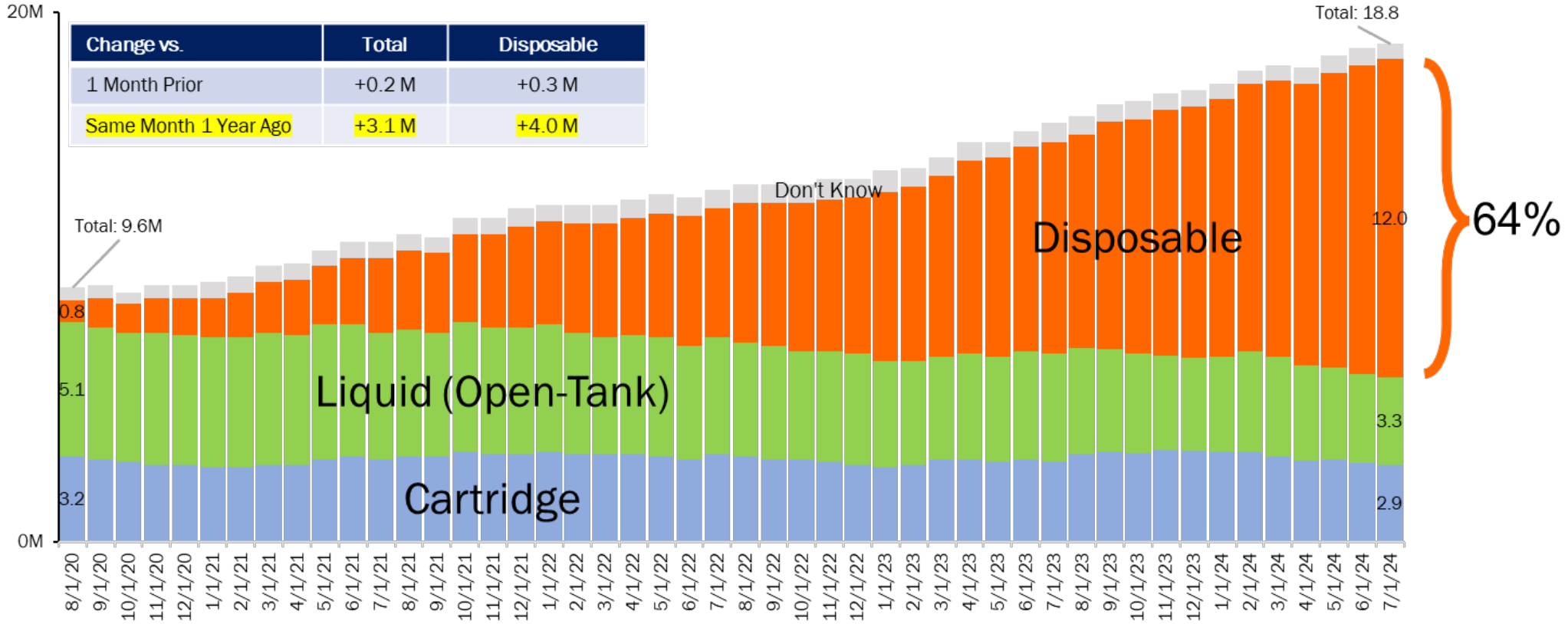


Disposables, Generally Illicit, are Largest User Segment by Far

Adult Vapor User Counts (Aug 2020 – July 2024, in millions)



Source: Adult Tobacco Consumer Tracker, 12MM as of July 2024

Distribution of Illicit Products – Manufacturer to Wholesaler



*Product Components, including liquids, made in US and China and shipped to Shenzhen for further manufacturing

**Recent intelligence suggests possibility of domestic US manufacturing and manufacturing in other countries like Malaysia

Louisiana Data Shows E-Vapor Directories Address Illicit Market and Support Harm Reduction

