



Leveraged Buyout: Navigating through Regulations with Sales Growth

Analysts: Coco Liu, Eleanor Po, Hank Tsai, Jonathan Hu, Zoe Chen

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Leveraged Buyout: Navigating through Regulations with Sales Growth

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Buyout TPB with Apollo at \$123, Projecting to Exit with IRR 37.02%, at EV/EBITDA 19.0x

1. Industry Background

- **Large, Resilient Market with Modest Growth:**
 - ~\$1T market expected to grow ~3.3% p.a. through 2030
 - NGPs are key growth engine, with nicotine pouches growing ~30%+ CAGR globally and ~32% CAGR in U.S.
- **Regulation Strengthens Incumbent Moats:**
 - FDA oversight, PMTA costs of ~\$2–5M per SKU, low authorization rates, and excise complexity raise barriers to entry.

3. Deal Structure

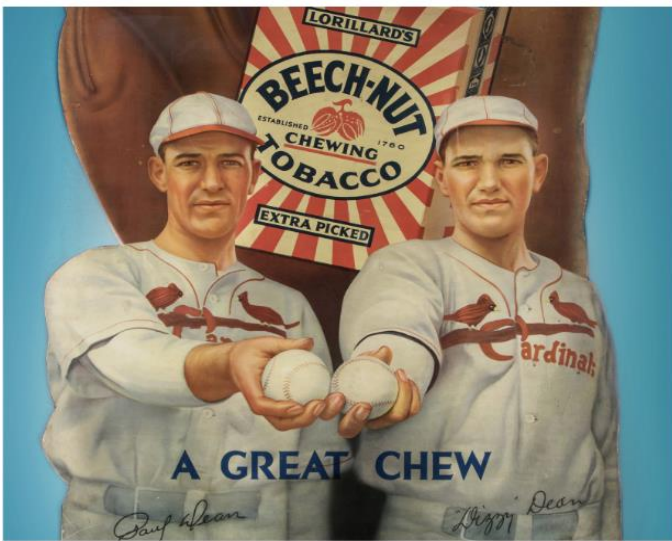
- **Deal Summary and Potential Third Party Buyer:**
 - Entry at **\$123 per share**, 19.4x EV/EBITDA and 33% premium.
 - Buyout with third party buyer Apollo with a total of 77.3% equity, leveraging their expertise in repositioning resilient sin stocks.
- **Debt Repayment:**
 - Conservative leverage leads to positive cash flow through holding period, with full term loan repayment by FY30.

2. Target Overview

- **Turning Point Brands Introduction:**
 - U.S. tobacco and nicotine company behind Zig-Zag and Stoker's
 - Modern Oral grew from \$0 to \$128M in FY2025
 - FCF \$58.2M in FY2025; Net Debt/EBITDA fell from 5.4x to 0.7x
- **Valuation Elevated & Regulatory Overhang:**
 - 38% correction from \$146.90 peak; still trades at premium multiple with no earnings inflection in sight
 - FDA hesitancy threatens \$180–190M Modern Oral 2026 guidance

4. Post Investment Management

- **Operating Value Creation and Strategic Growth:**
 - Drive earnings growth and rapid deleveraging through margin expansion and disciplined Modern Oral scaling, prioritizing the ALP buyout.
- **Exit Strategy:**
 - We prioritize a **strategic exit** via PM, Altria, or STG to capitalize on operational synergies and realize a clean exit at premium, insulating the transaction from public market volatility.



Industry Overview

Analysts: Coco Liu, Eleanor Po, Hank Tsai, Jonathan Hu, Zoe Chen

Tobacco Pairs Recession-Proof Demand with Elite Cash Generation — Mispriced by an ESG Discount

WHY TOBACCO IS BUILT FOR THE LBO MODEL

- 1 Addiction-Anchored, Recession-Proof Demand**
Nicotine dependence makes consumption price-inelastic. ~1.25Bn users worldwide; volumes erode just ~2–3% a year — slow and highly forecastable.
- 2 Pricing Power Outpaces Volume Decline**
Low-single-digit volume decline is offset by mid-single-digit price hikes — net revenue still grows, with excise taxes forming a price umbrella.
- 3 Oligopoly with High Barriers to Entry**
A handful of global players sustain rational pricing and avoid price wars; advertising bans entrench incumbents, as no new brand can be built.
- 4 Capital-Light, Highly Cash-Generative**
High margins, low capex, and strong free-cash-flow conversion produce exactly the cash profile lenders underwrite leverage against.
- 5 NGP Optionality — Not a Melting Ice Cube**
Nicotine pouches (~30%+ CAGR) and heated tobacco (~12%) carry nicotine demand beyond combustion, adding upside and an exit re-rating story.

THE ‘WHY NOW’

An ESG Discount Is the Entry Edge

Major institutions — NBIM, CalPERS — have divested tobacco under ESG mandates, compressing valuation multiples well below intrinsic value. A sponsor without those constraints can:

- Acquire resilient cash flows at a discounted entry multiple
- Redirect free cash flow to rapid debt payoff
- Take the asset private — exit ESG and quarterly scrutiny

\$944Bn

2025 global market

2.6%

market CAGR - 2030

KEY RISKS

Secular volume decline

Regulatory escalation

ESG financing friction

Litigation legacy

& MITIGANTS

Offset by pricing power & NGP

Slow-moving and priced in

Private-credit fill the funding gap

Resolved in the post-settlement era

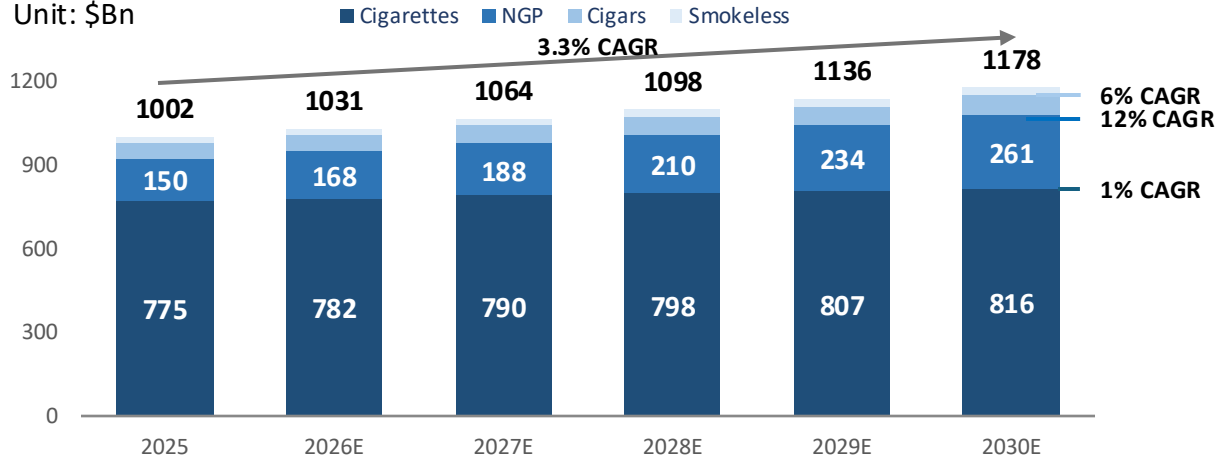
Industry Overview – Industry Background

The \$~1T Global Tobacco Market is Driven by Consumer Loyalty and NGP Expansion, with Nicotine Pouches Growing at 34% CAGR

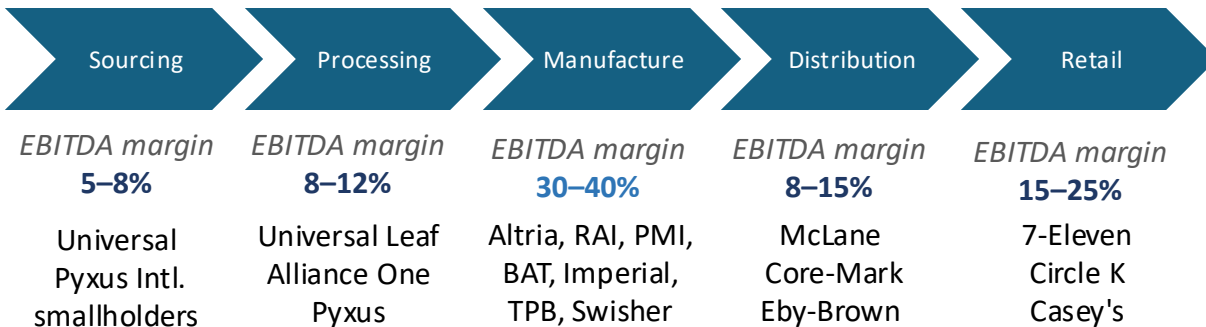
Global tobacco projected to grow **3.3% CAGR** through **2030**, led by **nicotine pouches at ~30% CAGR** and **HTP at ~12%**.

Revenue by Segments

Unit: \$Bn

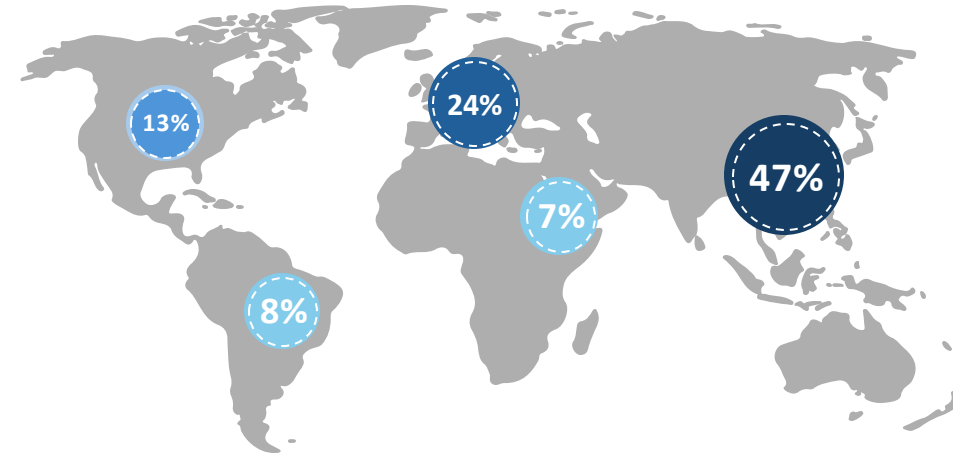


Value Chain Margins



~**1.2Bn** tobacco users worldwide in **2024**; **APAC** captures ~**47%** of global value. **NA** is **fastest-growing**, led by **NGP/Nicotine Pouches**.

