



The U.S. Tobacco Market

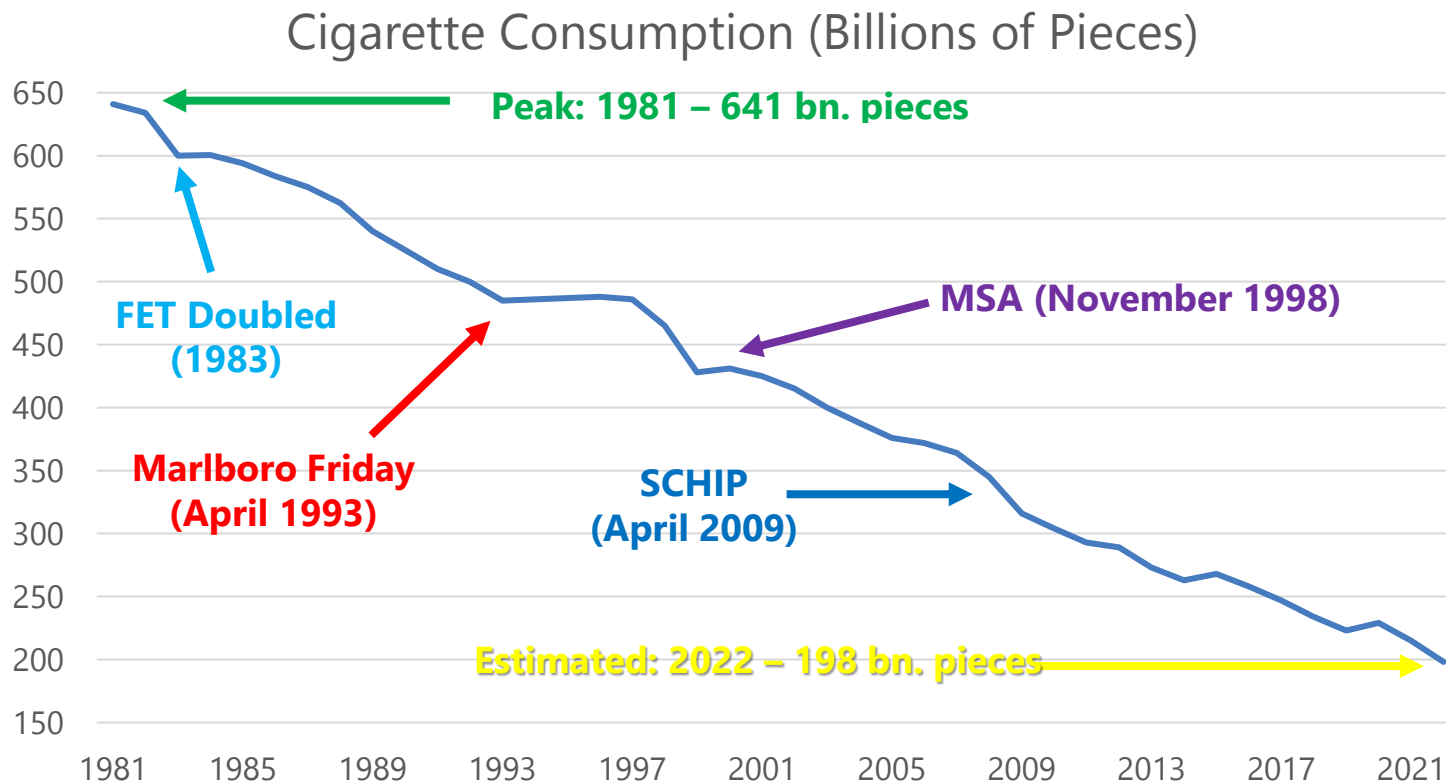
Tobacco Associates - 76TH Annual Meeting

Wilson, North Carolina

March 2, 2023

Darryl Jayson, Senior VP/Chief Analytics Officer - TMA

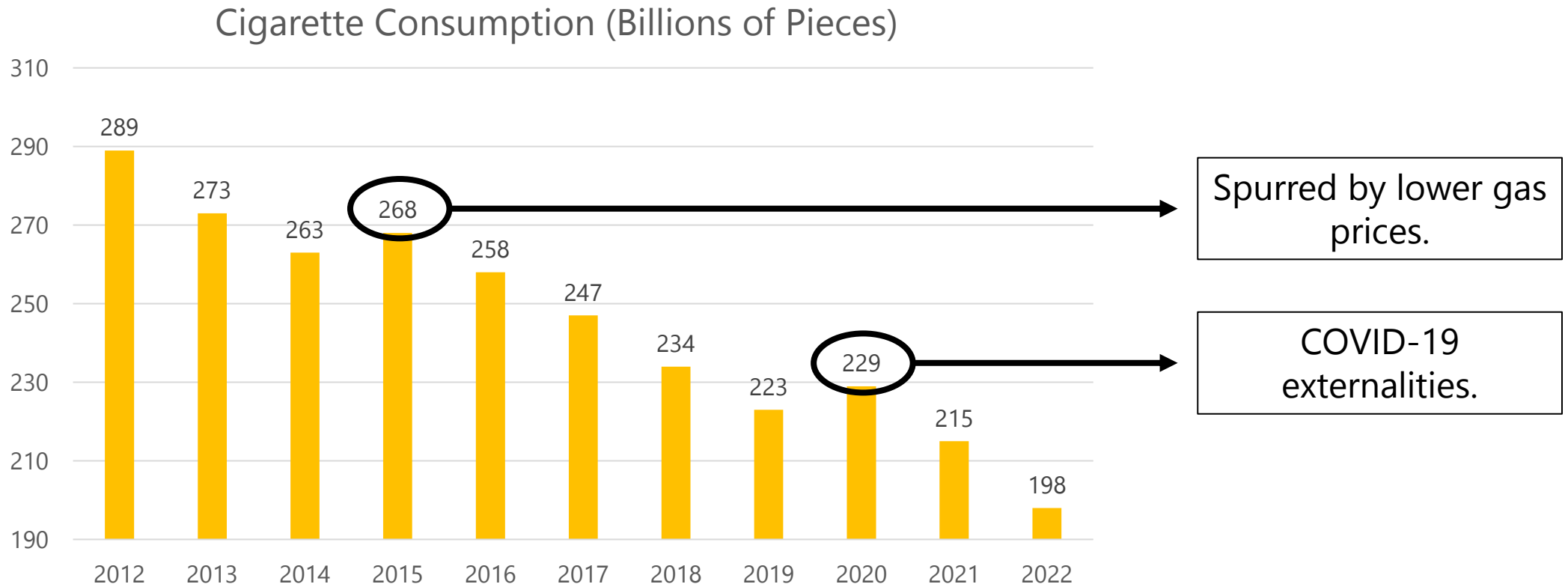
The U.S. Cigarette Market



- For the 40-year period (1981-2021), the U.S. cigarette market has declined by **66.6%**.
- The compound annual rate of decline for the 1981-2021 period is **-2.69%**.
- The compound annual rate of decline for the 1998-2021 period is **-4.71%**.
- The compound annual rate of decline for the 2011-2021 period is **-3.05%**.

