



NEWS RELEASE

Turning Point Brands Announces Fourth Quarter and Full Year 2025 Results

2026-03-02

- Q4 2025 Modern Oral Net Sales increased 266% to \$41.3 million, accounting for 34% of total company net sales, up from 12% in Q4 2024.
- Q4 2025 adjusted EBITDA increased 14% to \$30.0 million.
- FY 2026 guidance: Modern Oral Gross Revenue of \$220-\$240 million and Net Revenue of \$180-\$190 million.

LOUISVILLE, Ky.--(BUSINESS WIRE)-- **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, today announced financial results for the fourth quarter and full year ended December 31, 2025.

Q4 2025 vs. Q4 2024

- Total Consolidated Net Sales increased 29.2% to \$121.0 million
 - Stoker's segment Net Sales increased 69.5%
 - Zig-Zag segment Net Sales decreased 12.8%
- Gross Profit increased 29.1% to \$67.7 million
- Net Income increased 239.8% to \$8.2 million
- Adjusted EBITDA increased 14.4% to \$30.0 million (see Schedule A for a reconciliation to net income)

Diluted EPS of \$0.42 and Adjusted Diluted EPS of \$0.95 compared to \$0.13 and \$0.98 respectively, in the same period one year ago (see Schedule B for a reconciliation to Diluted EPS)

FY 2025 vs. FY 2024

- Total Consolidated Net Sales increased 28.4% to \$463.1 million
 - Stoker's segment Net Sales increased 69.1%
 - Zig-Zag segment Net Sales decreased 7.2%
- Gross Profit increased 31.1% to \$264.3 million
- Net Income increased 46.1% to \$58.2 million

- Adjusted EBITDA increased 14.4% to \$119.5 million (see Schedule A for a reconciliation to net income)
- Diluted EPS of \$3.11 and Adjusted Diluted EPS of \$3.96 compared to \$2.14 and \$3.49, respectively, in the same period one year ago (see Schedule B for a reconciliation to Diluted EPS)

Graham Purdy, President and CEO, commented “We are excited by the growth of the modern oral category and the strong performance of our FRE and ALP brands. We are well positioned to achieve double-digit share of the category over time, while our legacy brands continue to generate durable cash flows that provide strong funding for investment in future growth.”

Stoker’s Products Segment (67% of total net sales in the quarter)

For the fourth quarter, Stoker’s segment net sales increased 69.5% from the prior year to \$81.0 million, driven by triple-digit growth in Modern Oral sales and single-digit growth in legacy Stoker’s products.

For the quarter, Stoker’s segment gross profit increased 66.2% from the prior year to \$45.8 million. Gross margin decreased 115 basis points from the prior year to 56.6% driven primarily by mix.

For the full year, Stoker’s segment net sales increased 69.1% to \$284.6 million, driven by triple-digit growth in Modern Oral sales and high-single-digit growth in legacy Stoker’s products.

For the full year, Stoker’s segment gross profit increased 77.3% to \$168.4 million. Gross margin increased 275 basis points to 59.2%

Zig-Zag Products Segment (33% of total net sales in the quarter)

Zig-Zag performance for the fourth quarter and the year was in-line with our expectations given the planned wind-down of the Clipper business and allocation of sales and marketing resources to white pouch.

For the fourth quarter, Zig-Zag segment net sales decreased 12.8% from the prior year to \$40.0 million driven by declines in US sales partially offset by growth in Canadian sales.

For the quarter, Zig-Zag segment gross profit decreased 12.1% from the prior year to \$21.8 million. Gross margin increased 40 basis points from the prior year to 54.6%.

For the full year, Zig-Zag segment net sales decreased 7.2% from the prior year to \$178.5 million driven by low-double-digit declines in US sales, partially offset by low-double-digit growth in Canada sales.

For the full year, Zig-Zag segment gross profit decreased 10.0% from the prior year to \$95.9 million. Gross margin declined 170 basis points from the prior year to 53.7%.

Performance Measures in the Fourth Quarter

Investment in the fourth quarter focused on sales and marketing efforts to support distribution and brand building.

In the fourth quarter consolidated selling, general and administrative (“SG&A”) expenses increased 38.2% from the prior year and 7.2% sequentially to \$47.7 million, inclusive of Modern Oral-related sales and marketing investments and increased outbound freight costs.

Fourth quarter SG&A included the following notable items:

- \$1.1 million of FDA PMTA-related expenses to support the compliance roadmap for Modern Oral growth, compared to \$0.5 million in the prior year period; and
- \$0.4 million of transaction-related costs compared to \$1.1 million in the prior year period.

As of December 31, 2025, ending cash was \$222.8 million and net debt was \$77.2 million. The Company ended the quarter with total liquidity of \$290.1 million, comprised of \$222.8 million in cash and \$68.1 million of asset backed revolving credit facility capacity.

