TURNING POINT™
BRANDS

# INVESTOR PRESENTATION

Q4 2021

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**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

# Company Overview

# TPB: A Unique Consumer Products Growth Company




**#1 Premium and Overall Rolling Paper Brand in the U.S. and Canada and #1 in MYO Cigar Wraps[1]**

**Segment Comprises Majority of Profit Pool and Benefits from Secular Growth Trends in Cannabinoid Consumption**




**#1 Loose Leaf Chew and Leading MST Value Brand[1]**

**20%**

**2021 EBITDA[2] Growth**

**NewGen**

**Significant Upside Opportunity to Leverage Fixed Cost Base via Share Gains and Market Consolidation**

**CapEx = ~1% Sales**

**average 2015-2021**

**Asset-light Business Model and Recession Resistant Products Drive Stable Cash Flow**

1. Per MSAi as of FY2021.
2. See "Non-GAAP Reconciliation" in Disclaimer.

# TPB is a Consumer Products company that markets strong brands



**BROAD PORTFOLIO OF ICONIC AND EMERGING BRANDS**

nu-X CBD
CLIPPER®
OLD PAL
dosist™
WILD HEMP®
MARLEY™
SOLACE.
FRE™
ZIG-ZAG®
Stoker's®
vaporfi®
Think It. Mix It. Vape It.®
SOUTH BEACH SMOKE
RIP TIDE®
The Original Blunt Wrap®
BEECH-NUT EST 1897
APPALACHIA
TROPHY
DURANGO
HAVANA BLOSSOM
BIG MOUNTAIN
TURNING POINT™ BRANDS

# TPB Business Segments

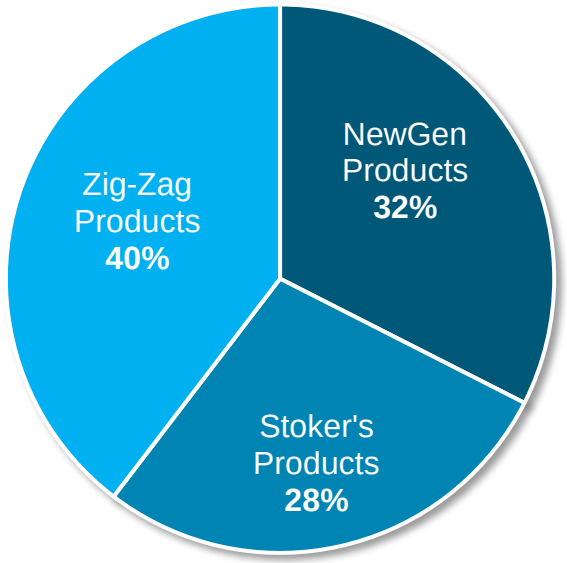
| | Zig-Zag Products | Stoker's Products | NewGen Products |
|---|---|---|---|
| | *Rolling papers and Make-Your-Own ("MYO") cigar wraps* | *Loose leaf chewing tobacco and moist snuff tobacco* | *Innovative alternative and vapor products* |
| **FY 2021[1]** | **$176mm** | **$124mm** | **$145mm** |
| **Key Brands** | ZIG-ZAG, CLIPPER | Stoker's, APPALACHIA, BEECH-NUT, TROPHY, HAVANA BLOSSOM, BIG MOUNTAIN, DURANGO | SOLACE, nu-X, dosist, FRE, vaporfi, MARLEY, DIRECT VAPOR, VAPOR BEAST, WILD HEMP, OLD PAL |
| **Strategic Priorities** | • Accelerate growth in the near term<br>• Capture growth in cannabinoid consumption<br>• Drive recently launched product offerings and expand penetration in e-commerce and alternative channels (head shops, dispensaries)<br>• CLIPPER distribution expansion | • Capitalize on strong growth in Moist Snuff Tobacco and stability of tobacco chew<br>• Stoker's: the leading value brand in tobacco chew with a long runway for growth in MST<br>  ▪ "Great dip at a fair price"<br>• Growth predominantly driven by same store sales with opportunity for further expansion and distribution gains | • Focus on margin expansion from proprietary product mix shift and industry dynamics<br>• Consolidate the open tank vape market following the impact of the PMTA process<br>• Continue to seek new opportunities for growth from innovation and new channel expansion<br>• Cannabinoid investments: dosist, Wild Hemp, Docklight (Marley), Old Pal |

1. FY Period Ended 12/31/21

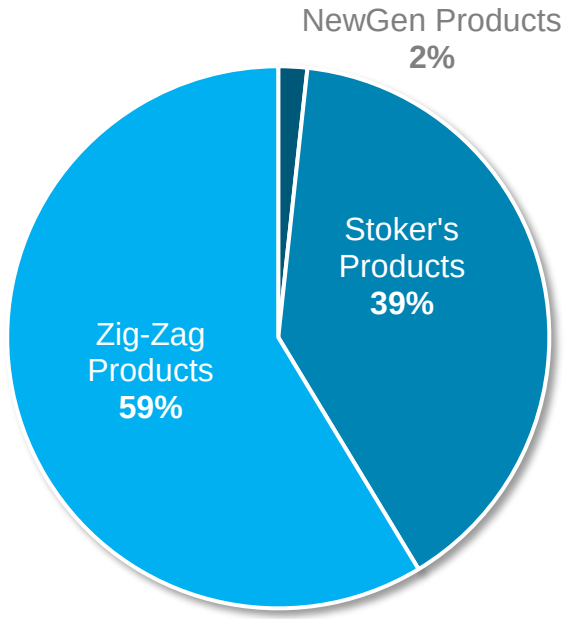
# A Diversified Portfolio of Product Lines

## Diversified Revenue Mix with a Majority of Profits and Growth Driven by Zig-Zag

### Sales



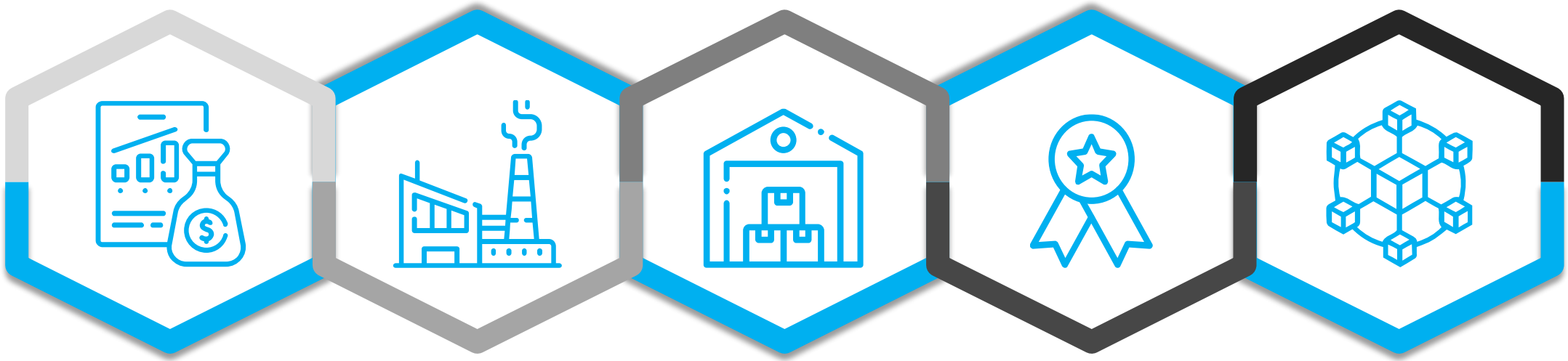

### Adjusted Operating Income




**Strong growth and profitability in core segments (Zig-Zag and Stoker's) with significant upside optionality for NewGen segment**

Note: Segment splits represent LTM Period Ended 12/31/21.