Tobacco Value Share by Region (2025)



APAC	\$474Bn (+2.7% CAGR)
EU	\$245Bn (+1.5% CAGR)
NA	\$132Bn (+3.8% CAGR)
LATAM	\$76Bn (+2.0% CAGR)
MEA	\$74Bn (+3.0% CAGR)

Emerging Trends

Combustible-to-NGP Migration

- Cigarettes declining ~2–3% p.a. in volume; NGP growing ~10%; PMI smoke-free products now >40% of revenue

Regulatory Consolidation & Compliance Moat

- PMTA costs \$2–5M per SKU; only 26 nicotine pouch SKUs FDA-authorized EUTPD revision; 12+ US states require PMTA-pending for legal vapor sale

Illicit Trade & ESG Financing Constraints

- 11.6% of global cigarettes illicit (~\$40.5Bn tax revenue lost)
- ESG (NBIM, CalPERS, Rothschild) tilt deal financing to private credit

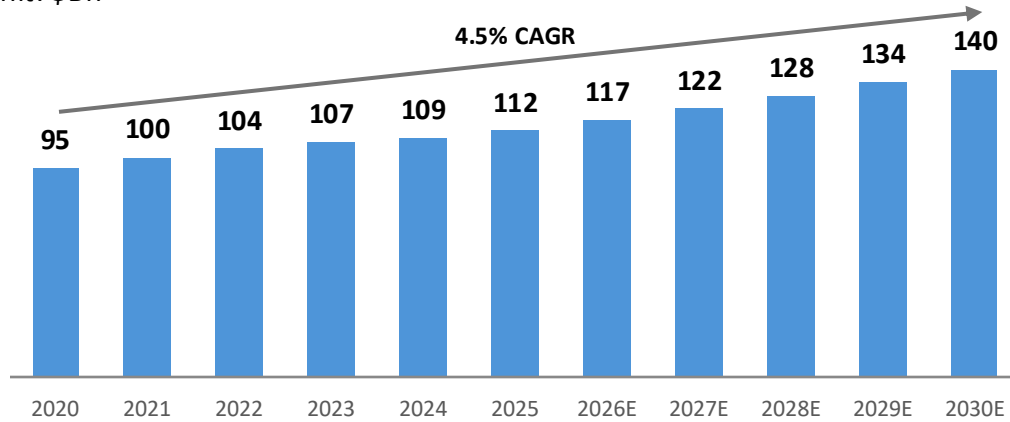
Industry Overview – US Background

U.S. Tobacco is a \$112Bn Market Growing ~4.5% p.a. Through 2030, Driven by Premium Combustibles & Next-Gen Nicotine Offsetting Volume Decline

U.S. market **revenue** grew from \$95Bn (2020) to \$112Bn (2025), projected to reach \$140Bn by 2030E at 4.5% CAGR.

U.S. Tobacco Market Size (2020–2030E)

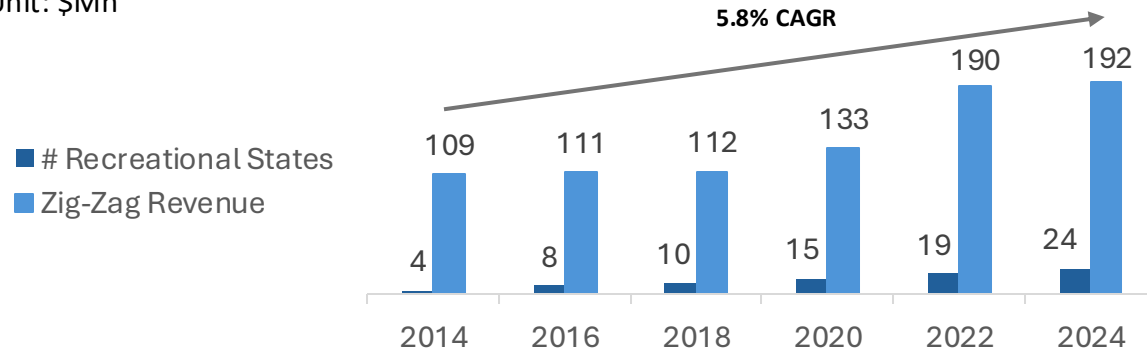
Unit: \$Bn



Increase in # of Recreational Cannabis states correspond to higher Zig-Zag US Revenue.

Zig-Zag US Revenue & # Recreation States

Unit: \$Mn

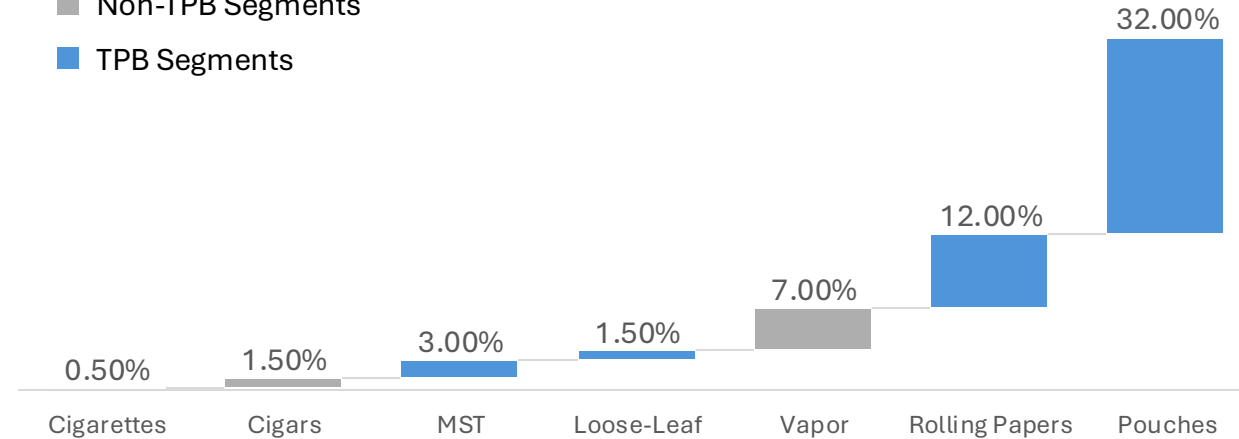


TPB is present in 3 of 4 fastest-growing U.S. nicotine categories, including the top 2 segments, Rolling Papers and Pouches.

U.S. Nicotine Categories: 2020-2024 Revenue CAGR (%)

■ Non-TPB Segments

■ TPB Segments



Key US Takeaways

Pricing Offsets Structural Cigarette Decline

- Cigarette volumes are falling ~3–5%/yr as smoker prevalence declines, but manufacturers protect revenue with ~6% annual price increases.

NGP Migration is Secular, Led by Pouches

- Pouches ~\$5.6Bn in 2 yrs with 5.4M U.S. users in 2024, 60% are former or dual cigarette users; HTP nascent but could accelerate with IQOS.

Fragmented OTP + Regulation Create Incumbent Moats

- OTP categories (cigars, MYO, papers, pipe tobacco) fragmented at ~\$14Bn, while PMTA costs of ~\$2–5M per SKU raise entry barriers.

Industry Overview – US Regulatory Landscape

FDA Oversight, Excise Taxation, and the PMTA Regime Create a Compliance Moat that Favors Scaled Incumbents Like TPB

Regulatory Timeline



Regulatory Framework

FDA Center for Tobacco Products	<ul style="list-style-type: none"> Regulates all tobacco, cigars, pipe, vapor, pouches. Authority over marketing, packaging, ingredients, warnings, marketing to minors.
Premarket Tobacco Application (PMTA)	<ul style="list-style-type: none"> Required for every new tobacco SKU introduced; cost \$2–5M per SKU. 26 nicotine pouch SKUs authorized (20 ZYN, 6 on! PLUS); ~0.3% approval rate.
Deeming Rule, Master Settlement Agreement	<ul style="list-style-type: none"> Extended FDA jurisdiction to vapor, cigars, hookah MSA: \$9Bn/yr perpetual payments from top 4 manufacturers.

Future Trends

International Regulations	<ul style="list-style-type: none"> EU TPD3 and UK disposable ban <ul style="list-style-type: none"> Cap pouch nicotine at 16.6 mg/g in Finland Negative for vapor; pouches relatively insulated
Cannabis Legalization	<ul style="list-style-type: none"> 24 states recreational / 38 medical Boost rolling papers & MYO Federal rescheduling (Schedule I→III)
Illicit Disposables & Synthetic Nicotine	<ul style="list-style-type: none"> Elf Bar, Lost Mary dominate US vape illicitly FDA task force launched 2024

Regulation is moat for TPB. **PMTA costs** and **low authorization rates** price out subscale rivals. Zig-Zag papers sit outside PMTA, and Stoker’s benefits from pre-2007 substantial-equivalence SKUs. As a Non-Participating Manufacturer, **TPB also pays modest escrow instead of contributing to the ~\$9B MSA pool**, creating a structural cost edge versus the Big 4.

The net regulatory direction is favorable, with a few risks. **Tailwinds** include the **withdrawal of menthol/flavored-cigar bans**, faster pouch-PMTA pathways for FRE/ALP, stricter illicit-disposable enforcement, and **cannabis normalization expanding rolling-paper demand**. Key risks are revived menthol/flavor ban, FDA nicotine-reduction rules, and intl. pouch caps limiting ex-US upside.

Sources: U.S. FDA Center for Tobacco Products (PMTA, deeming rule, product authorizations); Family Smoking Prevention and Tobacco Control Act (2009); Master Settlement Agreement / NAAG; U.S. International Trade Commission (IQOS import ban); UK Tobacco and Vapes Act 2026; European Commission (TPD); National Conference of State Legislatures (cannabis); team analysis.



Target Overview

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TPB is the Smallest Player Yet Offers the Highest Growth at the Lowest Valuation Among Tobacco Peers



	Turning Point Brands	Philip Morris International	British American Tobacco	Altria	Universal	
Financials	Market Cap	1.77b	293.7b	141.8b	123.1b	1.36b
	LTM Revenue	481m	41.5b	34.3b	20.4b	2.91b
	NTM Projected Revenue Growth	12.3%	6.5%	2.7%	0.5%	-1.0%
	EV / NTM EBITDA	25.6x	16.8x	11.0x	11.0x	8.1x
	EV / NTM Revenue	3.51x	7.75x	5.22x	7.04x	0.83x
Business Overview	Product Focus	Rolling Papers, Smokeless Tobacco, Modern Oral	Smokeless Tobacco, Modern Oral Cigarettes, IQOS, ZYN Nicotine Pouches	Cigarettes, Vuse Vaping, Velo Pouches	Cigarettes (Marlboro), on! Pouches, NJOY	Leaf Tobacco Supplier (B2B)
	Consumer Segment	Adult Smokers & Tobacco Users	International Adult Smokers	Global Adult Smokers	U.S. Adult Smokers	Tobacco Manufacturers
	Customer Base	Wholesale Distributors & Retailers	International Distributors & Retailers	Global Distributors & Retailers	U.S. Distributors & Retailers	Tobacco Manufacturers & Processors
	US Retail Outlets	220,000+	N/A (International)	—	230,000+	N/A (B2B)
Traits	Regulatory Exposure	High (FDA PMTA)	High (Multi-jurisdiction)	High (Multi-jurisdiction)	High (FDA)	Medium
	Modern Oral Transition	Early / Fast-growing	Advanced (ZYN #1)	Mid (Velo)	Early (on!)	None

Target Overview – Company Background

Turning Point Brands is a U.S.-based Tobacco and Nicotine Brand Company Marketing Iconic Brands Zig-Zag and Stoker's

Company Profile



Turning Point Brands (NYSE: TPB) is a U.S.-based tobacco and nicotine company marketing iconic brands Zig-Zag and Stoker's, with a growing presence in modern oral nicotine products.

