the toll-free number 888-330-2502 (international participants should call 240-789-2713), and follow the audio prompts after typing in the event ID: 6640134. A live listen-only webcast of the call will be available on the Events and Presentations section of the investor relations portion of the Company website ([www.turningpointbrands.com](http://www.turningpointbrands.com)). A replay of the webcast will be available on the site two hours following the call.

## **Non-GAAP Financial Measures**

In addition to financial measures prepared in accordance with generally accepted accounting principles in the United States (GAAP), this press release includes certain non-GAAP financial measures including EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS and Adjusted Operating Income (Loss). A reconciliation of these non-GAAP financial measures accompanies this release.

## **About Turning Point Brands, Inc.**

Turning Point Brands (NYSE: TPB) is a manufacturer, marketer and distributor of branded consumer products including alternative smoking accessories and consumables with active ingredients through its iconic Zig-Zag® and Stoker's® brands. TPB's products are available in more than 215,000 retail outlets in North America, and on sites such as [www.zigzag.com](http://www.zigzag.com). For the latest news and information about TPB and its brands, please visit [www.turningpointbrands.com](http://www.turningpointbrands.com).

## **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements may generally be identified by the use of words such as "anticipate," "believe," "expect," "intend," "plan" and "will" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. As a result, these statements are not guarantees of future performance and actual events may differ materially from those expressed in or suggested by the forward-looking statements. Any forward-looking statement made by TPB in this press release, its reports filed with the Securities and Exchange Commission (the "SEC") and other public statements made from time-to-time speak only as of the date made. New risks and uncertainties come up from time to time, and it is impossible for TPB to predict or identify all such events or how they may affect it. TPB has no obligation, and does not intend, to update any forward-looking statements after the date hereof, except as required by federal securities laws. Factors that could cause these differences include, but are not limited to those included in the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and other reports filed by the Company with the SEC. These statements constitute the Company's cautionary statements under the Private Securities Litigation Reform Act of 1995.

## **Investor Contacts**

Turning Point Brands, Inc.:  
Louie Reformina, Senior Vice President, CFO  
Turning Point Brands, Inc.  
502.774.9238  
[ir@tpbi.com](mailto:ir@tpbi.com)

Financial Statements Follow:

**Turning Point Brands, Inc.****Consolidated Statements of Income***(dollars in thousands except share and per share data)**(unaudited)*

|   | <b>Three Months Ended September 30,</b> |                  |
|---|---|------------------|
|   | <b>2023</b>                             | <b>2022</b>      |
| Net sales   | \$ 101,722                              | \$ 107,802       |
| Cost of sales   | 50,100                                  | 55,090           |
| Gross profit  | 51,622                                  | 52,712           |
| Selling, general, and administrative expenses                 | 31,385                                  | 32,891           |
| Operating income  | 20,237                                  | 19,821           |
| Interest expense, net   | 3,984                                   | 4,802            |
| Investment loss (gain)  | 2,101                                   | (75)             |
| Gain on extinguishment of debt                                | (481)                                   | -                |
| Income before income taxes                                    | 14,633                                  | 15,094           |
| Income tax expense  | 3,767                                   | 3,797            |
| Consolidated net income                                       | 10,866                                  | 11,297           |
| Net gain (loss) attributable to non-controlling interest      | 35                                      | (239)            |
| Net income attributable to Turning Point Brands, Inc.         | <u>\$ 10,831</u>                        | <u>\$ 11,536</u> |
| Basic income per common share:                                |   |                  |
| Net income attributable to Turning Point Brands, Inc.         | <u>\$ 0.62</u>                          | <u>\$ 0.65</u>   |
| Diluted income per common share:                              |   |                  |
| Net income attributable to Turning Point Brands, Inc.         | <u>\$ 0.58</u>                          | <u>\$ 0.60</u>   |
| Weighted average common shares outstanding:                   |   |                  |
| Basic   | 17,595,980                              | 17,749,294       |
| Diluted   | 20,098,450                              | 21,102,006       |
| Supplemental disclosures of statements of income information: |   |                  |
| Excise tax expense  | <u>\$ 5,288</u>                         | <u>\$ 5,747</u>  |
| FDA fees  | <u>\$ 142</u>                           | <u>\$ 170</u>    |