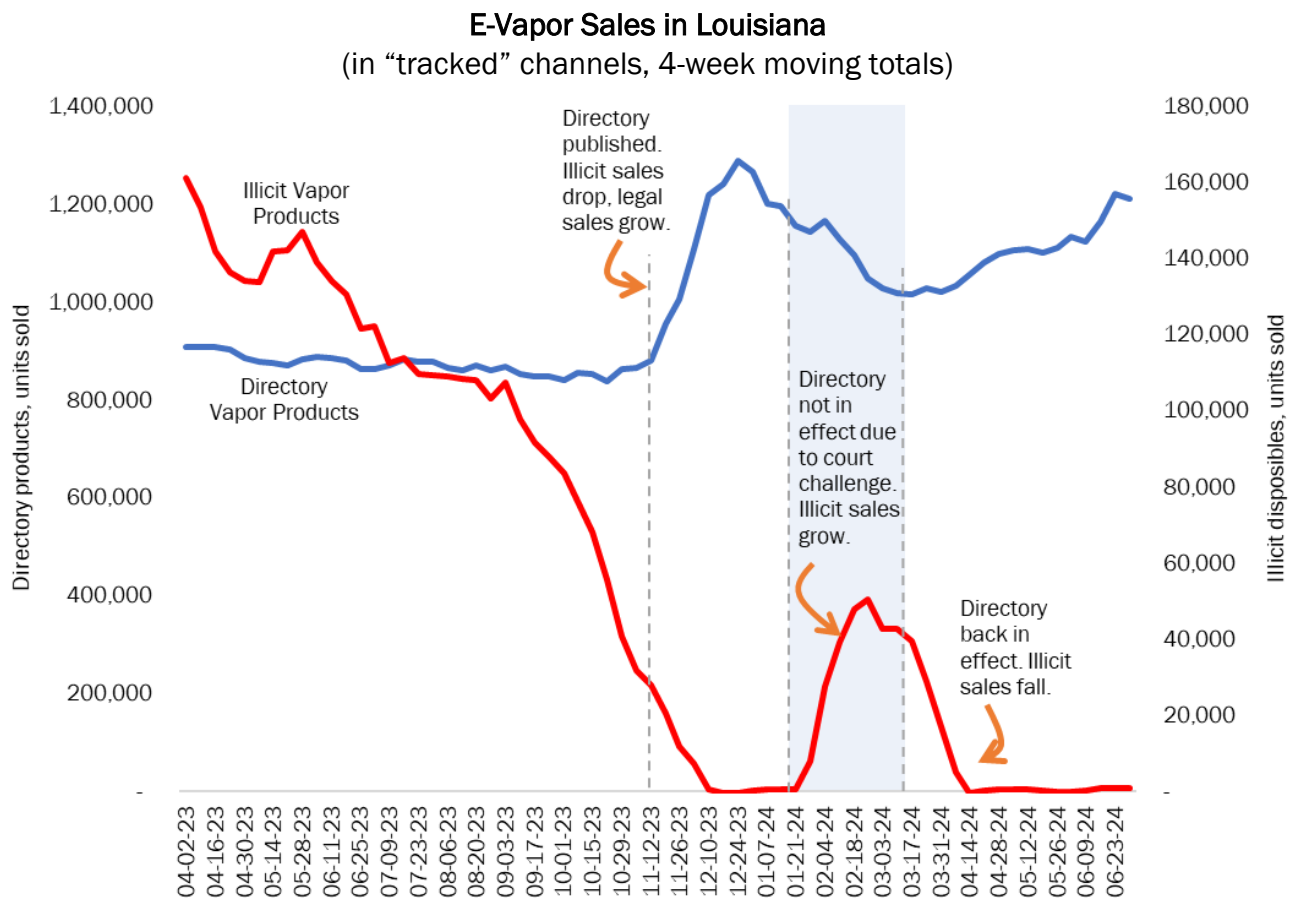
Several states have implemented e-vapor directories to curb the proliferation of illicit e-vapor products. Data from Louisiana, one of the first states to implement a comprehensive directory, shows that these directories work. They address the illicit e-vapor marketplace while maintaining regulated smokefree options for adult consumers.

Importantly, e-vapor directories encourage voluntary compliance by creating a transparent regulatory system where it is easy to remain compliant.