2026 Outlook

Management currently expects full year 2026 Modern Oral Gross Revenue of \$220-\$240 million and Net Revenue of \$180-\$190 million. We currently expect Q1 2026 adjusted EBITDA of \$24-\$27 million, inclusive of investment in Modern Oral sales, marketing, and trade promotions.

Earnings Conference Call

As previously disclosed, a conference call with the investment community to review TPB’s financial results has been scheduled for 9:00 a.m. Eastern on Monday, March 2, 2026. Investment community participants should dial in 10 minutes ahead of time using the toll-free number (800) 715-9871 (international participants should call (646) 307-1963) 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). 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, Inc. (NYSE: TPB) is a manufacturer, marketer and distributor of branded consumer products including alternative smoking accessories and consumables with active ingredients through its iconic brand portfolio, including Zig-Zag®, Stoker’s®, FRE®, and ALP®. TPB’s products are available in more than 220,000 retail outlets in North America and on sites such as www.zigzag.com, www.frepouch.com, and www.alppouch.com. For the latest news and information about TPB and its brands, please visit 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.

This press release contains TPB's preliminary determinations and current expectations, and such information is inherently uncertain. The preliminary estimates provided herein have been prepared by, and are the responsibility of, management and are subject to completion of TPB's customary quarter-end closing and review procedures and third-party review. As a result, TPB's reported information in its Annual Report on Form 10-K for the year ended December 31, 2025 may differ from this information, and any such differences may be material. In addition, the information furnished above does not include all of the information regarding TPB's financial condition and results of operations for the year ending December 31, 2025 that may be important to readers. As a result, readers are cautioned not to place undue reliance on the information furnished in this press release and should view this information in the context of TPB's full year 2025 results when such results are disclosed by TPB in its Annual Report on Form 10-K for the year ended December 31, 2025.

Financial Statements Follow on Subsequent Pages

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

| | For the year ended December 31, | |
|---|---------------------------------|------------|
| | 2025 | 2024 |
| Net sales | \$ 463,062 | \$ 360,660 |
| Cost of sales | 198,748 | 159,095 |
| Gross profit | 264,314 | 201,565 |
| Selling, general, and administrative expenses | 168,987 | 122,407 |
| Other operating income | - | (1,674) |
| Operating income | 95,327 | 80,832 |
| Other income | (6,616) | - |
| Interest expense, net | 17,466 | 13,983 |
| (Income) losses from equity method investment | (1,060) | 2,203 |
| Investment loss | 1,159 | (310) |

| | | |
|--|------------|------------|
| Gain on extinguishment of debt | 1,235 | - |
| Income from continuing operations before income taxes | 83,143 | 64,956 |
| Income tax expense | 14,991 | 16,929 |
| Income from continuing operations | 68,152 | 48,027 |
| Loss from discontinued operations, net of tax | - | (7,517) |
| Consolidated net income | 68,152 | 40,510 |
| Net income (loss) attributable to non-controlling interest | 9,987 | 701 |
| Net income attributable to Turning Point Brands, Inc. | \$ 58,165 | \$ 39,809 |
| Basic income (loss) per common share: | | |
| Continuing operations | \$ 3.18 | \$ 2.67 |
| Discontinued operations | - | (0.43) |
| Basic earnings per share | \$ 3.18 | \$ 2.24 |
| Diluted income (loss) per common share: | | |
| Continuing operations | \$ 3.11 | \$ 2.53 |
| Discontinued operations | - | (0.39) |
| Diluted earnings per share | \$ 3.11 | \$ 2.14 |
| Weighted average common shares outstanding: | | |
| Basic | 18,314,047 | 17,734,239 |
| Diluted | 18,730,635 | 19,362,806 |

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

| | Three Months Ended December 31, | |
|--|---------------------------------|------------|
| | 2025 | 2024 |
| Net sales | \$ 121,013 | \$ 93,667 |
| Cost of sales | 53,359 | 41,249 |
| Gross profit | 67,654 | 52,418 |
| Selling, general, and administrative expenses | 47,728 | 34,533 |
| Other operating income | - | - |
| Operating income | 19,926 | 17,885 |
| Other income | (1,675) | - |
| Interest expense, net | 4,382 | 3,631 |
| (Income) losses from equity method investment | 3,487 | - |
| Investment loss | (146) | (224) |
| Gain on extinguishment of debt | - | - |
| Income from continuing operations before income taxes | 13,878 | 14,478 |
| Income tax expense | 2,235 | 4,118 |
| Income from continuing operations | 11,643 | 10,360 |
| Loss from discontinued operations, net of tax | - | (7,309) |
| Consolidated net income | 11,643 | 3,051 |
| Net income (loss) attributable to non-controlling interest | 3,434 | 635 |
| Net income attributable to Turning Point Brands, Inc. | \$ 8,209 | \$ 2,416 |
| Basic income (loss) per common share: | | |
| Continuing operations | \$ 0.43 | \$ 0.55 |
| Discontinued operations | - | (0.41) |
| Basic earnings per share | \$ 0.43 | \$ 0.14 |
| Diluted income (loss) per common share: | | |
| Continuing operations | \$ 0.42 | \$ 0.53 |
| Discontinued operations | - | (0.40) |
| Diluted earnings per share | \$ 0.42 | \$ 0.13 |
| Weighted average common shares outstanding: | | |
| Basic | 19,089,275 | 17,708,460 |
| Diluted | 19,536,807 | 18,251,876 |