**Turning Point Brands, Inc.**  
**Consolidated Balance Sheets**  
*(dollars in thousands except share data)*

|   | <b>(unaudited)</b>            |                              |
|---|-------------------------------|------------------------------|
|   | <b>September 30,<br/>2023</b> | <b>December 31,<br/>2022</b> |
| <b>ASSETS</b>   |                               |                              |
| Current assets:   |                               |                              |
| Cash  | \$ 96,071                     | \$ 106,403                   |
| Accounts receivable, net of allowances of \$59 in 2023 and \$114 in 2022  | 10,493                        | 8,377                        |
| Inventories   | 116,926                       | 119,915                      |
| Other current assets  | 23,322                        | 22,959                       |
| Total current assets  | 246,812                       | 257,654                      |
| Property, plant, and equipment, net   | 24,613                        | 22,788                       |
| Deferred income taxes   | 8,190                         | 8,443                        |
| Right of use assets   | 12,060                        | 12,465                       |
| Deferred financing costs, net   | 203                           | 282                          |
| Goodwill  | 136,280                       | 136,253                      |
| Other intangible assets, net  | 81,725                        | 83,592                       |
| Master Settlement Agreement (MSA) escrow deposits   | 27,534                        | 27,980                       |
| Other assets  | 16,526                        | 22,649                       |
| Total assets  | <u>\$ 553,943</u>             | <u>\$ 572,106</u>            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                               |                              |
| Current liabilities:  |                               |                              |
| Accounts payable  | \$ 11,237                     | \$ 8,355                     |
| Accrued liabilities   | 27,227                        | 33,001                       |
| Current portion of long-term debt   | 48,248                        | -                            |
| Other current liabilities   | 6                             | 20                           |
| Total current liabilities   | 86,718                        | 41,376                       |
| Notes payable and long-term debt  | 316,573                       | 406,757                      |
| Lease liabilities   | 10,433                        | 10,593                       |
| Total liabilities   | <u>413,724</u>                | <u>458,726</u>               |
| Commitments and contingencies   |                               |                              |
| Stockholders' equity:   |                               |                              |
| Preferred stock; \$0.01 par value; authorized shares 40,000,000; issued and outstanding shares -0-  | -                             | -                            |
| Common stock, voting, \$0.01 par value; authorized shares, 190,000,000; 19,912,882 issued shares and 17,596,422 outstanding shares at September 30, 2023, and 19,801,623 issued shares and 17,485,163 outstanding shares at December 31, 2022 | 199                           | 198                          |
| Common stock, nonvoting, \$0.01 par value; authorized shares, 10,000,000; issued and outstanding shares -0-   | -                             | -                            |
| Additional paid-in capital  | 117,143                       | 113,242                      |
| Cost of repurchased common stock<br>(2,316,460 shares at September 30, 2023 and December 31, 2022)  | (78,093)                      | (78,093)                     |
| Accumulated other comprehensive loss  | (3,855)                       | (2,393)                      |
| Accumulated earnings  | 103,517                       | 78,691                       |
| Non-controlling interest  | 1,308                         | 1,735                        |
| Total stockholders' equity  | <u>140,219</u>                | <u>113,380</u>               |
| Total liabilities and stockholders' equity  | <u>\$ 553,943</u>             | <u>\$ 572,106</u>            |

