



**TURNING POINT™**  
B R A N D S

# Investor Presentation

**Q3 2024**

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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.

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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.

# 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<sup>1</sup>

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



#1 Loose Leaf Chew and Leading MST Value Brand<sup>1</sup>

**9%** 4-Yr EBITDA<sup>2</sup> CAGR

Continue to improve capital structure, invest in our business, return capital to shareholders



Significant Opportunity to Participate in the growing Modern Oral Category with a differentiated offering

CapEx ~1.5% Net Sales average 2019-2023<sup>(2)</sup>

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

1. Per MSAi as of FY2023.  
2. For FY2023. See "Non-GAAP Measures" in Disclaimer; See 'EBITDA Adjustment Detail' slide for Reconciliation.

# TPB is a Consumer Products company that markets strong brands



## BROAD PORTFOLIO OF ICONIC AND EMERGING BRANDS



# 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

A majority 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

# Powerful Distribution Infrastructure

- Extensive Distribution Network and Data Driven Sales Organization
- North American retail presence that reaches over ~217,000 outlets + B2C online sites



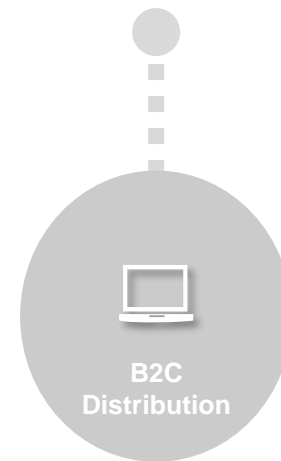
National sales team selling to over 85,000 national chain stores



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



Dedicated product sales teams



E-commerce sites selling direct to consumers on product specific platforms and online marketplaces (e.g., Amazon and eBay)










[zigzag.com](http://zigzag.com)  
[zigzag.ca](http://zigzag.ca)  
[frepouch.com](http://frepouch.com)



Online B2B platform reaching alternative channel distributors and stores

[wholesale.zigzag.com](http://wholesale.zigzag.com)

# TPB Business Segments

	Zig-Zag Products	Stoker's Products
	Rolling papers and Make-Your-Own ("MYO") cigar wraps	Loose leaf chewing tobacco, moist snuff tobacco, and white nicotine pouches
LTM Q3 24	\$192mm	\$158mm
Key Brands		       
Strategic Priorities	<ul style="list-style-type: none"> <li>Sustainable growth</li> <li>Capture growth in cannabinoid consumption</li> <li>Drive recently launched product offerings and expand penetration in e-commerce and alternative channels (head shops, dispensaries)</li> <li>Evolve product portfolio to enhance consumer experience</li> </ul>	<ul style="list-style-type: none"> <li>Capitalize on strong growth in Moist Snuff Tobacco and stability of tobacco chew</li> <li>Stoker's: the leading value brand in tobacco chew with a long runway for growth in MST                             <ul style="list-style-type: none"> <li>"Great dip at a fair price"</li> </ul> </li> <li>Growth predominantly driven by same store sales with opportunity for further expansion and distribution gains</li> <li>FRĒ white nicotine pouch presents attractive opportunity in a large and growing market</li> </ul>

Excludes vapor distribution business which was contributed in Q4 2022 to Creative Distribution Services, a new wholly-owned unrestricted subsidiary of TPB.



# Zig Zag Products: Iconic Brand with Leading Market Share

## About Zig-Zag

Embedded into pop culture with a storied history that dates over 140 years

## Papers

#1 premium and overall rolling paper brand sold in the U.S.<sup>1</sup> and Canada<sup>2</sup>

