
The Global Vaping Market

A Plxsur Snapshot

A research paper following a survey of more than **30,000 consumers across 6 markets** revealing the exponential growth of the international vaping market.

Plxsur is unrivalled in its position to capitalise on this growth and shape the future of vaping.

Shaping the future of vaping

The outlook for the global vaping market is strong. Plxsur's **Global Vaping Market Snapshot** is one of the most comprehensive consumer studies conducted on vaping to date, drawing on data from an online panel of over **30,000 consumers in 6 of our markets**.

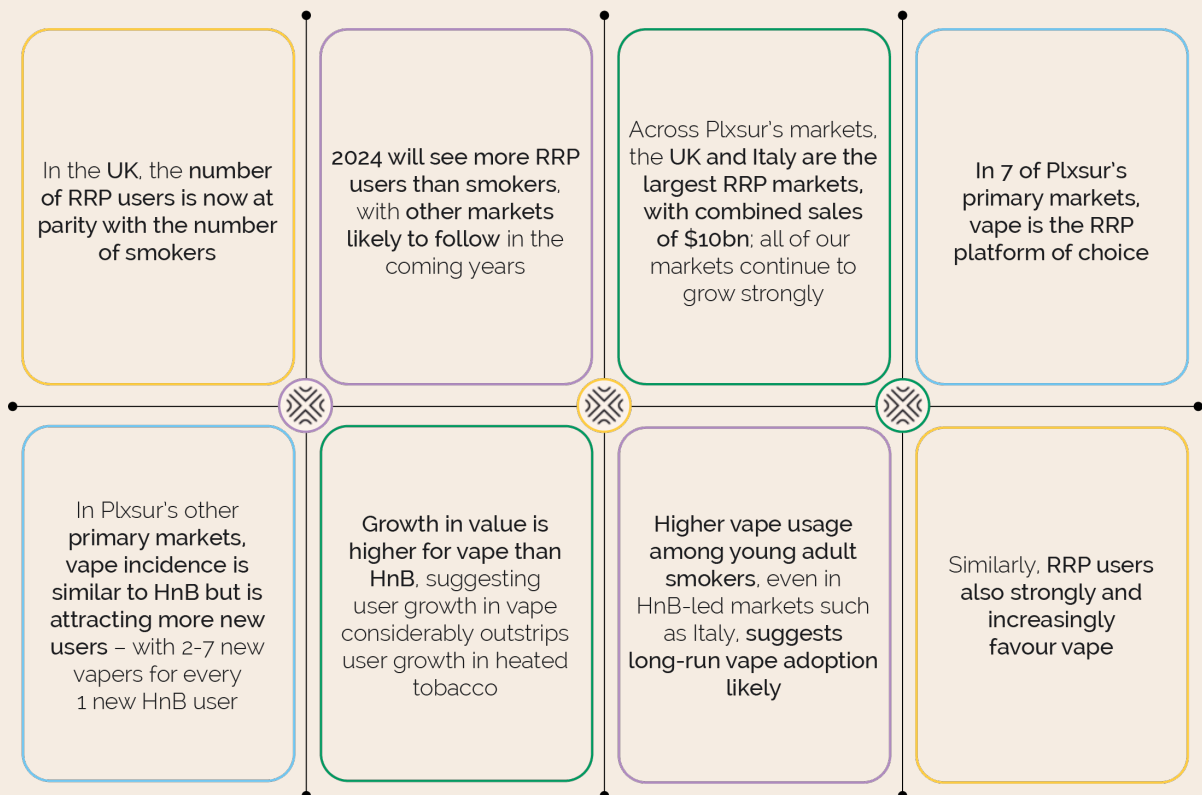
This snapshot shows that **Plxsur's growth trajectory remains formidable**, driven by evolving market dynamics, consumer preferences, and emerging opportunities in the category.

Plxsur is the most profitable and fastest growing group of independent vaping companies in the world, with a market share of around **10% of the \$20bn global vaping market** and is targeting a **20% market share** over the next five years.

