

22nd Century Group, Inc.
Nasdaq: XXII

April 10, 2025

Price (close April 9, 2025)

\$1.07

Rating

Buy-Emerging

12- Month Target Price

\$12.00

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52-Week Range	\$1.05 – \$265.95
Shares Outstanding *	2.4 mil
Insider/Institutional *	0%/0%
Public Float	Unknown
Market Cap *	\$2.5 mil
Total Debt Q1:25E	\$4.6 mil
Debt/Equity Q1:25E	21%
ROE (LTM)	NM
Book Value/Share	NM
Daily Volume (90-day)	103,532
Fwd. Div. & Yield	--

*Does not reflect potential warrant conversion

Company Description

22nd Century Group, Inc. provides Contract Manufacturing Operations (CMO) services for conventional combustible tobacco products to third-party branded companies. The Company also engages in the sale and distribution of its own proprietary VLN® very-low-nicotine tobacco products. 22nd Century Group is pioneering nicotine harm reduction in the tobacco industry enabling smokers to take control of their nicotine consumption. The Company was founded in 1998 and is headquartered in Mocksville, North Carolina.

EMERGING *Growth* Research

Launchpad: Q4:24 revenue missed expectations as 2024 CMO customer attrition continued due to price hikes. Management believes attrition is now complete and that CMO operations have stabilized in Q1:25. 2024 operating loss greatly reduced on expense control. New management, who restructured XXII in 2024, is now focused on 2025 growth of CMO and VLN®. Indeed, management still expects to be EBITDA breakeven in Q4:25 on revamped marketing, growth in VLN®, and expense discipline. That said, one additional share issuance is possible, and one other issue of the past remains to be resolved: warrant-based dilution that is likely in the price. Near-term upside is extraordinary based on a DCF analysis relative to hammered XXII shares. The question then remains will new management be able to grow the business fast enough in 2025/beyond? **We remain bullish and maintain a Buy-Emerging rating with a downgraded but still attractive \$12.00 target.**

FYE Dec Revenue (\$ mil.)	FY 2024A CURRENT	FY 2025E CURRENT	FY 2025E PREVIOUS	FY 2026E CURRENT	FY 2026E PREVIOUS
Q1 Mar	\$6.5A	\$4.7E	\$7.6E	\$11.4E	\$11.4E
Q2 Jun	\$7.9A	\$5.4E	\$8.5E	\$12.3E	\$12.3E
Q3 Sep	\$5.9A	\$8.8E	\$8.9E	\$13.3E	\$13.3E
Q4 Dec	\$4.0A	\$9.6E	\$9.6E	\$14.5E	\$14.5E
Year	\$24.4A	\$28.5E	\$34.7E	\$51.6E	\$51.6E
Change	(24)%	17%	34%	81%	49%

FYE Dec EBITDA (\$ mil.)	FY 2024A CURRENT	FY 2025E CURRENT	FY 2025E PREVIOUS	FY 2026E CURRENT	FY 2026E PREVIOUS
Q1 Mar	\$(4.2)A	\$(2.1)E	\$(0.9)E	\$0.5E	\$0.5E
Q2 Jun	\$(1.5)A	\$(1.5)E	\$(0.4)E	\$0.8E	\$0.8E
Q3 Sep	\$(3.0)A	\$(0.2)E	\$(0.1)E	\$1.4E	\$1.4E
Q4 Dec	\$(3.8)A	\$0.5E	\$0.0E	\$1.7E	\$1.7E
Year	\$(12.4)A	\$(3.3)E	\$(1.3)E	\$4.3E	\$4.3E
Change	NM	NM	NM	NM	NM



Q4:24 Financial Performance

- Significant operational and financial restructuring under new management is almost complete (only warrant overhang remains).
- Despite Q4:24 miss, management still expects Q4:25 EBITDA breakeven on stabilized CMO, revamped VLN®, and discipline.
- Shares are materially beaten down long-term, reflecting concerns about restructuring, ability to renew growth, and share dilution.

Primary Risks

- Share issuance dilution remains a risk if CMO customers continue to attrit and/or VLN® segment growth plans fail to materialize.
- Warrants' likely 2025 share conversion is a materially dilutive event (up to 25 million shares), though it is likely reflected in the price.

Please refer to the end of this report to obtain important disclosure information.

Investment Thesis

22nd Century Group, Inc. has undergone significant restructuring since 2022, divesting certain material business lines to become a U.S., pure-play, contract private-label, tobacco manufacturing producer as well as sole provider of low-nicotine tobacco cigarettes through its VLN® product line. VLN® provides smokers with a choice to address harm reduction. While CMO provides an ongoing operational base and upside manufacturing capacity, VLN® provides growth potential.

While still in a transitional phase, management has revamped CMO contracts and VLN marketing re-launch, thus shifting away from restructuring to a growth posture, deploying its CMO asset base of manufacturing, brand, customer relationship, and distribution resources to build a self-funding business. Management also is moving ahead with plans to launch additional products, including VLN® SKUs within private label CMO customer brand families (e.g., recent Smoker Friendly VLN contract).

New management still expects Q4:25 EBITDA breakeven on stabilized now-unprofitable CMO contracts (post-2024 price hikes), a revamped VLN® marketing strategy, and expense discipline. Management estimates that 223,000 VLN® cartons (just 5% of XXII production capacity) are needed for profit breakeven, a sea-change moment. However, evidence of renewed growth will likely only begin to appear in Q2:25 or Q3:25 with the bulk of 2025 growth expected in H2:25.

