



Leading the Nicotine Harm Reduction Movement

Investor Presentation

February 2025





Forward Looking Statements

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation are forward-looking statements, including but not limited to our business outlook forward-looking statements typically contain terms such as “anticipate,” “believe,” “consider,” “continue,” “could,” “drive to” “estimate,” “expect,” “explore,” “foresee,” “goal,” “guidance,” “intend,” “likely,” “may,” “plan,” “potential,” “predict,” “preliminary,” “probable,” “project,” “promising,” “seek,” “should,” “will,” “would,” and similar expressions. Actual results might differ materially from those explicit or implicit in forward-looking statements. Important factors that could cause actual results to differ materially are set forth in “risk factors” in the company’s annual report on form 10-K filed on March 28, 2024 and quarterly reports filed on May 15, 2024, August 13, 2024 and November 12, 2024. All information provided in this presentation is as of the date hereof, and the company assumes no obligation to and does not intend to update these forward-looking statements, except as required by law.



At a Glance

- **NASDAQ – XXII** – Headquartered in Mocksville, NC
- **Pure play tobacco company** with a unique portfolio of brands
 - Nicotine Harm Reduction**
 - Proprietary VLN and Flanker VLN
 - The only FDA authorized combustible
 - Driving to Create a disruptive new **VLNC** Category – **Very Low Nicotine Cigarette**
 - Vertically Integrated Manufacturing**
 - Private label contract manufacturing
 - CMO brands to round out the VLN portfolio
 - Valuable predicates and market access capabilities
- **Poised for growth and value creation** with both low nicotine and conventional brands – House of Brands
- **Fully aligned with the FDA's low nicotine mandate**
- WE OFFER A **CHOICE** with NICOTINE consumption



2024-2028 XXII Transformation

XXII is now entering a new growth phase as a leaner, more focused company with a solid foundation of products, partners and stores

2024 - Turnaround

- **Slash costs** and adopt lean operating model
- **Right-size** and re-align CMO contracts
- **Re-focus VLN** and develop flanker strategy
- **Solidified balance sheet**, reduce debt, manage cash

2025 - Initiate Growth

- **Re-launch VLN** with new branding and flanker brands
- **Cross sell portfolio of VLN** brands to scale volume and increase store access
- **Drive to cash positive** operations and increasing store count

2026-2028 - Expansion

- **Expand retail footprint** to penetrate into the ~270,000 US Tobacco retail outlets
- **Drive Rate of Sale**
- **Launch companion VLN based products** in adjacent categories
- **Drive increased revenue**, profitability and cash flow



Rapid Action in 2025

➤ Smoker Friendly

- 5 Year CMO agreement
- SF Standard Brands
- SF Black Label
- SF VLN (First Flanker VLN)
- VLN to grow into the 300 Smoker Friendly Stores

➤ Discussions with other major retailers

- VLN penetration across the US
- Flanker VLN SKU's to accompany VLN and build a VLNC category

➤ Enhancements to Original VLN

- New branding
- New messaging
- Integrated marketing approach
- Expanding state approvals – Approved in 50 states by July 2025

➤ FDA Nicotine Harm Reduction Proposal

- The only Tobacco company fully aligned with the FDA Low-Nicotine Mandate
- Extensive XXII derived data and consumer interest references
- Science based reduced nicotine content mandate



2025 Growth Strategies

Relaunch VLN & Flanker VLN in the Market with Updated Branding and Marketing

- Expand retail footprint, add VLN Red and flanker brands with CMO Partners

Build a Portfolio of VLN with VLN and Flanker VLN and cross sell in the market

- Drive volume expansion of CMO brands and widen their distribution with Flanker VLN

Drive to Create a New VLNC Category and Shelf Space in the Market

- Use VLN + flanker brands to create a new category and visual recognition on the shelf

Develop New Non-Combustible VLN Products to widen VLN Portfolio

- Use Low -Nicotine tobacco as lead component; add alternate form factors in adopted brands

Expanding VLN, flanker VLN and other products to penetrate more of the ~270,000 US retail outlets selling cigarette products drives increased revenue, profitability and cash flow



VLN[®]



Nicotine = Addiction

XXII MISSION: LEAD THE NICOTINE HARM REDUCTION MOVEMENT BY OFFERING A "CHOICE"

