



April 21, 2021

## 22nd Century Group Issues Annual Letter to Shareholders

*Company's Confidence in MRTP Authorization is High; Launch of VLN<sup>®</sup> is Only the Beginning for Tobacco Franchise*

*Key Partnerships to Drive Differentiation and Value; Accelerated Delivery of Disruptive, Hemp/Cannabis, and Third Franchise Plant Lines and IP.*

BUFFALO, April 21, 2021 (GLOBE NEWSWIRE) -- 22nd Century Group, Inc. (NYSE American: [XXII](#)), a leading plant-based, biotechnology company that is focused on tobacco harm reduction, very low nicotine content tobacco, and hemp/cannabis research, announced today that the Company has issued its annual letter to shareholders as part of [22nd Century Group's 2020 Annual Report](#). The 2020 letter to shareholders is reprinted below.

In addition, 22nd Century recently announced that its Annual Shareholder Meeting will take place on Thursday, May 20, 2021, at 10:30 a.m. ET. Due to Covid 19 consideration, the Annual Meeting will be completely virtual, conducted via live audio webcast to allow all stockholders and the public to participate and submit questions from any location that is convenient. The virtual meeting is accessible via [www.virtualshareholdermeeting.com/XXII2021](http://www.virtualshareholdermeeting.com/XXII2021) and the Events tab on the Investor Relations section of the Company's website at [www.xxiicentury.com/investors/events](http://www.xxiicentury.com/investors/events). A replay of the meeting will be available shortly after the event has concluded.

Stockholders of record at the close of business on March 26, 2021, will be able to vote during the virtual meeting. To vote during the virtual meeting, a stockholder must enter the control number found on the stockholder's proxy card, voting instruction form, or notice the stockholder previously received. Matters to be voted on at the Annual Meeting are described further in the proxy statement that can be found on the Investor Relations section of the Company's website at <https://www.xxiicentury.com/investors/sec-filings>.

Dear Fellow Shareholders,

I would like to express my personal gratitude to all of you for your investment and continued support of 22nd Century Group. Since joining the Company in 2020, I can assure you from first-hand experience that everyone at 22nd Century, including our Board of Directors, leadership team, and employees, are **committed to executing on our strategic priorities and building value for our shareholders**. It is clear that our dedication has paid off, and since November of 2020, our share price has increased exponentially. We have strengthened our organization and balance sheet while positioning ourselves for success in the near term and for the future.

Over the past year, we have made tremendous strides in the two franchises in which we currently operate – tobacco and legal hemp/cannabis. In our tobacco franchise, we remain highly confident that our Modified Risk Tobacco Product (MRTP) application for VLN<sup>®</sup>, our proprietary reduced nicotine content cigarette, is in the **final stages of review** with the U.S. Food and Drug Administration (FDA). In addition to our ongoing contact with the FDA, we are working hard with various legal advisers, regulatory consultants, and government affairs specialists to highlight the public health importance of our MRTP application to encourage near-term authorization. When authorized, 22nd Century will be able to communicate key features of VLN<sup>®</sup> King and VLN<sup>®</sup> Menthol King, including a headline claim of "95% less nicotine."

**The global market opportunity for VLN<sup>®</sup> is massive.** In 2018, the global tobacco market was worth more than \$800 billion with 90% of that being sales of highly addictive, conventional cigarettes. With more than one billion smokers around the world and 34 million smokers in the U.S., we know that more than two-thirds of adult smokers want to quit and 50% attempt to quit each year. Yet less than 10% of those quit attempts actually succeed. Smokers are actively seeking alternatives to addictive, conventional cigarettes, and we are encouraged by data from our own consumer perception studies showing that 60% of current adult smokers are likely to use VLN<sup>®</sup>.

Despite vape and many other potential modified risk tobacco product alternatives coming to market in recent years, the Centers for Disease Control and Prevention (CDC) recently reported that the smoking rate appears to be up year-over-year. New research shows that more Americans have turned to cigarette smoking as they've struggled with boredom, anxiety, and the disruption of regular routines — another tragic outcome of the COVID-19 pandemic. Now is the time to address the 1,300 deaths per day in the U.S. and the enormous amount of disease caused by cigarette addiction **by offering adult smokers a new and different alternative** — a tobacco cigarette with drastically reduced nicotine levels to reduce the harm caused by cigarette smoking.

