



TURNING POINT BRANDS, INC. ANNOUNCES VAPOR SHARK STORE AGREEMENT AND UPDATES FOURTH QUARTER EFFECTIVE TAX RATE ESTIMATE

NYSE **TPB**
\$31.62 ▼ \$-0.17
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Price is delayed by 15 mins

February 22, 2018

LOUISVILLE, Ky.--(BUSINESS WIRE)-- Turning Point Brands, Inc. (NYSE:TPB), a leading provider of Other Tobacco Products ("OTP"), today announced that it will retain ownership of seven Vapor Shark branded stores by purchasing and canceling the option granted to the former Vapor Shark owner. The action keeps those seven stores under TPB ownership.

TPB agreed to pay the former Vapor Shark owner \$1.5 million to purchase and cancel the option to acquire the stores, with \$1 million paid in February 2018 and the remaining \$0.5 million payable over 24 months.

"Shortly after acquiring Vapor Shark in June 2017, we implemented a number of process improvements that resulted in stronger sales in the 35 Vapor Shark branded corporate and franchise stores," said Larry Wexler, TPB President and CEO. "As a result of the encouraging growth rates and our desire to gain keener insight into consumer purchase behavior, we elected to retain company ownership of these seven stores. We believe that the improved sales trends and insights from data and direct consumer interaction will drive performance across our NewGen segment. Moving forward, we will continue to evaluate the benefits of owning versus franchising those stores."

Coincident with the Vapor Shark acquisition earlier in 2017, TPB recorded a \$0.6 million liability in the second quarter 2017 in relation to the option granted to the former Vapor Shark owner to buy the Vapor Shark branded stores. As a result of this agreement, TPB expects a one-time fourth quarter 2017 charge of \$0.9 million.

Fourth Quarter 2017 Tax Rate

TPB expects its fourth quarter 2017 effective tax rate to be approximately 49% due to a number of factors including the Tax Cuts and Jobs Act impact on tax expense as a result of revaluing our deferred taxes.

About Turning Point Brands, Inc.

Louisville, Kentucky based Turning Point Brands, Inc. (NYSE: TPB) is a leading U.S. provider of Other Tobacco Products. TPB, through its three focus brands, Stoker's® in Smokeless products, Zig-Zag® in Smoking products and the VaporBeast® distribution engine in NewGen products, generates solid cash flow which it uses to finance acquisitions, increase brand support and strengthen its capital structure. TPB does not sell cigarettes. More information about the company is available at its corporate website, 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. TPB's actual results may differ materially from those contemplated by forward-looking statements. Actual results could differ materially based upon factors disclosed from time to time in TPB's filings with the U.S. Securities and Exchange Commission, including those factors set forth as "Risk Factors" in TPB's Annual Report on Form 10-K for the period ended December 31, 2016. TPB undertakes no obligation to update any forward-looking statements. These forward-looking statements are made only as of the date of this release. New risks and uncertainties come up from time to time, and it is impossible for TPB to predict these 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.

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