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PAX LABS, INC. GRANTED U.S. PATENT FOR NICOTINE SALT E-CIGARETTE

Patent Recognizes Company's Breakthrough Method of Providing Cigarette-Like Nicotine Delivery

San Francisco, CA (December 22, 2015) – [PAX Labs, Inc.](#), a leader in reinventing the smoking experience with innovative, premium vaporizers, announced today it has received a U.S. patent for the nicotine salt e-liquid formulation found in its landmark e-cigarette, [JUUL](#). Unlike other products in the e-liquid space, JUUL uses nicotine salts found in leaf tobacco, rather than free-base nicotine, as its core ingredient. JUUL's special chemical process and easy-to-use micro-tank vaporizer deliver the right nicotine strength and vapor quality to provide a uniquely pleasing and consistent experience for adult smokers. This patent exemplifies innovation that is occurring in independent vapor technology companies.

“Adult smokers seek a satisfying nicotine vapor experience. We felt an imperative to provide them with an evolved product that could fulfill the promise and potential e-cigarettes have to replace combustible cigarettes,” said Adam Bowen, Chief Technology Officer at PAX Labs, Inc. “Rather than rush to market, we worked for several years to perfect our e-liquid platform and invent a new nicotine technology that surprises, delights and solves a critical unmet need. JUUL is a game-changer.”

To develop the nicotine salt e-liquid technology, the PAX Labs research team extensively explored the differences in chemical composition between cigarettes and e-cigarettes, demonstrating that the use of nicotine salts instead of free-base nicotine made an unequivocal difference in nicotine blood absorption profiles. Nicotine salts are the natural state of nicotine in the tobacco leaf. The PAX Labs team landed on a groundbreaking nicotine salt formulation and vaporizer system that delivers satisfaction akin to a traditional cigarette—a key factor lacking in current vapor products.

Wells Fargo Tobacco Analyst Bonnie Herzog has indicated that e-cigarettes have the potential to represent 50 percent of all tobacco sales within a decade if consumer satisfaction is achieved. In a recent Wall Street Journal article, Herzog noted, “current devices fail to deliver nicotine into the bloodstream as quickly as cigarettes and lack the same so-called ‘throat hit’ that cigarettes offer. Many e-cigarette users have found them so disappointing that they have returned to cigarettes.” And in a report earlier this year, Herzog shared, “We are encouraged by PAX’s e-cigarette lineup, which [is] a differentiated product and not just another ‘me-too’ product, as we believe innovation is crucial to drive momentum in the vapor category.”

JUUL is available for purchase at select stores nationwide including Sheetz, Circle K and Speedway, as well as at leading vape shops, and online at JUULvapor.com. For the 4-week period ending Nov.

1, 2015, JUUL is the fastest growing top-ten vapor brand in U.S. Convenience, according to IRI, the Chicago-based market research firm.

A JUUL starter kit, which includes a device, one of each JUULpod and a USB charger, retails for \$49.99; each JUULpod 4-pack retails for \$15.99.

About PAX Labs, Inc.

PAX Labs was founded in 2007 by two Stanford Design Program Masters graduates, with the mission of making beautiful and technologically advanced vapor products for adult smokers. Headquartered in San Francisco, the vaporization technology company is leading the reinvention of the smoking experience with its innovative, premium vaporizers, PAX 2, the second generation of its popular PAX product line, and JUUL, a game-changing new product in the e-cigarette category and winner of the 2014 International Design Awards. For more information, please visit <http://www.PAX.com>.

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