

May 21, 2025

Price (close on May 20, 2025)

\$1.04

Rating

Buy-Emerging

12- Month Target Price

\$2.75

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About the Company

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.

52-Week Range	\$0.70 – \$187.65
Shares Outstanding *	6.4 mil
Insider / Institutional *	0%/0%
Public Float	Effectively 100%
Market Capitalization *	\$6.9 mil
Total Debt (Q2:25E)	\$3.0 mil
Debt / MV Equity *	43%
ROE (LTM)	NM
Book Value / Share	NM
Daily Volume (90-day)	710,390
Fwd. Div. & Yield	--

*Does not reflect potential warrant conversion or 5.1 million shares currently held in abeyance

Rebound: Q1:25 beat expectations as 2024 CMO customer attrition (due to prior price hikes) appears to have ended. Operating loss continues to greatly reduce then 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: warrant-based dilution that is likely in the price. Post a Q2:25 partial warrant inducement though, cash is now likely sufficient to fund 2025 operations (cash now outweighs debt). Near-term upside is strong based on a DCF analysis relative to hammered XXII shares. The question then remains: will new management be able to grow the re-imagined business fast enough and hold the line on additional share and warrant issuance? **We remain bullish and maintain a Buy-Emerging rating with a downgraded (due to recent warrant issuance) but attractive \$2.75 target.**

FYE Dec	FY 2024A	FY 2025E		FY 2026E	
	REVENUE (\$ mil.)	CURRENT	FORMER	CURRENT	FORMER
Q1 Mar	\$6.5A	\$6.0A	\$4.7E	\$11.4E	\$11.4E
Q2 Jun	\$7.9A	\$5.4E	\$5.4E	\$12.3E	\$12.3E
Q3 Sep	\$5.9A	\$8.3E	\$8.8E	\$13.3E	\$13.3E
Q4 Dec	\$4.0A	\$9.6E	\$9.6E	\$14.5E	\$14.5E
Year	\$24.4A	\$29.3E	\$28.5E	\$51.6E	\$51.6E
Change	(24)%	20%	17%	81%	81%

FYE Dec	FY 2024A	FY 2025E		FY 2026E	
	EBITDA (\$ mil.)	CURRENT	FORMER	CURRENT	FORMER
Q1 Mar	\$(4.2)A	\$(2.5)A	\$(2.1)E	\$0.5E	\$0.5E
Q2 Jun	\$(1.5)A	\$(2.5)E	\$(1.5)E	\$0.8E	\$0.8E
Q3 Sep	\$(3.0)A	\$(0.9)E	\$(0.2)E	\$1.4E	\$1.4E
Q4 Dec	\$(3.8)A	\$0.0E	\$0.5E	\$1.7E	\$1.7E
Year	\$(12.4)A	\$(5.9)E	\$(3.3)E	\$4.3E	\$4.3E
Change	NM	NM	NM	NM	NM



Q1:25 Financial Performance

- Significant operational and financial restructuring under new management is almost complete (only warrant overhang remains).
- Q1:25 beat expectations and management expect Q4:25 EBITDA breakeven on stabilized CMO, revamped VLN®, and discipline.
- Shares are beaten down, reflecting concerns about cash burn and share dilution (both of which have now been mitigated for 2025).

Key Risks

- Share issuance dilution remains a risk if CMO customers continue to attrit and/or VLN® segment growth plans fail to materialize.
- Much larger warrant share conversion is a materially dilutive event (now 72 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 2023, 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 most growth potential.

While still in a transitional phase, management has revamped lower-margin CMO contracts and a higher-margin 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., Smoker Friendly VLN contract).

New management still expects Q4:25 EBITDA breakeven on stabilized/re-growing now-profitable CMO (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 CMO and new VLN growth will likely only begin to appear in H1:25 with the bulk of 2025 growth expected in H2:25.

While rising strongly off its April 2025 low, XXII shares remain 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 and 2024/25 warrant-attached borrowing), as well as restructuring. Nonetheless, at 0.3x Price/TTM Sales versus a 2.8x industry peer average, XXII is very lowly priced. However, that number does not account for significant warrant dilution. DCF analysis tells the story better, especially as XXII is potentially on the verge of profitability in later 2025.