That is why we are fully prepared and eager to launch VLN<sup>®</sup> cigarettes within 90 days of receiving authorization and believe that an MRTP designation will serve as a catalyst for our VLN<sup>®</sup> brand and tobacco franchise. This will be our home run. Additionally, we remain willing to license our technology to enable every cigarette manufacturer to comply with the FDA's nicotine cap that will significantly reduce the harm caused by smoking and **protect future generations from ever becoming addicted to cigarettes**. According to the CDC, 80% of U.S. adult cigarette smokers favor requiring cigarette makers to lower nicotine levels in cigarettes, so that they are less addictive.

With the recent changes at the White House and Democrats in control of both the Senate and the House of Representatives, we believe there will be a high focus on improving public health moving forward. The Biden administration is already demonstrating its commitment to making public health a top priority by issuing a proclamation “strongly committing to improving the prevention and treatment of cancer.” The appointment and confirmation of Xavier Becerra as Secretary of the U.S. Department of Health and Human Services, a long-time proponent of tougher regulation for the tobacco industry is yet another sign of a favorable political climate. **We believe this paradigm shift will favorably influence the timing of our MRTP application and the enactment of a mandate to require all combustible cigarettes to be made “minimally or non-addictive.”** The renewal of the reduced nicotine mandate will be a gamechanger for public health and is projected to help more than five million people to quit smoking within the first year of implementation and save more than eight million American lives by the end of the century. This will be our grand slam.

**Obtaining MRTP designation and the subsequent launch of VLN<sup>®</sup> in the U.S. is only the beginning of our journey for our tobacco franchise.** VLN<sup>®</sup> 2.0 and expanded R&D in the tobacco franchise will expand our business prospects even further. We are working diligently to leverage our next-generation, non-GMO technology that will allow us to rapidly introduce reduced nicotine traits into virtually any variety of tobacco. We have already done this with bright, burley, and oriental tobacco lines. Our work in tobacco doesn't end with reduced nicotine tobacco; we will leverage our decades of experience with the tobacco plant to develop additional tobacco-based biotechnologies for multiple applications across various end-use markets, including solutions for the pharmaceutical industry.

We have and are making great strides in our hemp-cannabis franchise as well. Since late 2020, we have refocused our hemp/cannabis strategy to target the upstream segments of the cannabinoid value chain and related intellectual property in the areas of alkaloid profiling/mapping, genetic engineering and gene editing, breeding and cultivation, and ingredient extraction and purification. We believe we can deliver immense value to the global, legal cannabis market (which is projected to be worth more than \$100 billion by 2024) by **providing the hemp/cannabis industry with enabling IP and plant lines that have optimized cannabinoid and terpene profiles with stable genetics and higher yields for commercial use**. Our technology and solutions will have broad-based appeal for a wide range of end-use markets, including but not limited to the life science, consumer product, and pharmaceutical industries, and will transform the global cannabis market.

We have secured a number of the key partnerships needed to maximize our work in the upstream segments of the cannabinoid value chain, and we are well on our way to vertically integrating our hemp/cannabis capabilities. The combination of our core strengths in plant science and our network of key partnerships will enable us to drive differentiation and value by delivering new, disruptive plant lines and IP in two years while leveraging our current library of lines and IP, including **monetization of a portion of our hemp/cannabis IP later this year**.

2021 is a pivotal and exciting year for 22nd Century Group. I am confident that with the team we have assembled and the partnerships that we have established we will successfully execute on our strategic priorities. **I remain highly confident in our MRTP authorization, and our prospects are outstanding.** We are well-positioned to capitalize on the enormous opportunities in hemp/cannabis. I look forward to reaching new milestones in our tobacco and hemp/cannabis businesses this year, announcing our **third franchise**, and being able to bring you continued good news. I would like to thank you again for your continued support of 22nd Century and the important work we are doing.

Sincerely,

James A. Mish  
Chief Executive Officer

**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 proprietary 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](http://xxiicentury.com), on Twitter [@\\_xxiicentury](https://twitter.com/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 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.

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