# Efficient Manufacturing, Supply & Distribution Model



## ASSET LIGHT APPROACH

Asset-Light approach allows TPB to maintain low overhead costs, maximize operational flexibility, and invest minimal CapEx

## THIRD-PARTY SOURCING

~80% of net sales are from products manufactured by third-party manufacturers

## NATIONAL DISTRIBUTION

National distribution coupled with national account sales team focused on chains and regional sales teams focused on independents maximizes breadth of reach

## BEST-IN-CLASS SUPPLY CHAIN

Sourcing teams in Asia and across North American farm networks source highest quality products

## B2C AND B2B CAPABILITIES

Online B2C distribution platforms reach millions of customers, B2B e-commerce platform caters to alternative stores with capabilities to deliver regulated products

# TPB Strategic Priorities













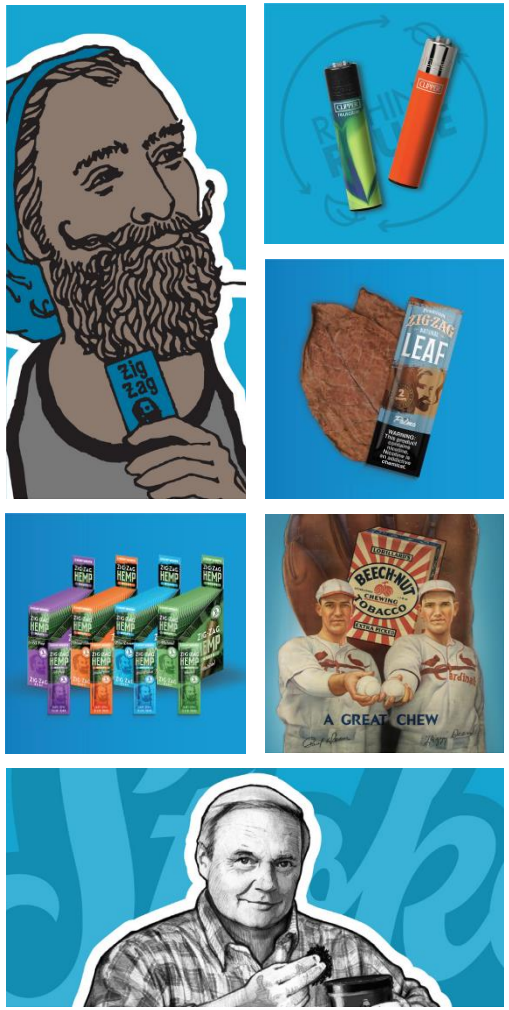






- Grow Share of Existing Product Lines, Domestically and Internationally
- Expand into Adjacent Categories through Innovation and New Partnerships
- Increase our Mix of Proprietary Products in NewGen
- Accelerate Growth via National Distribution Network
- Strategically Pursue Acquisitions
- Maintain Lean, Low-Cost Operating Model

# TPB Key Investment Highlights




1. Large, Leading Brands with Significant Scale
2. Exposure to Growing Cannabinoid Consumption Trends
3. Successful Track Record of New Product Launches and Category Expansions
4. E-Commerce Capabilities
5. Extensive Distribution Network and Data Driven Sales Organization
6. Asset-light Business Model that Generates Resilient Free Cash Flow
7. Expertise to Succeed in Dynamic Regulatory Environments
8. Experienced Management Team

# Zig Zag Products: Iconic Brand with Leading Market Share

## About Zig-Zag

Embedded into pop culture with a storied history that dates over 120 years

## Papers

#1 premium and overall rolling paper brand sold in the U.S.[1] and Canada[2]

## Wraps

Market leader in MYO cigar wraps with a majority share of the market[1]

## New Product Launches

Continued roll-out of paper cones, unbleached and hemp rolling papers along with new product introductions

## #1 Brand

Zig Zag owns ~34%[1] of the rolling paper market in the US and a majority of the cigar wraps market









1. Per MSAi as of FY2021.
2. Management estimates.

# Zig Zag Products: Expanding Portfolio and Sales Channels

## Classic Zig-Zag Products




### Iconic Products with Strong Brand Recognition

"Zig-Zag Orange" and "Zig-Zag White" are long-standing industry staples

## Growth Initiatives




New products and accessories (paper cones natural leaf, hemp wraps, cigars, etc)

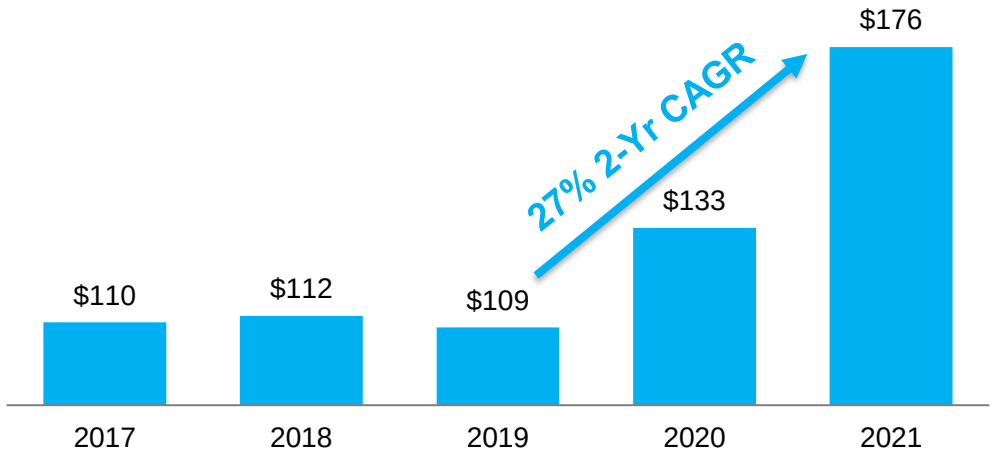
Re-vamped e-commerce Platform (now double-digit % of US paper sales)

Enhanced brand presence in headshops and dispensaries; Turning Point Brands Canada ramp up

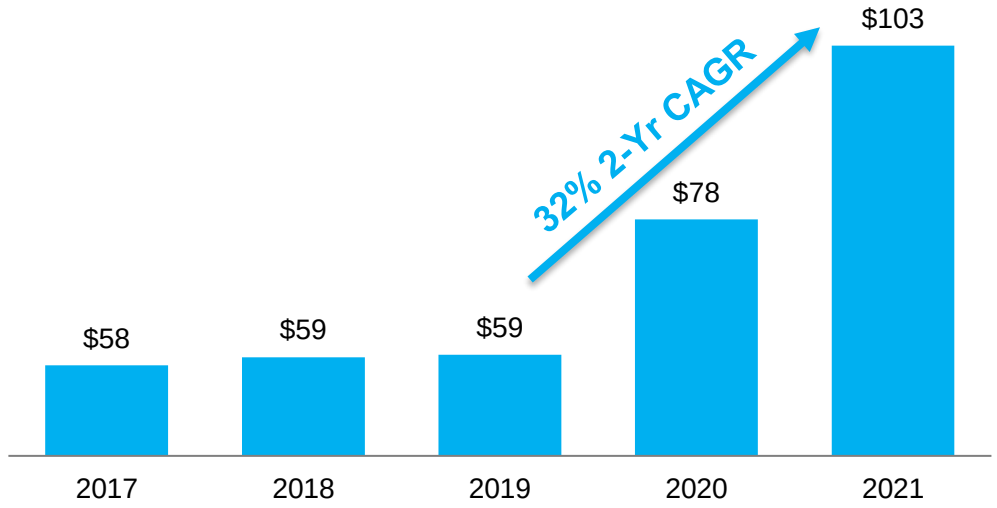
# Zig Zag Products: Continued Profit and Margin Growth

**Rejuvenated segment with growth initiatives focused on new product introductions and channel expansions aligned with secular market growth trends**

## Net Sales




## Adjusted Gross Profit




***Growth initiatives have fundamentally changed the growth profile of the segment over the last two years***

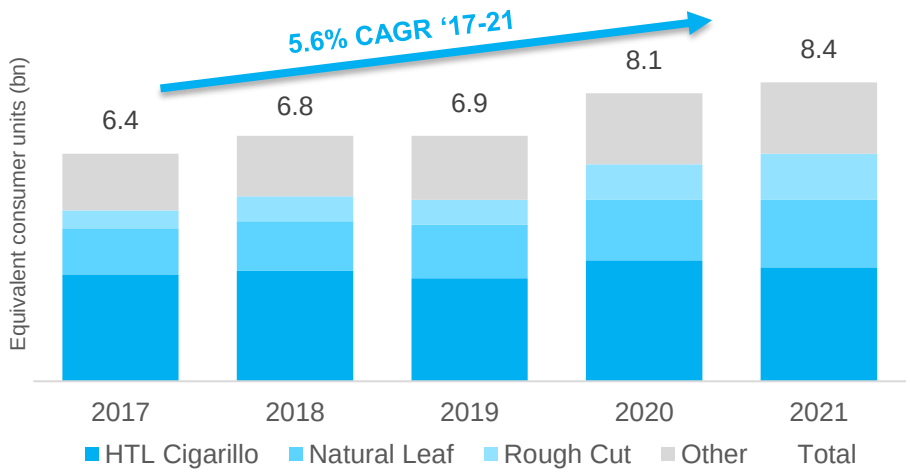
Figures are $ in millions.