Despite better-than-expected revenue in Q1:25, our revenue growth forecasts are largely unchanged, as are expense control estimates. 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 additional share issuance based on cash burn, though cash reserves now appear sufficient to maintain operations through year-end 2025, post warrant conversions.

Warrant partial inducement subsequent to the end of Q1:25 generated \$5.4 million gross proceeds, of which XXII used \$1.0 million to repay outstanding debt obligations. This transaction has reduced total debt by \$3.8 million YTD to a level of about \$3 million as of May 7, 2025. Continued reduction of debt to a more manageable (perhaps even zero longer-term) level is an established trend dating back to the thorough operational and financial restructuring put in place since beginning 2024.

That said, there is a risk in the resolution of the warrant overhang (i.e., now even greater >70 million potential new shares if/when exercised/induced in warrant conversion), but such reality is likely priced into shares. However, we have sharply reduced the price target based on a now-materially larger warrant conversion impact. Sales execution remains key then to realizing value. **We remain bullish on XXII, maintaining a Buy-Emerging rating with a revised \$2.75 price target.**

Q1:25 Financial Performance

Company revenue declined by 8% YOY in Q1:25 reaching \$6.0 million versus \$6.5 million in Q1:24 but importantly rose +48% versus \$4.0 million in Q4:24. The Company has regained some lost (now profitable) volume reflecting 2024 CMO price hikes. Management estimates customer attrition ended in 2024, as the price hikes' impact was fully absorbed.

Gross profit in Q1:25 was \$(0.6) million compared to \$(1.1) million in Q1:24. Sequentially, gross loss fell from \$(1.3) million in Q4:24 as the repriced CMO contract impact began to be felt. Underlying, 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 Q1:25 rose to \$(2.6) million compared to \$(4.4) million in Q1:24. Sequentially, operating profit rose from \$(4.1) million in Q4:24. The improvement in operating loss 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 Q1:25 was \$(3.3) million vs. \$(5.5) million in Q1:24. Net Income fell from \$(4.2) million in Q4:24.

EBITDA, a non-GAAP measure, was \$(2.5) million in Q1:25 versus \$(4.2) million in Q1:24 and \$(3.8) million in Q4:24. Company Adjusted EBITDA was \$(2.3) million in Q1:25 compared to \$(3.9) million in Q4:24. Emerging Growth Research's Adjusted EBITDA quarterly estimate improved, registering \$(1.3) million in Q1:25 versus \$(2.8) million in Q4:24.

Total Net Debt (i.e., Debt – Cash) increased slightly to \$3.4 million in Q1:25 versus \$3.3 million in Q4:24 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.

It is worth noting that partial warrant inducement subsequent to the end of Q1:25 generated \$5.4 million proceeds, of which XXII used \$1.0 million to repay debt obligations. This transaction has further reduced total debt by \$3.8 million year-to-date to a level of about \$3 million as of May 7, 2025 and left XXII currently in a net cash (i.e., cash – total debt) position. Continued reduction of debt is a trend dating back to the operational/financial restructuring put in place since the beginning of 2024.

EPS Guidance and Estimates

XXII beat revenue expectations in Q1:25, as the effects of 2024 CMO client attrition (post-contractual rate hikes) appear to have concluded, though VLN growth has yet to register. Management believes that client attrition has now ended, and they reiterate that the impact of CMO re-growth and VLN emerging growth will take three to six months more to realize in 2025. Accordingly, we largely maintain our revenue and expense growth projections for the balance of 2025.

Longer-term then, management has high revenue expectations in 2025 (+20% yoy), 2026 (+76%), 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 to 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 0.3x Price/TTM Sales 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., now potential conversion into 72 million additional shares), which shows that XXII is actually valued at 3.3x Price/Sales, above the industry average of 2.8x Price/Sales. Given XXII's strong growth outlook though, we also believe a premium 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

**22nd Century Group, Inc.
 Peer Group Valuations**

Company Name	Ticker	Price (5/16/2025)	Market Cap (\$millions)	Trailing TTM Price-to-Sales
Philip Morris	PM	170.44	265,293	2.9
Altria Group	MO	58.89	99,197	4.2
Turning Pt Brnd	TPB	73.65	1,318	3.2
Inspire Tec Inc	ISPR	2.73	156	1.1
Industry Average (ex: negatives)		66.27	50,258	2.8
22 nd Century Group, Inc. (Reported) *1	XXII	1.08	7 ▲	0.3
22 nd Century Group, Inc. (Adjusted) *2	XXII	1.08	80 ▲	3.3
Current DCF Valuation		2.77		

*1: Effective Market Capitalization and Price/Sales figures adjusted for estimate of current 6.4 million shares outstanding. Does not reflect potential warrant conversion or 5.1 million shares currently held in abeyance.

