22nd Century Group, Inc.
Nasdaq: XXII

November 26, 2025

Price (close on November 25, 2025)
$0.86

Rating
Buy-Emerging

12- Month Target Price
$9.00

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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	$0.84 – $338.45
Shares Outstanding *	7.0 mil
Insider / Institutional *	0%/0%
Public Float	Effectively 100%
Market Capitalization *	$6.1 mil
Total Debt	$0.0 mil
Debt / MV Equity *	0%
ROE (LTM)	NM
Book Value / Share	NM
Daily Volume (90-day)	1,606,823
Fwd. Div. & Yield	--

EMERGING Growth Research

Revenue Bottom, Cash Rich, and Poised for Growth:

Coming on the heels of a preferred share issuance, XXII recently announced repayment of all remaining debt and settlement of a $9.5mn legal case. Accordingly, the Company is now net-cash rich (2025E cash is 1/3rd of market value) just as more-branded CMO stabilizes and higher margin VLN® re-launch begins to gain shipment traction. Growth is now on the menu, though it may be delayed into later-H1:26. Accordingly, we now expect EBITDA breakeven in Q3:26 on revamped marketing, growth in VLN®, and expense discipline. Moreover, with its new zero-debt/cash rich status, no more additional survival share issuance is expected, and bankruptcy risk has disappeared. That said, there remain material dilutive warrant and preferred shares conversion potential, though those issues are likely in the price. Upside is very strong based on Price/Sales and DCF relative to long-term hammered XXII shares. **We maintain our Buy-Emerging rating on XXII with an upgraded $9.00 price target.**

FYE Dec Revenue ($ mil.)	FY 2024A CURRENT	FY 2025E CURRENT	FY 2025E FORMER	FY 2026E CURRENT	FY 2026E FORMER
Q1 Mar	$6.5A	$6.0A	$6.0A	$4.6E	$6.1E
Q2 Jun	$7.9A	$4.1A	$4.1A	$7.5E	$9.9E
Q3 Sep	$5.9A	$4.0A	$4.2E	$8.4E	$11.1E
Q4 Dec	$4.0A	$4.1E	$4.7E	$12.0E	$15.8E
Year	**$24.4A**	**$18.1E**	**$18.9E**	**$32.5E**	**$42.8E**
Change	(24)%	(26)%	(23)%	79%	127%

FYE Dec EBITDA ($ mil.)	FY 2024A CURRENT	FY 2025E CURRENT	FY 2025E FORMER	FY 2026E CURRENT	FY 2026E FORMER
Q1 Mar	$(4.2)A	$(2.5)A	$(2.5)A	$(1.8)E	$(1.3)E
Q2 Jun	$(1.5)A	$(2.8)A	$(2.8)A	$(0.3)E	$0.6E
Q3 Sep	$(3.0)A	$(3.0)A	$(2.1)E	$0.1E	$0.9E
Q4 Dec	$(3.8)A	$(2.7)E	$(1.8)E	$1.4E	$2.7E
Year	**$(12.4)A**	**$(11.1)E**	**$(9.2)E**	**$(0.6)E**	**$2.8E**
Change	NM	NM	NM	NM	NM

* Does not reflect potential conversion of remaining warrants outstanding, preferred shares conversion, or additional potential share issuance.

Q3:25 Financial Performance

- Significant long-term operational and financial restructuring under new management is now basically complete.
- Q3:25 slightly missed expectations, but revenue run rate has effectively bottomed while gross/operational costs remain disciplined.

Key Risks

- Reduced 2026 revenue projections reflect slower-than expected VLN® rollout but are offset by sharply-lower WACC.
- Dilution remains a risk but is likely priced in and materially offset by a new cash-rich status (net cash 1/3 of fully-diluted market value).

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 a 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.

The transitional phase appears to be over. Management has revamped into increasingly higher-margin, branded CMO contracts (i.e., certain traditional CMO cigarettes and launches in the 'natural' category of additive-free tobacco and water cigarettes) and is pursuing a vastly higher-margin VLN® marketing re-launch. This shift away from restructuring to a growth posture occurs as the Company deploys its CMO asset base of manufacturing, brand, customer relationship, and distribution resources to build a self-funding business. Management is also moving ahead with plans to launch additional products, including VLN® SKUs within private label CMO customer brand families (e.g., Smoker Friendly VLN and Pinnacle contracts). To wit, the Company is now approved to sell VLN® in almost all U.S. states and began shipping out at small scale in Q3:25.

New management now expects Q3:26 EBITDA breakeven on stabilizing, increasingly-profitable CMO (post-2024 price hikes/shift to more branded products) and a revamped VLN® marketing strategy. Management estimates that just 500,000 VLN® and natural-branded cartons (10% of XXII production capacity) are needed for profit breakeven – a sea-change moment. However, re-focused CMO growth and near-term VLN® growth have been slow to roll out. To that end, the management team was recently locked into new contracts that fully align them with higher share price achievement.

Based on a slower-than-expected CMO recovery and VLN® growth, our revenue growth forecasts have also changed. Accordingly, EBITDA is now more conservatively expected to break-even in Q3:26. If the revenue ramp of CMO and, more importantly, the VLN® rollout remains slower than expected (which is possible), there also remains potential for additional share issuance based on cash burn, though ample cash (from post common preferred share issuance, warrant exercise, and the resolution of the long-term $9.5 million insurance recoverable legal court case) appears sufficient to maintain operations through expected breakeven.

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 a reported 0.2x Price/2026E Sales (0.6x on a fully diluted basis or 0.4x fully-diluted while subtracting out Net Cash from the market cap) versus a 5.2x industry peer average, XXII is very lowly priced. DCF analysis tells the story even better, as bankruptcy risk is now eliminated and the Company is potentially on the verge of sales-driven profitability.

There is near-term share price risk on negative news flow regarding potential warrant exercise/preferred shares conversion (modelled) and small capex-based share issuance, but such reality is likely more than fully priced. Moreover, management's 2026/long-term forecasts are augmented by a sharply reduced WACC, so we further upgrade our price target. There is also room for an additional price target upgrade in early-2026 should Q1:26 rate-of-sales data prove fruitful. Sales execution remains key. **We retain bullish confidence and Buy-Emerging rating with an upgraded $9.00 target.**

Q3:25 Financial Performance

Company revenue declined by 33% YOY in Q3:25, reaching $4.0 million versus $6.0 million in Q3:24 but declined just 1% versus $4.1 million in Q2:25, reflecting stabilization of revenue following 2024 CMO price hike attrition and right-sizing efforts to focus more on higher-margin, branded products. Management estimates that CMO resumes revenue growth in 2026.

