TURNING POINT™
BRANDS

Q2 2022 Results

July 27, 2022

Disclaimer

FORWARD LOOKING STATEMENTS

This presentation 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, actual events may differ materially from those expressed in or suggested by the forward-looking statements. Factors that could cause these differences include, but are not limited to, the factors set forth in “Risk Factors” included in Turning Point Brands, Inc. (the “Company”, “we”, “our”, “us”, or “TPB”) annual report on Form 10-K and other reports filed with the Securities and Exchange Commission from time to time. Any forward-looking statement made by TPB in this presentation has been prepared in good faith and, where applicable, is based on estimates, assumptions and analysis that we believe, as of the date hereof, provide a reasonable basis for the information contained herein. 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.

This presentation includes industry and market data derived from internal analyses based upon publicly available data or proprietary research and analysis, surveys or studies conducted by third parties and industry and general publications, including those by the Management Science Associates, Inc. (“MSAi”) and Nielsen Holdings, N.V. (“Nielsen”). Third-party industry and general publications, research, surveys and studies generally state that the information contained therein has been obtained from sources believed to be reliable. Although there can be no assurance as to the accuracy or completeness of the included information, we believe that this information is reliable. While this information has been prepared in good faith and we believe our internal analyses provide a reasonable basis for the information contained herein, they have not been verified by any independent sources. Any such data and analysis involve risks and uncertainties and are subject to change based on various factors, including those set forth in “Risk Factors” included in TPB’s annual report on Form 10-K and other reports filed with the Securities and Exchange Commission from time to time.

NON-GAAP RECONCILIATION

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.

TURNING POINT™ BRANDS

TPB Business Segments

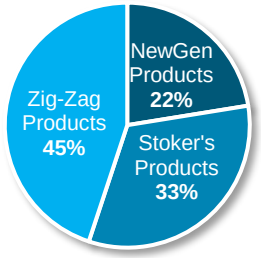
	Zig-Zag Products	Stoker's Products	NewGen Products
	Rolling papers and Make-Your-Own ("MYO") cigar wraps	*Loose leaf chewing tobacco and moist snuff tobacco*	*Innovative vapor products*
LTM Sales[1]	**$180mm**	**$127mm**	**$112mm**
Key Brands	ZIG-ZAG, CLIPPER	Stoker's, APPALACHIA, BEECH-NUT, TROPHY, 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 6/30/22

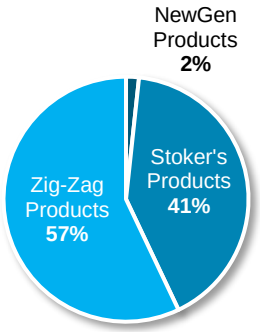
Consolidated Results Q2 2022 Commentary

($ in millions)	Q2 21	Q2 22	YoY	YTD 21	YTD 22	YoY
Sales	$122.6	$102.9	-16%	$230.3	$203.8	-11%
Gross Profit	$60.0	$51.5	-14%	$113.2	$103.3	-9%
Margin	*48.9%*	*50.0%*		*49.2%*	*50.7%*	
Adj EBITDA	$30.0	$24.7	-18%	$58.0	$50.0	-14%
Margin	*24.5%*	*24.0%*		*25.2%*	*24.5%*	

Q2 2022 Sales Mix:



Q2 2022 Operating Income Mix:



- Q2 '22 sales down 16% from previous year with decline in NewGen offsetting relatively stable Zig-Zag and Stoker's
  - Zig-Zag Products $46.2 million -2% yoy
  - Stoker's Products $33.6 million +1% yoy
  - NewGen Products $23.1 million down 45% yoy on disruption from regulatory environment and PACT Act impact
- Gross Margin increased 110bps
  - Mix benefit from decline in lower margin NewGen sales
- Adj EBITDA down $5.3 million yoy
  - Decrease due to decline in vape distribution sales and decline in cigar wraps sales

Zig-Zag Products Q2 2022 Commentary

($ in millions)	Q2 21	Q2 22	YoY	YTD 21	YTD 22	YoY
Wraps	$23.3	$18.1	-22%	$41.5	$35.8	-14%
US Papers & E-Commerce	17.8	19.7	10%	32.0	39.6	24%
Canada	4.7	6.4	38%	11.6	12.4	7%
Cigars and Other	1.4	2.1	48%	3.1	4.1	31%
Total Sales	$47.2	$46.2	-2%	$88.2	$91.9	4%
Gross Profit	$27.7	$26.4	-5%	$52.6	$52.8	0%
Margin	*58.8%*	*57.2%*		*59.7%*	*57.4%*	
Operating Income	$21.3	$18.5	-13%	$40.8	$37.2	-9%
Margin	*45.2%*	*40.0%*		*46.2%*	*40.5%*	