## Wraps

Market leader in MYO cigar wraps with a majority share of the market<sup>1</sup>

## New Product Launches

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

## #1 Brand

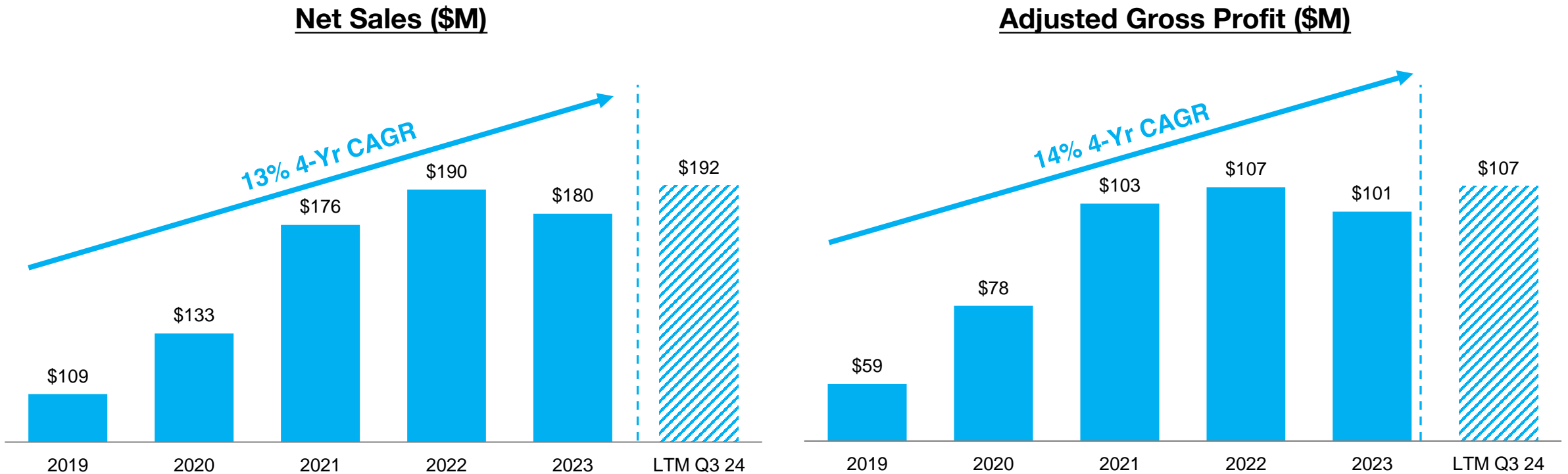
Zig Zag owns ~34%<sup>1</sup> of the rolling paper market in the US and a majority of the cigar wraps market



1. Per MSAi FY2023.  
2. Management estimates as of FY2023.

# Zig Zag Products: Continued Profit and Margin Growth

Growth initiatives focused on new product introductions and channel expansions aligned with secular market growth trends



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

Figures are \$'s in millions.  
CAGR includes complete FY only (2019-2023).

# 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<sup>1</sup> and a leading MST value brand

# 57%

Stoker's created the MST Tubs category and is the category leader with ~57%<sup>1</sup> share

## MST TUBS

Introduced a larger tub format Moist Snuff Tobacco (MST) product driving the 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<sup>1</sup>. TPB's brands collectively hold ~36%<sup>1</sup> of the loose-leaf chew market



