

## Risk Factors Comparison 2025-02-26 to 2024-02-27 Form: 10-K

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Our business is subject to various risks and uncertainties that are difficult to predict, may materially affect actual results and are often outside of our control. We identify a number of these risks and uncertainties below. You should read the following risk factors carefully in connection with evaluating our business and the forward- looking statements contained in this Form 10- K. This Form 10- K contains statements concerning our expectations, plans, objectives, future financial performance and other statements that are not historical facts. You can identify these forward- looking statements by **our** use of words such as “ strategy, ” “ expects, ” “ continues, ” “ plans, ” “ anticipates, ” “ believes, ” “ will, ” “ estimates, ” “ forecasts, ” “ intends, ” “ projects, ” “ goals, ” “ objectives, ” “ guidance, ” “ targets ” and other words of similar meaning. You can also identify them by the fact that they do not relate strictly to historical or current facts. We cannot guarantee that any forward- looking statement will be realized, although we believe we have been prudent in our plans, estimates and assumptions. Achievement of future results is subject to risks, uncertainties and assumptions that may prove to be inaccurate. If risks or uncertainties materialize, or if underlying estimates or assumptions prove inaccurate, actual results could differ materially from those anticipated. You should bear this in mind as you consider forward- looking statements and whether to invest in or remain invested in our securities. Under the “ safe harbor ” provisions of the Private Securities Litigation Reform Act of 1995, we identify important factors that, individually or in the aggregate, could cause actual results and outcomes, including with respect to our ability to achieve our Vision, to differ materially from those contained in, or implied by, any forward- looking statements we make. We elaborate on these important factors and the risks we face throughout this Form 10- K, particularly in the “ Executive Summary ” and “ Business Environment ” sections preceding our discussion of the operating results of our segments in Item 7. You should understand that it is not possible to predict or identify all factors and risks. Consequently, you should not consider the foregoing list to be complete. We do not undertake to update any forward- looking statement that we may make from time to time except as required by applicable law.

**Risks Relating to Our Business**

**Business Operations Risks** We may be unsuccessful in anticipating and responding to changes in adult tobacco consumer preferences and purchase behavior, including as a result of difficult economic conditions, which could have a material adverse effect on our business, results of operations, cash flows or financial position. Our operating companies’ portfolios of tobacco products are largely comprised of premium brands, such as Marlboro, Copenhagen and Skoal. ~~As adult tobacco consumer preferences evolve, consumers are increasingly moving across tobacco categories.~~ The willingness of adult tobacco consumers to purchase premium brands is affected by macroeconomic conditions, including inflation and overall economic stability. In periods of economic uncertainty and high inflation, ~~among other conditions,~~ we have observed **that** adult tobacco consumers reduce consumption, purchase more discount brands and consider lower- priced tobacco products, **increasing the market share of competitive discount products. In addition, as adult tobacco consumer preferences evolve, consumers are increasingly moving across tobacco categories, including selecting** different categories of tobacco products than those they traditionally purchase **and purchasing illicit flavored e- vapor products**. ~~Our~~ **The primary impacts of these conditions include higher than expected domestic cigarette industry volume declines and declines in pod- based product volume within the e- vapor category, which have negatively impacted our business. If our operating companies are unable to take actions to mitigate the effects of inflationary pressures and other factors that contribute to their products’ industry volume decline rates, it could negatively impact our business, results of operations, cash flows or financial position. For example, the inability of our operating companies to sufficiently increase the prices of their premium products to offset volume declines from consumers down- trading to lower- priced competitive brands or moving across tobacco categories could have a material adverse effect on our business, results of operations, cash flows or financial position and our ability to achieve our Vision. Furthermore, our** ability to effectively respond to new and evolving adult tobacco consumer purchase behavior catalyzed by challenging macroeconomic conditions and changes in adult tobacco consumer preferences depends on our ability to promote brand equity successfully among our premium and discount brands and broaden our product portfolios across price- points and categories, including by bringing to market new and innovative tobacco products that appeal to adult tobacco consumers. Our failure to do so or our failure to anticipate changing adult tobacco consumer preferences, improve productivity or protect or enhance margins through cost savings and price increases, could have a material adverse effect on our business, results of operations, cash flows or financial position. We face significant competition, and our failure to compete effectively could have a material adverse effect on our business, results of operations, cash flows or financial position and our ability to achieve our Vision. Our operating companies operate in highly competitive environments. Significant competition exists with respect to product quality, taste, price, product innovation, marketing, packaging, distribution and promotional activities. Because many of our operating companies’ products are market leaders, we are subject to antitrust risk. In addition, as adult tobacco consumer preferences evolve, consumers are increasingly moving across tobacco categories. Our operating companies’ failure to compete effectively in these environments could negatively impact **their** profitability, market share ~~(including as a result of down- trading to lower- priced competitive brands)~~ and shipment volume ~~, which could have a material adverse effect on our business, results of operations, cash flows or financial position and our ability to achieve our Vision.~~ The growth of innovative tobacco products, including **legal and illicit** e- vapor products and oral nicotine pouches, has contributed to reductions in the consumption levels and industry sales volumes of cigarettes and other tobacco products, including MST **products. These reductions have negatively impacted our business**. Furthermore, the ~~sale- proliferation~~ **of** ~~illegal- illicit~~ flavored disposable e- vapor products has negatively impacted the growth of ~~other~~ **pod- based** e- vapor products **, including NJOY**. If we are unable to compete

effectively in innovative tobacco product categories, including through internal product development, on! oral nicotine pouch products, NJOY e- vapor products, our participation in Horizon, other potential future partnerships with Japan Tobacco and potential future relationships and investments, such inability could have a material adverse impact on our business, results of operations, cash flows or financial position and our ability to achieve our Vision. **The competitive environments in which our operating companies compete and our operating companies' competitive positions can be significantly influenced by the price differentials between premium and discount brands.