

CONFIDENTIALITY STATEMENT

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AIR2™

—◆—
Metered Dose Aerosol Inhaler

A product of R2 Innovations, LLC



ABOUT R2

Established in 1998, Centennial, Colorado based R2 Innovations, a global leader in cannabinoid derived aerosol technology; creates, formulates and manufactures innovative consumer facing products for the legal tobacco, medical, hemp, and recreational cannabis industries globally.





R2 SCIENCE & PROCESS

In addition to aerosol manufacturing technology, R2 owns the exclusive global rights to a proprietary, water-soluble micelle technology (*patents pending*). R2 is positioned to deliver aerosolized high potency distillates, micellized tobacco (nicotine), and full and broad-spectrum cannabinoid products utilizing this technology.

R2's proprietary, aerosol manufacturing processes observe EPA, FDA and regulatory guidelines. All ingredients are FDA, GRAS compliant by the Natural & Non-Prescription Product Group and are 3rd party tested and produced in cGMP compliant facilities that employ pharmaceutical grade equipment, components, and processes.

R2's aerosol formulation technology and manufacturing processes deliver a differentiated offering, elevating their customers brands in the global marketplace.



INDUSTRY PROBLEM

FDA NEWS RELEASE

FDA finalizes enforcement policy on unauthorized flavored, cartridge-based e-cigarettes that appeal to children, including fruit and mint.

Companies that do not cease manufacture, distribution and sale of unauthorized flavored cartridge-based e-cigarettes (other than tobacco or menthol) within 30 days risk FDA enforcement actions.



INDUSTRY COMPLIANCE

What are E-Cigarettes, Vapes, and Other Electronic Nicotine Delivery System (ENDS) Products?

Vapes, vaporizers, vape pens, hookah pens, electronic cigarettes (e-cigarettes or e-cigs), e-cigars, and e-pipes are some of the many tobacco product terms used to describe electronic nicotine delivery systems (ENDS).

These products use an “e-liquid” that usually contains nicotine derived from tobacco, as well as flavorings, propylene glycol, vegetable glycerin, and other ingredients. The liquid is heated to create an aerosol that the user inhales.

March 2022 - The FDA has taken action on approximately 99% of the nearly 6.7 million electronic nicotine delivery system (ENDS) products submitted for premarket authorization, including issuing marketing denial orders for more than 1 million ENDS products.



THE FDA & JUUL LABS

FDA Denies Authorization to Market JUUL Products Currently Marketed JUUL Products Must Be Removed from the US Market.

Today, the U.S. Food and Drug Administration issued marketing denial orders to JUUL Labs Inc. for all of their products currently marketed in the United States. As a result, the company must stop selling and distributing these products. In addition, those currently on the U.S. market must be removed, or risk enforcement action. The products include the JUUL device and four types of JUULpods:

June 23, 2022 - “Today’s action is further progress on the FDA’s commitment to ensuring that all e-cigarette and electronic nicotine delivery system products currently being marketed to consumers meet our public health standards,” said FDA Commissioner Robert M. Califf, M.D.

Source: U.S. Food & Drug Administration - [Article](#)



REGULATORY AWARENESS

“I’m highly motivated for the FDA to help reduce death and disability caused by these products. We know that there is a demand among adult smokers to use e-cigarette products to try to switch from more harmful combusted cigarettes, but millions of youth are using these products and getting addicted to nicotine.

- Robert M. Califf, M.D.
FDA Commissioner

“We are committed to continuing to take the appropriate actions to protect our nation’s youth from the dangers of all tobacco products, including e-cigarettes, which remain the most commonly used tobacco product by youth in the United States.”