Founded Year	1988	Market Cap	1.77b
Head quarters	Louisville	Total Enterprise Value	1.89b
Sector	Consumer Staples	LTM Revenue	481m

Key Financials

(\$Mn, %)	FY22	FY23	FY24	FY25	FY26F	FY27F
Revenue	415.0	325.1	360.7	463.1	522.8	595.8
YoY (%)	-6.8%	-21.7%	+10.9%	+28.4%	+12.9%	+14.0%
EBITDA	65.0	87.2	89.1	115	—	—
Margin (%)	20.2%	26.8%	24.7%	25.0%	—	—
Net Income	11.6	38.5	39.8	58.2	—	—
EPS	0.64	2.01	2.14	3.11	1.43	2.12

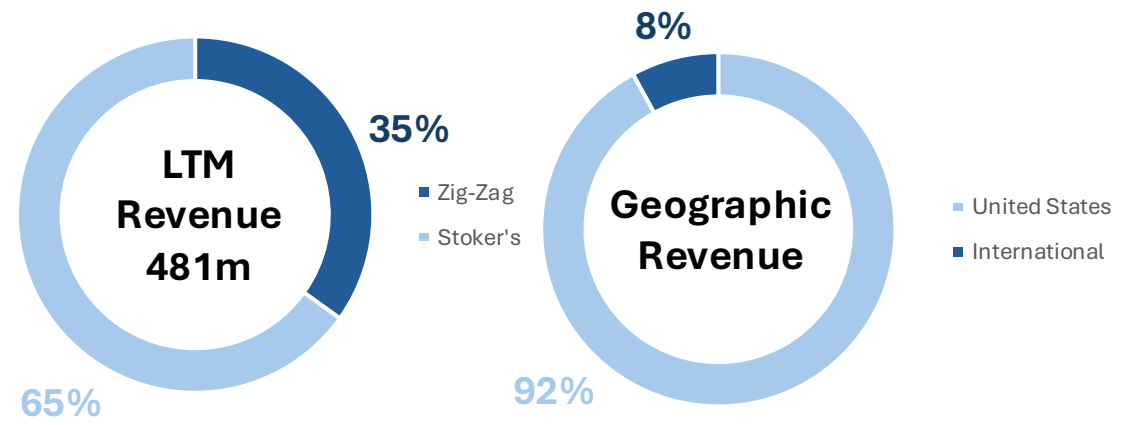
Business Segments

Zig-Zag — Rolling Papers · Cigar Wraps · Cigarillos · Lighters
Stoker's — Moist Snuff · Chewing Tobacco · Modern Oral (FRE, ALP)



Rolling Papers Moist Snuff Chewing Tobacco Modern Oral

Revenue Breakdown



Sources: TPB FY2025 Form; TPB FY2025 Proxy Statement ; TPB Q1 2026 Results Release (May 7, 2026), TPB website

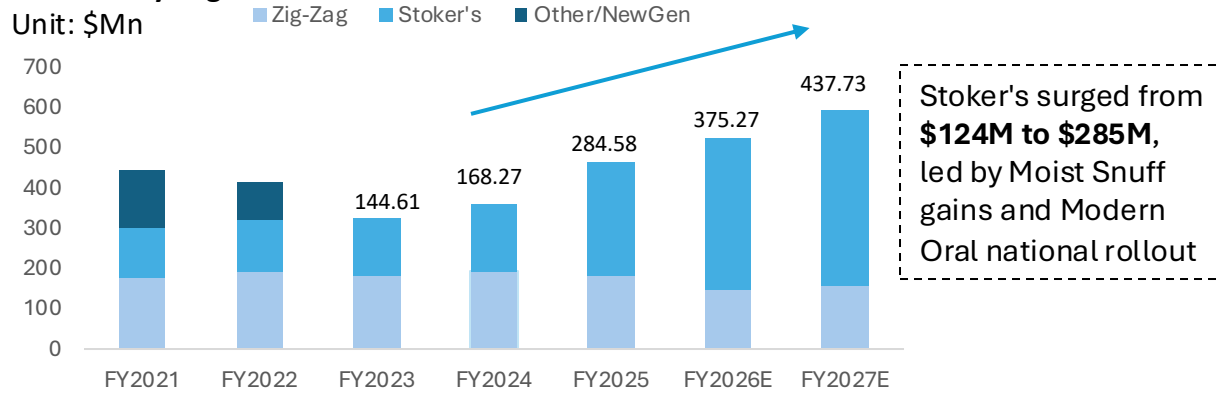
Target Overview – Financial Analysis & Outlook

Declining Debt and Stable Cash Flow Underpin Financial Health as Modern Oral Drives Revenue Growth

Modern Oral drives revenue from **\$0 to \$128M** in FY2025 while Capex-to-Revenue stays **below 3%**

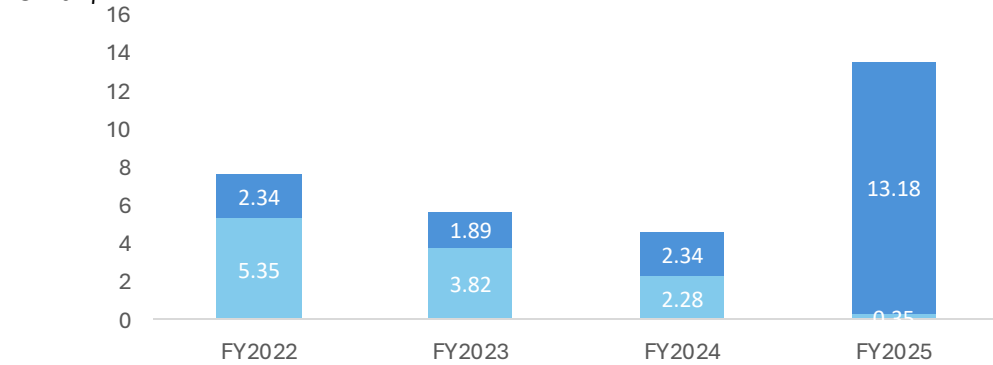
Revenue By Segment

Unit: \$Mn



Capital Expenditure Analysis

Unit: \$Mn



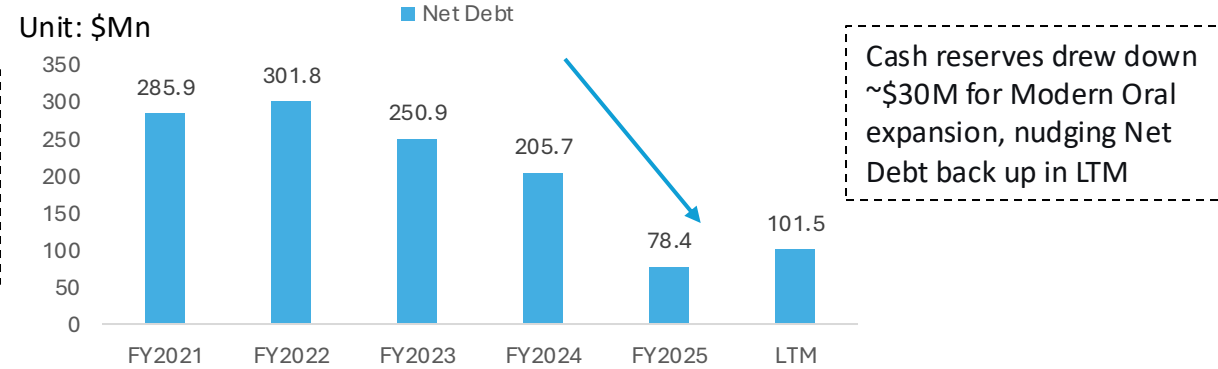
Capex-to-Revenue

1.9% 1.8% 1.3% 2.9%

Net Debt/EBITDA fell from **5.4x to 0.7x** as FCF stayed **positive** through the deleveraging cycle

Net Debt

Unit: \$Mn

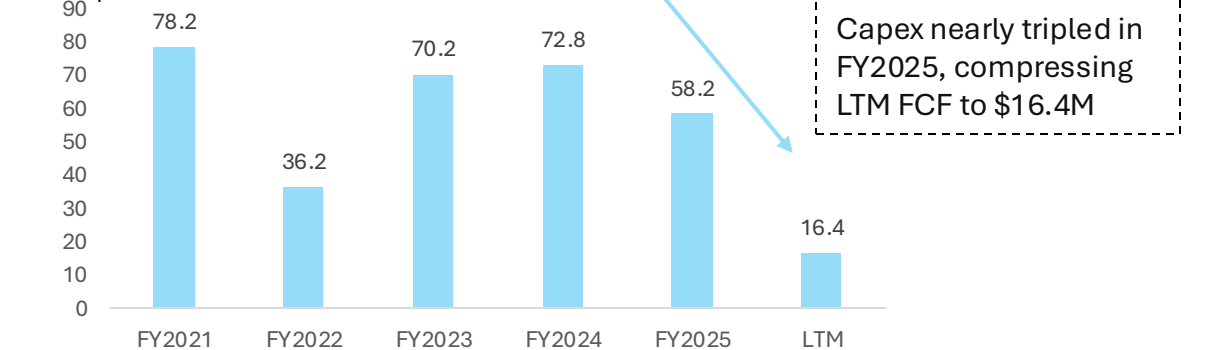


Net Debt/EBITDA

2.9x 5.4x 2.8x 2.3x 0.7x 1.1x

Free Cash Flow

Unit: \$Mn



EBITDA Margin(%)

22.3% 13.4% 27.5% 24.6% 22.8% 19.8%

Target Overview – Selling Rationale

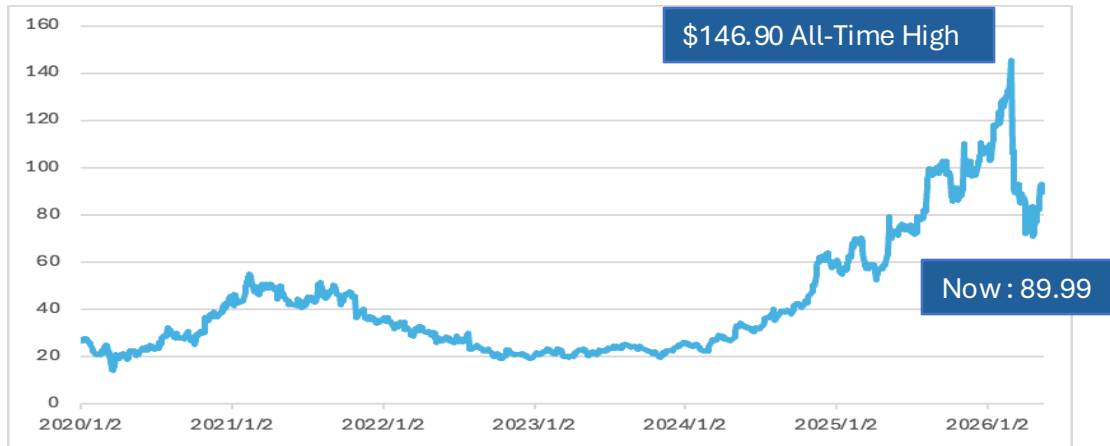
Exit While Modern Oral Momentum Still Sustains Valuation as Legacy Deterioration and Regulatory Headwinds Pose Growing Downside Risk