** PM USA also faces competition from lower- priced brands sold by certain United States and foreign manufacturers that have cost advantages because they are not parties to settlements of certain healthcare cost recovery litigation in the United States and, as such, are not required to make annual settlement payments as required by the parties to the settlements. These settlement payments, which are inflation- adjusted, are significant for PM USA and have contributed to substantial cigarette price increases to help cover their cost. Manufacturers not party to the settlements are subject to state escrow legislation requiring escrow deposits. Such manufacturers may avoid these escrow obligations by concentrating on certain states where escrow deposits are not required or are required on fewer than all such manufacturers' cigarettes sold in such states. Additional competition has resulted from diversion into the United States market of cigarettes intended for sale outside the United States, diversion of tobacco products intended for sale in one taxing jurisdiction within the United States into another taxing jurisdiction, the sale of counterfeit cigarettes by third parties, the sale of cigarettes by third parties over the Internet and by other means designed to avoid collection of applicable taxes and imports of foreign lower- priced brands. Competition may also result from tax advantages available to companies with significant imports and exports of finished goods. **The market shares of our operating companies' products also have been negatively impacted by increases in competitive discount product share for cigarettes and MST products, as price sensitive adult tobacco consumers react to their economic conditions.** Our failure to compete with lower- priced cigarette brands and counter the impacts of illicit trade in tobacco products could have a material adverse effect on our business, results of operations, cash flows or financial position. **could have a material adverse effect on our business, results of operations, cash flows or financial position.** We may be unsuccessful in commercializing innovative products, including tobacco products with reduced health risks relative to certain other tobacco products and that appeal to adult tobacco consumers, which may have a material adverse effect on our business, results of operations, cash flows or financial position and our ability to achieve our Vision. We have growth strategies involving innovative products that may have reduced health risks relative to certain other tobacco products, while continuing to offer adult tobacco consumers (within and outside the United States) products that meet their taste expectations and evolving preferences. These strategies include **products in the e- vapor, heated tobacco and oral nicotine pouch products spaces.** For example, we have plans to **increase the distribution of commercialize next generation on! and NJOY products once regulatory, enhance NJOY ACE' s brand equity, increase the brand' s awareness and appeal and receive FDA** **authorizations are received on certain NJOY products.** If the outcome of any legal proceedings or investigations involving NJOY prevent us from, or we are otherwise **not unsuccessful -- successful** in executing these strategies, there could be a material negative impact on our business and our ability to achieve our Vision. For example, in January 2025, in a patent lawsuit adjudicated before the U.S. International Trade Commission ("ITC"), the ITC imposed bans on the importation of NJOY ACE into the United States and the sale and marketing of NJOY ACE products previously imported into the United States. The ITC' s decision to impose these restrictions is currently under a 60- day review by the Office of the U.S. Trade Representative, which could approve or reject the ITC' s decision. If the Office of the U.S. Trade Representative does not reject the ITC' s decision, the restrictions will take effect on March 31, 2025 or earlier if the Trade Representative notifies the ITC of approval before the 60 days elapse. The success of Horizon, our joint venture with JTIUH for the marketing and commercialization of HTS products in the United States, in generating new revenue streams by commercializing current and future HTS products owned by us or Japan Tobacco is dependent upon a number of factors. These factors include (i) receipt of regulatory authorizations, (ii) prevailing economic, market, regulatory or business conditions, or changes in such conditions, negatively affecting the parties or their plans for future collaboration and partnerships, (iii) changes in market or other conditions resulting in unanticipated delays in the design and development of future products or the commencement of test launches, (iv) the outcome of any legal proceedings or investigations that may be instituted against the parties or others related to the joint venture, (v) changes in the preferences of U. S. adult tobacco consumers, (vi) **the failure to meet commercialization milestones and (vii) the ability of the parties to enter into future partnerships on terms acceptable to both parties and in the expected manner or timeframe, if at all. Such factors could have a negative effect on our ability to generate new revenue streams and enter new geographic markets. If we do not succeed in commercializing innovative tobacco products that appeal to adult tobacco consumers or we fail to obtain or maintain regulatory authorization for the marketing or sale of these products, including with claims of reduced health risks, we could be at a competitive disadvantage, which** in the e- vapor category, **illegal illicit** flavored disposable product usage has **significantly** increased, and such products **now** comprise **the majority** a significant portion of the e- vapor category, which has. **The impacts of this dynamic include declines in pod- based e- vapor product volume and** increased the rate of cross- category movement among adult cigarette smokers **and that has** contributed to higher than expected domestic cigarette industry volume **declines . Recent enforcement actions by regulatory agencies have not had a material impact in curbing the proliferation and sale of illicit disposable e- vapor products. This dynamic has made the operating environment challenging for our businesses .** We have increased engagement with the FDA and other government agencies **and to encourage enforcement action against these illicit products, but such enforcement has been inadequate to date. We also have** taken legal action to protect our lawful e- vapor business, which **expose-exposes** us to additional costs and expenses. Our failure to counter the impacts of **illegal illicit** flavored disposable e- vapor products and the FDA' s failure to take **meaningful** enforcement actions against manufacturers and products that violate the law **could have a material adverse effect on.....** be at a competitive disadvantage, which could have a material adverse effect on our business, results of operations, cash flows or financial position and our ability to achieve our Vision. Failure to complete or manage strategic transactions, including