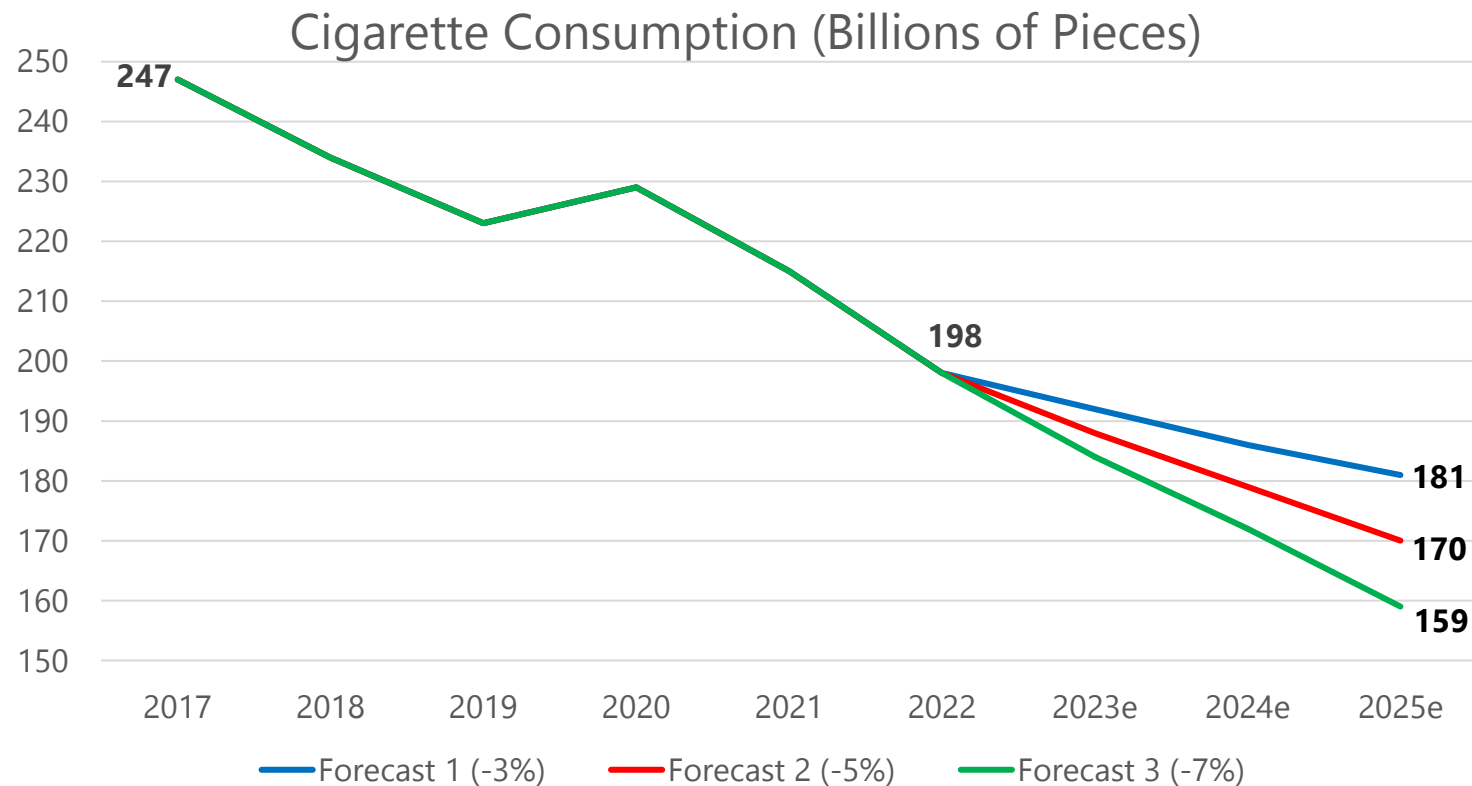
Source: TMA's Tobacco USA

The U.S. Cigarette Market



Source: TMA's Tobacco USA

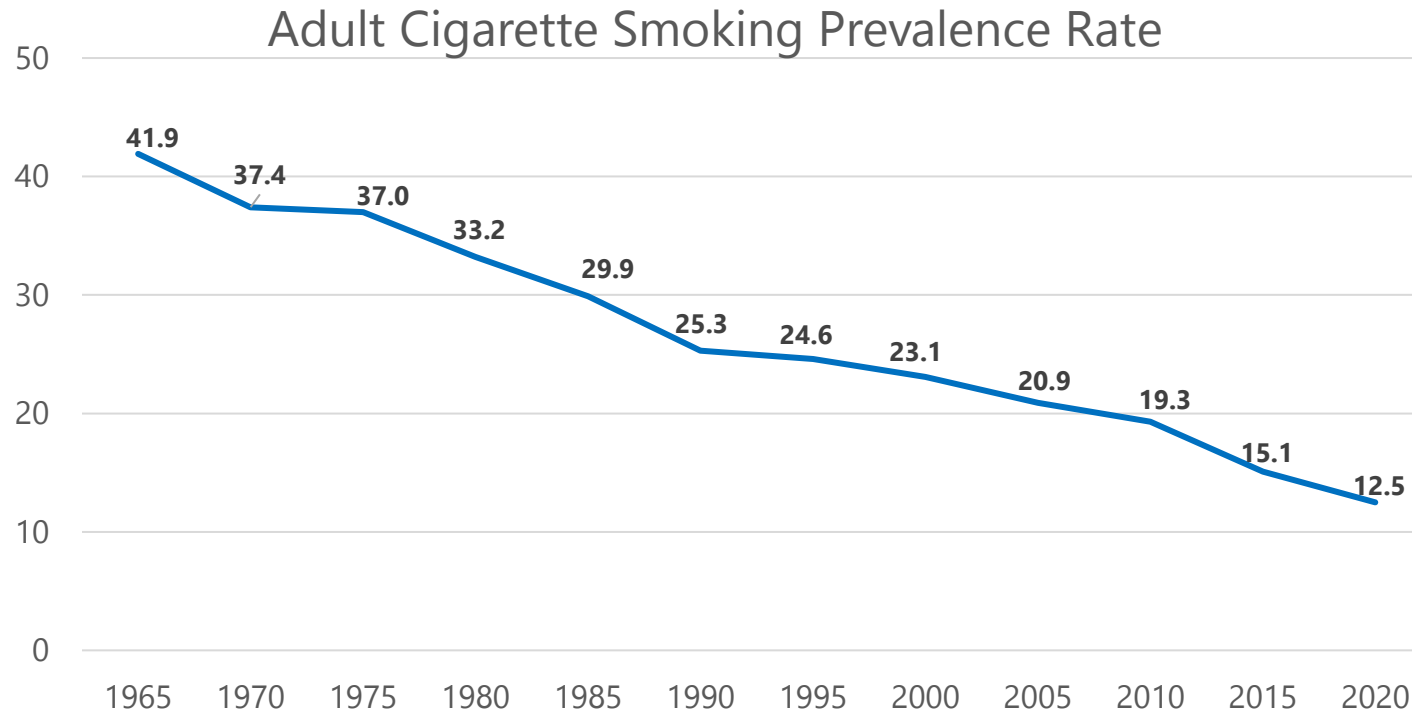
U.S. Cigarette Consumption Forecast



A 5% annual decline leads us to a 170 billion piece market by 2025.