XXII shares have been materially beaten down about 99% over the last 12 months and since 2021, reflecting prior management's diversification, prior bankruptcy risk, share dilution (i.e., survival share issuance, settlement, and warrant-attached borrowing), as well as restructuring. Nonetheless, at a reported 0.1x 2024A Price/Sales versus a 2.5x industry peer average, XXII is very lowly priced. However, that number does not account for warrant dilution (see Valuation section for more detail). DCF analysis tells the story better, especially as XXII is potentially on the verge of profitability in later 2025.

Given the strong decline in CMO contract revenue due to 2024 price hikes, revenue was lower than expected in Q4:24. This result has led to a downgrade adjustment in early 2025 quarterly revenue growth expectations, though not expense control. Accordingly, EBITDA is still expected to break-even in Q4:25. If revenue ramp of CMO and, more importantly, VLN is slower than expected (which is possible), there remains potential for an additional share issuance based on cash burn.

Another risk is the resolution of the 2024 warrant overhang expected in 2025 (i.e., the last restructuring step). Headlines will likely appear poor (e.g., >=20 million more potential new shares issued in exercise/induce warrant conversion), but such reality is also likely already priced into shares. Sales execution is now key then to realizing inherent value. We are inclined to believe and **remain bullish on XXII maintaining a Buy-Emerging rating with a revised \$12.00 price target.**

Q4:24 Financial Performance

Company revenue declined by 45% YOY in Q4:24 reaching \$4.0 million versus \$7.4 million in Q4:23 and \$6.0 million in Q3:24. The Company lost material customer (i.e., shipment carton) volume reflecting 2024 price hikes in the CMO business. Management estimates customer attrition ended in 2024, as the price hikes' impact was fully absorbed.

Gross profit in Q4:24 was \$(1.3) million compared to \$(7.8) million in Q4:23. Sequentially, gross profit fell from \$(0.6) million in Q3:24 on YOY net customer decline on recent CMO price increases. Underlying though, per unit gross margins increased as price increases fell to the bottom line, and the Company also shifted away from lower margin filtered cigar manufacturing.

Operating profit in Q4:24 rose to \$(4.1) million compared to \$(14.2) million in Q4:23. Sequentially, operating profit fell from \$(3.4) million in Q3:24. The YOY improvement in operating profit was primarily due to product mix shift, improving underlying gross margins, and new management's greater operating expense discipline across the board compared to prior years.

The Company's Net Income from Continuing Operations in Q4:24 was \$(4.2) million vs. \$(22.1) million in Q4:23. Net Income fell from \$(3.6) million in Q3:24. Interest expense continued to fall reflecting amendments to its credit facility.

EBITDA, a non-GAAP measure, was \$(3.8) million in Q4:24 versus \$(3.0) million in Q3:24 and \$(14.9) million in Q4:23. Company Adjusted EBITDA was \$(3.9) million in Q4:24 compared to \$(3.2) million in Q3:24. Emerging Growth Research's Adjusted EBITDA quarterly estimate was stable through 2024, registering \$(2.8) million in Q4:24 versus \$(2.5) million in Q3:24.

Total Net Debt (i.e., Debt – Cash) increased slightly to \$2.5 million in Q4:24 versus \$2.3 million in Q3:24 reflecting a cash infusion from common share issuance less debt repayment. While management believes that the era of share issuance for survival purposes has now ended, it is still possible that ongoing cash burn requires additional share issuance in 2025 if CMO and VLN sales ramp proves to be slower than expected, thus delaying break-even EBITDA expected in Q4:25.

EPS Guidance and Estimates

XXII missed revenue expectations in Q4:24, as the effects of CMO client attrition (post-contractual rate hikes) continued to filter through while VLN growth initiatives had yet to begin in earnest. Management believes that client attrition has now ended, though the impact on CMO re-growth and VLN emerging growth will take three to six months to realize in 2025. Accordingly, we have downgraded our revenue and earnings expectations for H1:25 but maintain our H2:25/thereafter projections.

Longer-term then, management has high revenue expectations in 2025 (+17% yoy), 2026 (+81%), 2027 (+39%), and 2028 (+39%) reflecting stabilized CMO and market penetration for VLN® (i.e., <1% of estimated \$12 billion market). Gross margin is expected to grow to 26% of revenue by 2026 reflecting higher plant capacity utilization, post-attaining EBITDA profitability.

Operating margin is expected turn positive at about 6% of revenue in 2026 on expense discipline, with profit dropping straight down to the bottom line (reflecting the lack of taxation due to ample Loss Carryforwards) to generate a 5% Net Income Margin in 2026. NOTE: operating profit margin is expected to rise to 25% by 2029 and remain there in perpetuity.

Valuation

We traditionally value companies using a blend of peer group relative valuation multiples and a Discounted Cash Flow (DCF) model. However, XXII is not yet profitable, rendering only the Price/Sales 2024 peer multiple (based on four publicly-traded U.S. tobacco companies) as the only potentially useful relative metric. Given the likely material XXII share dilution from warrants exercise/inducement expected in 2025 though, we believe that the Company's reported 0.1x Price/Sales 2024A multiple does not present an accurate description of XXII's relative valuation.

So, we adjust this relative valuation metric using an estimate of warrant-adjusted share count (i.e., 80% conversion of 25 million shares), which shows that XXII is actually valued at 0.9x Price/Sales, still far below the industry average of 2.5x Price/Sales. Given XXII's strong growth outlook though, we also believe a discounted relative Price/Sales value does not appropriately value XXII. So, we are currently downplaying the relative valuation analysis. Exhibit 1 below summarizes our peer group multiples. Historical and proforma forecast financial statements as well as the DCF model are included in pages seven to eleven of this report.