acquisitions, dispositions, joint ventures and investments in third parties, or realize the anticipated benefits of such transactions, could have a material adverse effect on our business, financial position and our ability to achieve our Vision. We regularly evaluate potential strategic transactions, including acquisitions, dispositions, joint ventures and investments in third parties. Opportunities for strategic transactions may be limited, and the success of any such transaction is dependent upon our ability to complete and realize the expected benefits of the transaction in the expected time frame or at all. Following the completion of a transaction there may be certain financial, managerial, staffing and talent and operational risks, including diversion of management's attention from existing core businesses, difficulties integrating other businesses into existing operations and other challenges presented by a transaction that does not achieve anticipated sales levels and profitability. We may not be able to enter into attractive business relationships or execute and complete strategic transactions on favorable terms or at all, and any such relationships or transactions may not improve our competitive position or have the intended financial outcomes. For example, our former investment in JUUL did not result in and, to date, our investment in Cronos has not, resulted in the economic and competitive advantages expected at the time the investments were made. We may not be able to realize the expected benefits of the NJOY Transaction in the expected manner or timeframe, if at all, including due to failure to receive or maintain regulatory authorizations, changes in adult tobacco consumer preferences, failure to comply with regulatory requirements, prevailing economic, market, regulatory or business conditions, or changes in such conditions ~~;~~ negatively affecting our business and our plans with respect to the e- vapor category, the outcome of any **current or future** legal proceeding or investigation ~~that may be instituted against the parties or others~~ related to the NJOY Transaction or NJOY or its products and the occurrence of any event requiring us to write down the value of NJOY's **goodwill or** intangible assets, **or both including trademarks and goodwill**, due to impairment **. For example, in January 2025, in a patent lawsuit adjudicated before the ITC, the ITC imposed a ban on the importation of NJOY ACE into the United States and the sale and marketing of NJOY ACE products previously imported into the United States. If the ban on the importation into the United States and the sale and marketing of NJOY ACE becomes effective, it could have a material adverse effect on our ability to realize the anticipated benefits of the NJOY Transaction**. If the NJOY Transaction or any other acquisition, disposition, joint venture, investment in a third party or other strategic relationship is not successful, there could be a material negative impact on our business, financial position and results of operations and our ability to achieve our Vision. Significant changes in price, availability or quality of tobacco, other raw materials or component parts could have a material adverse effect on our profitability and business. Shifts in crops (such as those driven by macroeconomic conditions and adverse weather patterns), government restrictions and mandated prices, production control programs, economic trade sanctions, import duties and tariffs, international trade disruptions, **labor disruptions**, inflation, geopolitical instability, climate and environmental changes and disruptions due to man- made or natural disasters may increase the cost or reduce the supply or quality of tobacco ~~;~~ **and** other raw materials, ingredients ~~or and~~ component parts used to manufacture our products. Any significant change in such factors could restrict our ability to continue manufacturing and marketing existing products or impact adult tobacco consumer product acceptability and have a material adverse effect on our business and profitability. For varieties of tobacco only available in limited geographies, government- mandated prices and production control programs, political instability or government prohibitions on the import or export of tobacco in certain countries pose additional risks to price, availability and quality. ~~As in addition, as~~ consumer demand increases for innovative smoke- free products and decreases for combustible and MST products, the volume of tobacco leaf required for production of these products has decreased, resulting in reduced tobacco leaf demand. Reduced demand **for tobacco leaf** may result in the reduced supply and availability of domestic tobacco **and increased costs**, as growers divert resources to other crops or cease farming. **Macroeconomic factors, such as tariffs, may exacerbate reductions in demand for tobacco leaf by increasing the cost of purchasing tobacco leaf from a supplier in another country**. The unavailability or unacceptability of any one or more particular varieties of tobacco leaf or the unavailability of nicotine extract necessary to manufacture our operating companies' products could ~~restrict~~ **negatively impact** our ability to continue marketing existing products or impact adult tobacco consumer product acceptability, which could have a material adverse effect on our business and profitability. In addition, the nicotine used in our operating companies' innovative smoke-free products is extracted from tobacco produced in one country. If we are unable to identify alternate sources of nicotine for our operating companies' innovative products, we could be exposed to the risks discussed above. Current **geopolitical and** macroeconomic conditions ~~and geopolitical instability~~ (including **tariffs**, inflation, high interest rates, labor shortages, supply and demand imbalances ~~;~~ **geopolitical instability** and international armed conflicts) are causing worldwide disruptions and delays to supply chains and commercial markets, which limit access to, and increase the cost of, raw materials, ingredients and component parts (for example, ~~tobacco leaf and resins~~ **wood tips used in our cigar products** and aluminum used in our packaging) **. As consumer demand increases for innovative smoke- free products and decreases for combustible and MST products, the volume of raw materials, ingredients and component parts required for the production of these products has decreased. Reduced demand for raw materials, ingredients and component parts may reduce supply and availability and increase the cost of raw materials, ingredients and component parts as suppliers divert resources to other products or cease producing these products**. Furthermore, challenging economic conditions can create the risk that our suppliers, distributors, logistics providers or other third- party partners suffer financial or operational difficulties, which may impact their ability to provide us with or distribute finished product, raw materials and component parts and services in a timely manner or at all **. If we are unable to identify alternate sources of raw materials, ingredients and component parts for our operating companies' products, we could be exposed to supply risk**. In addition, government taxes, restrictions and prohibitions on the sale and use of certain products may limit access to, and increase the costs of, raw materials and component parts and, potentially, impede our ability to sell certain of our products. For example, certain states have passed extended producer responsibility legislation concerning packaging. Because certain of our products' packaging consists of single- use plastics, single- use plastic bans and extended producer responsibility mandates could result in bans on some of our product packaging or

our products and adversely impact our costs and revenues. Additional taxes and limitations on the use of certain single-use plastics have been proposed by the U. S. Congress and various state and local governments. These existing and potential future laws and regulations could increase the costs of, and impair our ability to, source certain materials used in the packaging for our products. If we are unable to compensate for supply shortages or elevated commodity and other costs through sustained price increases, cost efficiencies, such as in manufacturing and distribution, or otherwise manage the exposure through sourcing strategies, the limited use of commodity hedging contracts or through other initiatives, our business, results of operations, cash flows and financial condition could be materially adversely impacted. Our operating companies rely on a few significant facilities and a small number of key suppliers, distributors and distribution chain service providers, and an extended disruption at a facility or in service by a supplier, distributor or distribution chain service provider could have a material adverse effect on our business, results of operations, cash flows or financial position. Our operating companies face risks inherent in reliance on a few significant manufacturing facilities and a small number of key suppliers, distributors and distribution chain service providers. A