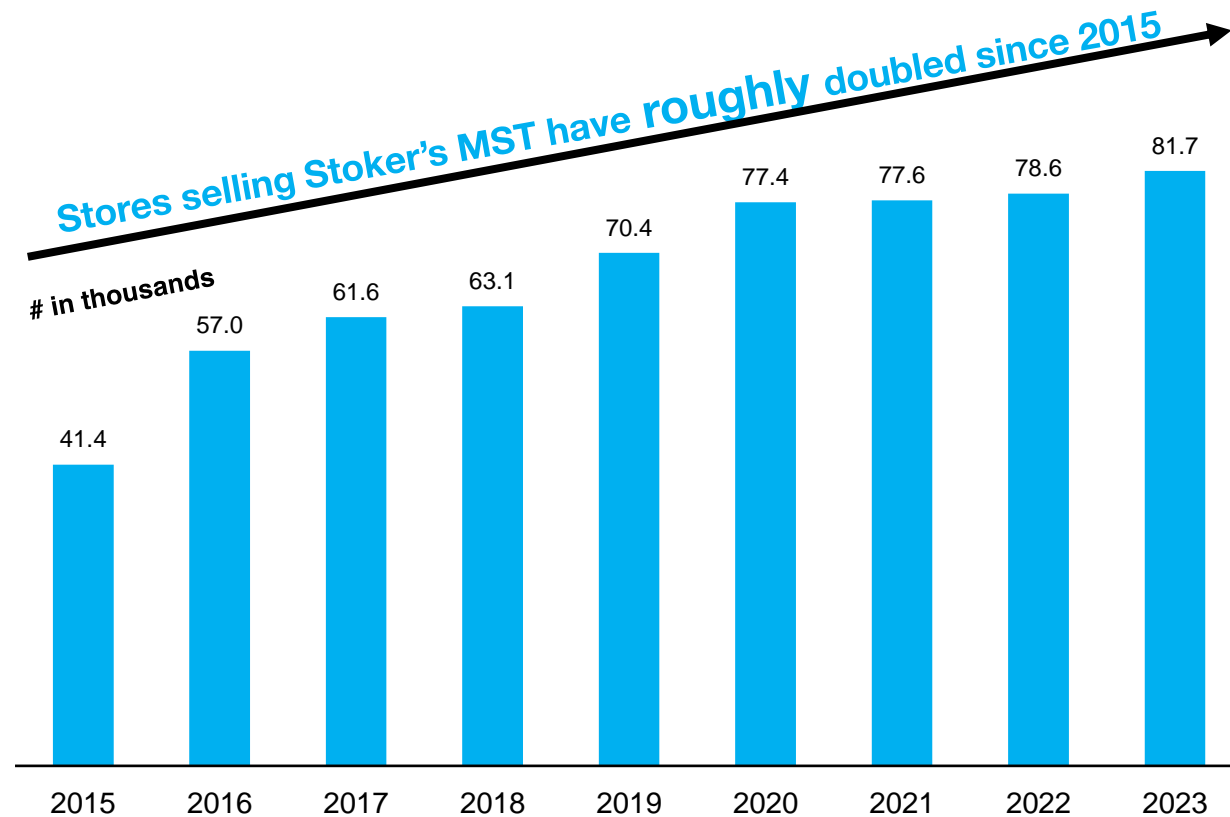
## FRĒ Pouches

Scaling product mix via launch and expansion of nicotine pouch segment. Growing presence in both brick & mortar and online



1. Per MSAi as of FY2023.

# Stoker's Products: Continued MST Distribution Gains



## Long Runway for Growth

Currently in stores representing ~67%<sup>1</sup> of volume weighted distribution

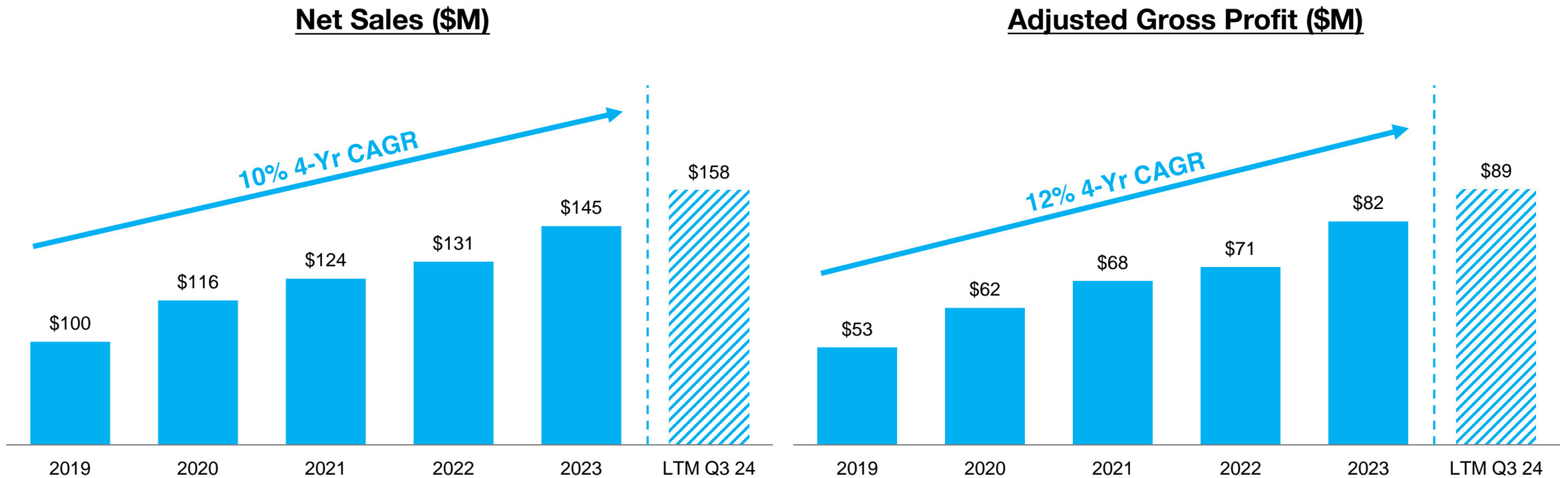
Additional ~30-50k stores targeted for national distribution