- XXII is the **only** tobacco company to offer a "Choice with Nicotine" using our category defining low nicotine VLN products to potentially create a **new market category** focused on Nicotine harm reduction
- **\$ Billions** are being spent on nicotine harm awareness campaigns and governance:
 - TV/Radio commercials – Undo.org, CDC, American Heart Assoc, others
 - Associations/Societies
 - Conferences
 - Healthcare restrictions (surgery, medications, pregnancy)
 - FDA
 - Court ordered warnings on Retailer Doors and Point of Sale
- **WE PROVIDE THE CHOICE for CONTROL with VLN[®]** – The Lowest Nicotine Cigarette in America





VLN Alignment with Zero/Low Proof Spirits

- Compelling market dynamics – **Consumers are choosing to break the paradigm**
 - **'Better for You' Position**
 - **Above Premium Price** Position (Tier 1), High Margin Delivery
 - **Domestic and International** Relevancy
 - **Emotional/** Lifestyle Driven Marketing
- **Does not compete against traditional** alcohol categories
 - Participate or Continue Social/ Ritual Routine
 - Exclusively non-alcohol consumers
 - Select occasions for consumers who drink alcohol
- **Rapidly Growing Space**
 - US non-alcoholic 'spirits' market is expected to grow by 7.8% to \$85 billion by 2033, according to Fact.MR





VLN Plan

LEAD THE NICOTINE HARM REDUCTION MOVEMENT

- The **FIRST & ONLY** low nicotine combustible product authorized by the FDA
- **Fully aligned with the FDA's** January 2025 Low Nicotine initiative
- **Develop the VLNC Category (Very Low Nicotine Cigarette)**
 - Shifting from a novel idea to a category in the market
 - VLN - 22nd Century Group's proprietary brand
 - Private label "flanker brands" made by 22nd Century
 - Portfolio of additional VLN-based product types
- **Newly branded VLN is ready to ship in March 2025**
- **SF VLN (1st Flanker)** is ready to ship in March 2025
- New Marketing Collateral and Approach





Launching Flanker VLN: Building the Portfolio and Category

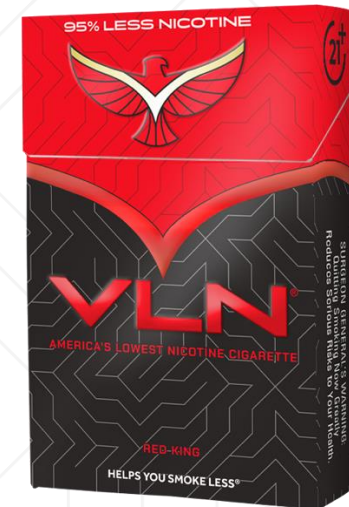
- Leverage our CMO brands and distribution with VLN and Flanker VLN – Build the VLN Portfolio
- VLN Portfolio will grow in the market
- Driving to create the **VLNC** category as a stand alone



