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22nd Century Group Provides Business Update from CEO Detailing Company Progress Over Past Year and Future Initiatives

BUFFALO, N.Y., June 25, 2021 (GLOBE NEWSWIRE) -- 22nd Century Group, Inc. (NYSE American: [XXII](#)), a leading plant-based biotechnology company focused on tobacco harm reduction, reduced nicotine tobacco, and hemp/cannabis research, today released an update letter to its shareholders from CEO James A. Mish.

Dear Fellow Shareholders,

It has now been just over one year since I was appointed CEO of 22nd Century Group, and I would like to thank you for your enthusiasm and support of our Company. I joined the Company at a pivotal time in its growth and development as we seek to disrupt both the tobacco and hemp/cannabis industries by reducing the harm caused by smoking and improving the cannabinoid profiles and stability of hemp/cannabis plants.

We have made incredible progress over the last 12 months and believe even more exciting developments are on the horizon.

It is my privilege to tell you that our high-value commercial prospects are in reach. Our commercially focused intellectual property platform provides us with industry-leading technology and a wide R&D moat. Our financial position and operating efficiency are stronger than ever. Shares of 22nd Century have soared over 470% in the past 12 months. In short, we have successfully advanced our strategic initiatives and reinforced a strong financial foundation and long, growth runway, making this an even more exciting time to be involved with 22nd Century.

On the political front, recent policy and regulatory developments are generating increasing momentum in our favor as we advance toward our next operational milestones. We have seen renewed interest in and support for a menthol ban on tobacco products, a reduced nicotine mandate requiring that all cigarettes be made “minimally or non-addictive” based on their nicotine content and, with 36 states now legalizing cannabis in some form, major progress on potential reform to hemp/cannabis regulation. There is also growing offshore momentum that has opened near-term opportunities. This grand slam scenario continues to power forward.

In our tobacco franchise, I again want to reiterate that we are highly confident that our Modified Risk Tobacco Product (MRTP) application for our VLN® brand of reduced nicotine content (RNC) cigarettes is in the final stages of review with the U.S. Food and Drug Administration. 22nd Century offers the FIRST and ONLY reduced nicotine content combustible cigarette product authorized for sale by the FDA, and our pending MRTP authorization will allow us the headline marketing claim that our industry-disrupting cigarettes contain “95% Less Nicotine.” Securing this marketing authorization and launching VLN® remains my number one priority as CEO. It is our home run scenario which I believe will exponentially increase the market capitalization of our Company.

We are fully prepared for the commercial launch of VLN® King and VLN® Menthol King cigarettes within 90 days of receiving authorization from the FDA. We have expanded our VLN® tobacco growing program for the current crop year to support anticipated demand, and last fall we received a new patent on our breakthrough technology that delivers precise genetic control over nicotine levels in virtually any variety of the tobacco plant. The new technology provides 22nd Century with a rapid pathway to introduce reduced nicotine traits into virtually all varieties of tobacco. We have a terrific opportunity in reduced nicotine products across the entire tobacco landscape both in the U.S. and offshore, and these opportunities are already in motion.

Turning to hemp/cannabis, after conducting a careful strategic evaluation of this franchise, we refocused our strategy in 2020 to build out and prioritize the more attractive upstream segments of the cannabinoid value chain. We believe that we are now uniquely positioned in the cannabis industry, steeped in plant science and genetic IP critical to quickly develop high-quality, large-scale and stable commercial plant lines. 22nd Century’s plant science focus will serve as the critical link to create the specific characteristics needed to optimize cannabis products at scale as the industry evolves toward mass production. Our highly differentiated upstream capabilities are based

on patented breakthrough hemp/cannabis technology that allows us to genetically engineer hemp/cannabis plants to modulate their cannabinoid and terpene profiles in a fraction of the time of our competitors. We can tailor the plant's therapeutic qualities, and, in turn, enhance our strategic partner's economics and the consumer's hemp/cannabis experience.

We have expanded and advanced our successful plant research partnerships with KeyGene and CannaMetrix, and established strategic partnerships with two leading and soon to be announced, alkaloid-based plant breeders in the northern and southern hemispheres, providing for year-round growing capabilities. 22nd Century Group has now secured all key partnerships needed to maximize and support each of the five components in the upstream segment of the cannabinoid value chain: plant profiling (CannaMetrix), plant biotechnology (KeyGene), commercial-scale plant breeding; plant cultivation (Needle Rock Farms and breeder network), and ingredient extraction/purification (Panacea). In doing so, we have built a unique ability to accelerate the delivery of valuable, commercial-scale plant lines and intellectual property in just two years. Finally, our new Canadian subsidiary, 22nd Century Canada, was launched last month to serve as a base for all of our expanded activities in tobacco, hemp/cannabis and our upcoming third franchise in that key market.