1. Per MSAi as of FY2023.

# Stoker's Products: Continued Profit and Margin Growth

Smokeless Net Sales and Gross Profit have shown steady growth with operating leverage driven by MST volume and pricing gains.



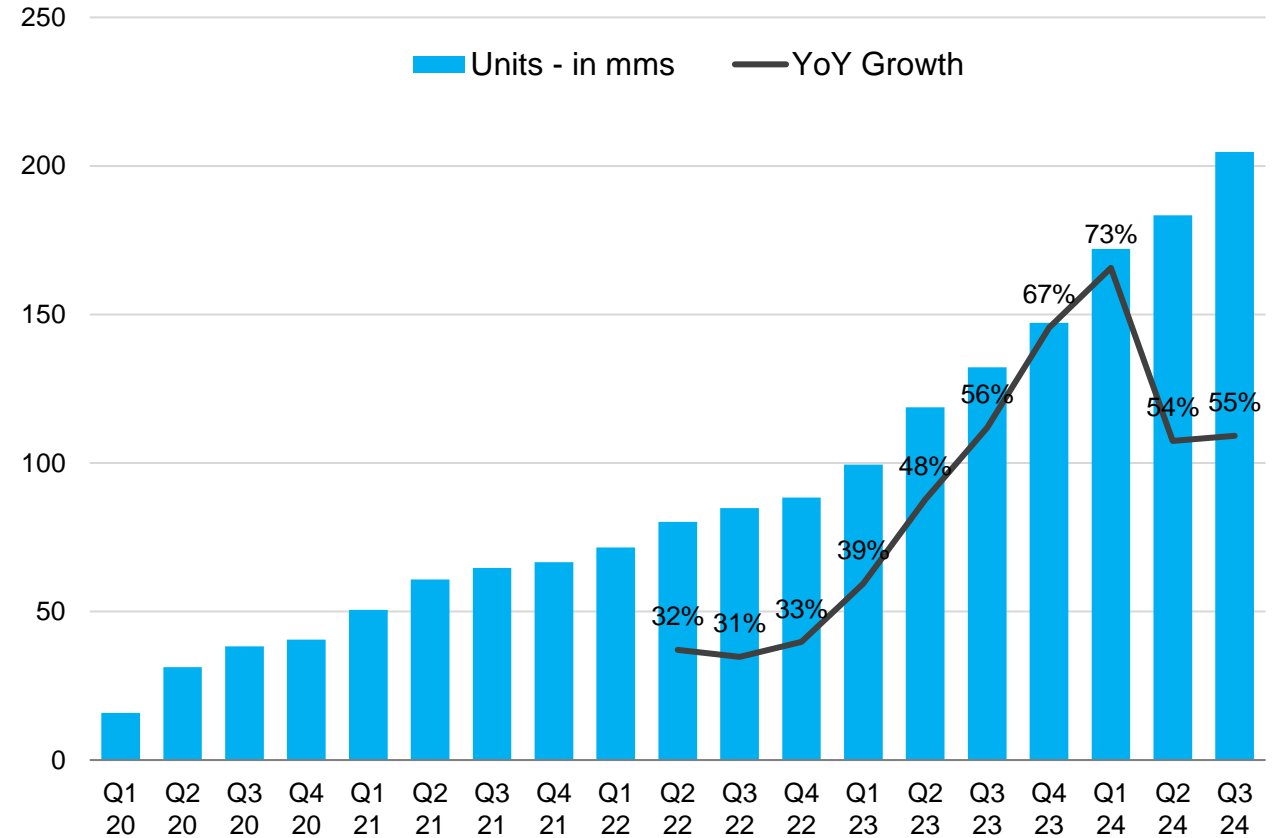
Figures are \$'s in millions.  
CAGR includes complete FY only (2019-2023).