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Exhibit 1: 22nd Century Group, Inc. Peer Group Multiples and Price Targets

Company Name	Ticker	Price (2/14/2025)	Market Cap (\$millions)	Trailing TTM Price-to-Sales
Philip Morris	PM	150.62	234,438	2.6
Altria Group	MO	56.07	94,795	4.0
Turning Pt Brnd	TPB	54.53	969	2.4
Inspire Tec Inc	ISPR	2.80	160	1.1
Industry Average (ex: negatives)		55.30	47,882	2.5
22nd Century Group, Inc. (Reported) *1	XXII	1.05	2	0.1
22nd Century Group, Inc. (Adjusted) *2	XXII	1.05	22	0.9
Current DCF Valuation		12.19		

*1: Effective Market Capitalization and Price/Sales figures adjusted for estimate of current 2.369 million shares outstanding

*2: Effective Market Capitalization and Price/Sales figures adjusted for share dilution from expected 80% warrant exercise/inducement in 2025 (i.e., 20-million share equivalent)

Source: Emerging Growth Research, Zacks Investment Research, and 22nd Century Group, Inc.

Our DCF model uses financial statement projections for 2025-2028 and estimates for years thereafter. We focus on Free Cash Flow, which we expect to become positive in 2026 and grow explosively by about 100% CAGR for four years from 2027-2030 (off of a very low 2025E base) reflecting strong sales growth, expense discipline, and zero taxation due to ample Loss Carryforwards. We expect Free Cash Flows to then effectively flatline for four years from 2031-2034 (reflecting a return of active taxation) and grow thereafter by 3% CAGR in perpetuity on a long-term 25% operating profit margin.

We discount estimated annual free cash flows by a 12.1% WACC, inclusive of risk premiums for risk-free-rate, equity market, trading liquidity, and small-cap risk. The DCF model now produces a \$12.19/share present value of equity (inclusive of warrants dilution), which we round down to \$12.00. Terminal value sensitivity analysis (for different terminal growth and discount rates) indicates a min/max share price-estimate range of \$10 - \$16/share, which adds confidence in our estimate.

Investors continue to mercilessly beat XXII shares down, so our price target estimate remains higher than the \$1.07 price of XXII shares (as of April 9, 2025), though equal to the XXII share price just a few months ago in December, 2024. That may have been appropriate prior, but that is also the past. We focus on the future. If new management is able to grow the re-imagined business again, the upside is already considerable. Longer-term, as certain risk premiums are potentially priced away, the price appreciation would be enormous.

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Rating Definitions

Buy, 30% or greater price appreciation in the next 12 months.

Buy-Extended, near-term EPS and/or revenue horizon is challenging with strong long-term appreciation possibility.

Buy-Emerging, initial stages with low revenue and the potential for large returns with higher risk and volatility.

Hold, perform similar to market.

Sell, 30% or more decline in the next 12 months.

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5-Year Stock Price Chart



22nd Century Group, Inc.
 Nasdaq: XXII
 Quarterly Results & Estimates
 \$ in Millions

