

# Our Vapour Products

## Vapour products are battery-powered devices that heat e-liquids to produce an inhalable aerosol (vapour).

Our leading, global Vapour brand, Vuse, plays a major role in providing smokers with a reduced-risk<sup>††</sup> alternative to cigarettes.

### Vapour Top markets<sup>\*\*</sup>

U.S., Canada, the UK, France, Germany, Poland and Spain

### Highlights

Vapour revenue down 10.4% or 8.6% (at constant rates), with volume down 12.6%, impacted by illicit products mainly in the U.S. and Canada and regulatory and excise changes (in the UK, Poland and France).

Continued value share<sup>\*\*\*</sup> leadership with a 60 bps increase driven by the U.S.

In Europe, Vapour value share down <sup>\*\*\*</sup> 10 bps with industry rechargeable closed systems back in growth.

Positive early performance of our premium innovation, Vuse Ultra, in Canada, Germany and France.

# 57

Number of markets where the Group's Vapour products are sold



### Overview

First launched in 2013, Vuse is our leading Vapour product, expertly crafted with consumer preferences at the forefront. Vuse e-liquids contain high-quality ingredients and are rigorously scientifically tested and assessed.

We launched our most premium Vapour product, Vuse Ultra, in 2025, providing adult consumers with a more personalised vaping experience.

As the largest category of our Smokeless portfolio, both in global footprint and the estimated 86 million adult consumers<sup>1</sup> who use them, Vapour products provide adult smokers – who would otherwise continue to smoke – with an attractive reduced-risk<sup>††</sup> alternative to switch to.

Low barriers to entry and an absence of consistent regulatory frameworks lead to a highly fragmented and competitive landscape.

Key challenges for the Vapour category include regulatory risks, illicit trade and the pace of innovation.

### The Scientific Evidence<sup>\*</sup>

Evidence continues to emerge from the public health community and academia about the role of Vapour products as a reduced-risk<sup>††</sup> alternative to smoking.

Findings from one of our largest ever vapour product studies, which compared clinical measurements from Vuse consumers with smokers, was published in 2023<sup>2</sup>. The data revealed that Vuse users demonstrated significantly better results for various biomarkers relevant to smoking-related diseases than smokers.

In the UK, the progressive regulatory attitudes towards the role of Vapour products in Tobacco Harm Reduction appears to have contributed to the increasing decline in the country's smoking prevalence rates. Data released in 2025 from the ONS<sup>3</sup> highlights that as vaping has increased, cigarette smoking prevalence has declined, with more than half of current vapers (53%) being ex-smokers who have switched to vaping completely<sup>4</sup>. In New Zealand, the introduction of Vapour products has similarly been associated with a dramatic decrease in the daily smoking rate<sup>5</sup>.

We also published a laboratory study<sup>6</sup> which showed for those flavoured e-liquids that were tested toxicity was >95% reduced when compared to cigarette smoke.

### Notes:

- \* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.
- † Products sold in the U.S., including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.
- \*\* Top Vapour markets are defined as the Top markets by industry revenue, being the U.S., Canada, the UK, France, Germany, Poland and Spain. These Top markets account for c.80% of total industry vapour revenue (rechargeable closed systems consumables and disposables in tracked channels) in 2024.
- \*\*\* Based on estimated value share for Vapour in tracked channels (i.e., value share of rechargeable closed systems consumables and disposables sales in retail) in the Top Vapour markets.
- 1. WHO global report on trends in prevalence of tobacco use 2000-2024 and projections 2025-2030. Geneva: World Health Organization; 2025. Available at: [www.who.int/publications/item/9789240116276](http://www.who.int/publications/item/9789240116276)
- 2. Haswell, L.E., Gale, N., Brown, E. et al. Biomarkers of exposure and potential harm in exclusive users of electronic cigarettes and current, former, and never smokers. *Intern Emerg Med* 18, 1359–1371 (2023). Available at: [www.doi.org/10.1007/s11739-023-03294-9](http://www.doi.org/10.1007/s11739-023-03294-9)
- 3. Office for National Statistics (ONS), 2025, statistical bulletin, Adult smoking habits in the UK: 2024. Available at: [www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/adultsmokinghabitsingreatbritain/2024](http://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/adultsmokinghabitsingreatbritain/2024)
- 4. Action on Smoking and Health (ASH), Use of vapes (e-cigarettes) among adults in Great Britain, 2024. Available at: <https://ash.org.uk/uploads/Use-of-vapes-among-adults-in-Great-Britain-2024.pdf>
- 5. Snowdon, C., et al., Vaping Works. International Best Practices: United Kingdom, New Zealand, France and Canada. Property Rights Alliance, 2021. [www.propertyrightsalliance.org/wp-content/uploads/PRA\\_VapingWorks.pdf](http://www.propertyrightsalliance.org/wp-content/uploads/PRA_VapingWorks.pdf)
- 6. Bishop, E., East, N., F. Miazzi, Fiebelkorn, S., Breheny, D., Gaca, M. and Thorne, D. (2023). A contextualised e-cigarette testing strategy shows flavourings do not impact lung toxicity in vitro. 380, pp.1–11. doi: [doi.org/10.1016/j.toxlet.2023.03.006](https://doi.org/10.1016/j.toxlet.2023.03.006)

## Regulation and PMTA

The future of Tobacco Harm Reduction has always depended on robust science and ensuring that this science is accessible to audiences outside the scientific community is crucial. This need is growing stronger than ever, and consumers deserve to understand the relative risk profiles of these products.