Gross profit in Q3:25 was $(1.1) million compared to $(0.6) million in Q3:24. Sequentially, gross profit also declined from $(0.6) million in Q2:25 as increased excise taxes offset contained COGS. 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 Q3:25 reduced to $(3.2) million versus $(3.4) million in Q3:24. Sequentially, operating profit fell from $(3.0) million in Q2:25. A decrease in YOY operating loss was driven by higher excise taxes, partially offset as SG&A actually reduced on cost discipline. The Company's Net Income from Continuing Operations in Q3:25 was $(3.8) million versus $(3.6) million in Q3:24. Sequentially, Net Income from Continuing Operations declined versus $(3.3) million in Q2:25.

EBITDA, a non-GAAP measure, was \$(3.0) million in Q3:25 versus \$(3.0) million in Q3:24 and \$(2.8) million in Q2:25. Company Adjusted EBITDA was \$(2.6) million in Q3:25 compared to \$(2.6) million in Q2:25. Emerging Growth Research's Adjusted EBITDA quarterly estimate was also basically stable at \$(2.1) million in Q3:25 versus \$(2.2) million in Q2:25. Revenue operations have stabilized with profitability slowly following, all while VLN® rollout commences.

Total Net Cash (i.e., Cash + Insurance Recoverable - Debt) increased sharply to \$14.0 million in Q3:25 versus \$(0.8) million in Q2:25, reflecting a cash infusion from preferred share issuance, warrant exercise, and the resolution of a long-term \$9.5 million insurance legal court case, less complete debt repayment. The cash-rich status is a first in Company history and bodes quite well for reduced share issuance based on the cash burn expected until 2026 EBITDA breakeven occurs. Management intends to be "cash misers" through early-2026 though, preferring to draw on cash rather than share issuance. That said, it is possible expansion capex increases to support the VLN® rollout.

EPS Guidance and Estimates

XXII slightly missed expectations in Q3:25, reflecting a slower-than-expected VLN® rollout. VLN® state registrations took longer to establish than expected (and thus shipping), though are now in effect in a super-majority of U.S. states with product present in 1,500 outlets (out of 270,000). Moreover, we believe that the bottom of CMO revenue generation is in at a circa-\$4.0 million quarterly run-rate. While VLN® is projected to increasingly contribute in Q4:25, it is in early 2026 that efforts will ramp off a low revenue base. To be conservative then, we are pushing out EBITDA break-even from Q2:26 to Q3:26.

Longer-term, we retain high revenue expectations, modelled in 2026 (+80%), 2027 (+100%), and 2028 (+55%) reflecting re-focused CMO growth and VLN® market penetration (i.e., <1% of \$12 billion market, long-term). Gross margin is expected to grow to 21% in 2026 reflecting higher capacity utilization, post-attaining EBITDA profitability.

Operating margin is expected to turn positive at 10% of revenue in Q4:26 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 10% Net Income Margin in Q4:26. 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/2026E Sales peer multiple (based on two publicly-traded U.S. tobacco companies) as the only potentially useful relative metric. Given material XXII share dilution inherent related to potential warrant exercise and potential share issuance to a lesser extent, we believe that the Company's reported 0.2x Price/2026E Sales multiple does not present an accurate portrayal of XXII's relative valuation.

We adjust our relative valuation metric using a warrant-adjusted and share issuance-adjusted share count (i.e., 23.8 million fully-diluted shares basis), which shows that XXII is effectively valued at 0.6x Price/2026E Sales (0.6x on a fully diluted basis/0.4x fully-diluted while subtracting out Net Cash from the market cap) – substantially below the industry range and 5.2x Price/2026E Sales median. Indeed, XXII shares currently trade at 1/3rd Net Cash/Market Value. Moreover, while XXII is less established versus industry leaders, they have vastly higher growth prospects. Therefore, applying an industry median valuation to XXII's 2026E Sales yields a \$7.10 price target.

Furthermore, given XXII's strong long-term revenue growth outlook starting in 2026, we believe a discounted relative Price/Sales value does not completely value potentially high-growth in XXII, despite current lack of profitability. Accordingly, we also include a DCF analysis to more accurately value the Company. Exhibit 1 below summarizes our peer group multiples. Historical and proforma financial statements as well as the DCF model are included in pages seven to eleven of this report.

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

22nd Century Group, Inc.
Peer Group Valuations

Company Name	Ticker	Price (11/21/2025)	Market Cap ($millions)	2026E Price-to-Sales
Philip Morris	PM	155.24	241,653	5.5
Altria Group	MO	58.19	97,682	4.9
Industry Median (ex: negatives)		**106.72**	**169,668**	**5.2**
22nd Century Group, Inc. (Reported) *1, 4	XXII	0.83	6	0.2
22nd Century Group, Inc. (FD Basis Adjusted) *2, 4	XXII	0.83	20	0.6
22nd Century Group, Inc. (Cash Adjusted) *3, 4	XXII	0.83	20	0.4

	Valuation
Price/Sales Valuation (At 2026E Industry Median) *4	7.10
Current DCF Valuation *4	11.56
Average Blended Valuation	9.33

**1: Effective Market Capitalization and Price/Sales figures adjusted for estimate of current 7.0 million shares outstanding. Does not reflect potential additional warrant conversion or share issuance.*

**2: Effective Market Capitalization and Price/Sales figures adjusted for expected share dilution from estimated additional warrant exercise and share issuance in 2025-2026 (i.e., 23.8 million total share equivalent).*

**3: Fully Diluted Adjusted estimate is further adjusted for Q4:25 estimated $11.5mn Net Cash position.*

**4: Dependent on management estimates. Price target upgrade depends on revenue generation reality in 2026.*

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

Our DCF model uses projections for 2025-2028 and estimates for years thereafter. Management expects Free Cash Flow to turn positive in 2027 and grow explosively by 95% CAGR from 2027-2030 (off of a very low 2027E base) reflecting strong sales growth, expense discipline, and zero taxation due to ample Loss Carryforwards. Despite still strong though slowing revenue growth thereafter, we expect Free Cash Flows to effectively flatline for four years from 2031-2034 (reflecting a return of active taxation) and to grow by a 3% CAGR in perpetuity from 2035 on a long-term 25% operating profit margin.

