

Remarks by Billy Gifford, Altria Group, Inc.'s (Altria) Chief Executive Officer and other members of Altria's leadership team.

2023 Investor Day

March 23, 2023

Remarks by Mac Livingston

Good morning and welcome to Altria's 2023 Investor Day. Thanks to those of you joining us here at the New York Stock Exchange and to those of you on the webcast. I'm Mac Livingston, Altria's Vice President of Investor Relations. Throughout the morning, the Investor Relations team will be around to assist you should any needs arise. I'm going to start by covering a few housekeeping details.

To guide us over the course of the day, we've created a dedicated webpage on altria.com that includes today's meeting materials including the agenda, management bios and slides that will be posted as we progress through the morning. We have also posted reconciliations and further explanations of the non-GAAP financial measures we discuss today and we will post our remarks following today's event.

Our remarks this morning contain certain forward-looking statements and projections of future results. Please review the safe harbor statement in the slides for the various factors that could cause actual results to differ materially from our forward-looking statements and projections.

Additionally, the longer term goals we discuss today assume the successful completion of the pending acquisition of NJOY Holdings, Inc. (NJOY). And finally, all references in today's remarks to consumers refer to existing adult tobacco consumers 21 years of age or older, unless otherwise stated.

In today's presentation, we're going to focus on our pursuit of leadership in the reduced-harm space. You will hear from many leaders in our management team who champion our efforts in *Moving Beyond Smoking*. We believe that by meeting the opportunity to advance tobacco harm reduction, we will both align with societal demands of our business and create substantial shareholder value. So without further delay, I'll turn it over to Billy Gifford, Altria's Chief Executive Officer, for his opening remarks.

Remarks by Billy Gifford

Thanks, Mac, and good morning to all of you in the room and on the webcast. It's my great pleasure to be with you today to discuss our progress and path forward in pursuit of our Vision to responsibly lead the transition of adult smokers to a smoke-free future. As Mac said, you will hear insights from several members of our talented management team who are driven to make our Vision a reality.

Our primary goal is to leave you with greater confidence in our ability to make significant progress in reducing the harm of tobacco use for the approximately 47 million U.S. tobacco consumers. And through

that progress, we believe Altria will advance its remarkable legacy of industry leadership by becoming a more consumer-centric, sustainable, and enduring company.

Over the past two decades, our company has successfully evolved from a global consumer products company to a U.S.-focused, tobacco company – creating significant shareholder value in the process. Today, our evolution continues as we are *Moving Beyond Smoking*.

We are guided by consumers and by the science that strongly supports the significant public health benefit of moving smokers towards a smoke-free future. Of course, the best choice for smokers is to quit. But if they can't or won't quit, we strongly believe that the best choice for them is to move to U.S. Food and Drug Administration (FDA) authorized smoke-free products. In fact, the FDA agrees that there is a continuum of risk among tobacco products. And independent research shows that it's not just a continuum, but a "risk-cliff" that reflects a dramatic reduction in risk for smokers who fully switch to smoke-free alternatives.

Today, we will outline how we're preparing to capture the harm reduction opportunity in the U.S. including:

- a. expanding our understanding of tobacco consumers;
- b. enhancing our innovative, smoke-free product portfolio;
- c. creating the external conditions for tobacco harm reduction to succeed; and
- d. building the commercial engine to responsibly drive transition to smoke-free products.

Of course, even with a marketplace of smoke-free alternatives, we know that many smokers will not switch overnight. It will take time, support and encouragement.

We have learned a great deal about the journey smokers face through our first-hand experience commercializing our moist smokeless tobacco (MST) brands, *on!* and *IQOS*. Over the past few years, we have built valuable infrastructure that provides opportunities to engage with smokers, learn about their purchasing behaviors and support them on their journey.

We believe much of this infrastructure is category agnostic. While much of it was originally funded by our smokeable products segment and used to support *Marlboro*, we believe that a significant portion of it can be used to drive our smoke-free businesses forward. And today we will provide examples of this as we share more about our digital work, trade relationships and manufacturing footprint.

While our smokeable segment has helped fund many of our smoke-free efforts, it's also significantly contributed to the nearly \$23 billion of cash returned to shareholders over the past three years through dividends and share repurchases. Sal will join us towards the end of the morning to discuss our smokeable segment and how we're viewing our balance sheet and capital return programs going forward. Our goal remains to balance investments in our future with returning cash to shareholders as we continue to build a smoke-free future.

We believe the most successful consumer products companies are obsessed with their consumers. Over decades, our teams have studied tobacco consumers - their behaviors, needs and desires and where they aren't being satisfied. For more than half a century, the vast majority of tobacco consumers in the United States found satisfaction in cigarettes, and many of them chose *Marlboro*. In the back half of the 20th century, the *Marlboro* brand became the gold standard in the category and represented a moment of independence and freedom for its smokers. Philip Morris USA built significant brand loyalty that continues with *Marlboro* smokers today. In fact, in 2022, *Marlboro* was larger than the next 11 cigarette brands combined.

Today, tobacco consumers are evolving, and many are increasingly considering a smoke-free nicotine product. We have tried to stay with our consumers as they have evolved - sometimes with success and other times falling short. But it's because of the learnings gained from these shortfalls that we feel we can succeed going forward. Today, our businesses and product portfolio look different.

- a. We now have full control of our path within modern oral, and upon completion of our pending acquisition of NJOY, we will have full global ownership of FDA-authorized products in the e-vapor space.
- b. And we have established new external partnerships that are built on mutual respect, a commitment to harm reduction and the desire to achieve win-win results.

We have also made significant changes within our company that may go unnoticed to external observers.

- a. We have enhanced our product development process, and are now iterating alongside consumers to bring to market products that address their feedback and meet their expectations.
- b. We have made significant investments to enhance our digital capabilities across the entire organization, including in our supply chain and our consumer engagement and trade programs.
- c. And we have established two new organizations that are focused on delivering superior products and experiences to our consumers.

All of these changes are built on what we have learned about helping smokers make better choices than continuing to smoke cigarettes. To achieve our Vision, we know that we must continue to actively participate in the external environment to help influence policy makers embrace harm reduction as the right path forward for tobacco policy and include the opinions of smokers in the discussion. We are working to create the conditions for harm reduction and are focused on four key areas.

First, we continue to encourage the FDA to make more progress for the benefit of the 47 million tobacco consumers. That means authorizing reduced-risk product applications in a reasonable timeframe and exercising appropriate enforcement actions for manufacturers that fail to comply with regulations.

Next, we need to address the widespread misperceptions about the relative risks of tobacco products for smokers seeking less harmful alternatives. We believe tobacco consumers deserve this information and regulators have a duty to provide it.

Third, we need to continue to lead the way on responsibility. That means demonstrating through our actions that we are invested in addressing the issues people care about the most – including underage use.

And lastly, for harm reduction to become a reality, we believe policy makers – including the FDA – have to say “no” to calls for prohibition-based policies that will send us in the wrong direction – like broad-based flavor bans. We all have seen that prohibition does not work in other contexts and that it creates unregulated markets with negative unintended consequences.