# Cigars Opportunity

**Strategic investment to acquire portfolio of Unitabac cigar assets in July 2021**
Provides a more effective platform to re-enter a large and growing market

- Allows TPB to re-enter a multi-billion dollar category that is experiencing strong growth
- High barriers to entry and significant scarcity value of "grandfathered" tobacco products due to increased FDA regulatory requirements
- Diversified product offerings and brands across homegenized tobacco leaf (HTL), natural leaf, and rough cut cigar segments
- Opportunity to leverage Unitabac infrastructure and TPB retail footprint to expand reach into the cigar category through increased distribution and new line extensions with Zig-Zag branded cigars
  - Introducing Zig-Zag rough cut cigars in Q1 '22
- Increases TPB exposure to cannabis given cigars are preferred wrapper form factor of choice for many consumers according to industry analysts

## Large Cigar Category Growth




| | '17-21 CAGR |
|---|---|
| HTL | 0.9% |
| Natural Leaf | 8.7% |
| Rough Cut | 23.2% |
| Other | 4.2% |
| **Total** | 5.6% |










Chart Source: MSAi measured channel; Figures are in bn of equivalent consumer units.

# CLIPPER Distribution Agreement

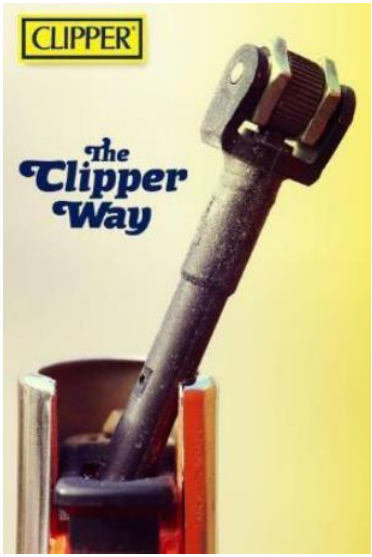
## CLIPPER and Zig-Zag are iconic, lifestyle brands with gold standard products and a long, respected history

- Entered into agreement with Flamagas for exclusive distribution of CLPPER® lighters in the U.S. and Canada
- CLIPPER is the #1 reusable lighter and #2 overall lighter in the world with a legacy that dates back to 1971 and a loyal global consumer base
- Unique cylindrical shape with a flint and trendy collections make it the preferred lighter in the “roll-your-own” cannabis market
- Allows TPB to enter a large market benefitting from increased cannabis consumption that leverages its existing distribution infrastructure
- Cross-selling synergies with Zig-Zag’s strong leading position in convenience stores and CLIPPER’s leading position in headshops and dispensaries







# Poised to Benefit from Cannabinoid Consumption Growth

**Large potential Total Addressable Market with significant opportunity for TPB expansion**

## TPB Poised to Benefit from Increased Cannabinoid Consumption

| 2020 | | 2026E |
|---|---|---|
| $18.0bn Legal U.S. Cannabis | 18% CAGR | $47.5bn[1] Legal U.S. Cannabis |
| $4.1bn U.S. and Canada CBD | 32% CAGR | $22bn[2] U.S. and Canada CBD |

### Paper Cones




Evolving market segment with potential for significant scale; Zig-Zag's recently launched products have a long runway for growth as they gain market share

### Hemp Wraps




High growth potential for new products in hemp space due to brand strength and loyalty, and growing demand for natural and organic materials

### Cigars / MYO Wraps



Strong brand recognition as the market leader in MYO wraps will be leveraged in re-entry of the cigar market

### Strategic Investments




Investments in dosist, Wild Hemp, Docklight Brands (Marley) and Old Pal serve as catalysts for growth

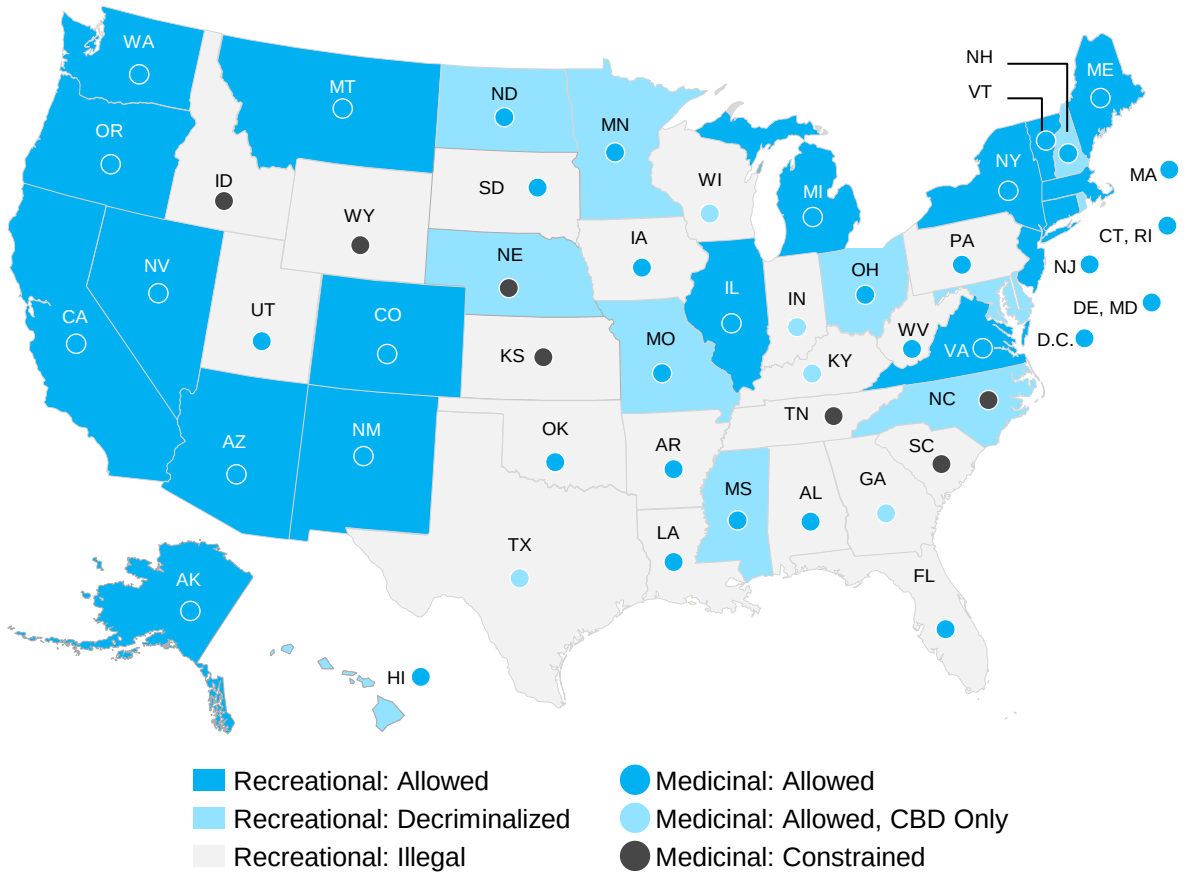
1. BDSA September 2021.
2. BDSA June 2021.