## Significant opportunity with FRE in a large and growing market

- The modern oral market is trending towards a \$3 billion market in 2024 with strong growth trajectory
- FRE has a differentiated offering through its product quality (POWER. FEEL. FLAVOR), nicotine strengths, and packaging sizes
- TPB has a proven playbook with Stoker’s MST against larger competitors
- TPB does not require significant market share for FRE to have a meaningful impact on the bottom line
- Expanding FRE distribution in 2024 with both brick & mortar and digital marketing strategies
- Launched new ‘6mg’ online (July) and a limited roll-out in select brick-and-mortar (Sept) – 6mg volume overall made-up more than half of the modern oral category



### Modern Oral Market Size



Per MSAi as of Q3 2024

# Financial Update

## Solid Performance from our Zig-Zag and Stoker's businesses

### Recent Performance

- Q3 2024 Financial Results: Net Sales of \$105.6 million (+3.8% YoY) and Adjusted EBITDA<sup>1</sup> of \$27.2 million (+11.3% YoY)
  - Net Sales for Zig-Zag increased +5.5% YoY
  - Net Sales for Stoker's increased +12.1% YoY
- Generated \$12.6 million of free cash flow
- Increasing our guidance for projected 2024 adjusted EBITDA to \$101 to \$103 million versus our prior guidance of \$98 to \$102 Million

### Key Drivers

- Internal growth initiatives drive majority of growth, with core businesses outpacing market growth
- Zig Zag growth driven by our North American Papers & Wraps businesses and a strong showing from cigars business
- Stoker's continues to be a steady growth engine with a long runway for volume growth and favorable pricing dynamics
- Alternative channel sales delivered sustainable growth
- FRE launch continues, with market showing an enthusiastic response as roll-out continues

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



# Expanding Addressable Markets

## Extending into large, adjacent markets provides runway for growth

End Market	Market Size <sup>1</sup> (\$ Millions)	Opportunity
White Nicotine Pouch	>\$3,000	Introduce FRE including differentiated higher nicotine content offerings into a rapidly growing market
Mass-Market Cigars	>\$2,500	Re-enter large market that is complementary to Zig-Zag cigar wraps product offering
Alternative Channel	~\$200	Increase share for Zig-Zag papers (currently single-digit/low double-digit %) and other ancillary Zig-Zag products (rolling trays and other smoking accessories, apparel / merchandise, etc.)

