22nd Century Group
LD Microcap Conference
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22nd Century’s Strategic Objectives

• Create meaningful change in the tobacco industry by reducing the harm caused by smoking through the commercialization of our proprietary very low nicotine-content tobacco and its related intellectual property

• Grow a profitable, legal hemp/cannabis business in this fast-growing, emerging space
Tobacco Harm Reduction Objectives

• Work with FDA on our MRTP and PMT applications* so that we can launch our proprietary product under the proposed brand name of VLN® upon MRTP approval

• Help ensure the adoption of FDA’s proposed reduced-nicotine product standard for all cigarettes sold in the U.S.

We believe, along with many in the public health community and others, that the approval of our applications and the adoption of this standard are critical to reduce the harm caused by smoking

*MRTP: Modified Risk Tobacco Product; PMT: Premarket Tobacco Product
PMT and MRTP Applications

• Supported by over $125 million in research funded by FDA, other government agencies, 22nd Century and others

• Having constructive dialogue with FDA about our applications and their progress

• Cannot predict when or if applications will be approved

Applications are moving quickly through FDA’s scientific review process and we are very encouraged about our prospects
Reduced-Nicotine Product Standard

• FDA is working on a rule to enact a product standard lowering the amount of nicotine in all cigarettes to non-addictive levels.

• We are working to solve the technical issues raised by the tobacco industry and others in their comments on the ANPRM.

• Efforts include activities such as growing GMO and non-GMO, low- and very-low-nicotine-content varieties of bright and burley tobaccos in a variety of geographies.

We believe the scientific research, which used our proprietary SPECTRUM® research cigarettes, conclusively demonstrates the public-health benefits of the standard.
Legal Hemp / Cannabis Objectives

• Develop plants with valuable cannabinoid profiles and other superior agronomic traits

• Build a leading entity in the space with a synergistic portfolio of operating company interests

The legal hemp/cannabis space is growing quickly, and we have strong position to leverage, including our leadership in cannabis plant research, comprehensive expertise in FDA-regulated spaces, a leadership team with deep experience in consumer-packaged goods, and a strong and flexible balance sheet
Leadership in Hemp / Cannabis Plant Genetics

• Leveraging our exclusive agreement with KeyGene, a global leader in molecular breeding and plant research, to develop plants with valuable cannabinoid profiles and other superior agronomic traits

• 22nd Century will hold exclusive worldwide rights to all plant lines, intellectual property, and research results

Our efforts are yielding rapid results and we are encouraged by our prospects to develop commercially viable plant lines with valuable profiles
Leading Company in Legal Hemp / Cannabis

• Seek to become a leading entity in the legal hemp/cannabis space with a synergistic portfolio of operating company interests

• We believe the highest shareholder value will be created with intellectual property assets such as plant IP, brands and product design

• Very disciplined investment criteria including management expertise and capability, intellectual property assets as well as financial characteristics such as rapid revenue growth, high gross margins, and strong projected internal rates of return

We are moving quickly with financial discipline, and are very pleased with our initial relationships
Panacea Overview

• Fully-integrated legal hemp/cannabis company based in Golden, CO

• Rapid revenue growth with high gross margins from a broad-based product portfolio

• Comprehensive manufacturing facility with ability to expand production with minimal investment

• Prepared for regulation with stringent quality control and supply-chain tracking capabilities

• Strong management team with proven history of entrepreneurial success

Combines 22nd Century’s capabilities in CPG, regulatory affairs and sales and marketing, with Panacea’s expertise in manufacturing, supply chain, information technology and industry-expertise
Panacea’s Strong Financial Performance

• Annualized revenue growth in excess of 1000%

• Product gross margins in excess of 50%

• Capacity to produce over $1 billion in annualized retail sales per year

• Pre-money implied equity valuation of ~$37 million

Panacea is a rapidly growing company with broad-based capabilities, the capacity to continue expanding quickly, a full-line of varied products in all the key segments, international exposure, as well as the management expertise to compete in a highly-regulated environment
Panacea Investment

• 22nd Century plans to invest in three tranches:
  - First tranche is $12M cash in the form of $5M equity and $7M debt, as well as ~$2M in 22nd Century Group stock. Debt pays 10% interest, is secured by Panacea assets, and is convertible to equity at our option.
  - Second tranche consists of $8.5M cash and $1.5M in 22nd Century Group stock, and is dependent upon Panacea’s revenue growth
  - Third tranche to gain control consists of attractively valued warrants

• Potential for very attractive financial returns with solid downside protection

• Defined path to control and board representation commensurate with ownership

• Significantly strengthens foundation upon which to build a strong portfolio of hemp / cannabis companies

Investment offers very attractive financial returns and a clear path to profitable growth
We have a rich pipeline of additional opportunities that we plan to synergistically connect to our growing portfolio of capabilities.
Reasons to Invest in 22\textsuperscript{nd} Century

- Established leadership position in tobacco-harm reduction with potential to profitably transform industry

- Growing leadership position in hemp/cannabis plant genetics

- Rapidly building a meaningful business in the fast-growing legal hemp/cannabis space

- Strong management team with deep consumer-packaged goods expertise, proven record of operational excellence and advanced regulatory affairs capabilities