Source: TMA Estimate

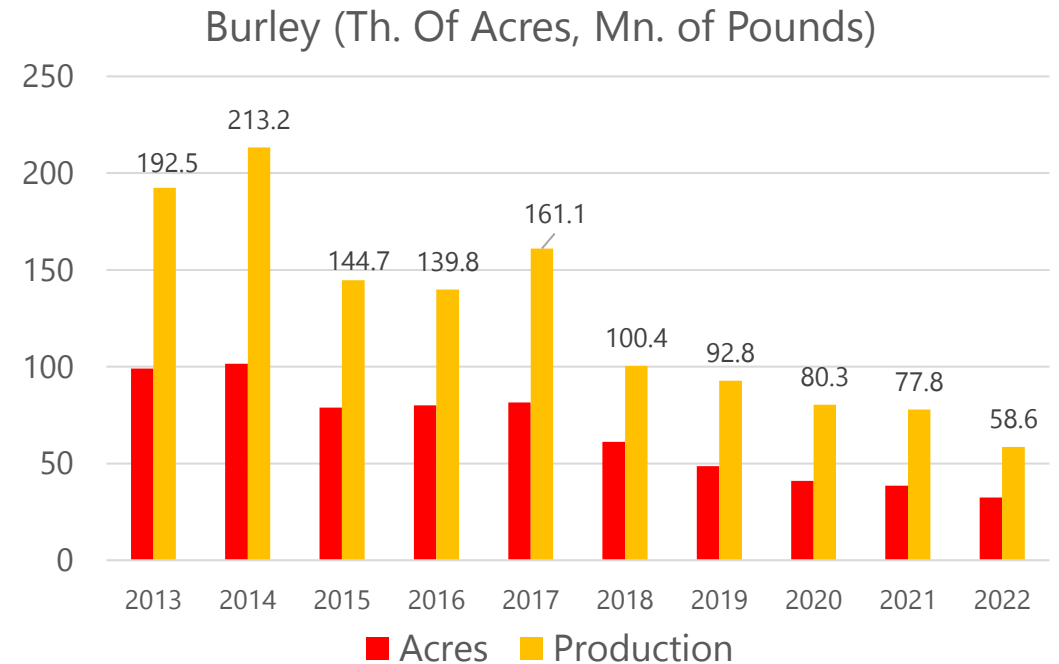
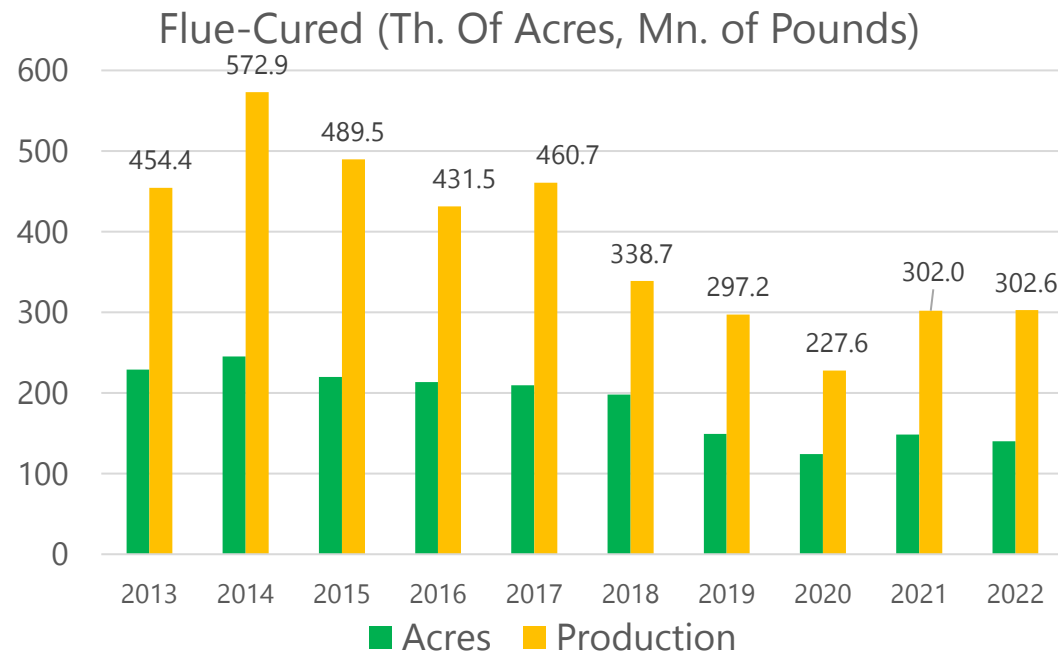
U.S. Smoking Prevalence Rates



Over a 55-year time span, the U.S. adult cigarette smoking prevalence rate has fallen from 41.9% to 12.5%.

Source: U.S. Division of Health Interview Services

U.S. Leaf Markets

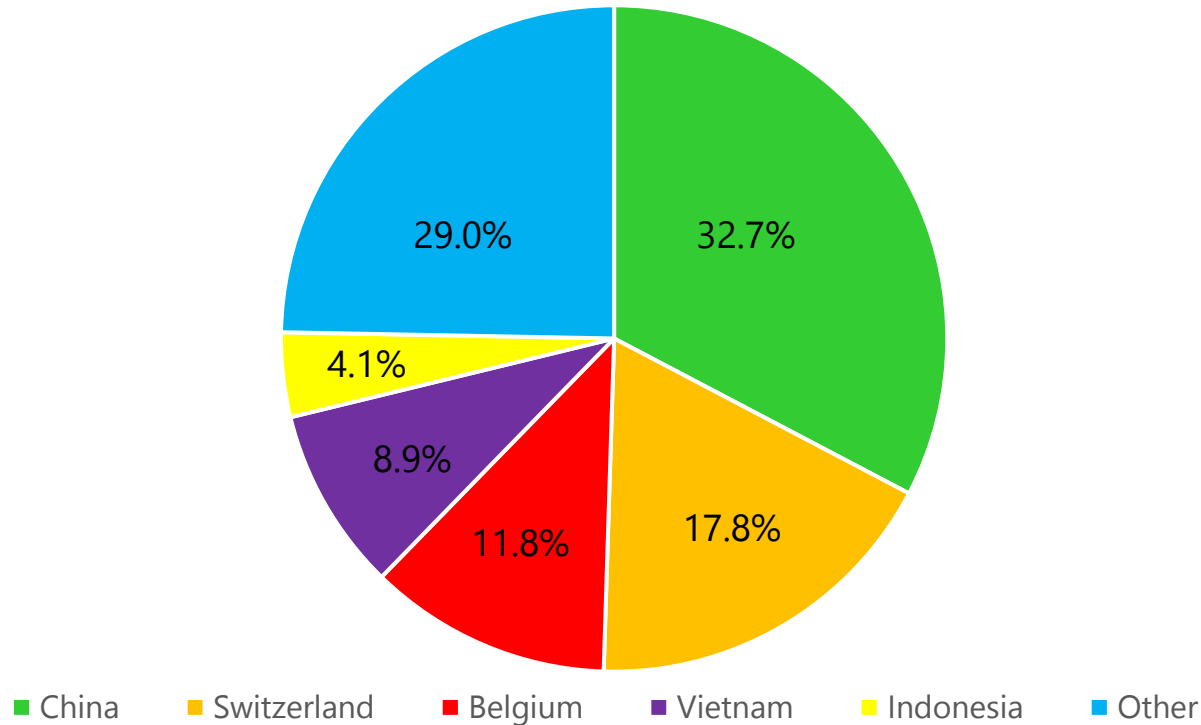


Source: TMA's Tobacco USA

Leading U.S. Flue-Cured Export Nations - 2022



By Volume (%)



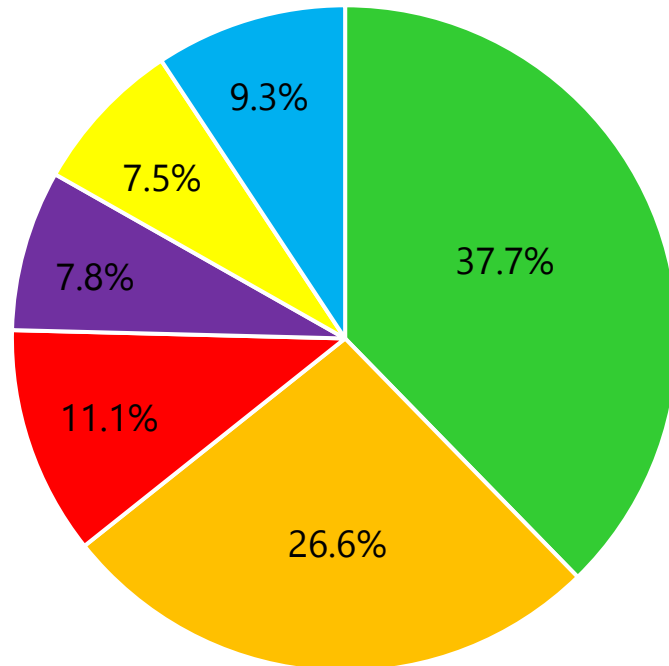
In 2022, the U.S. exported 57.24 million kilograms of flue-cured tobacco leaf valued at \$490.3 million.