SF VLN[®]
PREMIUM TIER



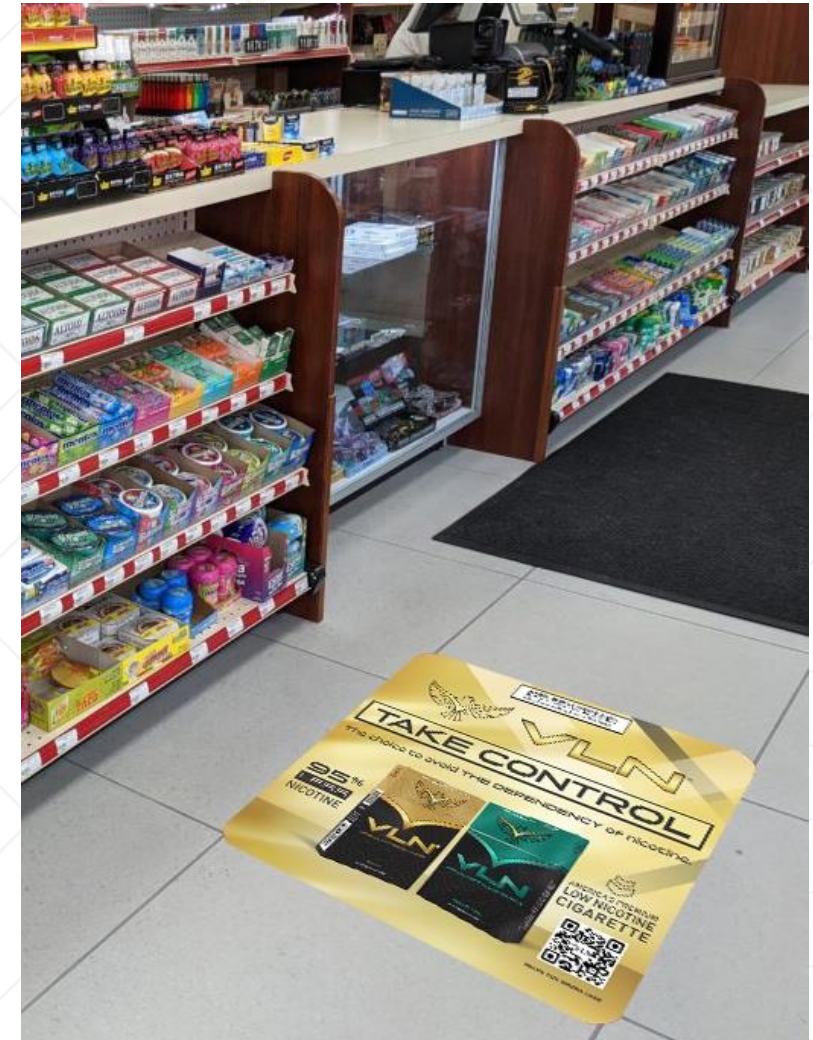
PINNACLE VLN[®]
PREMIUM TIER



VLN[®]
SUPER PREMIUM TIER



Marketing VLN & Flanker VLN





VLN[®] Distribution

DIVERSE LIST OF U.S., RETAIL LOCATIONS CARRY VLN[®] PRODUCTS ACROSS BROAD GEOGRAPHY



CURRENT DISTRIBUTION:

- More than 5,100 retail stores across 26 states, including the three largest markets: Texas, California and Florida
- Secured distribution with top national and regional tobacco products retail distributors, registrations in additional states for continued expansion

TARGET US DISTRIBUTION – THE OPPORTUNITY:

- ~273,000 total resellers of tobacco products in the US among the top 4 classes of trade in 50 states
- We are less than 2% of the way to the target
- There is shelf space in every store for THE CHOICE for nicotine control from cigarettes



R&D Drives Future Opportunities

- **Key Areas Of Focus:**

- The addition of **100mm VLN** to our lineup – Regular and Flanker
- **Non-Combustible Low Nicotine Product Extensions**
- **Partnership with NCSU** on various low nicotine tobacco improvements
- **Low Nicotine Tobacco disease resistance**
- **Other Low Nicotine tobacco strain development** for future VLN® blends

- **Patent Strategy**

- **File new patents to extend low nicotine tobacco protection**
- **International – Pursue patents in select countries** where appropriate



TTM Condensed P&L

	QTD December 31, 2023		QTD March 30, 2024		QTD June 30, 2024		QTD September 30, 2024	
Revenues, net	\$	7,357	\$	6,469	\$	7,947	\$	5,946
Cost of goods sold		11,565		4,213		3,869		3,102
Excise taxes and fees on products		3,621		3,385		3,508		3,432
Gross (loss) profit		(7,829)		(1,129)		570		(588)
Total operating expenses		6,403		3,305		2,617		2,789
Operating loss		(14,233)		(4,434)		(2,047)		(3,377)
Other income (expense):								
Total other income (expense)		(7,834)		(1,016)		(141)		(208)
Net loss from continuing operations	\$	(22,067)	\$	(5,450)	\$	(2,214)	\$	(3,585)
Basic and diluted EPS		(0.66)		(1.72)		(0.30)		(0.27)
EBITDA		(14,927)		(4,168)		(1,461)		(3,028)

Please refer to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Form 8-K earnings release for a full presentation of the statement of operations and comprehensive loss, and reconciliation of GAAP to Non-GAAP measures.

2024 is the
Reconstruction Year:

- Negative impact to revenue and GM due to timing of shifting product and customer mix; restores in 1H 2025 with restoration of profitable volume
- Normalized OpEx run rate
- Debt restructure to substantially reduce interest expense and cash payments; Debt repaid in January 2025 down to \$4.6m with equity conversions
- Significant decrease in basic EPS loss



Summary

- **Initiating profitable growth** after successful turnaround
- **VLN[®] strategy solidified and launched** – new flanker brands
- **VLN Portfolio** to cross-sell into full market – **Gradual growth through 2025**
- **Fully Aligned with the FDA's** low nicotine mandate
- **Potential new VLNC category**
- **Continued development of low nicotine** strains and related reduced nicotine content products
- **Improved balance sheet** with debt down to \$4.6 million
- New Target to achieving **EBITDA BREAKEVEN in Q4 2025**
- **Key to success – Points of Distribution and Rate of Sale**



VLN[®]

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