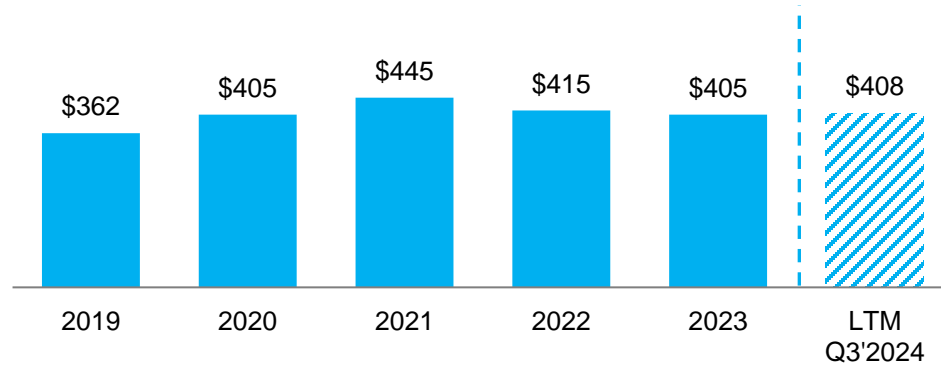


Turning Point Brands (NYSE: TPB)

1. Company estimates of manufacturer revenue opportunity in the U.S.

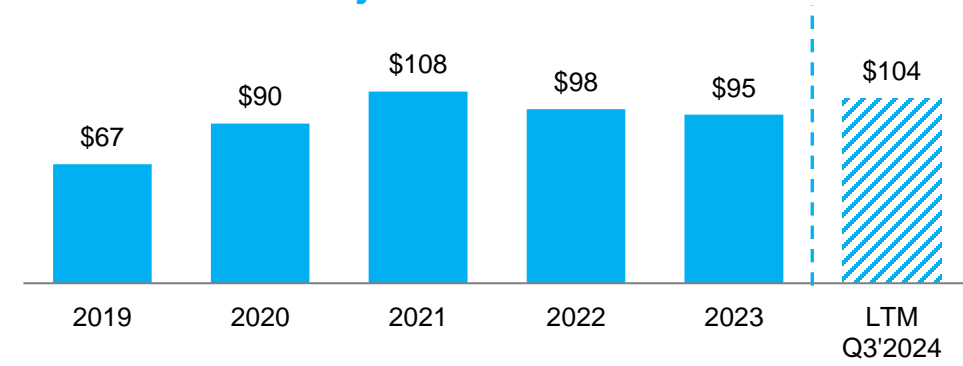
# Historical Financials (Includes CDS)

## Net Sales



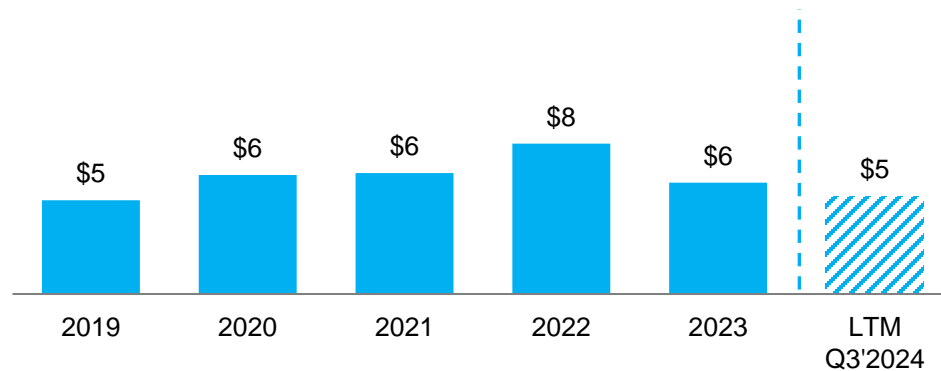
% Growth	2019	2020	2021	2022	2023	LTM Q3'2024
	8.8%	11.9%	9.8%	(6.7%)	(2.3%)	0.8%