Source: TMA Trade Barometer – December 2022

Leading U.S. Burley Export Nations - 2022



By Volume (%)



■ Belgium ■ Switzerland ■ South Korea ■ Hong Kong ■ Lebanon ■ Other

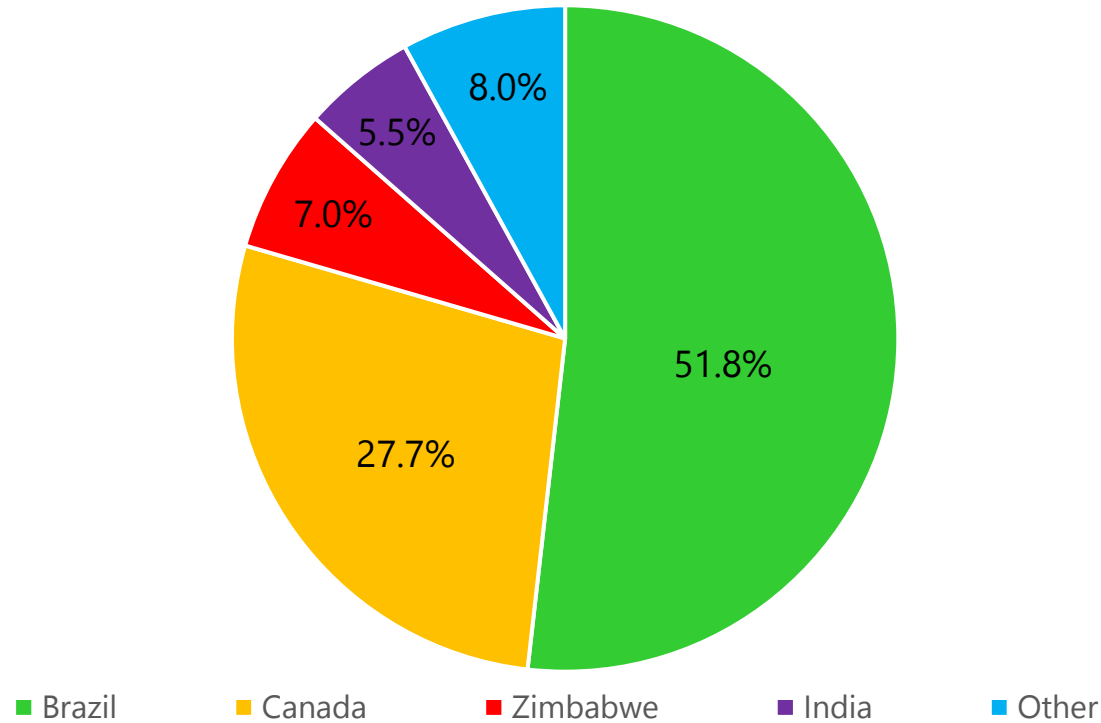
In 2022, the U.S. exported 3.73 million kilograms of burley tobacco leaf valued at \$33.4 million.

Source: TMA Trade Barometer – December 2022

Leading U.S. Flue-Cured Import Nations - 2022



By Volume (%)



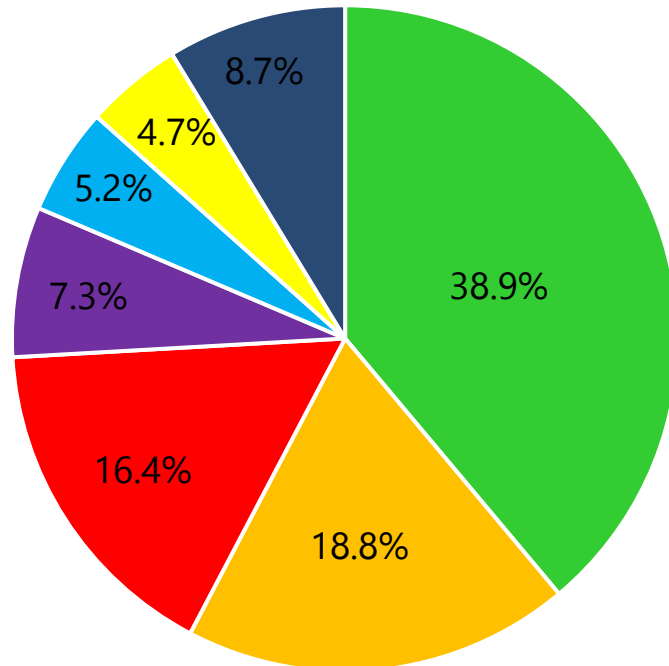
In 2022, the U.S. imported 44.26 million kilograms of flue-cured tobacco leaf (for consumption) valued at \$202.1 million.

Source: TMA Trade Barometer – December 2022

Leading U.S. Burley Import Nations - 2022



By Volume (%)



■ Brazil ■ Guatemala ■ Malawi ■ Bangladesh ■ Argentina ■ Mexico ■ Other

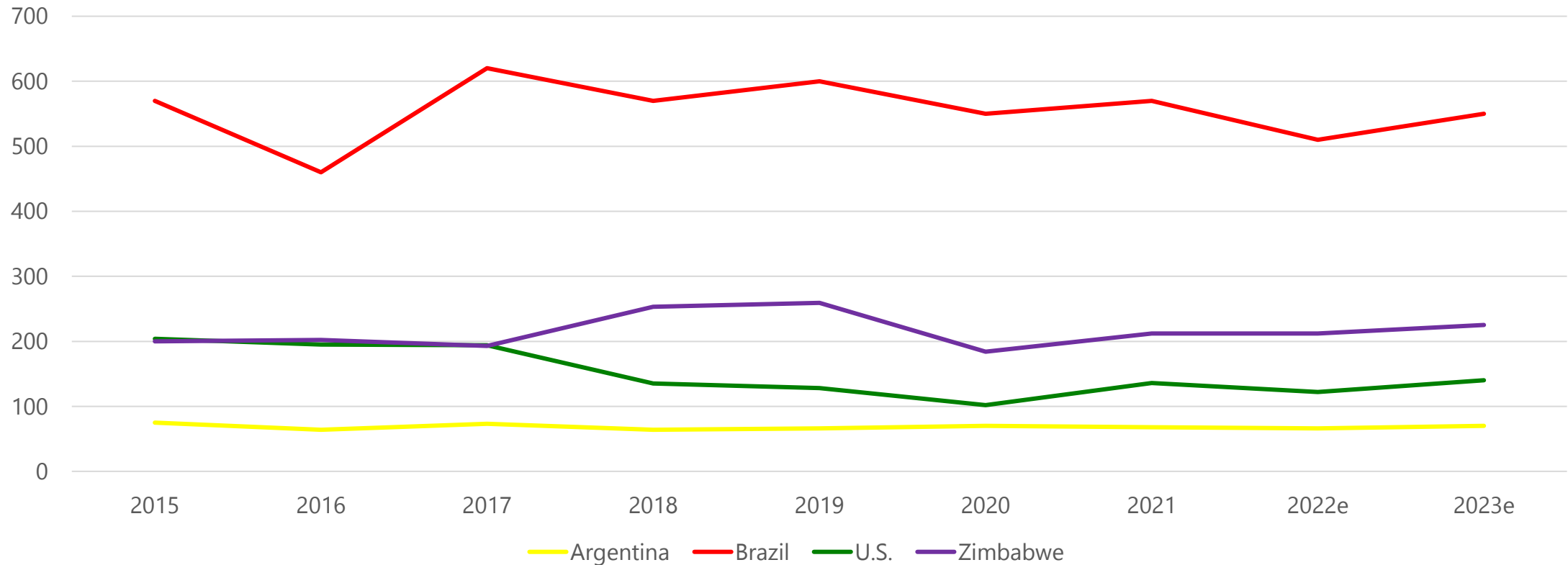
In 2022, the U.S. imported 21.76 million kilograms of burley tobacco leaf (for consumption) valued at \$109.4 million.