As Plxsur celebrates its two-year anniversary we are proud of our results. In 2023 **group revenues increased by 40%** on the previous year to more than **\$1bn**, with an adjusted EBITDA of **over \$200m**.

Our unique ability to grow at pace, while retaining our unique entrepreneurial spirit and agility across the group has been a key differentiating factor for our success over the past two years.

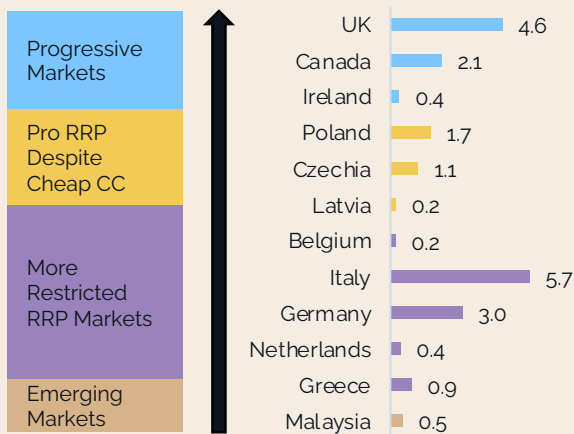
Plxsur is a result of the unified vision of its **12** local companies and their commitment to unite to make this a reality. As this snapshot shows, we now offer an unrivalled position to continue to grow, lead the industry and **shape the future of vaping**.



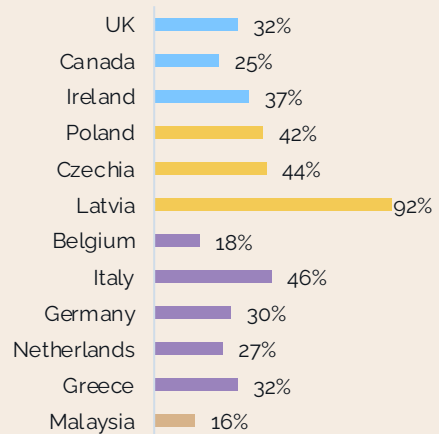
Plxsur's market share and total size of the vaping opportunity

- Today, Plxsur has a market share of **around 10% of the \$19.34 billion¹** retail sales value of the global vaping market.
- Plxsur's group has seen revenues in 2023 increase 40.3% on the previous year to **\$1 billion** with an **adjusted EBITDA of over \$200 million**.
- The total current RRP market size for Plxsur's 12 markets is **\$20.8 billion**.
- Across these primary markets, the **UK and Italy** are the **largest Reduced Risk Products ('RRP') markets**, with combined sales of **\$10 billion**.
- **All markets are growing strongly**, with the average growth rate for Plxsur's markets at **34%**.

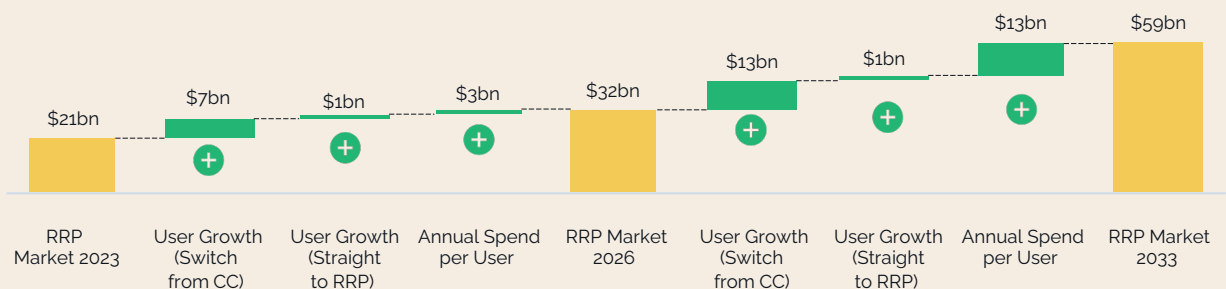
RRP Market Size for Plxsur's Markets
2023 (\$bn)



RRP CAGR for Plxsur's Markets
2018-2023 (%)



RRP is expected to become a \$59 billion opportunity in Plxsur's markets by 2033 owing to multiple key structural consumer trends.