- Mitch Zeller, J.D.
Director of the FDA’s Center for Tobacco Products





INDUSTRY FACTS

- 2022 Tobacco Industry Size: \$900 Billion (@ CAGR of 2.5% 2022-2027)
- E-cigarettes account for \$23 Billion (@ CAGR of 4.0% 2022-2027)
- The global E-cigarettes market is expected to grow from \$18.15 billion in 2021 to \$21.63 billion in 2022 at a compound annual growth rate (CAGR) of 19.2%.
- USA consumers purchase \$7.6 Billion in E-cigarettes annually
- USA smoking related illness costs consumers \$300 Billion annually
- Cigarette smoking causes 1 in 5 deaths in the USA
- Cigarette smoking kills more than 440,000 American each year
- Secondhand smoke kills more than 38,000 Americans each year
- Life expectancy for smokers is 10-years shorter than non-smokers

Sources: Center for Disease Control, Statista.com, Mordor Intelligence, Business Wire

INDUSTRY LANDSCAPE

Big Tobacco Companies globally are actively looking for smoke free products.

Altria's Vision by 2030 is to responsibly lead the transition of adult smokers to a **smoke-free** future. **We are developing and investing** in potentially reduced harm alternatives that smokers will want to transition to.

Source: Altria Group, Inc.

*From tobacco company,
to harm reduction company.*

Moving beyond smoking



Altria



INDUSTRY KNOWLEDGE

Our ambition remains to have 50 million consumers of our non-combustible products by 2030 and to accelerate the growth of our New Category revenues at a faster rate than our total revenue, reaching £5 billion in 2025.

We have already made good progress towards these targets: we increased consumers of non-combustible brands by 4.8 million in 2021, reaching 18.3 million, with New Categories revenue growing by 51% in the same period.

RJRV's product portfolio reflects a commitment to leading the charge on transforming tobacco by developing a diverse portfolio of responsibly marketed, innovative and enjoyable products for adult tobacco consumers.

“We set out with the inspiring goal to improve the lives of adult smokers by taking substantial steps in our long-held ambition to transform tobacco.”

Leila Medeiros

Seniro Vice President, Vapor



OPPORTUNITY & SOLUTION

Despite the upheaval over the past year, at Altria we've remained laser-focused on our Vision to responsibly lead the transition of adult smokers to a **smoke-free future**. Our teams have continued their commitment to **Moving Beyond Smoking** by deepening their understanding of adult tobacco consumer preferences, expanding the awareness and availability of our **smoke-free** product portfolio and **amplifying our voice on harm reduction** within the scientific and public health communities.

Billy Gifford

Chief Executive Officer

- R2 has developed a water-soluble nicotine (99.9% pure tobacco) and cannabinoid (CBD and THC) formulations, using the company's proprietary micelle technology.
- R2 has designed, developed and delivered working prototypes of their patent pending AIR2, metered dose, delivery system.
- R2 has sourced and secured device manufacturing for their AIR2 device. CAD and 3D molds complete.
- R2 has secured all components, tooling and equipment necessary for a timely roll-out of the technology. All components, tooling and equipment are sourced and remain proprietary to R2.
- R2 has existing hemp and cannabis licenses in place in California, Colorado and Puerto Rico for roll-out of micelle formulations using R2's AIR2 device.
- R2 is prepared and ready to demonstrate and deliver a smoke-free, nicotine solution to the tobacco industry globally.



Altria



THE PRODUCT



TOBACCO . HEMP . CANNABIS

AIR2 is the first of its kind, receptor specific, botanical formulated, metered dose inhaler.