# Positioned to Capture Growing Cannabinoid Consumption

**18 U.S. states and DC have legalized cannabis and 37 states and DC allow for medical cannabis programs**

**68%**

**of Americans now favor cannabis legalization, double what it was 20 years ago[1]**




**Dec 2020:** U.S. House voted in favor of the MORE Act to remove marijuana from the federal list of controlled substances

**1H 2021:** Virginia, New Mexico, New York and Connecticut passed measures to legalize adult use of cannabis

**July 2021:** Federal legislation to legalize, tax, and regulate adult use cannabis released by Senate Democrats

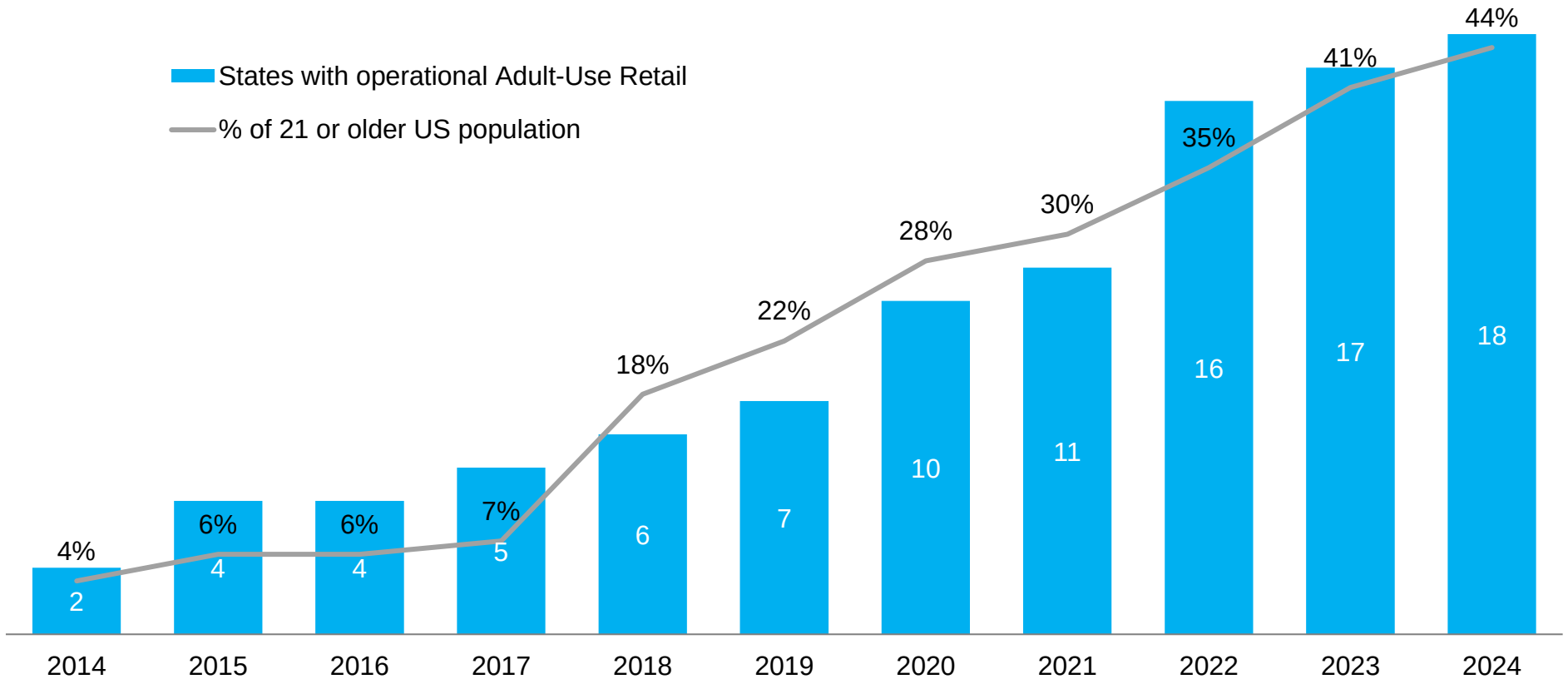
**November 2021:** Republican-backed decriminalization bill, the States Reform Act, introduced

**Feb 2022:** U.S. House passed cannabis banking reform (SAFE Banking Act) for 6th time

1. Gallup October 2021 Poll.

# Legalization Trends

## % of U.S. adult population living in recreational use states will jump from 30% to 44% from 2021-2024



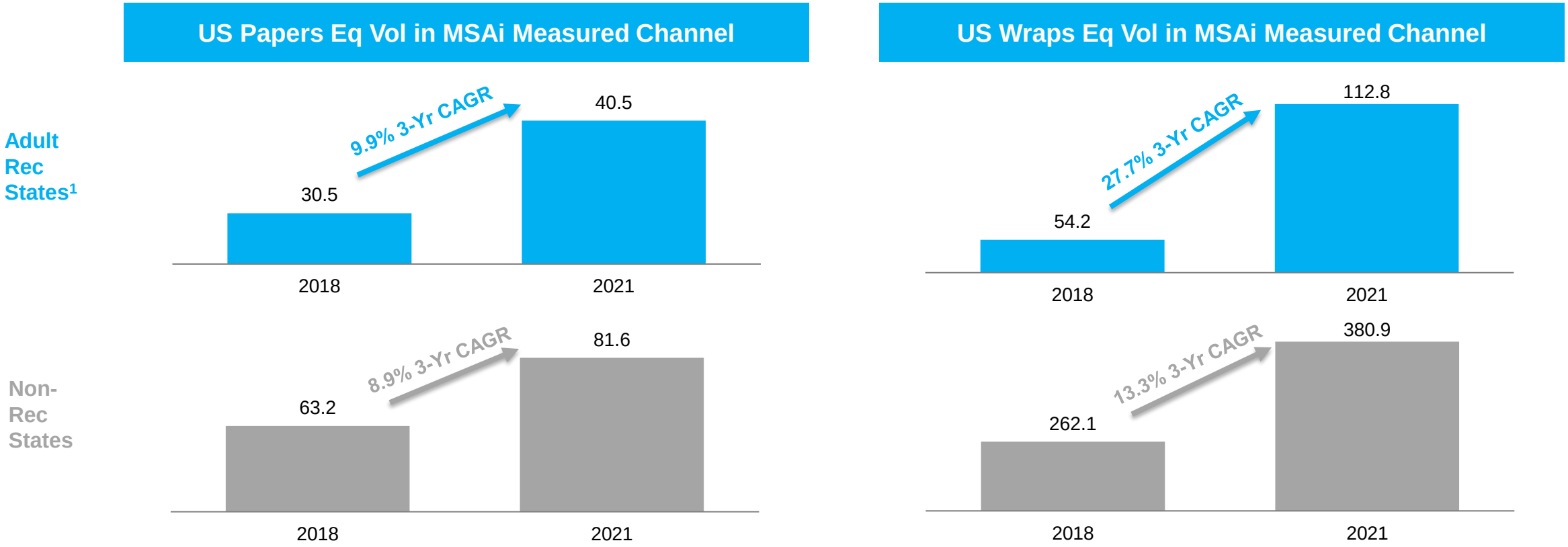

***The industry is benefitting from decriminalization and legalization trends across the United States***

Source: BDSA December 2021 and US Census 2020; Excludes other states likely to legalize before 2024

# Legalization Impact

**Industry volume growth in adult rec states has outpaced growth in non-rec states especially in wraps**

Growth does not reflect shift into non-measured alternative channels (headshops, dispensaries) in rec states




***The industry is benefitting from decriminalization and legalization trends across the United States***

Source: MSAi; Figures are in mm of equivalent consumer units.
1. 11 US States (AK, CA, CO, IL, MA, ME, MI, NV, OR, VT, WA) and DC.