Directories Encourage Consumers to Return to Compliant Products

Louisiana’s e-vapor directory law took effect in the Fall of 2023.¹ According to sales data, businesses and consumers reacted by going to the regulated market for e-vapor products. In the weeks following publication of the directory, illicit products completely disappeared from the tracked traditional channels (see chart below).



Note: totals shown in units sold.
Source: STARS Outbound week ending 07/14/24, not volume equalized.

¹ Louisiana Alcohol and Tobacco Control, VAPE Directory & Information, <https://atc.louisiana.gov/resources/vape-directory-information/>

From January to March of 2024, enforcement of the directory was temporarily paused due to litigation over Louisiana’s single subject laws.² As is evident on the chart, in that period (see blue box), illicit products reemerged on retail shelves. Illicit products disappeared immediately following re-implementation.

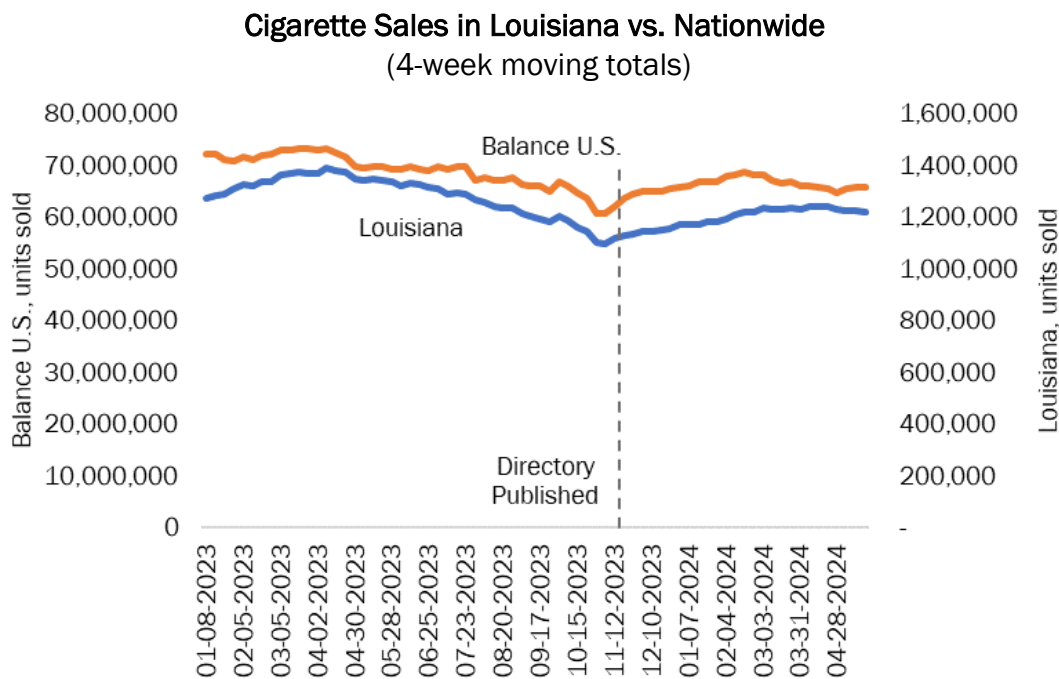
Of course, some illicit trade may continue outside these channels, but this data positively indicates that directories are driving adult consumers back to the regulated market by offering a transparent marketplace that can satisfy adult demand.

Louisiana E-Vapor Directory Did Not Increase Cigarette Consumption

Some opponents of this type of regulation claim that e-vapor directories are designed to drive consumers back to cigarettes, but the reality is quite different.

The implementation of the directory **did not have any impact on the decline in sale of cigarettes.**

As visualized on the chart below, sales of cigarettes in Louisiana (blue line, right axis) follow the national trend (orange line, left axis) before and after publication of the directory.



Source: STARS Outbound week ending 07/14/24

Louisiana’s experience shows e-vapor directories work. They shut down illicit product sales, and support smoke-free options for adult consumers.

² Louisiana Alcohol and Tobacco Control, VAPE Directory & Information, <https://atc.louisiana.gov/media/ul3bqg45/24-03-11-atc-advisory-vape-directory-update-enforcement-resumes-updated.pdf>