TPB's Stock Price

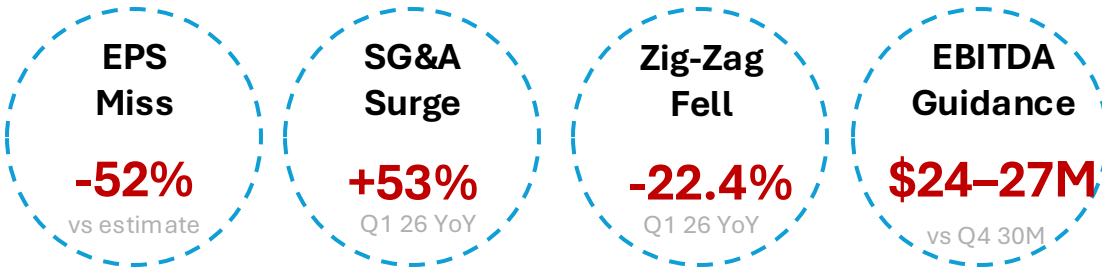
Period: 2020/01 ~ 2026/05

89.99 USD

Last transaction day before announcement of LBO

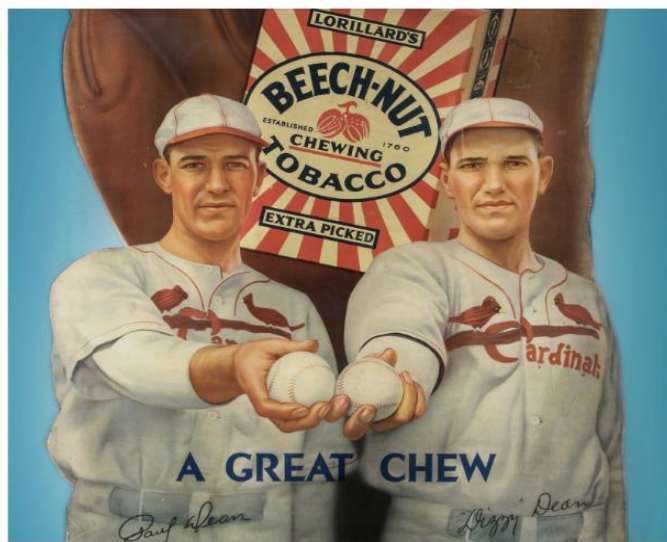
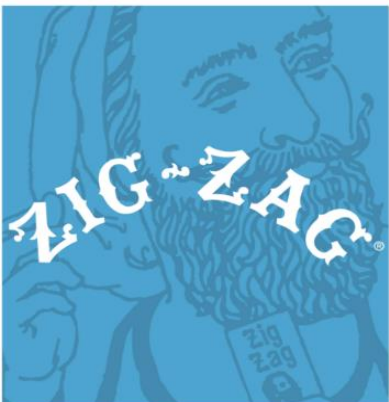


Stock price decline reason



Selling Rationale

<p>Valuation Elevated</p>	<ul style="list-style-type: none"> Stock peaked at \$146.90 in Feb 2026; the exit window at a premium is narrowing Despite ~38% correction, still trades at a premium multiple with no near-term earnings inflection Private ownership removes quarterly EPS pressure. PE can unlock value the public market penalizes
<p>Regulatory Overhang</p>	<ul style="list-style-type: none"> FDA hesitancy poses direct risk to \$180-190M Modern Oral 2026 guidance Regulatory uncertainty unquantifiable in public markets. Private ownership provides flexibility public markets cannot If FDA tightens, valuation reprices sharply. Exiting now transfers tail risk at a still-supported price



Deal Highlights & Strategic Partner

Analysts: Coco Liu, Eleanor Po, Hank Tsai, Jonathan Hu, Zoe Chen

Deal Highlights – Valuation and Ownership Summary

We offer \$123.00 Price Per Share, With the Entry EV/EBITDA at 19.4x, 33% Premium

Valuation Method

Football Field Chart (Price Per Share)

Details

52-Week Range

\$69.97  \$142.98

- Low: **\$69.97** on 2025.5.12
- High: **\$142.98** on 2026.02.25
- Average Stock Price: **\$94.03**

Premium to Spot

\$101.98  \$126.28

Reflecting a **10% ~ 40%** premium using 2026.05.11 stock price

Comparable Companies

EV/EBITDA

\$48.26  \$129.79

- Peers (U.S Listed): Phillip Morris, Altria Group, Universal Corp.
- Range of Market Cap: **\$1B ~ \$284B**
- Range of EV/EBITDA: **7.6x ~ 18.6x**
- Range of EV/Revenue: **0.8x ~ 8.1x** (10th ~ 90th percentile)
- Range of P/E: **14.34x ~ 29.86x**

EV/Revenue

\$21.71  \$164.84

P/E

\$44.52  \$92.71

Precedent Transactions

\$107.91  \$130.16

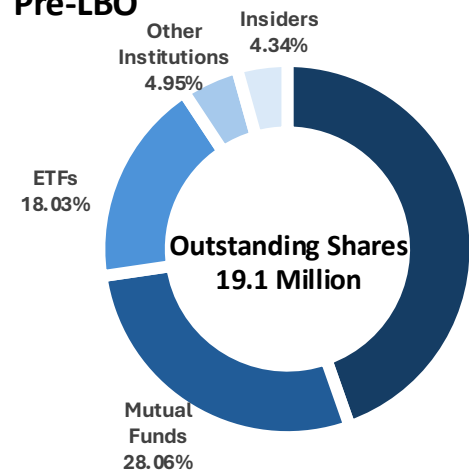
- History of 5 transactions since 2008
- Range of price premium: **16.4% ~ 40.4%**

\$92.71 **\$123** \$130
Current Price Bid Price 12M Price Target

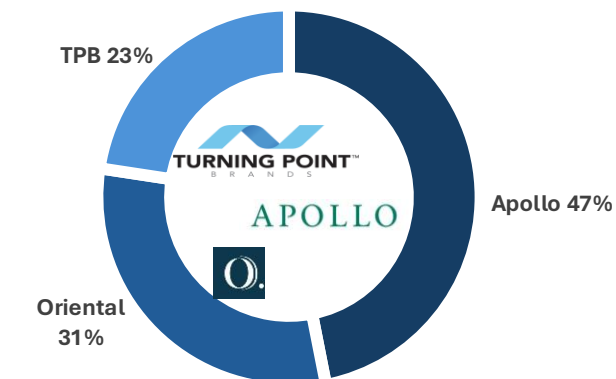
Ownership Change

Post-LBO Governance

Pre-LBO



Post-LBO



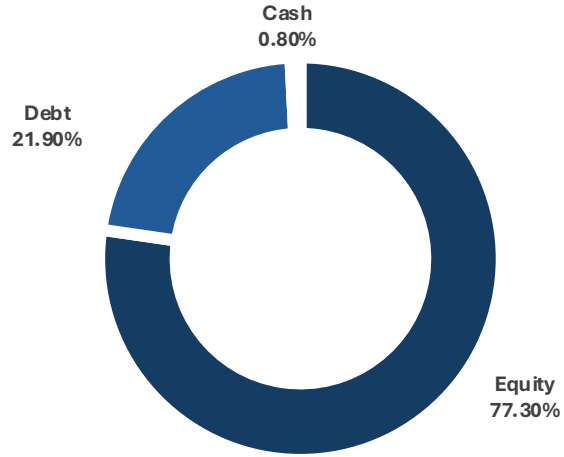
Public Comps and Individuals 44.62%

- **Board:** Total of 8 members - 3 from Apollo, 3 from Oriental, 1 from TPB, 1 independent director
- **Decision making:** Required supermajority approval for M&A, leverage, large capex and dividend policy
- **Management Options Pool:** 10% (fully diluted), vesting based on EBITDA growth and leverage reduction
- **Disclosure:** Commit to publish an annual report to remain transparent to stakeholders and future potential buyers

Deal Highlights – Deal Structure Overview

Conservative Leverage Supported by Strong Cash Generation and Deleveraging Capacity

Deal Structure



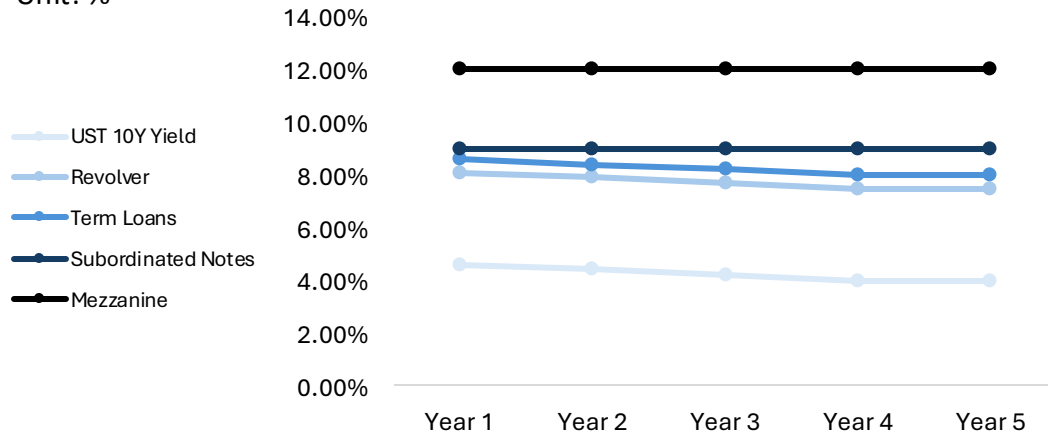
Sources of Fund

	\$ M	X EBITDA	%	Uses of Fund	\$ M	X EBITDA	
Debt	Term Loans	365	3.0x	13.1%	Purchase Equity Value	2,354	19.4
	Subordinated Notes	122	1.0x	4.4%	Replace Existing Debt	392	3.2
	Mezzanine	122	1.0x	4.4%	Financing Fees	12	0.1
	Excess Cash	23	0.2x	0.8%	Transaction Fees	24	0.2
Equity	Apollo	1,307	10.8x	46.8%	Legal and other Fees	5	0.04x
	Oriental Capital	849	7.0x	30.5%			
Total Sources	2,786	22.9x	100%	Total Uses	2,786	22.9x	

Debt Structure and Schedule

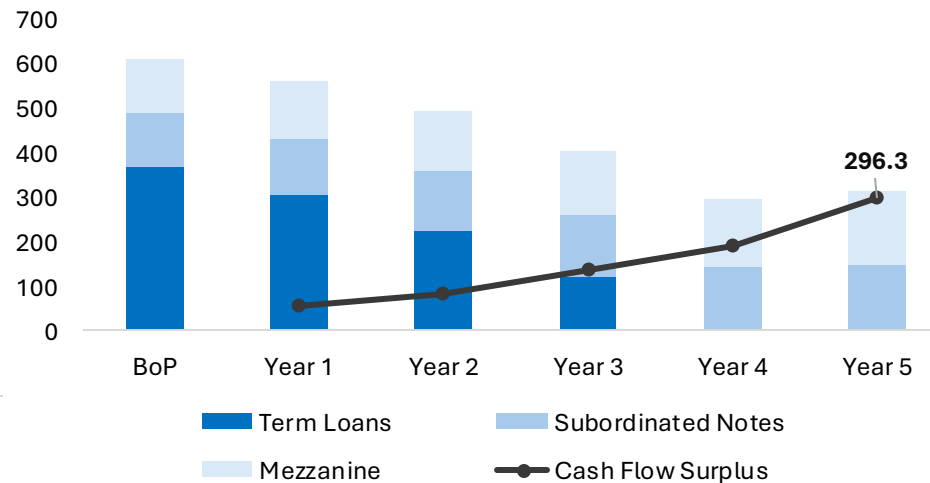
Interest Rates Projections

Unit: %



Debt Schedule

Unit: \$Mn




Supported by conservative leverage and TPB's strong cash generation, our model assumes no revolver usage and sustained positive cash flow throughout the investment period.


Strategic Partner


Apollo Global Management: Leveraging "Resilient" Complexities & Hybrid Capital to Unlock TPB's Value

Partner Overview

APOLLO

 Founded: 1990, AUM: \$938B (2025), with \$70B Private Equity

 Corporate Carve-outs, Complex Buyouts, Regulatory-driven Sectors.

