



Step-change in New Categories

39 Reduced-Risk Products*

** Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.*

REDUCED-RISK PRODUCTS*

Our Corporate purpose is to build A Better Tomorrow™ by reducing the health impact of our business through offering a great choice of enjoyable and potentially reduced-risk products* to our consumers. We will evolve our growth model through the development of our portfolio in new categories meeting our consumers' evolving need for enjoyment and satisfaction.

While combustible tobacco will be at the core of our business for some time to come, we aim to generate an increasingly greater proportion of our revenues from products other than cigarettes, thereby reducing the health impact of our business. We intend to build on our strong foundations in tobacco, to build a better tomorrow for consumers, employees, shareholders, and society.

Our ambition is to deliver long-term sustainable growth with a range of innovative and potentially reduced-risk products* that stimulate the senses of new adult generations. We believe that by providing a range of high quality, innovative products, many millions of smokers will make the choice to switch.

To accelerate the growth of our New Category business, our New Category product portfolio consists of three global brands: VUSE for vapour products; VELO for modern oral products and glo™ for tobacco heating products. BAT Malaysia has taken steps to introduce glo™ in the market, but, as of 2020, the consumer demand for tobacco heated products remained small and the category outlook is limited.



There is a growing and sizeable vapour consumer base in Malaysia. The Ministry of Health's National Health and Morbidity Survey estimated in 2019 that there are 1.12 million vapers in Malaysia. The Study on the Malaysian Vaping Industry by the Malaysian Vape Chamber of Commerce values the industry at RM2.27 billion.

Budget 2021 signalled the Government's intention to move in the direction of legalising vaping with the introduction of excise on vaping devices and liquids. Currently, the taxation framework for vaping liquids only covers liquids without nicotine. However, in Malaysia, the majority of the vape e-liquids sold contain nicotine.

A robust regulatory framework with clear quality controls is needed for the entire vape industry, including nicotine e-liquids. This would not only ensure that Malaysian consumers have access to products of known quality but would also facilitate government access to significant revenue. We will continue to support and encourage clear and practical regulations in relation to nicotine vaping by the Malaysian Government.



Read more about **The Study on the Malaysian Vaping Industry** here



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