



PHILIP MORRIS  
INTERNATIONAL



Investor Information

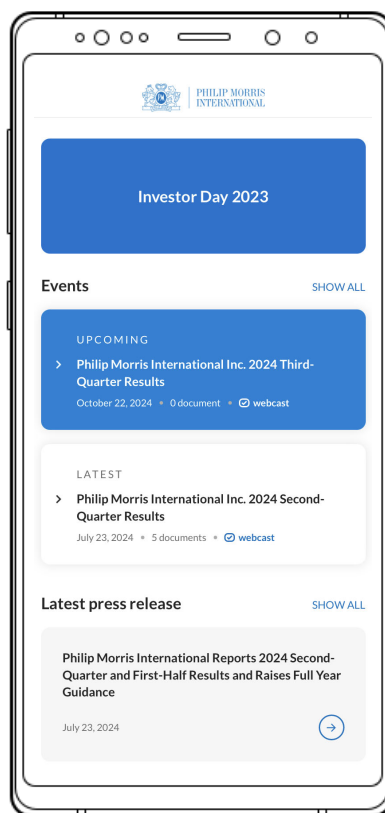
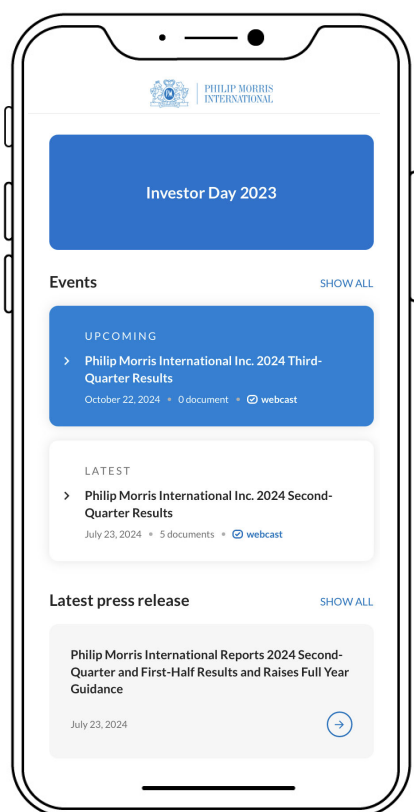
October 2024

This Investor Information posting includes summaries of information set forth in PMI's quarterly report Form 10-Q for the quarter ended September 30, 2024, annual report on Form 10-K for the year ended December 31, 2023, as well as press releases and presentations referenced in this document, and such summaries are qualified by reference to such documents, which are available at [www.pmi.com/investor-relations](http://www.pmi.com/investor-relations)

**Web Site:** [www.pmi.com](http://www.pmi.com)

### PMI Investor Relations App:

The PMI Investor Relations App provides users with simple, comprehensive and up-to-date access to all PMI's previously disclosed investor relations materials such as: press releases, SEC filings, investor materials, and live and archived audio webcasts of earnings calls and investor presentations



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# Reference Materials

You will find all our latest public disclosures and other investor information for Philip Morris International on the [IR website](#) including:

- [Earnings Results](#) (Latest Earnings Q3, 2024, published October 22, 2024)
- [PMI 2023 Annual Report](#)
- [Recast Shipment Volume and Segment Information](#) (February 27, 2024)
- [2023 Investor Day](#) (September 28, 2023)
- [Presentation Highlights](#)

Additionally, you can access our [Sustainability Resources](#) and [PMI Science](#)

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## Introduction

- A glossary of terms as well as adjustments, other calculations and reconciliations to the most directly comparable U.S. GAAP measures for non-GAAP financial measures cited in this presentation are available in Exhibit 99.2 to the company's Form 8-K dated October 22, 2024 and on our [Investor Relations website](#) with additional non-GAAP reconciliations available at the end of this presentation

## Forward-Looking and Cautionary Statements

- This presentation contains projections of future results and goals and other forward-looking statements, including statements regarding expected financial or operational performance; capital allocation plans; investment strategies; market expectations; regulatory outcomes; sustainability plans and projections; business plans and strategies; and dividends. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. In the event that risks or uncertainties materialize, or underlying assumptions prove inaccurate, actual results could vary materially from those contained in such forward-looking statements. Pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, PMI is identifying important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by PMI
- PMI's business risks include: excise tax increases and discriminatory tax structures; increasing marketing and regulatory restrictions that could reduce our competitiveness, eliminate our ability to communicate with adult consumers, or ban certain of our products in certain markets or countries; health concerns relating to the use of tobacco and other nicotine-containing products and exposure to environmental tobacco smoke; litigation related to tobacco and / or nicotine use and intellectual property; intense competition; the effects of global and individual country economic, regulatory and political developments, natural disasters and conflicts; the impact and consequences of Russia's invasion of Ukraine; changes in adult smoker behavior; the impact of natural disasters and pandemics on PMI's business; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations, and limitations on the ability to repatriate funds; adverse changes in applicable corporate tax laws; adverse changes in the cost, availability, and quality of tobacco and other agricultural products and raw materials, as well as components and materials for our electronic devices; and the integrity of its information systems and effectiveness of its data privacy policies. PMI's future profitability may also be adversely affected should it be unsuccessful in its attempts to introduce, commercialize, and grow smoke-free products or if regulation or taxation do not differentiate between such products and cigarettes; if it is unable to successfully introduce new products, promote brand equity, enter new markets or improve its margins through increased prices and productivity gains; if it is unable to expand its brand portfolio internally or through acquisitions and the development of strategic business relationships; if it is unable to attract and retain the best global talent, including women or diverse candidates; or if it is unable to successfully integrate and realize the expected benefits from recent transactions and acquisitions. Future results are also subject to the lower predictability of our smoke-free business' performance
- PMI is further subject to other risks detailed from time to time in its publicly filed documents, including PMI's Annual Report on Form 10-K for the fourth quarter and year ended December 31, 2023 and the Form 10-Q for the quarter ended September 30, 2024. PMI cautions that the foregoing list of important factors is not a complete discussion of all potential risks and uncertainties. PMI does not undertake to update any forward-looking statement that it may make from time to time, except in the normal course of its public disclosure obligations
- References to "PMI", "we", "our" and "us" mean Philip Morris International Inc. and its subsidiaries





# Section 1: Q3/YTD 2024 and FY 2023 Results

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## Very Strong Q3 With Broad, Accelerated Growth

- Outstanding top and bottom-line momentum across all categories, with strong acceleration in:
  - IQOS HTU adj. IMS growth
  - ZYN sequential volumes
  - Combustible net revenue and profit growth
- Double-digit adj. OI and EPS growth in currency-neutral and USD terms:
  - Strong volumes, pricing, smoke-free mix and cost actions



## Superior Growth, Sustainable Growth Drivers

- Powerful combination of underlying momentum and proactive steps supports strong growth profile:
  - Focused on delivering USD performance, mitigating currency headwinds
- Smoke-free transformation delivering meaningful value for shareholders:
  - Broad-based momentum drives cash generation
  - Rising dividend, committed to shareholder returns



Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

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## Continued Strong Growth Across Key Metrics

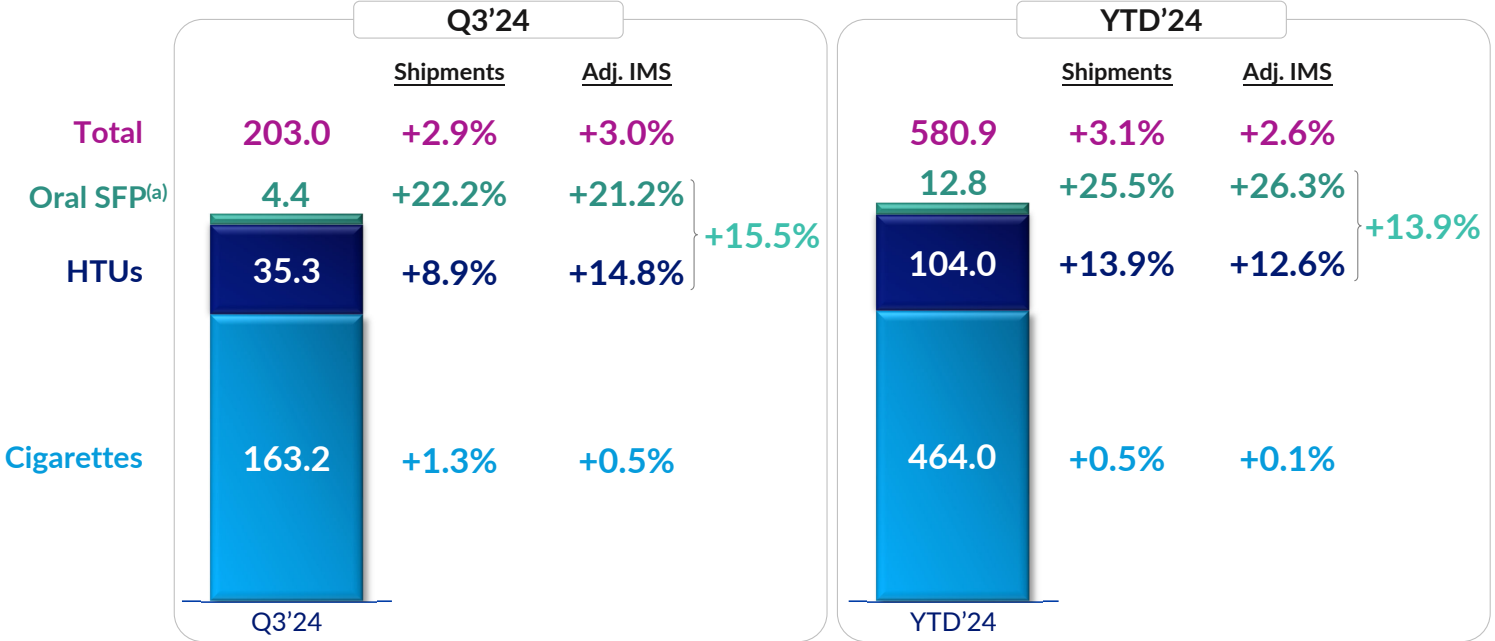
	Q3'24		YTD Sept'24	
	Organic	Adj. incl. Curr. & Acq.	Organic	Adj. incl. Curr. & Acq.
<b>Shipment Volume</b> <i>(Variance vs. PY)</i>	<b>+2.9%</b>		<b>+3.1%</b>	
<b>Net Revenues</b> <i>(Variance vs. PY)</i>	<b>+11.6%</b>	<b>+8.4%</b>	<b>+10.7%</b>	<b>+7.5%</b>
<b>Operating Income</b> <i>(Variance vs. PY)</i>	<b>+13.8%</b>	<b>+11.2%</b>	<b>+15.8%</b>	<b>+8.6%</b>
<b>Adj. Diluted EPS</b> <i>(Variance vs. PY)</i>	<b>+18.0%</b>	<b>+14.4%</b>	<b>+17.2%</b>	<b>+7.7%</b>
	<b>Curr. Neutral</b>		<b>Curr. Neutral</b>	

Note: Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions. Shipment volume includes HTUs, cigarettes and oral SFPs excluding snuff, snuff leaf and U.S. chew. Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

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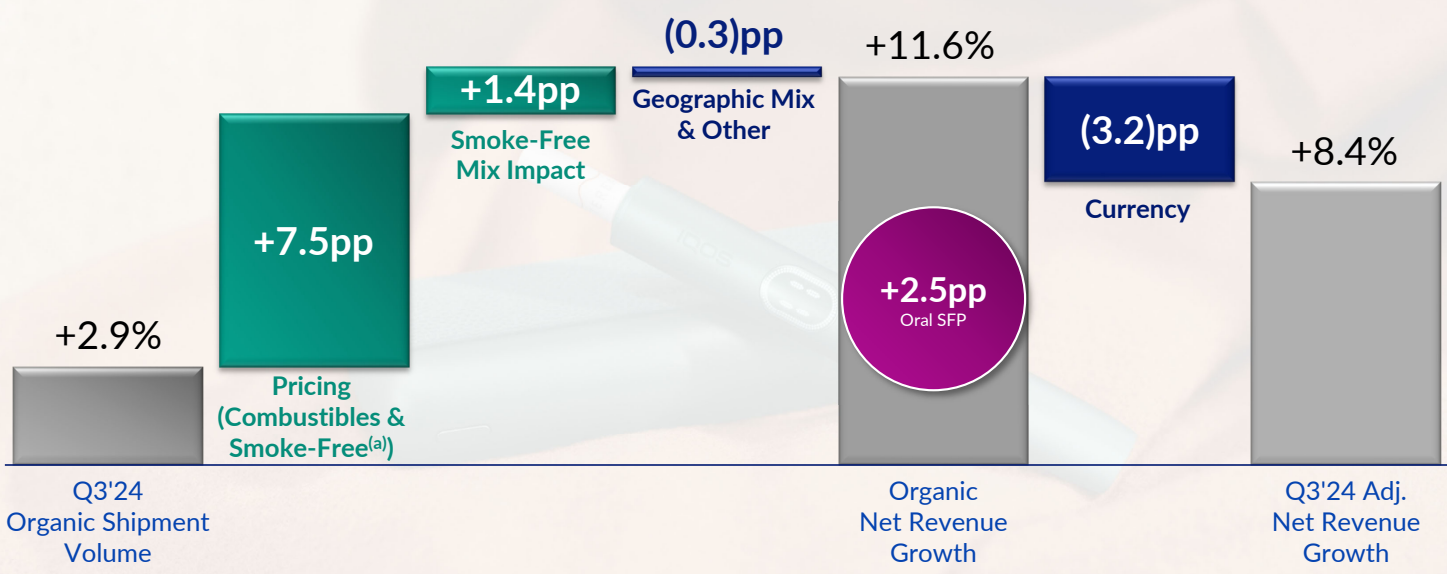
# On Track to Deliver Four Consecutive Years of Volume Growth

(shipments in bn units; change vs. PY)



(a) Volumes shown in pouches or pouch equivalents, excluding snuff, snuff leaf and U.S. chew  
 Note: SFP volumes represent HTUs and Oral SFPs. Total may not foot due to rounding. Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

# Best-in-Class Volumes, Pricing & SFP Mix Driving Growth

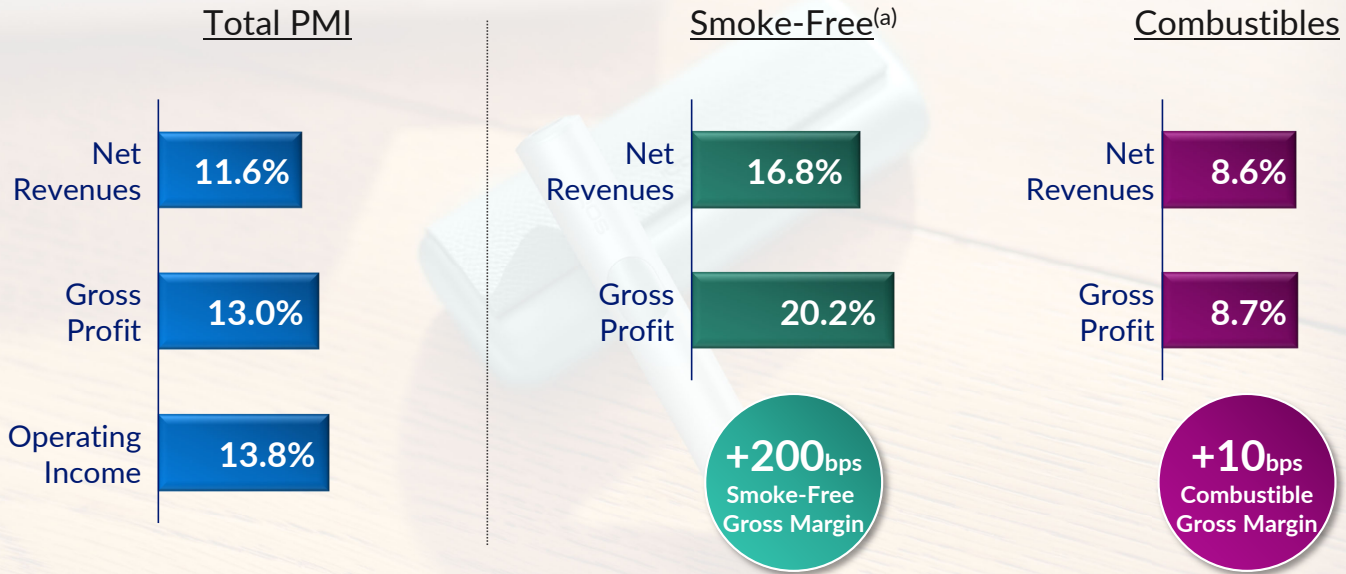


(a) Represents Smoke-Free Business  
 Note: Smoke-free mix represents the impact of an increased proportion of smoke-free products at higher net-revenue per unit and is calculated at total PMI level, excluding the impact from market mix. Total may not foot due to rounding. Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024



# Excellent Top & Bottom-Line Performance Across Categories

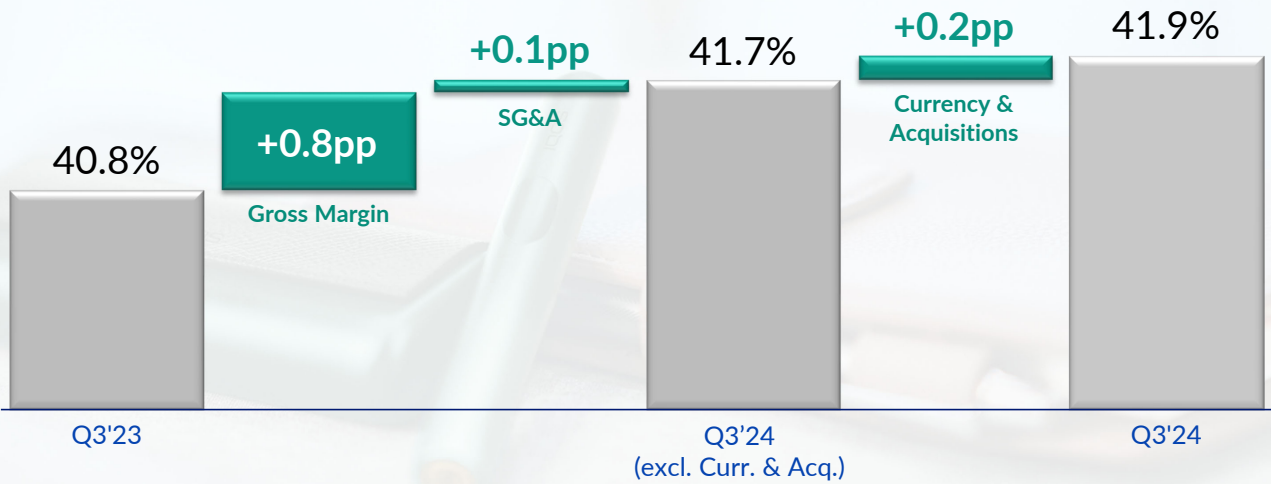
## Q3'24 Organic Variance vs. PY



(a) Represents Smoke-Free Business. Note: Organic gross margin growth is calculated based on organic gross profit, divided by organic net revenues. Chart not to scale. Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions. Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

# Expanding OI Margin Organically and in USD

## Q3'24 Adjusted OI Margin



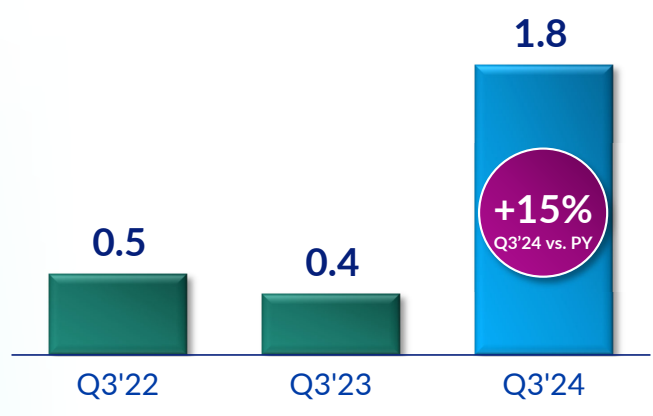
Note: Total may not foot due to rounding. Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

# Strong Reacceleration in IQOS Momentum, As Expected

- 10 years of IQOS, rapid growth continues:
  - Europe back to double-digit adj. IMS growth
  - Japan continued double-digit growth
  - Further acceleration elsewhere across global markets
- IQOS ILUMA i expansion ongoing



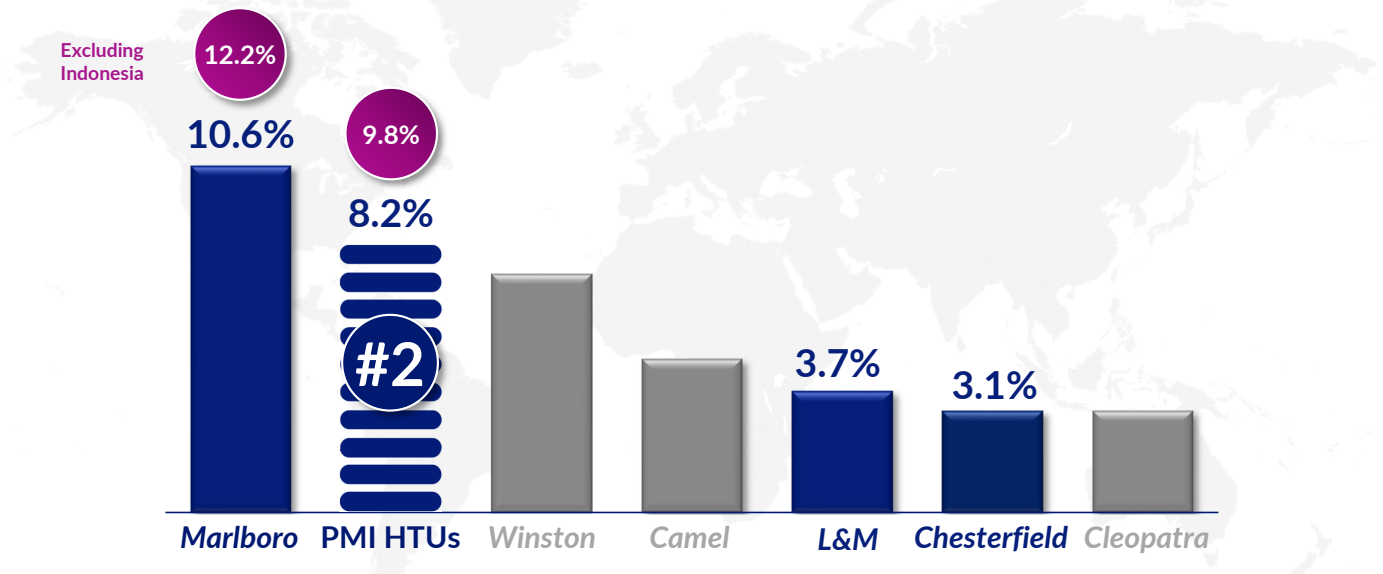
HTU Adj. IMS: Q3 vs. Q2  
(billion units)



Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024 13

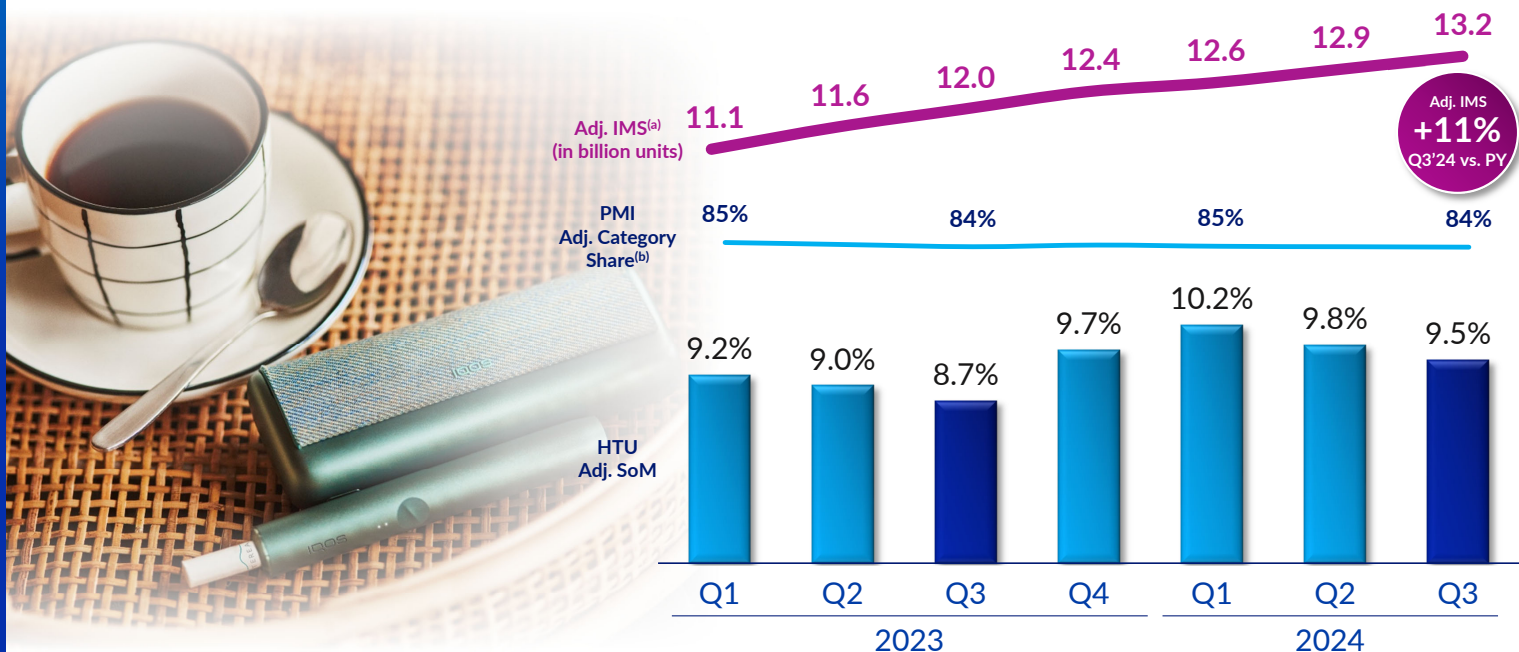
# PMI HTUs: Second-Largest 'Brand' in IQOS Markets

Share in IQOS Markets (Q3'24)<sup>(a)</sup>



(a) Reflects markets (including Indonesia, following broader commercialization in the market) where IQOS is available in key cities or nationwide at September 30, 2024. Note: All 'brands' except 'PMI HTUs' include cigarettes only. Reflects PMI in-market sales volume as a percentage of total estimated sales volume for cigarettes and HTUs, including cigarillos in Japan. Source: PMI Financials or estimates as of October 10, 2024

# Europe: Underlying Momentum Driving Rapid IQOS Growth

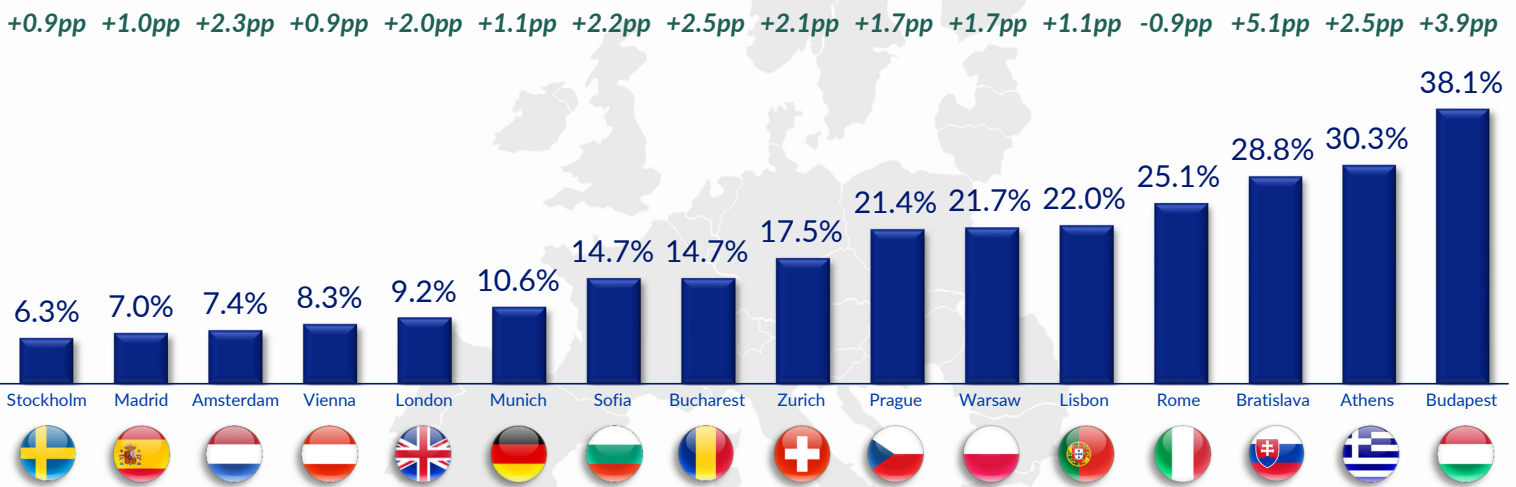


(a) Based on a four-quarter moving average. (b) PMI adjusted category share is defined as the total adjusted in-market sales volume for PMI HTUs as a percentage of the total industry estimated adjusted sales volume for HTUs. Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

# Impressive Progress in European Key Cities

## PMI HTU Offtake Share (Q3'24)

Change vs. PY

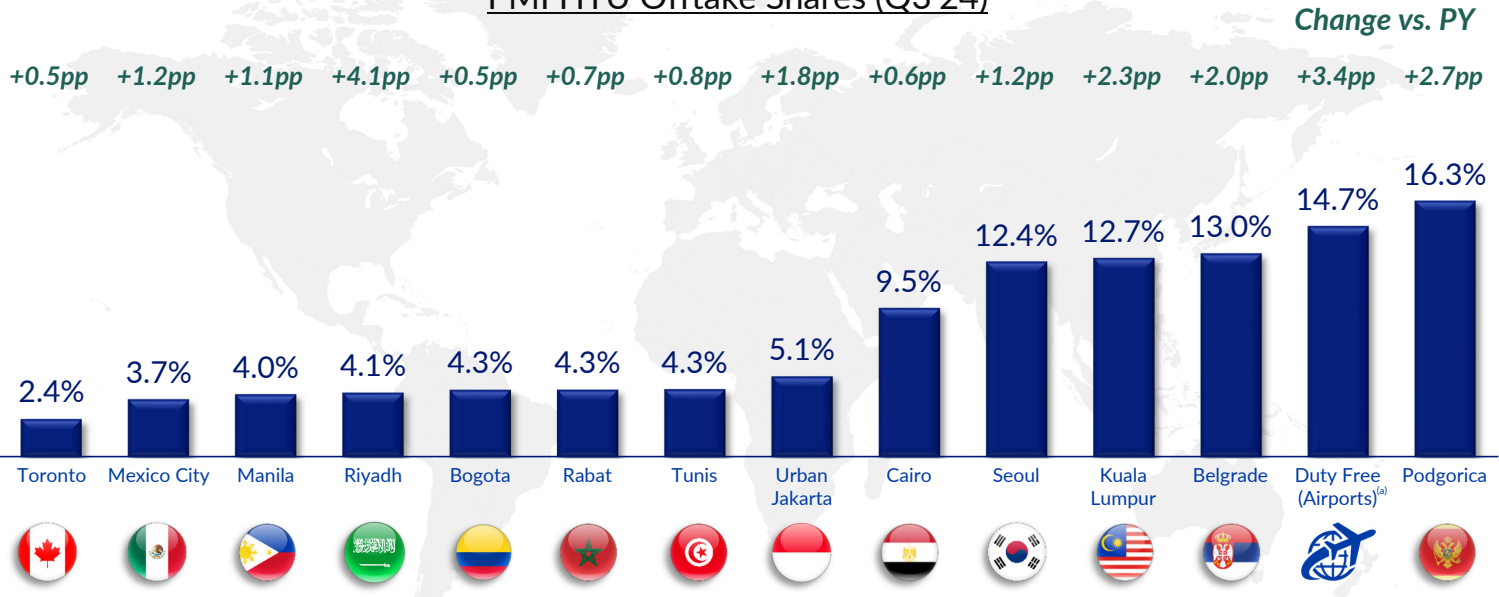


Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024



# Very Good Key City Growth Across Global Markets

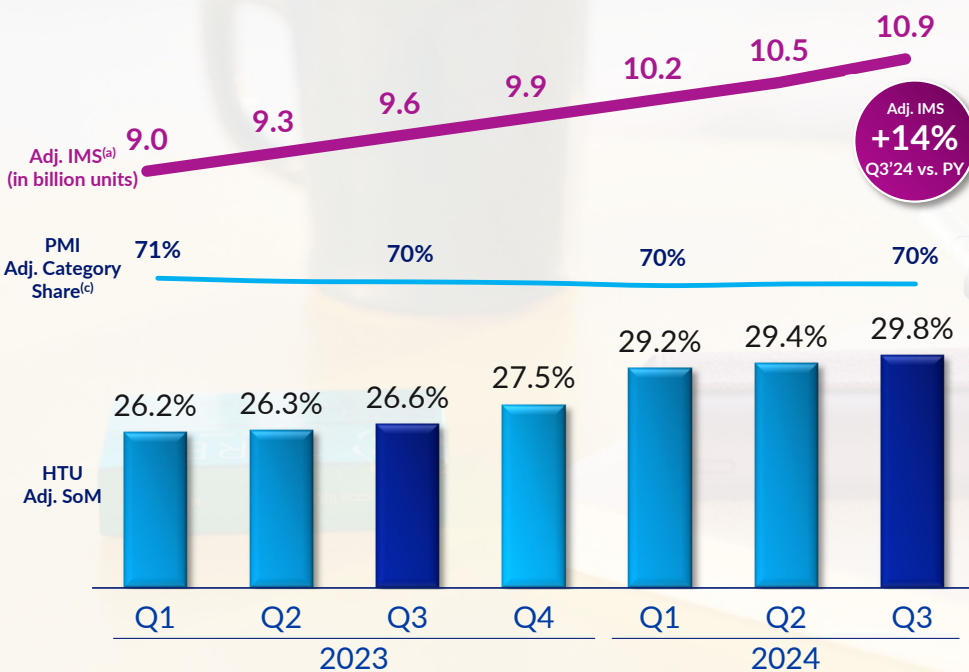
## PMI HTU Offtake Shares (Q3'24)



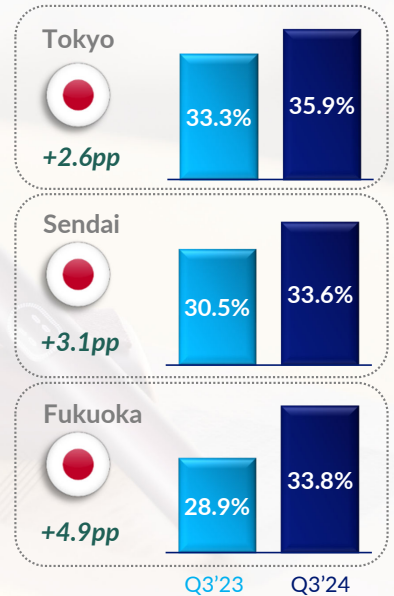
(a) Duty Free includes airports where IQOS is available, offtake share based on Jun-Aug'24 vs. Jun-Aug'23.

Note: Urban Jakarta represents West, Central and South Jakarta which include an estimated 1.5 million Legal Age Nicotine Users. Cairo represents Urban Cairo, Manila represents Metro Manila, Tunis represents Greater Tunis. Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

# Japan: Continued Strong IQOS Performance



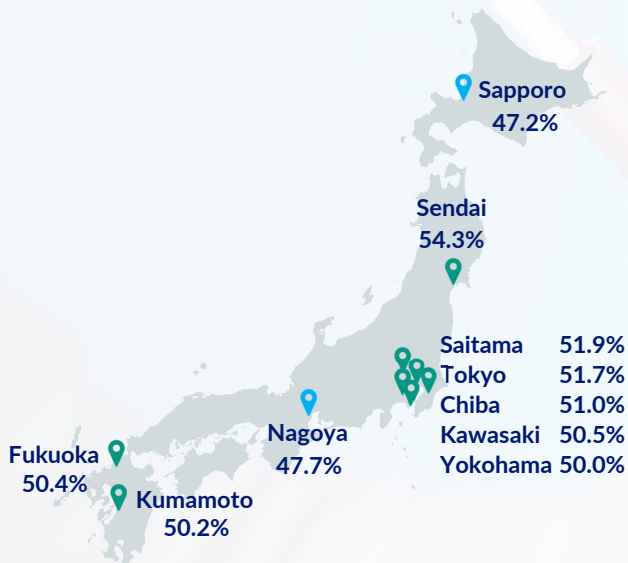
## Japan HTU Offtake Share<sup>(b)</sup>



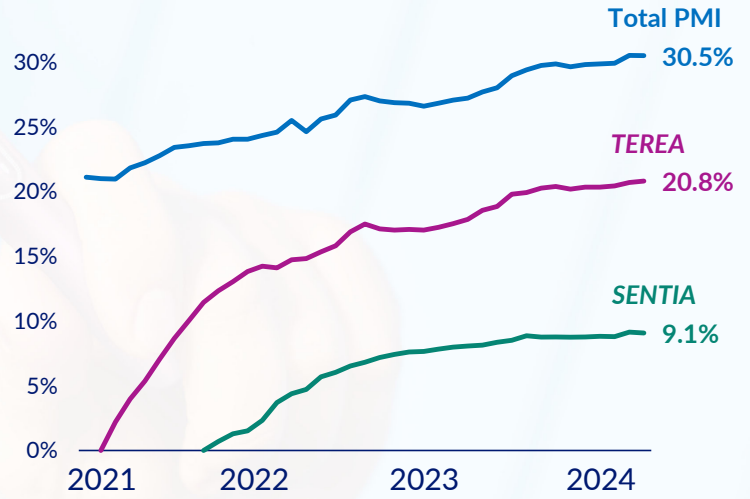
(a) Based on a four-quarter moving average. (b) Based on 3 C-Store Chains offtake. Base includes cigarettes, cigarillos and HTUs. (c) PMI adjusted category share is defined as the total adjusted in-market sales volume for PMI HTUs as a percentage of the total industry estimated adjusted sales volume for HTUs. Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

# Category Penetration Reaching 50% In Multiple Key Cities

Sep'24 Offtake HnB Category Share<sup>(a)</sup>



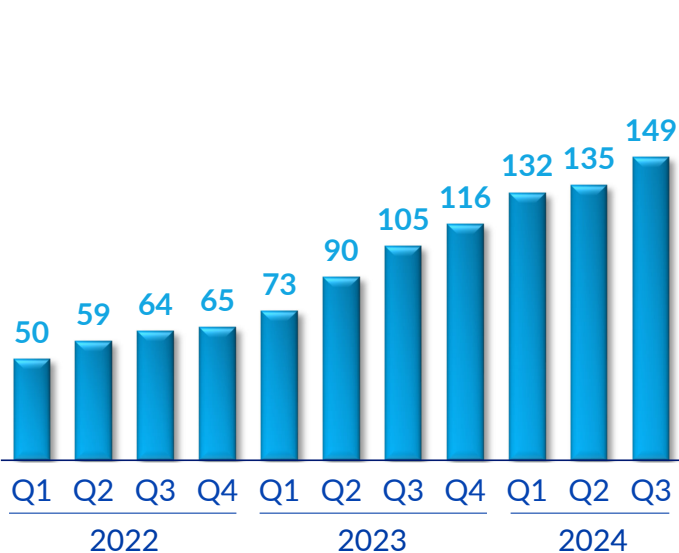
Japan HTU Offtake Share<sup>(a)</sup>



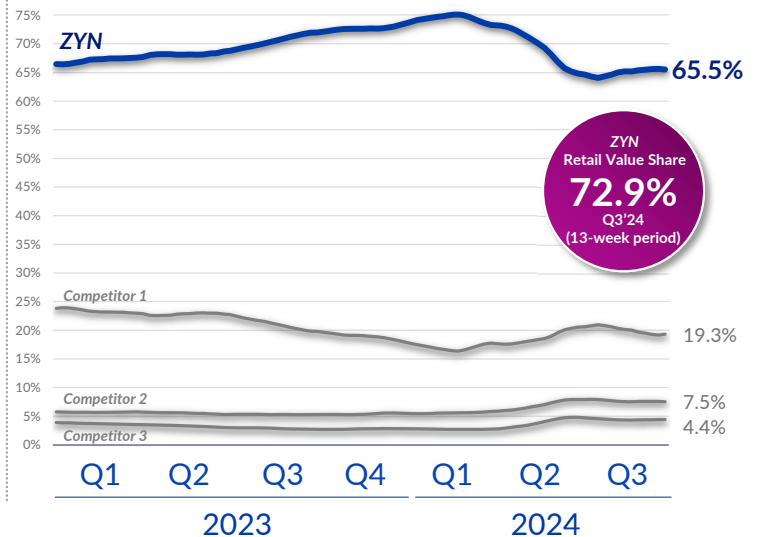
(a) Based on 3 C-Store Chains offtake. Base includes cigarettes, cigarillos and HTUs  
Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

# Strong ZYN Demand, Sequential Volume Acceleration

ZYN U.S. Shipment Volumes  
(million cans)



U.S. Nicotine Pouch Category Volume Share  
(4-week period, %)



Source: PMI Financials or estimates, Circana, LLC, Nicotine Pouches, Week ending 9/29/24. Q3, 2024 Earnings, presented October 22, 2024

## FY, 2023: Excellent Net Revenue and EPS Growth

### Net Revenues

(Organic variance vs. PY)

+7.8%

### Operating Income

(Organic variance vs. PY)

+3.7%

### Adj. Diluted EPS

(Currency neutral variance vs. PY)

+11.0%

### Adj. Diluted EPS

\$6.01

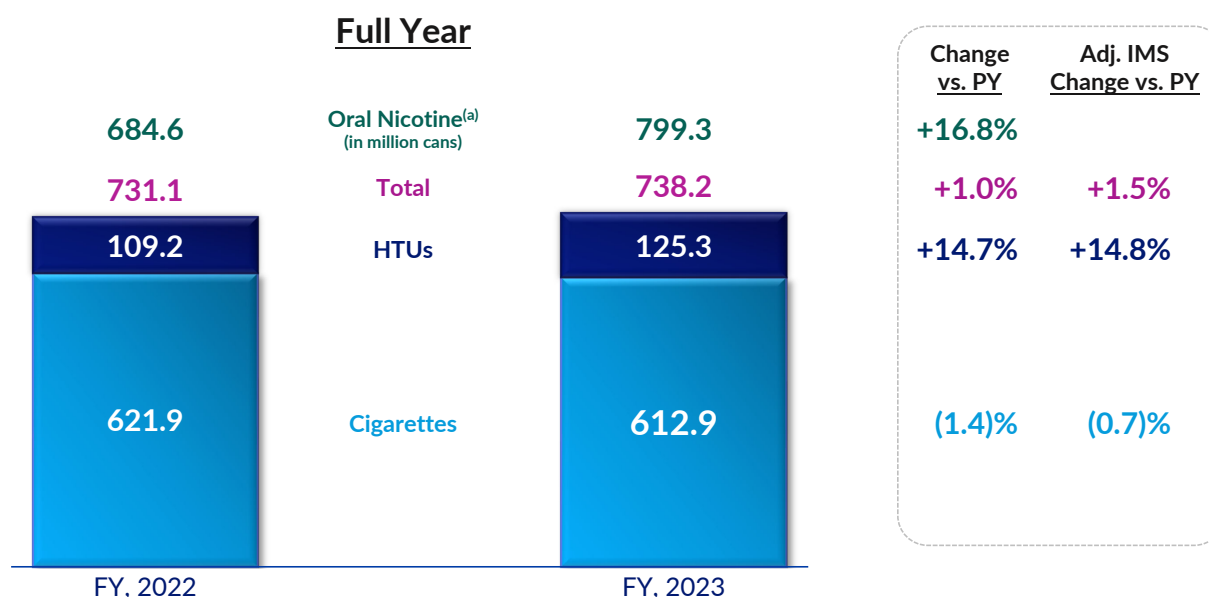
**+20%**  
2023 Swedish Match  
Net Revenue  
Growth  
Excl. Currency<sup>(a)</sup>