In addition, perceptions of nicotine continue to evolve; however, many consumers – and healthcare professionals – do not adequately understand the risks associated with nicotine generally.

To help drive further forward towards our purpose, in 2025, we launched a new international campaign called Vapers Deserve Better. The campaign aims to set higher standards in the vapour industry and is a long-term initiative based on BAT's commitment to responsible vaping products. It aims to prompt a re-examination of how vaping is discussed by engaging with regulators, the media and public health stakeholders. Please see page 9 for more details.

We strongly support a well-functioning regulatory system within which regulatory oversight leads to accelerated reductions in underage tobacco use and in tobacco-related harm. We are invested in that system and are fully committed to those goals.

The tobacco industry is undergoing transformational change. Smokeless technologies like Vapour, Modern Oral and Heated Products offer great potential for moving more adult smokers, who would otherwise continue to smoke, to potentially less risky alternatives<sup>†</sup>. This change is underscored by the U.S. Food and Drug Administration's Premarket Tobacco Product Application (PMTA) process.

PMTAs include, among other things, robust science packages composed of analytical, toxicological, pre-clinical, clinical, and behavioural data to demonstrate that the marketing of a tobacco product is appropriate for the protection of the public health and underpinned by science.

We welcome the FDA's marketing authorisation for our Vuse Alto device and tobacco flavour consumables, based on a finding that marketing these products are appropriate for the protection of public health.

We are continuing to challenge the FDA's Marketing Denial Orders (MDOs) for Vuse Alto's Menthol and Mixed Berry products in court and have obtained a permanent stay of enforcement for Vuse Alto Menthol, allowing it to remain on the market. In the U.S., menthol variants account for 75% of total Vuse consumables (2024: 73%).

We believe that public health officials, legislators, and regulators – especially the Food and Drug Administration (FDA) – should be concerned about the continued influx of illegal flavoured and single-use vapour products into the U.S. market, which we estimate accounts for 70% of the total U.S. vapour market<sup>7</sup>.

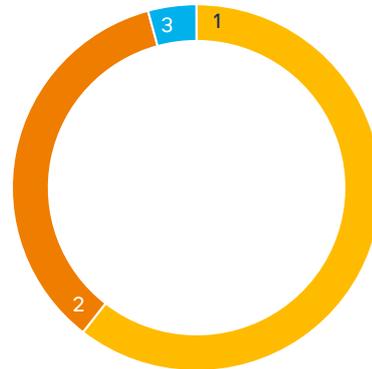
It is unacceptable that these products, marketed in flavours that appeal to the underaged, such as bubble gum and cotton candy, continue to be sold.

We are encouraged by the FDA's actions, the implementation of vapour directories and enforcement actions in 18 states, representing 48% of the legal Vapour industry<sup>^</sup>. There are positive signs of illicit disposables decline and legal industry recovery in eight states (approximately 22% of the legal industry<sup>†</sup>). However, we believe more effective enforcement is needed to drive a meaningful impact and legalise the vapour industry. This is why we took the proactive step of filing two complaints with the U.S. International Trade Commission. One of those complaints is based on patent infringement while the other is based on unfair trade practices.

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- \*\* Based on estimated value share for Vapour in tracked channels (i.e., value share of rechargeable closed systems consumables and disposables sales in retail) in the Top Vapour markets.
- 7. Data sourced from tracked retail channels and Kantar.
- ^ Data sourced from tracked retail channels.

## Proportion of Vapour revenue by region in 2025 (£m)



	2025 £m	2024 £m
1 U.S.	934	998
2 AME	543	611
3 APMEA	65	112
<b>Total</b>	<b>1,542</b>	<b>1,721</b>

## Performance Summary

Vapour consumables volume declined 12.6% to 538 million units in 2025.

Led by Vuse, BAT maintained global Vapour value share<sup>\*\*</sup> leadership with an increase in full-year closed system value share of 60 bps vs 2024.

Consumers of our Vapour products increased by 0.6 million to 12.7 million.

Group Vapour performance was negatively impacted by:

- The U.S., the world's largest Vapour market, where Group volume was down 8.8% mainly due to the continued proliferation of illicit single-use vapour products. Accordingly, revenue was down 6.4% (or 3.4% on a constant currency basis). However, we are encouraged by recent signs of Vuse returning to revenue growth in the second half of 2025 in the U.S. supported by increased enforcement against illicit single-use vapour products. We maintained leadership in value share with an increase in value share of 2.0 ppts to 51.7%<sup>\*\*</sup>;
- AME, where revenue was 11.2% lower (a decline of 11.4% on a constant currency basis), largely driven by a decline in revenue in Canada (due to the continued lack of enforcement against illegal flavoured vapour products) and regulatory and excise changes in the UK, Poland and France. Our value share<sup>\*\*</sup> leadership was down 60 bps with gains in Germany more than offset by a value share decline in Canada; and
- APMEA, where volume declined 38.2%, leading to a 41.2% reduction in revenue (being down 39.4% at constant rates), largely driven by lower volume in South Africa and New Zealand and by the Group exiting the category in a number of markets (including Malaysia and Saudi Arabia).

Our new premium innovation, Vuse Ultra, offers consumers a highly differentiated, connected and customisable experience. We are encouraged by the early performance in Canada, Germany and France.