The Company is actively pursuing multiple hemp/cannabis revenue streams in 2021. These include monetization of a portion of the Company's valuable hemp/cannabis intellectual property, including the recently announced strategic partnership with Aurora, and offtake commitments for our high CBD and CBG plant lines currently growing in Needle Rock Farms in Colorado for commercialization in the forms of flower, distillate, or isolate. Then additional new plant lines coming through the development pipeline will expand growing and revenue generation opportunities next year.

Our third plant-based franchise will leverage our broad plant science expertise to pursue additional high-value commercial opportunities. The plant species we have identified for this franchise has a similar genome to the hemp/cannabis plant, but this industry is not as highly regulated and legislated as our first two franchises, enabling a faster route to commercialization. This more than \$500 billion market brings our total addressable market opportunity across our three franchises to a massive \$1.3 trillion.

The proceeds of our recent straight common equity financing will accelerate many of the ongoing strategic objectives I have already detailed, plus accelerate additional advancements across each of our three plant franchises. These include offshore VLN® market opportunities, acceleration in our cannabis efforts such as the launch of our Canadian subsidiary and research work around additional recreational and medical applications, and preparation for the launch of our third franchise to further leverage our plant science capabilities across valuable and robust end markets.

I also want to point out that your management team and board are invested in this opportunity alongside you, our stockholders, including both equity holdings and long term incentive structures. As a group, we own approximately 5 million shares, including both beneficially owned and unvested incentive shares, and believe strongly in the future of our Company. Due to the substantial increase in our stock price over the prior year, many executives and directors have accrued significant tax liabilities under these equity compensation programs. Sales of Company stock to cover taxes are commonplace among publicly traded businesses such as ours, and should not be viewed as a lack of strong conviction in our business and overall strategy.

More specifically, you may have seen, or will see sales by insiders, such as myself that are related to covering these tax liabilities. This includes the restricted stock units granted as performance-based compensation for my first year of service, which have now vested and will be taxed as personal income. While a small portion of my shares were transacted to cover these taxes under the terms of that grant, this action has no bearing on my confidence and conviction in the current and future value of our Company. I am excited to be a stockholder in our business as we continue to strive for growth and value creation.

I'm extremely proud of all that we have accomplished together in the past 12 months and deeply appreciative of the commitment and diligence of our outstanding team. 22nd Century has reached a true inflection point in our business -- and the best is yet to come. I am eager to share with you more achievements in the coming months as we execute on our growth plans.

Thank you for playing a very important role in advancing 22nd Century's important work in tobacco harm reduction and innovative plant science.

Sincerely,
James A. Mish
Chief Executive Officer, 22nd Century Group

About 22nd Century Group, Inc.

22nd Century Group, Inc. (NYSE American: [XXII](#)) is a leading plant biotechnology company focused on technologies that alter the level of nicotine in tobacco plants and the level of cannabinoids in hemp/cannabis plants through genetic engineering, gene-editing, and modern plant breeding. 22nd Century's primary mission in tobacco is to reduce the harm caused by smoking through the Company's reduced nicotine content tobacco cigarettes – containing 95% less nicotine than conventional cigarettes. The Company's primary mission in hemp/cannabis is to develop and commercialize proprietary hemp/cannabis plants with valuable cannabinoid profiles and desirable agronomic traits.

Learn more at xxiicentury.com, on Twitter [@_xxiicentury](#), and on [LinkedIn](#).

Cautionary Note Regarding Forward-Looking Statements

Except for historical information, all of the statements, expectations, and assumptions contained in this press release are forward-looking statements. Forward-looking statements typically contain terms such as “anticipate,” “believe,” “consider,” “continue,” “could,” “estimate,” “expect,” “explore,” “foresee,” “goal,” “guidance,” “intend,” “likely,” “may,” “plan,” “potential,” “predict,” “preliminary,” “probable,” “project,” “promising,” “seek,” “should,” “will,” “would,” and similar expressions. Actual results might differ materially from those explicit or implicit in forward-looking statements. Important factors that could cause actual results to differ materially are set forth in “Risk Factors” in the Company's Annual Report on Form 10-K filed on March 11, 2021. All information provided in this release is as of the date hereof, and the Company assumes no obligation to and does not intend to update these forward-looking statements, except as required by law.

This press release shall not constitute an offer to sell or the solicitation of any offer to buy the securities discussed herein, nor shall there be any offer, solicitation, or sale of the securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Investor Relations & Media Contact:

Mei Kuo
Director, Communications & Investor Relations
22nd Century Group, Inc.
(716) 300-1221
mkuo@xxiicentury.com



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