*2: Effective Market Capitalization and Price/Sales figures adjusted for share dilution from expected warrant exercise/inducement in 2025 (i.e., 72-million share equivalent)

Source: Emerging Growth 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 a 3% CAGR in perpetuity on a long-term 25% operating profit margin.

We discount estimated annual free cash flows by a 14.0% WACC, inclusive of the risk-free-rate and premiums for equity market, trading liquidity, and small-cap risk. The DCF model now produces a \$2.77/share value of equity (inclusive of substantial warrant dilution), which we round down to \$2.75. Terminal value sensitivity analysis (for different terminal growth and discount rates) indicates a min/max share price-estimate range of \$2.45 - \$3.35/share, which adds confidence in our estimate.

Though significantly off April 2025 lows, XXII shares have been mercilessly beaten down, so our price target estimate remains higher than the \$1.04 price of XXII shares (as of May 20, 2025) – though equal to the XXII share price just a few months ago in February, 2025. That pricing may have been appropriate in 2024, but that is also the past. We focus on the future. If new management is able to grow the re-imagined business – and now holds the line on additional share and warrant issuance – upside remains considerable.

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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	\$ 5.96	\$ 5.44	\$ 8.28	\$ 9.59	\$ 29.26	\$ 51.57
Total Revenues	\$ 40.50	\$ 32.20	\$ 6.47	\$ 7.95	\$ 5.95	\$ 4.02	\$ 24.38	\$ 5.96	\$ 5.44	\$ 8.28	\$ 9.59	\$ 29.26	\$ 51.57
YOY Revenue Growth (%)		-20.5%	-27.5%	-1.3%	-24.5%	-45.4%	-24.3%	-7.9%	-31.5%	39.2%	138.5%	20.0%	76.2%
Cost of Revenues													
Cost of Products Sold	\$ 26.04	\$ 30.49	\$ 4.21	\$ 3.87	\$ 3.10	\$ 3.10	\$ 14.28	\$ 2.88	\$ 3.21	\$ 4.13	\$ 4.27	\$ 14.49	\$ 22.81
Excise Taxes	\$ 12.62	\$ 10.41	\$ 3.39	\$ 3.51	\$ 3.43	\$ 2.17	\$ 12.50	\$ 3.68	\$ 2.45	\$ 2.84	\$ 3.12	\$ 12.09	\$ 15.51
Cost of Revenues	\$ 38.65	\$ 40.90	\$ 7.60	\$ 7.38	\$ 6.53	\$ 5.27	\$ 26.78	\$ 6.57	\$ 5.66	\$ 6.97	\$ 7.39	\$ 26.58	\$ 38.32
Cost of Revenues/Revenues (%)	95.4%	127.0%	117.5%	92.8%	109.9%	131.1%	109.8%	110.2%	104.0%	84.2%	77.1%	90.9%	74.3%
Gross Profit	\$ 1.85	\$ (8.70)	\$ (1.13)	\$ 0.57	\$ (0.59)	\$ (1.25)	\$ (2.40)	\$ (0.61)	\$ (0.22)	\$ 1.31	\$ 2.20	\$ 2.68	\$ 13.25
Gross Margin	4.6%	Negative	Negative	7.2%	Negative	Negative	Negative	Negative	Negative	15.8%	22.9%	9.1%	25.7%
Product Development	\$ 3.58	\$ 2.64	\$ 0.43	\$ 0.25	\$ 0.24	\$ 0.21	\$ 1.13	\$ 0.16	\$ 0.27	\$ 0.25	\$ 0.25	\$ 0.94	\$ 1.10