While more work needs to be done in these areas, we are optimistic we can get there in time. Change won’t happen overnight, but we will continue to do our part to create the conditions for harm reduction. We plan to stay the course and believe that our actions will benefit tobacco consumers, our businesses, our shareholders and society.

As we execute on our Vision, we also believe that you, our investors, should better understand where we’re going and how we’re holding ourselves accountable. With that in mind, we are introducing our new 2028 Enterprise Goals to more clearly define where we are headed. Our Enterprise Goals include corporate financial metrics, specific U.S. smoke-free volume and revenue targets and our desire to move beyond the U.S. nicotine space. Jody, Sal and Olivier will share more details on each of these Goals in their upcoming remarks. Going forward, we expect these goals to be incorporated into our executive compensation program.

Disruption and corporate evolutions require perseverance and a commitment. I believe we have both and that with our talent, passion for the consumer, belief in harm reduction and evolving capabilities we can deliver for consumers, our investors and society over the long term.

Thanks once again for being here. We have a great day in store for you and I will be with you throughout the morning to guide the meeting and facilitate our Q&A sessions. Our next presenter is our newly appointed Consumer Experience Officer, Shannon Leistra. Prior to her current role, Shannon was the President and CEO of U.S. Smokeless Tobacco Company and she has held various leadership roles in our brand management and sales organizations. Please join me in welcoming Shannon to the podium.

Remarks by Shannon Leistra

Thank you, Billy and good morning, everyone. I am excited to be here today to share our insights on U.S. tobacco consumers. We like to say that we are “consumer-obsessed” and for good reason. Consumers are at the center of our Vision and are key stakeholders in achieving tobacco harm reduction.

Of the 47 million tobacco consumers in the U.S., approximately 28 million are smokers. While all of these consumers use nicotine products, they vary greatly as individuals. We have developed a deep understanding of them as both consumers and people, the role tobacco products play in their lives, and how they choose products and brands across a range of usage occasions. In 2022 alone, we:

- a. conducted consumer research with approximately 50,000 tobacco consumers;
- b. analyzed more than 4.5 billion consumer transactions at retail; and
- c. engaged with consumers approximately 730 million times through our brands.

Combined, this data fuels our digital consumer engagement system and transition marketing efforts. We believe that by blending our consumer understanding and advanced data analytics, we are creating a holistic view of smokers and their individual journeys switching to smoke-free products. Today, I'll share some of our findings that we've refined through decades of research. We have identified:

- a. seven unique clusters of U.S. tobacco consumers;
- b. the distinct moments in which they use tobacco products; and
- c. their barriers and motivators to switching to smoke-free products.

Let's start with the clusters, which group tobacco consumers based on their product choices, personalities and worldviews. We believe these clusters provide important insights into who our consumers are, and how, when and why they engage with tobacco products and might engage with innovative smoke-free products in the future. Let me share a few examples of the differences among clusters. Our research indicates that:

- a. some embrace innovation while others prefer familiar experiences;
- b. some are more individualistic while others are more community minded; and
- c. some use smoke-free products for more than half of their total occasions, while others almost exclusively use cigarettes.

Clusters that predominantly smoke account for about two thirds of the tobacco consumer population. To be clear, these clusters are not stagnant. We have observed growing interest in switching to smoke-free products across all of them. And in some cases, use of smoke-free products is growing as well. This primarily has been driven by male consumers ages 21 to 29 who tend to be more comfortable with change.

In addition to consumer clusters, we have also identified distinct moments for tobacco enjoyment, which we believe provide a deeper understanding of the where, when and why behind tobacco format and brand choices. We broadly group these moments into two categories. In one group are the Detach moments, which include Indulge, Reward and Break. In the other are the Engage moments. These include the Enhance, Hang-out and Multitask occasions.

I will begin with the Detach moments. These are occasions when consumers use their tobacco product to help them disconnect. In Indulge moments, consumers take their time to fully relish the multi-sensorial experience of their product. I compare this to savoring a nice bottle of wine. It starts with the ritual of pouring a glass. Then, swirling it around and appreciating the aroma. And finally, enjoying how it tastes.

Let's move to Reward, which are those moments of "me time" or "micro-vacations" that occur after finishing a difficult task or a long workday. The tobacco product is a treat of sorts. And then there is Break, such as the classic "cigarette break," when consumers are looking to step away from the task at hand to reset before returning to it.

Conversely, there are the Engage moments when consumers want to connect with others and life around them. And, the tobacco product is a part of the occasion as opposed to the focus of it. Tobacco complements other sensorial experiences in Enhance moments, such as enhancing drinks with friends with a *Black and Mild* cigar or enhancing a quiet morning fishing with their favorite *Copenhagen* dip.

Hang-out is the quintessential social moment. During these occasions, product choices are more likely to be shaped by the opinions of those around the consumer, as there is an inherent desire to stay with the group. And then there are Multitasking occasions, when consumers use tobacco while performing an unrelated task. In Multitask, the project is the focus and the tobacco product is simply along for the ride.

There is one usage occasion that is not a Detach or Engage moment and it is one of the most common – the Routine occasion. Consumer engagement with both the tobacco product and the moment itself is low during Routine moments.

Our research indicates that not every moment has the same level of satisfaction and enjoyment for every consumer. Not surprisingly, a routine moment is likely not as enjoyable as a reward moment. A consumer's product requirements can vary depending on the moment and may not be fully met by their current product choice. Consider a smoker in a hang-out moment. He wants to stay with the group and enjoy a cigarette but his ability to do so may be limited if he's indoors. In this instance, a cigarette fails to meet his requirements because it does not deliver on the ability to enjoy anywhere.

Like the consumer clusters, we have observed shifts in the key tobacco moments. For example, the pandemic disrupted consumer routines and multitask moments increased. Consumers were more likely to use their tobacco product at home and while alone, decreasing the number of hang-out occasions and eliminating the product requirement to minimize social friction. We believe that understanding consumers and their tobacco usage occasions is crucial for driving transition to smoke-free products. And, we believe that smoker transition happens across all of these moments.

However, our research indicates that while there is broad interest in completely switching, only six million lifetime smokers have fully switched to smoke-free products. To better understand this gap, we believe it is critical to understand consumers' motives behind their choices, including any barriers or

motivators for switching. While barriers and motivators can vary by consumer cluster and tobacco moment, our research indicates that some barriers are universal, with the most important being nicotine satisfaction. Smokers will reject a smoke-free product if it fails to deliver nicotine satisfaction, regardless of how motivating they find the product benefits. Additionally, smoke-free products must be easy to carry around and deliver an enjoyable sensory experience.

For most smokers, we believe there are still more barriers than motivators to switch. And, most smokers are skeptical that smoke-free products will meet their requirements, likely in part due to prior unsatisfying experiences. For harm reduction to succeed, we believe smoke-free products must address smokers' barriers and deliver relevant benefits that they find compelling.

We continue to believe that no single product will satisfy all tobacco consumers. In fact, we believe that the majority of smokers will use multiple smoke-free products in order to completely transition away from cigarettes. They'll use different platforms to meet the unique requirements they have across each moment.

But we believe transitioning to smoke-free alternatives requires more than just the right product mix. It is a complex and personal behavior change. So I want to go back to what it means to be consumer obsessed. To us, it means going beyond consumer understanding to consumer empathy. As part of our comprehensive research program, we followed smokers on their transition journey to gain further insights into the challenges and emotions they face. And we'd like to share some of their experiences with you.