 Prefer "resilient" businesses with highly defensible cash flows.

Core Investment DNA



Contrarian Approach

Actively seeks α by embracing market complexities that traditional funds overlook.

Navigating Regulatory & ESG Stigma

Exceptional track record in acquiring assets under regulatory scrutiny or macro-pressure and repositioning their equity story.

Structuring Ingenuity

Deploying creative capital structures to acquire controlling or highly downside-protected positions at deep discounts.

Extensive Precedent Track Record

2021
Lottomatica
(Gaming)

Market Complexity : Heavy regulatory pressure in Italian gaming market with extreme vulnerability to pandemic lockdowns.

Value Creation : Apollo consolidated the brand and executed a digital transformation toward high-margin, low-fixed-cost online betting, transforming a sin asset into a cash cow, achieving a multi-billion Euro IPO in 2023.

2022
Novolex
(Packaging)

Market Complexity : Over-reliance on single-use plastics, facing existential threats from global plastic bans.

Value Creation : Injected capital to orchestrate an ESG pivot toward compostable materials, locking in LT contracts w/big clients (e.g., Starbucks) and repositioning Novolex as a sustainable "total solution" platform.

2020-2022
Air France-
KLM
(Aviation)

Market Complexity : Airlines grounded globally due to COVID, facing bankruptcy w/o government bailouts.

Value Creation : Deployed €500M+ into its **spare engine subsidiary**, recognizing that while planes weren't flying, the value of engines remained resilient and highly liquid in the secondary market. They secured equity-like returns with ultimate downside protection.

A Dual-Engine Approach to Unlock Value via Operational Alpha & Capital Structuring

Why Apollo?



Tobacco industry faces capital flight as commercial banks enforce ESG mandates, prohibiting financing for companies with 5% tobacco-related revenue.



Oriental Capital mandates a maximum leverage ratio of 5x Total Debt / EBITDA for this transaction.

For 5%: Apollo provides financing certainty through its world-class Private Credit and Direct Lending platforms, ensuring a reliable source of debt capital for this buyout.
For 5x: Apollo is a leader in deploying Hybrid Capital solutions, including 2nd-Lien Debt and Preferred Equity.

Why Does Apollo Choose Us?



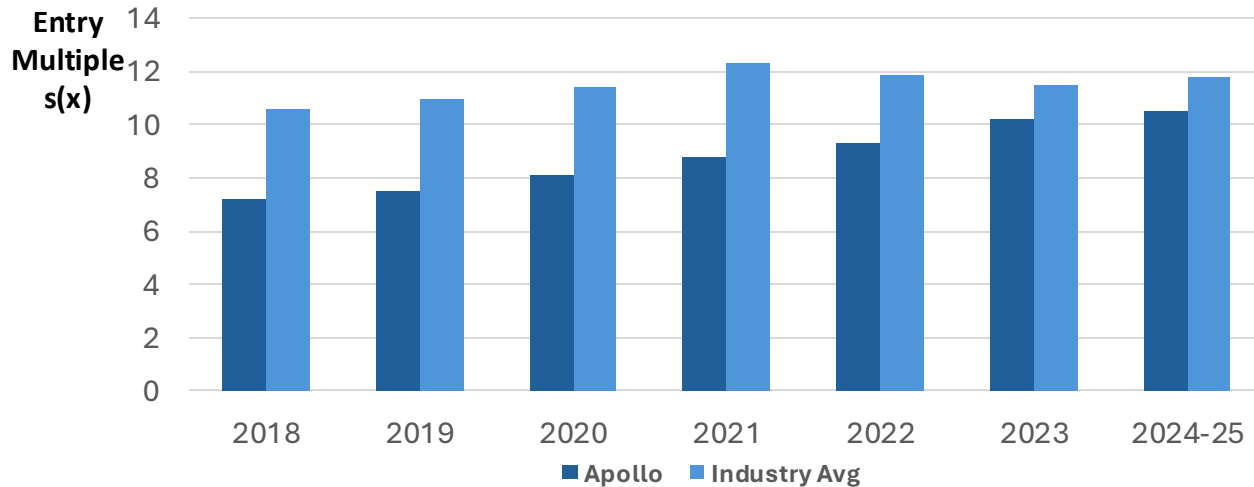
Deep Sector "Insiders": We provide the niche domain expertise in Tobacco and TIC sectors required to navigate TPB's complex regulatory landscape.



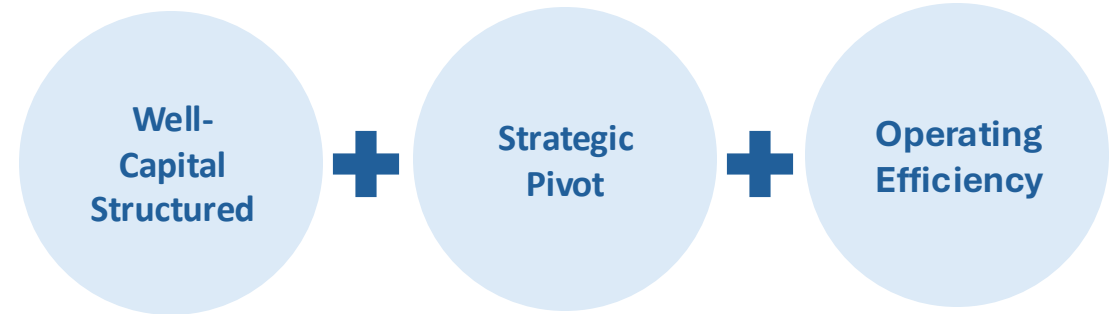
Proprietary Sourcing & Target Intelligence: We identified TPB as a high-potential asset that perfectly matches Apollo's "Resilience" investment thesis, offering them an exclusive entry into a defensible market.



Operational Tailoring: We provide the tactical, sector-specific strategy (e.g., supply chain and product mix optimization) that complements Apollo's large-scale operational "APPS" engine.



Apollo's discipline of consistently trailing industry averages by 2.0~3.0x EBITDA establishes a margin of safety and maximizes the potential for realized operational alpha.





Post Investment Management

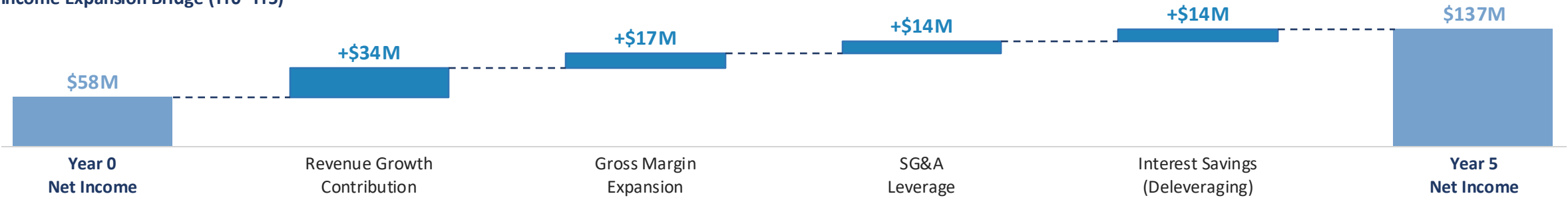
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Post Investment Management – Operating Efficiency and Net Income Growth Bridge

Implement Margin, Cost and Cash-conversion Initiatives to Convert Revenue Growth Into Outsized Net Income Expansion

Value Creation Bridge: Operating Discipline Drives Earnings Expansion

Net Income Expansion Bridge (Yr0–Yr5)



Gross Margin Expansion

High Margin Mix

MO D2C carries structurally higher margins than retail tobacco. Domestic pouch production removes tariff drag, while Stoker's supports a durable margin base.

SG&A Leverage

Normalize by Year 3

Near-term investment supports MO growth. As revenue scales, the cost base is absorbed without proportional spending increases, expanding margins.

Working Capital Discipline

CCC Reduction

Inventory optimization, SKU rationalization and improved vendor terms drive meaningful working capital release over the holding period.

Rapid Deleveraging

Net Cash by Year 4

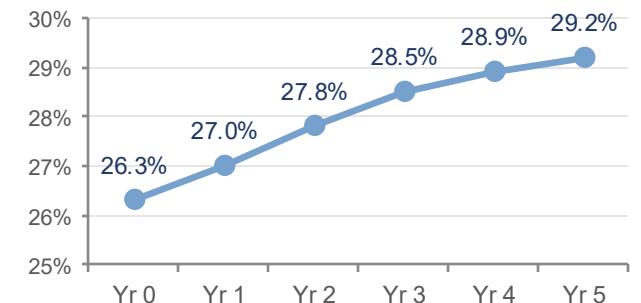
Strong free cash flow is directed toward debt paydown, rapidly reducing leverage and lowering interest expense through the holding period.

Cost & Governance Actions

Action	Pre-Investment Baseline	Post-Investment Value Creation Plan
Public-Company Cost Removal	Public-company reporting, governance and compliance costs remain embedded in corporate overhead.	Privatization and zero-based budgeting support \$5–7M of recurring run-rate savings by Year 2.
Management Simplification & Incentives	Management layers and equity-heavy compensation reduce operating accountability.	Simplify leadership structure and tie compensation to EBITDA, deleveraging and exit value.
Working Capital Release	Inventory intensity and multi-year curing requirements constrain near-term cash conversion.	SKU rationalization and disciplined purchasing support \$15–20M of cash release in Years 1–2.

EBITDA Margin Trajectory

Operating Leverage Compounds Over Hold



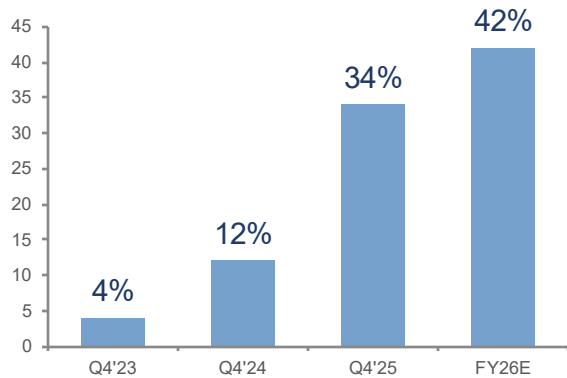
Post Investment Management – Self-Funded Modern Oral Scale-Up

Deploy Legacy Cash Flow Selectively Into Velocity-validated Modern Oral Growth While Preserving Deleveraging Capacity

Pre-Investment Snapshot

Growth Engine: Modern Oral reached 42% of Q1 2026 net sales

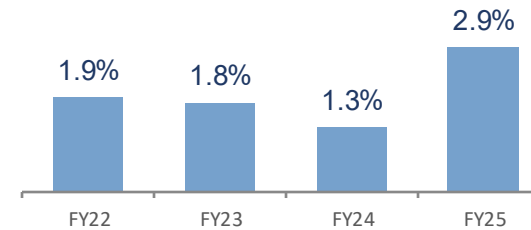
Modern Oral as % of Total Net Sales



- Modern Oral has become TPB's primary growth platform, generating \$41.3M of net revenue in Q4 2025, representing 34% of total company
- TPB already reaches more than **220,000 retail outlets and employs approximately 276 sales and marketing professionals**, but dedicated Modern Oral execution remains limited relative to the opportunity

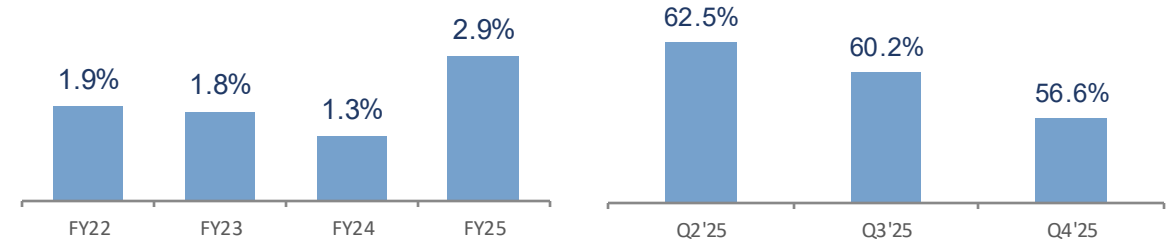
Funding Base: Legacy FCF Funds Targeted Modern Oral Growth

CapEx as % of Revenue (FY22–FY25)



Stoker's Segment Gross Margin (%)

(quarterly actuals; Q4'25 reflects MO mix dilution)



Stoker's pricing power and TPB's asset-light legacy model preserve FCF for debt paydown and selective FRE / ALP rollout, with incremental investment approved only after door-level velocity and contribution-margin thresholds are met.