% of revenues	8.8%	8.2%	6.6%	3.1%	4.0%	5.3%	4.6%	2.7%	5.0%	3.0%	2.7%	3.2%	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	\$ 1.80	\$ 2.32	\$ 2.20	\$ 2.23	\$ 8.54	\$ 9.20
% of Revenues	79.6%	96.5%	44.9%	29.7%	42.8%	61.6%	96.5%	30.2%	42.6%	26.6%	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	\$ 1.96	\$ 2.59	\$ 2.45	\$ 2.48	\$ 9.48	\$ 10.30
% of Revenues	87.6%	112.5%	51.1%	32.9%	46.9%	70.7%	47.4%	32.9%	47.6%	29.6%	25.9%	32.4%	20.0%
Operating Profit	\$ (33.64)	\$ (44.93)	\$ (4.43)	\$ (2.05)	\$ (3.38)	\$ (4.09)	\$ (13.95)	\$ (2.57)	\$ (2.81)	\$ (1.15)	\$ (0.28)	\$ (6.80)	\$ 2.95
Operating Margin	-83.0%	-139.5%	-68.5%	-25.8%	-56.8%	-101.8%	-57.2%	-43.1%	-51.6%	-13.8%	-2.9%	-23.3%	5.7%
Interest Expense and Financing Charges, Net	\$ (0.06)	\$ (9.37)	\$ (1.02)	\$ (0.50)	\$ (0.31)	\$ (0.27)	\$ (2.09)	\$ (0.56)	\$ (0.35)	\$ (0.32)	\$ (0.27)	\$ (1.49)	\$ (0.51)
Interest Income	\$ 0.31	\$ 0.22	\$ -	\$ 0.02	\$ 0.00	\$ 0.05	\$ 0.07	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.08	\$ 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	\$ (0.16)	\$ -	\$ -	\$ -	\$ (0.16)	\$ -
Pretax Income	\$ (36.53)	\$ (54.64)	\$ (5.45)	\$ (2.19)	\$ (3.59)	\$ (4.24)	\$ (15.47)	\$ (3.27)	\$ (3.13)	\$ (1.45)	\$ (0.53)	\$ (8.38)	\$ 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)	\$ (3.27)	\$ (3.13)	\$ (1.45)	\$ (0.53)	\$ (8.38)	\$ 2.52
Loss from Discontinued Operations Before Income Taxes	\$ (23.70)	\$ (85.63)	\$ (0.29)	\$ 1.10	\$ (0.17)	\$ (0.31)	\$ 0.33	\$ (1.05)	\$ -	\$ -	\$ -	\$ (1.05)	\$ -
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	\$ (1.05)	\$ -	\$ -	\$ -	\$ (1.05)	\$ -
GAAP Net Income (Loss)	\$ (59.80)	\$ (140.78)	\$ (5.74)	\$ (1.11)	\$ (3.76)	\$ (4.55)	\$ (15.16)	\$ (4.33)	\$ (3.13)	\$ (1.45)	\$ (0.53)	\$ (9.43)	\$ 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)	\$ (4.33)	\$ (3.13)	\$ (1.45)	\$ (0.53)	\$ (9.43)	\$ 2.52
Weighted Shares for Basic EPS *	5,952	9,467	23,612	61,064	97,771	730,000	730,000	1,729,212	11,507,622	11,507,622	11,507,622	11,507,622	11,507,622
Weighted Shares for Diluted EPS *	5,952	9,467	23,612	61,064	97,771	730,000	730,000	1,729,212	11,507,622	11,507,622	11,507,622	11,507,622	11,507,622
EPS Basic	NM	NM	NM	NM	NM	NM	NM	\$ (2.50)	\$ (0.27)	\$ (0.13)	\$ (0.05)	\$ (0.82)	\$ 0.22
EPS Diluted	NM	NM	NM	NM	NM	NM	NM	\$ (2.50)	\$ (0.27)	\$ (0.13)	\$ (0.05)	\$ (0.82)	\$ 0.22
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)	\$ (3.27)	\$ (3.13)	\$ (1.45)	\$ (0.53)	\$ (8.38)	\$ 2.52
Depreciation, depletion & amortization	\$ 4.57	\$ 4.86	\$ 0.27	\$ 0.25	\$ 0.25	\$ 0.25	\$ 1.01	\$ 0.22	\$ 0.30	\$ 0.30	\$ 0.30	\$ 1.12	\$ 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	\$ 0.54	\$ 0.33	\$ 0.30	\$ 0.25	\$ 1.42	\$ 0.43