We believe our consumer obsession is a critical enabler to *Moving Beyond Smoking*. So at a high level, let me show you how it informs our enterprise-wide efforts. Layering the components of our consumer understanding, we have created a framework to identify opportunities for what smokers may want next. We believe this approach unlocks a competitive advantage for us. It increases our consumer relevance by delivering against diverse consumer needs and it drives internal focus and discipline. By putting the consumer at the center of everything we do, we believe we can more effectively and equitably transition smokers to less harmful alternatives.

Now I'm going to turn it over to Jody Begley, our Chief Operating Officer, who will share how our Innovation System activates against this framework and one of its outputs – the promising smoke-free product portfolio we're creating.

Remarks by Jody Begley

Thank you, Shannon and good morning, everyone. We are building a compelling portfolio of smoke-free products to succeed in the future. We have been building our portfolio through acquisitions, strategic partnerships and organic product development. Our organic smoke-free product development is a

multistep process but I am going to simplify it into three phases. In the first phase, we identify unmet consumer needs for their tobacco moments, assess the business opportunity and the best path to compete. In the second phase, we design the product, iterate with the consumer and conduct preliminary regulatory studies. And once the design is finalized, we begin formal regulatory preparations.

As Shannon mentioned, no single product will fit all consumers' needs. But by centering our efforts on the consumer and the science, we believe we are building a promising smoke-free portfolio that delivers enjoyable nicotine satisfaction to a wide range of consumers.

The majority of smokers who are open to innovative tobacco products are looking for an inhalable option. Based on our research, smokers are particularly motivated to switch to an inhalable platform if it is perceived to be less harmful, and if they can use the product while being respectful of others. We believe that the opportunity for innovative, inhalable platforms primarily exists within the Enhance and Indulge moments, which are both highly enjoyable and sensorial occasions.

Let's dive into this portfolio, beginning with the e-vapor category, which remains the most successful category in transitioning U.S. smokers away from cigarettes. Earlier this month, we exited our minority investment in JUUL Labs, Inc. (JUUL) and made an exciting announcement regarding our agreement to acquire NJOY and its portfolio of e-vapor products.

NJOY has received six of the 23 marketing orders granted by the FDA to date for the entire e-vapor category. NJOY's marketing orders include the *ACE* device, three *ACE* tobacco-flavored pods and two tobacco-flavored disposable products. Notably, *NJOY ACE* is currently the only pod-based product with market authorization from the FDA.

Based on our consumer research, product and device performance are important attributes that smokers and vapers consider when selecting an e-vapor product. We believe that *ACE* is well-positioned in this regard compared to competitive products.

ACE has a long-lasting battery life and provides more puffs per pod than either *JUUL* or *Vuse Alto*. Based on our research, smokers and vapers find *ACE* to have an "enjoyable, full bodied and balanced" flavor and a "smooth" inhale that is "easy to pull." They also appreciate its durable design and described it as "comfortable to hold" and "convenient to carry."

In our home usage test, we found that post-trial, smoker and vaper purchase intent for *ACE* was comparable to that of *Vuse Alto*, and better than that of *JUUL*, across both the non-menthol and menthol variants.

NJOY is currently sold in a limited number of stores and consumer awareness of the product is low. We believe we can responsibly accelerate U.S. smoker and competitive vaper adoption of *NJOY* in ways that *NJOY* could not as a standalone company.

Youth usage of NJOY products is limited according to the latest national survey data. Additionally, NJOY is developing access-restriction technology for its devices to further address underage use. This technology uses *Bluetooth* connectivity to authenticate the user before unlocking the device. NJOY is currently preparing pre-market tobacco product applications (PMTAs) with this technology for menthol and two non-tobacco flavored *ACE* products. I'll remind you that the FDA's pre-market review must consider risks and benefits to both tobacco users and nonusers. There is significant evidence that flavors play an important role in helping smokers move to smoke-free products and we believe this access-restriction technology will further limit risk of underage use. After closing, we expect to continue these efforts and complete the filings if they have not already been submitted to the FDA. We are excited to expand competition in the e-vapor category through NJOY and believe that this transaction complements our efforts in the heated tobacco category, which I will now discuss.

Our research indicates that about one third of U.S. smokers interested in innovative, inhalable alternatives would prefer a heated tobacco product. These consumers are looking to reduce the social friction associated with cigarettes, but they also want a satisfying, real tobacco taste. And while the heated tobacco category is undeveloped in the U.S., we believe our compelling product portfolio can lead in this space over time.

Our joint venture with JT Group is an important step in strengthening our heated tobacco product portfolio. It provides us with a committed long-term partner with significant product development expertise for heated tobacco sticks. Our research indicates that some of the smokers looking for an innovative heated tobacco product are hesitant to try something entirely new and can be overwhelmed by too many choices. We believe the *Ploom* system can appeal to this particular audience, as the stick format provides a familiar tactile experience to cigarettes. When paired with the *Marlboro* brand, we expect *Ploom* to be an approachable and familiar heated tobacco proposition for U.S. smokers.

Our teams are working to select the final *Marlboro* heated tobacco stick (HTS) blends for the U.S. market and complete preliminary PMTA research. We're encouraged by the initial results. Machine testing demonstrates that *Ploom* has significantly lower levels of many of the harmful and potentially harmful constituents (HPHCs) that the FDA has identified in cigarettes. Following our rigorous scientific framework, the teams plan to formally begin regulatory preparations later this year and plan to file a PMTA in the first half of 2025 and a modified risk tobacco product (MRTP) application later that year.

Our research also indicates that some smokers are interested in innovative heated tobacco products that bear less physical resemblance to traditional cigarettes. This includes the millions of U.S. smokers who tried, but ultimately rejected, e-vapor products. These consumers are self-conscious about the image of being a smoker. And, they find heated tobacco stick products cumbersome and complex. This is where our new heated tobacco capsule product fits in. This product, which is still in development, aims to address the consumer pain points that may have hindered this audience from transitioning to smoke-

free products in the past. And so, I would like to introduce our capsule product, which is unlike any other in the heated tobacco category.

SWIC is a new type of heated tobacco product that does not have the visual cues of cigarettes. Using our proprietary technology, tobacco-filled capsules are heated to a precise temperature to deliver a satisfying inhale that is similar to a cigarette. And because there is no combustion, there is no ash or lingering odor. Each capsule is single use and lasts for one tobacco occasion. The sleek design fits in the palm of your hand and features a simple and intuitive user experience. Our research suggests that consumers find the product concept appealing and unique. And after trying it, smokers said they found the device simple and easy to use versus heated tobacco stick products.

We believe that *SWIC* holds promise for tobacco harm reduction and we continue to make significant progress toward its development. Our capsule pilot line is operational at our Richmond Manufacturing Center and prototypes are delivering low levels of HPHCs compared to cigarettes.

Our Regulatory Sciences team conducted research on product concepts and marketing materials to evaluate interest in *SWIC*. We found that smokers showed interest in trying and using *SWIC* and this interest was even greater among smokers who viewed the promotional materials. And importantly, intentions to try and use the product among non-tobacco consumers were low and statistically did not change after viewing the materials. We are excited by these results and believe they demonstrate our responsible, consumer-focused approach to product development.

