



# Leading the Nicotine Harm Reduction Movement

## Investor Presentation

May 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 19, 2025. 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 Partner VLN products
    - The only FDA authorized combustible
    - Driving to Create a disruptive new **VLNC** Category – **Very Low Nicotine Content**
  - 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 – January 2025**
- WE OFFER A **CHOICE** with NICOTINE consumption



## 2025 Growth Strategies

### **Relaunched VLN & Partner VLN in the Market with Updated Branding and Marketing**

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

### **Build a Portfolio of Brands with VLN, Partner VLN and CMO brands to cross sell in the market**

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

### **Drive to Create a New Low Nicotine Category and Shelf Space in the Market**

- Use VLN + partner 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, Partner VLN and other CMO branded 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"**

- **Nicotine is in the spotlight - \$ Billions** are being spent on nicotine harm awareness campaigns:
  - TV/Radio commercials – Undo.org, CDC, American Heart Assoc, others
  - Conferences
  - Healthcare restrictions (surgery, medications, pregnancy)
  - FDA
  - Court ordered warnings on Retailer Doors and Point of Sale
- XXII is the **only** tobacco company to offer a "Choice with Nicotine" using our category defining low nicotine VLN products to focus on nicotine harm reduction
- **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
- **Augments traditional** alcohol categories:
  - Continue Social/ Ritual Routine
  - 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 Products 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 Low Nicotine Category (Very Low Nicotine Content)**
  - Shifting from a novel idea to a category in the market
  - VLN – 22nd Century Group's proprietary brand
  - Private label “partner brands” made by 22nd Century
  - Portfolio of additional VLN-based product types
- **Newly branded VLN is ready to ship**
- **SF VLN** (1st Partner) is ready to ship as States approve
- New Marketing Collateral and Approach

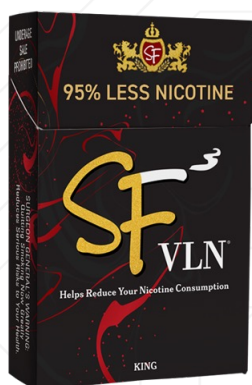






## Launching Partner VLN: Building the Portfolio and Category

- Leverage our CMO brands and distribution with VLN and Partner VLN – Build the VLN Portfolio
- VLN Product Portfolio will grow in the market
- Driving to create the **Low Nicotine Content category** as a stand alone



**SF VLN®**  
PREMIUM TIER



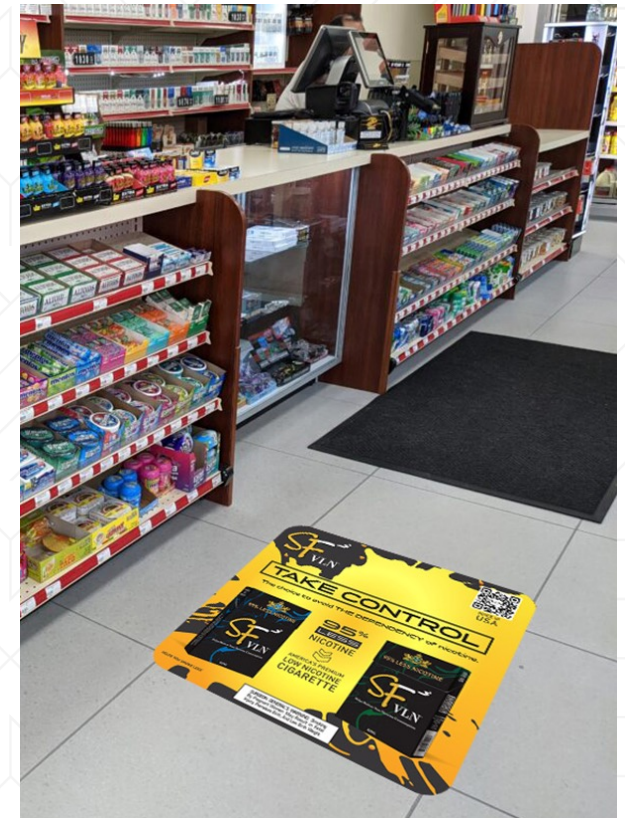
**PINNACLE VLN®**  
PREMIUM TIER



**VLN®**  
SUPER PREMIUM TIER



## Marketing VLN & Partner 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





## Smoker Friendly Black Label Cigarettes

**New!!**



- Additive Free
- Tobacco and Water Only
- Premium American Blend Tobacco
- Made in USA

Many consumers want a Natural Cigarette price value alternative

### Style Comparable: American Spirit

- Volume: over 25 million cartons annually
- Brand Rank: #6
- Outlets: Over 220,000 Outlets
- Price: \$90.00 Carton (Smoker Friendly Black Label \$45.00/Carton)

Source: MSA- 52 Wk. Ending 02.09.2025



## R&D Drives Future Opportunities

- **Key Areas Of Focus:**
  - The addition of **100mm VLN** products to our lineup – Regular and Partner
  - **Non-Combustible Low Nicotine Product Extensions**
  - **Partnership with NCSU** on further low nicotine tobacco improvements
  - **Low Nicotine Tobacco disease resistance**
  - **Other Low Nicotine tobacco strain development** for future VLN<sup>®</sup> 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 June 30, 2024	QTD September 30, 2024	QTD December 31, 2024	QTD March 30, 2025
Revenues, net	\$ 7,947	\$ 5,946	\$ 4,020	\$ 5,956
Cost of goods sold	3,869	3,102	3,094	2,884
Excise taxes and fees on products	3,508	3,432	2,180	3,681
Gross (loss) profit	570	(588)	(1,254)	(609)
Total operating expenses	2,617	2,789	2,839	1,961
Operating loss	(2,047)	(3,377)	(4,093)	(2,570)
Total other income (expense)	(140)	(208)	(152)	(704)
Loss before income taxes	(2,187)	(3,585)	(4,245)	(3,274)
Provision for income taxes	26	-	3	-
Net loss from continuing operations	\$ (2,214)	\$ (3,585)	\$ (4,248)	\$ (3,274)
Basic and diluted EPS	(36.26)	(36.67)	(10.60)	(1.89)
Weighted average common shares outstanding	61,064	97,771	400,858	1,729,212
EBITDA	(1,461)	(3,028)	(3,783)	(2,508)

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.

## YTD 2025 Highlights:

- Revenue improved in Q1 25 with restoring key CMO customers and volume
- Poised for revenue growth and positive gross margin in 2H 2025
- Normalized OpEx run rate for 2025
- EBITDA break-even target in Q4 2025
- Cash proceeds from equity offering of \$4.1m in April 2025
- Debt repaid YTD is \$3.9m and nominal cash interest payments in 2025





# Summary

- **Initiating profitable growth** after successful turnaround
- **VLN<sup>®</sup> product strategy solidified and launched** – new partner brands
- **VLN product portfolio** to cross-sell into full market – **Gradual growth through 2025**
- **Fully Aligned with the FDA's** low nicotine mandate
- **Potential new Low Nicotine Content category**
- **Continued development of low nicotine** strains and related reduced nicotine content products
- Growth in CMO products – **Smoker Friendly Black Label**
- **Improved balance sheet** with debt down to \$3.9 million
- New Target to achieving **EBITDA BREAKEVEN in Q4 2025**
- **Key to success – Points of Distribution and Rate of Sale for VLN products**



**VLN<sup>®</sup>**

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