natural or man-made disaster, cybersecurity incident, global pandemic, **labor disruption** or other disruption that affects the manufacturing operations of any of our operating companies, the operations of any key supplier, distributor or distribution chain service provider of any of our operating companies or any other disruption in the supply or distribution of goods or services (including a key supplier's inability to comply with government regulations, lack of available workers or unwillingness to supply goods or services to a tobacco company) could adversely impact operations. Operations of our operating companies, suppliers, distributors and distribution chain service providers could be suspended temporarily once or multiple times, or halted permanently, depending on various factors. An extended disruption in operations experienced by one or more of our operating companies or in the supply or distribution of goods or services by one or more key suppliers, distributors or distribution chain service providers, could have a material adverse effect on our business, results of operations, cash flows or financial position. We may be required to write down **goodwill and** intangible assets, including trademarks and **goodwill intellectual property**, due to impairment, which could have a material adverse effect on our results of operations or financial position. We periodically calculate the fair value of our reporting units and intangible assets to test for impairment. This calculation may be affected by several factors, including general macroeconomic conditions, **the proliferation of illicit products**, government actions, including FDA regulatory actions and inaction, changes in category growth (decline) rates as a result of changing adult tobacco consumer preferences, success of planned new product expansions, competitive activity, unfavorable outcomes with respect to litigation proceedings, including actions brought against us alleging patent infringement, and income and excise taxes. Certain events also can trigger an immediate review of intangible assets. **For example, we recorded an impairment on the value of the Skoal trademark in the second quarter of 2024. The impairment was the result of the decrease in the fair value of the Skoal trademark caused by decreases in the size of the MST products category, which were due, in part, to the growth of nicotine pouch volumes. We continue to monitor several factors that impact the fair value of the Skoal trademark. For example, if Skoal's actual revenue and income or long-term outlook are significantly different from forecasted performance used to estimate the fair value or if the discount rate used to estimate the fair value increases, we could have an additional non-cash impairment on the carrying value of the Skoal trademark in future periods. We monitor several factors that could impact the carrying value of our e-vapor reporting unit's goodwill and related definite-lived intangible assets. Increasing sales of illicit flavored disposable e-vapor products and the lack of meaningful enforcement against these products have negatively impacted the volume growth of NJOY's pod-based e-vapor products. Additionally, in January 2025, in a patent lawsuit adjudicated before the ITC, the ITC imposed bans on the importation of NJOY ACE into the United States and the sale and marketing of NJOY ACE products previously imported into the United States. If the bans on the importation into the United States and the sale and marketing of NJOY ACE become effective or continued illicit e-vapor product sales or other factors result in a significantly unfavorable long-term outlook for NJOY's volume growth rates versus our projections used to estimate the fair value, either development could result in a non-cash impairment of our e-vapor reporting unit's goodwill or related definite-lived intangible assets, or both, in future periods. If any impairment is determined to exist, we will incur impairment losses charges**, which could have a material adverse effect on our **results of operations or financial position. Our Optimize & Accelerate initiative may expose us to increased risks relating to business continuity and our internal control over financial reporting and audit procedures, among others, which could have a material adverse impact on our business, cash flows, financial position or results of operations. In October 2024, we announced the multi-phase Initiative, through which we plan to increase our organization's speed, efficiency and effectiveness by centralizing work, outsourcing certain transactional tasks and streamlining, automating and standardizing processes. The Initiative presents a number of risks that could adversely impact our business, such as risks relating to operational continuity, talent management and internal control over financial reporting and audit procedures. For example, we may experience a loss of continuity, loss of accumulated knowledge and inefficiency during transitional periods. Furthermore, many of the tasks that will be outsourced will be performed in developing countries that may be at a heightened risk for geopolitical uncertainty, which could result in service interruptions. The expected savings associated with the Initiative may be offset to some extent by business disruption during the implementation phase as well as investments in new processes and systems until such time as the Initiative is fully implemented. The accelerated frequency and scale of new technology and systems deployment to support the Initiative may increase risks to our internal control framework, protection of sensitive data and regulatory compliance. Additionally, the Initiative may lead to a loss of control and oversight of outsourced functions, which could weaken our existing internal control over financial reporting and present audit challenges. If the vendors to whom we outsource certain tasks do not adhere to our financial controls and compliance processes and procedures, we could be at an increased risk for fraud and financial misstatements. If actual results of the Initiative differ from our expectations with respect to the continuity and reliability of outsourced tasks,**

**maintenance of internal control over financial reporting and audit procedures, we may experience an adverse impact on our business,** results of operations or financial position. We could decide, or be required to, recall products, which could have a material adverse effect on our business, reputation, results of operations, cash flows or financial position. We could decide, or laws or regulations could require us, to recall products due to the failure to meet quality standards or specifications, suspected or confirmed and deliberate or unintentional product contamination, or other product adulteration, misbranding or tampering. A product recall or a product liability or other claim (even if unsuccessful or without merit) could have negative economic consequences and also generate negative publicity about us and our products. In addition, if another company recalls or experiences negative publicity related to a product in a category in which we compete, adult tobacco consumers might reduce their overall consumption of products in the category. Any of these events could have a material adverse effect on our business, reputation, results of operations, cash flows or financial position. We face various risks related to health epidemics and pandemics, and such events, and the measures that international, federal, state and local governments, agencies, law enforcement and health authorities implement to address them, could have a material adverse effect on our business, results of operations, cash flows or financial position. An epidemic, pandemic or other significant public health emergency, and the measures taken by governmental authorities to address it, could significantly disrupt our ability to operate our businesses in the ordinary course. Furthermore, any associated economic consequences could have a material adverse effect on our business, results of operations, cash flows or financial