We discount estimated annual free cash flows by a sharply-reduced 13.9% WACC, inclusive of the risk-free-rate and premia for equity market, liquidity, and small-cap risk. Bankruptcy risk premium has now been eliminated, reflecting a strong Net Cash position (and now zero debt). Our DCF model produces a $11.56 per share value (inclusive of warrant and preferred share conversion dilution). Sensitivity analysis (for different terminal growth and discount rates) indicates a min/max share price-estimate range of $9.36 - $14.92. **Blending our two metrics yields a $9.33 price target, which we round down to $9.00.**

XXII shares have been mercilessly beaten down, so our price target estimate remains vastly higher than the $0.86 price of XXII shares (as of November 25, 2025) and to the XXII share price just five months ago in July, 2025. That may have been appropriate in 2024, but that is the past. We focus on the future. If management is able to substantially grow the re-imagined business – and holds the line on share and new warrant issuance – upside remains considerable as confidence grows in management, institutional investors appear, and risk premia decline. **We maintain our Buy-Emerging rating.**

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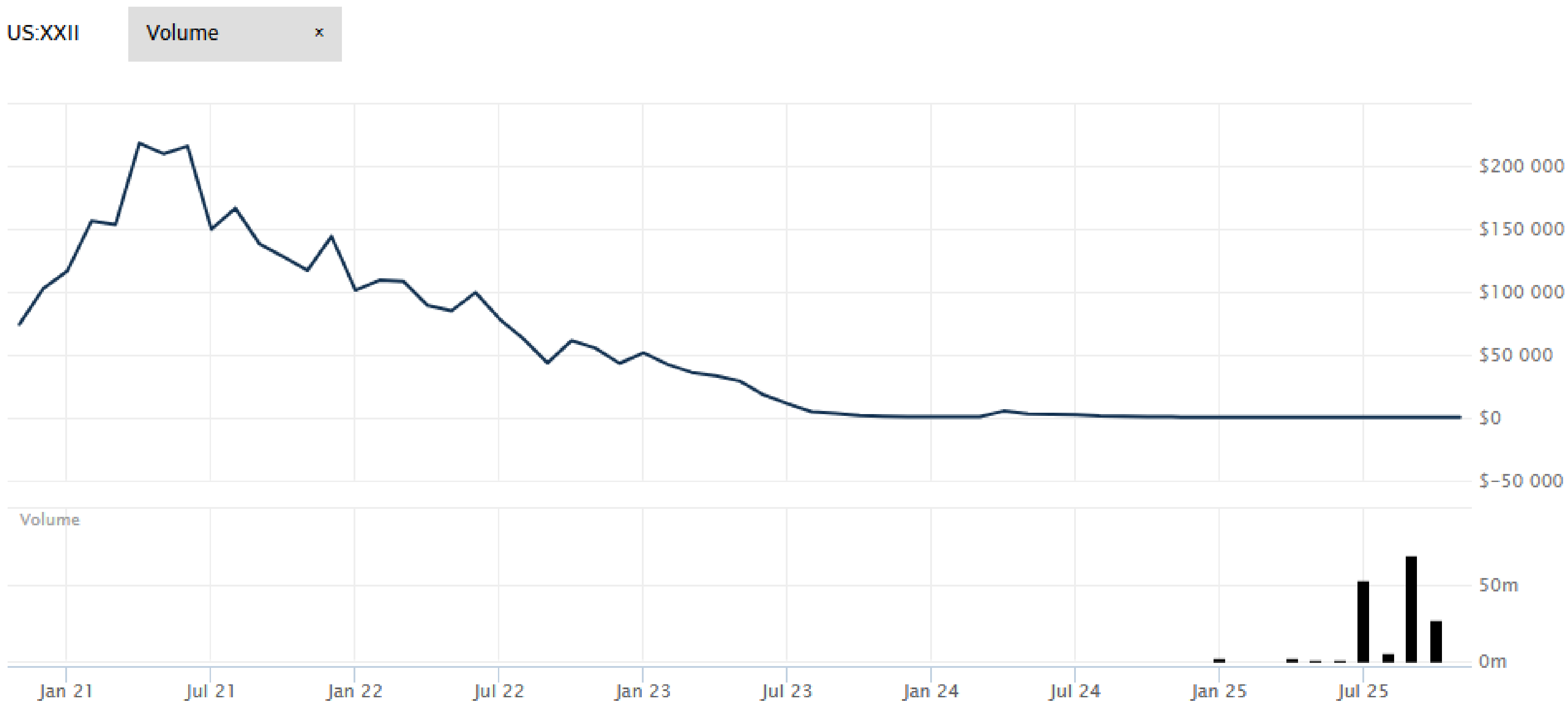
Rating Definitions

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.