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

| | December 31, | |
|--|--------------|-----------|
| | 2025 | 2024 |
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 222,760 | \$ 46,158 |
| Accounts receivable, net of allowances of \$206 in 2025 and \$66 in 2024 | 25,726 | 9,624 |
| Inventories, net | 107,989 | 96,253 |
| Current assets held for sale | - | 11,470 |
| Other current assets | 60,675 | 34,700 |
| Total current assets | 417,150 | 198,205 |
| Property, plant, and equipment, net | 36,247 | 26,337 |
| Deferred tax assets | - | 995 |

| | | |
|--|-------------------|-------------------|
| Right of use assets | 14,480 | 11,610 |
| Deferred financing costs, net | 1,180 | 1,823 |
| Goodwill | 136,097 | 135,932 |
| Other intangible assets, net | 64,042 | 65,254 |
| Master Settlement Agreement (MSA) escrow deposits | 29,887 | 28,676 |
| Noncurrent assets held for sale | - | 3,859 |
| Other assets | 64,667 | 20,662 |
| Total assets | \$ 763,750 | \$ 493,353 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 20,420 | \$ 11,675 |
| Accrued liabilities | 53,760 | 31,096 |
| Current portion of long-term debt | - | - |
| Current liabilities held for sale | - | 2,049 |
| Total current liabilities | 74,180 | 44,820 |
| Deferred income tax liability | 8,289 | - |
| Notes payable and long-term debt | 293,625 | 248,604 |
| Other long-term liabilities | 4,965 | - |
| Lease liabilities | 10,708 | 9,549 |
| Total liabilities | 391,767 | 302,973 |
| 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; 20,589,527 issued shares, 19,132,384 outstanding shares at December 31, 2025, and 20,200,886 issued shares, 17,729,481 outstanding shares at December 31, 2024 | 216 | 202 |
| Common stock, nonvoting, \$0.01 par value; authorized shares, 10,000,000; issued and outstanding shares -0- | - | - |
| Additional paid-in capital | 203,627 | 126,662 |
| Cost of repurchased common stock (1,457,143 and 2,471,405 shares at December 31, 2025 and 2024) | (47,637) | (83,144) |
| Accumulated other comprehensive loss | (1,563) | (2,903) |
| Accumulated earnings | 199,661 | 147,164 |
| Non-controlling interest | 17,679 | 2,399 |
| Total stockholders' equity | 371,983 | 190,380 |
| Total liabilities and stockholders' equity | \$ 763,750 | \$ 493,353 |

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

| | For the year ended December 31, | |
|---|---------------------------------|--------------------|
| | 2025 | 2024 |
| Cash flows from operating activities: | | |
| Consolidated net income | \$ 68,152 | \$ 40,510 |
| Loss from discontinued operations, net of tax | - | 7,517 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Loss on extinguishment of debt | 1,235 | - |
| Loss (gain) on sale of property, plant, and equipment | 106 | 75 |
| Losses from equity method investments | 1,159 | (310) |
| Loss on investments | (484) | 3,032 |
| Depreciation and other amortization expense | 6,177 | 4,439 |
| Amortization of other intangible assets | 1,239 | 1,223 |
| Amortization of deferred financing costs | 1,714 | 2,430 |
| Deferred income tax (benefit) expense | 8,931 | 519 |
| Stock compensation expense | 6,974 | 7,243 |
| Noncash lease income | (1,797) | (622) |
| Gain on MSA investments | - | (14) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (16,114) | 185 |
| Inventories | (11,584) | (4,770) |
| Other current assets | (25,413) | (1,421) |
| Other assets | (4,835) | (1,767) |
| Accounts payable | 8,603 | 3,689 |
| Accrued liabilities and other | 13,311 | (1,000) |
| Operating cash flows from continuing operations | 57,374 | 60,958 |
| Operating cash flows from discontinued operations | - | 6,104 |
| Net cash provided by operating activities | \$ 57,374 | \$ 67,062 |
| Cash flows from investing activities: | | |
| Capital expenditures | \$ (13,529) | \$ (4,623) |
| Purchases of investments | (13,755) | (10,857) |
| Proceeds from sale of investments | 6,363 | 5,420 |
| Purchase of options agreement | (8,000) | - |
| Purchases of non-marketable equity investments | (2,783) | (500) |
| Proceeds on sale of property, plant and equipment | - | 5 |
| MSA escrow deposits, net | 33 | 46 |
| Investing cash flows from continuing operations | (31,671) | (10,509) |
| Investing cash flows from discontinued operations | - | - |
| Net cash used in investing activities | \$ (31,671) | \$ (10,509) |
| Cash flows from financing activities: | | |