**Turning Point Brands, Inc.**  
**Consolidated Statements of Cash Flows**  
*(dollars in thousands)*  
*(unaudited)*

|   | <b>Nine Months Ended September 30,</b> |             |
|---|--|-------------|
|   | <b>2023</b>                            | <b>2022</b> |
| Cash flows from operating activities:   |  |             |
| Consolidated net income   | \$ 27,916                              | \$ 27,274   |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |             |
| Gain on extinguishment of debt  | (1,858)                                | -           |
| Loss (gain) on sale of property, plant, and equipment                             | 34                                     | (8)         |
| Depreciation and other amortization expense                                       | 2,388                                  | 2,611       |
| Amortization of other intangible assets   | 2,315                                  | 1,373       |
| Amortization of deferred financing costs  | 1,795                                  | 1,936       |
| Deferred income tax expense (benefit)   | 694                                    | (431)       |
| Stock compensation expense  | 4,660                                  | 4,103       |
| Noncash lease income  | (48)                                   | -           |
| Loss on investments   | 11,162                                 | 6,244       |
| Changes in operating assets and liabilities:                                      |  |             |
| Accounts receivable   | (2,112)                                | (5,030)     |
| Inventories   | 3,036                                  | (26,467)    |
| Other current assets  | (1,384)                                | 1,891       |
| Other assets  | (5,110)                                | 1,211       |
| Accounts payable  | 2,865                                  | 2,074       |
| Accrued liabilities and other   | (6,348)                                | (392)       |
| Net cash provided by operating activities   | \$ 40,005                              | \$ 16,389   |
| Cash flows from investing activities:   |  |             |
| Capital expenditures  | \$ (4,206)                             | \$ (6,662)  |
| Payments for investments  | (200)                                  | (1,000)     |
| Restricted cash, MSA escrow deposits  | -                                      | (10,169)    |
| Proceeds on the sale of property, plant and equipment                             | 3                                      | 63          |
| Net cash used in investing activities   | \$ (4,403)                             | \$ (17,768) |
| Cash flows from financing activities:   |  |             |
| Repurchased Convertible Senior Notes  | \$ (41,794)                            | \$ -        |
| Proceeds from call options  | 114                                    | -           |
| Payment of dividends  | (3,354)                                | (3,259)     |
| Exercise of options   | 419                                    | 504         |
| Redemption of options   | (346)                                  | (155)       |
| Redemption of performance restricted stock units                                  | (995)                                  | (1,228)     |
| Common stock repurchased  | -                                      | (27,032)    |
| Net cash used in financing activities   | \$ (45,956)                            | \$ (31,170) |
| Net decrease in cash  | \$ (10,354)                            | \$ (32,549) |
| Effect of foreign currency translation on cash                                    | \$ 22                                  | \$ (324)    |
| Cash, beginning of period:  |  |             |
| Unrestricted  | \$ 106,403                             | \$ 128,320  |
| Restricted  | 4,929                                  | 15,155      |
| Total cash at beginning of period   | \$ 111,332                             | \$ 143,475  |
| Cash, end of period:  |  |             |
| Unrestricted  | \$ 96,071                              | \$ 105,672  |
| Restricted  | 4,929                                  | 4,930       |
| Total cash at end of period   | \$ 101,000                             | \$ 110,602  |

## Non-GAAP Financial Measures

To supplement our financial information presented in accordance with generally accepted accounting principles in the United States, or U.S. GAAP, we use non-U.S. GAAP financial measures, including EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS, Adjusted Gross Profit and Adjusted Operating Income (Loss). We believe Adjusted EBITDA provides useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations. Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS, Adjusted Gross Profit and Adjusted Operating Income (Loss) are used by management to compare our performance to that of prior periods for trend analyses and planning purposes and are presented to our board of directors. We believe that EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS, Adjusted Gross Profit and Adjusted Operating Income (Loss) are appropriate measures of operating performance because they eliminate the impact of expenses that do not relate to business performance.