	2022 Actual	2023 Actual	2024 Estimated					2025 Estimated					2026 Est.
	Fiscal 2022A	Fiscal 2023A	1QA Mar-24	2QA Jun-24	3QA Sep-24	4QA Dec-24	Fiscal 2024E	1QE Mar-25	2QE Jun-25	3QE Sep-25	4QE Dec-25	Fiscal 2025E	Fiscal 2026E
Revenues													
Tobacco	\$ 40.50	\$ 32.20	\$ 6.47	\$ 7.95	\$ 5.95	\$ 4.02	\$ 24.38	\$ 4.71	\$ 5.40	\$ 8.78	\$ 9.59	\$ 28.48	\$ 51.57
Total Revenues	\$ 40.50	\$ 32.20	\$ 6.47	\$ 7.95	\$ 5.95	\$ 4.02	\$ 24.38	\$ 4.71	\$ 5.40	\$ 8.78	\$ 9.59	\$ 28.48	\$ 51.57
YOY Revenue Growth (%)		-20.5%	-27.5%	-1.3%	-24.5%	-45.4%	-24.3%	-27.2%	-32.0%	47.7%	138.5%	16.8%	81.1%
Cost of Revenues													
Cost of Products Sold	\$ 26.04	\$ 30.49	\$ 4.21	\$ 3.87	\$ 3.10	\$ 3.10	\$ 14.28	\$ 3.28	\$ 3.47	\$ 4.27	\$ 4.27	\$ 15.30	\$ 22.81
Excise Taxes	\$ 12.62	\$ 10.41	\$ 3.39	\$ 3.51	\$ 3.43	\$ 2.17	\$ 12.50	\$ 1.10	\$ 1.30	\$ 2.51	\$ 2.62	\$ 7.53	\$ 15.51
Cost of Revenues	\$ 38.65	\$ 40.90	\$ 7.60	\$ 7.38	\$ 6.53	\$ 5.27	\$ 26.78	\$ 4.38	\$ 4.77	\$ 6.78	\$ 6.89	\$ 22.82	\$ 38.32
Cost of Revenues/Revenues (%)	95.4%	127.0%	117.5%	92.8%	109.9%	131.1%	109.8%	93.1%	88.4%	77.2%	71.9%	80.1%	74.3%
Gross Profit	\$ 1.85	\$ (8.70)	\$ (1.13)	\$ 0.57	\$ (0.59)	\$ (1.25)	\$ (2.40)	\$ 0.33	\$ 0.63	\$ 2.00	\$ 2.70	\$ 5.66	\$ 13.25
Gross Margin	4.6%	Negative	Negative	7.2%	Negative	Negative	Negative	6.9%	11.6%	22.8%	28.1%	19.9%	25.7%
Product Development	\$ 3.58	\$ 2.64	\$ 0.43	\$ 0.25	\$ 0.24	\$ 0.21	\$ 1.13	\$ 0.21	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.98	\$ 1.10
% of revenues	8.8%	8.2%	6.6%	3.1%	4.0%	5.3%	4.6%	4.5%	4.7%	2.9%	2.7%	3.4%	2.1%
Sales & Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
% of revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SG&A	\$ 32.23	\$ 31.06	\$ 2.91	\$ 2.36	\$ 2.55	\$ 2.48	\$ 10.29	\$ 2.48	\$ 2.19	\$ 2.20	\$ 2.23	\$ 9.09	\$ 9.20
% of Revenues	79.6%	96.5%	44.9%	29.7%	42.8%	61.6%	96.5%	52.6%	40.5%	25.1%	23.2%	96.5%	96.5%
Other Operating Expenses (Income)	\$ (0.33)	\$ 2.53	\$ (0.03)	\$ 0.01	\$ 0.00	\$ 0.15	\$ 0.13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
% of Revenues	-0.8%	7.8%	-0.4%	0.1%	0.0%	3.8%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Operating Expenses	\$ 35.48	\$ 36.24	\$ 3.31	\$ 2.62	\$ 2.79	\$ 2.84	\$ 11.55	\$ 2.69	\$ 2.44	\$ 2.45	\$ 2.48	\$ 10.07	\$ 10.30
% of Revenues	87.6%	112.5%	51.1%	32.9%	46.9%	70.7%	47.4%	57.1%	45.2%	27.9%	25.9%	35.3%	20.0%
Operating Profit	\$ (33.64)	\$ (44.93)	\$ (4.43)	\$ (2.05)	\$ (3.38)	\$ (4.09)	\$ (13.95)	\$ (2.36)	\$ (1.82)	\$ (0.45)	\$ 0.22	\$ (4.41)	\$ 2.95
Operating Margin	-83.0%	-139.5%	-68.5%	-25.8%	-56.8%	-101.8%	-57.2%	-50.2%	-33.6%	-5.1%	2.3%	-15.5%	5.7%
Interest Expense and Financing Charges, Net	\$ (0.06)	\$ (9.37)	\$ (1.02)	\$ (0.50)	\$ (0.31)	\$ (0.27)	\$ (2.09)	\$ (0.27)	\$ (0.35)	\$ (0.32)	\$ (0.27)	\$ (1.20)	\$ (0.51)
Interest Income	\$ 0.31	\$ 0.22	\$ -	\$ 0.02	\$ 0.00	\$ 0.05	\$ 0.07	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.09	\$ 0.08
Loss on Transfer of Promissory Note	\$ -	\$ (0.90)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Realized Loss on Panacea Investment	\$ (2.79)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Income (Expense)	\$ (0.37)	\$ 0.33	\$ -	\$ 0.34	\$ 0.10	\$ 0.07	\$ 0.51	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pretax Income	\$ (36.53)	\$ (54.64)	\$ (5.45)	\$ (2.19)	\$ (3.59)	\$ (4.24)	\$ (15.47)	\$ (2.61)	\$ (2.14)	\$ (0.75)	\$ (0.03)	\$ (5.53)	\$ 2.52
Income Tax (Benefit)	\$ 0.02	\$ 0.05	\$ -	\$ 0.03	\$ -	\$ -	\$ 0.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GAAP Net Income from Continuing Operations	\$ (36.55)	\$ (54.69)	\$ (5.45)	\$ (2.21)	\$ (3.59)	\$ (4.24)	\$ (15.50)	\$ (2.61)	\$ (2.14)	\$ (0.75)	\$ (0.03)	\$ (5.53)	\$ 2.52
Loss from Discontinued Operations Before Income Taxes	\$ (23.70)	\$ (85.63)	\$ (0.29)	\$ 1.10	\$ (0.17)	\$ (0.31)	\$ 0.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefit (Provision) for Income Taxes	\$ 0.46	\$ (0.46)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss from Discontinued Operations	\$ (23.25)	\$ (86.09)	\$ (0.29)	\$ 1.10	\$ (0.17)	\$ (0.31)	\$ 0.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GAAP Net Income (Loss)	\$ (59.80)	\$ (140.78)	\$ (5.74)	\$ (1.11)	\$ (3.76)	\$ (4.55)	\$ (15.16)	\$ (2.61)	\$ (2.14)	\$ (0.75)	\$ (0.03)	\$ (5.53)	\$ 2.52
Deemed Dividends	\$ -	\$ (9.99)	\$ (3.59)	\$ (0.45)	\$ (3.68)	\$ (2.59)	\$ (10.30)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Foreign Currency Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Comprehensive Income (Loss)	\$ (59.80)	\$ (150.77)	\$ (9.33)	\$ (1.56)	\$ (7.43)	\$ (7.15)	\$ (25.47)	\$ (2.61)	\$ (2.14)	\$ (0.75)	\$ (0.03)	\$ (5.53)	\$ 2.52
Weighted Shares for Basic EPS *	5,952	9,467	23,612	61,064	97,771	730,000	730,000	2,369,000	2,369,000	2,369,000	2,369,000	2,369,000	2,369,000
Weighted Shares for Diluted EPS *	5,952	9,467	23,612	61,064	97,771	730,000	730,000	2,369,000	2,369,000	2,369,000	2,369,000	2,369,000	2,369,000
EPS Basic	NM	NM	NM	NM	NM	NM	NM	\$ (1.10)	\$ (0.90)	\$ (0.32)	\$ (0.01)	\$ (2.33)	\$ 1.06
EPS Diluted	NM	NM	NM	NM	NM	NM	NM	\$ (1.10)	\$ (0.90)	\$ (0.32)	\$ (0.01)	\$ (2.33)	\$ 1.06
GAAP Earnings Growth	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM

22nd Century Group, Inc.
 Nasdaq: XXII
 Quarterly EBITDA
 \$ in Millions

	2022 Actual	2023 Actual	2024 Estimated					2025 Estimated					2026 Est.
	Fiscal 2022A	Fiscal 2023A	1QA Mar-24	2QE Jun-24	3QE Sep-24	4QA Dec-24	Fiscal 2024A	1QE Mar-25	2QE Jun-25	3QE Sep-25	4QE Dec-25	Fiscal 2025E	Fiscal 2026E
GAAP Net Income from Continuing Operations	\$ (36.55)	\$ (54.69)	\$ (5.45)	\$ (2.21)	\$ (3.59)	\$ (4.24)	\$ (15.49)	\$ (2.61)	\$ (2.14)	\$ (0.75)	\$ (0.03)	\$ (5.53)	\$ 2.52
Depreciation, depletion & amortization	\$ 4.57	\$ 4.86	\$ 0.27	\$ 0.25	\$ 0.25	\$ 0.25	\$ 1.01	\$ 0.24	\$ 0.30	\$ 0.30	\$ 0.30	\$ 1.14	\$ 1.33
Benefit for income tax	\$ 0.02	\$ 0.05	\$ -	\$ 0.03	\$ -	\$ -	\$ 0.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest expense	\$ (0.26)	\$ 9.15	\$ 1.02	\$ 0.48	\$ 0.31	\$ 0.22	\$ 2.02	\$ 0.24	\$ 0.33	\$ 0.30	\$ 0.25	\$ 1.12	\$ 0.43
EBITDA	\$ (32.22)	\$ (40.63)	\$ (4.17)	\$ (1.46)	\$ (3.03)	\$ (3.78)	\$ (12.44)	\$ (2.12)	\$ (1.52)	\$ (0.15)	\$ 0.52	\$ (3.27)	\$ 4.28
EBITDA Margin (%)	-79.6%	-126.2%	-64.4%	-18.4%	-50.9%	-94.0%	-61.0%	-45.1%	-28.1%	-1.7%	5.4%	-11.5%	8.3%
Inventory write-down	\$ 0.24	\$ 8.70	\$ 0.43	\$ -	\$ -	\$ -	\$ 0.43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restructuring and impairment	\$ 0.04	\$ (2.42)	\$ (0.03)	\$ (0.30)	\$ (0.02)	\$ (0.11)	\$ (0.46)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stock based compensation	\$ 5.49	\$ 2.68	\$ 0.18	\$ 0.06	\$ (0.00)	\$ 0.15	\$ 0.38	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.92	\$ 1.30
Change in fair value of derivative liabilities	\$ -	\$ (0.36)	\$ 0.08	\$ (0.54)	\$ (0.02)	\$ (0.08)	\$ (0.56)	\$ (0.08)	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.23	\$ 0.40
Change in fair value of warrant liabilities	\$ -	\$ 0.56	\$ -	\$ (0.32)	\$ (0.10)	\$ (0.07)	\$ (0.49)	\$ (0.07)	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.23	\$ 0.40
Company Reported Adjusted EBITDA	\$ (26.46)	\$ (31.48)	\$ (3.50)	\$ (2.57)	\$ (3.18)	\$ (3.88)	\$ (13.13)	\$ (2.04)	\$ (1.09)	\$ 0.28	\$ 0.95	\$ (1.90)	\$ 6.38
Company Reported Adjusted EBITDA Margin (%)	-65.3%	-97.8%	-54.1%	-32.3%	-53.5%	-96.6%	-53.9%	-43.3%	-20.2%	3.2%	9.9%	-6.7%	12.4%
Impairment of goodwill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain (Loss) on disposal of assets	\$ (0.37)	\$ 0.07	\$ 0.07	\$ -	\$ -	\$ 0.06	\$ 0.13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impairment of other long-lived assets	\$ 1.49	\$ 3.30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition related costs	\$ 1.05	\$ 0.13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public offering costs	\$ 2.52	\$ 3.26	\$ -	\$ -	\$ 0.32	\$ 0.72	\$ 1.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income, net	\$ 5.08	\$ 10.16	\$ 0.90	\$ 0.28	\$ 0.32	\$ 0.33	\$ 1.83	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on trade accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EmergingGrowth.com Adjusted EBITDA	\$ (16.70)	\$ (14.56)	\$ (2.54)	\$ (2.29)	\$ (2.54)	\$ (2.77)	\$ (10.13)	\$ (2.04)	\$ (1.09)	\$ 0.28	\$ 0.95	\$ (1.90)	\$ 6.38
EmergingGrowth.com Adjusted EBITDA Margin (%)	-41.2%	-45.2%	-39.3%	-28.8%	-42.7%	-68.9%	-41.5%	-43.3%	-20.2%	3.2%	9.9%	-6.7%	12.4%