# Stoker's

# Stoker's Products: Iconic Brand with Sustained Growth

## About Stoker's

Building brand equity for over 80 years. Stoker's is the #1 loose-leaf chew brand[1] and a leading MST value brand

**60%**

Stoker's created the MST Tubs category and is the category leader with 60%[1] share

## MST TUBS

Introduced a larger tub format Moist Snuff Tobacco (MST) product driving category over the last 10+ years




## MST Cans

Accelerating strength from distribution gains and same-store sales growth. Significant recent chain launches




## Chew

#1 discount and overall loose-leaf chew brand in the US[1]. TPB's brands collectively hold ~33%[1] of the loose-leaf chew market



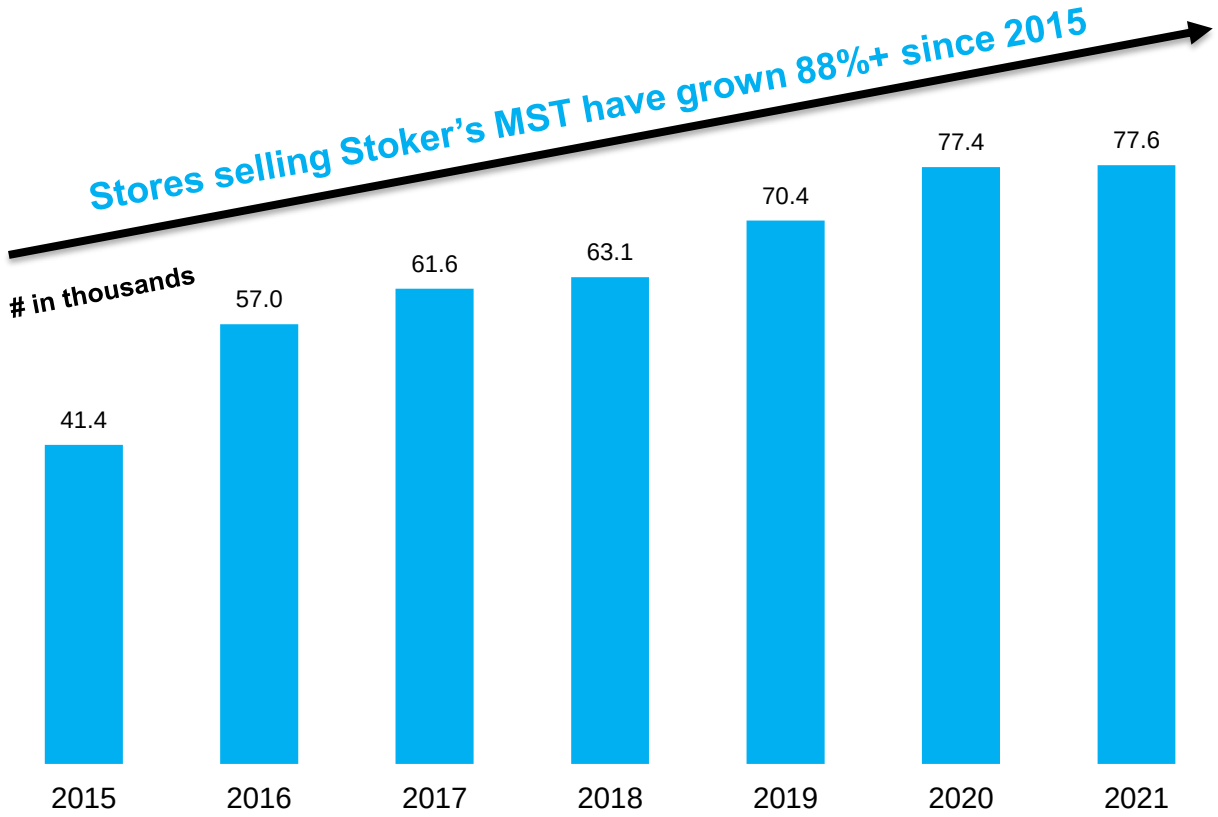

1. Per MSAi as of FY2021.





TURNING POINT BRANDS

# Stoker's Products: Continued MST Distribution Gains




Store count excludes ~14k lower sales velocity Dollar General stores added in 2Q18.

## Long Runway for Growth

Currently in stores representing ~63%[1] of volume weighted distribution

Additional ~30-50k stores targeted for national distribution



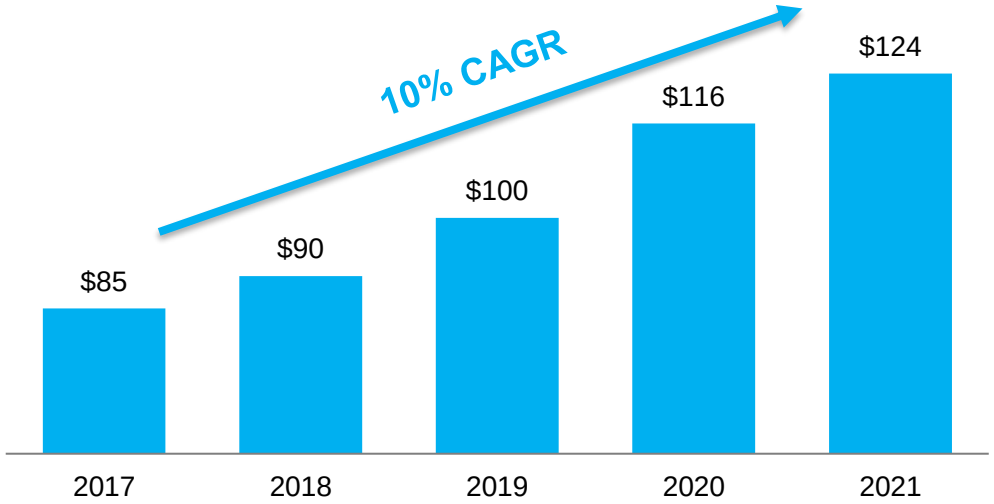



1. Per MSAi as of 4Q21.

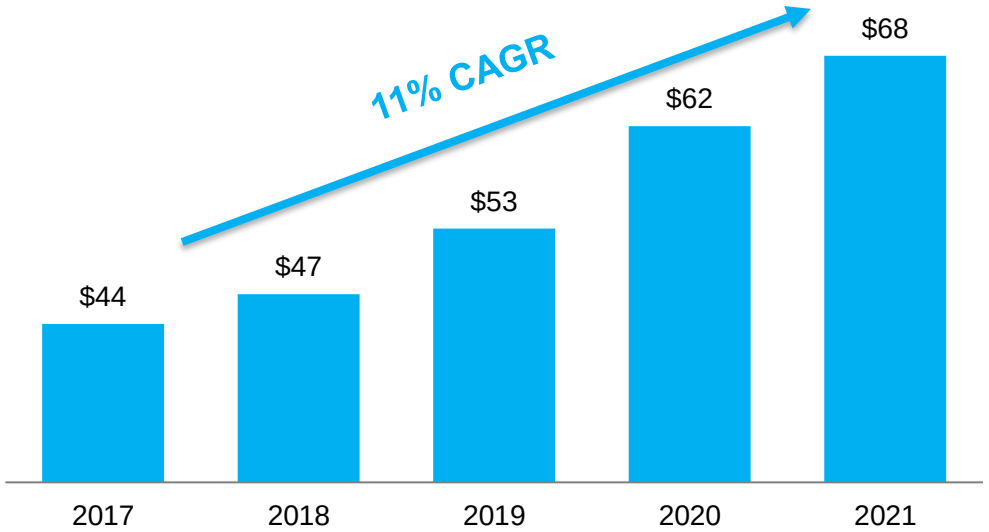
# Stoker's Products: Continued Profit and Margin Growth

**Smokeless Net Sales and Gross Profit have shown steady growth**

## Net Sales




## Adjusted Gross Profit




***Continued growth and operating leverage driven by MST volume gains***

Figures are $ in millions.

# NewGen: Proprietary Products Growth

**Executing on a multi-year journey to increase proprietary products sales in the NewGen segment**

Target for proprietary product gross margins (50%+) to exceed third-party product gross margins (20% - 40%)[1]

**2016**
Acquired VaporBeast, leading third-party B2B distributor of open systems vaping products

**2017**
Acquired VaporShark, one of the first proprietary vaping brands

**2018**
Acquired IVG, expanding B2C distribution including proprietary VaporFi brand and the Direct Vapor platform

**2019**
Acquired Solace, a leading proprietary open systems vaping brand; and launched Nu-X, a development engine for non-vape and other proprietary products

**2020**
Submitted applications covering 250 products through the FDA PMTA process that will consolidate the market; Invested in Wild Hempettes to become its exclusive distributor




**2021-2023**
Continue expanding proprietary growth through new introductions on Nu-X (FRE) and significant SKU consolidation in the vaping market

**Proprietary Products as % of Net Sales[2]**

**~17%** | **~20%** | **Target ~50%+[3]**

1. Management estimates.
2. Excludes V2 and RipTide.
3. Targets are for illustrative purposes and should not be relied upon as indicative of future results. The assumptions and estimates underlying our targets are inherently uncertain and achievement of our targets are subject to a wide variety of significant risks and uncertainties that could cause actual results to differ from our target. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of the offering memorandum. Nothing in this presentation should be regarded as a representation by any person that these targets will be achieved and TPB undertakes no duty to update its targets.

