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Fummo

BUSINESS PROPOSAL
DISPOSABLE E-CIGARETTES



FUMMO.AE

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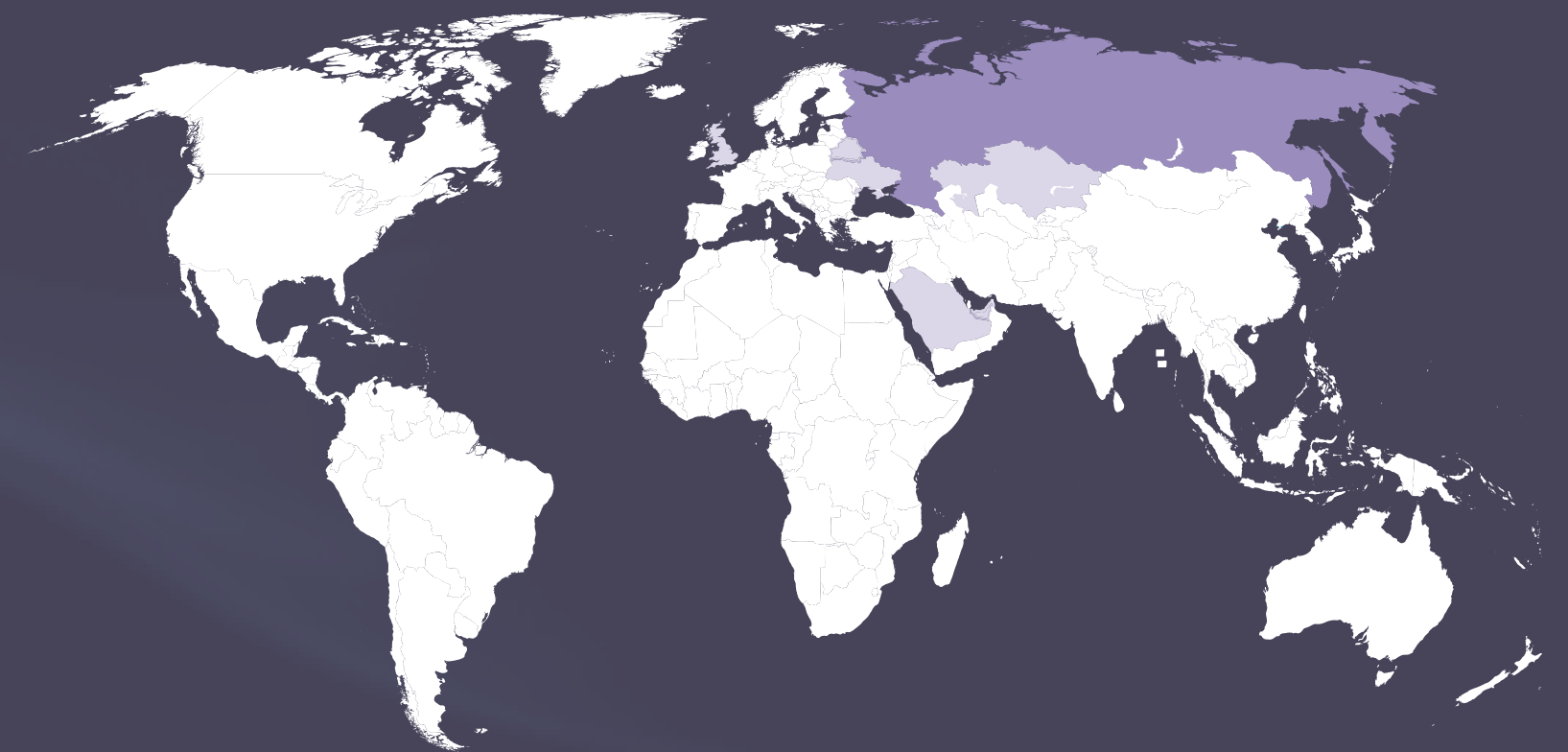
ABOUT US

FUMMO is a fully legal producer, importer and distributor of disposable e-cigarettes in Russia with insights on working both as an owner of store chains and a distributor of self-developed products

- » » >250.000 disposable e-cigarettes are sold monthly (>\$1.5 M monthly revenue)
- » » In-house product development & special quality control of each batch produced
- » » Own production lines in China & effective supply chain management
- » » Strong connection to the market through own chain of > 50 tobacco stores in Moscow
- » » Diversified sales channels with direct sale to key retail clients and work with distributors

ENTERING NEW MARKETS

FUMMO is expanding its business and entering markets of United Kingdom, Kazakhstan, Belarus, Ukraine, United Arab Emirates and soon – Saudi Arabia



Our trademark is registered in 18 countries **including UAE**



ABOUT US



MARKET OVERVIEW



SUPPLY SIDE

Large share of the e-cigarettes market is represented by products illegally imported in UAE

“Black” share of the market is represented by many small brands without market power and stable stock

FUMMO operates at the legal part of the market and competes with few local brands

Presence of high entry costs at the legal market guarantees top quality of FUMMO products and long-term plans for development



DEMAND SIDE

Disposable e-cigarettes have a number of competitive advantages over traditional cigarettes for final customers: lack of tobacco smoke smell, possibility to use indoors, longer smoking experience, general convenience of use

Disposable e-cigarettes are more than 4 times cheaper for the final customer than traditional cigarettes with price per puff 0.02 AED comparing to 0.08 AED for traditional cigarettes

	Number of puffs	Price (AED)	Price / puff (AED)
1 pack of cigarettes	≈ 220	≈ 18	0, 08
FUMMO Crystal	1800	40	0, 02



PERSPECTIVES FOR RETAIL

FUMO

AUDIT OF BRAND PORTFOLIO

Only cigarettes and tobacco heating systems are now sold in retail chains – these (1) are low-margin products, (2) cover only part of the demand for nicotine-containing products & ignore alternative smokers

PERSPECTIVES

Inclusion of disposable e-cigarettes into product portfolio will allow to provide more effective coverage of demand for nicotine-containing products

BARRIERS

Current market structure lacks reliable suppliers with proper legal infrastructure required to cooperate with retail chains

SOLUTION: FUMO

FUMMO solves market failure and is a perspective legal partner with market expertise and best product offer

USE CASES

17,1 M units of e-cigarettes were sold during 4-weeks interval in 2020 in the US food retail stores (gas stations, convenience stores, grocery stores, club stores and etc.)



TESCO - third-largest retailer in the world (measured by gross revenues)

A wide variety of disposable e-cigarettes and POD-systems is represented in TESCO stores



Group of Russian retail stores (>13% market share)

One of largest members of X5 Retail Group started sales of disposable e-cigarettes in 2021



PERSPECTIVES FOR RETAIL



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OUR PRODUCT

FUMMO
HQD



OUR PRODUCTS



FUMMO

FUMMO CRYSTAL – high quality model of disposable e-cigarettes for 1800 puffs in 4 different flavours aimed to serve preferences of all potential customers

FUMMO CRYSTAL – collaboration with the HQD factory which produces most popular models in the CIS, Australia and the USA (market share of HQD in Russia exceeds 65%)

This model is an improved version of HQD Cuvie Plus (monthly sales >10 M units worldwide)

Choice of model specifications (design & number of puffs) and flavours is based on the results of the poll conducted among tobacco shops in Dubai and Sharjah (>80 in total) & on the analysis of sales in own store chain in Moscow

FUMMO CRYSTAL fully meets the legislation requirements and owns all the certificates proving its quality including the ECAS certificate

Recommended Retail Price: 40 AED



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