| | | |
|--|------------|--------------|
| Convertible Senior Notes repurchased | \$ - | \$ (118,541) |
| Payment of 2026 Senior Notes | (250,000) | - |
| Proceeds from 2036 Notes | 300,000 | - |
| At the market offering proceeds | 97,499 | - |
| Interchange subscription agreement | 11,000 | - |
| Payment of dividends | (5,519) | (4,905) |
| Payments of financing costs | (7,285) | (133) |
| Exercise of options | 7,561 | 2,807 |
| Redemption of options | (33) | (335) |
| Redemption of restricted stock units | (2,324) | (914) |
| Issuance of restricted stock units | 1 | - |
| Redemption of performance based restricted stock units | (2,626) | (1,212) |
| Common stock repurchased | - | (5,051) |
| Financing cash flows from continuing operations | 148,274 | (128,284) |
| Financing cash flows from discontinued operations | - | - |
| Net cash used in financing activities | \$ 148,274 | \$ (128,284) |
| Net (decrease) increase in cash | \$ 173,977 | \$ (71,731) |
| Effect of foreign currency translation on cash | \$ (205) | \$ (182) |
| Cash, beginning of period: | | |
| Unrestricted | \$ 48,941 | \$ 117,886 |
| Restricted | 1,961 | 4,929 |
| Total cash at beginning of period | \$ 50,902 | \$ 122,815 |
| Cash, end of period: | | |
| Unrestricted | \$ 222,760 | \$ 48,941 |
| Restricted | 1,914 | 1,961 |
| Total cash at end of period | \$ 224,674 | \$ 50,902 |

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, 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, 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, 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, income tax expense, depreciation, amortization. We define “Adjusted EBITDA” as net income before interest expense, gain (loss) on extinguishment of debt, income tax expense, 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 Operating Income (Loss)” as operating income (loss) 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, 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)

| | For the Year Ended December 31, | |
|--|------------------------------------|------------|
| | 2025 | 2024 |
| Consolidated net income | \$ 58,165 | \$ 39,809 |
| Loss from discontinued operations, net of tax | - | 7,517 |
| Add: | | |
| Interest expense, net | 17,767 | 13,983 |
| Gain on extinguishment of debt | 1,235 | - |
| Income tax expense | 15,456 | 16,929 |
| Depreciation expense | 3,298 | 3,329 |
| Amortization expense | 4,225 | 2,333 |
| EBITDA | \$ 100,146 | \$ 83,900 |
| Components of Adjusted EBITDA | | |
| Corporate restructuring (a) | 1,260 | 4,634 |
| ERP/CRM (b) | 211 | 993 |
| Stock based compensation (c) | 6,974 | 7,243 |
| Transactional expenses and strategic initiatives(d) | 2,004 | 2,107 |
| Non-recurring freight (e) | 837 | - |
| Non-recurring legal (f) | 941 | - |
| FDA PMTA (g) | 4,816 | 3,592 |
| Mark-to-market loss on Canadian inter-company note (h) | (513) | 942 |
| Non-cash asset impairment (i) | 6,738 | 2,722 |
| Gain on investment (j) | (1,392) | - |
| ERC refund (k) | (5,451) | - |
| Honorarium (l) | 318 | - |
| Manufacturing start-up costs (m) | 642 | - |
| Tariff adjustment (n) | 1,991 | - |
| FET refund (o) | - | (1,674) |
| Adjusted EBITDA | \$ 119,522 | \$ 104,459 |