position. If any public health emergency were to occur in the future, we could experience negative impacts. In addition, the specific characteristics of any future public health emergency and associated governmental responses could result in other negative impacts that we cannot foresee. Accordingly, any future emergence or resurgence of an epidemic, pandemic or other public health emergency could have a material adverse effect on our business, results of operations, cash flows or financial position. We may be unable to attract and retain a highly skilled ~~and diverse~~ workforce due to the decreasing social acceptance of tobacco usage, tobacco control actions and other factors, which could have a material adverse effect on our business and our ability to achieve our Vision. Our ability to implement our strategy of attracting and retaining a highly skilled ~~and diverse~~ workforce may be impaired by the decreasing social acceptance of tobacco usage, tobacco regulation and control actions and other factors. ~~We The tobacco industry competes~~ **compete** for talent with the consumer products industry and other companies that may enjoy greater societal acceptance and fewer long- term challenges. As a result, we may be unable to attract and retain highly **qualified skilled and diverse** talent . ~~In addition, which our ability to retain a highly skilled and diverse workforce may be adversely affected by competition for highly skilled and diverse workers. Failure to attract and retain highly skilled and diverse talent~~ could have a material adverse effect on our business and our ability to achieve our Vision. Litigation, Legislative and Regulatory Risks Unfavorable outcomes with respect to litigation proceedings or any governmental investigations could materially adversely affect our results of operations, cash flows or financial position and our ability to achieve our Vision. Legal proceedings covering a wide range of matters are pending or threatened in various U. S. and foreign jurisdictions against us and our subsidiaries, including PM USA, as well as our and their respective indemnitees and indemnitors. Various types of claims may be raised in these proceedings, including product liability, unfair trade practices, antitrust, tax, contraband- related claims, patent infringement, employment **matters, environmental** matters, claims alleging violations of the Racketeer Influenced and Corrupt Organizations Act (“ RICO ”), claims for contribution and claims of competitors, shareholders and distributors. Legislative action, such as changes to tort law, also may expand the types of claims and remedies available to plaintiffs. Competitors and other third parties have brought and may in the future bring action against us, our subsidiaries and / or our suppliers alleging patent infringement. Such claims, regardless of merit, expose us to significant litigation costs and damages, importation bans with respect to products and product components manufactured abroad, divert management’ s attention and compromise our operating companies’ abilities to commercialize and improve their products. This risk is especially pertinent to smoke- free products where technology continues advancing rapidly, resulting in a high volume of patents in relevant technology spaces. In a patent lawsuit adjudicated before the **U. S. International Trade Commission (“ ITC ”)** , the ITC banned the importation of IQOS devices, Marlboro HeatSticks and component parts into the United States and the sale and marketing of any such products previously imported into the United States. As a result of the ITC’ s decision, PM USA removed the IQOS devices, Marlboro HeatSticks and any infringing components from the marketplace . **We assigned the U. S. commercialization rights to the IQOS System to PMI in April 2024 .** In a separate patent lawsuit brought by JUUL , ~~currently pending before the ITC , the ITC could impose imposed~~ similar restrictions on NJOY ACE. ~~Any If the~~ ban on the importation ~~or into the United States and the sale~~ **and marketing** of NJOY ACE **becomes effective, it** could have a ~~negative impact~~ **material adverse effect** on our business, our valuation of NJOY’ s assets and our plans with respect to the e- vapor category. In certain litigation, we and our subsidiaries may face potentially significant non- monetary remedies in addition to importation bans that could have a material adverse effect on our businesses. For example, in the Federal Government’ s lawsuit alleging that certain defendants, including Altria and PM USA, violated RICO and engaged in certain “ sub- schemes ” to defraud, the district court did not impose monetary penalties but ordered significant non- monetary remedies, including the issuance of “ corrective statements. ” Litigation is subject to significant uncertainty, and there could be adverse developments in pending or future cases. An unfavorable outcome or settlement of pending tobacco- related or other litigation could encourage the commencement of additional litigation. Damages claimed in some tobacco- related or other litigation are significant and, in certain cases, have ranged in the billions of dollars. The variability in pleadings in multiple jurisdictions and the actual experience of management in litigating claims demonstrate that the monetary relief that may be specified in a lawsuit bears little relevance to the ultimate outcome. **We have extensive experience litigating tobacco- related cases in a number of jurisdictions, with the vast majority of these cases having been filed in Florida. However, in recent years, we have seen an increase in the number of these cases filed against PM USA in jurisdictions outside of Florida. Managing complex litigation in multiple jurisdictions at an accelerated rate compounds the significant uncertainty as to the likelihood of adverse developments in pending or future cases.** In certain cases, plaintiffs claim that defendants’ liability is joint and

several. In such cases, we may face the risk that one or more co-defendants decline or otherwise fail to participate in the bonding required for an appeal or to pay their proportionate or jury-allocated share of a judgment. As a result, we may have to pay more than our proportionate share of any bonding- or judgment- related amounts under certain circumstances. Furthermore, in cases where plaintiffs are successful, we also may be required to pay interest and attorneys' fees. Although we historically have been able to obtain required bonds or relief from bonding requirements in order to prevent plaintiffs from seeking to collect judgments while adverse verdicts have been appealed, there remains a risk that such relief may not be obtainable in all cases. This risk has been substantially reduced given that 47 states and Puerto Rico now limit the dollar amount of bonds or require no bond at all. However, tobacco litigation plaintiffs have challenged the constitutionality of Florida's bond cap statute in several cases and plaintiffs may challenge state bond cap statutes in other jurisdictions as well. Such challenges may include the applicability of state bond caps in federal court. Although we cannot predict the outcome of such challenges, it is possible that our business, results of operations, cash flows or financial position could be materially adversely affected in a particular fiscal quarter or fiscal year by an unfavorable outcome of one or more such challenges. Each of Altria and our subsidiaries named as a defendant in pending litigation believes, and each has been so advised by counsel handling the respective cases, that it has valid defenses to the litigation pending against it, as well as valid bases for appeal of adverse verdicts. We have defended, and will continue to defend, vigorously against litigation challenges. However, we may enter into settlement discussions in particular cases if we believe it is in our best interests to do so. We cannot predict the outcome of any litigation proceedings or governmental investigations, and unfavorable outcomes in any such proceedings or investigations could