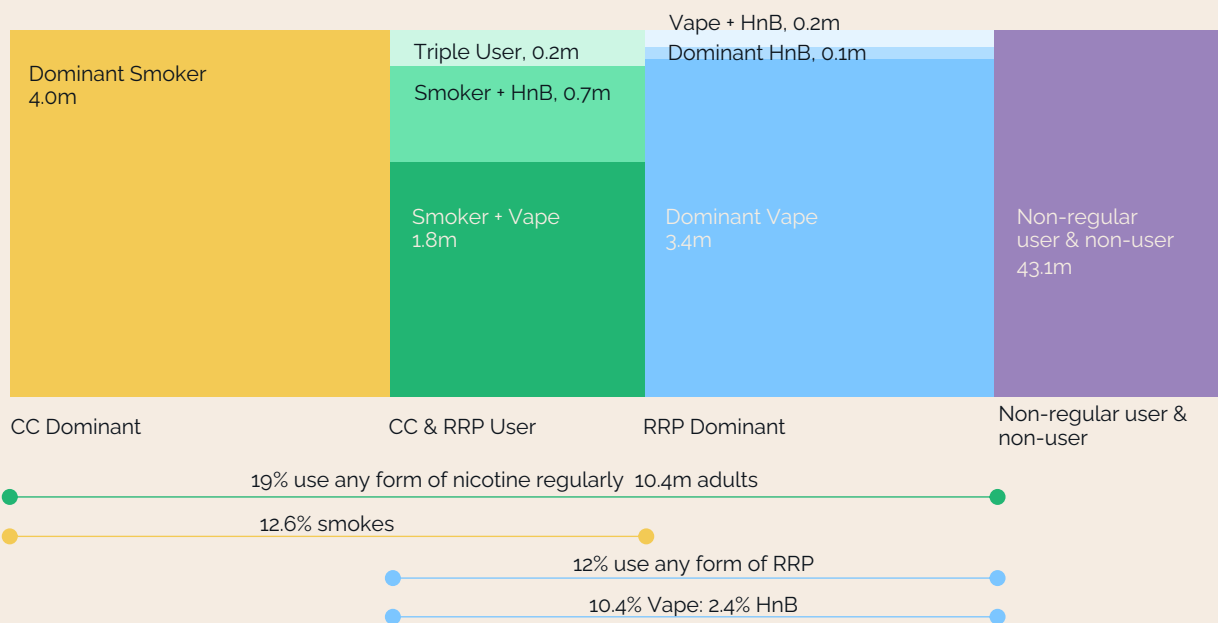


¹ Euromonitor 2023 estimate

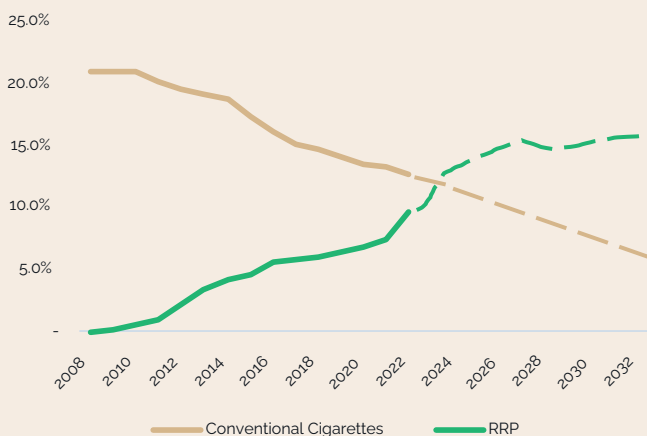
Most consumers are increasingly favouring vaping as their pathway to quitting smoking

- Plxsur is changing **consumer nicotine consumption habits** through its continuous innovation in products that respond to customer needs.
- The number of smokers in the UK (12.6%) is **at parity** with the number of RRP users at 12%.
- In 2024, the UK is expected to see **more RRP users than smokers**.