(a) Swedish Match pro forma, including \$38m of SMD logistics net revenue in FY, 2022 base and \$15m in 2023 prior to June divestiture  
Note: Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions  
Source: PMI Financials or estimates. Q4, 2023 Earnings, presented February 8, 2024

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## 2023: Third Consecutive Year of Volume Growth Driven by HTUs

(billion units)



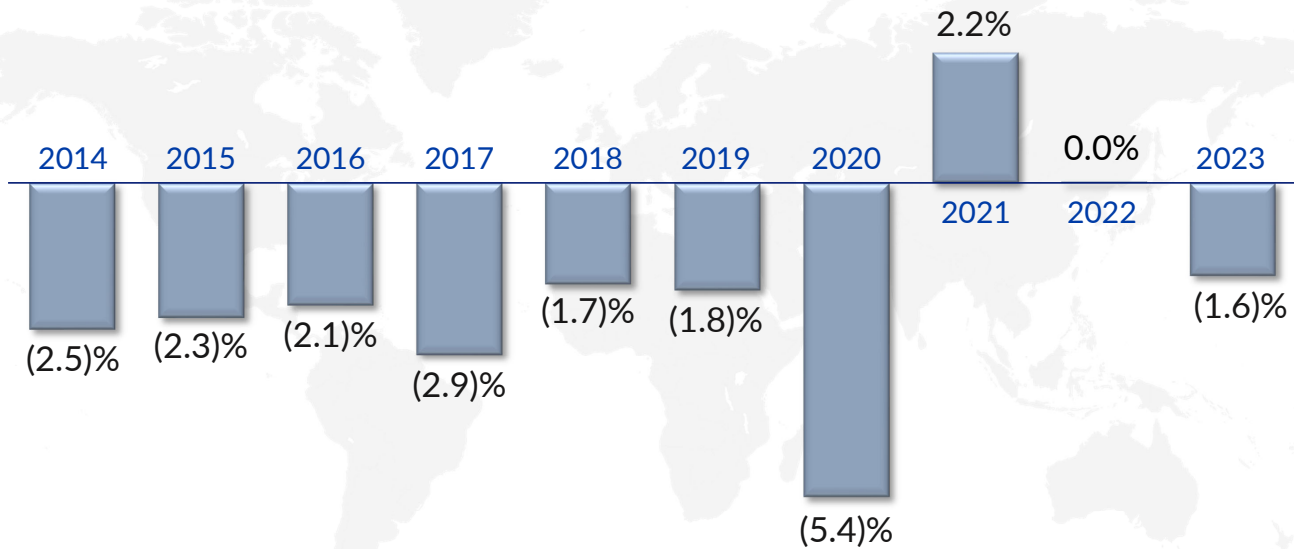
(a) Pro forma, incl. PMI & Swedish Match oral nicotine volumes. Excludes snuff, snuff leaf and U.S. chew  
Note: Total may not foot due to rounding  
Source: PMI Financials or estimates. Q4, 2023 Earnings, presented February 8, 2024

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## Total Cigarette & HTU Industry Volume Trend (2014-2023)

(% Change vs. PY)

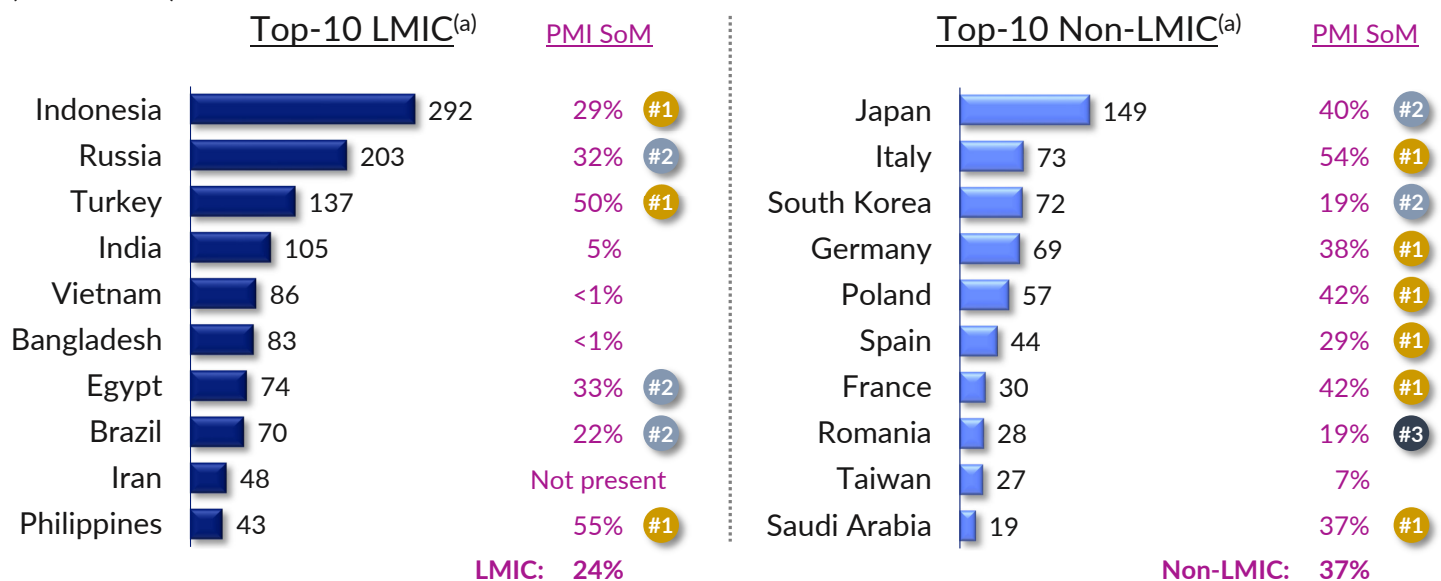


Note: Includes cigarillos in Japan. Excluding China and the U.S.  
Source: PMI Financials or estimates as of October 10, 2024

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## Leadership in Top Industry Volume Markets (2023)

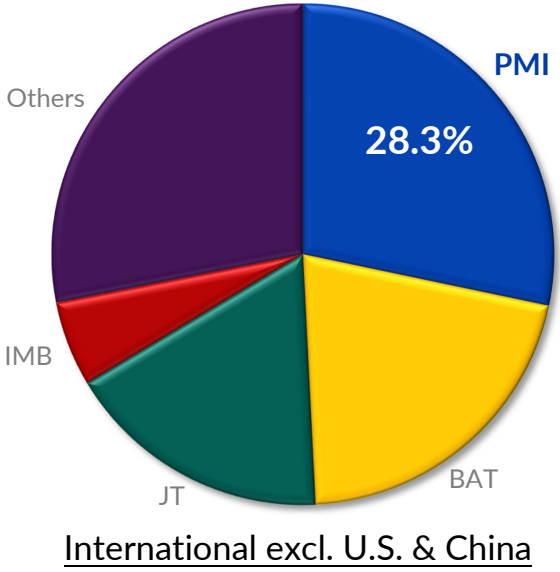
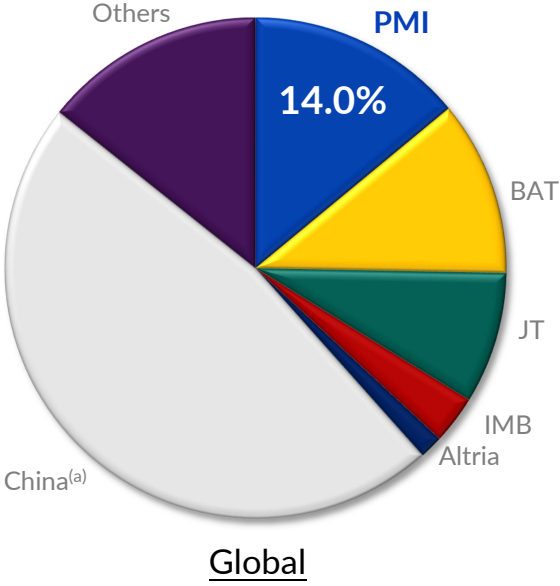
(billion units)



(a) Top-10 markets ranked by 2023 total industry volume, excluding the U.S., China and Duty Free. LMIC classification (Low to Middle-Income) based on World Bank Classification issued in July 2023  
Note: As per our Annual Report on Form 10-K for the year ended December 31, 2023, we do not sell products in Iran, North Korea and Syria. Reflects cigarettes and HTUs (where applicable) and includes cigarillos in Japan. Source: PMI Financials or estimates as of October 10, 2024

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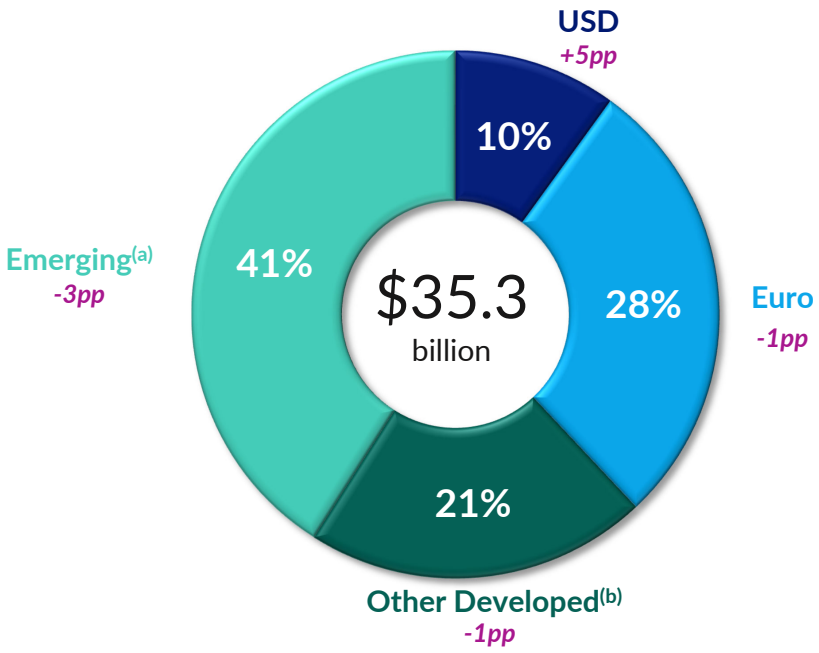
# 2023 PMI Total Market Share



(a) Excluding CNTC license production of *Marlboro* and *Parliament* cigarettes (2.3 billion units in 2023)  
 Note: Reflects cigarettes and HTUs. Industry volume includes cigarillos in Japan  
 Source: PMI Financials or estimates as of October 10, 2024

# 2023 PMI Adjusted Net Revenues by Currency

Change vs. 2022 (pp)



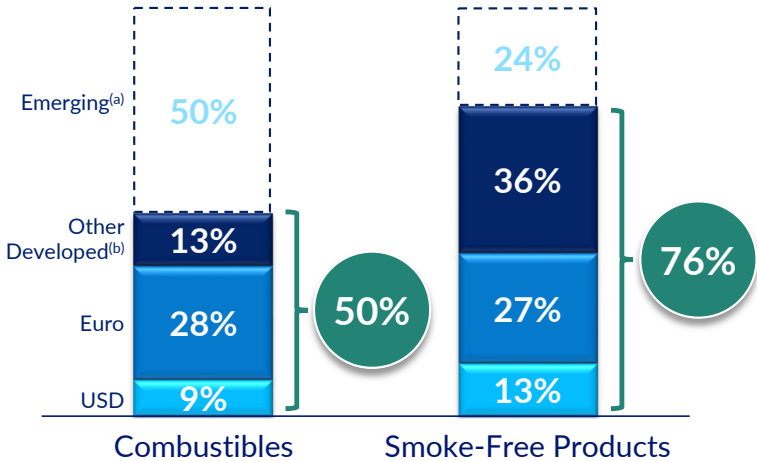
(a) Includes Czech Krona, Egyptian Pound, Indonesian Rupiah, Mexican Peso, Philippine Peso, Russian Ruble and Turkish Lira; (b) JPY, CHF, KRW, GBP, ILS, AUD, HKD, NOK, SGD, SEK, DKK, CAD and NZD; Note: Reflects currencies in which net revenues are generated. Market classification is based on S&P Dow Jones Indices' 2023 country classification;  
 Source: PMI Financials or estimates

# Delivering USD Performance is a Key Priority

(Presented at CAGNY 2024)

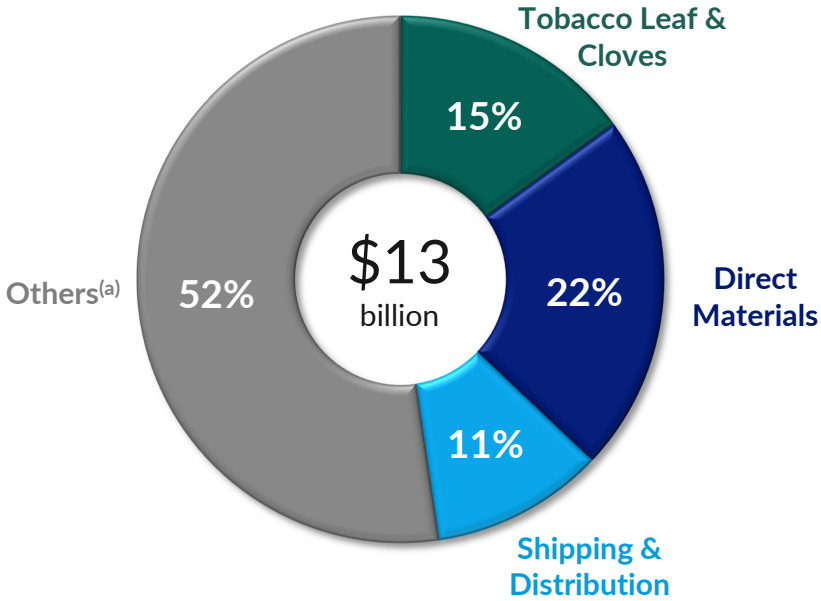
- Best-in-class constant currency growth
- Increasing USD revenue contribution with rapid smoke-free growth in the U.S.
- Currency risk mitigation:
  - Debt matching: >60% effectively in EUR
  - Hedging programs: JPY rolling hedge
  - Strategic cost allocation
- Focused on delivering strong USD growth in 2024 and beyond

2023 Net Revenues by Currency



(a) Includes Czech Krona, Egyptian Pound, Indonesian Rupiah, Mexican Peso, Philippine Peso, Polish Zloty, Russian Ruble and Turkish Lira. (b) JPY, CHF, KRW, GBP, ILS, AUD, HKD, NOK, SGD, SEK, DKK, CAD and NZD. Note: Reflects currencies in which net revenues are generated. Source: PMI Financials or estimates. CAGNY 2024, presented February 21, 2024

# 2023 PMI Adjusted Cost of Goods Sold



(a) Conversion, fixed manufacturing expenses, devices and other costs. Note: Excludes amortization and impairment of intangibles (\$58 million), Swedish Match acquisition accounting related item (\$18 million), and charges related to the war in Ukraine (\$15 million). Including these impacts total Cost of Goods Sold is \$12.9 billion. Source: PMI Financials or estimates



## 2023 PMI Adjusted Costs by Currency

	Total	Currency (%)				
	(\$ billion)	USD	EUR	CHF	IDR <sup>(d)</sup>	Other
Tobacco <sup>(a)</sup>	1.9	26	50	-	18	6
Direct Materials	2.8	32	61	-	1	6
Other COGS <sup>(b)</sup>	8.1	29	20	5	16	30
Marketing, Overhead & Other Costs above OI	9.1	16	20	18	3	43
<b>Total Adjusted Costs<sup>(c)</sup></b>	<b>21.9</b>	<b>24</b>	<b>28</b>	<b>10</b>	<b>9</b>	<b>30</b>

(a) Including cloves; (b) Other manufacturing related costs and shipping and distribution; (c) Total costs above adjusted OI of \$21.9 billion = adjusted cost of sales of \$12.8 billion + adjusted marketing, overhead & other costs above OI of \$9.1 billion; (d) Indonesian rupiah  
Source: PMI Financials or estimates

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Championing a Smoke-Free World

## Section 2: Smoke-Free Transformation

## Structural Smoke-Free Growth, Accelerating Returns

- Clear demand for smoke-free products among 1bn+ smokers
- Structural shift: 10 years of double-digit smoke-free category growth, momentum continues:
  - All SFP categories and geographies have growth
  - Growth rates & margin profiles are not uniform
  - Upfront investment, higher returns than cigarettes
- PMI: substantial, selective long-term investments in premium brands, unrivaled commercial and scientific capabilities
- Accelerating growth for PMI smoke-free business



Source: CAGNY 2024, presented February 21, 2024

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## PMI: Global Laser Focus on Responsible Marketing

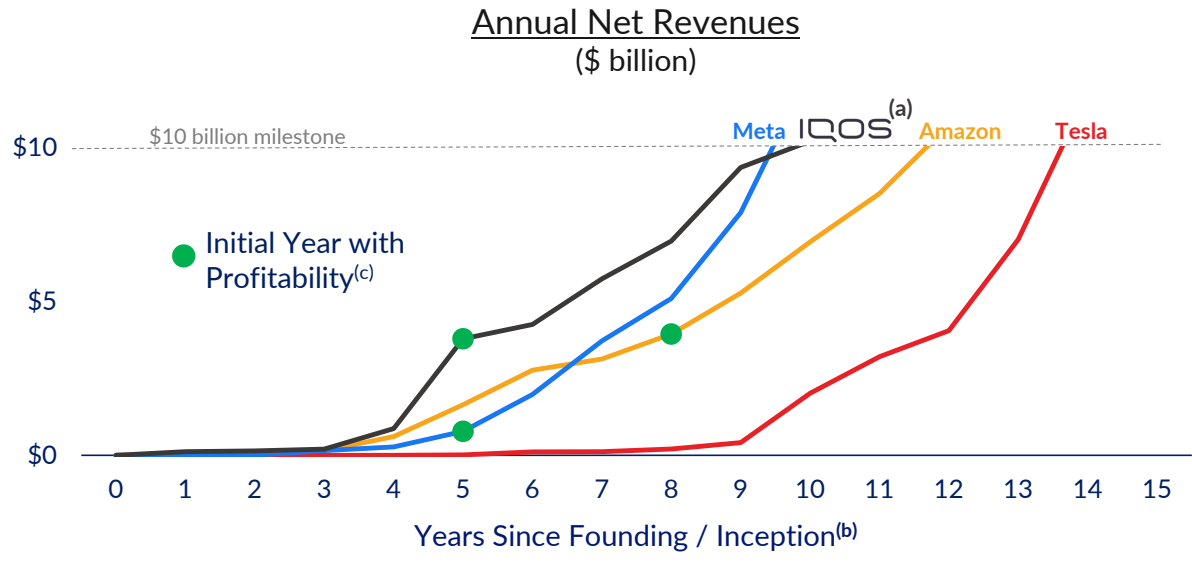
- SFPs marketed in a responsible manner to legal age smokers and nicotine users
- Responsibly selected flavors can play an important role in switching legal age smokers to SFPs, including where the corresponding flavors are consistent with those available in traditional product categories
- National regulation and enforcement critical to minimizing underage usage and the availability of illicit products
- Those under the legal age of purchase should not have access to, or use, any nicotine product
- After ~10 years of IQOS globally and ZYN in the U.S., overall rates of underage use remain very low



Source: PMI Financials or estimates. Investor Meeting with PMI U.S. Management Team, presented September 24, 2024