materially adversely affect our results of operations, cash flows or financial position. Significant federal, state and local governmental actions, including FDA regulatory actions and inaction, and various private sector actions may continue to have a material adverse impact on our operating companies' sales volumes and our business. We face significant governmental and private sector actions, including efforts aimed at reducing the incidence of tobacco use and seeking to hold us responsible for the adverse health effects associated with both smoking and exposure to environmental tobacco smoke. These actions, combined with the diminishing social acceptance of smoking, have resulted in reduced cigarette industry volume, and we expect that these factors will continue to reduce cigarette consumption levels, which could have a material adverse effect on our business, results of operations, cash flows or financial position. We cannot predict whether regulators, including the FDA, will permit the marketing or sale of any particular innovative products (including products with claims of reduced risk to adult tobacco consumers) or whether they will impose a burdensome regulatory framework on such products. In addition, the FDA could, for a variety of reasons, determine that innovative products on the market but pending FDA review of the associated PMTA (such as on! oral nicotine pouches), or those that have previously received authorization, ~~including with a claim of reduced exposure,~~ are not appropriate for the public health, and the FDA could require such products be taken off the market. We also cannot predict whether or to what extent the FDA will take enforcement actions against manufacturers and products that violate the law. The actions and inaction of regulators, including the FDA, can result in competitive challenges. For example, unpredictable ~~and lengthy~~ regulatory review periods complicate efforts to strategize and plan with respect to commercialization of ~~a new product~~ **products** ~~once its PMTA is authorized,~~ and we cannot predict or influence the speed with which the FDA reviews PMTAs. A protracted FDA review of ~~a one of our operating companies' PMTA~~ **PMTAs** with respect to our product would allow competitive products already on the market to establish market share, brand recognition and adult tobacco consumer loyalty in the absence of competition from our product. Additionally, we cannot control the order in which the FDA reviews PMTAs. The FDA could review a PMTA for a competitor's product before it reviews a PMTA submitted by one of our operating companies with respect to a competing product notwithstanding that our operating company submitted its PMTA first. Scenarios such as these would put us at a competitive disadvantage, which could have a material adverse impact on our business, profitability and our ability to achieve our Vision. In addition to the outcomes discussed above, actions and inaction by the FDA and other federal, state or local governments or agencies can (i) impact the adult tobacco consumer acceptability of or access to tobacco products (for example, through nicotine or constituent limits or menthol or other flavor bans), (ii) limit adult tobacco consumer choices, (iii) restrict communications to adult tobacco consumers, (iv) restrict the ability to differentiate tobacco products, (v) impose additional manufacturing, labeling or ~~packing~~ **packaging** requirements, (vi) interrupt manufacturing or otherwise significantly increase the cost of doing business, (vii) result in increased illicit trade in tobacco products, (viii) restrict or prevent the use of specified tobacco products in certain locations or the sale of tobacco products by certain retail establishments, (ix) require the recall of tobacco products due to a determination relating to product contamination or (x) otherwise require the removal of tobacco products from the marketplace (for example, due to a determination that one or more tobacco products fail to satisfy the statutory requirements for substantial equivalence, must proceed through the pre-market review process or must be removed from the marketplace for the protection of public health). Any federal, state or local governmental action, including regulatory actions and inaction by the FDA, may have a material adverse impact on our business, results of operations, cash flows or financial position. Such action and inaction also could negatively impact adult smokers' transition to these products, which could materially adversely affect our ability to achieve our Vision. Tobacco products are subject to substantial taxation, and any increases in tobacco product-related taxes could have a material adverse impact on sales of our operating companies' products. Tobacco products are subject to substantial taxation, including excise taxes. Significant increases in taxes or fees on tobacco products (including traditional products as well as e-vapor and oral nicotine products) have been proposed or enacted and are likely to continue to be proposed or enacted within the United States at the federal, state and local levels. The frequency and magnitude of excise tax increases can be influenced by various factors, including federal and state budgets and the composition of executive and legislative bodies. Tax increases are expected to continue to have an adverse impact on sales of our operating companies' tobacco products through lower consumption levels and the potential shift in adult tobacco consumer purchases from the premium to the non-premium or discount segments, to other low-priced or low-taxed tobacco products or to counterfeit and contraband products. Such shifts may also have an

adverse impact on the reported share performance of our tobacco products. Any increases in tobacco-related taxes or fees could have a material adverse impact on our business, results of operations, cash flows or financial position. In addition, substantial excise tax increases on e-vapor and oral nicotine products could negatively impact adult smokers' transition to these products, which could materially adversely affect our ability to achieve our Vision. International business operations subject us to various U. S. and foreign laws and regulations, and violations of such laws or regulations could result in reputational harm, legal challenges and significant penalties and other costs. While we are primarily engaged in business activities in the United States, we engage (directly or indirectly) in certain international business activities that are subject to various U. S. and foreign laws and regulations, such as foreign privacy laws, the U. S. Foreign Corrupt Practices Act and other laws prohibiting bribery and corruption. Although we have a Code of Conduct for Compliance and Integrity and a compliance system designed to prevent and detect violations of applicable law, no system can provide assurance that it will always protect against improper actions by employees, joint venture partners, investees or third parties. Violations of these laws, or allegations of such violations could result in reputational harm, legal challenges and significant penalties and other costs. A challenge to our tax positions, an increase in the income tax rate or other changes to federal or state tax laws could materially adversely affect our earnings or cash flows. Tax laws and regulations are complex and subject to varying interpretations. A successful challenge to one or more of our tax positions (which could give rise to additional liabilities, including interest and potential penalties), an increase in the corporate income tax rate or other changes to federal or state tax laws, including changes to how foreign investments are taxed, could materially adversely affect our earnings or cash flows. Legal and regulatory requirements related to climate change and other environmental sustainability matters could have a material adverse impact on our business and results of operations. The increased concern over climate change and other sustainability matters is likely to result in new or additional legal