Nicotine Consumption Share of UK Adult Population (%)



Incidence Rates of CC vs. RRP, UK 2008-2033F (%)



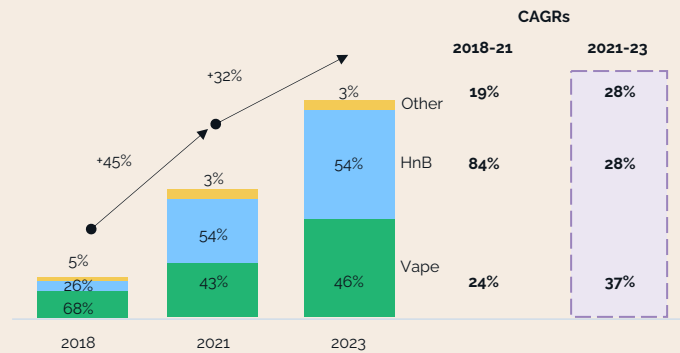
Across Plxsur's markets, RRP is continuing to grow its share of nicotine, and is **projected to overtake conventional cigarette users over the next 10 years.**



Vaping is the most popular form of RRP

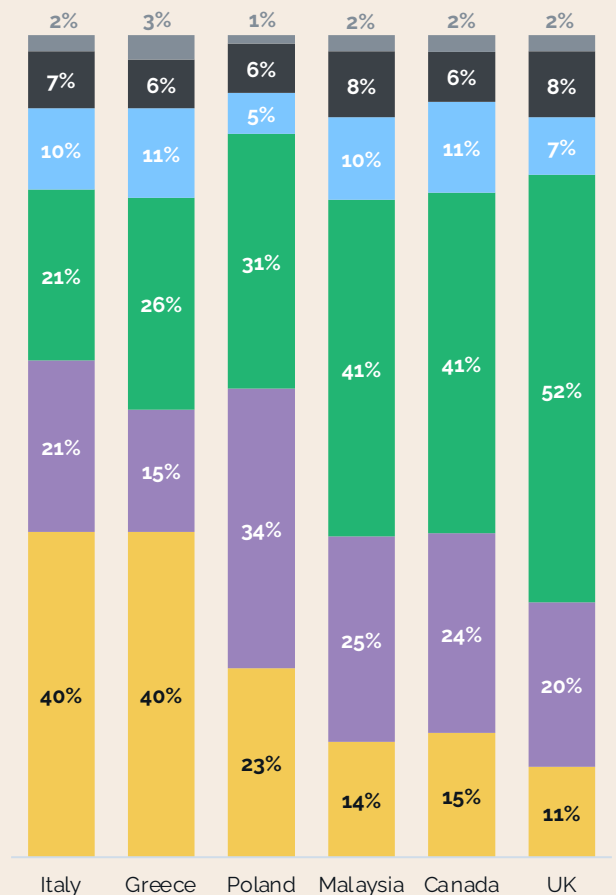
- Since 2021, vape has **significantly outperformed** other RRP categories.
- Growth in value is **higher for vape than Heat not Burn** ('HnB') suggesting that user growth in vape considerably outstrips user growth in heated tobacco.
- HnB outperformance in 2018-21 was driven by **heavy investment** across multiple markets.

RRP Market Value in Apollo Markets by Format Mix 2018-23 (%)



- The evolution of vaping markets has driven the **growth in popularity of vapes**.
- As markets mature, so does preference for this format. In the UK, for example, there are around **four times the number of vape users** versus HnB users.
- This is primarily due to the desire for **convenience**, alongside the differentiated offer and characteristics of vapes, such as preferred **taste**, which cannot be replicated in other formats including HnB.