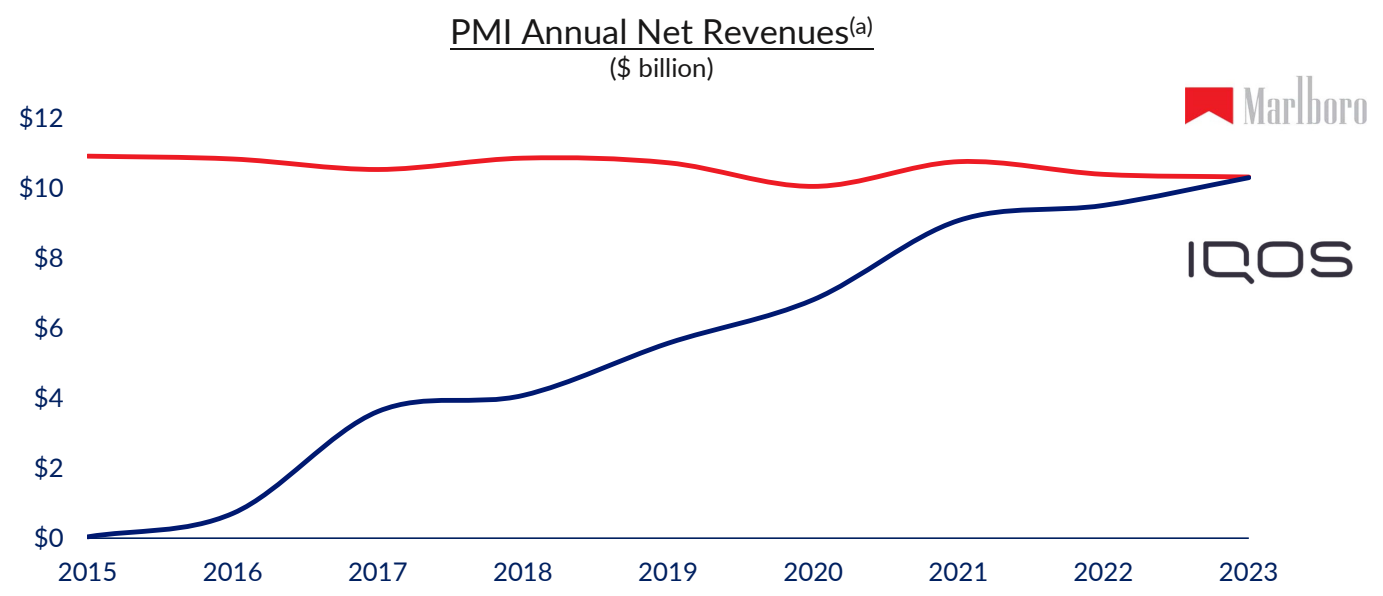
32

# IQOS: Creating \$10bn+ Smoke-Free Business in Under a Decade



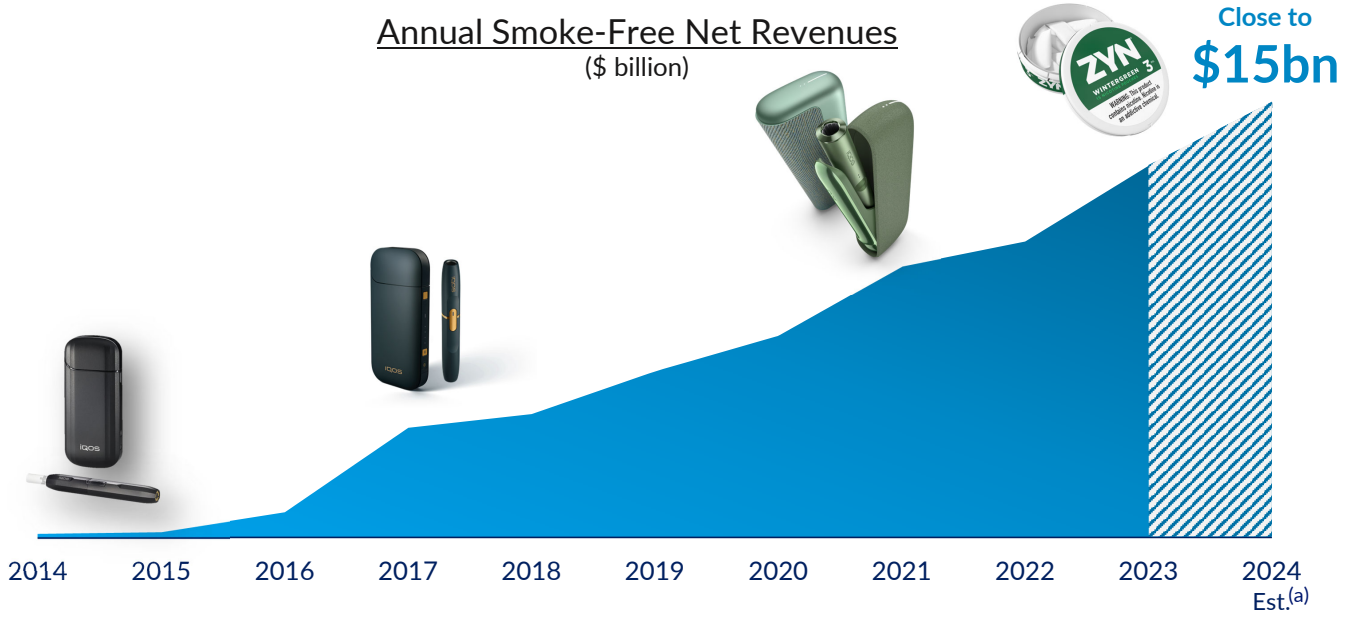
(a) Total smoke-free product net revenues. In 2022, IQOS accounted for \$9.5 billion of PMI's \$10.2 billion total smoke-free net revenues  
 (b) 2012 used for PMI's smoke-free product net revenues, reflecting project endorsement. Company founding year used for other companies  
 (c) Reflects the year when operating income was positive for the first time. For IQOS, it reflects the year when product contribution for smoke-free products was positive for the first time  
 Source: PMI Financials, Bloomberg, Investor Day 2023, presented September 28, 2023 33

# IQOS Net Revenues Surpassed Marlboro in Q4, 2023



(a) Marlboro includes Marlboro combustibles, IQOS represents Heat-not-Burn net revenues  
 Source: PMI Financials or estimates. CAGNY 2024, presented February 21, 2024

# Smoke-Free Rapidly Approaching \$15 billion Top-Line



(a) Forecast provided in Q2, 2024 Earnings, presented July 23, 2024, at prevailing rates  
 Note: Smoke-Free refers to Smoke-Free Business. Source: PMI Financials or estimates. Based on CAGNY 2024, presented February 21, 2024

# Smoke-Free Transformation Drives More Sustainable Growth Model (Presented at Investor Day 2023)

**Combustible**

- Volume decline driven by secular trend and adult smokers switching to SFPs
- More than offset by price increases
- Focus on productivity and cost efficiencies

**Resilient performance  
 complementing smoke-free business**

**Smoke-Free**

- Volume growth at substantially higher net revenue per unit
- Higher commercial investment as new markets launched
- Higher product contribution per unit
- Volume growth prioritized over pricing

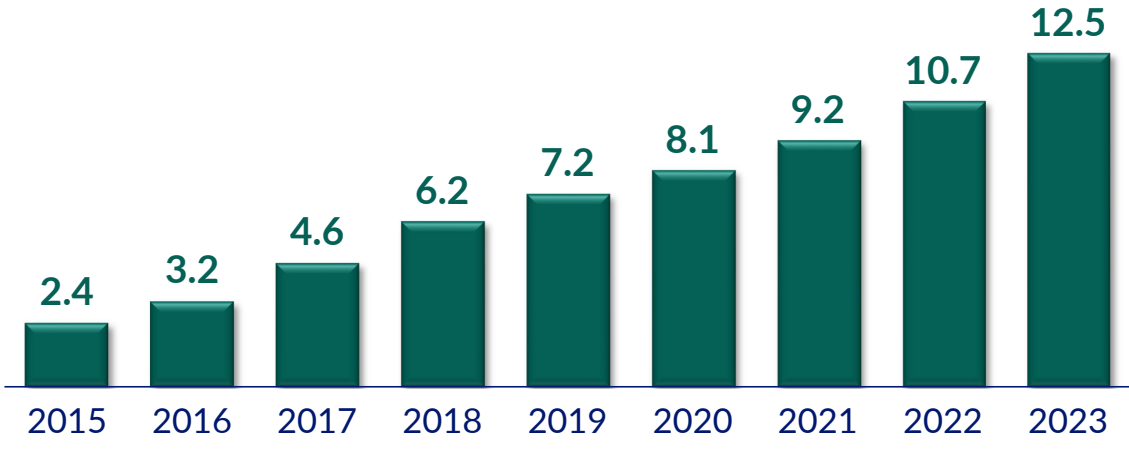
**Core driver of  
 top- and bottom-line growth**

Source: Investor Day 2023, presented September 28, 2023



# Substantial Investment in Best-in-Class Capabilities

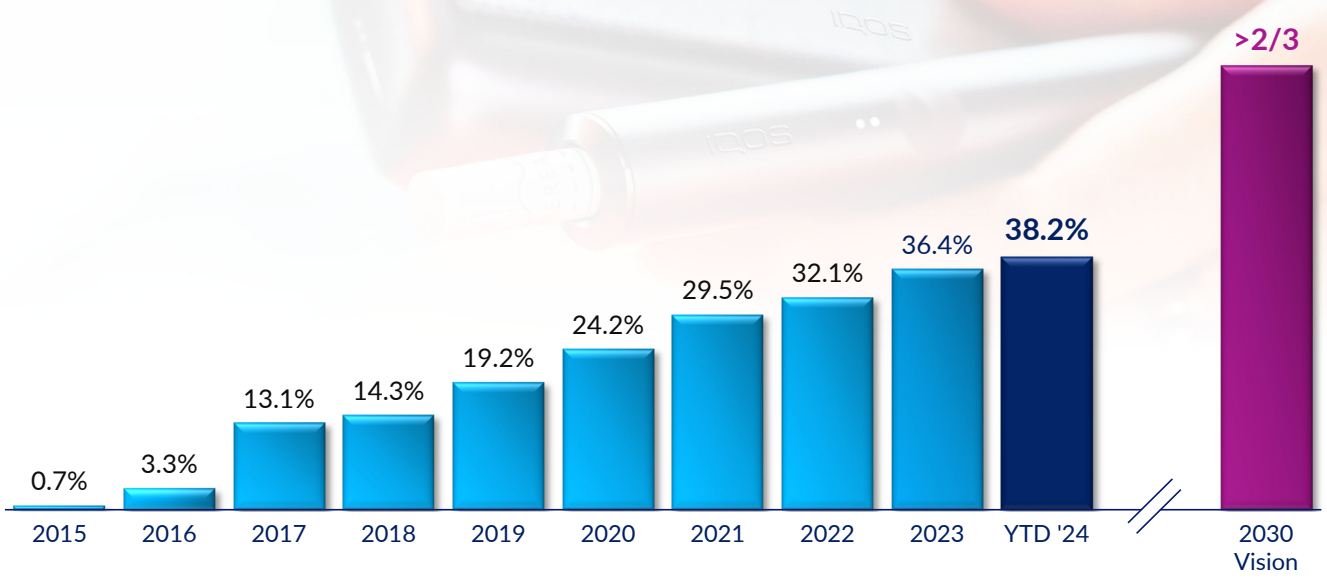
### Cumulative Smoke-Free Product Investments (in \$ billion)



Note: Investments reflect research, product and commercial development, production capacity, scientific substantiation, and studies on adult smoker understanding. Include investment since 2008. Does not include commercial deployment costs  
 Source: PMI Financials or estimates

# Becoming Substantially Smoke-Free By Net Revenues

### Smoke-Free Net Revenues<sup>(a)</sup> (% of Total PMI Adj. Net Revenues)

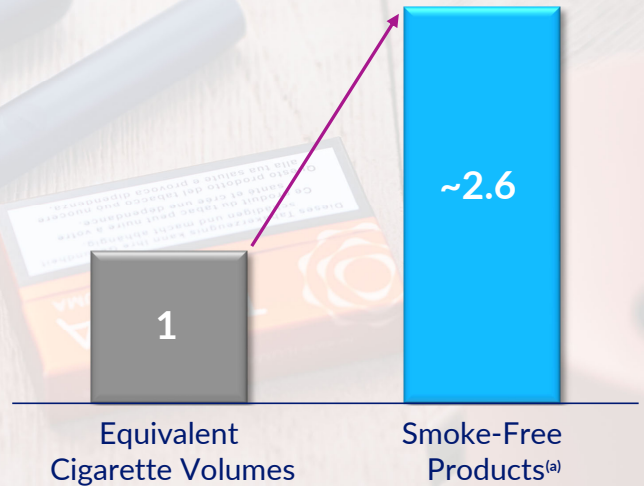
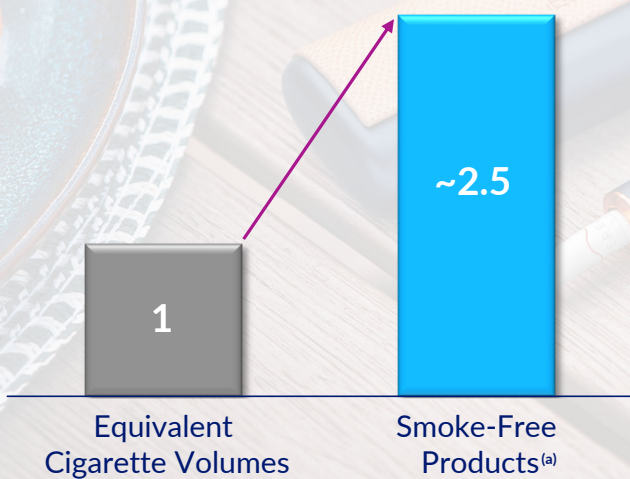


(a) Smoke-free represents Smoke-Free Business  
 For further information, please see Section 9: Appendix and Reconciliation of non-GAAP Measures. Source: PMI Financials or estimates

# Smoke-Free: Attractive & Substantial Growth Opportunity

**2023 Net Revenue Per Unit**  
(Index = Equivalent Cigarette Volumes)

**2023 Gross Profit Per Unit**  
(Index = Equivalent Cigarette Volumes)



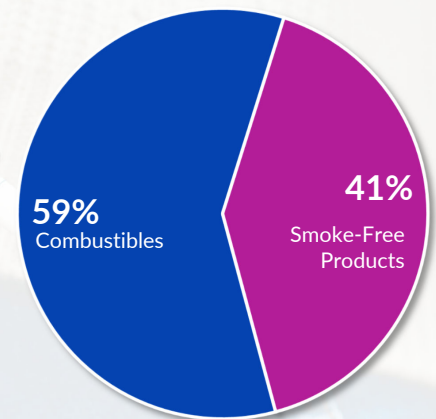
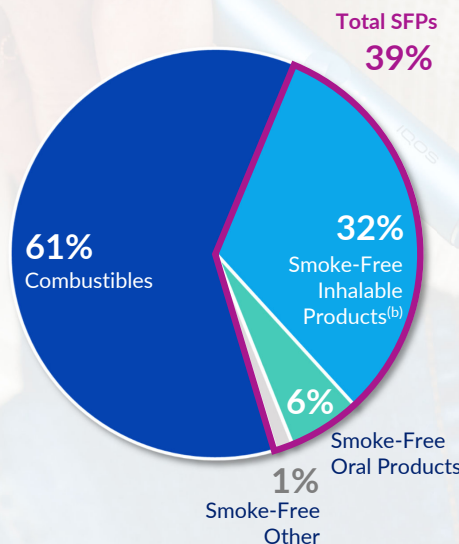
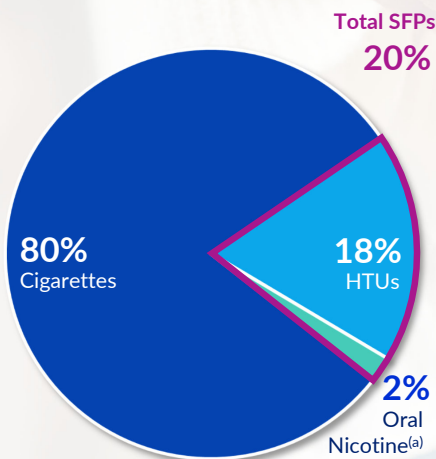
(a) Includes heat-not-burn consumables and devices and U.S. ZYN; Note: 1 can of U.S. ZYN contains 15 pouches  
Source: PMI Financials or estimates. CAGNY 2024, presented February 21, 2024

# Increasingly Smoke-Free, Profitability Accelerating

**Shipment Volumes**  
(Q4, 2023)

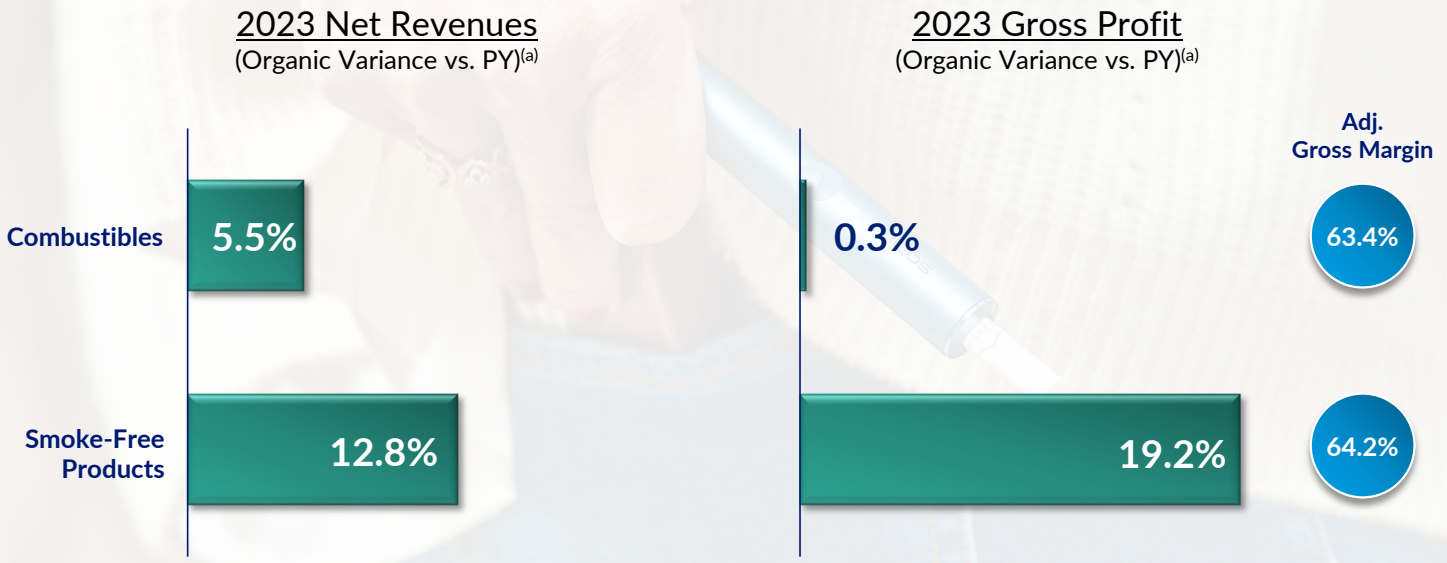
**Adj. Net Revenues**  
(Q4, 2023)

**Adj. Gross Profit**  
(Q4, 2023)



(a) Excludes snuff, snuff leaf and U.S. chew; (b) Includes heat-not-burn and e-vapor  
Note: Total may not foot due to rounding  
Source: PMI Financials or estimates. CAGNY 2024, presented February 21, 2024

# Smoke-Free Driving Net Revenue & Profit Growth



(a) Organic variance, reflecting currency-neutral adjusted results, excluding acquisitions  
 Note: Chart not to scale. Adjusted gross margin is calculated by dividing adjusted gross profit by adjusted net revenues  
 Source: PMI Financials or estimates. CAGNY 2024, presented February 21, 2024

# Strong Leadership in Most Attractive SFP Categories



(a) Excludes open tank e-vapor systems  
 Note: Reflects pro forma figures, including Swedish Match for full-year 2022  
 Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023

## Attractive SFP Volume Growth Supported by Investments

(\$/000, 2022)	Intl. Cigarettes Average	Intl. IQOS (Incl. devices) <sup>(a)</sup> Average	Mid-Term Opportunity	Current Ratio vs Cig.	Nordics NPs Average
Net Revenue	~35	~85		~2.5x	~100
COGS	~12	~30	~25	~2.5x	~40
Gross Profit	~23	~55		~2.5x	~60
Commercial/R&D Costs	~3	~25	<20	~7x	~30
Product Contribution	~20	~30	40+	~1.5x >2x	~30

**IQOS & nicotine pouches already compare favorably to highly-optimized cigarette business, with scale opportunities over time**

(a) IQOS financials, including devices, allocated to HTU on per '000 basis  
 Note: 1 can of Nordics nicotine pouches (NPs) contains on average 21 pouches  
 Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023

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## U.S.: Attractive & Substantial Growth Opportunity

(\$/000, 2022)	Intl. Cigarettes Average	Intl. IQOS (Incl. devices) <sup>(a)</sup> Average	U.S. ZYN	Ratio vs Intl. Cig.	U.S. IQOS (Incl. devices) (Illustrative <sup>(a)(b)</sup> )	Ratio vs Intl. Cig.
Net Revenue	~35	~85	~190	~5.5x	~150 <i>Assumes Premium U.S. CC NR</i>	~4x
COGS	~12	~30	~40	~3x	~30 <i>Assumes IQOS Intl. Avg</i>	~2.5x
Gross Profit	~23	~55	~150	~6.5x	~120	~5x
Commercial/R&D Costs	~3	~25	~35	~12x	~40-50 <i>At scale (higher in launch phase)</i>	~13-16x
Product Contribution	~20	~30	~115	~6x	~70-80	~3-4x

**Highly attractive economics vs. PMI international business**  
**U.S. ZYN similar economics to U.S. Moist Snuff**

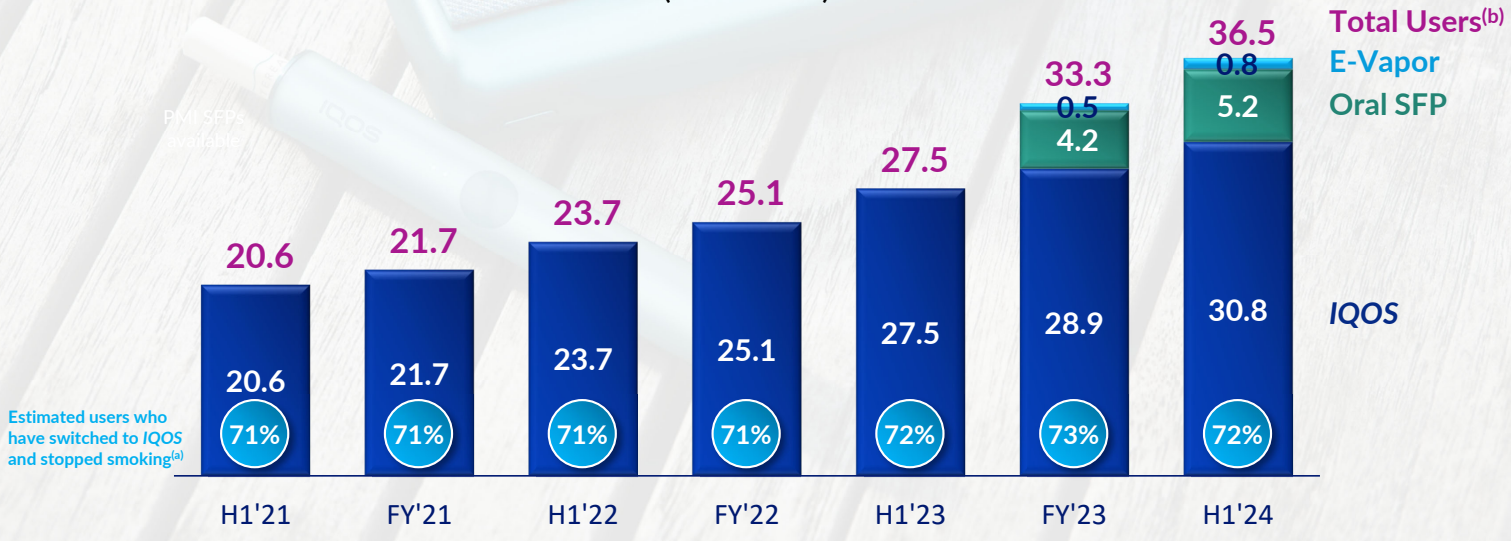
(a) IQOS financials, including devices, allocated to HTU on per '000 basis  
 (b) Illustratively, assuming same estimated net revenue per thousand (net of MSA related payments) as U.S. cigarettes, same COGS as international IQOS, and estimated level of commercial costs once at moderate national scale  
 Note: 1 can of U.S. ZYN contains 15 pouches  
 Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023

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# Over 36m Users of PMI Smoke-Free Products