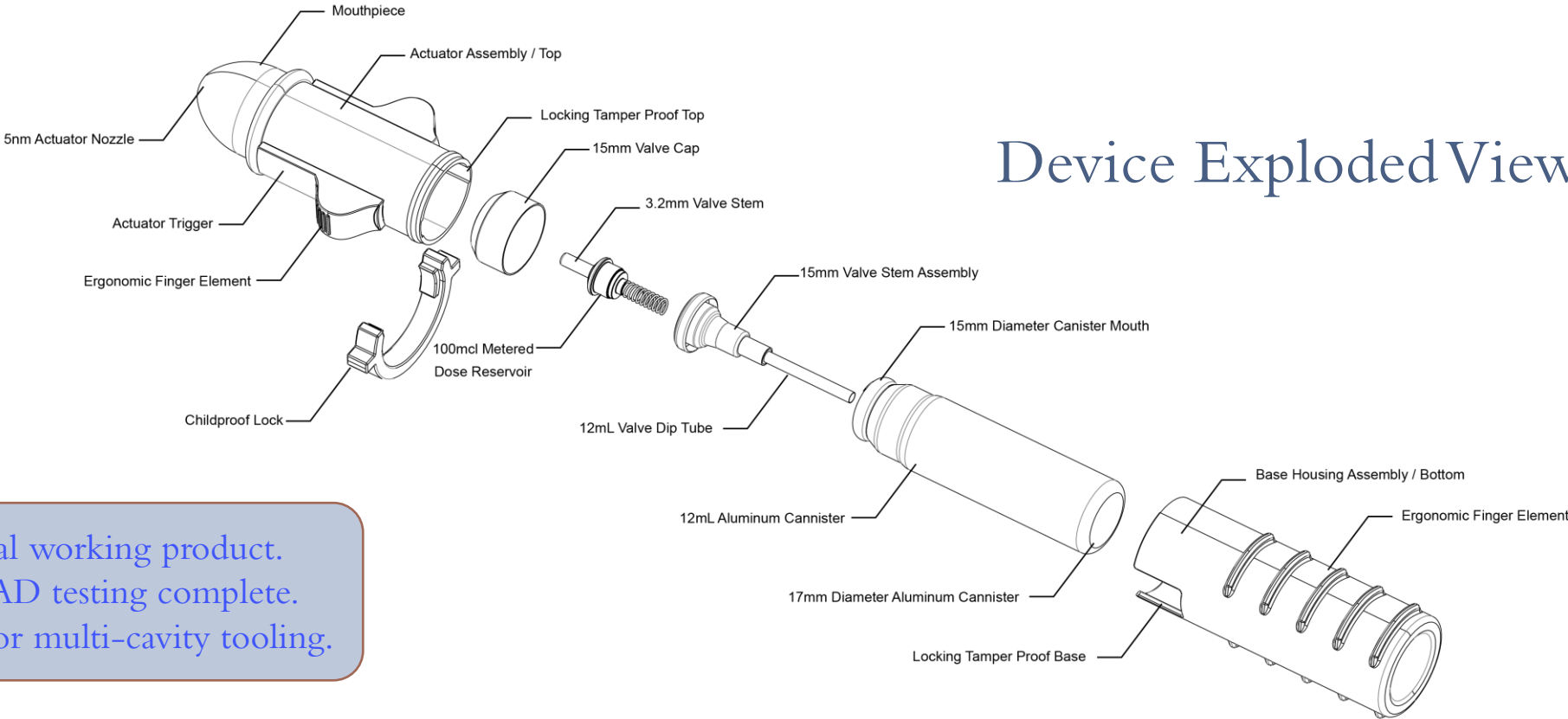
- No Oil
- No Battery
- No Heat
- No Smoke
- Discrete, Use Anywhere-Any Time
- Accurate, Consistent, Metered Dosing
- Sustainable or Disposable
- Child Resistant



THE PRODUCT



TOBACCO . HEMP . CANNABIS



Device Exploded View

Actual working product.
3D CAD testing complete.
Ready for multi-cavity tooling.



PRESS RELEASE



R2 Innovations Brings First Smokeless, Nano Mist Aerosol™ Technology to The Tobacco Industry.

New AIR2™ aerosol delivery system with micellized nicotine, provides smokers with a reduced-nicotine alternative to electronic nicotine delivery systems (ENDS).



JULY 2022 PRESS RELEASE

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THANK YOU



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