We define “EBITDA” as net income before interest expense, gain (loss) on extinguishment of debt, provision for income taxes, depreciation and amortization. We define “Adjusted EBITDA” as net income before interest expense, loss on extinguishment of debt, provision for income taxes, depreciation, amortization, other non-cash items and other items that we do not consider ordinary course in our evaluation of ongoing operating performance. We define “Adjusted Net Income” as net income excluding items that we do not consider ordinary course in our evaluation of ongoing operating performance. We define “Adjusted Diluted EPS” as diluted earnings per share excluding items that we do not consider ordinary course in our evaluation of ongoing operating performance. We define “Adjusted Gross Profit: as gross profit excluding other non-cash items and other items that we do not consider ordinary course in our evaluation of ongoing operating performance. We define “Adjusted Operating Income (Loss)” as operating income excluding other non-cash items and other items that we do not consider ordinary course in our evaluation of ongoing operating performance.

Non-U.S. GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with U.S. GAAP. EBITDA, Adjusted Net Income, Adjusted EBITDA Adjusted Diluted EPS, Adjusted Gross Profit and Adjusted Operating Income (Loss) exclude significant expenses that are required by U.S. GAAP to be recorded in our financial statements and is subject to inherent limitations. In addition, other companies in our industry may calculate this non-U.S. GAAP measure differently than we do or may not calculate it at all, limiting its usefulness as a comparative measure.

In accordance with SEC rules, we have provided, in the supplemental information attached, a reconciliation of the non-GAAP measures to the next directly comparable GAAP measures.



## Schedule A

### Turning Point Brands, Inc.

#### Reconciliation of GAAP Net Income to Adjusted EBITDA

(dollars in thousands)

(unaudited)

|   | Three Months Ended<br>September 30, |                  |
|---|-------------------------------------|------------------|
|   | 2023                                | 2022             |
| Net income attributable to Turning Point Brands, Inc.       | \$ 10,831                           | \$ 11,536        |
| Add:  |                                     |                  |
| Interest expense, net                                       | 3,984                               | 4,802            |
| Gain on extinguishment of debt                              | (481)                               | -                |
| Income tax expense  | 3,767                               | 3,797            |
| Depreciation expense  | 782                                 | 861              |
| Amortization expense  | 844                                 | 454              |
| EBITDA  | <u>\$ 19,727</u>                    | <u>\$ 21,450</u> |
| Components of Adjusted EBITDA                               |                                     |                  |
| Corporate restructuring (a)                                 | 190                                 | 17               |
| ERP/CRM (b)   | 138                                 | 435              |
| Stock options, restricted stock, and incentives expense (c) | 1,824                               | 1,442            |
| Transactional expenses (d)                                  | 76                                  | -                |
| FDA PMTA (e)  | 275                                 | 1,169            |
| Non-cash asset impairment (f)                               | 2,173                               | -                |
| Adjusted EBITDA   | <u>\$ 24,403</u>                    | <u>\$ 24,513</u> |

(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 ("PRSUs").

(d) Represents the fees incurred for transaction expenses.

(e) Represents costs associated with applications related to FDA premarket tobacco product application ("PMTA").

(f) Represents impairment of investment assets.

## Schedule B

### Turning Point Brands, Inc.

#### Reconciliation of GAAP Net Income to Adjusted Net Income and Diluted EPS to Adjusted Diluted EPS

(dollars in thousands except share data)

(unaudited)

|   | Three Months Ended<br>September 30, 2023 |                | Three Months Ended<br>September 30, 2022 |                |
|---|--|----------------|--|----------------|
|   | Net Income                               | Diluted EPS    | Net Income                               | Diluted EPS    |
| <b>GAAP EPS</b>   | <b>\$ 10,831</b>                         | <b>\$ 0.58</b> | <b>\$ 11,536</b>                         | <b>\$ 0.60</b> |
| Gain on extinguishment of debt (a)                          | (357)                                    | (0.02)         | -  | -              |
| Corporate restructuring (b)                                 | 141                                      | 0.01           | 13                                       | 0.00           |
| ERP/CRM (c)   | 102                                      | 0.01           | 326                                      | 0.02           |
| Stock options, restricted stock, and incentives expense (d) | 1,354                                    | 0.07           | 1,079                                    | 0.05           |
| Transactional expenses (e)                                  | 56                                       | 0.00           | -  | -              |
| FDA PMTA (f)  | 204                                      | 0.01           | 875                                      | 0.04           |
| Non-cash asset impairment (g)                               | 1,614                                    | 0.08           | -  | -              |
| Tax benefit (h)   | 575                                      | 0.03           | 469                                      | 0.01           |
| <b>Adjusted</b>   | <b>\$ 14,521</b>                         | <b>\$ 0.76</b> | <b>\$ 14,297</b>                         | <b>\$ 0.72</b> |