EBITDA	\$ (32.22)	\$ (40.63)	\$ (4.17)	\$ (1.46)	\$ (3.03)	\$ (3.78)	\$ (12.44)	\$ (2.51)	\$ (2.51)	\$ (0.85)	\$ 0.02	\$ (5.85)	\$ 4.28
EBITDA Margin (%)	-79.6%	-126.2%	-64.4%	-18.4%	-50.9%	-94.0%	-51.0%	-42.1%	-46.1%	-10.2%	0.2%	-20.0%	8.3%
Inventory write-down	\$ 0.24	\$ 8.70	\$ 0.43	\$ -	\$ -	\$ -	\$ 0.43	\$ (0.03)	\$ -	\$ -	\$ -	\$ (0.03)	\$ -
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	\$ 0.03	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.71	\$ 1.30
Change in fair value of derivative liabilities	\$ -	\$ (0.36)	\$ 0.08	\$ (0.54)	\$ (0.02)	\$ (0.08)	\$ (0.56)	\$ -	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.30	\$ 0.40
Change in fair value of warrant liabilities	\$ -	\$ 0.56	\$ -	\$ (0.32)	\$ (0.10)	\$ (0.07)	\$ (0.49)	\$ 0.16	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.46	\$ 0.40
Company Reported Adjusted EBITDA	\$ (26.46)	\$ (31.48)	\$ (3.50)	\$ (2.57)	\$ (3.18)	\$ (3.88)	\$ (13.13)	\$ (2.35)	\$ (2.08)	\$ (0.42)	\$ 0.45	\$ (4.40)	\$ 6.38
Company Reported Adjusted EBITDA Margin (%)	-65.3%	-97.8%	-54.1%	-32.3%	-53.5%	-96.6%	-53.9%	-39.4%	-38.2%	-5.0%	4.7%	-15.0%	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.29	\$ -	\$ -	\$ -	\$ 0.29	\$ -
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	\$ 0.75	\$ -	\$ -	\$ -	\$ 0.75	\$ -
Interest on trade accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EmergingGrowth.com Adjusted EBITDA	\$ (16.70)	\$ (14.56)	\$ (2.54)	\$ (2.29)	\$ (2.54)	\$ (2.77)	\$ (10.13)	\$ (1.31)	\$ (2.08)	\$ (0.42)	\$ 0.45	\$ (3.36)	\$ 6.38
EmergingGrowth.com Adjusted EBITDA Margin (%)	-41.2%	-45.2%	-39.3%	-28.8%	-42.7%	-68.9%	-41.5%	-22.0%	-38.2%	-5.0%	4.7%	-11.5%	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)	\$ (4.33)	\$ (3.13)	\$ (1.45)	\$ (0.53)	\$ (9.43)	\$ 2.52
Stock-based compensation	\$ 5.49	\$ 2.68	\$ 0.18	\$ 0.06	\$ (0.00)	\$ 0.15	\$ 0.38	\$ 0.03	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.71	\$ 1.30
Depreciation, depletion and amortization	\$ 4.57	\$ 4.86	\$ 0.27	\$ 0.25	\$ 0.25	\$ 0.25	\$ 1.01	\$ 0.22	\$ 0.30	\$ 0.30	\$ 0.30	\$ 1.12	\$ 1.33
Bad debt expense	\$ 0.77	\$ 1.02	\$ 0.00	\$ 0.01	\$ (0.00)	\$ -	\$ 0.00	\$ 0.51	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.51	\$ 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	\$ (0.03)	\$ -	\$ -	\$ -	\$ (0.03)	\$ -
Change in fair value of derivative liabilities	\$ -	\$ (0.36)	\$ 0.08	\$ (0.54)	\$ (0.02)	\$ (0.08)	\$ (0.56)	\$ -	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.30	\$ 0.40