Source: TMA Trade Barometer – December 2022

Flue-Cured Production By Country



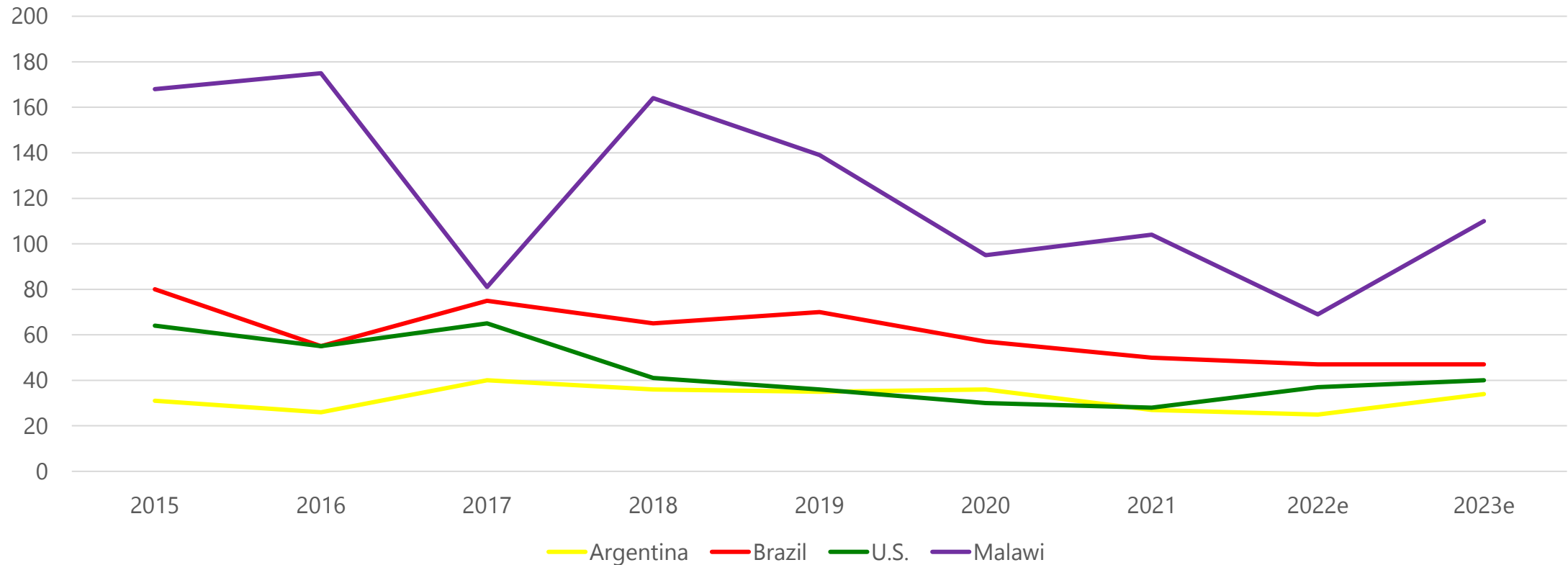
Green-weight Production (Millions of kilograms)



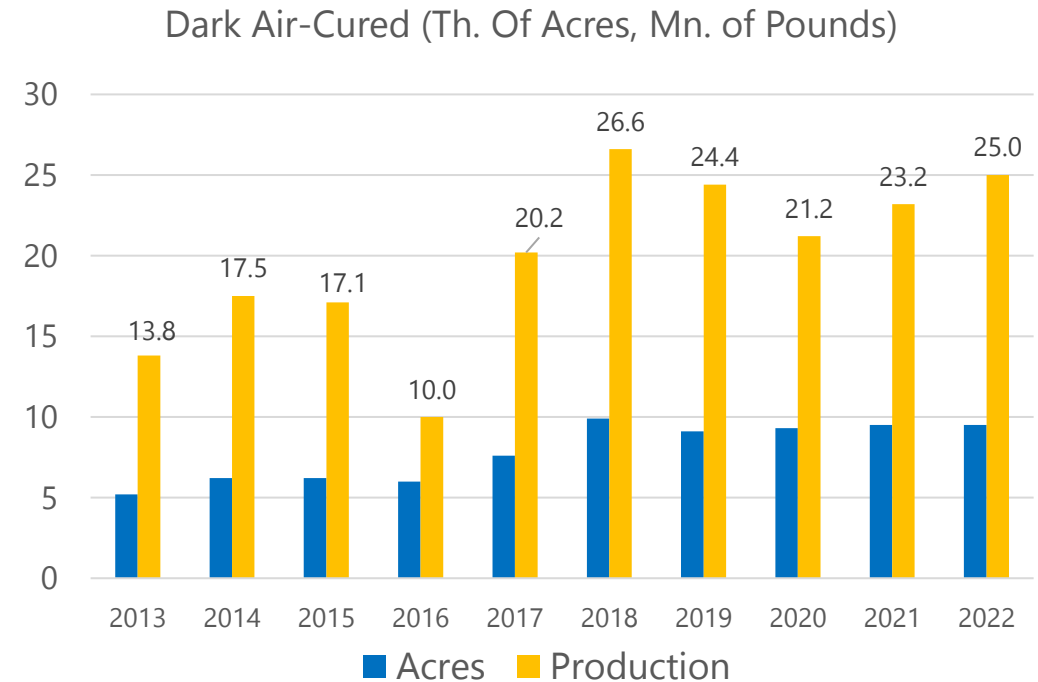
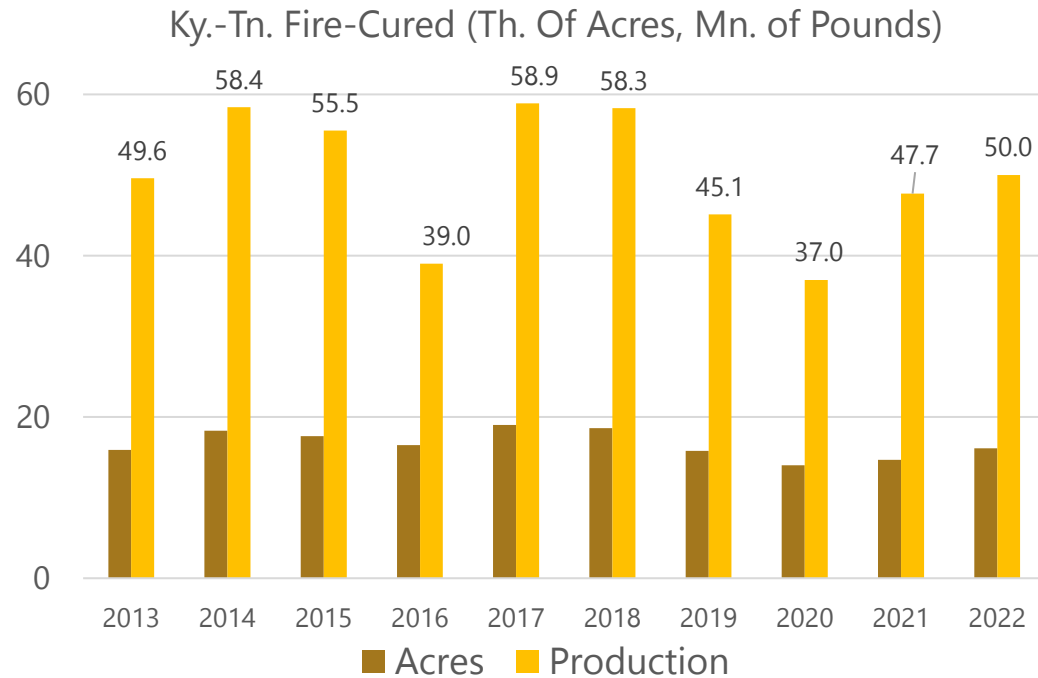
Burley Production By Country



Green-weight Production (Millions of kilograms)