Post-Investment Management Blueprint

Focused Distribution Density



Sequence rollout chain-by-chain in Stoker's MST core states where TPB has highest in-store presence. Avoid national footprint expansion costs until per-door velocity hurdles are validated.

D2C Data-to-Retail Rollout



Establish a dedicated FRE / ALP commercial team focused on priority chains and shelf placement; subject every door and SKU to 90-day contribution-margin review.



Contribution-Margin-Gated Investment

Subject every door and SKU to a 90-day contribution-margin review with hard cut-off thresholds. Reallocate from bottom-quartile performers to top-quartile chains rather than expanding the spend pool.

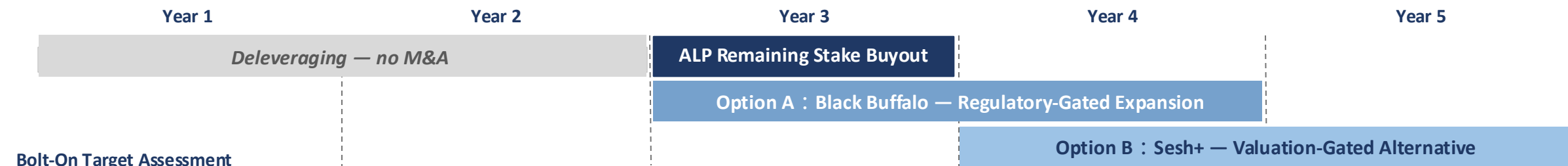
Velocity-Gated Modern Oral Investment Process






Post Investment Management – Bolt-On M&A

Stage-Gated Bolt-Ons Extend TPB’s Modern Oral Platform Only After Deleveraging, With ALP as the Lowest-Risk Strategic Priority

Phased Deployment — No bolt-on capital before deleveraging targets are achieved



Bolt-On Target Assessment

Assessment Criteria			
Platform & Regulatory Position	Existing TPB-operated nicotine pouch JV; FDA fast-track pilot participant	Tobacco-free smokeless platform spanning long-cut and pouch formats; PMTA remains under review	Premium multi-SKU nicotine pouch brand with PMTA filings; not included in the FDA fast-track pilot
Commercial Model & Synergy	Retail + D2C model leveraging TPB’s existing distribution, salesforce and media support	D2C-led platform expanding into specialty retail; adjacent to Stoker’s adult smokeless consumer	Pure-play premium D2C model targeting younger adult consumers through digital acquisition and subscriptions
Indicative Deal Structure	Acquire remaining 50% stake \$60–120M EV illustrative.	Full acquisition \$120–200M EV illustrative, subject to regulatory progress	Full acquisition \$250–400M EV illustrative, subject to strict valuation discipline
Recommendation	Priority : Only target with existing operating visibility and immediate control benefit	Secondary: extends TPB into tobacco-free smokeless and hedges legacy MST decline	Stretch: adds premium D2C capabilities and consumer reach. Risk: high entry valuation and customer acquisition economics

Capital Deployment Guardrails

- 1 Deleveraging First**
No bolt-on M&A during Years 1–2; FCF is prioritized for debt repayment.
- 2 Capital Cap**
Limit cumulative bolt-on deployment to ≤\$300M over the holding period.
- 3 Strategic Relevance**
Targets must expand modern oral exposure or defend the Stoker’s franchise.
- 4 Regulatory Visibility**
Require verified FDA progress before transaction close.
- 5 Valuation Discipline**
Maintain an entry cap of ≤7.0x EV / Revenue for earlier-stage targets

Post Investment Analysis – Exit Route

Strategic Exit:

Maximizing Realized IRR through Synergy-Adjusted Valuation

Why Strategic Buyer?

Re-IPO

VS

Strategic Buyer

Secondary Sale

Discount due to ESG mandates
+ 6–12 month lock-up periods and potential price erosion from large-block secondary offerings.

Absorbing TPB’s regulatory volatility into a larger, diversified portfolio.

Re-IPO

Strategic Buyer




VS

Secondary Sale

Treating the acquisition as a long-term investment rather than a purely leveraged play

PE are often constrained by their WACC and internal IRR hurdles,

Candidates of Strategic Buyers

	Region	Product Mix	Business Model	Pros (+) / Cons (-)
	Global Leader	NGP Focused: ZYN (Pouch), IQOS (Heated Tobacco), shifting away from combustibles.	High R&D spend to achieve a "100% Smoke-Free Future."	(+) Dual-brand matrix (ZYN+FRE); uses TPB’s 200k+ retail points for IQOS rollout. (-) Significant FTC antitrust risk; Stoker’s MST business clashes with ESG goals.
	US Dominant (Strongest domestic tobacco infrastructure)	Full Spectrum: Marlboro (Cigarettes), On! (Pouch), NJOY (Vape), and Wine.	Leveraging unmatched scale and trade channel control to offset volume decline.	(+) Deepest US distribution network; desperate to reclaim NGP leadership via FRE. (-) Heavy FDA/legal exposure; investor fatigue over high-premium M&A (e.g., Juul).
	Europe & N. America (Focus on specialty tobacco markets)	Specialty Portfolio: Cigars, Pipe Tobacco, and Fine-cut (Zig-Zag alignment).	Focus on ritualistic smoking categories with high margins and low volume.	(+) Best cultural fit for Zig-Zag and Stoker’s; minimal antitrust hurdles for closing. (-) Limited financial firepower vs. Big Tobacco; lacks global scale to maximize FRE.

Post Investment Management – Return Analysis

Exiting with an IRR of 37.02% and 4.8x MOIC in Year 5 due to Regulation Uncertainty

Key Assumptions

Operative Assumptions

	Year 0	Year 5	Growth	Rationale
Revenue	463	786	+69.8%	<ul style="list-style-type: none"> Zig-Zag product sales to decline by 5% per year Stokers product sales to increase by an average of 20% per year Net income's surge due to improved operating efficiency
Net Income	58.2	136.5	+134%	
EBITDA	122	229.9	+88.4%	
EBITDA Margin	26.3%	29.2%	+11%	

Exit Assumptions (Base Case)

Projecting to hold TPB for 5 years

- Global tobacco market will grow by a 4.3% CAGR through 2030, our assumed exit year. As U.S. tobacco regulation remains highly uncertain over a longer horizon, we apply a 5-year holding period rather than extending our investment timeline.

Expecting a 0.4x slight multiple decline when exiting

- Despite regulatory and macroeconomic uncertainty, we assume only a modest 0.4x exit multiple decline, as strategic buyers can justify higher valuations through potential revenue and cost synergies.
- TPB's strength in high-growth **modern oral** and its established Stoker's franchise provide an attractive mix of growth, brand equity, and cash flow stability, balancing the potential impact of regulations.

Returns Calculations

Returns Calculations	Units	Year1	Year2	Year3	Year4	Year5
EBITDA:	\$ M	144.1	163.9	188.5	211.4	229.9
(x) Exit Multiple (EV/EBITDA)	x	19.0 x	19.0 x	19.0 x	19.0 x	19.0 x
Exit Enterprise Value:	\$ M	2,738	3,115	3,582	4,017	4,367
(-) Net Debt:	\$ M	(331)	(251)	(135)	11	186
Exit Equity Value:	\$ M	2,407	2,864	3,447	4,028	4,553
Cash from Management Options:	\$ M	-	94	94	94	94
Net Equity to Management & Mezzanine:	\$ M	-	(349.2)	(417.9)	(486.5)	(548.4)
Sponsor Equity Proceeds:	\$ M	-	2,609	3,123	3,636	4,099

Project Equity Returns

Multiple:	x	3.1 x	3.7 x	4.3 x	4.8 x
IRR:	%	75.33%	54.39%	43.87%	37.02%

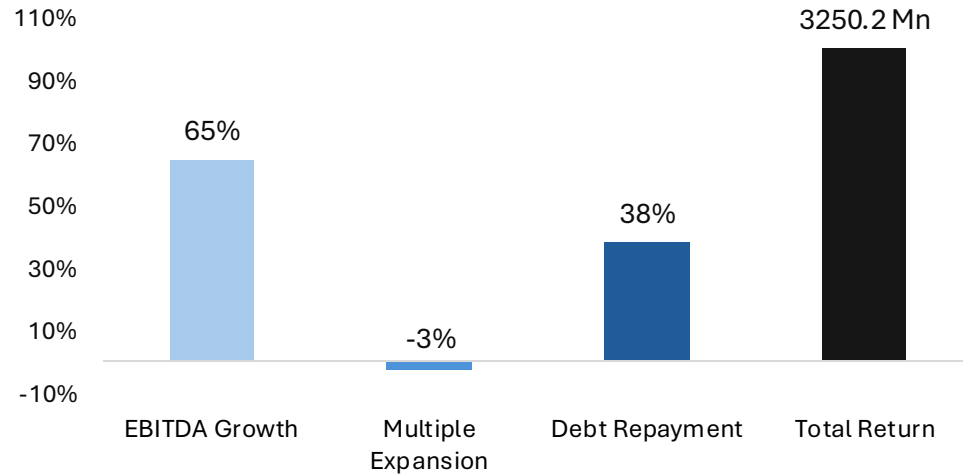
Post Investment Management – Return Analysis

Earnings-Led Returns and Rapid Deleveraging with Low Dependence on Multiple Expansion