- (a) Represents costs associated with corporate restructuring, including severance and early retirement.
(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, PSRUs, etc.
(d) Represents the fees incurred for transaction expenses.
(e) Represents elevated non-recurring outbound freight costs due to ERP transition.
(f) Represents legal expenses incurred in connection with litigation related to an insurance claim.
(g) Represents costs associated with applications related to FDA premarket tobacco production application ("PMTA").The PMTA regime requires the Company to submit an application to the FDA to receive marketing authorization to continue to sell certain of its product lines with continued sales permitted during the pendency of the applications. The application is a onetime resource-intensive process for each covered product line; however, due to the nature of the implementation process for those product lines already in the market, applications can take multiple years to complete rather than the typical one-time submission. The Company currently has only two product lines currently subject to the PMTA process, having utilized other regulatory pathway options available for our other product lines. The Company does not expect to submit additional PMTA applications for any new product lines after the submission for the pending two are complete.
(h) Represents a mark-to-market loss attributable to foreign exchange fluctuation.
(i) Represents impairment of goodwill, intangible and investment assets.
(j) Represents gain on investments.
(k) Represents an employee retention credit refund received which is included in other (income) expense, net.
(l) Represents an honorarium gift included in other (income) expense, net.
(m) Represents non-recurring expenses incurred during the start-up of manufacturing lines.
(n) Represents adjustment to costs of goods sold to reflect prevailing tariff rates.
(o) Represents a federal excise tax refund included in other operating income.

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

(unaudited)

| | Three Months Ended December 31, | |
|--|------------------------------------|------------------|
| | 2025 | 2024 |
| Consolidated net income | \$ 8,209 | \$ 2,416 |
| Loss from discontinued operations, net of tax | - | 7,309 |
| Add: | | |
| Interest expense, net | 4,574 | 3,631 |
| Gain on extinguishment of debt | - | - |
| Income tax expense | 2,478 | 4,118 |
| Depreciation expense | 814 | 831 |
| Amortization expense | 1,222 | 736 |
| EBITDA | \$ 17,297 | \$ 19,041 |
| Components of Adjusted EBITDA | | |
| Corporate restructuring (a) | 1,027 | 2,904 |
| ERP/CRM (b) | - | 212 |
| Stock based compensation (c) | 1,798 | 1,523 |
| Transactional expenses and strategic initiatives(d) | 438 | 1,107 |
| Non-recurring freight (e) | - | - |
| Non-recurring legal (f) | - | - |
| FDA PMTA (g) | 1,092 | 512 |
| Mark-to-market loss on Canadian inter-company note (h) | (153) | 942 |
| Non-cash asset impairment (i) | 5,830 | - |
| Gain on investment (j) | - | - |
| ERC refund (k) | - | - |
| Honorarium (l) | 63 | - |
| Manufacturing start-up costs (m) | 642 | - |
| Tariff adjustment (n) | 1,991 | - |
| FET refund (o) | - | - |
| Adjusted EBITDA | \$ 30,025 | \$ 26,241 |

- (a) Represents costs associated with corporate restructuring, including severance and early retirement.
(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, PSRUs, etc.
(d) Represents the fees incurred for transaction expenses.
(e) Represents elevated non-recurring outbound freight costs due to ERP transition.
(f) Represents legal expenses incurred in connection with litigation related to an insurance claim.
(g) Represents costs associated with applications related to FDA premarket tobacco production application ("PMTA").The PMTA regime requires the Company to submit an application to the FDA to receive marketing authorization to continue to sell certain of its product lines with continued sales permitted during the pendency of the applications. The application is a onetime resource-intensive process for each covered product line; however, due to the nature of the implementation process for those product lines already in the market, applications can take multiple years to complete rather than the typical one-time submission. The Company currently has only two product lines currently subject to the PMTA process, having utilized other regulatory pathway options available for our other product lines. The Company does not expect to submit additional PMTA applications for any new product lines after the submission for the pending two are complete.
(h) Represents a mark-to-market loss attributable to foreign exchange fluctuation.
(i) Represents impairment of goodwill, intangible and investment assets.
(j) Represents gain on investments.
(k) Represents an employee retention credit refund received which is included in other (income) expense, net.
(l) Represents an honorarium gift included in other (income) expense, net.
(m) Represents non-recurring expenses incurred during the start-up of manufacturing lines.
(n) Represents adjustment to costs of goods sold to reflect prevailing tariff rates.
(o) Represents a federal excise tax refund included in other operating income.

Schedule B

Turning Point Brands

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

(dollars in thousands except share data)

(unaudited)