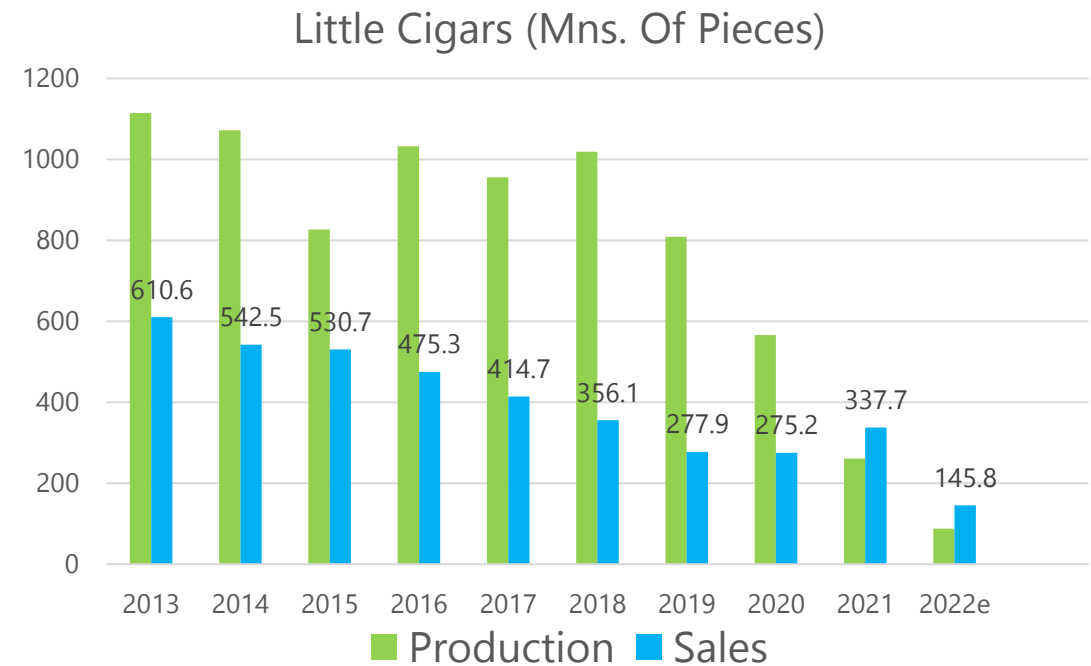
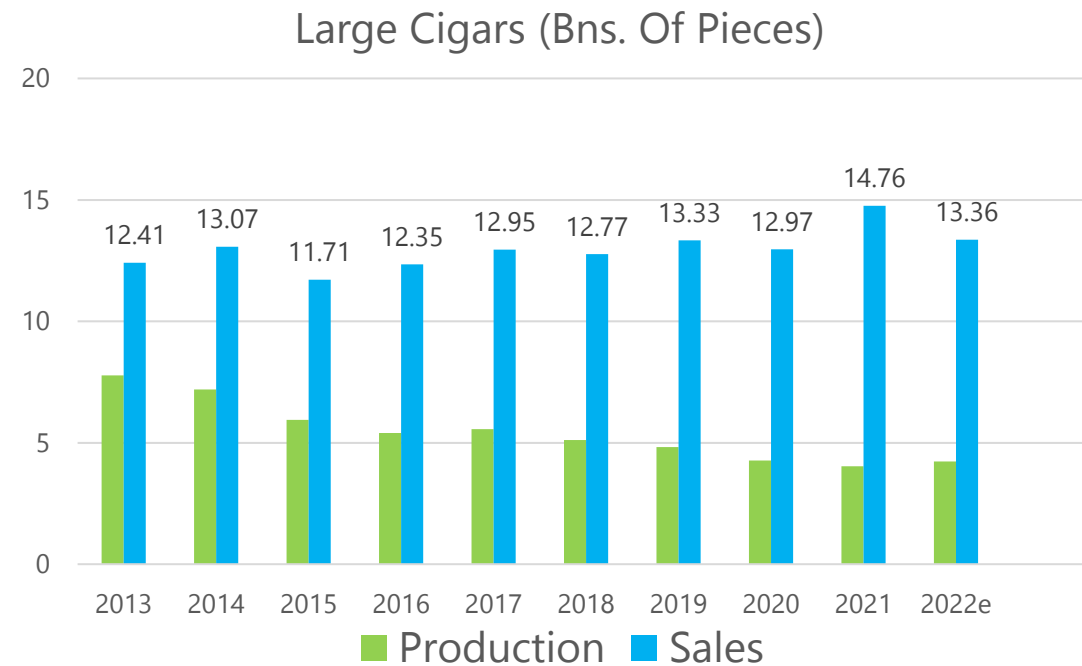


U.S. Leaf Markets



Source: TMA's Tobacco USA

U.S. Large Cigar and Little Cigars Markets

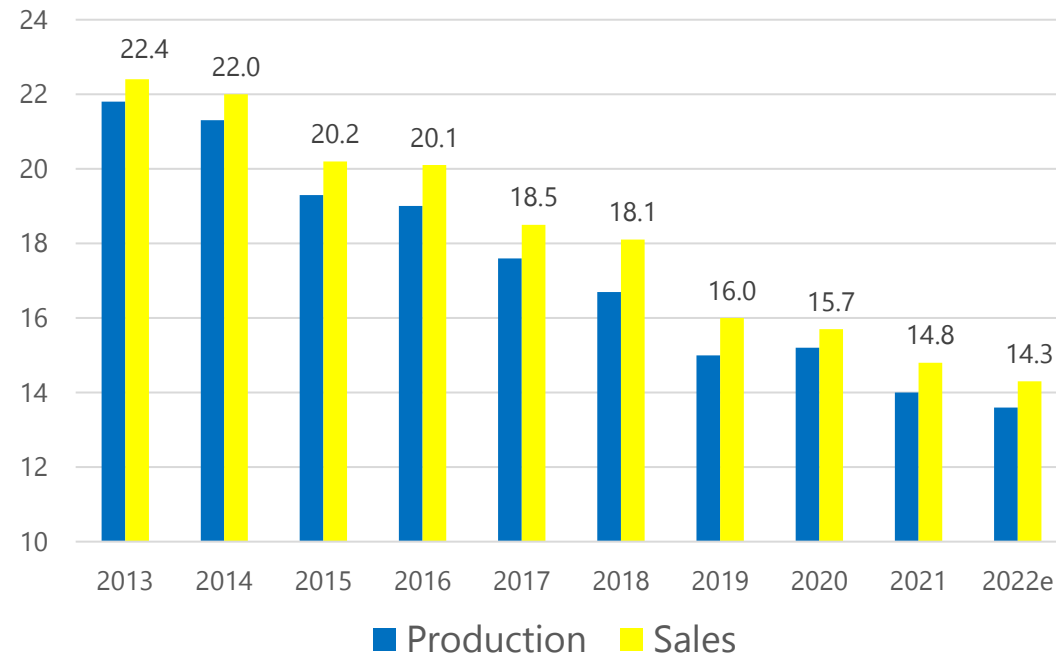


Source: TMA's Tobacco USA

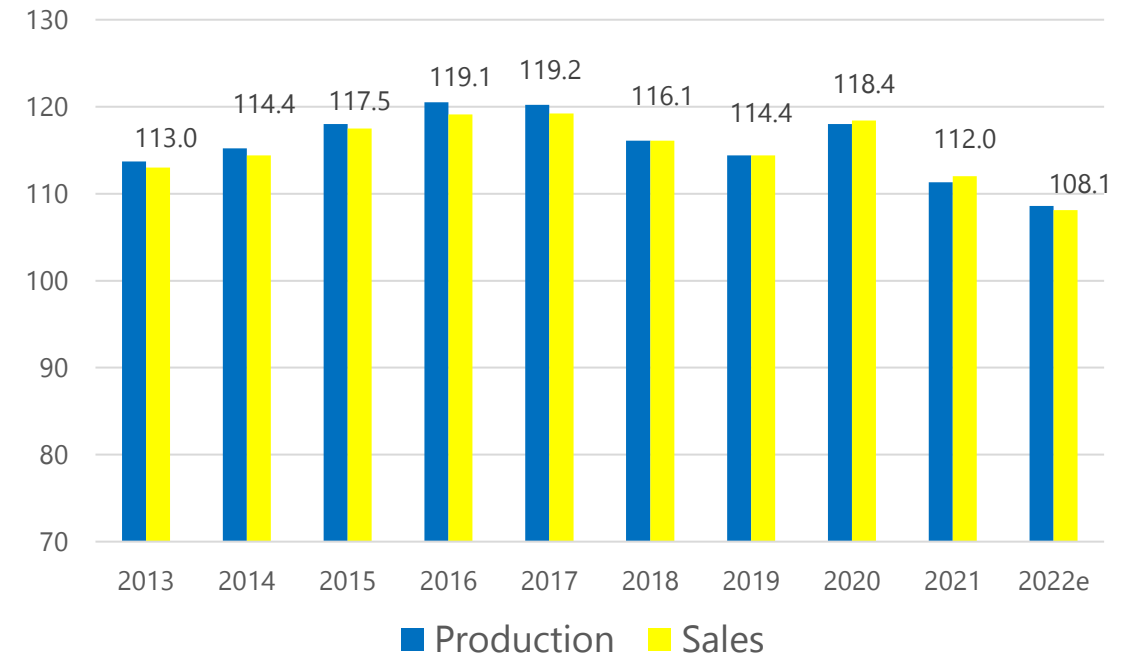
U.S. Smokeless Tobacco Markets



Chewing Tobacco (Mn. of pounds)