and regulatory requirements intended to reduce or mitigate environmental issues. **Furthermore, as our operating companies do business in new international markets and expand their product portfolios, we may become subject to new legal and regulatory requirements related to climate change and other environmental and corporate sustainability matters. New or additional requirements** may relate to, among other things, greenhouse gas emissions, alternative energy policy, single-use plastics and additional disclosure obligations with respect to climate change and environmental sustainability matters. **These** additional **laws and regulation regulations** could materially adversely affect our business, results of operations, cash flows and financial condition by increasing our compliance and manufacturing costs and **negatively impacting our creating legal and reputation-reputational risk** if we are unable to, or are perceived not to, satisfy such requirements. Capital Markets and Financing Risks Disruption and uncertainty in the credit and capital markets could materially adversely affect our business. Access to the credit and capital markets is important for us to satisfy our liquidity and financing needs. We typically access the commercial paper market in the second quarter to help fund payments under the Master Settlement Agreement (the "MSA"), tax obligations and shareholder dividends. Disruption and uncertainty in the credit or capital markets or high interest rates could negatively impact the availability or cost of capital and adversely affect our liquidity, cash flow, earnings and dividend rate. In addition, tighter credit markets could lead to business disruptions for our suppliers and service providers, which could, in turn, materially adversely impact our business, results of operations, cash flows and financial condition. A downgrade or potential downgrade of our credit ratings could adversely impact our borrowing costs and access to credit and capital markets, which could materially adversely affect our financial condition. Rating agencies routinely evaluate us, and their ratings are based on a number of factors, including our cash generating capability, levels of indebtedness, policies with respect to shareholder distributions, the impact of strategic transactions and our financial strength generally, as well as factors beyond our control, such as the state of the economy and our industry. Any downgrade or announcement that we are under review for a potential downgrade of our credit ratings, as occurred following our former investment in JUUL, especially any downgrade to below investment grade, could increase our future borrowing costs, impair our ability to access the credit and capital markets, including the commercial paper market, on terms commercially acceptable to us or at all or result in a reduction in our liquidity, requiring us to rely on more expensive types of financing. Any such outcome could have a material adverse impact on our financial condition. **We Our performance relating to corporate responsibility matters and investor and stakeholder responses thereto** may be unable **impact our reputation, ability to attract investors and the market value** due to increasing investor expectations of our **stock performance relating to corporate responsibility factors**. There has been a heightened focus from investors and other stakeholders on corporate responsibility, including with respect to environmental, social and governance matters. In response, there has been an increase in third-party providers of assessments and ratings to satisfy investor demand for measurement of corporate responsibility performance, and the criteria by which these third parties measure such performance may vary or change over time. **Furthermore we have published reports concerning our goals, approach and progress with respect to a range of corporate responsibility focus areas.** Investors may use these non-financial performance factors **and reports** to guide investment strategies **and, in some cases and investor and other stakeholder expectations of and responses to our policies, actions, goals and disclosures concerning corporate responsibility matters may evolve over time. Investors** may choose not to invest in us if their policies prevent them from investing in tobacco companies **or if they believe and may base investment and other decisions on their view of** our policies, actions, **goals** or disclosures **on with respect to** corporate responsibility **matters** issues are inadequate. There is also increased focus, including by governmental and non-governmental organizations, investors, trade customers, consumers, our employees and **other others stakeholders**, on sustainability **environmental, social and governance** matters. Despite our efforts, any failure to achieve our corporate responsibility goals, including those aimed at reducing the harm associated with our companies' products and our underage tobacco prevention goals, could result in adverse publicity. **Furthermore, if investors or other stakeholders view our corporate responsibility policies, actions, goals or disclosures as insufficient or otherwise unacceptable, we could incur negative publicity and litigation challenges. These outcomes could** materially adversely affect our **business-businesses** and reputation and impair our ability to attract and retain investors, which could have a material negative impact on the market

value of our stock. Information Technology and Data Privacy Risks The failure of our, or our service providers', key suppliers' or trade customers', information systems to function as intended, or cyber- attacks or security breaches, could have a material adverse effect on our business, reputation, results of operations, cash flows or financial position. We rely extensively on information technology, much of which is managed by third- party service providers (such as cloud data service providers), to support a variety of business processes and activities, including: complying with regulatory, legal, financial reporting and tax requirements; engaging in marketing and e- commerce activities; managing and improving the effectiveness of our operations; researching, developing, manufacturing and distributing our products; collecting and storing sensitive data and confidential information; and communicating with employees, investors, suppliers, trade customers, adult tobacco consumers and others. Our suppliers, supply chain service providers and trade customers also rely extensively on information systems. We **are also increasing the frequency and scale of new technology and systems deployment both directly and through third parties.** We continue to make appropriate investments in administrative, technical and physical safeguards to protect our information systems and data from cyber- threats, including human error and malicious acts. Our safeguards include employee training, testing and auditing protocols, backup systems and business continuity plans, maintenance of security policies and procedures, monitoring of networks and systems, and third- party risk management. From time- to- time, we and our service providers, suppliers and trade customers experience attempts to infiltrate and interrupt information systems. To date, **we have not experienced any** interruptions of these information systems as a result of infiltration attempts ~~have not had a material impact on our operations~~. However, because technology is increasingly complex and cyber- attacks are increasingly sophisticated and more frequent, there can be no assurance that such incidents will not **cause interruptions that could** have a material adverse effect on us in the future. For example, the rapid evolution and increased adoption of artificial intelligence technologies may intensify our and our service providers', key suppliers' and trade customers' cybersecurity risks. **Bad actors around the world use increasingly sophisticated methods, including the use of artificial intelligence, to engage in illegal activities involving the theft and misuse of personal information, confidential information and intellectual property. Any of these outcomes could damage our reputation, result in the loss of valuable property and information and adversely impact our business.