 Cost-effectiveness	 Taste or Flavours
 Convenience to Carry or Use	 Healthiest Form of Nicotine
 Social Stigma against Tobacco	 Regulatory / Government Support

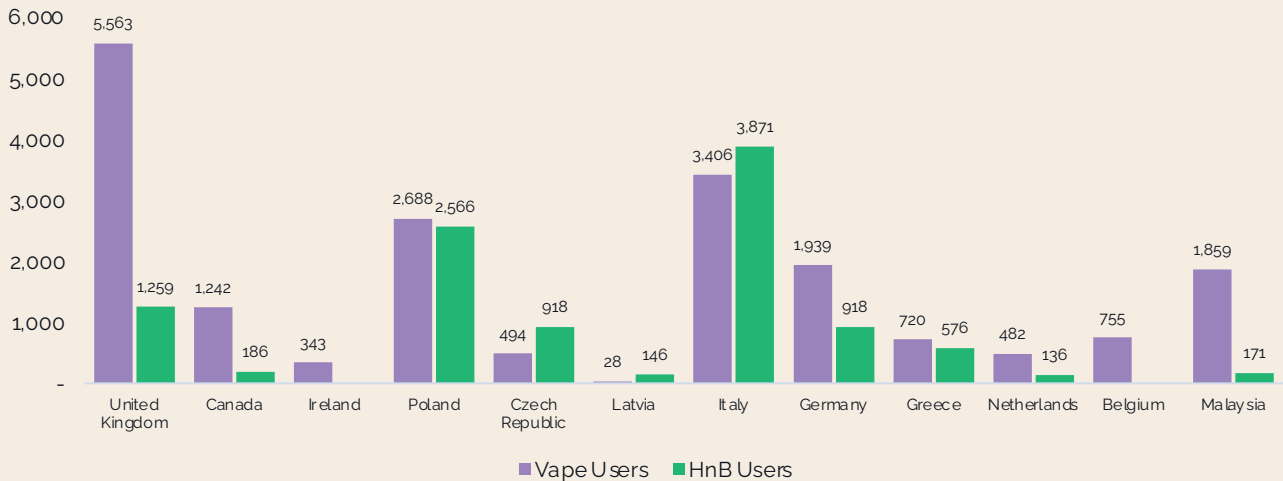


Vaping specific flavours: Tobacco Classic, Fruit, Beverage and Exotic Blends, Mint or Menthol, Dessert, Other

The different formats of RRP

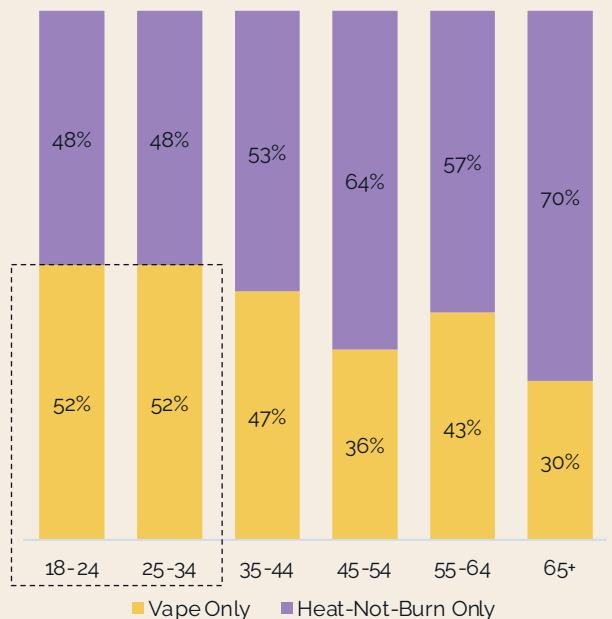
- In seven of Plxsur's primary markets, **vape is the RRP platform of choice.**
- In the most progressive markets, there are more vape users versus HnB users, despite **minimal efforts to invest** in building that demand.

Format Mix in Plxsur Major Markets
2023 (number of users)



Despite this, the number of vape users is growing at a faster rate than HnB, **with 2-7 new vapers for every 1 new HnB user**, due to higher vape usage amongst the growing generation.²

- In Plxsur's other primary markets, including Italy and Greece, **vape incidence is similar to HnB**, having benefitted from early mover advantage and heavy investment.