Turning to our oral tobacco efforts, our research suggests that many smokers will use a combination of inhalable and oral products to fully transition away from cigarettes.

There are approximately six million oral tobacco consumers in the U.S. We expect this number to increase as smokers transition to a portfolio of smoke-free products. Oral products are a particularly convenient option that can be used hands-free and without charging a device. We believe we are building a compelling oral tobacco portfolio that appeals to a wide range of consumers and exceeds expectations across a variety of nicotine moments.

Let's begin with traditional MST. Dippers typically choose MST for its simplicity and long-lasting tobacco taste. MST is used in both Detach and Engage moments. For example, dippers use MST to enhance an experience, such as a favorite outdoor activity, and as a reward, like when relaxing after work.

Our MST portfolio is anchored by *Copenhagen*, the longstanding leader in the category. *Copenhagen* celebrated its 200th anniversary last year, making it one of the oldest brands in America. We're extremely proud of *Copenhagen's* history and its long-term stability within the traditional MST category. *Copenhagen* remains the number one dip brand with its iconic brand status, relevant product portfolio and exciting product innovations, including *Copenhagen Packs* and most recently, *Copenhagen Fine Cut Wintergreen*.

To honor its 200-year milestone, the team launched *Cope Rewards*, the first and only national rewards program for an MST brand. The program is resonating with dippers and adding to our vast database of tobacco consumer purchasing data. Brand loyalty increased among dippers enrolled in *Cope Rewards* and we are excited about its potential contributions to sustaining *Copenhagen's* leadership in MST.

Today, approximately one of every two MST consumers buys a USSTC brand. USSTC is the most profitable smoke-free company in the U.S. and it provides strong contributions to our financial results. Our oral tobacco products segment boasts robust adjusted operating companies income (OCI) margins of approximately 66%, more than double that of many other CPG companies.

Although most dippers are satisfied with their MST product, they're also open to product innovation, particularly if it provides additional flexibility to use anywhere. We believe it's these benefits that make nicotine pouches an attractive option for some dippers, especially in moments where it is hard to spit.

Retail data suggest there are now approximately two million nicotine pouch consumers in the U.S., a 33% increase versus 2021. The category is appealing to both smokers and dippers. In fact, consumer purchase data show that *Camel* and *Natural American Spirit* smokers and *Camel Snus* users repurchase nicotine pouches at the highest rate relative to other brands in their respective categories.

Our research indicates that nicotine pouches particularly appeal to smokers and poly-category users who are looking to reduce social friction, especially those who prioritize being respectful around others. We think that the opportunity for smokers to begin transitioning to nicotine pouches primarily exists within the Hang Out and Multitask moments. In these occasions, nicotine pouches offer a particularly compelling proposition to smokers - the ability to use hands free while enjoying discrete nicotine satisfaction.

The nicotine pouch category continues to expand, representing a quarter of total oral tobacco retail share in the fourth quarter of last year. Helix had a remarkable year in 2022. In fact, *on!* was the fastest growing brand within the nicotine pouch space year-over-year. *on!* increased its retail share of the nicotine pouch category to 24% in the fourth quarter, an increase of 2.5 percentage points over the prior year period.

We're encouraged by these results and the brand's appeal to a broad set of tobacco consumers, which we believe reflects *on!'s* wide range of flavors and nicotine strengths. And, competitive oral nicotine pouch consumers are showing increasing interest in *on!*. Roughly 55% of *on!* consumers are age 21 to 39, a higher percentage than in the cigarette and MST categories and approximately 30% of *on!* consumers are women. In comparison, women represent only 5% of the MST category.

Helix remains focused on driving awareness of *on!* and transitioning smokers. Last year, the team launched the "Carry *on!*" equity campaign, which is designed to build a meaningful connection with

consumers that spans each stage of their transition journey to *on!*. As a result of the team's efforts, consumer awareness of *on!* grew approximately 40% year-over-year.

Data driven promotional strategies complement *on!*'s equity building campaign at retail. Helix uses sophisticated analytics to evaluate the impact of its promotional tools and effectively drive trial, repeat purchase and adoption. This approach powered *on!*'s continued momentum in 2022 and enabled the team to efficiently manage promotional spend throughout the year. Helix reduced *on!* promotional spend per can by approximately 15% during the second half of 2022, compared to the first half. Looking ahead, we expect to realize further spending efficiencies and anticipate that Helix will be profitable in 2025.

PMTAs for the entire *on!* portfolio remain pending with the FDA. We've previously shared research from our applications, including evidence of *on!*'s ability to transition smokers from cigarettes and that *on!* has substantially lower levels of HPHCs than those found in traditional tobacco products. The harm reduction potential of *on!* is further illustrated by the results of our smoker clinical study. The study found that compared to consumers who continued smoking, those who switched to *on!* had substantially lower levels of HPHC exposure. Additionally, the reduction in biomarkers observed among those who switched was comparable to tobacco abstinence over the same period.

We believe there is overwhelming evidence that *on!* can benefit the health of the population as a whole. In addition, the National Youth Tobacco Survey indicates that prevalence of nicotine pouch use among middle and high school students remains low. We remain committed to preventing underage use through our responsible marketing efforts, which Jennifer will discuss in more detail later today.

While we await the FDA's decision regarding *on!*, we've continued to invest in rigorous scientific studies to support and expand our portfolio of oral tobacco products. We recently announced that we finalized the design of a new oral tobacco product. This product is an output of our Innovation System, but before I unveil it, let's first review some of what I just shared about the oral tobacco consumer with a little more context. Consumers are satisfied with MST in most settings, but, when they're multitasking or hanging out with non-dippers, they're interested in a less disruptive product like spit-free nicotine pouches. Some dippers have tried and adopted nicotine pouches, however many want flavor and nicotine satisfaction that is more like MST. We had these consumers in mind when we designed *on! PLUS*.

on! PLUS is a wet, spit-free tobacco-derived nicotine pouch product that provides consumers the flexibility to enjoy anywhere. *on! PLUS* was designed for dippers and dual users, with an optimized, long-lasting flavor system and range of nicotine strengths. Additionally, *on! PLUS* pouches are larger than any other tobacco-derived nicotine pouch on the U.S. market. Its seamless pouches are made of our proprietary "soft-feel" material for a more comfortable product experience. And, the *on! PLUS* can features a compartment to responsibly dispose of used product, just as the current *on!* packaging does today. We're excited about *on! PLUS* and believe consumers will be too. While a small sample size, our

early research indicates that about 3 out of 4 dippers and nicotine pouch consumers in our study preferred *on! PLUS* over *ZYN* on a blind basis.

We expect to file a PMTA for *on! PLUS* next year. Our regulatory team is working diligently to compile scientific research to support the submission. For example, here we compare the HPHC levels of a 6mg *on! PLUS* against *Grizzly Long Cut Wintergreen*. As shown on the slide, a majority of the HPHCs found in the *Grizzly* product are absent from *on! PLUS* or are substantially reduced. We're excited about the early results of our PMTA research as we prepare to demonstrate that *on! PLUS* is appropriate for the protection of public health.