| | For the Year Ended December 31, 2025 | | | | | For the Year Ended December 31, 2024 | | | | | | |
|---------------------------------|---|------------------------|---|---|---------------------|---|---|------------------------|---|---|---------------------|----------------------|
| | Income from continuing operations before income taxes | Income tax expense (r) | Loss from discontinued operations, net of tax (s) | Net loss attributable to non-controlling interest | Adjusted Net Income | Adjusted Diluted EPS | Income from continuing operations before income taxes | Income tax expense (r) | Loss from discontinued operations, net of tax (s) | Net loss attributable to non-controlling interest | Adjusted Net Income | Adjusted Diluted EPS |
| GAAP Net Income and Diluted EPS | \$ 83,143 | \$ 14,991 | \$ - | \$ 9,987 | \$ 58,165 | \$ 3.11 | \$ 64,956 | \$ 16,929 | \$ 7,517 | \$ 701 | \$ 39,809 | \$ 2.14 |
| Corporate restructuring (a) | 1,260 | 227 | - | - | 1,033 | 0.06 | 4,634 | 1,208 | - | - | 3,426 | 0.18 |
| ERP/CRM (b) | 211 | 38 | - | - | 173 | 0.01 | 993 | 259 | - | - | 734 | 0.04 |
| Stock based compensation | - | - | - | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | | | |
|---|------------------|-----------------|-------------|-----------------|-----------------|----------------|------------------|-----------------|-------------------|---------------|-----------------|---------------|
| (c) Transactional expenses and strategic initiatives(d) | 6,974 | 1,257 | - | - | 5,717 | 0.31 | 7,243 | 1,888 | - | - | 5,355 | 0.28 |
| Non-recurring freight (e) | 2,004 | 361 | - | - | 1,643 | 0.09 | 2,107 | 549 | - | - | 1,558 | 0.08 |
| Non-recurring legal (f) | 837 | 151 | - | - | 686 | 0.04 | - | - | - | - | - | - |
| FDA PMTA (g) | 941 | 170 | - | - | 771 | 0.04 | - | - | - | - | - | - |
| Mark-to-market loss on Canadian inter-company note (h) | 4,816 | 868 | - | - | 3,948 | 0.21 | 3,592 | 936 | - | - | 2,656 | 0.14 |
| Non-cash asset impairment (i) | (513) | (92) | - | - | (421) | (0.02) | 942 | 246 | - | - | 696 | 0.04 |
| Gain on investment (j) | 6,738 | 1,215 | - | - | 5,523 | 0.29 | 2,722 | 709 | - | - | 2,013 | 0.10 |
| ERC refund (k) | (1,392) | (251) | - | - | (1,141) | (0.06) | - | - | - | - | - | - |
| Honorarium (l) | (5,451) | (983) | - | - | (4,468) | (0.24) | - | - | - | - | - | - |
| Manufacturing start-up costs (m) | 318 | 57 | - | - | 261 | 0.01 | - | - | - | - | - | - |
| Tariff adjustment (n) | 642 | 116 | - | - | 526 | 0.03 | - | - | - | - | - | - |
| FET refund (o) | 1,991 | 359 | - | - | 1,632 | 0.09 | - | - | - | - | - | - |
| Tax benefit (p) | - | - | - | - | - | - | (1,674) | (436) | - | - | (1,238) | (0.06) |
| Loss on discontinued operations (q) | - | (123) | - | - | 123 | 0.01 | - | (901) | - | - | 901 | 0.05 |
| | - | - | - | - | - | - | - | - | (9,970) | - | 9,970 | 0.51 |
| Adjusted Net Income and Adjusted Diluted EPS | \$102,519 | \$18,362 | \$ - | \$ 9,987 | \$74,170 | \$ 3.96 | \$ 85,515 | \$21,386 | \$ (2,453) | \$ 701 | \$65,881 | \$3.49 |

Totals may not foot due to rounding

- (a) Represents costs associated with corporate restructuring, including severance and early retirement.
(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, PSRUs, etc.
(d) Represents the fees incurred for transaction expenses.
(e) Represents elevated non-recurring outbound freight costs due to ERP transition.
(f) Represents legal expenses incurred in connection with litigation related to an insurance claim.
(g) Represents costs associated with applications related to FDA premarket tobacco production application ("PMTA"). The PMTA regime requires the Company to submit an application to the FDA to receive marketing authorization to continue to sell certain of its product lines with continued sales permitted during the pendency of the applications. The application is a onetime resource-intensive process for each covered product line; however, due to the nature of the implementation process for those product lines already in the market, applications can take multiple years to complete rather than the typical one-time submission. The Company currently has only two product lines currently subject to the PMTA process, having utilized other regulatory pathway options available for our other product lines. The Company does not expect to submit additional PMTA applications for any new product lines after the submission for the pending two are complete.
(h) Represents a mark-to-market loss attributable to foreign exchange fluctuation.
(i) Represents impairment of goodwill, intangible and investment assets.
(j) Represents gain on investments.
(k) Represents an employee retention credit refund received which is included in other (income) expense, net.
(l) Represents an honorarium gift included in other (income) expense, net.
(m) Represents non-recurring expenses incurred during the start-up of manufacturing lines.
(n) Represents adjustment to costs of goods sold to reflect prevailing tariff rates.
(o) Represents a federal excise tax refund included in other operating income.
(p) Represents adjustment from annual tax rate to annual tax rate of 18% in 2025 and 25% in 2024.
(q) Represents loss on discontinued operations.
(r) Income tax expense calculated using the effective tax rate for the year of 18.0% in 2025 and 26.1% in 2024.
(s) Tax allocation for discontinued operations excluded from adjusted net income.