# NewGen Business Update

**Remaining nimble as PMTA process develops to position the segment for upside in a post-PMTA environment**

## Successfully Repositioned NewGen

- Restructured to optimize the vapor business including a company-wide workforce reduction of 10%, consolidation of warehouses, elimination of unprofitable platforms
- Pivoting from the third-party vaping business to focus sales and marketing resources on proprietary brands
- Investing in the FDA PMTA process for TPB's proprietary vape brand
- Expanding portfolio for emerging products such as modern oral (FRE)
- Recent strategic partnerships / investments with Wild Hempettes, dosist, Docklight (Marley brand), and Old Pal

## Poised for Future Growth

- ✓ **Increase mix of higher margin proprietary products**
- ✓ **Grow the open tank vape business and leverage the fixed cost base via share gains by capitalizing on regulatory driven market consolidation**
- ✓ **Enhance TPB's distribution capabilities for regulated products and strong e-commerce platform**

Source: Company filings.

# Powerful Distribution Infrastructure

**North American retail presence that reaches over ~210,000 outlets + B2C online sites**




TURNING POINT™ BRANDS

National sales team selling to over 85,000 national chain stores

Regional sales team selling to over 95,000 independent convenience stores

nu-Xventures

Dedicated product sales teams and brand specific B2C/B2B platforms

*zigzag.com*
*nu-x.com*
*nu-xnutra.com*
*solacevapor.com*
*solacechew.com*

DIRECT VAPOR® HUGE SELECTION • LOW PRICES

vaporfi® Think It. Mix It. Vape It.®

Online B2C distribution platforms selling to ~1.5 million unique customers

*directvapor.com*
*vaporfi.com*

VAPOR BEAST

Online B2B platform reaching ~4,000 alternative stores

*vaporbeast.com*

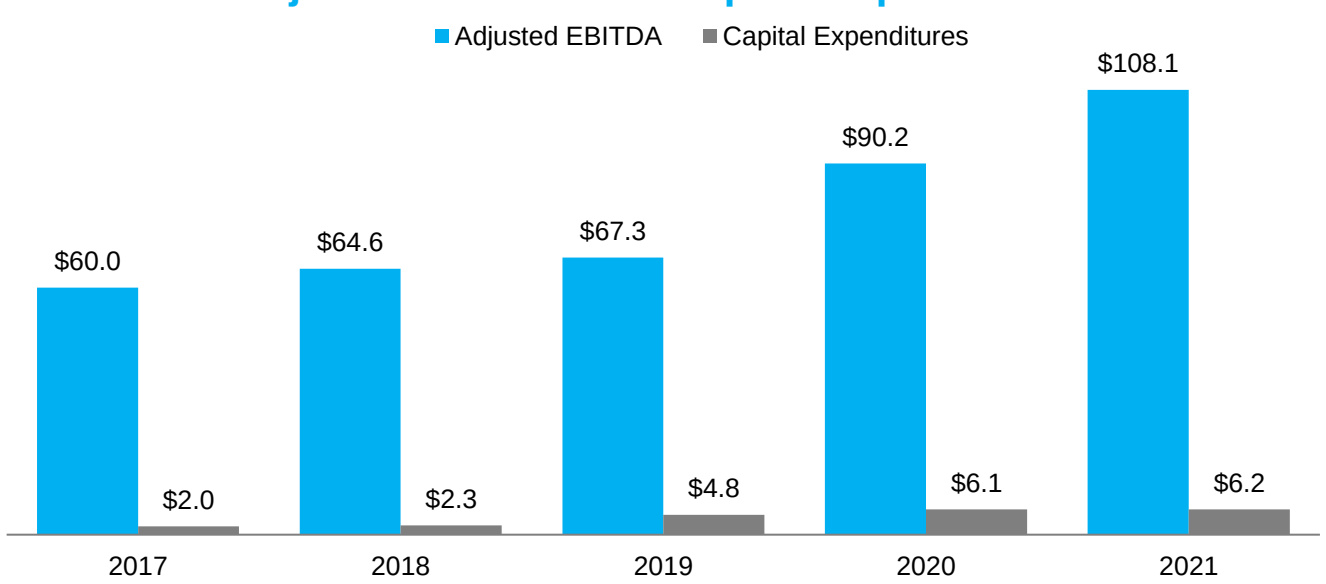
# Building a Capital Efficient Business Model

**Asset-light business model that generates resilient free cash flow**

## Initiatives:

- ✓ Outsourced manufacturing of most products except Stoker's MST supports se-light model
- ✓ Capital efficiency enables investment in sales force expansion (a proven revenue driver), working capital and infrastructure to support new product launches
- ✓ Re-deploy cash flow from our core businesses for accretive acquisitions and strategic investments

## Adjusted EBITDA vs. Capital Expenditures




## Results:

Significant cash flow available to reinvest in the business

***Stability of cash flow is enhanced by our recession-resistant, staple products that are small ticket purchases for repeat consumers***

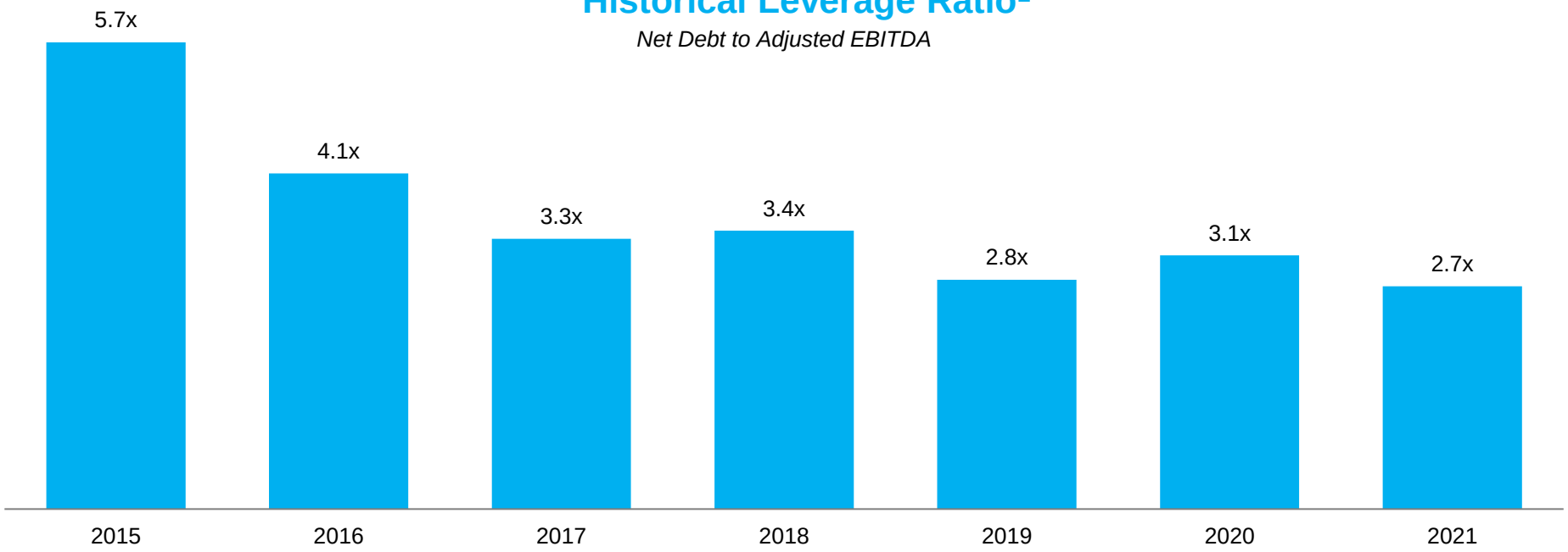
Note: Figures are $ in millions. Adjusted EBITDA Cash Conversion calculated as Adjusted EBITDA less Capex divided by Adjusted EBITDA. See "EBITDA Adjustment Detail" slide.

# Conservative and Prudent Financial Policies

**Turning Point has taken a prudent approach to liquidity management and has successfully de-levered**

## Historical Leverage Ratio[1]

*Net Debt to Adjusted EBITDA*




| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| **Dividends Paid** | -- | -- | -- | $3.1[2] | $3.5 | $3.8 | $4.1 |

Note: Dividends Paid are $ in millions.