22nd Century Group, Inc.
 Nasdaq: XXII
 Cash Flow Statement
 \$ in Millions

	2022 Actual	2023 Actual	2024 Estimated				2025 Estimated				2026 Est.		
	Fiscal 2022A	Fiscal 2023A	1QA Mar-24	2QA Jun-24	3QA Sep-24	4QA Dec-24	Fiscal 2024A	1QE Mar-25	2QE Jun-25	3QE Sep-25	4QE Dec-25	Fiscal 2025E	Fiscal 2026E
Net income	\$ (59.80)	\$ (140.78)	\$ (5.74)	\$ (1.11)	\$ (3.76)	\$ (4.55)	\$ (15.16)	\$ (2.61)	\$ (2.14)	\$ (0.75)	\$ (0.03)	\$ (5.53)	\$ 2.52
Stock-based compensation	\$ 5.49	\$ 2.68	\$ 0.18	\$ 0.06	\$ (0.00)	\$ 0.15	\$ 0.38	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.92	\$ 1.30
Depreciation, depletion and amortization	\$ 4.57	\$ 4.86	\$ 0.27	\$ 0.25	\$ 0.25	\$ 0.25	\$ 1.01	\$ 0.24	\$ 0.30	\$ 0.30	\$ 0.30	\$ 1.14	\$ 1.33
Bad debt expense	\$ 0.77	\$ 1.02	\$ 0.00	\$ 0.01	\$ (0.00)	\$ -	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Gain/(loss) on disposal of property and equipment	\$ (0.37)	\$ 0.07	\$ 0.07	\$ -	\$ -	\$ 0.06	\$ 0.13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain from sale of equipment damaged or lost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory write-down	\$ 0.24	\$ 8.70	\$ 0.43	\$ -	\$ -	\$ -	\$ 0.43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in fair value of derivative liabilities	\$ -	\$ (0.36)	\$ 0.08	\$ (0.54)	\$ (0.02)	\$ (0.08)	\$ (0.56)	\$ (0.08)	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.23	\$ 0.40
Change in fair value of warrant liabilities	\$ -	\$ 0.56	\$ -	\$ (0.32)	\$ (0.10)	\$ (0.07)	\$ (0.49)	\$ (0.07)	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.23	\$ 0.40
Restructuring and impairment	\$ 0.04	\$ (2.42)	\$ (0.03)	\$ (0.30)	\$ (0.02)	\$ -	\$ (0.35)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impairment of goodwill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss (gain) on sale of business	\$ 2.79	\$ 58.52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impairment of other long-lived assets	\$ 1.49	\$ 3.30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred income taxes	\$ (0.43)	\$ 0.43	\$ -	\$ -	\$ -	\$ 0.01	\$ 0.01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 5.08	\$ 10.16	\$ 0.90	\$ 0.28	\$ 0.32	\$ 0.33	\$ 1.83	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ (40.14)	\$ (53.25)	\$ (3.84)	\$ (1.69)	\$ (3.34)	\$ (3.90)	\$ (12.77)	\$ (2.28)	\$ (1.41)	\$ (0.02)	\$ 0.70	\$ (3.01)	\$ 5.95
Accounts receivable, net - decrease (increase)	\$ (2.88)	\$ (0.02)	\$ (0.08)	\$ (0.71)	\$ 0.67	\$ 0.09	\$ (0.03)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables from related parties - decrease (increase)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories - decrease (increase)	\$ (8.79)	\$ (5.93)	\$ 1.03	\$ 0.23	\$ 0.32	\$ 0.33	\$ 1.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pre-paid expenses and other assets - decrease (increase)	\$ (0.92)	\$ 0.45	\$ 0.49	\$ (1.03)	\$ 0.83	\$ (0.13)	\$ 0.16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable - decrease (increase)	\$ 0.42	\$ 4.75	\$ 0.63	\$ (0.61)	\$ (0.49)	\$ (0.71)	\$ (1.17)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payables to related parties - decrease (increase)	\$ 0.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses and other liabilities - decrease (increase)	\$ (0.14)	\$ (1.00)	\$ (0.48)	\$ (0.91)	\$ (0.97)	\$ (0.14)	\$ (2.49)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes payable - decrease (increase)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Activities - Net Cash Flow	\$ (51.71)	\$ (54.99)	\$ (2.26)	\$ (4.72)	\$ (2.98)	\$ (4.46)	\$ (14.403)	\$ (2.28)	\$ (1.41)	\$ (0.02)	\$ 0.70	\$ (3.01)	\$ 5.95
Purchases of property and equipment	\$ (5.73)	\$ (5.62)	\$ (0.01)	\$ (0.06)	\$ (0.07)	\$ (0.02)	\$ (0.16)	\$ (0.25)	\$ (0.25)	\$ (0.25)	\$ (0.25)	\$ (1.00)	\$ (1.75)
Business divestitures, net of cash transferred	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchases of property and equipment from related parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions to equity investee	\$ (0.68)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from disposal of P&E, discontinued operations, and insurance proceeds	\$ 0.41	\$ 4.19	\$ 0.02	\$ -	\$ -	\$ -	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchase of short-term investment, net	\$ 28.58	\$ 18.24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investing Activities - Net Cash Flow	\$ 22.58	\$ 16.82	\$ 0.02	\$ (0.06)	\$ (0.07)	\$ (0.02)	\$ (0.14)	\$ (0.25)	\$ (0.25)	\$ (0.25)	\$ (0.25)	\$ (1.00)	\$ (1.75)
Borrowings on long-term debt	\$ (1.66)	\$ (3.22)	\$ -	\$ 0.33	\$ (0.31)	\$ -	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borrowings on long-term debt - related parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayments of long-term debt	\$ -	\$ (9.70)	\$ (0.55)	\$ 0.30	\$ (0.42)	\$ (0.95)	\$ (1.62)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from financing transaction	\$ 35.00	\$ 53.81	\$ 2.25	\$ 3.91	\$ 8.16	\$ 5.17	\$ 19.49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from sale/leaseback transaction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments on sale/leaseback transaction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dividends paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal payments on financing leases/notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stock/debt issuance costs	\$ (2.52)	\$ (3.26)	\$ -	\$ -	\$ (0.32)	\$ (0.72)	\$ (1.05)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ (0.00)	\$ (0.42)	\$ (0.00)	\$ -	\$ -	\$ -	\$ (0.00)	\$ -	\$ 0.25	\$ -	\$ -	\$ 0.25	\$ -
Financing Activities - Net Cash Flow	\$ 30.82	\$ 37.21	\$ 1.70	\$ 4.54	\$ 7.11	\$ 3.50	\$ 16.85	\$ -	\$ 0.25	\$ -	\$ -	\$ 0.25	\$ -
Exchange rate effect	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and Equivalents - Change	\$ 1.68	\$ (0.96)	\$ (0.54)	\$ (0.24)	\$ 4.06	\$ (0.98)	\$ 2.31	\$ (2.53)	\$ (1.41)	\$ (0.27)	\$ 0.45	\$ (3.76)	\$ 4.20
Cash Beginning	\$ 1.34	\$ 3.02	\$ 2.06	\$ 1.52	\$ 1.28	\$ 5.34	\$ 2.06	\$ 4.36	\$ 1.84	\$ 0.42	\$ 0.15	\$ 4.36	\$ 0.60
Cash End	\$ 3.02	\$ 2.06	\$ 1.52	\$ 1.28	\$ 5.34	\$ 4.36	\$ 4.36	\$ 1.84	\$ 0.42	\$ 0.15	\$ 0.60	\$ 0.60	\$ 4.81