**Total Smoke-Free Product Users<sup>(a)</sup>**  
(in millions)



(a) See Glossary for definition. (b) Total Smoke-Free Product Users are net of poly users across categories  
Source: PMI Financials or estimates and PMI Market Research. Q2, 2024 Earnings, presented July 23, 2024

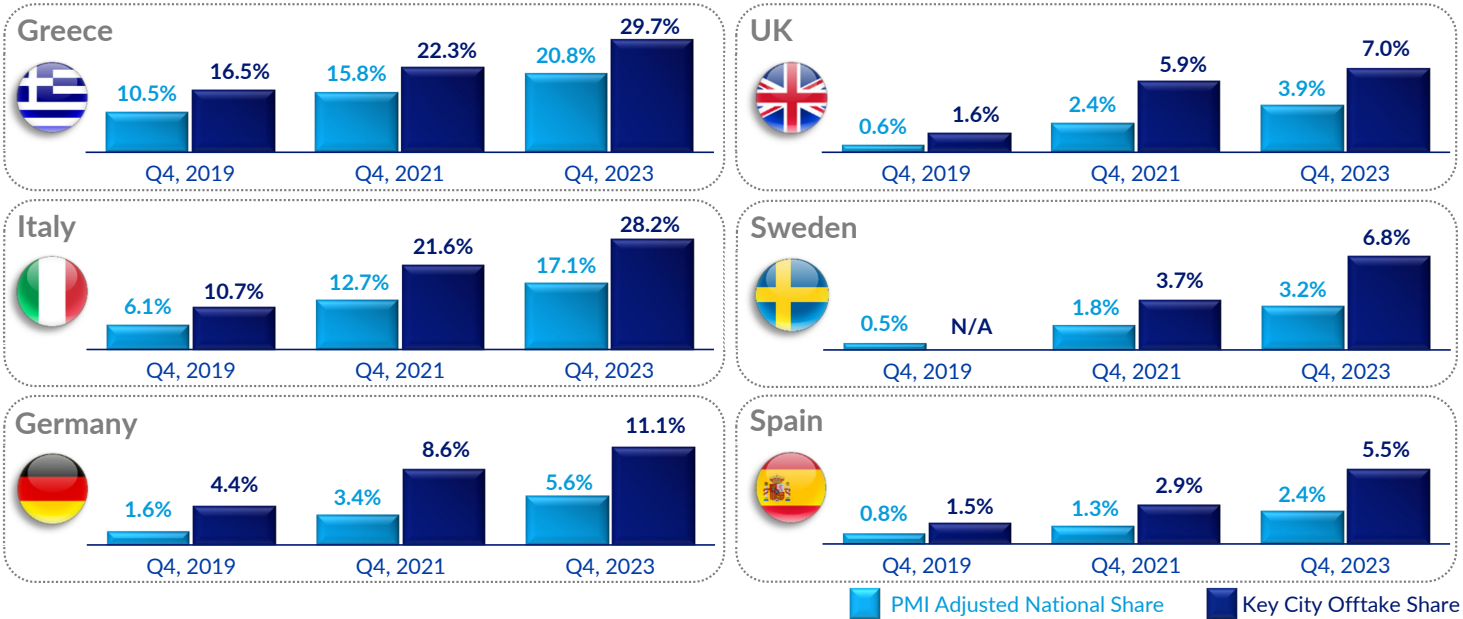
# IQOS: Evolving in Device Range, Personalization & Flexibility

Range	Personalization	Flexibility
<p><b>Devices</b></p> <p><b>FROM:</b> 1 model &amp; 2 colors</p> <p><b>TO:</b> 3 models &amp; 14 colors</p>	<p><b>Limited Editions &amp; Accessories</b></p> <p><b>FROM:</b> Color led Device led</p> <p><b>TO:</b> Idea &amp; Brand engagement led</p>	<p><b>Features</b></p> <p><b>FROM:</b> Basic</p> <p>6 minutes 14 puffs</p> <p><b>TO:</b> Advanced</p> <p>FlexPuff<sup>(a)</sup></p> <p>FlexBattery</p>

(a) Adapting to adult consumer puffing habit  
Source: Investor Day 2023, presented September 28, 2023

# Key Cities Lead the Way For National Shares Over Time

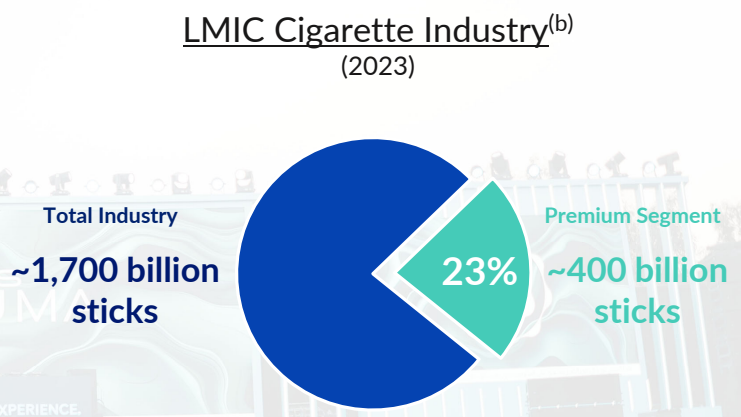
PMI Adjusted National Share<sup>(a)</sup> and Key City Offtake Share of Total Cigarette and HTU Market



(a) Adjusted market share for HTUs is defined as the total in-market sales volume for PMI HTUs as a percentage of the total estimated sales volume for cigarettes, HTUs and excluding the impact of estimated distributor and wholesaler inventory movement; Note: Chart not to scale. Key Cities selected are respectively: Athens, London, Rome, Stockholm, Munich and Madrid  
Source: PMI Financials or estimates. CAGNY 2024, presented February 21, 2024

# Clear Strategy For Low & Middle-Income Markets

- IQOS comes first:
  - Premium offer with *ILUMA* to build brand equity
  - Best product for switching smokers
  - Substantial premium CC segment to switch
- Below premium offering to address full volume opportunity:
  - *LIL*<sup>(a)</sup> with intuitive innovation
  - *BONDS* pilot learnings being taken to refine product offering



(a) Commercialized under partnership with KT&G (b) Excluding China  
Note: LMIC refers to Low and Middle-Income countries and defined using World Bank classification issued in July 2023  
Source: PMI Financials or estimates. CAGNY 2024, presented February 21, 2024

# Driving Opportunities Across Smoke-Free Categories

- ZYN international expansion continues, now in 30 markets
- VEEV delivering encouraging growth and financial performance
- IQOS 3 “Be The First” campaign underway for U.S. pilots



Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

# Outstanding Prospects to Remain Undisputed Global Leader

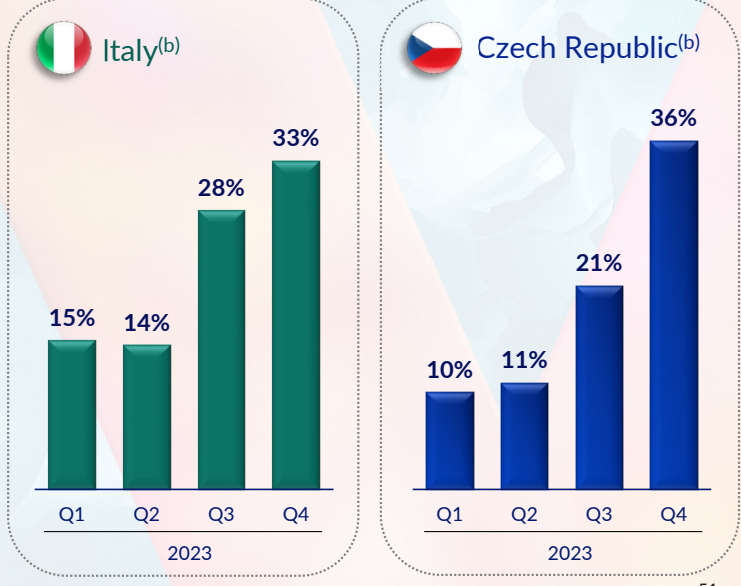


Source: Investor Day 2023, presented September 28, 2023

# VEEV: Good Progress on Targeted Strategy

- Substantial consumer demand with >60 million adult vape users<sup>(a)</sup>
- Emerging signs of better regulation & enforcement
- Promising early results from VEEV relaunch
- Remains a selective market play, but in specific markets can be an important growth driver

## VEEV (SoS in Closed Pod Systems)



(a) PMI Market Research, excluding Russia and China  
 (b) Nielsen. Italy based on tobacco shops only  
 Source: PMI Financials or estimates. CAGNY 2024, presented February 21, 2024

# E-Vapor: Vaping Made Right

<p>Youth Access Prevention</p>	<p><b>Product</b></p> <ul style="list-style-type: none"> <li>• Design - for Adult Nicotine Users, including flavor, device, package</li> <li>• Access - Must be age verified</li> </ul>	<p><b>Marketing</b></p> <ul style="list-style-type: none"> <li>• Content - Must reflect intended focus on Adult Nicotine Users and must be accurate and non-misleading</li> <li>• Access - Only be accessible subject to age-control measures and placed in media where audience is deemed to be predominantly Adults</li> </ul>
<p>Sustainability</p>	<p><b>Design for Sustainability</b></p> <ul style="list-style-type: none"> <li>• Recyclability</li> <li>• Optimize material usage</li> </ul>	<p><b>Post-Consumer Waste Management</b></p> <ul style="list-style-type: none"> <li>• Circular Program</li> </ul>
<p>Government</p>	<p><b>Regulation</b></p> <ul style="list-style-type: none"> <li>• Product standards, incl. flavors</li> <li>• Product presentation &amp; descriptors</li> <li>• Responsible commercialization, incl. strong Youth Access Prevention safeguards at retail (offline &amp; online)</li> <li>• Fiscal regulation</li> </ul>	<p><b>Compliance Enforcement</b></p> <ul style="list-style-type: none"> <li>• Product</li> <li>• Youth Access Prevention</li> <li>• Communication</li> <li>• Illicit Trade</li> <li>• Proportionate Penalties</li> </ul>

Source: Investor Day 2023, presented September 28, 2023



## A Focused Approach to Wellness & Healthcare Business

- W&H business provides sizable long-term potential in pharmaceutical, medical and consumer wellness segments
- Reprioritization of strategy and resource allocation in recognition of:
  - Significant opportunity for SFPs with IQOS and ZYN, particularly now in the U.S.
  - Impact of the external environment on certain areas of the acquired operations due to PMI's ownership
- Preparing for W&H new product roll-outs beyond 2026, with corresponding scale-down of investments resulting in stable costs and only moderate revenue increases in next 3 years

Source: Investor Day 2023, presented September 28, 2023

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## Wellness & Healthcare: Product Focus Areas

	<u>Pharmaceutical (Rx)</u>	<u>Medical</u>	<u>Consumer</u>
<u>Focus</u>	<ul style="list-style-type: none"> <li>• Inhalable:               <ul style="list-style-type: none"> <li>– Aspirin for myocardial infarction</li> <li>– Cannabinoids for chronic pain</li> <li>– DHE for acute migraine</li> </ul> </li> <li>• Approved compounds, repurposed for inhalation; development process is faster and requires less investment relative to NME process</li> </ul>	<ul style="list-style-type: none"> <li>• Medical cannabis, where there is a clear need for:               <ul style="list-style-type: none"> <li>– Product quality</li> <li>– Scientific evaluation</li> <li>– Consistency of dose / dosage</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 'Energy and focus', primarily through superior oral products</li> <li>• Leverage FMCG brand-building expertise</li> </ul>
<u>Time to Market / Investment</u>	<ul style="list-style-type: none"> <li>• Longest time to market, due to preclinical / clinical trials and regulatory approvals, with highest upstream investments</li> <li>• Commercialization plan to optimize between own capabilities and partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Faster time-to-market</li> <li>• More moderate investment requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Similar to FMCG products, with lower upstream costs</li> <li>• Higher in-market investment once rolled-out geographically, which is not foreseen during 2024-26 period</li> </ul>

Note: DHE stands for dihydroergotamine. NME stands for new molecular entity. Source: Investor Day 2023, presented September 28, 2023

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# Section 3: U.S. Market and Smoke-Free Strategy

## The U.S. is the World's Largest SFP Market<sup>(a)</sup>

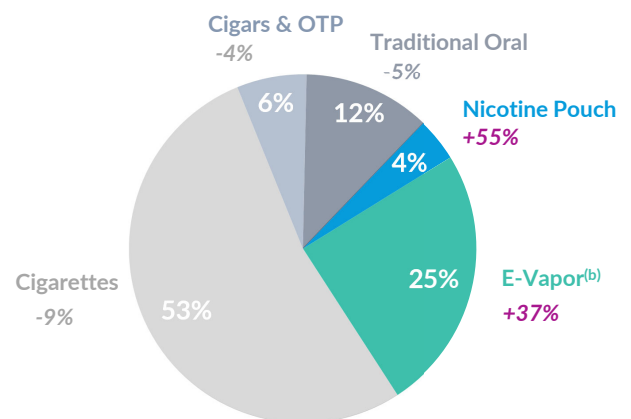
3



- Largest total nicotine market by value<sup>(a)</sup>, with ~\$25bn profit pool:
  - Highly profitable in absolute terms and relative to international HTUs
- Nicotine industry volume of >300bn units, close to stable since 2020:
  - Traditional / Combustible categories in decline
  - New smoke-free categories in high growth
- Smoke-Free ~40% of total industry:
  - PMI well positioned to capture the opportunity with leading Nicotine Pouch brand, and high potential of HnB

### 2023 U.S. Volumes by Category (est. stick equivalent units)

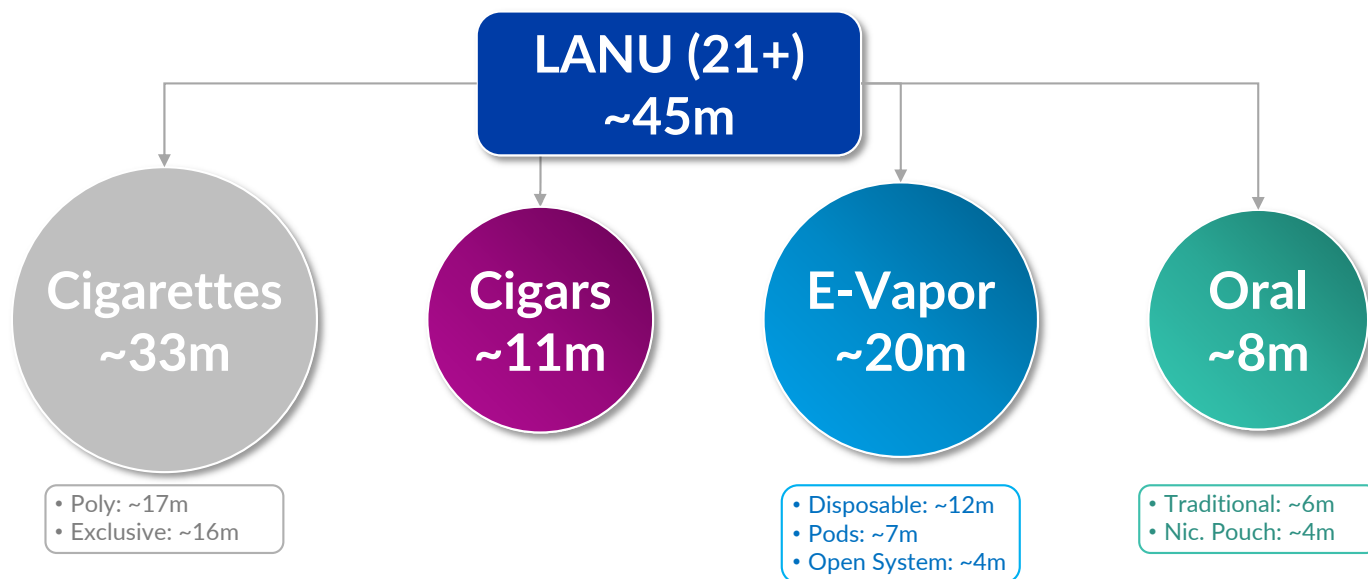
CAGR '20-23 (%)



(a) Excluding China. Note: Cigars & OTP includes cigars, little filtered cigars and other tobacco (loose, roll, etc.). Traditional Oral includes moist snuff, snus and chew. (b) E-Vapor includes pods, open systems, disposables and includes estimated illicit consumption. Source: PMI Financials or estimates based on Nielsen, MSA and industry experts. Investor Meeting with PMI U.S. Management Team, presented September 24, 2024



## ... With ~45 Million Legal-Age Nicotine Users in 2023



### High degree of poly-use across and within categories

Total LANU are net of estimated poly-users across categories. Estimated past 7-day use. Nb. CDC data (not shown) estimates use 'every day or some days'. LANU = Legal-age nicotine users. Source: PMI Market Research or estimates. Investor Meeting with PMI U.S. Management Team, presented September 24, 2024.

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## Building Our U.S. Capabilities to Drive Long-term Value

- Building on strong Swedish Match platform:
  - >2,000 U.S. employees
- Growing commercial footprint behind ZYN:
  - Sales force expansion to >700 people, increasing coverage and visit frequency
- Building external engagement, digital & organizational capabilities to serve IQOS & ZYN



Source: PMI Financials or estimates. Investor Meeting with PMI U.S. Management Team, presented September 24, 2024

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# Driving Industry Standards in Under-21 Prevention



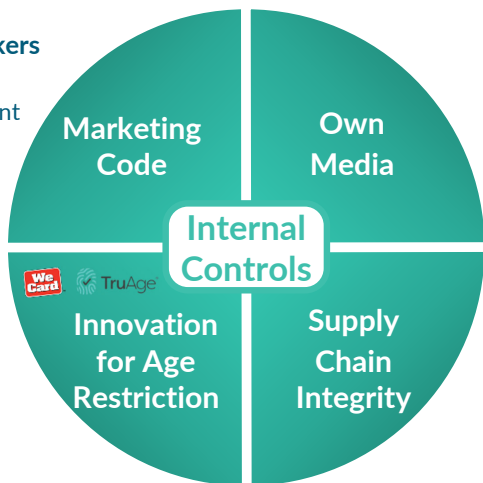
## External Influence

### Society & Policy Makers

- State / Federal regulatory engagement
- Law enforcement engagement

### Social Sourcing

- Top-level support of industry solutions
- Consumer campaigns



### Social Media

- Take-down requests of inappropriate content
- Call-out to social media companies

### Retail Access

- Strict U21 contract terms
- Trade communication & training
- Monitoring & enforcement

☆☆☆ **Swedish Match.**  
The maker of ZYN nicotine pouches.

**OUR ACTIONS ADD UP.**



AT SWEDISH MATCH WE MAKE NICOTINE PRODUCTS, AND WE'RE TAKING STEPS TO HELP KEEP OUR PRODUCTS ACCESSIBLE ONLY TO ADULT NICOTINE USERS 21+.

**Underage nicotine pouch use remains very low at 1.8% in CDC's 2024 NYTS survey**

Source: Investor Meeting with PMI U.S. Management Team, presented September 24, 2024

# ZYN®

**#1 U.S. smoke-free brand<sup>(a)</sup>**

**Among Top-10 U.S. brands in convenience retail<sup>(b)</sup>**

**Unique premium brand, strong resonance with LANUs**

**Strong underlying momentum**

**Distribution in ~170k stores**

(a) Retail sales value, based on Circana, last 52 weeks ending Sep 1, 2024. (b) Retail sales value, based on Nielsen, last 52 weeks ending Aug 3, 2024  
Source: PMI Financials or estimates. Investor Meeting with PMI U.S. Management Team, presented September 24, 2024

## ZYN: Leading the Way With Strong Premium Brand



- U.S. nicotine pouch category still in its infancy
- ZYN now \$2 billion retail value brand<sup>(a)</sup> in the U.S. within five years of national launch
- Continued focus on responsible marketing practices
- Active innovation pipeline, subject to FDA market authorization process
- Investing in commercial and manufacturing capacity to support long-term growth
- ZYN to drive overall double-digit net revenue and adjusted OI growth in U.S. for 2024-26, including impact of IQOS investments



(a) On an annualized basis, Q3'23

Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023

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## Strong Resonance of ZYN with U.S. Legal Age Nicotine Users



### Demographics

**39yrs**

Average Age

Higher awareness among men



### Average Weekly Consumption (cans)

**>4**

ZYN Rewards Members (longer average time of use)

**~3**

ZYN Users



### Split on Flavor & Nicotine Strength

**61%**

Mint Flavors

**70%**

6mg Nicotine

**ZYN**

### Primary Use Before ZYN<sup>(a)</sup>

**~35%**

Traditional Oral

**~20% ~30%**

Cigarettes

Vape



### Income & Education

**\$87k**

Avg Household Income

**~60%**

College Graduates+

(a) Other primary uses before ZYN include cigars, snus, OTP, other nicotine pouch brands

Source: Market Landscape Q1 2023 through Q1 2024, Company consumer research reports, 2023. Investor Meeting with PMI U.S. Management Team, presented September 24, 2024

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# Building Towards IQOS ILUMA Success



- IQOS ILUMA at-scale U.S. launch remains core focus:
  - Continue to assume H2, 2025 PMTA
- Bringing the best IQOS product yet to U.S. legal-age smokers
- Flexibility to leverage global supply chain
- IQOS 3 consumer pilots:
  - Consumer (adult smoker) engagement, category and brand education, small-scale experiences
  - Learnings to inform IQOS ILUMA launch
  - Designed to optimize readiness for IQOS ILUMA

## Ambition

10% share 5 years from IQOS ILUMA launch<sup>(a)</sup>

### IQOS 3 consumer pilots



(a) Illustrative target share of U.S. Cigarette and HTU Industry Volume within five years of IQOS ILUMA launch  
Source: PMI Financials or estimates. Investor Meeting with PMI U.S. Management Team, presented September 24, 2024

# IQOS: 10% Share Reached Within 6 Years in Many Markets



Number of Years to Reach 10% SoM<sup>(a)</sup>



(a) Reflects year in which PMI HTU share reached 10% following initial IQOS launch in the market  
Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023