** Outsourcing certain business functions pursuant to the Initiative may increase our exposure to risks such as **data breaches, which could compromise sensitive information. Implementation of new technology and systems deployment may increase our risk of data security incidents, internal control failures and regulatory noncompliance. Our vendors and third- party partners may incorporate artificial intelligence tools into their offerings with or without disclosing this use to us. The providers of these artificial intelligence tools may not meet existing or rapidly evolving regulatory or industry standards concerning privacy and data protection, which may result in a loss of intellectual property or confidential information or cause harm to our reputation and the public perception of the effectiveness of our security measures.** Failure of our, or our service providers', key suppliers' or trade customers', information systems to function as intended, or cyber- attacks or security breaches, could result in loss of revenue, assets, personal data, intellectual property, trade secrets or other sensitive and confidential data, **financial misstatements,** violation of applicable privacy and data security laws, reputational harm to ~~the~~ **our operating** companies and their brands, operational disruptions, legal challenges and significant remediation and other costs, all of which could have a material adverse effect on our business, **reputation, results of operations, cash flows or financial position**. Our failure, or the failure of our service providers, key suppliers or trade customers, to comply with personal data protection, privacy, artificial intelligence and information security laws could materially adversely affect our business. We and our service providers, key suppliers and trade customers are subject to a variety of continuously evolving and developing laws and regulations in numerous jurisdictions regarding personal data protection, privacy, artificial intelligence and information security. These laws and regulations may be interpreted and applied differently from country to country or, within the United States, from state to state, and can create inconsistent or conflicting requirements. **For example, as our business expands internationally and we outsource certain business functions to vendors in foreign jurisdictions as part of the Initiative, we may incur additional costs associated with compliance with foreign data protection laws and incur additional risk of non- compliance with such laws. Privacy laws and regulations are also expanding in the United States. Comprehensive state privacy laws are either in effect or have been enacted in a number of states, and similar laws are being considered in several other states, as well as at the federal and local levels.** Our efforts, and the efforts of our service providers, key suppliers and trade customers, to comply with ~~these--~~ **the evolving patchwork of differing foreign, federal, state and local** laws and regulations impose significant costs and challenges that are likely to continue to increase over time, particularly as additional jurisdictions adopt similar regulations. Failure to comply with these laws and regulations or to otherwise protect personal data from unauthorized access, use or other processing, could result in litigation, claims, ~~legal or~~ regulatory proceedings, inquiries or investigations, damage to our reputation, fines, penalties and business disruptions, all of which could have a material adverse effect on our business, **reputation, results of operations, cash flows or financial position**. Risks Relating to Our Investments in Equity Securities The expected benefits of our investment in ABI may not materialize in the expected manner or timeframe or at all, which could have a material adverse impact on our financial position or earnings. The expected benefits of our investment in ABI may not materialize in the expected manner or timeframe or at all, including due to foreign currency exchange rates; ABI' s business results; ABI' s share price; impairment losses on the value of our investment; our incurrence of additional tax liabilities related to our investment in ABI; and potential reductions in the number of directors that we can have appointed to the ABI board of directors. We account for our investment in ABI under the equity method of accounting. For purposes of financial reporting, the earnings from and carrying value of our investment in ABI are translated into U. S. dollars ( " USD " ) from various local currencies. In addition, ABI pays dividends in euros, which we convert into USD. During times of a strengthening USD against these currencies, our reported earnings from and carrying value of our investment in ABI will be reduced because these currencies will translate into fewer USD and the dividends that we receive from ABI will convert into fewer USD. Dividends and earnings from and carrying value of our

investment in ABI are also subject to the risks encountered by ABI in its business, its business outlook, cash flow requirements and financial performance, the state of the market and the general economic climate. For example, in 2020, as a result of the uncertainty, volatility and impact of the COVID- 19 pandemic on ABI' s business, ABI reduced by 50 % its final 2019 dividend paid in the second quarter of 2020 and did not pay its interim 2020 dividend that would have been paid in the fourth quarter of 2020, which resulted in a reduction of cash dividends we received from ABI. We assess the value of our investment in ABI as required by United States generally accepted accounting principles (“ GAAP ”). If the carrying value of our investment in ABI exceeds its fair value and ~~any~~ **we determine that the** loss in value is other than temporary, we record appropriate impairment losses. In a prior period, we concluded that the fair value of our investment in ABI declined below the carrying value of our investment in ABI and that this decline in fair value was other than temporary. As a result, we recorded a non- cash, pre- tax impairment charge for that period. It is possible that we may be required to record significant impairment charges in the future and, if we do so, our net ~~income~~ **earnings** and carrying value of our investment in ABI could be materially adversely affected. In the event that our ownership percentage in ABI were to decrease below certain levels, (i) we may be subject to additional tax liabilities, (ii) the number of ~~directors~~ **nominees** that we have the right to ~~have appointed~~ **select for election** to the ABI board of directors could be reduced ~~from two to one or zero~~ and (iii) we may be unable to continue to account for our investment in ABI under the equity method of accounting. Our investment in Cronos subjects us to certain risks associated with Cronos' s business, including legal, regulatory and reputational risks. Our investment in Cronos, a Canadian cannabinoid company, subjects us to various risks relating to Cronos' s business, such as legal, regulatory and reputational risks. Cronos is engaged in the cultivation, manufacture and marketing of cannabis and cannabis- derived products for the medical and adult- use markets in various international jurisdictions. Accordingly, Cronos' s operations are subject to laws, regulations and guidelines promulgated by various governmental authorities. In the United States, these laws include the Controlled Substances Act, the Civil Assets Forfeiture Reform Act (as it relates to violation of the Controlled Substances Act), all related applicable anti- money laundering laws and FDA regulations. A failure by Cronos or Altria to comply with applicable laws, including cannabis laws, could result in criminal, civil or tax liability, negative impacts on the availability and cost of capital and credit or reputational harm for Altria.