To support our regulatory studies, the team stood up a pilot line for *on! PLUS* at our MC campus. This line will also support a test market for *on! PLUS* through Helix's international distribution infrastructure, which we expect to formally announce later this year. Going forward, we expect to use a combination of our existing manufacturing facilities to produce *on! PLUS*.

As you have seen, we are building a comprehensive smoke-free portfolio that appeals to a range of consumers across their tobacco usage moments and has the potential to reduce harm. And we have a promising pipeline of future products in development.

We believe that with this portfolio, we can achieve two of our Enterprise Goals. Our first 2028 Enterprise Goal is to grow total U.S. smoke-free volumes by at least 35% from our 2022 base of 800 million units. Our second goal is to approximately double our total U.S. smoke-free net revenues to \$5 billion over the same time frame, with \$2 billion coming from innovative smoke-free products. Our 2022 smoke-free net revenues were approximately \$2.6 billion, substantially all of which came from MST products. These goals are ambitious for the U.S. market, but we believe we have the right plans in place to make them a reality.

With that, I'd like to invite Shannon and Billy back onto the stage for Q&A. We will also be joined by Murray Garnick, our General Counsel who also leads our Law and Regulatory Affairs organizations. We have about fifteen minutes for questions before we take a break.

Remarks by Scott Myers

Good morning. I'm Scott Myers, and for the past four years I've had the privilege of leading Altria Group Sales and Distribution Company (AGDC). I've been with Altria since 1996 and held various leadership positions within the Altria family of companies. This morning, you've heard about our exciting new Enterprise Goals and I'm happy to be here to discuss what I'll call our Enterprise Goal enablers – our systems and expertise that exist throughout our value chain– that we believe provide us a competitive advantage and will help accelerate our progress to a smoke-free future.

Let's begin this morning with an inside look at our world class manufacturing facilities. Our operating companies have manufacturing centers and processing facilities across several states, including PM USA's flagship cigarette manufacturing center in Richmond, Virginia. We have successfully repurposed several areas within the MC to support our innovative products. For example, we now produce over 90% of *on!*'s volume in the MC and expect to add the production of *Marlboro* heated tobacco sticks in the future. The MC has a modular design which allows us to employ different bays within the factory for different products while spreading out fixed costs, such as skilled labor. By repurposing existing manufacturing space, we're able to expand our businesses using our highly talented workforce while managing our overhead and capital expenditures.

Our strong manufacturing capabilities are underpinned by our supply chain and procurement organizations. We have consistently sourced raw materials and product inputs during a very dynamic period that has stressed global supply chains. We have strong relationships with our growers and suppliers, and we expect to strengthen these partnerships as our business evolves, while establishing new ones along the way.

We believe our ability to efficiently get our products into the hands of our wholesale and retail partners remains a tremendous competitive advantage. Our distribution system is efficient, and time tested, with some of our partnerships exceeding 60 years. The network includes over 20 public warehouses that ship our products to over 900 distributors that then send our brands to retail outlets across the United States. The strength of *Marlboro* is the bedrock of our distribution network and allows us to get our new products to consumers across the country – in other words, as one of my distribution partners told me during the pandemic: *Marlboro* makes the truck go.

Our long-standing trade relationships have provided the foundation for us to develop programs, powered by data and consumer insights, that support our collective business objectives. For example, PM USA enhanced its Wholesale Leaders program in 2021 to encourage our wholesalers to maintain more consistent ordering of our cigarette brands while creating more financial flexibility for their businesses. This program enhancement has created less volatile inventory levels over the past six quarters, while allowing PM USA to manage its business in a more efficient manner. It is the same program that allows us to get a new product, once received at wholesale, to over 90% of target stores in less than three weeks.

Let's now move to the retail environment: In the U.S., there are approximately 25 million tobacco transactions at retail each day and tobacco consumer shopping behavior is highly routine, with 75% of consumers purchasing their products at a single preferred store. U.S. tobacco volume is dispersed across rural and metropolitan areas and across several different trade channels, with most transactions taking place in convenience stores.

Our roughly 1,600 - person sales force has vast coverage across all these areas, servicing more than 1,200 headquarter chain accounts and over 200,000 retail stores, which represent more than 90% of U.S. tobacco industry volume. Our sales team is organized by field sales and account management. More than 1,100 sales managers are focused on influencing retailers and executing operating company plans at the store level, while our account teams help drive strategic alignment with our largest accounts. This structure maximizes our ability to create the best in-store experience for our consumers, while delivering the highest quality service to the trade. In fact, when asked, retailers ranked AGDC personnel better than all other CPG manufacturers for both account management and store level personnel. We believe this is a clear indicator of the strength of our sales organization and trade relationships.

These relationships serve several purposes, including creating the best in-store experiences and supporting responsible retailing of tobacco products and efforts to limit the reach, access, and appeal to unintended audiences. And our trade programs serve as the foundation in helping us accomplish these objectives.

As an example, through PM USA's Retail Leaders trade program, stores receive incentives and promotional resources to help them grow their cigarette business. In return, retailers are required to agree to certain merchandising requirements and display underage tobacco prevention signage. The program provides us best-in-class visibility and product placement behind the counter, connecting smokers with our leading cigarette brands. PM USA has achieved the number one placement on the cigarette fixture in over 93% of its volume. Our trade programs also contain incentives for retailers to provide transaction level scan-data to PM USA, which enables a feedback loop between our brands and our consumers, serving as the data engine for our revenue growth management (RGM) infrastructure.

You've likely heard us discuss our RGM capabilities in the past, but I'd like to provide a bit more detail on how we execute these strategies and why they will be a critical tool moving forward as we progress toward our Vision.

Years ago, when PM USA made list price decisions in the market, it was done at a national level. Over time, PM USA has evolved its pricing and promotion strategies to become more precise. In 2018, the introduction of the Manufacturer Supported Off Invoice Program (MSOI) allowed us to support *Marlboro* more effectively at a state level. While this program has delivered tremendous efficiencies, we recognized an opportunity to be even more surgical with our strategies and deploy our promotional allocations at the store level. For example, a store in downtown Houston may have different category dynamics than a store in suburban Dallas and accordingly, PM USA may offer different levels of promotional support.

Building on the success of MSOI, PM USA introduced its Strategic Options, or PSOs, in 2021 to offer a variety of store-level value delivery strategies. To support the introduction of PSOs', our teams evaluated over 250 data points to analyze dynamics at the store level. Through this analysis, over 200,000 stores

were placed into smaller groups based off category, consumer, and competitive dynamics. Each group was then assigned a recommended strategic option that optimized *Marlboro's* price in those stores. Our highly skilled sales force then worked with our trade partners to provide recommendations on the appropriate option for their stores. As a result, PM USA can be more efficient with its promotional resources across stores and offer increased incentives to consumers under greater economic pressure. There are at least four strategic options available within each state and PM USA has continued to adjust these options as market conditions evolve.

The closer we've gotten to consumers through data, the more efficiently we're able to manage our promotional spend. Our ultimate aspiration is to deploy individual, consumer level RGM strategies through personalized consumer offers and our teams continue to pursue this opportunity.