## Navigating the U.S. Regulatory Environment



- FDA backlog of >500k PMTA applications:
  - Unpredictable timing, authorization after 2y+
- PMI is developing innovative products:
  - E.g.: IQOS ILUMA converts more smokers than IQOS 3
  - General snus and IQOS: the pioneering MRTP authorized smoke-free products
- Confident of success with authorizations:
  - Submitting robust data on '*appropriate for protection of public health*'
- State and local regulation also important given slow action from FDA:
  - Advocating for policies which place public health and adult smokers at center



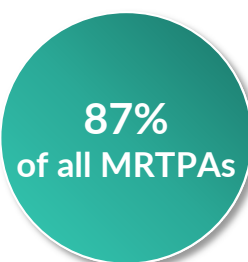
Source: PMI Financials or estimates. Investor Meeting with PMI U.S. Management Team, presented September 24, 2024

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## Key FDA Applications For Smoke-Free Products



- ZYN PMTAs submitted in March '20 for current portfolio in line with deeming regulations
- ZYN MRTPA submitted in April '24
- ZYN Ultra (moist) PMTAs submitted in December '21
- IQOS 3.0 MRTPA renewal submitted July '23:
  - Blade technology, Tobacco & menthol flavors
  - MRTPA claim: '*complete switching from smoking leads to significant decrease in toxicant exposure*'
- IQOS ILUMA PMTAs/MRTPAs submitted in October '23:
  - Induction technology, Tobacco & menthol flavors
  - Same reduced exposure claims as IQOS 3.0



Source: PMI Financials or estimates. Investor Meeting with PMI U.S. Management Team, presented September 24, 2024

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## Well Positioned to Capture and Lead U.S. Smoke-Free Growth

- Leading the industry with science-backed smoke-free products:
  - Integrated, complementary premium smoke-free portfolio with ZYN & IQOS
  - No combustible cigarette business, no cigarette cannibalization
- Building a strong engine to drive sustainable growth:
  - Combining the best of PMI & Swedish Match talent & knowhow
  - Building infrastructure & core capabilities to serve IQOS & ZYN
  - Dedicated to serving the U.S. legal-age nicotine consumer, with absolute focus on youth access prevention

Source: PMI Financials or estimates. Investor Meeting with PMI U.S. Management Team, presented September 24, 2024

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## Section 4: Combustibles Strategy and Performance

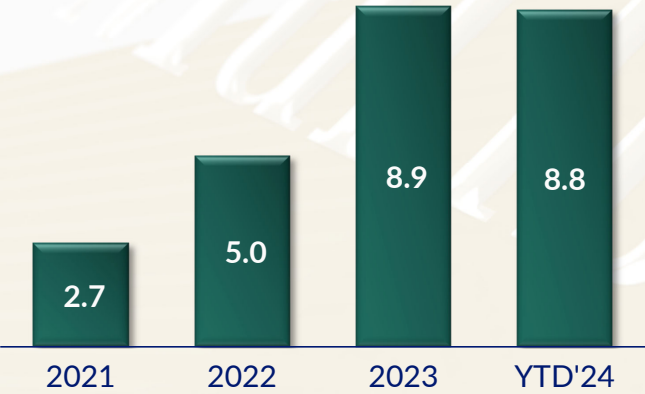
# Combustible Leadership Supports SFP Growth

- Leading portfolio well-positioned for evolving adult smoker base
- Infrastructure and expertise benefits smoke-free portfolio
- Responsible category stewardship – market leader driving the obsolescence of combustible tobacco
- Continue to target stable combustible share over time **and** profit growth contribution

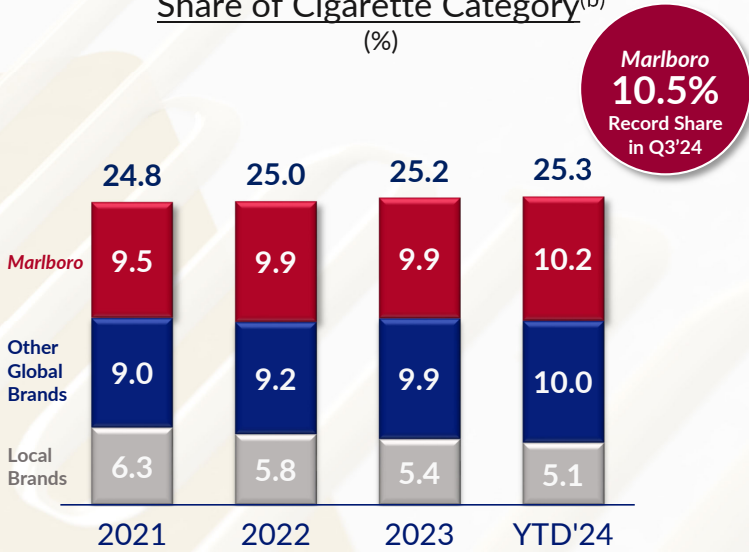
(a) Excludes China and the U.S. Reflects in-market sales volume of PMI cigarettes as a percentage of cigarette industry sales volume and includes cigarillos in Japan  
Source: PMI Financials or estimates. Based on CAGNY 2024, presented February 21, 2024

# Combustibles: Strong Pricing & Robust Share Drives Profitability

**Combustible Pricing**  
(% organic change vs. PY)<sup>(a)</sup>



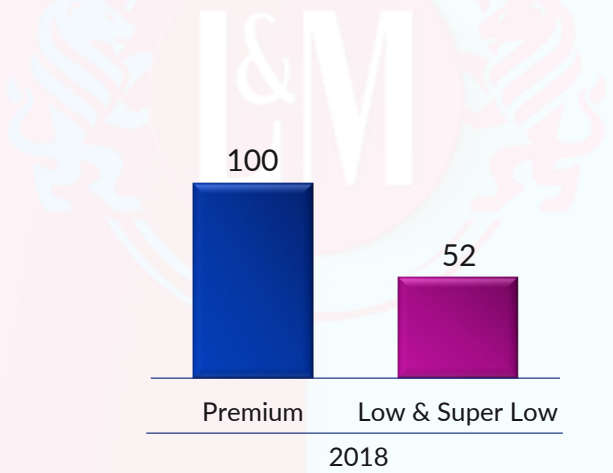
**Share of Cigarette Category**<sup>(b)</sup>  
(%)



(a) Pricing variance is based on adjusted net revenues. (b) Excludes China and the U.S. Reflects in-market sales volume of PMI cigarettes as a percentage of cigarette industry sales volume and includes cigarillos in Japan. Note: Other global brands include L&M, Chesterfield, Parliament and Philip Morris (including Philip Morris and Philip Morris/Dubliss). Total may not foot due to rounding. Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

# Unit Rates Attractive Across Price Points

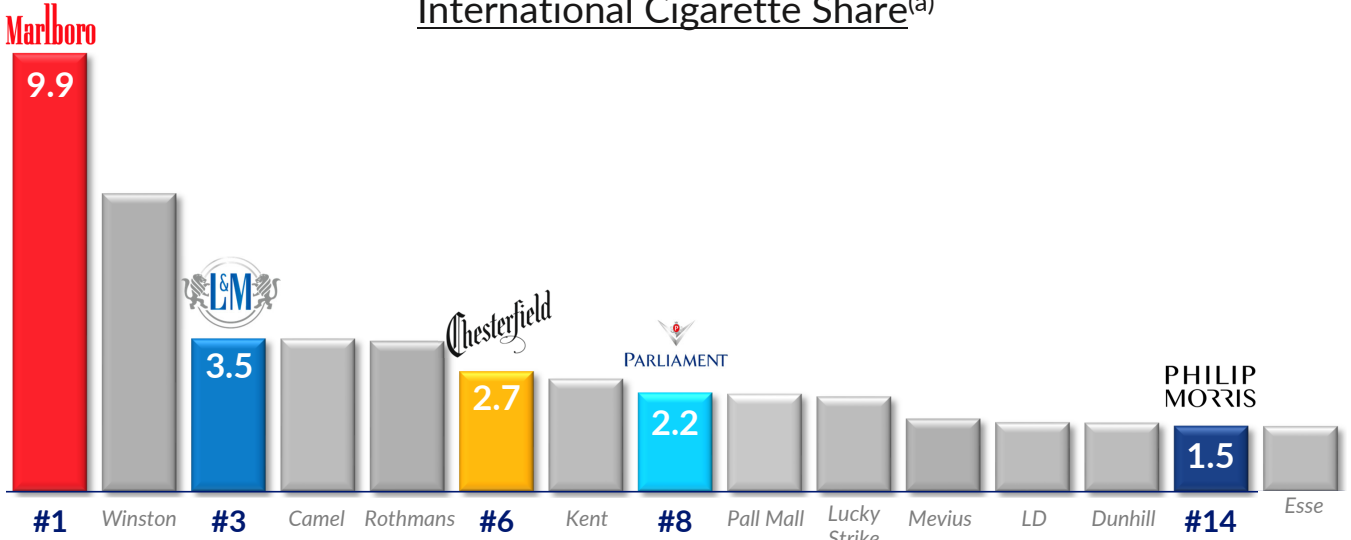
Cigarette Net Revenue Unit Rates  
 Top 10 PMI Pricing Markets  
 (index = Premium 2018)



Note: Unit rates are net revenues per '000 sticks, evolution indexed in local currency, aggregated for Top 10 PMI pricing contribution markets (2018-2022)  
 Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023

# PMI Cigarettes: Top-15 International Brands (2023)

(%)  
 International Cigarette Share<sup>(a)</sup>

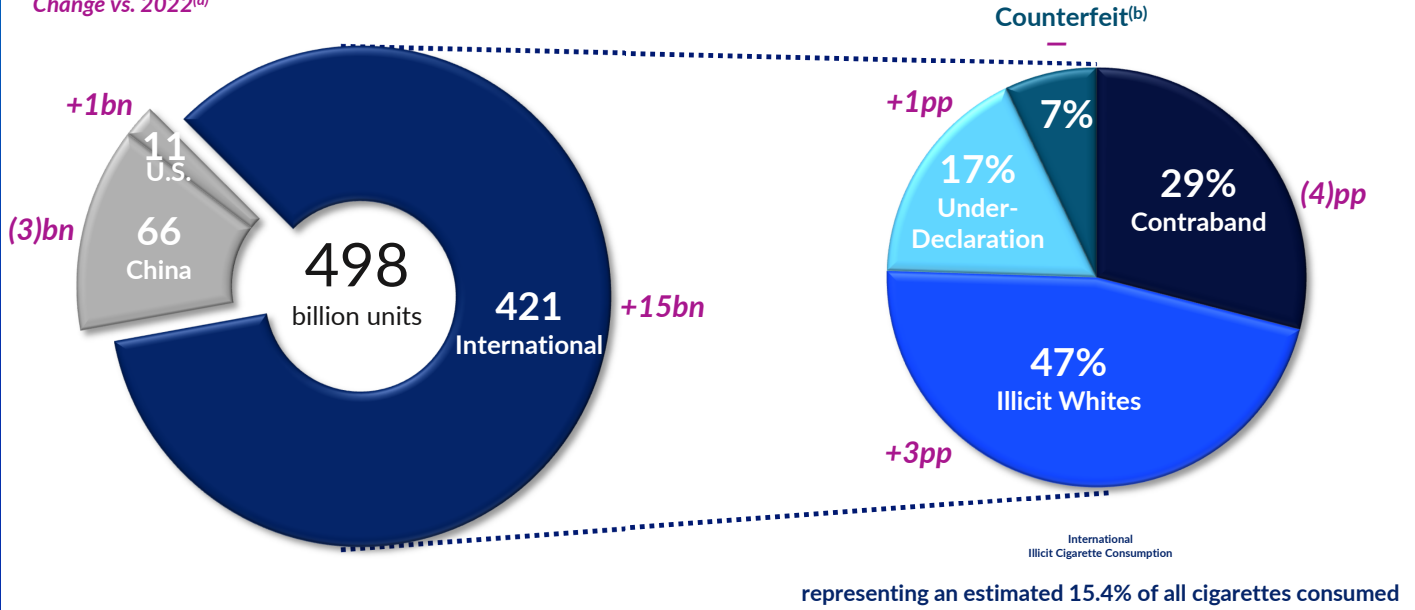


**PMI Owns Five of the World's Top-15 International Cigarette Brands**

(a) In-market sales volume of cigarette brand as a percentage of total estimated sales volume for cigarettes  
 Note: Excluding China and the U.S. Philip Morris includes Philip Morris, Philip Morris Dubliss, and Philip Morris/Dubliss. Marlboro includes Marlboro, Marlboro Chesterfield and Crafted by Marlboro. Includes cigarillos in Japan. Source: PMI Financials or estimates as of October 10, 2024

# Cigarettes: Illicit Trade Overview (2023)

Change vs. 2022<sup>(a)</sup>



(a) Change vs 2022, (b) All companies, estimate for PMI worldwide and BAT, JT and IMB for selected markets where information on counterfeit of competitor brands is available. Estimates for 2023 include KPMG findings. For more information on our efforts to limit illicit trade, please see PMI's Quarterly Report on Form 10-Q for the third quarter ended September 30, 2024. Sources: KPMG, EPS, Yellow Bag Survey, Pack Swap Surveys, PMI internal estimates



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## Section 5: Tobacco Harm Reduction: Regulatory & Science



# Nicotine Misinformation Slowing Tobacco Harm Reduction

- Many misperceptions on smoke-free products & nicotine
- Nicotine is not the primary cause of smoking-related disease<sup>(a)</sup>, combustion is
- Science from existing laboratory and clinical data<sup>(b)</sup> is conclusive: heated tobacco, e-vapor, & oral products ARE NOT equally or more harmful than cigarettes

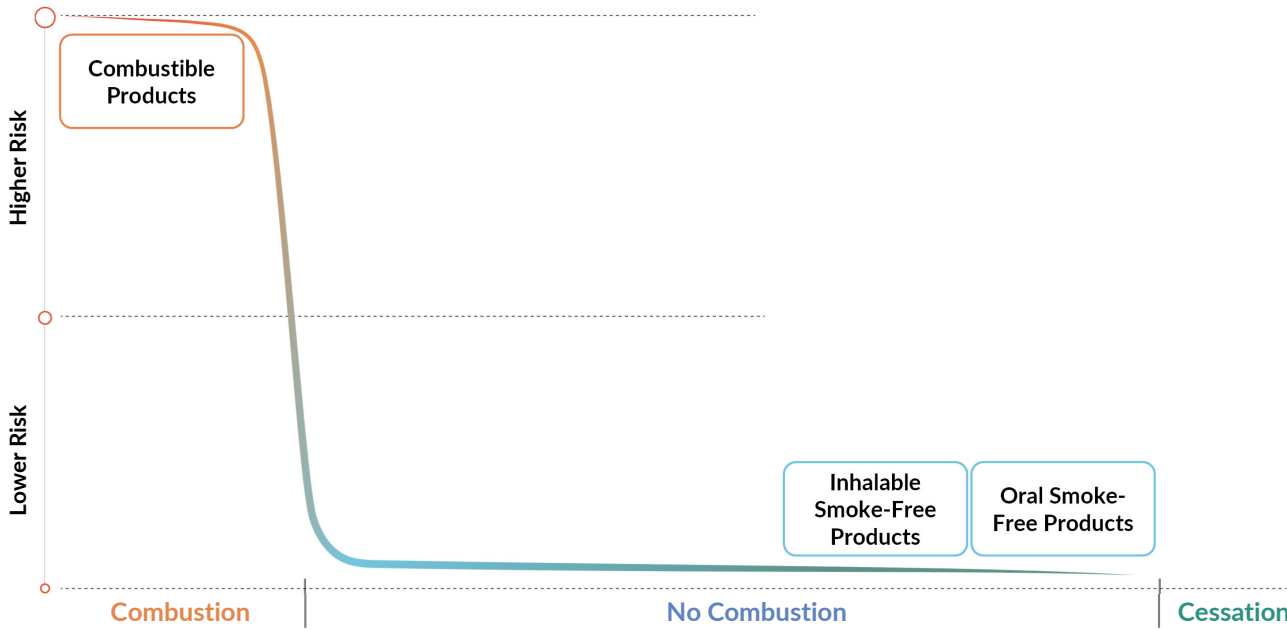
*“Nicotine, though not benign, is not directly responsible for the tobacco-caused cancer, lung disease, and heart disease that kill hundreds of thousands of Americans each year. The FDA’s approach to reducing the devastating toll of tobacco use must be rooted in this foundational understanding: other chemical compounds in tobacco, and in the smoke created by combustion, are primarily to blame for such health harms.”<sup>(c)</sup> [emphasis added]*

FDA - September 2017

(a) Nicotine is addictive and not risk-free; (b) Available scientific data from third-party laboratory and clinical studies, published in scientific journals; (c) FDA - September 21, 2017, N Engl J Med 2017; 377:1111-1114 DOI: 10.1056/NEJMp1707409  
Source: CAGNY 2024, presented February 21, 2024

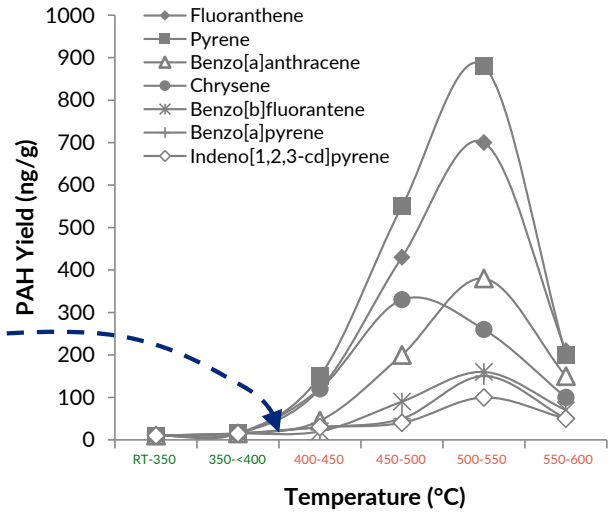
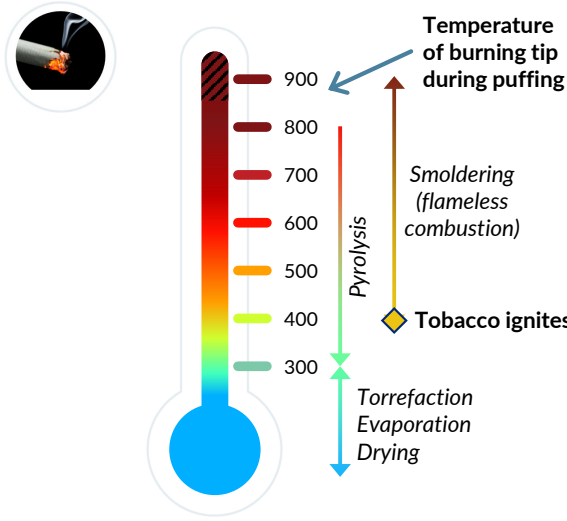
# The Science is Clear: SFPs Are A Much Better Alternative

Tobacco Harm Reduction: Continuum of Risk



Note: Charts are used for illustrative purposes; not to scale. Combustible Products include cigarettes, cigars and cigarillos. Inhalable Smoke-Free Products include Heat-not-Burn and e-vapor. Oral Smoke-Free Products include nicotine pouches and snus. Nicotine Replacement Therapy products include patches and gums. Source: CAGNY 2024, presented February 21, 2024

# Cigarette Combustion Causes Harm to Health

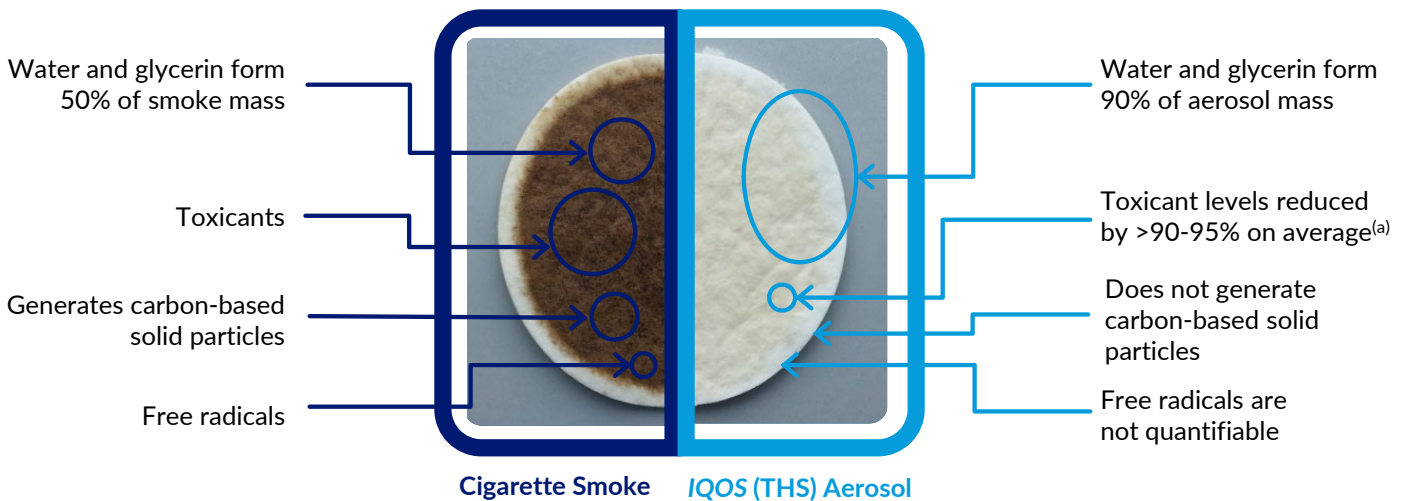


*As the Temperature Increases Beyond the Ignition Point of Tobacco the HPHC Emission Increases*

Note: HPHC stands for Harmful and Potentially Harmful Constituent. PAH stands for polycyclic aromatic hydrocarbons  
 Source: Left chart: Cozzani, 2020 (DOI: 10.1016/j.tca.2019.178475); right chart: McGrath, 2007 (DOI: 10.1016/j.fct.2006.12.010). Investor Day 2023, presented September 28, 2023