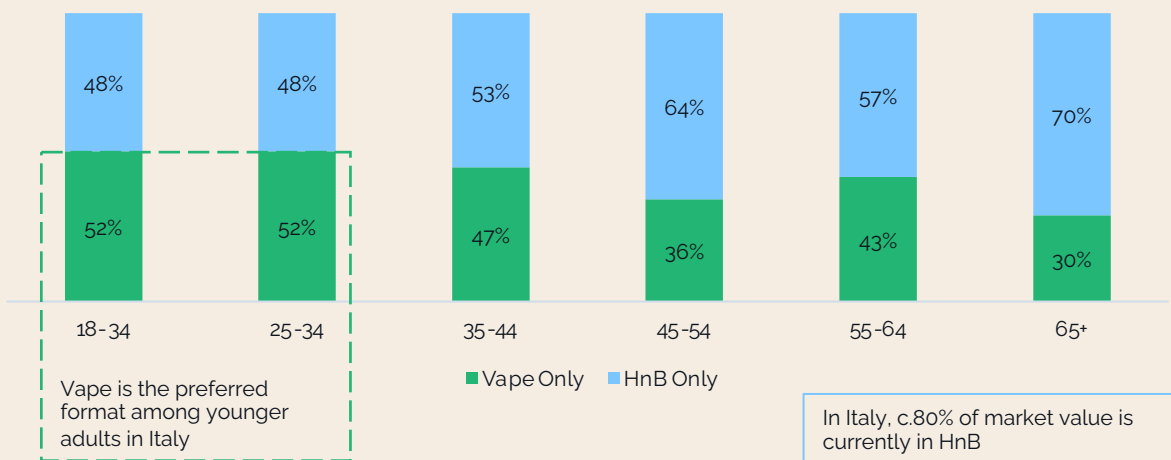
² Based on analysis of the Italian / Heat-Not-Burn led market

A spotlight on Italy

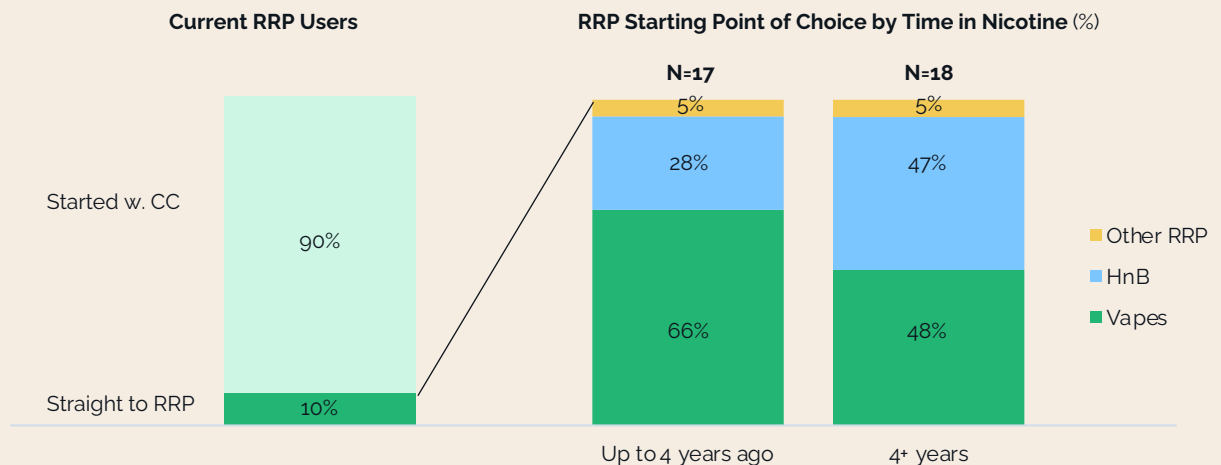


- Italy's smoking rate is in long-run decline with **vape and HnB gaining users**.
- In developing markets such as Italy, **HnB incidence is higher than vape**.
- In this market, there is **higher vape usage among younger adults**. This suggests that long-run vape adoption is likely.