Moving to our digital efforts at retail, we launched a new digital trade program last spring, and we believe this program enhances our ongoing commitment to responsible retailing. The program includes multiple participation options for retailers. For those participating at the highest level, we introduced incentives for retailers to include age and identity verification solutions in their digital platforms. Once a consumer is verified, retailers can provide offers and messaging from our brands within the retailer's app. Currently, consumers can view offers from our smokeable and MST brands, but going forward, we expect to expand the program to include *on!* and other smoke-free brands.

Our strong presence at retail, along with our robust adult tobacco consumer database, gives us broad reach among the 47 million U.S. tobacco consumers. And we have a long history of effectively communicating with consumers across a variety of channels, from disruptive activations at retail, to innovative digital programs such as *Marlboro Rewards*. As Shannon mentioned, we acknowledge that smokers have different barriers and motivations as they consider moving to smoke-free products. Our newly established transition marketing organization, led by Shannon, is focused on walking alongside smokers to support their transition journey.

We believe our infrastructure has helped Altria achieve long-standing leadership in the U.S. tobacco space. Our manufacturing and supply chain capabilities are state-of-the-art. Our footprint at retail and trade relationships are best in class. Our proprietary advanced analytics, RGM and digital capabilities keep us connected to our consumers. And our marketing organization is agile, nimble and innovative. We are confident that as we continue along our journey, we can optimize our tools to help us achieve our Enterprise Goals.

I'd now like to turn the presentation over to Megan Witherspoon for our Creating the Conditions panel discussion.

Listen to the panel discussion via the [webcast replay](#).

Remarks by Sal Mancuso

Good morning, everyone. It's great to see so many familiar faces. Today, I'll discuss the largest component of our business, the smokeable products segment. Then, I'll transition to our enterprise financial goals and capital allocation.

The smokeable products segment, which includes our cigarette and cigar businesses, has been, and will continue to be, a significant contributor to our earnings. Our ability to grow profits in this segment requires a thoughtful balance of pricing, cost management, retail share performance and equity-building. Our proud and passionate PM USA and JMC employees continue to manufacture and manage iconic, premium quality brands for smokers. Over the past five years, the smokeable segment has grown adjusted OCI by \$2.2 billion, representing a compounded annual growth rate of 4.7%. Over the same time period, adjusted OCI margins have expanded from 51% to 59%, an impressive increase of eight percentage points.

Let's now dive deeper into cigarette category and marketplace dynamics. The cigarette category secular decline rate is influenced by a variety of factors, including: prevalence, demographics, incidence and cross-category movement. Macroeconomic factors, purchasing behaviors and pricing also impact category dynamics.

We've studied the U.S. cigarette category for decades. We believe that the secular decline rate of approximately 2.5% is still relevant today. Cigarette prevalence trends for smokers in 2022 remained consistent with previous years. Demographic trends, such as smoker age cohorts, also remained largely in-line with patterns observed in previous years.

Our data analytics and tools allow us to analyze trends at a more localized level to increase the precision of our models and assess consumer behaviors around various pricing scenarios. Based on our recent analysis, we have identified a slight change in the national price elasticity coefficient for the cigarette industry. We now estimate that the elasticity coefficient is -0.35 for the total industry. This is a small adjustment from our previous estimate of -0.30 and we believe it reflects the impact of higher cigarette retail prices.

Our analyses indicate that a significant driver of the volume decline in 2022 was attributable to macroeconomic and other pressures that impacted smoker disposable income and purchasing behaviors. Those macroeconomic pressures, along with increased competitive activity, contributed to growth in the discount segment, which grew more than a share point in 2022. We also observed certain branded discount offerings priced at deep discount levels. As we've noted in the past, some smokers will adjust their purchase behaviors based on short-term economic conditions. However, over the long term, we believe the majority of smokers continue to value the premium quality and consistency of brands like *Marlboro*. We remain premium focused to maximize long-term profit over low-margin share gains.

PM USA continues to make investments in *Marlboro* to maintain the brand's leadership in the cigarette category. As a result, *Marlboro* remained the undisputed leader in the category last year. *Marlboro's* share of the premium segment grew to 58.2% for the full year, an increase of five tenths versus the prior year. *Marlboro* has performed better than many other premium brands over the last several years. In fact, over the past three years, *Marlboro* grew its share of premium by one full share point. We are encouraged by *Marlboro's* resilient performance and the brand remained the share leader in all 50 states for full-year 2022.

Our 2028 Enterprise Goal is to maintain our leadership position in the U.S. tobacco space. We expect *Marlboro* to continue its impressive leadership in the cigarette category, while we grow our presence in the major smoke-free categories. And, let's not lose sight of the prominence of *Black & Mild* in the machine made tipped cigar space and *Copenhagen* in oral tobacco. This new Enterprise Goal reflects the strength of our current brand portfolio and our confidence in our ability to build leadership positions in smoke-free categories over time.

Let's now transition to our financials and capital allocation. We have achieved substantial earnings growth and rewarded shareholders with significant cash returns throughout our history. Since 2018, we have i) grown our adjusted diluted earnings per share (EPS) by 4.9% on a compounded annual basis, and ii) returned more than \$36 billion to shareholders through dividends and share repurchases, which is larger than the market caps of over 50% of the companies in the entire S&P 500. We achieved this while effectively managing a strong balance sheet.

As we advance our Vision, we remain committed to long-term shareholder value creation. Today, we are excited to share with you how we are evolving our enterprise financial goals alongside our growing smoke-free portfolio. One of the common themes I've heard was your desire to better understand our longer-term EPS growth, operating margin and capital allocation strategies. We've heard your feedback and have established goals in each of these areas.

Let's begin with our EPS growth objective. Based on the strength of our core tobacco businesses, we expect to maintain our ability to grow full-year adjusted diluted EPS over time. Our goal is to deliver mid-single digits adjusted diluted EPS growth on a compounded annual basis through 2028. We believe this goal provides flexibility to allocate the necessary resources to advance our Vision, while continuing to drive earnings growth through our core tobacco businesses. We expect investments in growth areas to vary from year to year and that some years may have a lower EPS growth rate, while other years may have higher EPS growth. We plan to continue to provide EPS guidance ranges on an annual basis to account for business and market dynamics applicable to any given year.

Moving to our 2028 enterprise operating margin goal, we expect to continue delivering strong margins while investing behind innovative smoke-free products. Our goal is to maintain a total adjusted OCI margin of at least 60% in each of the next five years.

Turning to capital allocation, we have a long-standing commitment to a strong and consistently growing dividend. Our dividend remains the primary vehicle for returning cash to shareholders. We recognize the dividend is a top priority for our investors and it remains a top priority for us. We have increased our dividend for more than half a century, with 57 increases over the past 53 years. Since 2018, our annualized dividend per share has grown by 4.1% on a compounded annual basis.

Since 2010, our objective has been a target dividend payout ratio of approximately 80% of adjusted diluted EPS, subject to the discretion of our Board. As we invest in our Vision, adjusted EPS growth may be slightly more variable year to year, compared to our history of steady and consistent growth. Therefore, to provide investors with confidence in consistent dividend growth, we are establishing a new progressive dividend policy that targets mid-single digits dividend growth annually. We believe this dividend goal is an acknowledgement of our strong commitment to consistent dividend growth and shareholder return.