Schedule B

Turning Point Brands

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 December 31, 2025 | | | | | Three Months Ended December 31, 2024 | | | | | |
|----------|---|------------------------|---|---|---------------------|---|------------------------|---|---|---------------------|-------------|
| | Income from continuing operations before income taxes | Income tax expense (r) | Loss from discontinued operations, net of tax (s) | Net loss attributable to non-controlling interest | Adjusted Net Income | Income from continuing operations before income taxes | Income tax expense (r) | Loss from discontinued operations, net of tax (s) | Net loss attributable to non-controlling interest | Adjusted Net Income | Diluted EPS |
| GAAP Net | | | | | | | | | | | |

| | | | | | | | | | | | | |
|--|-----------|----------|------|----------|-----------|---------|-----------|----------|------------|--------|-----------|---------|
| Income and Diluted EPS | \$ 13,878 | \$ 2,235 | \$ - | \$ 3,434 | \$ 8,209 | \$ 0.42 | \$ 14,478 | \$ 4,118 | \$ 7,309 | \$ 635 | \$ 2,416 | \$ 0.13 |
| Corporate restructuring (a) | 1,027 | 165 | - | - | 862 | 0.04 | 2,904 | 826 | - | - | 2,078 | 0.11 |
| ERP/CRM (b) | - | - | - | - | - | - | 212 | 60 | - | - | 152 | 0.01 |
| Stock based compensation (c) | 1,798 | 290 | - | - | 1,508 | 0.08 | 1,523 | 433 | - | - | 1,090 | 0.06 |
| Transactional expenses and strategic initiatives (d) | 438 | 71 | - | - | 367 | 0.02 | 1,107 | 315 | - | - | 792 | 0.04 |
| Non-recurring freight (e) | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-recurring legal (f) | - | - | - | - | - | - | - | - | - | - | - | - |
| FDA PMTA (g) | 1,092 | 176 | - | - | 916 | 0.05 | 512 | 146 | - | - | 366 | 0.02 |
| Mark-to-market loss on Canadian inter-company note (h) | (153) | (25) | - | - | (128) | (0.01) | 942 | 268 | - | - | 674 | 0.04 |
| Non-cash asset impairment (i) | 5,830 | 939 | - | - | 4,891 | 0.25 | - | - | - | - | - | - |
| Gain on investment (j) | - | - | - | - | - | - | - | - | - | - | - | - |
| ERC refund (k) | - | - | - | - | - | - | - | - | - | - | - | - |
| Honorarium (l) | 63 | 10 | - | - | 53 | 0.00 | - | - | - | - | - | - |
| Manufacturing start-up costs (m) | 642 | 103 | - | - | 539 | 0.03 | - | - | - | - | - | - |
| Tariff adjustment (n) | 1,991 | 321 | - | - | 1,670 | 0.09 | - | - | - | - | - | - |
| FET refund (o) | - | - | - | - | - | - | - | - | - | - | - | - |
| Tax benefit (p) | - | 420 | - | - | (420) | (0.02) | - | (725) | - | - | 725 | 0.04 |
| Loss on discontinued operations (q) | - | - | - | - | - | - | - | - | (9,694) | - | 9,694 | 0.53 |
| Adjusted Net Income and Adjusted Diluted EPS | \$ 26,606 | \$ 4,705 | \$ - | \$ 3,434 | \$ 18,467 | \$ 0.95 | \$ 21,678 | \$ 5,441 | \$ (2,385) | \$ 635 | \$ 17,987 | \$ 0.98 |
| Totals may not foot due to rounding | | | | | | | | | | | | |

- (a) Represents costs associated with corporate restructuring, including severance and early retirement.
(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, PSRUs, etc.
(d) Represents the fees incurred for transaction expenses.
(e) Represents elevated non-recurring outbound freight costs due to ERP transition.
(f) Represents legal expenses incurred in connection with litigation related to an insurance claim.
(g) Represents costs associated with applications related to FDA premarket tobacco production application ("PMTA"). The PMTA regime requires the Company to submit an application to the FDA to receive marketing authorization to continue to sell certain of its product lines with continued sales permitted during the pendency of the applications. The application is a onetime resource-intensive process for each covered product line; however, due to the nature of the implementation process for those product lines already in the market, applications can take multiple years to complete rather than the typical one-time submission. The Company currently has only two product lines currently subject to the PMTA process, having utilized other regulatory pathway options available for our other product lines. The Company does not expect to submit additional PMTA applications for any new product lines after the submission for the pending two are complete.
(h) Represents a mark-to-market loss attributable to foreign exchange fluctuation.
(i) Represents impairment of goodwill, intangible and investment assets.
(j) Represents gain on investments.
(k) Represents an employee retention credit refund received which is included in other (income) expense, net.
(l) Represents an honorarium gift included in other (income) expense, net.
(m) Represents non-recurring expenses incurred during the start-up of manufacturing lines.
(n) Represents adjustment to costs of goods sold to reflect prevailing tariff rates.
(o) Represents a federal excise tax refund included in other operating income.
(p) Represents adjustment from annual tax rate to annual tax rate of 18% in 2025 and 25% in 2024.
(q) Represents loss on discontinued operations.
(r) Income tax expense calculated using the effective tax rate for the year of 18.0% in 2025 and 26.1% in 2024.
(s) Tax allocation for discontinued operations excluded from adjusted net income.