1. TPB calculates Leverage Ratio by dividing Notes payable and long-term debt, less Cash, by LTM Adjusted EBITDA.
2. The initial quarterly dividend was paid on December 15, 2017 (aggregate amount of $0.8 million) and that payment is included in the 2018 figure for y-o-y comparability purposes.

# Track Record of Success Navigating an Evolving Regulatory Backdrop

**TPB has extensive experience managing regulatory regime changes and continues to make investments that enhance its regulatory position among competitors**

## REGULATORY STRATEGY

- TPB does not sell cigarettes in the US, the primary target of the FDA
- Concentrated effort to shape premarket pathway for future innovation
- Experienced team of TPB professionals and consultants
- Building consensus among like-minded small and mid-sized businesses to drive policy
- Increased regulation rationalizes market in favor of those who can navigate shifting regulation
- Invested ~$19 million to support an extensive portfolio of products through the PMTA process

## TPB has unique capabilities to get proprietary brands through regulatory regime changes

- FDA's PMTA process is a transformational regulatory process that likely consolidates the vape market
- Submitted applications for 250 products ahead of the PMTA deadline on September 9, 2020
- NewGen is well-positioned for growth in a post-PMTA environment with its extensive product portfolio

# Highly Experienced Senior Leadership Team



## YAVOR EFREMOV

**President & Chief Executive Officer**

Joined TPB in **2021**

- Previously served as CEO of Motorsport Network and as a senior executive at Liberty Media Corp. sourcing large transactions
- Prior to that, was an investment banker at Goldman Sachs & Co and corporate lawyer at Cleary, Gottlieb, Steen & Hamilton



## GRAHAM A. PURDY

**Chief Operating Officer**

Joined TPB in **2004**

- Previously held various key roles including President of Nu-X and the head of TPB's sales organization
- Had 7-year career at Philip Morris, USA prior to joining TPB, where he served in various senior sales and sales management positions



## LOUIE REFORMINA

**Chief Financial Officer**

Joined TPB in **2019**

- Joined TPB after two decades in finance and investment roles including at Point72 Asset Management, Waterfront Capital Partners, Perella Weinberg Partners, Vestar Capital Partners, and Goldman Sachs & Co



## BRITTANI N. CUSHMAN

**General Counsel & Secretary**

Joined TPB in **2014**

- Spent 4 years with Xcaliber International prior to joining TPB
- President of the Coalition of Manufacturers of Smoking Alternatives and Board member of the U.S. Hemp Roundtable





TURNING POINT BRANDS

# Financial Update

# Recent Business Performance

## Strong recent performance in our core business and nimble approach with NewGen

| | |
|---|---|
| **Recent Performance** | • Q4 2021 Financial Results: Net Sales of $105 million in-line with Q4 2020 and Adjusted EBITDA[1] of $24 million<br>• FY 2022 Guidance limited to Zig-Zag and Stoker's given limited short-term visibility in the vape market<br>  • Zig-Zag Products sales of $193 to 203 million vs. $176 million in FY 2021 (12% growth at mid-point)<br>  • Stoker's Products sales of $127 to $134 million vs. $124 million in FY 2021 (5% growth at mid-point)<br>  • Current expectation is to generate consolidated adjusted EBITDA in-line with fiscal year 2021 despite anticipated volatility in the NewGen Products segment |
| **Key Drivers** | • Internal growth initiatives are driving a majority of the growth with core businesses outpacing market growth<br>• Secular trends benefitting rolling paper and wraps market; consumer down-trading benefitting Stoker's<br>• CLIPPER represents significant long-term opportunity and cross-selling synergies with Zig-Zag<br>• Navigating through a challenging transition period in the vape market driven by the ongoing PMTA process and the PACT Act<br>• $150 million of available liquidity at end of Q4 2021 leaves TPB well capitalized to take advantage of market opportunities |

**Management is focused on executing on its plan for growth and utilizing strong balance sheet and free cash flow generation towards value-adding investments**

1. See "EBITDA Adjustment Detail" slide.

# Total Sales and Segment Breakdown

## Internal initiatives leading to accelerated organic growth in core segments

| | 2017 | 2018 | 2019 | 2020 | 2021 | YoY |
|---|---|---|---|---|---|---|
| **Zig-Zag Products** | | | | | | |
| Wraps | $47 | $49 | $52 | $66 | $79 | *19%* |
| US Papers[1] | 38 | 38 | 38 | 52 | 67 | *27%* |
| Canada | 12 | 14 | 11 | 9 | 25 | *179%* |
| Cigars / Other [2] | 14 | 10 | 7 | 5 | 6 | *14%* |
| **Total** | **$110** | **$112** | **$109** | **$133** | **$176** | ***33%*** |
| **Stoker's Products** | | | | | | |
| MST | $35 | $42 | $54 | $68 | $78 | *15%* |
| Looseleaf | 49 | 48 | 46 | 48 | 46 | *-3%* |
| **Total** | **$85** | **$90** | **$100** | **$116** | **$124** | ***7%*** |
| **NewGen Products** | **$91** | **$131** | **$153** | **$156** | **$145** | ***-8%*** |
| **Total Net Sales** | **$286** | **$333** | **$362** | **$405** | **$445** | ***10%*** |

**Zig-Zag Products Future Drivers**

- Industry levered to cannabinoid consumption
- *Wraps:* New product introductions (ZZ Hemp wraps and natural leaf wraps)
- *US Papers:* New product ramp-up (eg cones), alternative channel penetration (headshops and dispensaries) and e-commerce ramp
- *Canada:* Alternative channel / TPB Canada growth
- *Cigars / Other:* CLIPPER and Cigars re-entry

**Stoker's Products Future Drivers**

- *MST:* Same-store sales growth and long runway for distribution ramp
- *Looseleaf:* Vol declines offset by pricing

**NewGen Products Future Drivers**

- PMTA and PACT Act causing short-term disruption but creates long-term opportunity

Note: Figures are $ in millions.

1. Includes Zig-Zag e-commerce sales.
2. Includes cigars, accessories and de-emphasized low-margin products including MYO / pipe products (discontinued in 1Q20).

# ESG

# Commitment to ESG

MSCI ESG RATINGS A

CCC | B | BB | BBB | A | AA | AAA



**We believe that focusing on our consumers and customers, while proactively and productively addressing the environment, our employees, our community, and society at large, is the key to driving value for all stakeholders**

| | |
|---|---|
| **Improving Public Health** | • Our vision is to provide adult consumers with a broad portfolio of high-quality products with the potential to improve public health |
| **Preventing Youth Usage** | • As a seller of products intended for adult-use only, society demands a higher burden of responsibility from us, and we are committed to being proactive in order to prevent under-age appeal of, and access to, our products |
| **Commitment to our Environment** | • Being good stewards of the planet will support our business success. Our goal is to reduce our carbon footprint while reducing other waste streams and maximizing recycling |
| **Meaningful Social Impact** | • Our goals are to provide an injury-free and diverse workforce in order to provide a winning culture and be the employer of choice |
| **Strong Corporate Governance** | • Good corporate governance is critical to our operating principles of winning with accountability, integrity, and responsibility |

# 2021 ESG Highlights

MSCI ESG RATINGS A

CCC | B | BB | BBB | A | AA | AAA

**We believe that focusing on our consumers and customers, while proactively and productively addressing the environment, our employees, our community, and society at large, is the key to driving value for all stakeholders**