The strong cash generation of our businesses has annually produced about \$1 billion of cash in excess of our dividend payments. As we consider this excess cash, we expect to continue balancing share repurchases with investments in our businesses and debt repayment. We continue to see value in our shares. At year-end 2022, we completed our previous share repurchase program, repurchasing \$3.5 billion of shares over the last two years. For 2023, we expect to complete our current \$1 billion program by the end of this year and continue our balanced approach as we also recently retired approximately \$1.3 billion of notes at maturity with available cash.

Most recently, we announced our plans regarding the NJOY transaction. We have multiple sources of funding for this transaction, including our significant cash generation, strong access to the credit markets and committed short-term bank financing. Our options are also enhanced by the \$2.7 billion transition agreement with Philip Morris International Inc. (PMI) for the IQOS system. We received \$1 billion from PMI in the fourth quarter of last year and expect to receive a payment of \$1.7 billion, plus interest, by mid-July 2023.

Our balance sheet remains strong, and we have manageable annual debt maturity towers through 2038, none of which exceed \$2 billion. As of year-end, our debt-to-consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) ratio was 2.1 times, down four tenths over the past three years.

Looking ahead, we continue to believe a strong balance sheet is in the long-term interest of both debt and equity investors. Our Enterprise Goal is a capital structure with leverage of approximately two-times debt-to-EBITDA. We believe this level will provide us with appropriate access to the capital markets and the flexibility to invest in pursuit of our Vision while providing strong returns to shareholders.

Turning to the tax impacts of our former JUUL stake, we estimate that we have more than \$12.5 billion in losses. For cash tax purposes, we plan to claim approximately \$6.4 billion in ordinary losses this year. However, we do not expect this position will have an impact to our 2023 financial results, as we plan to record a full tax reserve against this loss, pending an IRS review.

We expect that the balance of losses related to the investment to be capital losses and plan to claim a portion of these on our 2023 federal income tax return to offset capital gains from our IQOS agreement. We have flexibility on when to realize the remainder of the capital losses given our entity structure. We will continue to evaluate opportunities to use these losses with the objective of maximizing long-term shareholder value.

Finally, I would like to discuss our investment in ABI, the world's largest brewer. We continue to evaluate the stake as a financial investment and our goal remains to maximize the long-term value of the investment for our shareholders. As a reminder, our investment in ABI has a tax basis of approximately \$3 billion.

In summary, our leading tobacco brands will continue to be an engine for earnings growth and support our significant cash returns to shareholders. Our Enterprise Goals offer more clarity on our aspirations to continue to lead in the U.S. tobacco space, maintain strong operating margins, generate earnings growth, steadily grow our dividend and maintain a strong balance sheet. We are confident in our ability to achieve our financial aspirations while we advance our Vision and remain focused on creating long-term value for our investors.

I will now pass it over to the newest member of our executive leadership team, Chief Innovation and Product Officer, Olivier Houpert.

Remarks by Olivier Houpert

Good morning, it is a pleasure meeting all of you. As Sal mentioned, I currently serve as Altria's Chief Innovation and Product Officer. I am responsible for leading the development of Altria's long-term product pipeline and enhancing a comprehensive Innovation System inclusive of partnerships and internal capabilities.

Prior to joining Altria in May of last year, I spent 30 years at The Procter and Gamble Company (P&G), mostly working across multiple roles in R&D and innovation. My most recent role at P&G was Vice President of Global Dish Care and site leader for the P&G Innovation Center in Brussels. I chose to join Altria because I believe in the company Vision, and I am motivated to help accelerate the company's transformation to a smoke-free future.

This morning, I am happy to be here to discuss our new Innovation and Product Organization. We have centralized our product development, consumer research and innovation functions while also creating an open Innovation System to enhance our internal capabilities. We have also begun exploring how we can leverage our existing capabilities to create incremental value through non-nicotine adjacency strategies. Let's walk through each of these areas, starting with product development.

Our team is focused on providing Altria's operating companies with the best smoke-free products to effectively compete. We have evolved our product development efforts to be more consumer centric and we have adjusted our organization accordingly. Our new products now exist within an Innovation System that better leverages consumer insights and data, emerging trends, and our existing talent. This system ensures a disciplined approach to product development that will align with consumer expectations, meet regulatory requirements, and align with our stringent requirements for commercial success. We are led by the science, and work with an agile mindset to rapidly design and prototype to increase learning potential. This morning you heard Jody share the exciting progress we've made on two new products coming out of this Innovation System. But we're not stopping there. We want more products, we want the best products, and we want them faster. With the changes we have made, I believe that we have a very bright future ahead and I look forward to sharing more exciting product news with you over time.

We have also created an open Innovation System called Connect and Transform. This team is focused on partnering externally to leverage subject-matter expertise, new technologies and disruptive innovations to augment our internal capabilities and support our innovation strategies. This system will balance our desire to create meaningful and productive external relationships with maintaining ownership of our proprietary technologies and competitively sensitive plans. We believe that the fastest, most effective way to understand emerging trends and technologies is to develop relationships with those that are inventing tomorrow's solutions.

Moving to growth opportunities beyond nicotine products, we believe we can create incremental value through non-nicotine adjacency strategies. Earlier today, Shannon discussed how tobacco consumers use tobacco products to elevate certain everyday moments when they're looking to either detach from, or engage with, the world around them. Understanding these moments, and the tobacco products that best satisfy them, is a core competency we've built over many years. As we look to the future, we see opportunities to build on this knowledge to identify non-nicotine products that could satisfy these same moments. Cannabis products are one such example, but we're also expanding our lens to a broader consumer base to understand other everyday moments that could be elevated through non-nicotine products. Our approach is to understand what problems or gaps consumers are facing today within these moments, identify new and different ways to solve them, then leverage a combination of our core competencies and new external relationships to create product solutions that can address these consumer needs. While this is an exciting area of exploration for our company, we intend to be disciplined and thoughtful when identifying potential non-nicotine opportunities.

We are also focused on the international tobacco opportunity, which we know will be largely incremental to our business. We are continuing to explore the best paths to compete in overseas markets and are holding discussions with JT about potential future collaboration opportunities for smoke-free products. We are excited about the international opportunity for our portfolio of smoke-free products.

To be clear, we are committed to growing beyond the U.S. tobacco space. Which is why, in addition to our corporate and smoke-free products goals, we are also in the process of establishing long-term growth goals. We believe that the international smoke-free and global non-nicotine spaces are a combined multi-billion-dollar opportunity for us. Our teams are currently evaluating these opportunities and expect to finalize strategies for these growth areas over the next 12 months. Once the strategies are completed, we will share them with you, alongside specific metrics that you can use to hold us accountable.

I joined Altria because I am motivated to accelerate the company's transformation and I believe that the steps we are taking today will pave the way for continued success in the future.

Thank you very much for your time today, and I will now turn the podium back over to Billy for closing remarks.

Remarks by Billy Gifford

Thank you, Olivier. And thank you all for joining us today. As I stated in my introduction, our primary goal today is to leave you with greater confidence in our ability to make significant progress on the harm reduction opportunity in front of us. I hope you have enjoyed hearing from members of our talented leadership team and that these conversations provided greater clarity on the direction of our company.