5-Year Stock Price Chart



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

	2022 Actual	2023 Actual	2024 Actual	2025 Estimated					2026 Estimated				
	Fiscal 2022A	Fiscal 2023A	Fiscal 2024A	1QA Mar-25	2QA Jun-25	3QA Sep-25	4QE Dec-25	Fiscal 2025E	1QE Mar-26	2QE Jun-26	3QE Sep-26	4QE Dec-26	Fiscal 2026E
Revenues													
Tobacco	$ 40.50	$ 32.20	$ 24.38	$ 5.96	$ 4.08	$ 4.01	$ 4.05	$ 18.10	$ 4.61	$ 7.48	$ 8.42	$ 11.99	$ 32.50
Total Revenues	**$ 40.50**	**$ 32.20**	**$ 24.38**	**$ 5.96**	**$ 4.08**	**$ 4.01**	**$ 4.05**	**$ 18.10**	**$ 4.61**	**$ 7.48**	**$ 8.42**	**$ 11.99**	**$ 32.50**
YOY Revenue Growth (%)		***-20.5%***	***-24.3%***	***-7.9%***	***-48.6%***	***-32.5%***	***0.7%***	***-25.8%***	***-22.7%***	***83.2%***	***110.0%***	***196.3%***	***79.6%***
Cost of Revenues													
Cost of Products Sold	$ 26.04	$ 30.49	$ 14.28	$ 2.88	$ 2.86	$ 2.56	$ 2.56	$ 10.86	$ 2.46	$ 2.60	$ 2.65	$ 2.83	$ 10.53
Excise Taxes	$ 12.62	$ 10.41	$ 12.50	$ 3.68	$ 1.86	$ 2.51	$ 2.51	$ 10.56	$ 2.17	$ 3.33	$ 3.89	$ 5.90	$ 15.29
Cost of Revenues	**$ 38.65**	**$ 40.90**	**$ 26.78**	**$ 6.57**	**$ 4.72**	**$ 5.07**	**$ 5.07**	**$ 21.42**	**$ 4.63**	**$ 5.93**	**$ 6.54**	**$ 8.72**	**$ 25.82**
Cost of Revenues/Revenues (%)	***95.4%***	***127.0%***	***109.8%***	***110.2%***	***115.6%***	***126.4%***	***125.3%***	***118.4%***	***100.5%***	***79.3%***	***77.6%***	***72.7%***	***79.4%***
Gross Profit	**$ 1.85**	**$ (8.70)**	**$ (2.40)**	**$ (0.61)**	**$ (0.64)**	**$ (1.06)**	**$ (1.02)**	**$ (3.33)**	**$ (0.02)**	**$ 1.55**	**$ 1.89**	**$ 3.27**	**$ 6.68**
Gross Margin	***4.6%***	***Negative***	***Negative***	***Negative***	***Negative***	***Negative***	***Negative***	***Negative***	***Negative***	***20.7%***	***22.4%***	***27.3%***	***20.6%***
Product Development	$ 3.58	$ 2.64	$ 1.13	$ 0.16	$ 0.23	$ 0.19	$ 0.19	$ 0.78	$ 0.20	$ 0.21	$ 0.22	$ 0.23	$ 0.87
% of revenues	*8.8%*	*8.2%*	*4.6%*	*2.7%*	*5.6%*	*4.8%*	*4.8%*	*4.3%*	*4.4%*	*2.8%*	*2.6%*	*1.9%*	*2.7%*
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	$ 10.29	$ 1.80	$ 2.12	$ 1.85	$ 1.85	$ 7.62	$ 1.86	$ 1.87	$ 1.88	$ 1.90	$ 7.51
% of Revenues	*79.6%*	*96.5%*	*42.2%*	*30.2%*	*51.9%*	*46.1%*	*45.7%*	*42.1%*	*40.4%*	*25.0%*	*22.4%*	*15.8%*	*23.1%*
Other Operating Expenses (Income)	$ (0.33)	$ 2.53	$ 0.13	$ -	$ -	$ 0.11	$ -	$ 0.11	$ -	$ -	$ -	$ -	$ -
% of Revenues	*-0.8%*	*7.8%*	*3.8%*	*0.0%*	*0.0%*	*2.8%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Total Operating Expenses	**$ 35.48**	**$ 36.24**	**$ 11.55**	**$ 1.96**	**$ 2.35**	**$ 2.15**	**$ 2.04**	**$ 8.50**	**$ 2.06**	**$ 2.09**	**$ 2.11**	**$ 2.13**	**$ 8.38**
% of Revenues	***87.6%***	***112.5%***	***47.4%***	***32.9%***	***57.5%***	***53.7%***	***50.5%***	***47.0%***	***44.8%***	***27.9%***	***25.0%***	***17.8%***	***25.8%***
Operating Profit	**$ (33.64)**	**$ (44.93)**	**$ (13.95)**	**$ (2.57)**	**$ (2.98)**	**$ (3.21)**	**$ (3.07)**	**$ (11.83)**	**$ (2.09)**	**$ (0.53)**	**$ (0.22)**	**$ 1.14**	**$ (1.70)**
Operating Margin	***-83.0%***	***-139.5%***	***-57.2%***	***-43.1%***	***-73.0%***	***-80.1%***	***-75.7%***	***-65.4%***	***-45.3%***	***-7.1%***	***-2.6%***	***9.5%***	***-5.2%***
Interest Expense and Financing Charges, Net	$ (0.06)	$ (9.37)	$ (2.09)	$ (0.56)	$ (0.35)	$ (0.53)	$ -	$ (1.44)	$ -	$ -	$ -	$ -	$ -
Interest Income	$ 0.31	$ 0.22	$ 0.07	$ 0.02	$ 0.01	$ 0.02	$ 0.11	$ 0.16	$ 0.10	$ 0.09	$ 0.08	$ 0.09	$ 0.36
Loss on Transfer of Promissory Note	$ -	$ (0.90)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Realized Loss on Panacea Investment	$ (2.79)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income (Expense)	$ (0.37)	$ 0.33	$ 0.51	$ (0.16)	$ (0.01)	$ (0.03)	$ -	$ (0.21)	$ -	$ -	$ -	$ -	$ -
Pretax Income	**$ (36.53)**	**$ (54.64)**	**$ (15.47)**	**$ (3.27)**	**$ (3.33)**	**$ (3.76)**	**$ (2.95)**	**$ (13.32)**	**$ (1.99)**	**$ (0.44)**	**$ (0.14)**	**$ 1.23**	**$ (1.34)**
Income Tax (Benefit)	$ 0.02	$ 0.05	$ 0.03	$ -	$ (0.03)	$ -	$ -	$ (0.03)	$ -	$ -	$ -	$ -	$ -
GAAP Net Income from Continuing Operations	**$ (36.55)**	**$ (54.69)**	**# $ (15.50)**	**$ (3.27)**	**$ (3.30)**	**$ (3.76)**	**$ (2.95)**	**$ (13.28)**	**$ (1.99)**	**$ (0.44)**	**$ (0.14)**	**$ 1.23**	**$ (1.34)**
Loss from Discontinued Operations Before Income Taxes	$ (23.70)	$ (85.63)	$ 0.33	$ (1.05)	$ (0.11)	$ 9.25	$ (0.50)	$ 7.59	$ -	$ -	$ -	$ -	$ -