Key Return Metrics

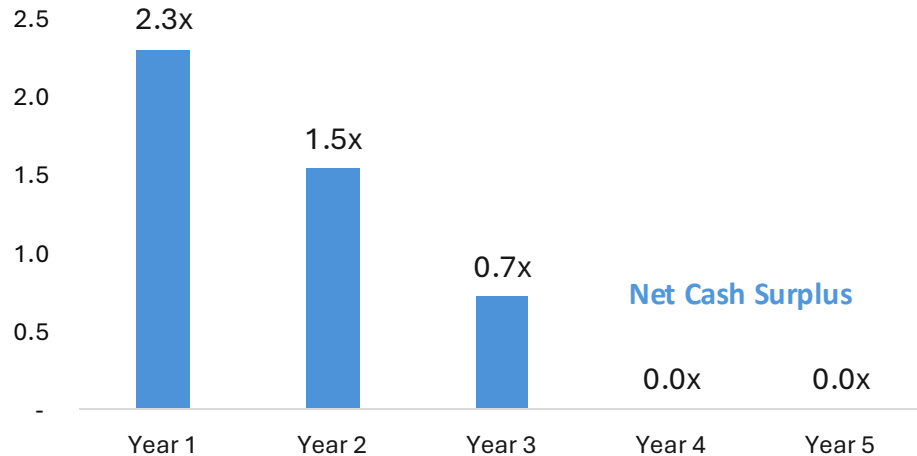
Return Attribution Analysis

Unit: %



Deleveraging Timeline

Unit: x



Sensitivity Analysis

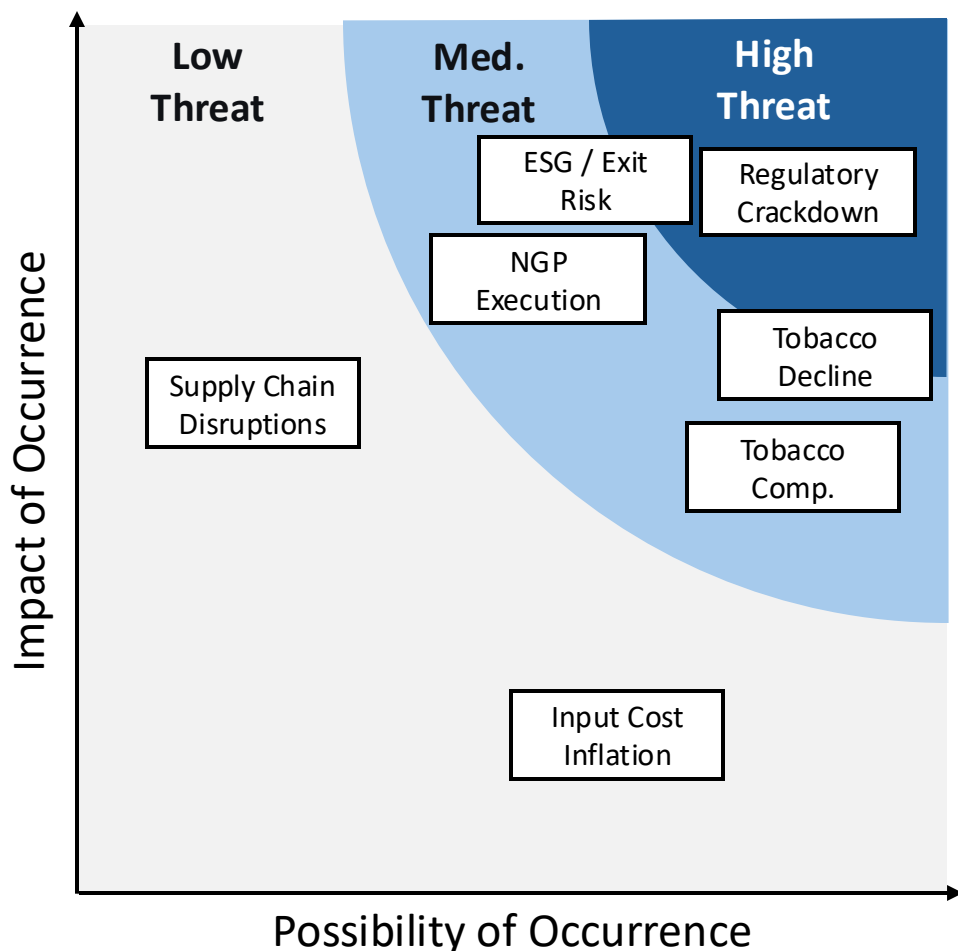
2030 EV/EBIDTA Exit Multiple

	17.0 x	17.5 x	18.0 x	18.5 x	19.0 x	19.5 x	20.0 x	20.5 x	21.0 x
48%	31.11%	31.82%	32.52%	33.20%	33.86%	34.52%	35.16%	35.79%	36.41%
45%	31.69%	32.41%	33.11%	33.79%	34.46%	35.12%	35.76%	36.39%	37.02%
42%	32.29%	33.01%	33.71%	34.40%	35.07%	35.73%	36.38%	37.02%	37.64%
39%	32.91%	33.63%	34.33%	35.02%	35.70%	36.37%	37.02%	37.66%	38.28%
36%	33.54%	34.27%	34.97%	35.67%	36.35%	37.02%	37.67%	38.31%	38.95%
33%	34.19%	34.92%	35.64%	36.33%	37.02%	37.69%	38.35%	38.99%	39.63%
30%	34.87%	35.60%	36.32%	37.02%	37.71%	38.38%	39.04%	39.69%	40.33%
27%	35.56%	36.30%	37.02%	37.73%	38.42%	39.10%	39.76%	40.42%	41.06%
24%	36.28%	37.02%	37.75%	38.46%	39.15%	39.84%	40.51%	41.16%	41.81%

- Base case yields a **37.02% IRR** at a **19.0x** exit multiple.
- Even under a lower **17.0x exit multiple**, TPB still generates a 34.2% IRR, highlighting limited reliance on multiple expansion.
- Downside is supported by strong cash generation and rapid deleveraging, with TPB reaching a **net cash position by year 4**.
- Returns are driven primarily by EBITDA growth and debt paydown, rather than multiple expansion, making the case more resilient under conservative exit assumptions.

We Identify 5 Key Transaction Risks for the TPB LBO and Provide Targeted Mitigation Across Regulatory, Market, Competitive, Execution, and Exit

Scenario Analysis



Risk & Mitigation

Risk	Details	Mitigation
Regulatory tightening (High threat)	FDA action on pouch flavors, nicotine caps, PMTA denials, or renewed menthol / flavor restrictions could impair specific revenue streams; however, regulation also raises barriers for subscale entrants.	Diversify mix toward MST and pouches; invest early in PMTA-compliant SKUs; structure debt with regulatory MAC carve-outs; size leverage on conservative case assuming pouch-flavor restrictions.
Legacy tobacco decline (Med-High)	Cigarette/pipe volumes decline 3-5% p.a.; risk that Stoker's MST decline accelerates and pricing elasticity bites - impairing LBO cash flow base	Underwrite conservative legacy volume decline; use pricing to protect revenue; redeploy FCF into FRE / ALP and other NGP categories; target NGPs as a larger revenue mix by exit.
Big Tobacco competition (Medium)	PMI, Altria, and BAT have significantly larger R&D, marketing, and distribution budgets; TPB faces share-loss risk in pouches and value-MST discounting.	Compete where Big Tobacco is weak: c-store relationships, value MST, cannabis accessories; lock in retailer category captancy; differentiate FRE on flavor and cannabis placement.
NGP execution (Medium)	FRE must scale from <5% to a meaningful share of modern oral; capacity, slotting, and brand-build all execution-sensitive; bolt-on M&A integration risk.	Use velocity-gated rollout; approve capex only after 90-day contribution-margin thresholds; prioritize ALP remaining-stake buyout; bring in NGP commercial operating expertise.
ESG / exit risk (High)	Tobacco screens restrict the buyer universe; public-market re-rating constrained; strategic acquirers face antitrust/reputational hurdles.	Position TPB as a smokeless and next-gen nicotine platform; prioritize strategic exit to PMI / Altria / STG; maintain dual-track optionality through IPO, secondary sponsor, or partnership route.

Buyout TPB with Apollo at \$123, Projecting to Exit with IRR 37.02%, at EV/EBITDA 19.0x

1. Industry Background

- **Large, Resilient Market with Modest Growth:**
 - ~\$1T market expected to grow ~3.3% p.a. through 2030
 - NGPs are key growth engine, with nicotine pouches growing ~30%+ CAGR globally and ~32% CAGR in U.S.
- **Regulation Strengthens Incumbent Moats:**
 - FDA oversight, PMTA costs of ~\$2–5M per SKU, low authorization rates, and excise complexity raise barriers to entry.

3. Deal Structure

- **Deal Summary and Potential Third Party Buyer:**
 - Entry at **\$123 per share**, 19.4x EV/EBITDA and 33% premium.
 - Buyout with third party buyer Apollo with a total of 77.3% equity, leveraging their expertise in repositioning resilient sin stocks.
- **Debt Repayment:**
 - Conservative leverage leads to positive cash flow through holding period, with full term loan repayment by FY30.

2. Target Overview

- **Turning Point Brands Introduction:**
 - U.S. tobacco and nicotine company behind Zig-Zag and Stoker's
 - Modern Oral grew from \$0 to \$128M in FY2025
 - FCF \$58.2M in FY2025; Net Debt/EBITDA fell from 5.4x to 0.7x
- **Valuation Elevated & Regulatory Overhang:**
 - 38% correction from \$146.90 peak; still trades at premium multiple with no earnings inflection in sight
 - FDA hesitancy threatens \$180–190M Modern Oral 2026 guidance

4. Post Investment Management

- **Operating Value Creation and Strategic Growth:**
 - Drive earnings growth and rapid deleveraging through margin expansion and disciplined Modern Oral scaling, prioritizing the ALP buyout.
- **Exit Strategy:**
 - We prioritize a **strategic exit** via PM, Altria, or STG to capitalize on operational synergies and realize a clean exit at premium, insulating the transaction from public market volatility.



Appendix

Analysts: Coco Liu, Eleanor Po, Hank Tsai, Jonathan Hu, Zoe Chen

Appendix – Financial Model

Revenue Assumptions

Revenue, Expenses, and Cash Flow:	Units:	Historical				Projected				
		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Zig-Zag Product Sales	\$	190.4	180.5	192.4	178.5	169.6	161.1	153.0	145.4	138.1
Growth Rate:	%		-5%	7%	-7%	-5%	-5%	-5%	-5%	-5%
Stoker Product Sales		130.8	144.6	168.3	284.6	355.7	426.9	512.3	589.1	648.0
Growth Rate:	%		10.5%	16.4%	69.1%	25.0%	20.0%	20.0%	15.0%	10.0%
COGS % of Revenue	%	50.5%	43.7%	44.1%	42.9%	40.0%	40.0%	40.0%	40.0%	40.0%
SG&A % Revenue:		31.3%	32.1%	33.9%	36.5%	36.0%	35.5%	35.0%	34.5%	34.0%
Other Items % Revenue:										
<i>D&A % Sales:</i>		1.3%	1.3%	1.6%	1.6%	1.4%	1.4%	1.4%	1.4%	1.4%