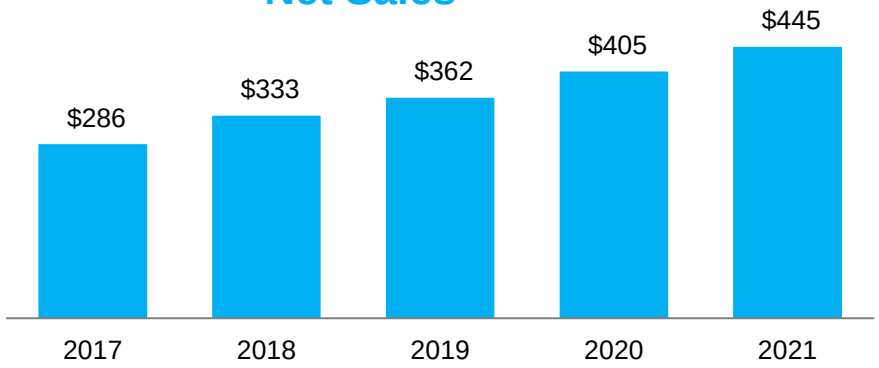
| | |
|---|---|
| **Improving Public Health** | • The FDA accepted PMTA filings for 250 vaping products that have the opportunity to reduce the harm from cigarette smoking and must meet the standard appropriate for the protection of public health. |
| **Preventing Youth Usage** | • Continued focus and training on policies related to restricting youth access and exposure |
| **Commitment to our Environment** | • A year-on-year reduction in carbon emissions from our fleet<br>• A year-on-year increase in our recycled waste<br>• A year-on-year improvement in our carbon intensity, waste intensity, and water intensity |
| **Meaningful Social Impact** | • Continued to achieve a safety incident rate well below reported industry average<br>• Women represented 33% of our workforce and 24% of our managerial roles<br>• Underrepresented minorities represented 27% of our workforce and 19% of our managerial roles |
| **Strong Corporate Governance** | • Zero reported breaches of our Business Conduct Policy<br>• Underrepresented minorities represented 33% of our Board and women represented 22% of our Board |

*More disclosure to come on our website [www.turningpointbrands.com/ESG](www.turningpointbrands.com/ESG)*

# Appendix

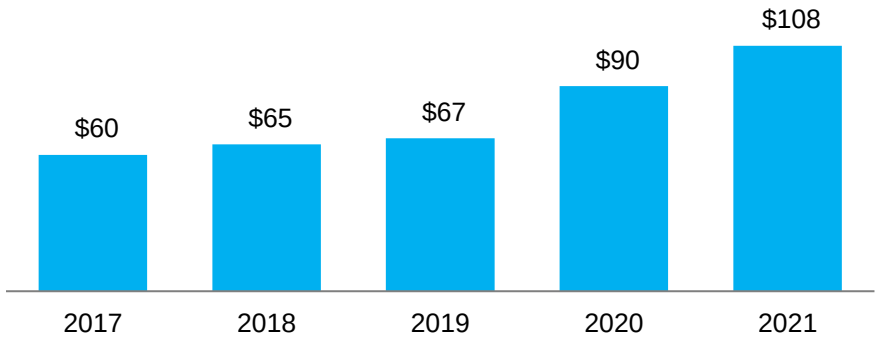
# Historical Financials

## Net Sales



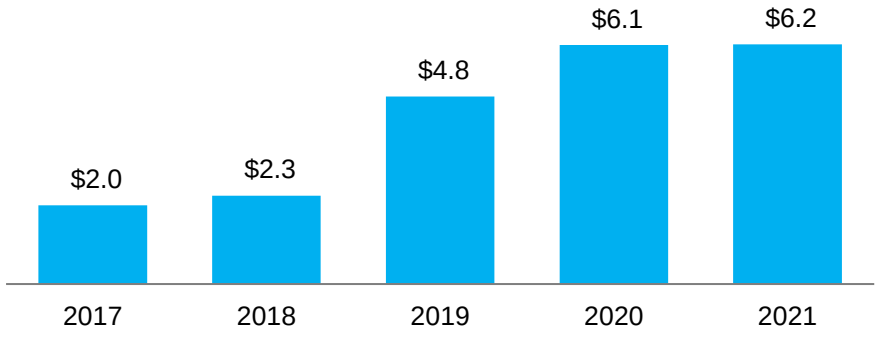

| % Growth | 38.6% | 16.4% | 8.8% | 11.9% | 10.0% |
|---|---|---|---|---|---|

## Adjusted EBITDA[1]



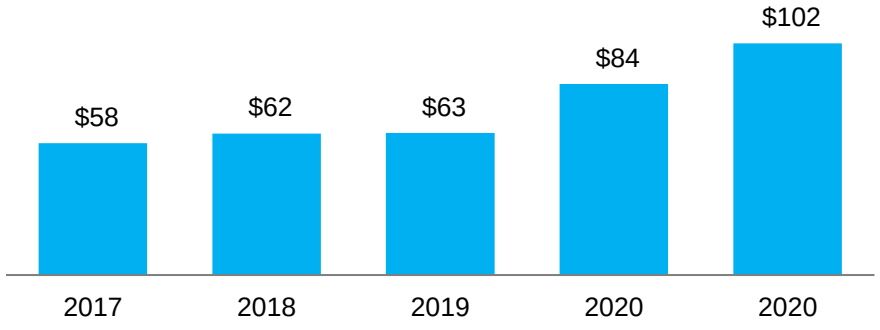

| % Margin | 21.0% | 19.4% | 18.6% | 22.3% | 24.3% |
|---|---|---|---|---|---|

## Capital Expenditures




| % Margin | 0.7% | 0.7% | 1.3% | 1.5% | 1.4% |
|---|---|---|---|---|---|

## Free Cash Flow[1] (Adjusted EBITDA Less CapEx)




| % Margin | 20.3% | 18.7% | 17.3% | 20.8% | 22.9% |
|---|---|---|---|---|---|

Note: Figures are $ in millions.
1. See "EBITDA Adjustment Detail" slide.

# EBITDA Adjustment Detail

Reconciliation of GAAP Net Income to Adjusted EBITDA

| ($ in millions) | 2017 | 2018 | 2019 | 2020 | 2021 | Q4 21 |
|---|---|---|---|---|---|---|
| **Net income attributable to Turning Point Brands, Inc.** | $20.2 | $25.3 | $13.8 | $38.2 | $52.1 | $11.5 |
| Add: | | | | | | |
| Interest expense, net | $16.9 | $14.8 | $17.3 | $13.5 | $20.5 | $5.1 |
| Loss on extinguishment of debt | 6.1 | 2.4 | 1.3 | 0.0 | (2.2) | (7.5) |
| Income tax expense | 7.3 | 6.3 | 2.0 | 12.0 | 14.0 | 2.9 |
| Depreciation expense | 1.6 | 2.1 | 2.6 | 3.2 | 3.1 | 0.8 |
| Amortization expense | 0.7 | 1.0 | 1.5 | 1.8 | 1.9 | 0.5 |
| **EBITDA** | **$52.8** | **$51.9** | **$38.6** | **$68.7** | **$89.5** | **$13.2** |
| | | | | | | |
| Components of Adjusted EBITDA | | | | | | |
| Other (a) | $1.3 | $0.4 | $0.4 | $1.0 | $0.0 | $0.0 |
| Stock options, restricted stock, and incentives expense (b) | 0.7 | 1.4 | 4.6 | 2.6 | 7.6 | 1.5 |
| Transactional expenses and strategic initiatives (c) | 2.1 | 4.5 | 1.8 | 3.1 | 1.3 | 0.2 |
| New product launch costs (d) | 2.4 | 1.8 | 6.2 | 0.0 | 0.0 | 0.0 |
| FDA PMTA (e) | 0.0 | 0.0 | 2.2 | 14.4 | 1.7 | 0.7 |
| Corporate and vapor restructuring (f) | 0.6 | 4.6 | 19.2 | 0.5 | 1.0 | 1.0 |
| Vendor settlement (g) | 0.0 | 0.0 | (5.5) | 0.0 | 0.0 | 0.0 |
| Bonus (h) | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-cash asset impairment (i) | 0.0 | 0.0 | 0.0 | 0.0 | 7.1 | 7.1 |
| **Adjusted EBITDA** | **$60.0** | **$64.6** | **$67.3** | **$90.2** | **$108.1** | **$23.8** |

(a) Represents LIFO adjustment, non-cash pension expense (income) and foreign exchange hedging.
(b) Represents non-cash stock options, restricted stock, incentives expense and Solace PRSUs.
(c) Represents the fees incurred for transaction expenses and strategic initiatives.
(d) Represents product launch costs for our new product lines.
(e) Represents costs associated with applications related to FDA PMTA.
(f) Represents costs associated with corporate and vapor restructuring including severance and inventory reserves. 2020 represent the costs from the retirment of a senior executive.
(g) Represents net gain associated with the settlement of a vendor contract.
(h) Represents bonuses associated with the December 2017 Tax Cuts and Jobs Act and non-recurring compensation expenses incurred coinciding with the May 2016 IPO.
(i) Represents impairment on investments.

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# THANK YOU