Totals may not foot due to rounding

- (a) Represents gain on extinguishment of debt tax effected at the quarterly tax rate.
- (b) Represents costs associated with corporate restructuring, including severance, tax effected at the quarterly tax rate.
- (c) Represents cost associated with scoping and mobilization of new ERP and CRM systems and cost of duplicative ERP licenses tax effected at the quarterly tax rate.
- (d) Represents non-cash stock options, restricted stock, incentives expense and Solace PRSUs tax effected at the quarterly tax rate.
- (e) Represents the fees incurred for transaction expenses tax effected at the quarterly tax rate.
- (f) Represents costs associated with applications related to the FDA PMTA tax effected at the quarterly tax rate.
- (g) Represents impairment of investment assets tax effected at the quarterly tax rate.
- (h) Represents adjustment from quarterly tax rate to annual projected tax rate of 23% in 2023 and 2022.

## Schedule C

### Turning Point Brands, Inc.

#### Reconciliation of GAAP Operating Income (loss) to Adjusted Operating Income (loss)

(dollars in thousands)

(unaudited)

|   | Consolidated        |                     | Zig-Zag Products    |                     | Stoker's Products   |                     | Creative Distribution Solutions |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------|---------------------|
|   | 3rd Quarter<br>2023 | 3rd Quarter<br>2022 | 3rd Quarter<br>2023 | 3rd Quarter<br>2022 | 3rd Quarter<br>2023 | 3rd Quarter<br>2022 | 3rd Quarter<br>2023             | 3rd Quarter<br>2022 |
| <b>Net sales</b>                        | <b>\$ 101,722</b>   | <b>\$ 107,802</b>   | <b>\$ 46,754</b>    | <b>\$ 52,061</b>    | <b>\$ 36,916</b>    | <b>\$ 33,525</b>    | <b>\$ 18,052</b>                | <b>\$ 22,216</b>    |
| <b>Gross profit</b>                     | <b>\$ 51,622</b>    | <b>\$ 52,712</b>    | <b>\$ 26,745</b>    | <b>\$ 28,035</b>    | <b>\$ 20,572</b>    | <b>\$ 18,279</b>    | <b>\$ 4,305</b>                 | <b>\$ 6,398</b>     |
| <b>Operating income (loss)</b>          | <b>\$ 20,237</b>    | <b>\$ 19,821</b>    | <b>\$ 16,672</b>    | <b>\$ 18,740</b>    | <b>\$ 15,703</b>    | <b>\$ 13,653</b>    | <b>\$ (460)</b>                 | <b>\$ 142</b>       |
| Adjustments:                            |                     |                     |                     |                     |                     |                     |                                 |                     |
| Corporate restructuring                 | 190                 | 17                  | -                   | -                   | -                   | -                   | 190                             | -                   |
| ERP/CRM                                 | 138                 | 435                 | -                   | -                   | -                   | -                   | -                               | -                   |
| Transactional expenses                  | 76                  | -                   | -                   | -                   | -                   | -                   | -                               | -                   |
| FDA PMTA                                | 275                 | 1,169               | -                   | -                   | -                   | -                   | -                               | -                   |
| <b>Adjusted operating income (loss)</b> | <b>\$ 20,916</b>    | <b>\$ 21,442</b>    | <b>\$ 16,672</b>    | <b>\$ 18,740</b>    | <b>\$ 15,703</b>    | <b>\$ 13,653</b>    | <b>\$ (270)</b>                 | <b>\$ 142</b>       |