Change in fair value of warrant liabilities	\$ -	\$ 0.56	\$ -	\$ (0.32)	\$ (0.10)	\$ (0.07)	\$ (0.49)	\$ 0.16	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.46	\$ 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.29	\$ -	\$ -	\$ -	\$ 0.29	\$ -
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	\$ 0.75	\$ -	\$ -	\$ -	\$ 0.75	\$ -
Subtotal	\$ (40.14)	\$ (53.25)	\$ (3.84)	\$ (1.69)	\$ (3.34)	\$ (3.90)	\$ (12.77)	\$ (2.39)	\$ (2.40)	\$ (0.72)	\$ 0.20	\$ (5.31)	\$ 5.95
Accounts receivable, net - decrease (increase)	\$ (2.88)	\$ (0.02)	\$ (0.08)	\$ (0.71)	\$ 0.67	\$ 0.09	\$ (0.03)	\$ (2.64)	\$ -	\$ -	\$ -	\$ (2.64)	\$ -
Receivables from related parties - decrease (increase)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories - decrease (increase)	\$ (8.79)	\$ (5.93)	\$ 1.03	\$ 0.23	\$ 0.32	\$ 0.33	\$ 1.90	\$ (0.51)	\$ -	\$ -	\$ -	\$ (0.51)	\$ -
Pre-paid expenses and other assets - decrease (increase)	\$ (0.92)	\$ 0.45	\$ 0.49	\$ (1.03)	\$ 0.83	\$ (0.13)	\$ 0.16	\$ (0.49)	\$ -	\$ -	\$ -	\$ (0.49)	\$ -
Accounts payable - decrease (increase)	\$ 0.42	\$ 4.75	\$ 0.63	\$ (0.61)	\$ (0.49)	\$ (0.71)	\$ (1.17)	\$ 0.36	\$ -	\$ -	\$ -	\$ 0.36	\$ -
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)	\$ 2.70	\$ -	\$ -	\$ -	\$ 2.70	\$ -
Income taxes payable - decrease (increase)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Activities - Net Cash Flow	\$ (51.71)	\$ (54.99)	\$ (2.26)	\$ (4.72)	\$ (2.98)	\$ (4.46)	\$ (14.403)	\$ (2.98)	\$ (2.40)	\$ (0.72)	\$ 0.20	\$ (5.90)	\$ 5.95
Purchases of property and equipment	\$ (5.73)	\$ (5.62)	\$ (0.01)	\$ (0.06)	\$ (0.07)	\$ (0.02)	\$ (0.16)	\$ (0.06)	\$ (0.25)	\$ (0.25)	\$ (0.25)	\$ (0.81)	\$ (1.75)
Business divestitures, net of cash transferred	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.75	\$ -	\$ -	\$ 0.75	\$ -
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)	\$ (0.06)	\$ 0.50	\$ (0.25)	\$ (0.25)	\$ (0.06)	\$ (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)	\$ (0.25)	\$ (1.00)	\$ -	\$ -	\$ (1.25)	\$ -
Proceeds from financing transaction	\$ 35.00	\$ 53.81	\$ 2.25	\$ 3.91	\$ 8.16	\$ 5.17	\$ 19.49	\$ -	\$ 3.00	\$ -	\$ -	\$ 3.00	\$ -
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)	\$ 2.25	\$ -	\$ -	\$ 2.00	\$ -
Exchange rate effect	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and Equivalents - Change	\$ 1.68	\$ (0.96)	\$ (0.54)	\$ (0.24)	\$ 4.06	\$ (0.98)	\$ 2.31	\$ (3.29)	\$ 0.35	\$ (0.97)	\$ (0.05)	\$ (3.96)	\$ 4.20
Cash Beginning	\$ 1.34	\$ 3.02	\$ 2.06	\$ 1.52	\$ 1.28	\$ 5.34	\$ 2.06	\$ 4.42	\$ 1.13	\$ 1.47	\$ 0.51	\$ 4.42	\$ 0.46
Cash End	\$ 3.02	\$ 2.06	\$ 1.52	\$ 1.28	\$ 5.34	\$ 4.42	\$ 4.42	\$ 1.13	\$ 1.47	\$ 0.51	\$ 0.46	\$ 0.46	\$ 4.66