Benefit (Provision) for Income Taxes	$ 0.46	$ (0.46)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loss from Discontinued Operations	**$ (23.25)**	**$ (86.09)**	**$ 0.33**	**$ (1.05)**	**$ (0.11)**	**$ 9.25**	**$ (0.50)**	**$ 7.59**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
GAAP Net Income (Loss)	**$ (59.80) #**	**$ (140.78)**	**$ (15.16)**	**$ (4.33)**	**$ (3.41)**	**$ 5.49**	**$ (3.45)**	**$ (5.70)**	**$ (1.99)**	**$ (0.44)**	**$ (0.14)**	**$ 1.23**	**$ (1.34)**
Deemed Dividends	$ -	$ (9.99)	$ (10.30)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Foreign Currency Adjustment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Comprehensive Income (Loss)	**$ (59.80)**	**$ (150.77)**	**$ (25.47)**	**$ (4.33)**	**$ (3.41)**	**$ 5.49**	**$ (3.45)**	**$ (5.70)**	**$ (1.99)**	**$ (0.44)**	**$ (0.14)**	**$ 1.23**	**$ (1.34)**
Weighted Shares for Basic EPS *	5,952	9,467	730,000	1,729,212	250,368	3,541,337	7,000,000	3,130,229	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Weighted Shares for Diluted EPS *	5,952	9,467	730,000	1,729,212	250,368	11,888,488	23,800,000	9,417,017	23,800,000	23,800,000	23,800,000	23,800,000	23,800,000
EPS Basic	NM	NM	NM	NM	NM	$ 1.55	$ (0.49)	$ (1.82)	$ (0.28)	$ (0.06)	$ (0.02)	$ 0.18	$ (0.19)
EPS Diluted	**NM**	**NM**	**NM**	**NM**	**NM**	**$ 0.46**	**$ (0.14)**	**$ (0.60)**	**$ (0.08)**	**$ (0.02)**	**$ (0.01)**	**$ 0.05**	**$ (0.06)**
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 Actual	2025 Estimated					2026 Estimated				
	Fiscal 2022A	Fiscal 2023A	Fiscal 2024A	1QA Mar-25	2QA Jun-25	3QA Sep-25	4QE Dec-25	Fiscal 2025E	1QE Mar-26	2QE Jun-26	3QE Sep-26	4QE Dec-26	Fiscal 2026E
GAAP Net Income from Continuing Operations	$ (36.55)	$ (54.69)	$ (15.49)	$ (3.27)	$ (3.30)	$ (3.76)	$ (2.95)	$ (13.28)	$ (1.99)	$ (0.44)	$ (0.14)	$ 1.23	$ (1.34)
Depreciation, depletion & amortization	$ 4.57	$ 4.86	$ 1.01	$ 0.22	$ 0.23	$ 0.23	$ 0.29	$ 0.98	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.78
Benefit for income tax	$ 0.02	$ 0.05	$ 0.03	$ -	$ (0.03)	$ -	$ -	$ (0.03)	$ -	$ -	$ -	$ -	$ -
Interest expense	$ (0.26)	$ 9.15	$ 2.02	$ 0.54	$ 0.34	$ 0.52	$ -	$ 1.28	$ -	$ -	$ -	$ -	$ -
EBITDA	**$ (32.22)**	**$ (40.63)**	**$ (12.44)**	**$ (2.51)**	**$ (2.76)**	**$ (3.01)**	**$ (2.66)**	**$ (11.05)**	**$ (1.80)**	**$ (0.25)**	**$ 0.05**	**$ 1.43**	**$ (0.57)**
EBITDA Margin (%)	***-79.6%***	***-126.2%***	***-51.0%***	***-42.1%***	***-67.6%***	***-75.1%***	***-65.8%***	***-61.1%***	***-39.0%***	***-3.3%***	***0.6%***	***11.9%***	***-1.7%***
Inventory write-down	$ 0.24	$ 8.70	$ 0.43	$ (0.03)	$ -	$ -	$ -	$ (0.03)	$ -	$ -	$ -	$ -	$ -
Restructuring and impairment	$ 0.04	$ (2.42)	$ (0.46)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Stock based compensation	$ 5.49	$ 2.68	$ 0.38	$ 0.03	$ 0.11	$ 0.09	$ 0.11	$ 0.33	$ 0.11	$ 0.19	$ 0.19	$ 0.19	$ 0.68
Change in fair value of derivative liabilities	$ -	$ (0.36)	$ (0.56)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in fair value of warrant liabilities	$ -	$ 0.56	$ (0.49)	$ 0.16	$ 0.01	$ 0.33	$ -	$ 0.50	$ -	$ -	$ -	$ -	$ -
Company Reported Adjusted EBITDA	**$ (26.46)**	**$ (31.48)**	**$ (13.13)**	**$ (2.35)**	**$ (2.64)**	**$ (2.59)**	**$ (2.55)**	**$ (10.24)**	**$ (1.69)**	**$ (0.06)**	**$ 0.25**	**$ 1.62**	**$ 0.11**
Company Reported Adjusted EBITDA Margin (%)	***-65.3%***	***-97.8%***	***-53.9%***	***-39.4%***	***-64.7%***	***-64.5%***	***-63.1%***	***-56.6%***	***-36.8%***	***-0.8%***	***2.9%***	***13.5%***	***0.4%***
Impairment of goodwill	$ -	$ -	$ -	$ -	$ -	$ 0.11	$ -	$ 0.11	$ -	$ -	$ -	$ -	$ -
Gain (Loss) on disposal of assets	$ (0.37)	$ 0.07	$ 0.13	$ -	$ (0.01)	$ 0.01	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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	$ 1.05	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other income, net	$ 5.08	$ 10.16	$ 1.83	$ 0.75	$ 0.41	$ 0.40	$ -	$ 1.55	$ -	$ -	$ -	$ -	$ -
Interest on trade accounts receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EmergingGrowth.com Adjusted EBITDA	**$ (16.70)**	**$ (14.56)**	**$ (10.13)**	**$ (1.31)**	**$ (2.24)**	**$ (2.07)**	**$ (2.55)**	**$ (8.29)**	**$ (1.69)**	**$ (0.06)**	**$ 0.25**	**$ 1.62**	**$ 0.11**
EmergingGrowth.com Adjusted EBITDA Margin (%)	***-41.2%***	***-45.2%***	***-41.5%***	***-22.0%***	***-54.9%***	***-51.6%***	***-63.1%***	***-45.8%***	***-36.8%***	***-0.8%***	***2.9%***	***13.5%***	***0.4%***