Schedule C
Turning Point Brands, Inc.
Reconciliation of GAAP Operating Income to Adjusted Operating Income
(dollars in thousands)
(unaudited)

| | Consolidated | | Zig-Zag | | Stoker's | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | For the Year Ended |

| | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net sales | \$ 463,062 | \$ 360,660 | \$ 178,478 | \$ 192,394 | \$ 284,584 | \$ 168,266 |
| Gross profit | \$ 264,314 | \$ 201,565 | \$ 95,901 | \$ 106,585 | \$ 168,413 | \$ 94,980 |
| Operating income (loss) | \$ 95,327 | \$ 80,832 | \$ 58,941 | \$ 66,697 | \$ 109,105 | \$ 68,272 |
| Adjustments: | | | | | | |
| Corporate restructuring ERP/CRM | 1,260 211 | 4,634 993 | - | - | - | - |
| Transactional expenses and strategic initiatives | 2,004 | 2,107 | - | - | - | - |
| Non-recurring freight | 837 | - | - | - | - | - |
| Non-recurring legal | 941 | - | - | - | - | - |
| FDA PMTA | 4,816 | 3,592 | - | - | - | - |
| Mark-to-market loss on Canadian inter-company note | (513) | 942 | (513) | 942 | - | - |
| Gain on investment | (1,392) | - | - | - | - | - |
| ERC refund | (5,451) | - | - | - | - | - |
| Honorarium | 318 | - | - | - | - | - |
| Manufacturing start-up costs | 642 | - | - | - | 642 | - |
| Tariff adjustment | 1,991 | - | - | - | - | - |
| FET refund | - | (1,674) | - | (1,674) | - | - |
| Adjusted operating income | \$ 100,991 | \$ 91,426 | \$ 58,428 | \$ 65,965 | \$ 109,747 | \$ 68,272 |

Schedule C
Turning Point Brands, Inc.
Reconciliation of GAAP Operating Income to Adjusted Operating Income
(dollars in thousands)
(unaudited)

| | Consolidated | | Zig-Zag | | Stoker's | |
|--|--|--|--|--|--|--|
| | Three Months Ended December 31, 2025 | Three Months Ended December 31, 2024 | Three Months Ended December 31, 2025 | Three Months Ended December 31, 2024 | Three Months Ended December 31, 2025 | Three Months Ended December 31, 2024 |
| Net sales | \$ 121,013 | \$ 93,667 | \$ 40,038 | \$ 45,891 | \$ 80,975 | \$ 47,776 |
| Gross profit | \$ 67,654 | \$ 52,418 | \$ 21,846 | \$ 24,848 | \$ 45,808 | \$ 27,570 |
| Operating income (loss) | \$ 19,801 | \$ 17,885 | \$ 12,260 | \$ 13,059 | \$ 25,851 | \$ 17,852 |
| Adjustments: | | | | | | |
| Corporate restructuring ERP/CRM | 1,027 | 2,904 212 | - | - | - | - |
| Transactional expenses and strategic initiatives | 438 | 1,107 | - | - | - | - |
| Non-recurring freight | - | - | - | - | - | - |
| Non-recurring legal | - | - | - | - | - | - |
| FDA PMTA | 1,092 | 512 | - | - | - | - |
| Mark-to-market loss on Canadian inter-company note | (153) | 942 | (153) | 942 | - | - |
| Gain on investment | - | - | - | - | - | - |
| ERC refund | - | - | - | - | - | - |
| Honorarium | 63 | - | - | - | - | - |
| Manufacturing start-up costs | 642 | - | - | - | 642 | - |
| Tariff adjustment | 1,991 | - | - | - | - | - |
| FET refund | - | - | - | - | - | - |
| Adjusted operating income (loss) | \$ 24,901 | \$ 23,562 | \$ 12,107 | \$ 14,001 | \$ 26,493 | \$ 17,852 |

Investor Contacts

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Source: Turning Point Brands, Inc.