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	\$ 1.13	\$ 1.47	\$ 0.51	\$ 0.46	\$ 0.46	\$ 4.66
Short term investments	\$ 18.19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	\$ 1.36	\$ 3.67	\$ 3.75	\$ 2.95	\$ 2.28	\$ 2.20	\$ 2.20	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32
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	\$ 2.56	\$ 2.56	\$ 2.56	\$ 2.56	\$ 2.56	\$ 2.56
Pre-paid expenses/Other current assets	\$ 1.93	\$ 1.18	\$ 0.70	\$ 1.77	\$ 0.98	\$ 1.07	\$ 1.07	\$ 1.56	\$ 1.56	\$ 1.56	\$ 1.56	\$ 1.56	\$ 1.56
Current assets of discontinued operations held for sale	\$ 12.83	\$ 1.25	\$ 1.09	\$ 1.06	\$ 1.05	\$ 1.05	\$ 1.05	\$ 0.76	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total Current Assets	\$ 44.61	\$ 16.28	\$ 13.71	\$ 13.48	\$ 15.76	\$ 11.52	\$ 11.52	\$ 11.10	\$ 10.68	\$ 9.71	\$ 9.66	\$ 9.66	\$ 13.87
Property & equipment, net	\$ 3.69	\$ 3.39	\$ 3.24	\$ 3.09	\$ 2.97	\$ 2.77	\$ 2.77	\$ 2.66	\$ 2.76	\$ 2.86	\$ 2.96	\$ 2.96	\$ 4.05
Operating lease right-of-use assets	\$ 0.94	\$ 1.89	\$ 1.83	\$ 1.77	\$ 1.71	\$ 1.64	\$ 1.64	\$ 1.57	\$ 1.57	\$ 1.57	\$ 1.57	\$ 1.57	\$ 1.57
Intangible assets, net	\$ 7.21	\$ 5.92	\$ 5.82	\$ 5.73	\$ 5.73	\$ 5.72	\$ 5.72	\$ 6.11	\$ 5.96	\$ 5.82	\$ 5.67	\$ 5.67	\$ 5.00
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	\$ 21.46	\$ 20.99	\$ 19.98	\$ 19.88	\$ 19.88	\$ 24.50
Accounts payable	\$ 2.05	\$ 4.45	\$ 5.05	\$ 3.89	\$ 3.10	\$ 2.40	\$ 2.40	\$ 3.09	\$ 3.09	\$ 3.09	\$ 3.09	\$ 3.09	\$ 3.09
Deferred Income	\$ 0.69	\$ 0.73	\$ 0.38	\$ 0.39	\$ 0.05	\$ -	\$ -	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08
Accrued expenses	\$ 4.85	\$ 8.21	\$ 8.21	\$ 7.46	\$ 7.48	\$ 4.15	\$ 4.15	\$ 6.95	\$ 6.95	\$ 6.95	\$ 6.95	\$ 6.95	\$ 6.95
Short-term operating lease obligations	\$ 0.25	\$ 0.23	\$ 0.24	\$ 0.25	\$ 0.25	\$ 0.26	\$ 0.26	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27
Current portion of long term debt and notes payable	\$ 0.69	\$ 6.39	\$ 6.58	\$ 2.38	\$ 2.07	\$ 1.75	\$ 1.75	\$ 3.93	\$ 3.93	\$ 3.93	\$ 3.93	\$ 3.93	\$ 3.93
Current liabilities of discontinued operations held for sale	\$ 4.14	\$ 3.19	\$ 3.15	\$ 1.40	\$ 1.30	\$ 1.28	\$ 1.28	\$ 0.86	\$ 0.86	\$ 0.86	\$ 0.86	\$ 0.86	\$ 0.86
Other current liabilities	\$ 0.35	\$ 1.85	\$ 1.67	\$ 0.31	\$ 0.19	\$ 0.12	\$ 0.12	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22
Total Current Liabilities	\$ 13.02	\$ 25.03	\$ 25.26	\$ 16.07	\$ 14.44	\$ 9.96	\$ 9.96	\$ 16.40	\$ 16.40	\$ 16.40	\$ 16.40	\$ 16.40	\$ 16.40
Long-term debt, net of current portion	\$ -	\$ 8.06	\$ 8.14	\$ 6.05	\$ 5.53	\$ 5.17	\$ 5.17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term operating lease liability	\$ 0.71	\$ 1.70	\$ 1.64	\$ 1.57	\$ 1.51	\$ 1.44	\$ 1.44	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36
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	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07
TOTAL LIABILITIES	\$ 18.68	\$ 35.91	\$ 36.24	\$ 25.04	\$ 22.71	\$ 17.66	\$ 17.66	\$ 17.83	\$ 17.83	\$ 17.83	\$ 17.83	\$ 17.83	\$ 17.83
Common Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Paid-in Capital (adjusted for projection error)	\$ 333.90	\$ 370.30	\$ 372.82	\$ 384.60	\$ 392.79	\$ 397.88	\$ 397.88	\$ 401.82	\$ 404.49	\$ 404.93	\$ 405.36	\$ 405.36	\$ 407.47
Retained Earnings	\$ (237.81)	\$ (378.71)	\$ (384.45)	\$ (385.56)	\$ (389.32)	\$ (393.87)	\$ (393.87)	\$ (398.20)	\$ (401.33)	\$ (402.78)	\$ (403.32)	\$ (403.32)	\$ (400.80)
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	\$ 3.63	\$ 3.16	\$ 2.15	\$ 2.04	\$ 2.04	\$ 6.67
TOTAL LIABILITIES & EQUITY	\$ 114.65	\$ 27.50	\$ 24.62	\$ 24.09	\$ 26.18	\$ 21.67	\$ 21.67	\$ 21.46	\$ 21.00	\$ 19.98	\$ 19.87	\$ 19.87	\$ 24.50