# The Difference Between Cigarette Smoke & IQOS (THS) Aerosol

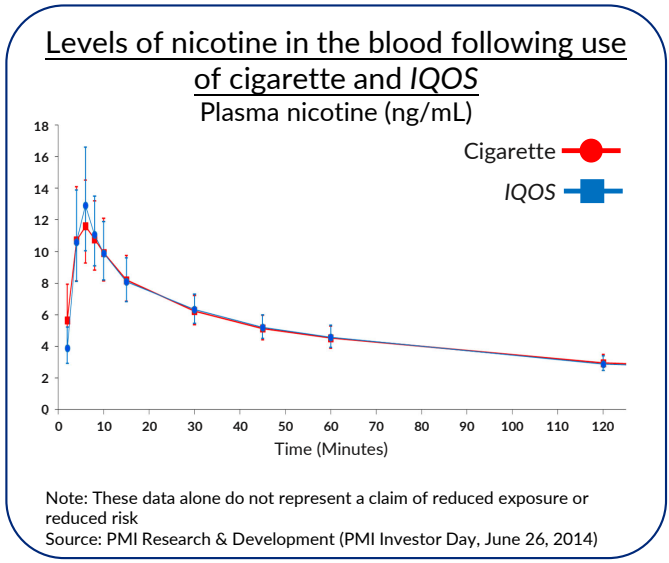
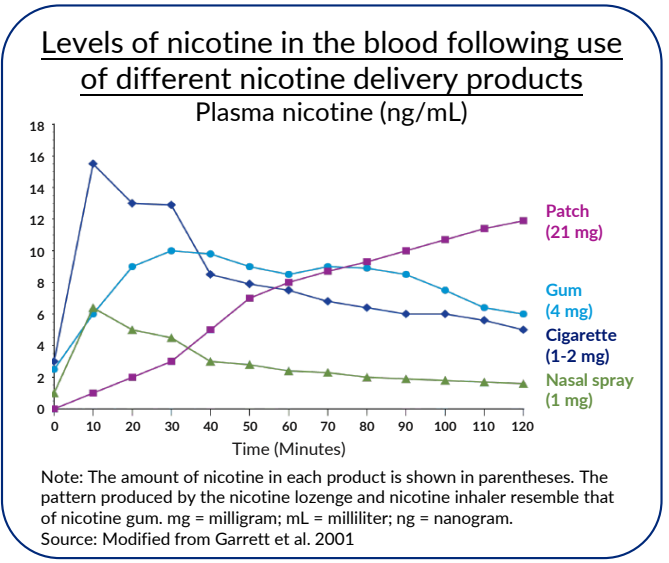
## Heated Tobacco Aerosol Chemistry & Physics



*Smoke and Aerosol Were Collected on a Cambridge Filter Pad in Accordance with the Health Canada Intense Puffing Regimen*

(a) 90-95% reduced levels of toxicants represents the average reductions in levels of a range of harmful chemicals (excluding nicotine) compared to the smoke of a reference cigarette  
 Note: THS here stands for Tobacco Heating System. The residue on the filter pad are from 5 cigarettes and 5 THS respectively.  
 Source: Ghosh, 2014 (DOI: 10.2478/cctr-2014-0008) and Shein M and Geschke G, hem. Res. Toxicol. 2019, 32, 6, 1289-1298, <https://doi.org/10.1021/acs.chemrestox.9b00085>. Investor Day 2023, presented September 28, 2023

# IQOS: Nicotine Pharmacokinetic Profile

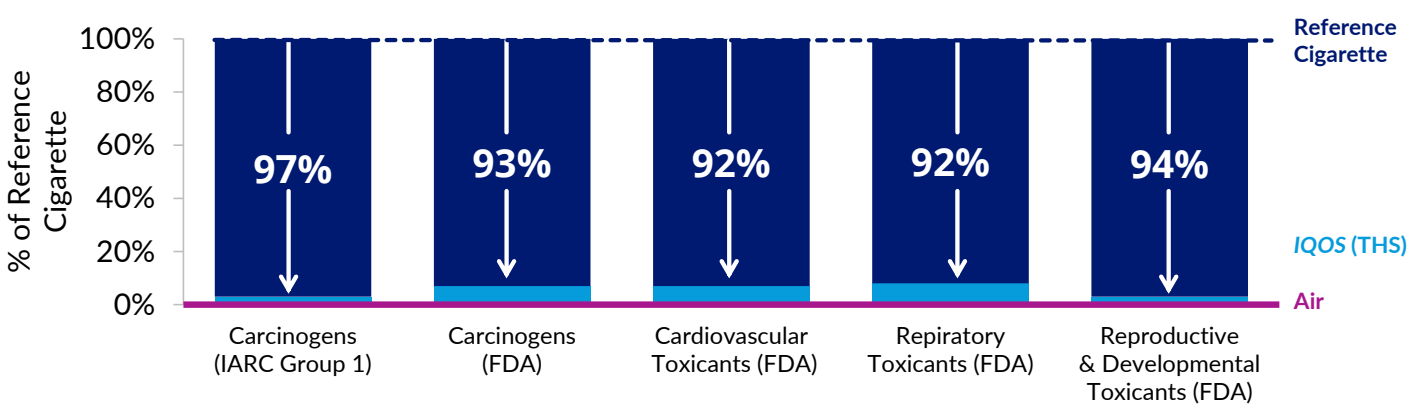


- The amount and rate of nicotine absorbed by the body is influenced by the route of absorption
- No notable difference in the nicotine absorption between cigarette and IQOS

# Reduced Toxicant Formation in IQOS (THS) Aerosol

## Heated Tobacco Aerosol Chemistry & Physics

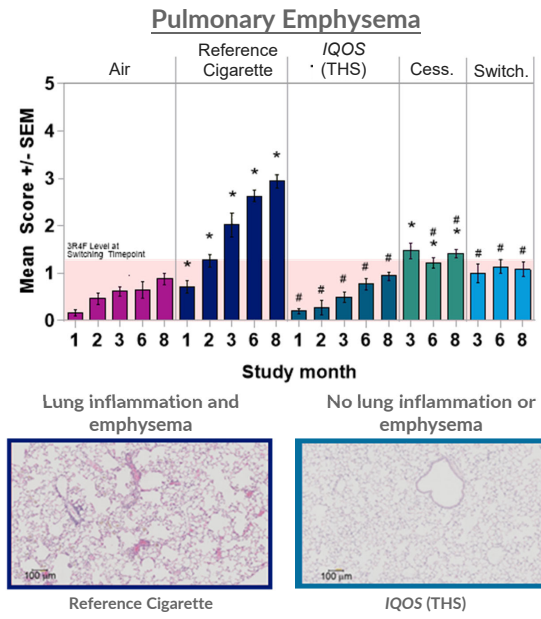
*Average Reduction in Formation of Harmful or Potentially Harmful Constituents of IQOS (THS) Relative to Reference Cigarette, by Disease Category<sup>(a)</sup>*



(a) Analysis of the 54 Harmful or Potentially Harmful Constituents as defined by FDA. Includes Health Canada, the WHO and the FDA-18 lists of HPHCs  
 Note: THS here stands for Tobacco Heating System. Health Canada's Intense Puffing Regime. Comparison on a per-stick basis (excluding nicotine). Reference Cigarette = 3R4F: University of Kentucky Reference Cigarette  
 Source: Investor Day 2023, presented September 28, 2023

# Mouse Toxicology Study – Findings in Lung & Vascular System After IQOS (THS) Exposure

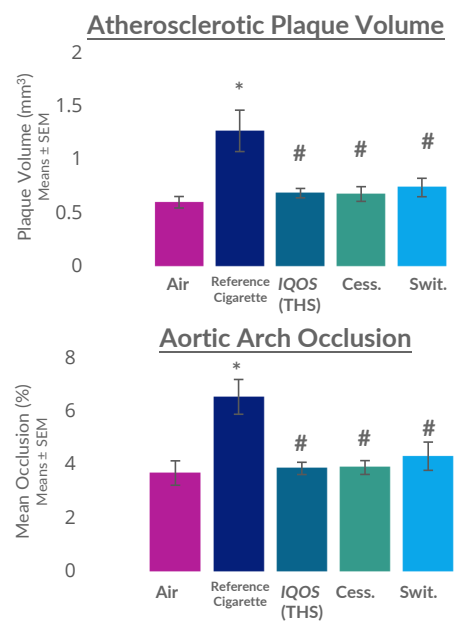
ApoE<sup>-/-</sup> Mice Exposed for 8 Months, 3 h/day and 5 days/week to IQOS (THS) Aerosol



C57BL/6 ApoE<sup>-/-</sup>

\*: different from air (p<0.05)

#: different from reference cigarette (p<0.05)



Note: THS: Tobacco Heating System; Reference Cigarette = 3R4F: University of Kentucky Reference Cigarette. Source: Phillips, B et al. (2016) Toxicol Sci 149(2): 411-432. Source: Investor Day 2023, presented September 28, 2023

# Comparison of Exposure to HPHCs in Cigarettes, Swedish Snus and Nicotine Pouches

Cigarettes	Snus	Nicotine Pouches
<ul style="list-style-type: none"> <li>Exposure to over 6000 chemicals, including high levels of carcinogens and toxicants effecting the lung, heart and other organ systems <sup>(a)</sup></li> <li>Exposure to ~100 HPHCs</li> <li>Lung exposure to carbon-based nanoparticles and free radicals</li> <li>Lung exposure to 600 mg/m<sup>3</sup> total particulate matter</li> </ul>	<ul style="list-style-type: none"> <li>Exposure to a much lower number of chemicals overall with significantly lower exposure to carcinogens and toxicants effecting the lung, heart and other organ systems.</li> <li>Exposure to 15<sup>(b)</sup> HPHCs out of 36 HPHCs measured <sup>(c)</sup></li> <li>No exposure to carbon-based nanoparticles and free radicals</li> <li>No direct lung exposure</li> </ul>	<ul style="list-style-type: none"> <li>Exposure to harmful chemicals even lower compared to Snus</li> <li>Exposure to 4<sup>(b)</sup> HPHCs out of 36 HPHCs measured <sup>(c)</sup></li> <li>No exposure to carbon-based nanoparticles and free radicals</li> <li>No direct lung exposure</li> </ul>

U.S. FDA authorized marketing with modified risk claim for diseases.

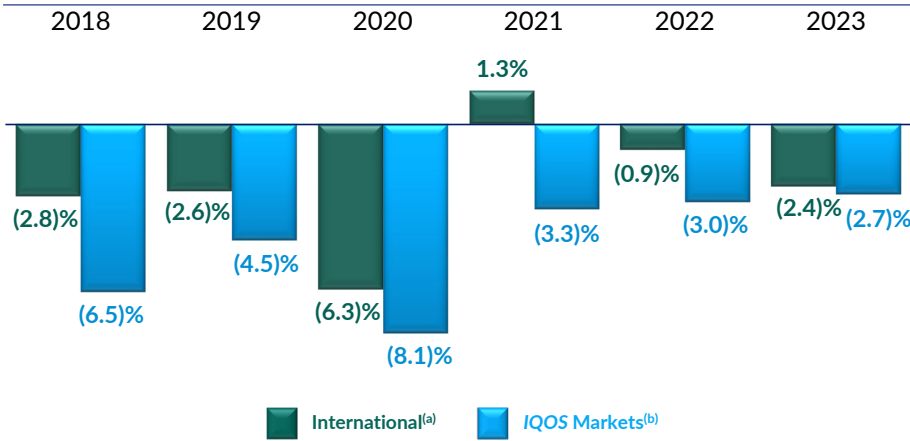
*"Using General Snus instead of cigarettes puts you at a lower risk of mouth cancer, heart disease, lung cancer, stroke, emphysema, and chronic bronchitis."* U.S. FDA Oct. 22, 2019

(a) Rodgman A, Perfetti TA. The chemical components of tobacco and tobacco smoke. Boca Raton (FL): CRC Press, Taylor & Francis Group; 2013  
 (b) Excluding nicotine

(c) Back et al. BMC Chemistry (2023) 17:9. <https://doi.org/10.1186/s13065-023-00918-1>  
 Source: Investor Day 2023, presented September 28, 2023

# Cigarette Industry Declines Faster When SFPs are Present

Cigarette Industry Volume % Change  
Vs. Previous Year



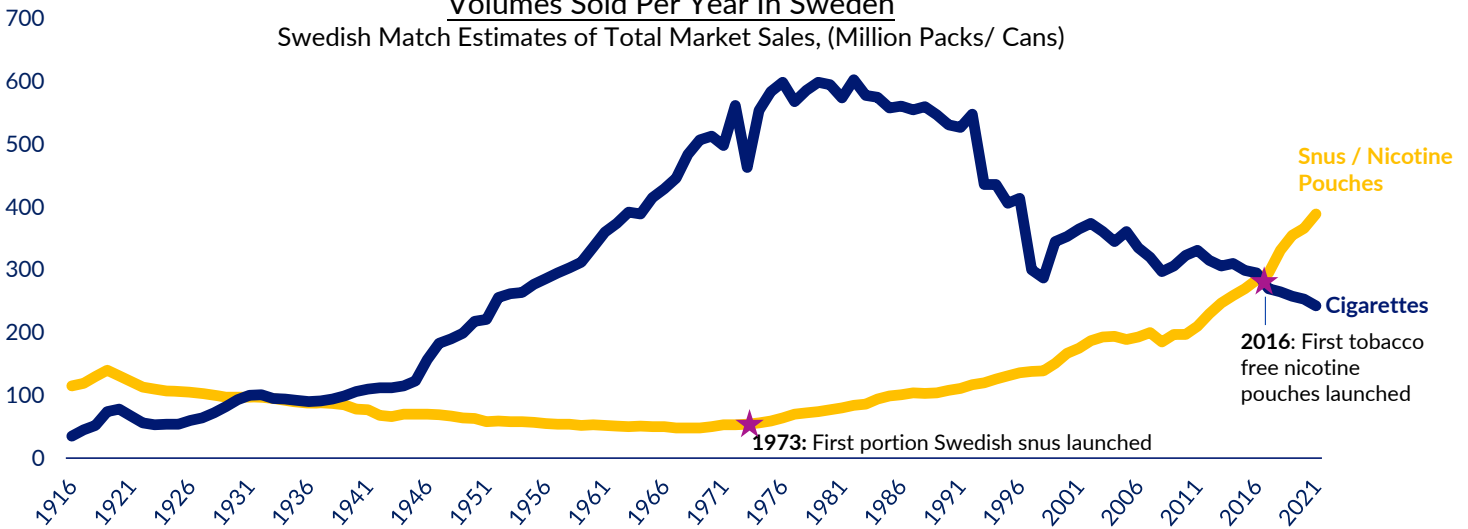
- SFPs are switching adult smokers away from cigarettes
- PMI cigarette volume in current SFP markets vs. 2015 baseline:
  - Already >33% lower in 2023
  - Expect >50% lower by 2030 on current trajectory

(a) Excluding China and the U.S. Including cigarillos in Japan  
 (b) Markets where IQOS was present as of Q4, 2017  
 Source: PMI Financials or estimates. CAGNY 2024, presented February 21, 2024

# Oral Tobacco Products and Cigarette Sales in Sweden



Volumes Sold Per Year In Sweden  
Swedish Match Estimates of Total Market Sales, (Million Packs/ Cans)

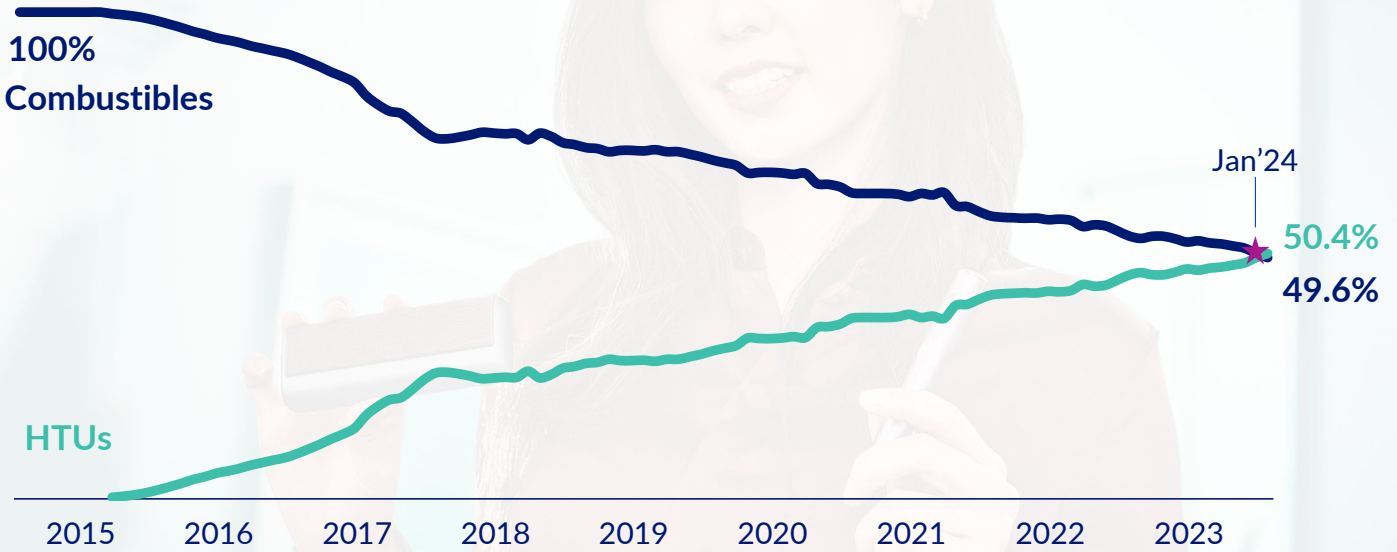


Note: Temporal associations do not demonstrate cause and effect and are subject to inherent limitations. Specific factors associated with changing cigarette sales volumes over time have not been fully analyzed. 20 cigarettes per pack; 21 estimated average pouches in can for snus and nicotine pouches. Source: [1] Swedish Match estimates; Scientific Literature [2] Ramström 2016 (DOI: 10.3390/ijerph13111110); [3] Clarke 2019 (DOI: 10.1186/s12954-019-0335-1); [4] Furberg 2005 (DOI: 10.1136/tc.2005.012476); [5] Ramström 2006 (DOI: 10.1136/tc.2005.014969); [6] Rodu 2002 (DOI: 10.1046/j.1365-2796.2002.01057.x). Jefferies Virtual Reduced Risk Seminar, presented May 7, 2024



# Cigarettes Now Less Than Half of Nicotine in Tokyo Within 10y

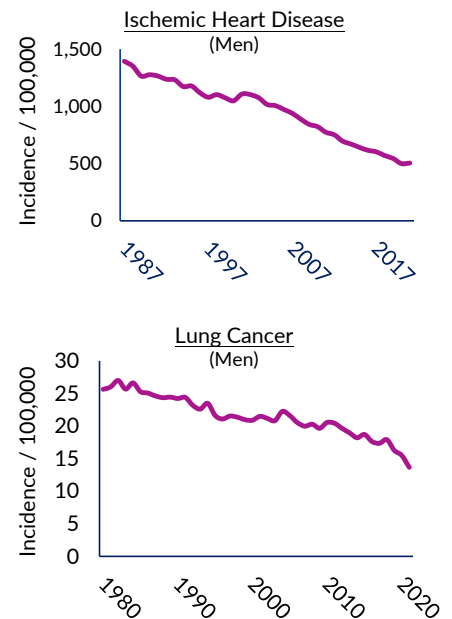
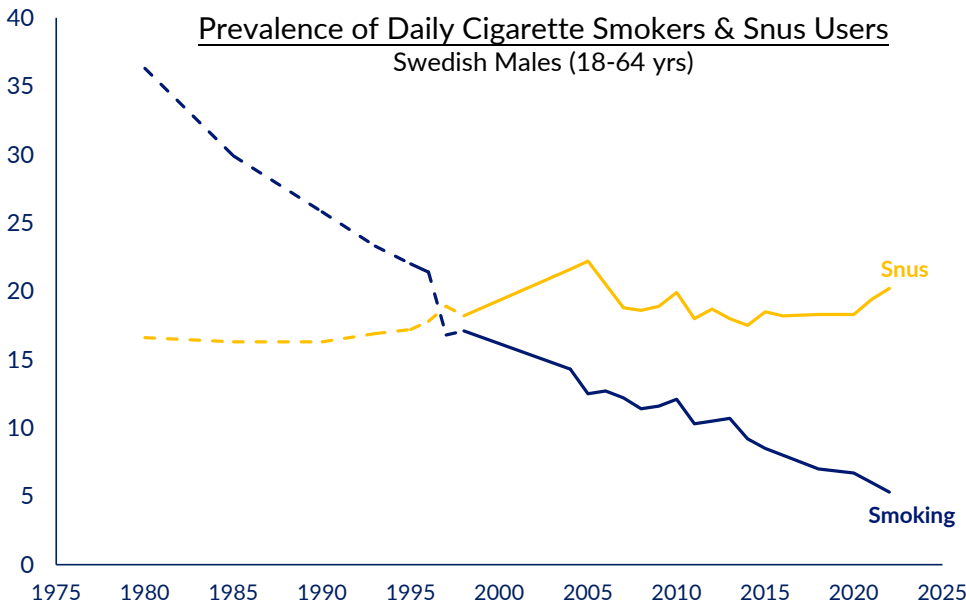
Tokyo Monthly Offtake Category Share<sup>(a)</sup>



(a) Based on 3 C-Store Chains offtake. Base includes cigarettes, cigarillos and HTUs  
Source: PMI Financials or estimates. CAGNY 2024, presented February 21, 2024

# Real-World Data and Evidence on Harm Reduction in Sweden

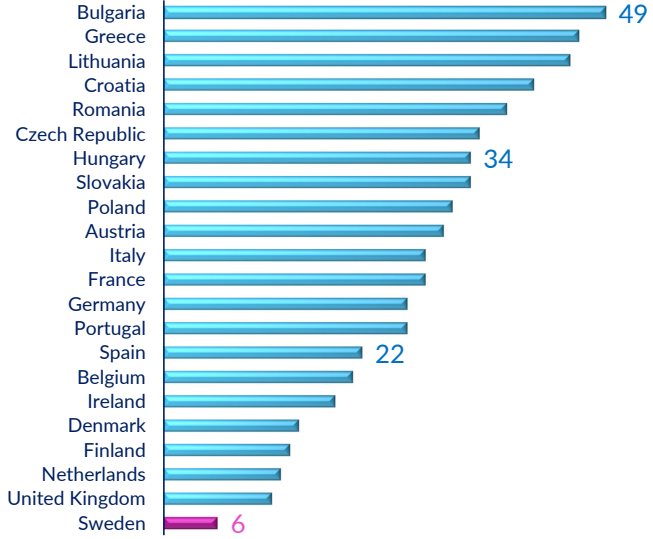
Usage Rates of Snus and Cigarettes in Swedish Men Correlate With a Reduction in Tobacco Related Diseases