## Adjusted EBITDA



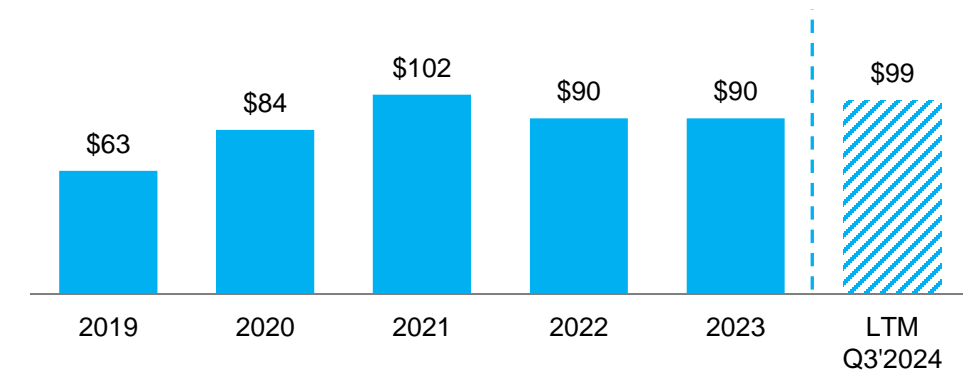
% Margin	2019	2020	2021	2022	2023	LTM Q3'2024
	18.6%	22.3%	24.3%	23.5%	23.5%	25.5%

## Capital Expenditures



% Margin	2019	2020	2021	2022	2023	LTM Q3'2024
	1.3%	1.5%	1.4%	1.9%	1.4%	1.2%

## Adjusted EBITDA Less CapEx



% Margin	2019	2020	2021	2022	2023	LTM Q3'2024
	17.3%	20.8%	23.0%	21.7%	22.1%	23.9%
						24.3%

Note: Figures are \$ in millions.  
See "Non-GAAP Measures" in Disclaimer; See 'EBITDA Adjustment Detail' slide for Reconciliation.

# EBITDA Adjustment Detail

## Reconciliation of GAAP Net Income to Adjusted EBITDA

(\$ in millions)

	2019	2020	2021	2022	2023	Q124	Q224	Q324
<b>Consolidated Net Income</b>	13.8	33.4	52.1	11.6	38.5	12.0	13.0	12.4
Interest Expense, Net	17.3	20.2	20.5	19.5	14.6	3.5	3.0	3.8
Gain on Extinguishment of Debt	1.3	-	(2.2)	(0.9)	(1.7)	-	-	-
Income Tax Expense	2.0	10.0	14.0	4.8	23.9	3.7	4.4	4.6
D&A Expense	4.2	5.0	5.0	5.3	6.3	1.7	1.8	2.2
<b>EBITDA</b>	<b>38.6</b>	<b>68.6</b>	<b>89.5</b>	<b>40.4</b>	<b>81.7</b>	<b>20.9</b>	<b>22.2</b>	<b>22.9</b>
Components of Adjusted EBITDA								
Corporate and Vapor Restructuring (a)	19.6	1.9	1.0	3.4	0.4	1.3	0.3	0.2
ERP/CRM (b)	-	-	-	2.0	0.6	0.1	0.5	0.2
Stock Options, Restricted Stock, and Incentives Expense (c)	4.6	2.6	7.6	5.3	6.6	2.1	1.9	1.8
Transaction Expenses and Strategic Initiatives (d)	1.8	3.1	1.3	0.8	0.2	-	0.1	0.9
FDA PMTA (e)	6.2	14.0	1.7	4.6	2.1	0.8	1.0	1.2
Non-cash Asset Impairment (f)	2.2	-	7.1	41.1	12.2	-	2.7	-
FET refund (g)	-	-	-	-	(4.3)	-	(1.7)	-
Shareholder Settlement (h)	(5.5)	-	-	-	(4.0)	-	-	-
<b>Adjusted EBITDA</b>	<b>67.3</b>	<b>90.2</b>	<b>108.2</b>	<b>97.6</b>	<b>95.3</b>	<b>25.3</b>	<b>27.0</b>	<b>27.2</b>

(a) Represents costs associated with corporate and vape restructuring, including severance

(b) Represents cost associated with scoping and mobilization of new ERP and CRM systems and cost of duplicative ERP licenses

(c) Represents non-cash stock options, restricted stock, incentives expense, and Solace performance stock units

(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 goodwill, intangible and investment assets

(g) Represents a federal excise tax refund

(h) Represents receivable from shareholder settlement

**THANK YOU**