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	\$ 29.26	\$ 51.57	\$ 71.87	\$ 100.25	\$ 130.33	\$ 162.91	\$ 195.49	\$ 224.81	\$ 247.29	\$ 259.66	
Operating Income	\$ (6.80)	\$ 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	\$ (6.80)	\$ 2.95	\$ 9.09	\$ 20.63	\$ 32.58	\$ 40.73	\$ 31.28	\$ 35.97	\$ 39.57	\$ 41.55	
Add: Depreciation & Amortization	\$ 1.12	\$ 1.33	\$ 1.43	\$ 1.53	\$ 1.95	\$ 2.44	\$ 2.93	\$ 3.37	\$ 3.71	\$ 3.89	
Add: Changes in NWC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Less: Capital Expenditures	\$ 0.06	\$ 1.75	\$ 2.00	\$ 2.00	\$ 2.61	\$ 3.26	\$ 3.91	\$ 4.50	\$ 4.95	\$ 5.19	
Free Cash Flow	\$ (5.74)	\$ 2.53	\$ 8.52	\$ 20.16	\$ 31.93	\$ 39.91	\$ 30.30	\$ 34.85	\$ 38.33	\$ 40.25	\$ 376.84
Discount Period - Months	7.00	19.00	31.00	43.00	55.00	67.00	79.00	91.00	103.00	115.00	115.00
Discount Period - Years	0.58	1.58	2.58	3.58	4.58	5.58	6.58	7.58	8.58	9.58	9.58
Discount Factor	0.93	0.81	0.71	0.63	0.55	0.48	0.42	0.37	0.32	0.28	0.28
Present Value of FCF	\$ (5.32)	\$ 2.06	\$ 6.08	\$ 12.61	\$ 17.51	\$ 19.20	\$ 12.79	\$ 12.90	\$ 12.45	\$ 11.47	\$ 107.35

Growth Rate Assumptions:

Revenue (2029 - 2034 / 5% step-down)	35.0%
Stable Free Cash Flow Growth Rate (g)	3.00%
Discount Rate (WACC)	14.00%

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)	73.969	Inclusive of 104k settlement issuance and 72 million warrants exercise (at 100%)
PV of FCF (\$ mil)	\$ 101.74	
PV of Terminal Value (\$ mil)	\$ 107.35	
Enterprise Value (\$ mil)	\$ 209.09	
less: Debt (net of cash, \$ mil)	\$ 3.90	
less: Minority Interest	\$ -	
Estimated Total Value of Equity	\$ 205.19	
Estimated Equity Value per Share	\$ 2.77	

Terminal Value Sensitivity Analysis:

Discount Rate	Terminal Growth Rate				
	1.0%	2.0%	3.0%	4.0%	5.0%
13.0%	338.73	373.18	414.53	465.05	528.21
13.5%	325.18	356.96	394.79	440.58	497.14
14.0%	312.68	342.09	376.84	418.55	469.53
14.5%	301.10	328.40	360.46	398.62	444.81
15.0%	290.34	315.77	345.44	380.50	422.57