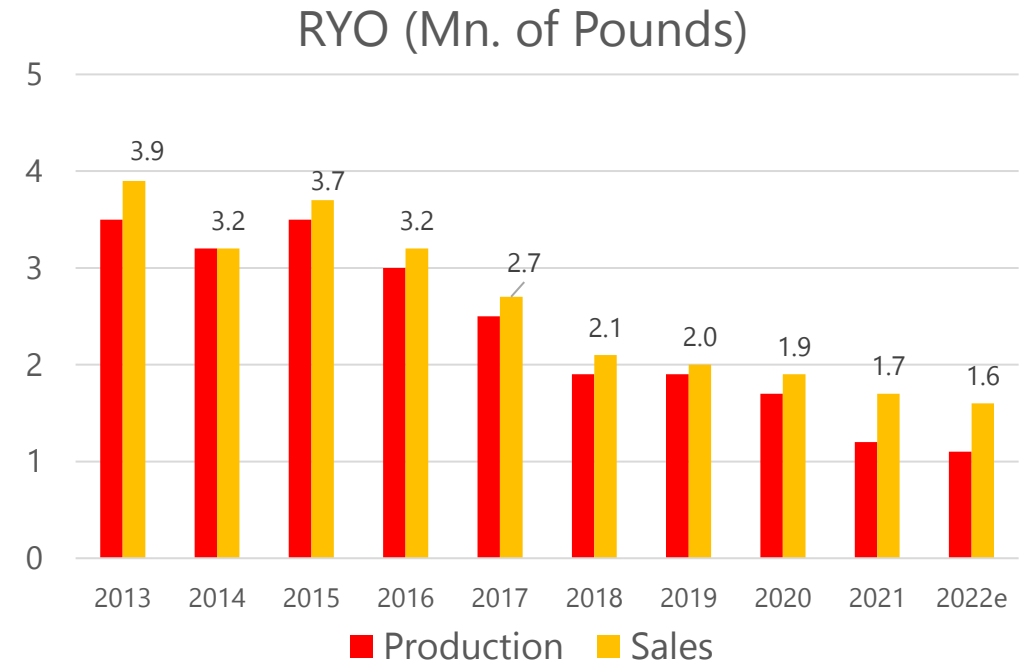
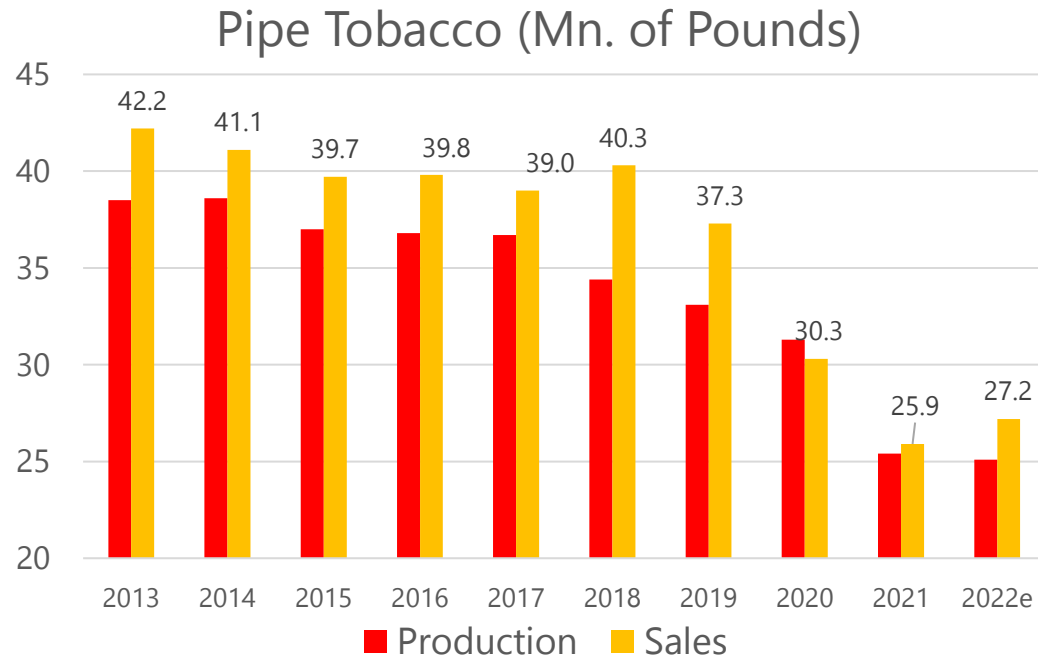


Moist Snuff (Mn. of pounds)