Let's revisit the 2028 Enterprise Goals framework and recap what we've shared throughout the morning.

As Sal mentioned, these Goals reflect our long history of delivering strong financial performance, growing our dividend, and maintaining a flexible balance sheet. They also reflect our intent to maintain our leadership position in the U.S. tobacco space through the strength of our amazing brands, including:

- *Marlboro*, the undisputed leader in the cigarette category for decades;
- *Copenhagen*, the leading oral tobacco brand with a rich 200-year heritage; and
- *Black & Mild*, the leading tipped cigar brand in the most profitable machine-made, large mass cigar segment

And we believe we will be well positioned to achieve our U.S. smoke-free goals by enhancing our portfolio across the three major smoke-free categories including:

- *on!* and *on! PLUS* in nicotine pouches;
- *SWIC* and a joint venture for *Ploom* in the heated tobacco category; and
- *NJOY Ace* in e-vapor upon closing.

As Oliver said, while we are extremely pleased with our portfolio, we will never be satisfied. We want more products, we want better products, and we want them faster. So we will continue to explore how we can add to our nicotine portfolio through partnerships and internal product development.

Additionally, we are exploring opportunities beyond U.S. nicotine with Olivier's new organization. We believe our 2028 Enterprise Goals reflect our desire to deliver strong shareholders returns while investing and growing our smoke-free businesses. While some of these metrics may be discussed during our quarterly earnings calls, we will provide an annual update on the complete set of goals moving forward.

Our path forward continues to be guided by the consumer. We are learning from the past and applying these learnings to how we approach the future. And we are realistic about the road ahead. We know that change does not happen overnight and that there will be bumps along the way, but we remain relentlessly committed to the path ahead. The internal capabilities that Scott outlined, along with our enhanced portfolio of smoke-free products, and the grit and determination of our talented employees give me confidence we will achieve our Vision.

Before moving into the final question and answer session, I'd like to thank you, our investors, for your interest in Altria. I appreciate your engagement over the years, for pushing and challenging us, and for sharing our commitment to achieving harm reduction. We look forward to continuing our relationship for years to come.

With that, I'd like to invite Sal, and Olivier back on stage for our final question and answer session.

Altria's Profile

We have a leading portfolio of tobacco products for U.S. tobacco consumers age 21+. Our Vision is to responsibly lead the transition of adult smokers to a smoke-free future (Vision). We are *Moving Beyond Smoking™*, leading the way in moving adult smokers away from cigarettes by taking action to transition millions to potentially less harmful choices - believing it is a substantial opportunity for adult tobacco consumers, our businesses and society.

Our wholly owned subsidiaries include leading manufacturers of both combustible and smoke-free products. In combustibles, we own Philip Morris USA Inc. (PM USA), the most profitable U.S. cigarette manufacturer, and John Middleton Co. (Middleton), a leading U.S. cigar manufacturer. Our smoke-free portfolio includes ownership of U.S. Smokeless Tobacco Company LLC (USSTC), the leading global moist smokeless tobacco (MST) manufacturer, and Helix Innovations LLC (Helix), a leading manufacturer of oral nicotine pouches.

Additionally, we have a majority-owned joint venture, Horizon Innovations LLC (Horizon), for the U.S. marketing and commercialization of heated tobacco stick products and, through a separate agreement, we have the exclusive U.S. commercialization rights to the *IQOS Tobacco Heating System®* and *Marlboro HeatSticks®* through April 2024.

Our equity investments include Anheuser-Busch InBev SA/NV (ABI), the world's largest brewer, and Cronos Group Inc. (Cronos), a leading Canadian cannabinoid company.

The brand portfolios of our tobacco operating companies include *Marlboro®*, *Black & Mild®*, *Copenhagen®*, *Skool®* and *on!®*. Trademarks and service marks related to Altria referenced in this release are the property of Altria or its subsidiaries or are used with permission.

Learn more about Altria at www.altria.com and follow us on Twitter, Facebook and LinkedIn.

Forward-Looking and Cautionary Statements

This presentation contains projections of future results and other forward-looking statements that are subject to a number of risks and uncertainties and are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Important factors that may cause actual results to differ materially from those contained in the forward-looking statements included in this release are described in our publicly filed reports, including our Annual Report on Form 10-K for the year ended December 31, 2022. These factors include the following:

- our inability to anticipate and respond to changes in adult tobacco consumer preferences and purchase behavior;
- our inability to compete effectively;
- the growth of the e-vapor category and other innovative tobacco products, including oral nicotine pouches, contributing to reductions in cigarette and MST consumption levels and shipment volume;
- our failure to commercialize innovative products, including tobacco products with reduced health risks relative to other tobacco products and that appeal to adult tobacco consumers;
- changes, including in macroeconomic and geopolitical conditions (including inflation), that result in shifts in adult tobacco consumer disposable income and purchasing behavior, including choosing lower-priced and discount brands;
- our failure to complete or manage successfully strategic transactions, including acquisitions, dispositions, joint ventures and investments in third parties or realize the anticipated benefits of such transactions;
- significant changes in price, availability or quality of tobacco, other raw materials or component parts, including as a result of changes in macroeconomic, climate and geopolitical conditions;
- our reliance on a few significant facilities and a small number of key suppliers, distributors and distribution chain service providers and the risks associated with an extended disruption at a facility or in service by a supplier, distributor or distribution chain service provider;
- the risk that we may be required to write down intangible assets, including trademarks and goodwill, due to impairment;
- the risk that we could decide, or be required to, recall products;
- the various risks related to health epidemics and pandemics, such as the COVID-19 pandemic, and the measures that international, federal, state and local governments, agencies, law enforcement and health authorities implement to address them;
- our inability 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;
- unfavorable outcomes with respect to litigation proceedings or any governmental investigations;
- the risks associated with significant federal, state and local government actions, including FDA regulatory actions, and various private sector actions;
- increases in tobacco product-related taxes;
- the risks associated with the various U.S. and foreign laws and regulations to which we are subject due to our international business operations;
- the risks concerning a challenge to our tax positions, an increase in the income tax rate or other changes to federal or state tax laws;

- the risks associated with legal and regulatory requirements related to climate change and other environmental sustainability matters;
- disruption and uncertainty in the credit and capital markets;
- a downgrade or potential downgrade of our credit ratings;
- our inability to attract investors due to increasing investor expectations of our performance relating to environmental, social and governance factors;
- the failure of our, or our key service providers' or key suppliers', information systems to function as intended, or cyber-attacks or security breaches;
- our failure to comply with personal data protection and privacy laws;
- the risk that the expected benefits of our investment in ABI may not materialize in the expected manner or timeframe or at all;
- the risks related to a challenge to our former investment in JUUL, which, if successful, could result in a broad range of resolutions; and
- the risks associated with our investment in Cronos, including legal, regulatory and reputational risks.

You should understand that it is not possible to predict or identify all factors and risks. Consequently, you should not consider the foregoing list 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. All subsequent written and oral forward-looking statements attributable to Altria or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements referenced above.

Source: Altria Group, Inc.

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