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

	2022 Actual	2023 Actual	2024 Actual	2025 Estimated					2026 Estimated				
	Fiscal 2022A *	Fiscal 2023A	Fiscal 2024A	1QA Mar-25	2QA Jun-25	3QA Sep-25	4QE Dec-25	Fiscal 2025E	1QE Mar-26	2QE Jun-26	3QE Sep-26	4QE Dec-26	Fiscal 2026E
Cash & equivalents	$ 3.02	$ 2.06	$ 4.42	$ 1.13	$ 3.08	$ 4.85	$ 6.86	$ 6.86	$ 4.92	$ 4.61	$ 4.61	$ 5.98	$ 5.98
Short term investments	$ 18.19	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts receivable, net	$ 1.36	$ 3.67	$ 2.20	$ 4.32	$ 3.54	$ 2.99	$ 3.49	$ 3.49	$ 3.49	$ 3.49	$ 3.49	$ 3.49	$ 3.49
Insurance recoveries	$ -	$ 3.77	$ 0.77	$ 0.77	$ -	$ 9.50	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Inventories	$ 7.27	$ 4.35	$ 2.02	$ 2.56	$ 2.50	$ 2.91	$ 4.81	$ 4.81	$ 4.81	$ 4.81	$ 4.81	$ 4.81	$ 4.81
Pre-paid expenses/Other current assets	$ 1.93	$ 1.18	$ 1.07	$ 1.56	$ 2.74	$ 2.68	$ 3.18	$ 3.18	$ 3.18	$ 3.18	$ 3.18	$ 3.18	$ 3.18
Current assets of discontinued operations held for sale	$ 12.83	$ 1.25	$ 1.05	$ 0.76	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Current Assets	**$ 44.61**	**$ 16.28**	**$ 11.52**	**$ 11.10**	**$ 11.87**	**$ 22.92**	**$ 18.34**	**$ 18.34**	**$ 16.40**	**$ 16.09**	**$ 16.09**	**$ 17.46**	**$ 17.46**
Property & equipment, net	$ 3.69	$ 3.39	$ 2.77	$ 2.66	$ 2.57	$ 2.45	$ 2.56	$ 2.56	$ 2.71	$ 2.86	$ 3.02	$ 3.17	$ 3.17
Operating lease right-of-use assets	$ 0.94	$ 1.89	$ 1.64	$ 1.57	$ 1.50	$ 0.77	$ 0.77	$ 0.77	$ 0.77	$ 0.77	$ 0.77	$ 0.77	$ 0.77
Intangible assets, net	$ 7.21	$ 5.92	$ 5.72	$ 6.11	$ 6.43	$ 6.21	$ 6.07	$ 6.07	$ 5.97	$ 5.87	$ 5.78	$ 5.68	$ 5.68
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**	**$ 21.67**	**$ 21.46**	**$ 22.38**	**$ 32.37**	**$ 27.74**	**$ 27.74**	**$ 25.86**	**$ 25.61**	**$ 25.66**	**$ 27.09**	**$ 27.09**
Accounts payable	$ 2.05	$ 4.45	$ 2.40	$ 3.09	$ 2.89	$ 2.60	$ 2.60	$ 2.60	$ 2.60	$ 2.60	$ 2.60	$ 2.60	$ 2.60
Deferred Income	$ 0.69	$ 0.73	$ -	$ 0.08	$ 0.26	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.08
Accrued expenses	$ 4.85	$ 8.21	$ 4.15	$ 6.95	$ 6.45	$ 5.77	$ 5.77	$ 5.77	$ 5.77	$ 5.77	$ 5.77	$ 5.77	$ 5.77
Short-term operating lease obligations	$ 0.25	$ 0.23	$ 0.26	$ 0.27	$ 0.28	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16
Current portion of long term debt and notes payable	$ 0.69	$ 6.39	$ 1.75	$ 3.93	$ 3.86	$ 0.37	$ 0.37	$ 0.37	$ 0.37	$ -	$ -	$ -	$ -
Current liabilities of discontinued operations held for sale	$ 4.14	$ 3.19	$ 1.28	$ 0.86	$ 0.46	$ 0.33	$ 0.33	$ 0.33	$ 0.33	$ 0.33	$ 0.33	$ 0.33	$ 0.33
Other current liabilities	$ 0.35	$ 1.85	$ 0.12	$ 1.22	$ 1.20	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23
Total Current Liabilities	**$ 13.02**	**$ 25.03**	**$ 9.96**	**$ 16.40**	**$ 15.39**	**$ 10.55**	**$ 10.55**	**$ 10.55**	**$ 10.55**	**$ 10.18**	**$ 10.18**	**$ 10.18**	**$ 10.18**
Long-term debt, net of current portion	$ -	$ 8.06	$ 5.17	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Long-term operating lease liability	$ 0.71	$ 1.70	$ 1.44	$ 1.36	$ 1.29	$ 0.64	$ 0.64	$ 0.64	$ 0.64	$ 0.64	$ 0.64	$ 0.64	$ 0.64
Noncurrent liabilities of discontinued operations held for sale	$ 4.60	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other long-term liabilities	$ 0.34	$ 1.12	$ 1.10	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07
TOTAL LIABILITIES	**$ 18.68**	**$ 35.91**	**$ 17.66**	**$ 17.83**	**$ 16.75**	**$ 11.26**	**$ 11.26**	**$ 11.26**	**$ 11.26**	**$ 10.90**	**$ 10.90**	**$ 10.90**	**$ 10.90**
Common Stock	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additional Paid-in Capital (adjusted for projection error)	$ 333.90	$ 370.30	$ 397.88	$ 401.82	$ 407.24	$ 414.49	$ 413.38	$ 413.38	$ 413.48	$ 414.03	$ 414.24	$ 414.43	$ 414.43
Preferred Shares	$ -	$ -	$ -	$ -	$ -	$ 2.73	$ 2.73	$ 2.73	$ 2.73	$ 2.73	$ 2.73	$ 2.73	$ 2.73
Retained Earnings	$ (237.81)	$ (378.71)	$ (393.87)	$ (398.20)	$ (401.61)	$ (396.12)	$ (399.63)	$ (399.63)	$ (401.62)	$ (402.05)	$ (402.20)	$ (400.97)	$ (400.97)
Accumulated Comprehensive Income/(Loss)	$ (0.11)	$ -	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Treasury Stock	$ -	$ -	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL EQUITY	**$ 95.98**	**$ (8.41)**	**$ 4.01**	**$ 3.63**	**$ 5.63**	**$ 21.10**	**$ 16.48**	**$ 16.48**	**$ 14.59**	**$ 14.71**	**$ 14.77**	**$ 16.19**	**$ 16.19**
TOTAL LIABILITIES & EQUITY	**$ 114.65**	**$ 27.50**	**$ 21.67**	**$ 21.46**	**$ 22.38**	**$ 32.37**	**$ 27.75**	**$ 27.75**	**$ 25.86**	**$ 25.60**	**$ 25.67**	**$ 27.09**	**$ 27.09**