Appendix – Financial Model

Income Statement

Income Statement:	Units:	Historical				Projected				
		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
(+) Zig-Zag Revenue:	\$ M	\$ 190.4	\$ 180.5	\$ 192.4	\$ 178.5	\$ 169.6	\$ 161.1	\$ 153.0	\$ 145.4	\$ 138.1
(+) Stoker Revenue:	\$ M	\$ 130.8	\$ 144.6	\$ 168.3	\$ 284.6	\$ 355.7	\$ 426.9	\$ 512.3	\$ 589.1	\$ 648.0
(+) Other Segments:	\$ M	\$ 93.8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(-) Eliminations:	\$ M									
Total Revenue:	\$ M	415	325	361	463	525	588	665	734	786
Revenue Growth:	%		(21.7%)	11.0%	28.4%	13.4%	11.9%	13.2%	10.4%	7.0%
(-) Cost of Sales:	\$ M	209	142	159	199	210	235	266	294	314
Gross Profit:	\$ M	206	183	202	264	315	353	399	441	472
Gross Margin:	%	49.5%	56.3%	55.9%	57.1%	60.0%	60.0%	60.0%	60.0%	60.0%
(-) SG&A Expense:	\$ M	130	104	122	169	189	209	233	253	267
(-) R&D:	\$ M	5	4	6	7	8	8	10	10	11
(-/+) Other expenses	\$ M	(8)	(3)	(13)	(16)	(18)	(20)	(22)	(24)	(25)
Total Operating Expenses:	\$ M	(128)	(105)	(115)	(160)	(179)	(197)	(220)	(240)	(253)
Operating Income / (Loss):	\$ M	78	78	86	104	137	156	179	201	219
Operating Margin:	%	18.7%	24.0%	24.0%	22.5%	26.0%	26.5%	26.9%	27.4%	27.8%
(-) Interest Expense:	\$ M	(20)	(15)	(14)	(17)	(80)	(79)	(78)	(75)	(71)
(+) Interest Income:	\$ M	-	-	-	-	-	-	-	-	-
(+/-) Other Items:	\$ M	(47)	(5)	(13)	(11)	(19)	(19)	(19)	(19)	(19)
Net Interest Income / (Expense):	\$ M	(67)	(20)	(27)	(28)	(100)	(98)	(97)	(94)	(90)
Pre-Tax Income:	\$ M	11	58	59	76	83	104	130	156	178

Appendix – Financial Model

Transaction Assumptions

Transaction Assumptions:		Units:	
Company Name:	Name	Turning Points Brand	
Ticker:	Name	TPB.NYSE	
Share Price:	\$ as Stated	\$ 92.71	as of 5.11
Premium Paid:	%	33.0%	
Offer Price per Share:	\$ as Stated	123	
Diluted Share Count:	M Shares	19.089	
Last Historical Year:	Date	2025-12-31	
Units:	#	N/A	
Prepayment Penalty on Existing Debt:	%		
Advisory Fee %:	%	1.0%	
Debt Issuance Fee %:	%	2.0%	
Legal and Other Fees:	\$ M	5	
Purchase Equity Value:	\$ M	2,354	
(-) Cash & Investments:	\$ M	(223)	
(+) Debt:	\$ M	392	
(+) Noncontrolling Interests:	\$ M	-	
(+) Unfunded Pensions:	\$ M	-	
Purchase Enterprise Value:	\$ M	2,523	
LTM EBITDA:	\$ M	¥	122
Purchase TEV / EBITDA Multiple:	x	19.4 x	
Management Options Pool:	%	10%	
Minimum Cash Balance:	\$ M	200	
Goodwill Calculation:			
Equity Purchase Price:	\$ M	2,354	
(-) Seller Book Value:	\$ M	372	
(+) Write-Off of Existing Goodwill:	\$ M	136	
Total Allocable Purchase Premium:	\$ M	2,118	
(+/-) Other Write-Ups & Write-Downs:	\$ M	-	
Total Goodwill Created:	\$ M	2,118	
Amortization Period:	# Years	10	

Sources & Uses Schedule:			
Sources of Funds:	\$ M	x EBITDA	% Sources
Revolver:	-	0.0 x	0.0%
Term Loans:	365	3.0 x	13.1%
Subordinated Notes:	122	1.0 x	4.4%
Mezzanine:	122	1.0 x	4.4%
Excess Cash:	23	0.2 x	0.8%
Partnership with Apollo	1,307	10.8 x	46.9%
Investor Equity:	849	7.0 x	30.5%
Total Sources:	¥ 2,786	22.9 x	100.0%
Uses of Funds:	\$ M	x EBITDA	
Purchase Equity Value:	2,354	19.4 x	
Assume/Replace Existing Debt:	392	3.2 x	
Prepayment Penalty on Existing Debt:	-		
Financing Fees:	12	0.1 x	
Transaction Fees:	24	0.2 x	
Legal and other Fees	5	0.04 x	
Total Uses:	2,786	22.9 x	
	check	TRUE	

Appendix – Financial Model

Cash Flow Projections

Cash Flow Projections:	Units:	Historical				Projected				
		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
EBITDA:	¥ M	91	88	100	122	144	164	189	211	230
Purchases:	¥ M	(8)	(6)	(5)	(14)	(10)	(11)	–	–	–
(+/-) Change in Working Capital:	¥ M	(28)	8	(3)	(31)	(15)	(10)	(13)	(11)	(9)
(-) Cash Interest Expense:	¥ M					(45)	(39)	(33)	(25)	(16)
(-) Cash Taxes:	¥ M					(19)	(22)	(24)	(27)	(29)
(+/-) Other Items:	¥ M					–	–	–	–	–
(+) Cash Interest Income:	¥ M					11	11	11	12	14
Free Cash Flow (FCF):	¥ M	23	61	62	44	66	92	130	160	190
Cash – Beginning of Period:	¥ M	128	106	117	46	223	226	241	267	307
(+) Free Cash Flow:	¥ M	23	61	62	44	66	92	130	160	190
Repayment:	¥ M					(63)	(78)	(104)	(121)	–
Cash – End of Period:	¥ M				223	226	241	267	307	496

Appendix – Financial Model

Debt Schedule

Debt Schedule:	Units:	Historical				Projected				
		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Interest Rates:						3.5%	3.3%	3.0%	3.0%	3.0%
Yield:	%					4.60%	4.40%	4.20%	4.00%	4.00%
						8.10%	7.90%	7.70%	7.50%	7.50%
Revolver:	%					8.60%	8.40%	8.20%	8.00%	8.00%
Term Loans:	%					9.00%	9.00%	9.00%	9.00%	9.00%
Subordinated Notes:	%					12.00%	12.00%	12.00%	12.00%	12.00%
Mezzanine:	%					5.10%	4.90%	4.70%	4.50%	4.50%
Cash:	%									
Cash Flow and Revolver										
Calculations:										
Cash – Beginning of Period:	¥ M					223	226	241	267	307
(+) Free Cash Flow:	¥ M					66	92	130	160	190
(-) Amortization:	¥ M					(36)	(36)	(36)	(36)	-
(-) Minimum Cash:	¥ M					(200)	(200)	(200)	(200)	(200)
Cash Flow Surplus / (Shortfall):	¥ M					52	82	135	191	296
BoP Revolver:	¥ M					-	-	-	-	-
Drawdowns:	¥ M					-	-	-	-	-
EoP Revolver:	¥ M					-	-	-	-	-
Cash Interest Expense:	¥ M					-	-	-	-	-
Term Loans:										
BoP Term Loans:	¥ M					365	302	224	121	-
(-) Amortization:	¥ M					(36)	(36)	(36)	(36)	-
(-) Cash Flow Sweep:	¥ M					(26)	(41)	(67)	(84)	-
EoP Term Loans:	¥ M					302	224	121	-	-
Cash Interest Expense:	¥ M					31	25	18	10	-
Subordinated Notes:										
BoP Subordinated Notes:	¥ M					122	126	131	137	142
(+) PIK Interest:	¥ M					5	5	5	5	6
EoP Subordinated Notes:	¥ M					122	126	131	137	142
Cash Interest Expense:	¥ M					6	6	7	7	7
Mezzanine:										
BoP Mezzanine:	¥ M					122	129	137	145	153
(+) PIK Interest:	¥ M					7	8	8	9	9
EoP Mezzanine:	¥ M					122	129	137	145	153
Cash Interest Expense:	¥ M					7	8	8	9	9
Total:										
Debt (Repayment) / Drawdown:	¥ M					(63)	(78)	(104)	(121)	-
Cash Interest Expense:	¥ M					(45)	(39)	(33)	(25)	(16)
Total Interest Expense:	¥ M					(57)	(52)	(47)	(39)	(31)
Cash Interest Income:	¥ M					11	11	11	12	14

Appendix – Financial Model

Returns Calculation

Returns Calculations:	Units:	Historical				Projected				
		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Numerical Year:	#					1	2	3	4	5
EBITDA:	¥ M					144.1	163.9	188.5	211.4	229.9
(x) Exit Multiple:	x					19.0 x	19.0 x	19.0 x	19.0 x	19.0 x
Exit Enterprise Value:	¥ M					2,738	3,115	3,582	4,017	4,367
(-) Net Debt:	¥ M					(331)	(251)	(135)	11	186
(-) Noncontrolling Interests:	¥ M					-	-	-	-	-
(-) Unfunded Pensions:	¥ M					-	-	-	-	-
Exit Equity Value:	¥ M					2,407	2,864	3,447	4,028	4,553
Project-Level Returns:										
Multiple:	x					2.8 x	3.4 x	4.1 x	4.7 x	5.4 x
IRR:	%					183.58%	83.69%	59.54%	47.60%	39.93%
Distributions to Management and Mezzanine Investors:										
Options:	¥ M						94	94	94	94
Options:	¥ M						-296	-354	-412	-465
(-) Equity to Mezzanine Investors:	¥ M						-53.2	-63.7	-74.2	-83.7
Mezzanine:	¥ M						-255	-324	-392	-454
Sponsor Equity Proceeds:	¥ M					2,407	2,609	3,123	3,636	4,099
Sponsor Returns:										
Multiple:	x						3.1 x	3.7 x	4.3 x	4.8 x
IRR:	%						75.33%	54.39%	43.87%	37.02%

Sensitivity Analysis & Value Creation Analysis

Sensitivity Tables - Sponsor Returns:

		2025 Exit EV / EBITDA Multiple:								
		17.0 x	17.5 x	18.0 x	18.5 x	19.0 x	19.5 x	20.0 x	20.5 x	21.0 x
Purchase Premium:	48.00%	31.11%	31.82%	32.52%	33.20%	33.86%	34.52%	35.16%	35.79%	36.41%
	45.00%	31.69%	32.41%	33.11%	33.79%	34.46%	35.12%	35.76%	36.39%	37.02%
	42.00%	32.29%	33.01%	33.71%	34.40%	35.07%	35.73%	36.38%	37.02%	37.64%
	39.00%	32.91%	33.63%	34.33%	35.02%	35.70%	36.37%	37.02%	37.66%	38.28%
	36.00%	33.54%	34.27%	34.97%	35.67%	36.35%	37.02%	37.67%	38.31%	38.95%
	33.00%	34.19%	34.92%	35.64%	36.33%	37.02%	37.69%	38.35%	38.99%	39.63%
	30.00%	34.87%	35.60%	36.32%	37.02%	37.71%	38.38%	39.04%	39.69%	40.33%
	27.00%	35.56%	36.30%	37.02%	37.73%	38.42%	39.10%	39.76%	40.42%	41.06%
	24.00%	36.28%	37.02%	37.75%	38.46%	39.15%	39.84%	40.51%	41.16%	41.81%

Value Creation Analysis:	Units:	Historical				Projected				
		FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30

Value Creation in USD:

EBITDA Growth:	¥ M					437.53	822.07	1,298.02	1,742.17	2,099.04
Multiple Expansion:	¥ M					-54	-61	-70	-79	-86
Generation:	¥ M					1,174	999	1,047	1,124	1,237
Total Equity Return:	¥ M					1,558	1,760	2,275	2,787	3,250

Value Creation in %:

EBITDA Growth:	%					28.08%	46.70%	57.07%	62.50%	64.58%
Multiple Expansion:	%					-3.45%	-3.47%	-3.09%	-2.83%	-2.64%
Generation:	%					75.37%	56.77%	46.02%	40.32%	38.05%
Total Equity Return:	%					100.00%	100.00%	100.00%	100.00%	100.00%