RRP Users Preferences by Age
2023 (%)



RRP Users' Preferences by Demographic
2023 (%)



Conclusion

The vaping market is growing exponentially and **Plxsur is ideally positioned to capitalise** on this vast and continually expanding sector while taking an active role in driving its upward trajectory and shaping its future.

The **sustainable value of vaping** surpasses that of other RRP formats, as evidenced by its success in both early adopter markets and those with late entrants. This puts **Plxsur at the forefront** of a dynamic market, ready not only to benefit from its current momentum but also to play a pivotal role in influencing the ongoing evolution of the vaping industry.

Plxsur has achieved remarkable success in a relatively short two-year period. Looking ahead, the business will relentlessly pursue the acquisition of **leading vaping businesses**; it has crafted a diversified portfolio to solidify its presence in a rapidly evolving market, whilst continuing to significantly exceed industry benchmarks (who predict an 18% CAGR forecast), driven by cross-market growth synergies and vertical integration. Efficiency and governance are our hallmarks, unlocking substantial value and enhancing competitiveness.

Plxsur's management team, at both a group and local level, combines the **experience of winning** in local markets with a senior leadership team that bring decades of vaping experience, primed to deliver the group's 2026 business plan and the further future potential of Plxsur as an integrated group.

Plxsur is structured to take a leading position in vaping globally while providing a platform for current and future products of its own.

Plxsur targets annual revenues **of >\$15 billion by 2033**, driven by its market leading platform and cyclical strategy of both organic and inorganic growth.

Plxsur offers the only global consolidation platform in the burgeoning RRP market.

Through scaling excellence, it offers a streamlined path to global leadership, through our build, grow and drive philosophy.

Methodology

This is one of the most comprehensive consumer studies conducted on vaping to date, comprising data from an online panel of nearly 30,000 people. The data is taken from both detailed consumer survey completed across six core markets, used to get a 'snapshot' view of CC & RRP usage, behavioural trends, and consumer segmentation; and a retailer survey covering specialist vape stores and independent convenience stores. This was primarily used to understand recent market changes and expected future developments in channels which are typically poorly served / understood by major data providers such as Nielsen and Euromonitor.

The survey has used a general population (18+) sample skewed younger so that it has good coverage of new-to-nicotine users, and a panel of known nicotine users to cover smokers of all ages. It weighted the general population sample to reflect the actual population distribution in the country and obtain a nationally representative sample. This representative sample was used to obtain an unbiased view of nicotine incidence across all 18+ ages groups and the broader population. It then re-weighted the entire sample using these incidence rates – General Population and the Nicotine Panel both - to match the smoking, vaping and HnB use rates of the nationally representative sample.

In addition, the data was reviewed and triangulated and used the following third-party sources: global data sources (including third part market sources, company filings and trading reports, global press announcements and journalist and global reporting organisations); national statistics sources (from Canada, the UK, Poland, Italy, Malaysia, Greece and the US); and Plxsur group information (financial information at group and market level; regular meetings with the group management team and sessions with 12 managements teams of Plxsur's businesses to understand their commercial strategy and business positioning).

Finally, 10 experts in the vaping market were spoken to, with cross-market and value-chain representation.

Glossary of terms:

- **RRP:** Reduced Risk Product
- **HnB:** Heat not Burn
- **CC:** Conventional Cigarettes
- **Progressive Markets:** High RRP uptake due to wide distribution and supportive tax & regulation
- **Pro RRP Markets:** Relaxed cigarette regulation supports high nicotine consumption
- **More Restrictive RRP Markets:** Markets with a clear societal and legislative agenda to reduce CC consumption, but reluctance in Government (/society) to embrace RRP as clear "solution"
- **Emerging Markets:** Emerging markets have low RRP adoption – albeit often fast growing. These markets cover a range of societal / govt attitudes to RRP



PLXSUR