22nd Century Group, Inc.
Nasdaq: XXII
Balance Sheet
\$ in Millions

	2022 Actual	2023 Actual	2024 Estimated					2025 Estimated					2026 Est.
	Fiscal 2022A *	Fiscal 2023A	1QA Mar-24	2QA Jun-24	3QA Sep-24	4QE Dec-24	Fiscal 2024A	1QE Mar-25	2QE Jun-25	3QE Sep-25	4QE Dec-25	Fiscal 2025E	Fiscal 2026E
Cash & equivalents	\$ 3.02	\$ 2.06	\$ 1.52	\$ 1.28	\$ 5.34	\$ 4.42	\$ 4.42	\$ 1.84	\$ 0.42	\$ 0.15	\$ 0.60	\$ 0.60	\$ 4.81
Short term investments	\$ 18.19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	\$ 1.36	\$ 3.67	\$ 3.75	\$ 2.95	\$ 2.28	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20
Insurance recoveries	\$ -	\$ 3.77	\$ 3.77	\$ 3.77	\$ 3.77	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77
Inventories	\$ 7.27	\$ 4.35	\$ 2.89	\$ 2.66	\$ 2.34	\$ 2.02	\$ 2.02	\$ 2.02	\$ 2.02	\$ 2.02	\$ 2.02	\$ 2.02	\$ 2.02
Pre-paid expenses/Other current assets	\$ 1.93	\$ 1.18	\$ 0.70	\$ 1.77	\$ 0.98	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.07
Current assets of discontinued operations held for sale	\$ 12.83	\$ 1.25	\$ 1.09	\$ 1.06	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05
Total Current Assets	\$ 44.61	\$ 16.28	\$ 13.71	\$ 13.48	\$ 15.76	\$ 11.52	\$ 11.52	\$ 8.94	\$ 7.52	\$ 7.25	\$ 7.70	\$ 7.70	\$ 11.91
Property & equipment, net	\$ 3.69	\$ 3.39	\$ 3.24	\$ 3.09	\$ 2.97	\$ 2.77	\$ 2.77	\$ 2.90	\$ 3.00	\$ 3.10	\$ 3.20	\$ 3.20	\$ 4.29
Operating lease right-of-use assets	\$ 0.94	\$ 1.89	\$ 1.83	\$ 1.77	\$ 1.71	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.64
Intangible assets, net	\$ 7.21	\$ 5.92	\$ 5.82	\$ 5.73	\$ 5.73	\$ 5.72	\$ 5.72	\$ 5.60	\$ 5.45	\$ 5.30	\$ 5.16	\$ 5.16	\$ 4.49
Other non-current assets	\$ 3.42	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02
Noncurrent assets of discontinued operations held for sale	\$ 54.78	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS	\$ 114.65	\$ 27.50	\$ 24.62	\$ 24.09	\$ 26.18	\$ 21.67	\$ 21.67	\$ 19.10	\$ 17.63	\$ 17.32	\$ 17.72	\$ 17.72	\$ 22.34
Accounts payable	\$ 2.05	\$ 4.45	\$ 5.05	\$ 3.89	\$ 3.10	\$ 2.40	\$ 2.40	\$ 2.40	\$ 2.40	\$ 2.40	\$ 2.40	\$ 2.40	\$ 2.40
Deferred Income	\$ 0.69	\$ 0.73	\$ 0.38	\$ 0.39	\$ 0.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	\$ 4.85	\$ 8.21	\$ 8.21	\$ 7.46	\$ 7.48	\$ 4.15	\$ 4.15	\$ 4.15	\$ 4.15	\$ 4.15	\$ 4.15	\$ 4.15	\$ 4.15
Short-term operating lease obligations	\$ 0.25	\$ 0.23	\$ 0.24	\$ 0.25	\$ 0.25	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26
Current portion of long term debt and notes payable	\$ 0.69	\$ 6.39	\$ 6.58	\$ 2.38	\$ 2.07	\$ 1.75	\$ 1.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current liabilities of discontinued operations held for sale	\$ 4.14	\$ 3.19	\$ 3.15	\$ 1.40	\$ 1.30	\$ 1.28	\$ 1.28	\$ 1.28	\$ 1.28	\$ 1.28	\$ 1.28	\$ 1.28	\$ 1.28
Other current liabilities	\$ 0.35	\$ 1.85	\$ 1.67	\$ 0.31	\$ 0.19	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
Total Current Liabilities	\$ 13.02	\$ 25.03	\$ 25.26	\$ 16.07	\$ 14.44	\$ 9.96	\$ 9.96	\$ 8.21	\$ 8.21	\$ 8.21	\$ 8.21	\$ 8.21	\$ 8.21
Long-term debt, net of current portion	\$ -	\$ 8.06	\$ 8.14	\$ 6.05	\$ 5.53	\$ 5.17	\$ 5.17	\$ 4.60	\$ 4.60	\$ 4.60	\$ 4.60	\$ 4.60	\$ 4.60
Long-term operating lease liability	\$ 0.71	\$ 1.70	\$ 1.64	\$ 1.57	\$ 1.51	\$ 1.44	\$ 1.44	\$ 1.44	\$ 1.44	\$ 1.44	\$ 1.44	\$ 1.44	\$ 1.44
Noncurrent liabilities of discontinued operations held for sale	\$ 4.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other long-term liabilities	\$ 0.34	\$ 1.12	\$ 1.21	\$ 1.36	\$ 1.23	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10
TOTAL LIABILITIES	\$ 18.68	\$ 35.91	\$ 36.24	\$ 25.04	\$ 22.71	\$ 17.66	\$ 17.66	\$ 15.34	\$ 15.34	\$ 15.34	\$ 15.34	\$ 15.34	\$ 15.34
Common Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Paid-in Capital (adjusted for projection error)	\$ 333.90	\$ 370.30	\$ 372.82	\$ 384.60	\$ 392.79	\$ 397.88	\$ 397.88	\$ 400.23	\$ 400.92	\$ 401.34	\$ 401.77	\$ 401.77	\$ 403.88
Retained Earnings	\$ (237.81)	\$ (378.71)	\$ (384.45)	\$ (385.56)	\$ (389.32)	\$ (393.87)	\$ (393.87)	\$ (396.48)	\$ (398.62)	\$ (399.37)	\$ (399.40)	\$ (399.40)	\$ (396.88)
Accumulated Comprehensive Income/(Loss)	\$ (0.11)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Treasury Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EQUITY	\$ 95.98	\$ (8.41)	\$ (11.62)	\$ (0.95)	\$ 3.47	\$ 4.01	\$ 4.01	\$ 3.75	\$ 2.30	\$ 1.97	\$ 2.37	\$ 2.37	\$ 7.00
TOTAL LIABILITIES & EQUITY	\$ 114.65	\$ 27.50	\$ 24.62	\$ 24.09	\$ 26.18	\$ 21.67	\$ 21.67	\$ 19.09	\$ 17.64	\$ 17.31	\$ 17.71	\$ 17.71	\$ 22.34