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

	2022 Actual	2023 Actual	2024 Actual	2025 Estimated					2026 Estimated				
	Fiscal 2022A	Fiscal 2023A	Fiscal 2024A	1QA Mar-25	2QA Jun-25	3QA Sep-25	4QE Dec-25	Fiscal 2025E	1QE Mar-26	2QE Jun-26	3QE Sep-26	4QE Dec-26	Fiscal 2026E
Net income	$ (59.80)	$ (140.78)	$ (15.16)	$ (4.33)	$ (3.41)	$ 5.49	$ (3.45)	$ (5.70)	$ (1.99)	$ (0.44)	$ (0.14)	$ 1.23	$ (1.34)
Stock-based compensation	$ 5.49	$ 2.68	$ 0.38	$ 0.03	$ 0.11	$ 0.09	$ 0.11	$ 0.33	$ 0.11	$ 0.19	$ 0.19	$ 0.19	$ 0.68
Depreciation, depletion and amortization	$ 4.57	$ 4.86	$ 1.01	$ 0.22	$ 0.37	$ 0.31	$ 0.29	$ 1.19	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.78
Bad debt expense	$ 0.77	$ 1.02	$ 0.00	$ 0.51	$ (0.00)	$ (0.00)	$ 0.00	$ 0.51	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Gain/(loss) on disposal of property and equipment	$ (0.37)	$ 0.07	$ 0.13	$ -	$ (0.01)	$ 0.01	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gain from sale of equipment damaged or lost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Inventory write-down	$ 0.24	$ 8.70	$ 0.43	$ (0.03)	$ (0.21)	$ 0.03	$ -	$ (0.22)	$ -	$ -	$ -	$ -	$ -
Change in fair value of derivative liabilities	$ -	$ (0.36)	$ (0.56)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in fair value of warrant liabilities	$ -	$ 0.56	$ (0.49)	$ 0.16	$ (0.16)	$ 0.21	$ -	$ 0.21	$ -	$ -	$ -	$ -	$ -
Restructuring and impairment	$ 0.04	$ (2.42)	$ (0.35)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Impairment of goodwill	$ -	$ -	$ -	$ -	$ -	$ 0.11	$ -	$ 0.11	$ -	$ -	$ -	$ -	$ -
Loss (gain) on sale of business	$ 2.79	$ 58.52	$ -	$ -	$ -	$ (0.01)	$ -	$ (0.01)	$ -	$ -	$ -	$ -	$ -
Impairment of other long-lived assets	$ 1.49	$ 3.30	$ -	$ 0.29	$ -	$ -	$ -	$ 0.29	$ -	$ -	$ -	$ -	$ -
Deferred income taxes	$ (0.43)	$ 0.43	$ 0.01	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	$ 5.08	$ 10.16	$ 1.83	$ 0.75	$ 0.41	$ 0.40	$ -	$ 1.55	$ -	$ -	$ -	$ -	$ -
Subtotal	$ (40.14)	$ (53.25)	$ (12.77)	$ (2.39)	$ (2.91)	$ 6.63	$ (3.05)	$ (1.73)	$ (1.69)	$ (0.06)	$ 0.25	$ 1.62	$ 0.12
Accounts receivable, net - decrease (increase)	$ (2.88)	$ (0.02)	$ (0.03)	$ (2.64)	$ 0.79	$ 0.55	$ (0.50)	$ (1.80)	$ -	$ -	$ -	$ -	$ -
Receivables from related parties - decrease (increase)	$ -	$ -	$ -	$ -	$ (0.25)	$ 0.25	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Inventories - decrease (increase)	$ (8.79)	$ (5.93)	$ 1.90	$ (0.51)	$ 0.51	$ (0.68)	$ (1.95)	$ (2.63)	$ -	$ -	$ -	$ -	$ -
Pre-paid expenses and other assets - decrease (increase)	$ (0.92)	$ 0.45	$ 0.16	$ (0.49)	$ (1.18)	$ 0.06	$ (0.50)	$ (2.11)	$ -	$ -	$ -	$ -	$ -
Accounts payable - decrease (increase)	$ 0.42	$ 4.75	$ (1.17)	$ 0.36	$ (0.62)	$ (0.41)	$ -	$ (0.67)	$ -	$ -	$ -	$ -	$ -
Payables to related parties - decrease (increase)	$ 0.75	$ -	$ -	$ -	$ -	$ (9.50)	$ 9.50	$ -	$ -	$ -	$ -	$ -	$ -
Accrued expenses and other liabilities - decrease (increase)	$ (0.14)	$ (1.00)	$ (2.49)	$ 2.70	$ 0.18	$ (0.92)	$ -	$ 1.96	$ -	$ -	$ -	$ -	$ -
Income taxes payable - decrease (increase)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Activities - Net Cash Flow	**$ (51.71)**	**$ (54.99)**	**$ (14.403)**	**$ (2.98)**	**$ (3.48)**	**$ (4.02)**	**$ 3.50**	**$ (6.98)**	**$ (1.69)**	**$ (0.06)**	**$ 0.25**	**$ 1.62**	**$ 0.12**
Purchases of property and equipment	$ (5.73)	$ (5.62)	$ (0.16)	$ (0.06)	$ (0.04)	$ (0.02)	$ (0.25)	$ (0.37)	$ (0.25)	$ (0.25)	$ (0.25)	$ (0.25)	$ (1.00)
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	$ -	$ 0.77	$ -	$ -	$ 0.77	$ -	$ -	$ -	$ -	$ -
Purchase of short-term investment, net	$ 28.58	$ 18.24	$ -	$ -	$ -	$ (0.50)	$ -	$ (0.50)	$ -	$ -	$ -	$ -	$ -
Investing Activities - Net Cash Flow	**$ 22.58**	**$ 16.82**	**$ (0.14)**	**$ (0.06)**	**$ 0.73**	**$ (0.52)**	**$ (0.25)**	**$ (0.10)**	**$ (0.25)**	**$ (0.25)**	**$ (0.25)**	**$ (0.25)**	**$ (1.00)**
Borrowings on long-term debt	$ (1.66)	$ (3.22)	$ 0.02	$ -	$ 1.02	$ (1.02)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Borrowings on long-term debt - related parties	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Repayments of long-term debt	$ -	$ (9.70)	$ (1.62)	$ (0.25)	$ (1.40)	$ (2.68)	$ -	$ (4.34)	$ -	$ -	$ -	$ -	$ -
Proceeds from financing transaction	$ 35.00	$ 53.81	$ 19.49	$ -	$ 5.08	$ 9.89	$ (1.23)	$ 13.74	$ -	$ -	$ -	$ -	$ -
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)	$ (1.05)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	$ (0.00)	$ (0.42)	$ (0.00)	$ -	$ -	$ 0.11	$ -	$ 0.11	$ -	$ -	$ -	$ -	$ -
Financing Activities - Net Cash Flow	**$ 30.82**	**$ 37.21**	**$ 16.85**	**$ (0.25)**	**$ 4.70**	**$ 6.30**	**$ (1.23)**	**$ 9.52**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Exchange rate effect	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash and Equivalents - Change	**$ 1.68**	**$ (0.96)**	**$ 2.31**	**$ (3.29)**	**$ 1.95**	**$ 1.76**	**$ 2.02**	**$ 2.44**	**$ (1.94)**	**$ (0.31)**	**$ (0.00)**	**$ 1.37**	**$ (0.88)**
Cash Beginning	$ 1.34	$ 3.02	$ 2.06	$ 4.42	$ 1.13	$ 3.08	$ 4.84	$ 4.42	$ 6.86	$ 4.92	$ 4.61	$ 4.61	$ 6.86
Cash End	$ 3.02	$ 2.06	$ 4.42	$ 1.13	$ 3.08	$ 4.84	$ 6.86	$ 6.86	$ 4.92	$ 4.61	$ 4.61	$ 5.98	$ 5.98