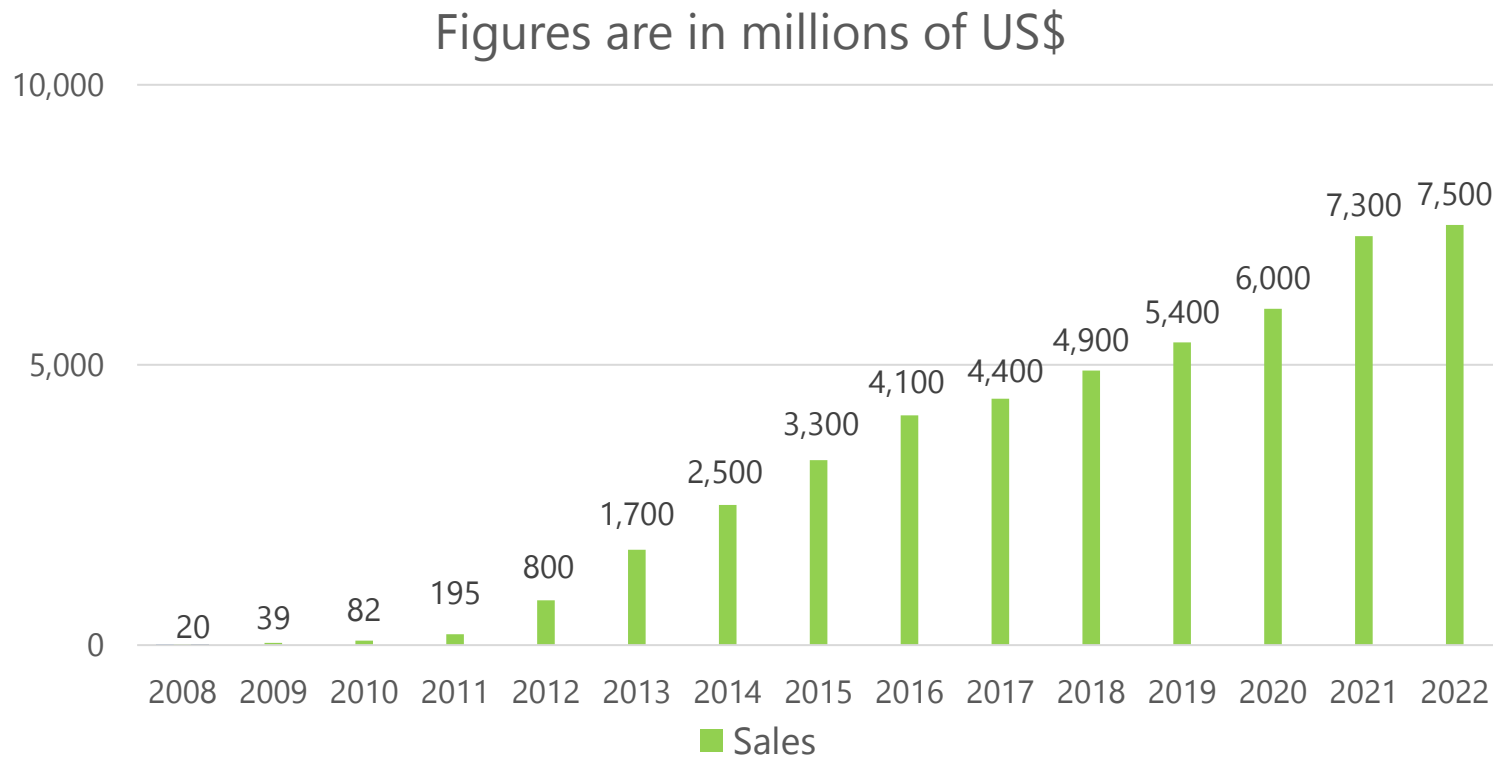
Source: TMA's Tobacco USA

U.S. Smoking Tobacco Markets



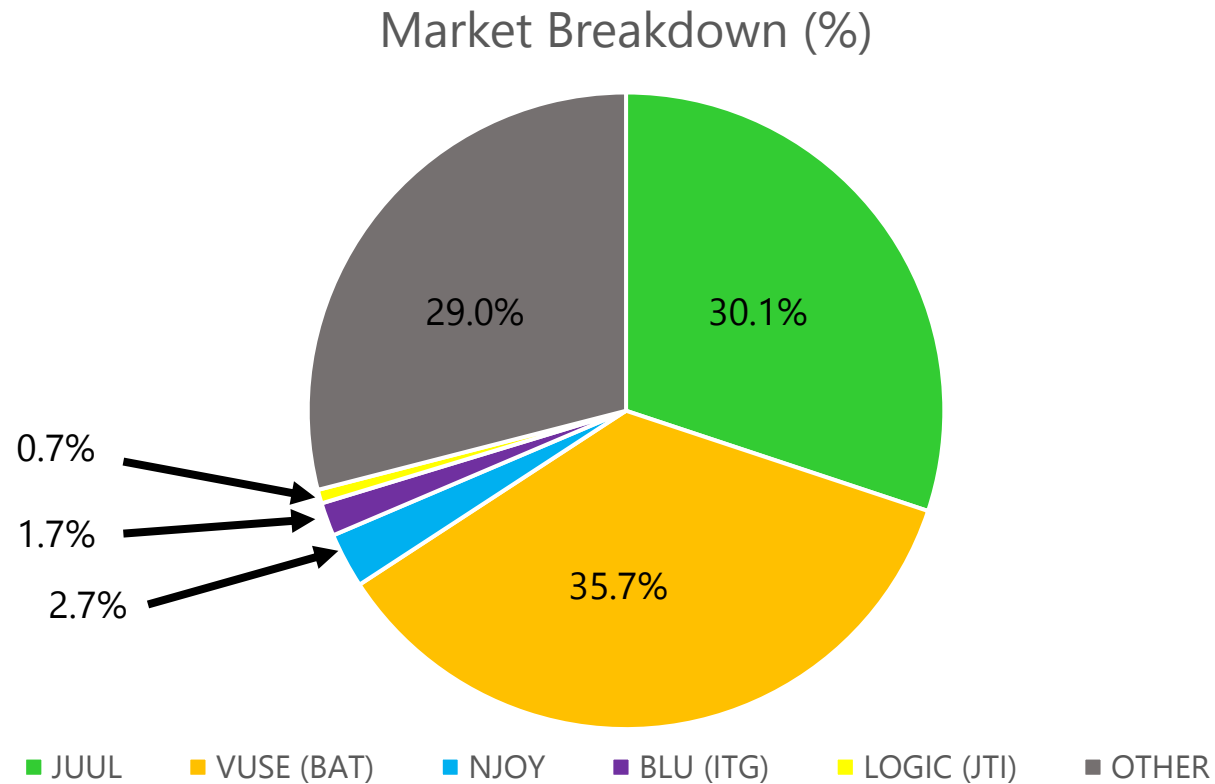
Source: TMA's Tobacco USA

The U.S. Vapor Product Market



Source: Multiple sources, TMA

The U.S. E-Cigarette Market - 2022



Source: Goldman Sachs, LLC

Key U.S. Regulatory Events in 2023/24



- Final Rules to be released by FDA-CTP:
 - Tobacco Product Standard for characterizing flavors in cigars (August 2023)
 - Tobacco Product Standard for menthol in cigarettes (August 2023)
 - Prohibition of Sale of tobacco products to persons younger than 21 years of age
- Proposed Rules to be released by FDA-CTP:
 - Tobacco Product Standard for nicotine level of certain tobacco products (Oct. 2023)
 - Requirements for Tobacco Product Manufacturing Practice (Dec. 2022)
 - Administration Detention of tobacco products (Jun. 2023)
 - Modified-Risk Tobacco Product Applications (Jun. 2023)
 - Submission of FDA Import Data in the Automated Commercial Environment for certain tobacco products (Dec. 2022)

Key U.S. Regulatory Events in 2023/24



- Long-Term Actions by FDA-CTP:
 - Investigational Tobacco Product Applications (February 2024)
 - Nicotine Toxicity Warnings (June 2024)
 - Establishment Registration and Product Listing for Tobacco Products (December 2023)
 - ENDS Safety Standards (January 2024)

FDA-CTP Approvals – MRTTP (Modified Risk Tobacco Products)



October 2019

**General Snus
[Swedish Match]**

July 2020

**iQOS Heat-Not-Burn/Marlboro Heat Sticks
[Philip Morris]**

December 2021

**VLN (Very-Low Nicotine) Cigarettes
[22nd Century Group]**

March 2022

**iQOS 3 System Holder and Charger
[Philip Morris]**

FDA-CTP Approvals – PMTA (Premarket Tobacco Product Marketing Orders)



November 2015	General Snus [Swedish Match]
April 2019	iQOS Heat-Not-Burn/Marlboro Heat Sticks [Philip Morris]
December 2019	Moonlight Cigarettes [22nd Century Group]
December 2020	IQOS System Holder and Charger [Philip Morris]
October 2021	Vuse E-Cigarette [R.J. Reynolds Vapor Company] VERVE Oral Tobacco Product [DISCONTINUED] [Altria]
March 2022	Logic E-Cigarette [LOGIC Technology Dvlp, LLC]
April 2022	NJOY Ace E-Cigarette [NJOY LLC]
May 2022	Vuse Ciro/Vibe E-Cigarette [R.J. Reynolds Vapor Company]
June 2022	NJOY Daily E-Cigarette [NJOY LLC]
January 2023	Marlboro HeatSticks [Philip Morris]

FDA-CTP – PMTA MDO's (Marketing Denial Orders)



- **MDO's began being issued on August 26, 2021**
- **261 manufacturers have been issued MDO's by FDA-CTP (as of 1/24/23)**
- **12 manufacturers had their MDO set aside or rescinded:**

Al Khalifa (3/1/22)	Humble Juice (11/2/21)	Pop Vapor (8/23/22)
Avail Vapor (11/1/21)	Johnny Copper (8/23/22)	Turning Point Brands Int'l (10/7/21)
Bidi Vapor (8/23/22)	JUUL Labs, LLC (7/5/22)	Union Street Brand (8/23/22)
Diamond Vapor (8/23/22)	LOGIC LLC (12/15/22)	Vapor Unlimited (8/23/22)
- **7 manufacturers have had their MDO petition denied:**

Cool Breeze Vapor (7/26/22)	Prohibition Juice (7/26/22)
Ecig Charleston LLC (7/26/22)	Vapetasia (7/18/22)
ECS Global (10/26/21)	Wages and White Lion (7/18/22)
Gripum LLC (8/29/22)	
- **2 manufacturers have had their MDO partially rescinded for certain products:**

Fumizer LLC (10/22/21)	My Vape Order (10/26/21)
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