22nd Century Group, Inc.
Nasdaq: XXII
Discounted Cash Flow Model (DCF)
 (\$ in millions, except per share)

Estimates:

	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	Terminal Value
Revenue	\$ 28.48	\$ 51.57	\$ 71.87	\$ 100.25	\$ 130.33	\$ 162.91	\$ 195.49	\$ 224.81	\$ 247.29	\$ 259.66	
Operating Income	\$ (4.41)	\$ 2.95	\$ 9.09	\$ 20.63	\$ 32.58	\$ 40.73	\$ 48.87	\$ 56.20	\$ 61.82	\$ 64.91	
Less: Taxes (benefit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17.59	\$ 20.23	\$ 22.26	\$ 23.37	
NOPAT	\$ (4.41)	\$ 2.95	\$ 9.09	\$ 20.63	\$ 32.58	\$ 40.73	\$ 31.28	\$ 35.97	\$ 39.57	\$ 41.55	
Add: Depreciation & Amortization	\$ 1.01	\$ 1.14	\$ 1.43	\$ 1.53	\$ 1.95	\$ 2.44	\$ 2.93	\$ 3.37	\$ 3.71	\$ 3.89	
Add: Changes in NWC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Less: Capital Expenditures	\$ 1.00	\$ 1.75	\$ 2.00	\$ 2.00	\$ 2.61	\$ 3.26	\$ 3.91	\$ 4.50	\$ 4.95	\$ 5.19	
Free Cash Flow	\$ (4.40)	\$ 2.34	\$ 8.52	\$ 20.16	\$ 31.93	\$ 39.91	\$ 30.30	\$ 34.85	\$ 38.33	\$ 40.25	\$ 456.75
Discount Period - Months	8.00	20.00	32.00	44.00	56.00	68.00	80.00	92.00	104.00	116.00	116.00
Discount Period - Years	0.67	1.67	2.67	3.67	4.67	5.67	6.67	7.67	8.67	9.67	9.67
Discount Factor	0.93	0.83	0.74	0.66	0.59	0.52	0.47	0.42	0.37	0.33	0.33
Present Value of FCF	\$ (4.08)	\$ 1.93	\$ 6.29	\$ 13.27	\$ 18.76	\$ 20.92	\$ 14.17	\$ 14.54	\$ 14.27	\$ 13.37	\$ 151.73

Growth Rate Assumptions:

Revenue (2029 - 2034 / 5% step-down)	35.0%
Stable Free Cash Flow Growth Rate (g)	3.00%
Discount Rate (WACC)	12.08%

Margin Assumptions:

Operating Income Margin (Long-term)	25.0%
D&A as a % of sales	1.5%
Taxes	36.0%
Changes in NWC	0.0%
Capex as a % of sales	2.0%

Valuation:

Shares Outstanding (millions)	21.369	Inclusive of 104k settlement issuance, interim warrant conversion, and 25 million warrants exercise/inducement (at 80%)
PV of FCF (\$ mil)	\$ 113.44	
PV of Terminal Value (\$ mil)	\$ 151.73	
Enterprise Value (\$ mil)	\$ 265.17	
less: Debt (net of cash, \$ mil)	\$ 4.60	
less: Minority Interest	\$ -	
Estimated Total Value of Equity	\$ 260.57	
Estimated Equity Value per Share	\$ 12.19	

Terminal Value Sensitivity Analysis:

Discount Rate	Terminal Growth Rate				
	1.0%	2.0%	3.0%	4.0%	5.0%
11.1%	403.43	452.32	513.31	591.54	695.52
11.6%	384.36	428.70	483.38	552.50	642.64
12.1%	367.01	407.42	456.75	518.29	597.23
12.6%	351.15	388.16	432.90	488.07	557.81
13.1%	336.61	370.64	411.42	461.18	523.27