- 2% sales decline in Q2 ’22
  - Wraps -22% in quarter due to wraps category decline and timing related pull-forward of sales in the previous year period partially offset by growth in Natural Leaf wraps. Category decline was partially driven by trade inventory reduction during the quarter
  - US Papers & E-commerce +10% with e-commerce up 84% yoy (now 23% of sub-segment) and cones across all channels up 59% yoy (now 25% of sub-segment); Zig-Zag papers were the #1 brand in MSAi measured channel in the quarter
  - Canada +38% due to a load-in of new products and a full quarter from the DVW acquisition
  - Cigars and Others +48% from cigars growth and Wild Hemp sales of $0.2mm during current quarter which were re-allocated from NewGen
- Gross Margin declined 160bps driven primarily by strong growth in lower gross margin products
- Operating margin down yoy on decline in high contribution margin wraps sales, gross margin decline, variable costs from increased e-commerce sales, DVW acquisition and re-allocation of segment costs

Stoker's Products Q2 2022 Commentary

($ in millions)	Q2 21	Q2 22	YoY	YTD 21	YTD 22	YoY
MST	$20.6	$22.0	6%	$39.0	$42.4	9%
Looseleaf	12.7	11.5	-10%	23.6	22.0	-7%
FRE		0.2			0.9	
Total Sales	$33.4	$33.6	1%	$62.6	$65.3	4%
Gross Profit	$18.1	$18.1	0%	$34.0	$35.8	5%
Margin	*54.4%*	*53.8%*		*54.4%*	*54.8%*	
Operating Income	$13.8	$13.4	-3%	$26.1	$26.9	3%
Margin	*41.4%*	*39.8%*		*41.6%*	*41.2%*	







- 1% sales growth in Q2 '22
  - MST +6% growth from continued Stoker's volume gain and pricing
    - Stoker's volume up 2.3% vs. category decline of -5.7% with 6.3% share (up 50bps yoy) in Q1 per MSAi
    - Stoker's share in stores selling at 9.8% (up 50bps yoy) per MSAi with presence in stores representing 64% of the volumes in the category
  - Looseleaf -10% decline
    - Category decline of -7.1% with TPB volumes down slightly less and Stoker's looseleaf as the #1 brand with 27.5% share during the quarter per MSAi
  - FRE added $0.2mm of sales with sales negatively impacted ahead of PMTA submission during the quarter but expected to ramp in 2H
- Gross Margin decreased 60bps due to FRE inventory write-down but increased 80bps excluding FRE with MST price growth and incremental volume offsetting looseleaf decline
- Operating margin decreased 160bps due to lower gross margin, higher sales and marketing costs (including FRE), and increased shipping costs

NewGen Products Q2 2022 Commentary

($ in millions)	Q2 21	Q2 22	YoY	YTD 21	YTD 22	YoY
Sales	$42.1	$23.1	-45%	$79.5	$46.6	-41%
Gross Profit	$14.1	$7.0	-51%	$26.6	$14.7	-45%
Margin	*33.5%*	*30.1%*		*33.4%*	*31.6%*	
Operating Income	$1.7	$0.6	-67%	$3.7	$1.2	-66%
Margin	*3.9%*	*2.4%*		*4.6%*	*2.6%*	

- Continued regulatory disruption led to -45% sales decline
- Gross Margin declined 340bps yoy due to product mix and the competitive environment
- Operating Income declined $1.1 million y-o-y due to lower sales 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	Q2 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	107.4
Net Debt	$294.2	$315.1
LTM Adj EBITDA	$108.1	$100.1
Net Leverage	2.7x	3.1x

- Ended quarter with $128.8 million of liquidity, comprised of $107.4 million in cash and $21.4 million of revolving credit facility capacity
- Repurchased 310,662 shares at an average price of $29.16 per share during the quarter ($8.8 million)

FY 2022 Outlook

- Due to the uncertain macro environment and slower than expected improvement in our NewGen Products segment, the Company now expects the following full-year 2022 results:
  - Zig-Zag Products sales of $193 to 200 million (compared to previous outlook of $193 to 203 million) vs. $176 million in FY 2021 (11% growth at mid-point)
  - Stoker's Products sales of $127 to $134 million vs. $124 million in FY 2021 (5% growth at mid-point)
  - Consolidated adjusted EBITDA of $97 to $103 million
- Other projections include:
  - Stock compensation and non-cash incentive expense of $6 million
  - 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 $10 million
  - PMTA Expense of $6 million

TURNING POINT™
BRANDS

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 June 30,	
	2022	**2021**
Net income attributable to Turning Point Brands, Inc.	$ 5,424	$ 15,355
Add:		
Interest expense, net	5,144	5,522
Income tax expense	1,569	4,424
Depreciation expense	879	758
Amortization expense	456	479
EBITDA	$ 13,472	$ 26,538
Components of Adjusted EBITDA		
Corporate restructuring (a)	270	-
ERP/CRM (b)	861	-
Stock options, restricted stock, and incentives expense (c)	1,502	2,764
Transactional expenses (d)	364	702
FDA PMTA (e)	1,957	-
Non-cash asset impairment (f)	6,300	-
Adjusted EBITDA	$ 24,726	$ 30,004

(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").
(f) Represents impairment of investment in dosist.