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	$ 18.10	$ 32.50	$ 65.04	$ 100.82	$ 136.11	$ 176.94	$ 221.17	$ 265.41	$ 305.22	$ 335.74	
Operating Income	$ (11.83)	$ (1.70)	$ 6.37	$ 14.46	$ 34.03	$ 44.23	$ 55.29	$ 66.35	$ 76.30	$ 83.93	
Less: Taxes (benefit)	$ (0.03)	$ -	$ -	$ -	$ -	$ -	$ 19.91	$ 23.89	$ 27.47	$ 30.22	
NOPAT	**$ (11.79)**	**$ (1.70)**	**$ 6.37**	**$ 14.46**	**$ 34.03**	**$ 44.23**	**$ 35.39**	**$ 42.46**	**$ 48.83**	**$ 53.72**	
Add: Depreciation & Amortization	$ 1.19	$ 0.78	$ 1.43	$ 1.53	$ 2.72	$ 3.54	$ 4.42	$ 5.31	$ 6.10	$ 6.71	
Add: Changes in NWC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Less: Capital Expenditures	$ 0.10	$ 1.00	$ 2.00	$ 2.00	$ 3.40	$ 4.42	$ 5.53	$ 6.64	$ 7.63	$ 8.39	
Free Cash Flow	**$ (10.71)**	**$ (1.93)**	**$ 5.81**	**$ 13.99**	**$ 33.35**	**$ 43.35**	**$ 34.28**	**$ 41.14**	**$ 47.31**	**$ 52.04**	**$ 492.01**
Discount Period - Months	1.00	13.00	25.00	37.00	49.00	61.00	73.00	85.00	97.00	109.00	109.00
Discount Period - Years	0.08	1.08	2.08	3.08	4.08	5.08	6.08	7.08	8.08	9.08	9.08
Discount Factor	0.08	0.87	0.76	0.67	0.59	0.52	0.45	0.40	0.35	0.31	0.31
Present Value of Free Cash Flow	**$ (0.88)**	**$ (1.67)**	**$ 4.43**	**$ 9.37**	**$ 19.60**	**$ 22.38**	**$ 15.54**	**$ 16.37**	**$ 16.53**	**$ 15.96**	**$ 150.92**

Growth Rate Assumptions:

Revenue (2029 - 2034 sees 5% step-down/year)	35.0%
Terminal Growth Rate (g):	3.0%
Discount Rate at WACC:	13.9%

Margin Assumptions:

Operating Income	25.0%
D&A as a % of sales (100%)	2.0%
Taxes	36.0%
Changes in NWC	0.0%
Capex as a % of sales (100%)	2.5%

Valuation:

Shares Outstanding (Fully Diluted)		23.80
PV of FCF	$	117.61
PV of Terminal Value	$	150.92
Enterprise Value	$	268.54
less: Net Debt (Q4:25E)	$	(6.49)
less: Minority Interest	$	-
Estimated Total Value	$	275.03
Est. Equity Value per Share (2025 YE)	**$**	**11.56**

Price Target Sensitivity Analysis:

		Terminal Growth Rate (g)				
		1.0%	2.0%	3.0%	4.0%	5.0%
Discount Rate	13.0%	11.52	12.14	12.88	13.78	14.92
	13.5%	10.91	11.46	12.11	12.90	13.87
	14.0%	10.35	10.84	11.41	12.10	12.95
	14.5%	9.84	10.27	10.78	11.39	12.12
	15.0%	9.36	9.75	10.21	10.74	11.38