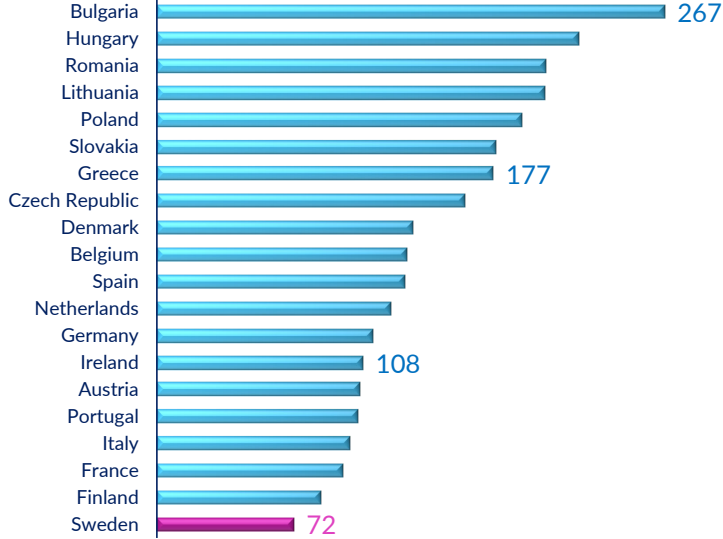
Note: Temporal associations do not demonstrate cause and effect and are subject to inherent limitations. Specific factors associated with changing daily smoker prevalence, ischemic heart disease and lung cancer over time have not been fully analyzed.  
Source: Incidence Data - Swedish National Board Of Health And Welfare, Statistical Database (Accessed 5/2023); Prevalence Data: 1980-1998 - Henningfield J, Fagerstrom K Tobacco Control 2001;10:253-257; 2004-2022 - National Public Health Survey/Living Habits/ Tobacco And Nicotine (Accessed 6/2023). Investor Day 2023, presented September 28, 2023

# Sweden: Lowest Male Smoking Prevalence and Tobacco-Attributable Mortality in EU

**Male Smoking Prevalence (2020)**

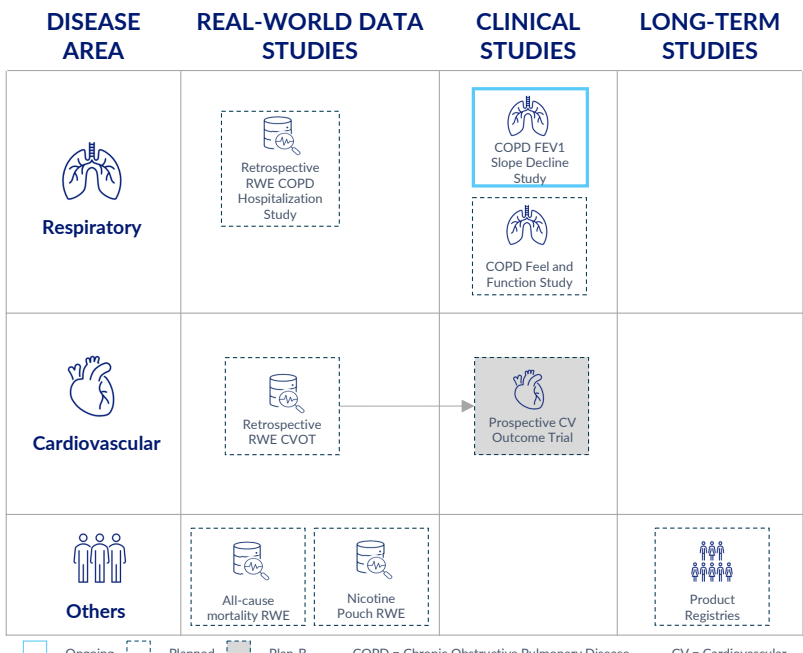


**Male Deaths per 100,000 Attributable to Tobacco (2019)**



Note: The charts in this slide do not demonstrate cause and effect and are subject to inherent limitations  
 Source: Dataset Special Eurobarometer 506: Attitudes of Europeans towards tobacco and electronic cigarettes, February 2021 Lars M. Ramström: National availability of snus is clearly associated with lower rates of mortality attributable to tobacco—while country-level implementation of WHO tobacco control measures is not, Global Forum on Nicotine 2022, <https://gfn.events/new-research/lars-m-ramstrom-2022/>, CAGNY 2024, presented February 21, 2024

# Future Evidence Generation For Relative Risk Reduction Studies to Show Substantial Evidence on Major Smoking Related Diseases – Our Roadmap



**Core Strategy to Show Substantial Evidence in Diseases**

- Focus on Epidemiology / Real-World Evidence
- Healthcare Utilization, e.g., hospitalization
- Demonstrate Direct Clinical Benefit:
  - Feel / Symptoms
  - Function / Activity
  - Survival / Mortality

Legend: Ongoing (solid blue), Planned (dashed blue), Plan-B (dotted blue). COPD = Chronic Obstructive Pulmonary Disease, CV = Cardiovascular, CVOT = Cardiovascular Outcome Trial, RWE = Real-World Evidence

Source: Investor Day 2023, presented September 28, 2023

## Integrity of Our Scientific Assessment

- Adhere to internationally recognized standards including Good Laboratory Practices and Good Clinical Practices
- Follow international test guidelines (e.g., OECD TG) and make nonguideline methods publicly available
- Share the raw data from our published nonclinical studies with the scientific community
- The methods and results from the IQOS systems toxicology studies, submitted to the FDA as part of our MRTP applications, were subjected to scientific scrutiny through the sbv IMPROVER methodology<sup>(a)</sup>
- Welcome independent studies of our SFPs. Encourage others to undertake serious non-clinical and clinical studies with IQOS
- Believe our consumers deserve our unwavering commitment to help them fully understand the benefits of switching to SFPs

*We believe our scientific research capabilities are on par with the best in the life science industries*











(a) sbv IMPROVER stands for Systems Biology Verification combined with Industrial Methodology for Process Verification in Research  
Note: SFPs stands for Smoke-Free Products. All figures 2008 – 2023. Source: PMI Integrated Report 2023 (Status as of December 2023)

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## SFPs: Independent Verification on PMI Science

(Select Governmental Reports)

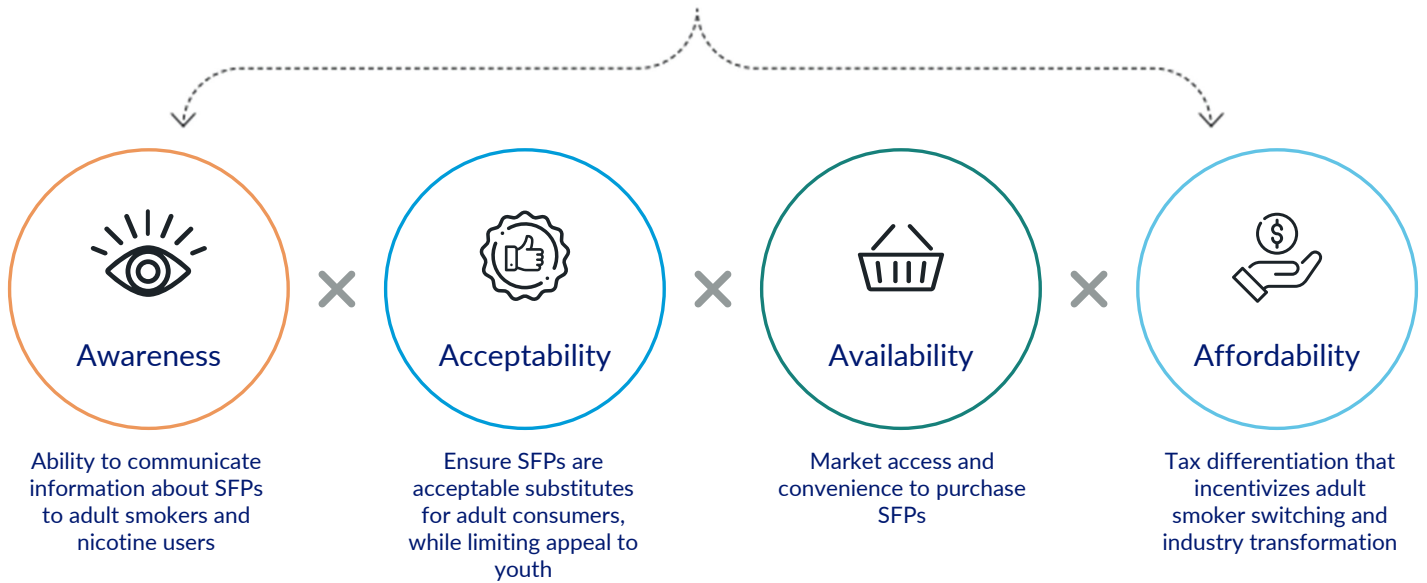
-  **Superior Health Council of Belgium (SHC)** (Belgium, 2022): "e-cigarettes are substantially less harmful than smoking cigarettes and therefore are a better alternative for smokers [...] the vast majority of the risks of tobacco smoking are not caused by nicotine, but by the harmful substances that are released by the combustion of tobacco"
-  **Superior Health Council of Belgium (SHC)** (Belgium, 2020): "heat-not-burn products, while not safe, have a more favorable toxicity profile than cigarettes"
-  **China National Tobacco Quality Supervision and Test Centre** (China, 2019): "THS 2.2 delivered fewer harmful constituents than the conventional cigarette 3R4F."
-  **Federal Institute for Risk Assessment (BfR)** (Germany, 2018): "The herein confirmed reductions of relevant toxicants by about 80-99% are substantial."
-  **Food and Drug Administration (FDA)** (U.S., 2018): "The independent testing performed by STL [FDA's Southeast Tobacco Laboratory] confirmed the lower levels of selected [harmful and potentially harmful compounds] HPHCs in the aerosol from the HeatSticks compared to mainstream cigarette smoke."
-  **Public Health England** (UK, 2018): "Compared with cigarette smoke, heated tobacco products are likely to expose users and bystanders to lower levels of particulate matter and harmful and potentially harmful compounds. The extent of the reduction found varies between studies."
-  **National Institute for Public Health and the Environment (RIVM)** (the Netherlands, 2018): "The use of heatsticks with the IQOS is harmful to health, but probably less harmful than smoking tobacco cigarettes."
-  **UK Committee of Toxicology** (UK, 2017) "It is likely that there is a reduction in risk, though not to zero, to health for smokers who switch completely to heat-not-burn tobacco products."

Note: To date, several governmental agencies have published their scientific findings that analyze the harm-reduction potential of certain SFPs versus continuing smoking, including the above select examples. Refer to Form 10-K for the year ended December 31, 2023, for additional information. SFPs stands for Smoke-Free Products

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# Policy Principles to Better Enable Switching to SFPs

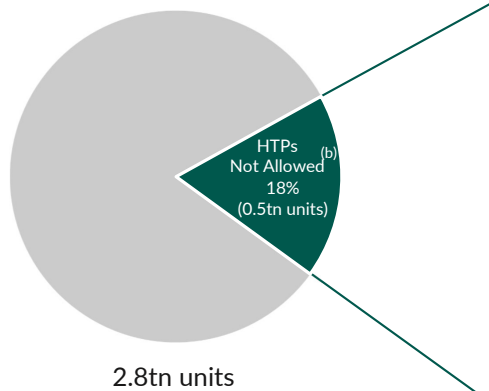
Government regulations should aim to support smoke-free products through greater:



Source: Investor Day 2023, presented September 28, 2023

# Restrictive Regulations Prevent Adult Smoker Access to Better Alternatives in Many Markets

2022 International Market<sup>(a)</sup>  
Cigarette + HTU Industry Volume



Top Industry Volume Markets

	2022
Turkey	117bn
India	101bn
Vietnam	86bn
Brazil	64bn
Argentina	30bn

80% of Total 'Non-Accessible' Market Volume

Top PMI Net Revenue / Unit Markets vs. PMI International Cigarette Average

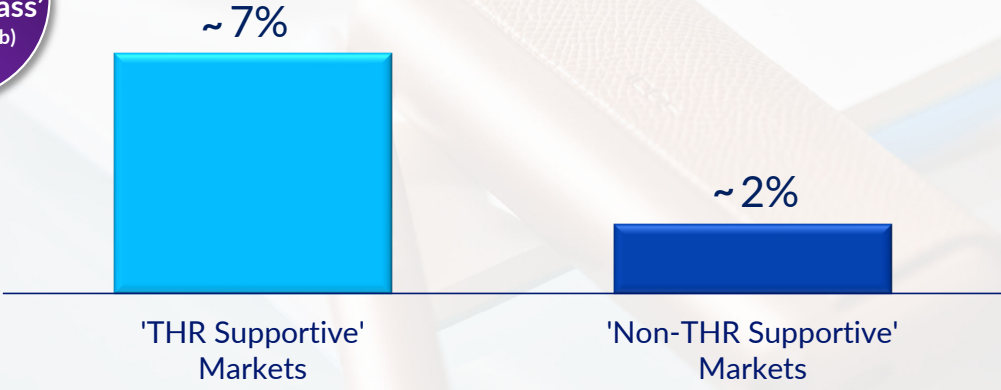
	2022
Hong Kong	3.1x
Australia	2.7x
Singapore	2.6x

(a) International market excluding China and including cigarillos in Japan  
 (b) Reflects markets where heated tobacco products are banned or otherwise subject to significant market access barriers  
 Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023

# Restrictive Regulations Limit SFP Growth

**~15%**  
**'Best-in-Class'**  
**Markets<sup>(b)</sup>**

Median PMI HTU Market Share<sup>(a)</sup>



(a) Reflects median quarterly HTU market share six years after the launch of IQOS  
 (b) 'Best-in-Class' Markets reflect the median share of the top-five 'THR Supportive' Markets  
 Note: Reflects markets (i) where IQOS has been present for at least six years and (ii) qualify as PMI top-40 income markets for 2022. 'THR Supportive' markets reflect markets that have regulations that are generally more permissive with respect to communication and awareness building for heated tobacco products compared to cigarettes  
 Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023

# Countries Moving Towards Sustainable Regulatory Policies for SFPs

Key Developments  
(2021 - September, 2023)

**+8**  
**Markets**

Are recognizing THR as a **viable policy (alongside prevention & cessation) to address smoking**

*(reaching 13 markets in total)*

**+16**  
**Markets**

Have **lifted a regulatory ban** for at least one SFP or are proceeding with a **dedicated regulatory framework for SFPs**

*(reaching 60+ markets in total)*

**+16**  
**Markets**

Established (voluntary or mandatory) **product standards** on quality, safety and performance for at least one SFP

*(reaching 30 markets in total)*



## Countries Moving Towards Sustainable Fiscal Policies for SFPs

Key Developments  
(2021 – September, 2023)

**+8**

Markets

Are recognizing or re-stating support for a **THR approach for SFP taxation**

*(reaching 10 markets in total)*

**+16**

Markets

Are creating **dedicated excise tax categories for HTP**

*(reaching 52 markets in total)*

**+21**

Markets

Have instituted **multi-year tax plans covering HTPs**

*(reaching 25 markets in total)*

Source: PMI Financials and estimates. Investor Day 2023, presented September 28, 2023

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## Global Excise Tax Environment

- In general, governments recognize that revenue predictability and collection efficiency can be enhanced by regular and reasonable excise tax increases, high proportion of specific elements in excise tax structures, multi-year tax calendars and income or inflation indexation:
  - Over the last 10 years, the large majority of the key markets where we operate have shifted their tax structure to include a higher specific tax element while lowering ad valorem rates
- EU excise tax:
  - Reasonable current EU harmonized framework covering smoking tobacco products, providing governments with structural flexibility between specific, ad valorem and minimum excise tax tools
- Excise taxes on smoke-free products significantly different from cigarettes in many geographies, consistent with tobacco harm reduction potential

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## EU Regulatory and Fiscal Developments (1/2)

- Increasing number of countries incorporating Tobacco Harm Reduction into fiscal and regulatory processes
- EU Tobacco Excise Directive (TED) Review:
  - The proposal for the revision of TED, after several delays, will be adopted by the new College of Commissioners. Timeline for the revision has not yet been announced
  - Depending on the adoption date by the upcoming College, the proposal may still be discussed by the EU Council in the course of 2025. EU Council conclusions indicate SFPs likely to be included in the revised TED
  - Any final amendments to TED require unanimous agreement by all 27 EU Member States, followed by transposition of TED into national legislation
  - A potential enforcement date for any changes to TED, after the transposition in Member States' national legislation, could be beginning of 2027

Note: Indicative timelines for TED and TPD reviews according to the latest public information

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## EU Regulatory and Fiscal Developments (2/2)

- EU Tobacco Products Directive (TPD) Review:
  - The proposal for a revision of TPD is announced to be published during the mandate of this new EU Commission. Open Public Consultation on an evaluation of the existing TPD and Tobacco Advertising Directive closed on May 16, 2023.
  - Ordinary legislative procedure: EU Parliament and Council co-deciding; Qualified majority
  - Once adopted, directive to be transposed into national legislations of all 27 Member States; implementation usually requires 12 months minimum
- The TPD empowered the European Commission to withdraw the exemption from the characterizing flavor ban applicable to all tobacco products other than cigarettes and roll-your-own tobacco:
  - The Commission adopted a Delegated Directive, introducing a definition of HTP, and requiring the Member States to ban HTP with characterizing flavor, based on a “substantial change of circumstances”
  - A majority of Member States have already adopted or published laws to transpose the Delegated Directive. In the markets that enforce the provisions of the Delegated Directive, the ban is effective since October 23, 2023 and the remaining markets are expected to adopt and implement in 2024/2025.

Note: Indicative timelines for TED and TPD reviews according to the latest public information

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## Cost of Regulatory Inaction

### Encouraging progress being made in many countries – however:

- A failure to acknowledge the role that harm reduction can play in bringing about the end of cigarettes seriously hinders the ability of adult-smokers to switch to better alternatives
- The science is clear – it is no longer a case of *IF* smoke-free alternatives are better than cigarette smoking, but *BY HOW MUCH* they are better
- Many policymakers perceive it as safer to abstain from the debate rather than be seen as “siding” with the industry by adopting risk reduction policies
- Not making a decision on smoke-free products today is a decision in and of itself – and it’s a decision with consequences
- Governments and public health authorities must act – quickly and decisively – rather than remaining tied to outdated approaches that have failed to solve the problem of smoking

***Embracing harm reduction will accelerate the end of smoking***

Source: Investor Day 2023, presented September 28, 2023

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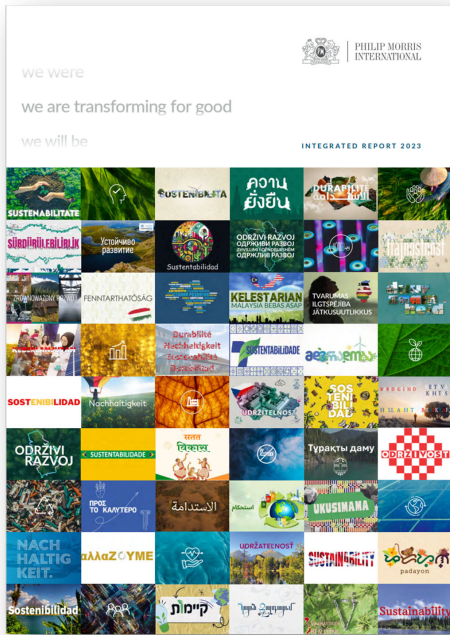


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Championing a Smoke-Free World

## Section 6: Sustainability at PMI

# Sustainability: Transparent Performance Reporting



Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

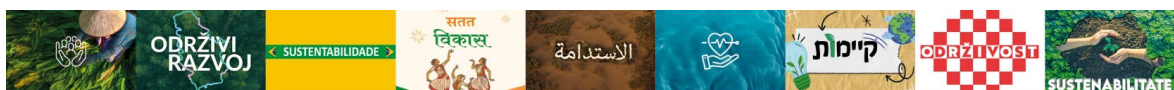


→ [Sustainability resources](#)

PMI was included for the first time in the Dow Jones Sustainability World Index, and for the fourth consecutive year in the Dow Jones Sustainability North America Composite Index (Indices effective as of December 18, 2023). PMI achieved industry leadership, improving to a rating of "C+" in ISS ESG Corporate Rating and gaining "Prime" status for the first time (score as of November 21, 2023)  
Source: PMI Integrated Report 2023

Source: Q1, 2024 Earnings, presented April 23, 2024

# Sustainability Strategy & 2023 Performance Highlights



## Sustainability Strategy & 2023 Performance Highlights

based on PMI's Integrated Report 2023



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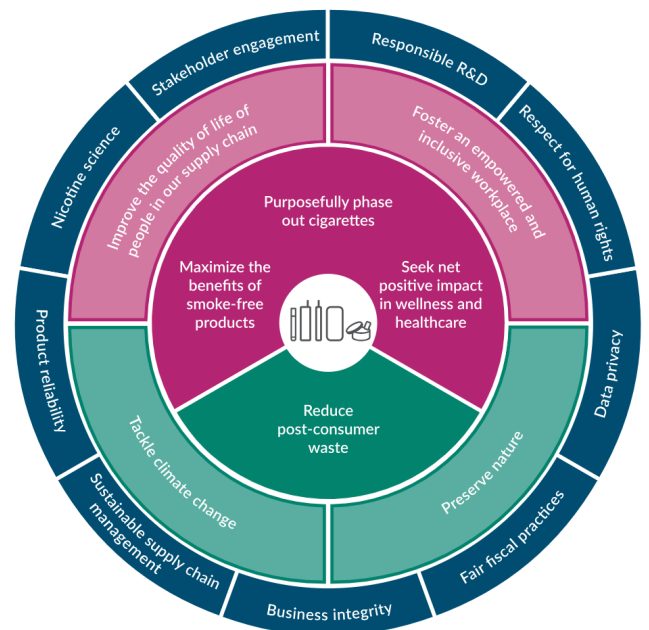


→ [Sustainability Strategy & 2023 Performance Highlights](#)

→ [Sustainability Forward-Looking Aspirations](#)

## Our Sustainability Strategy

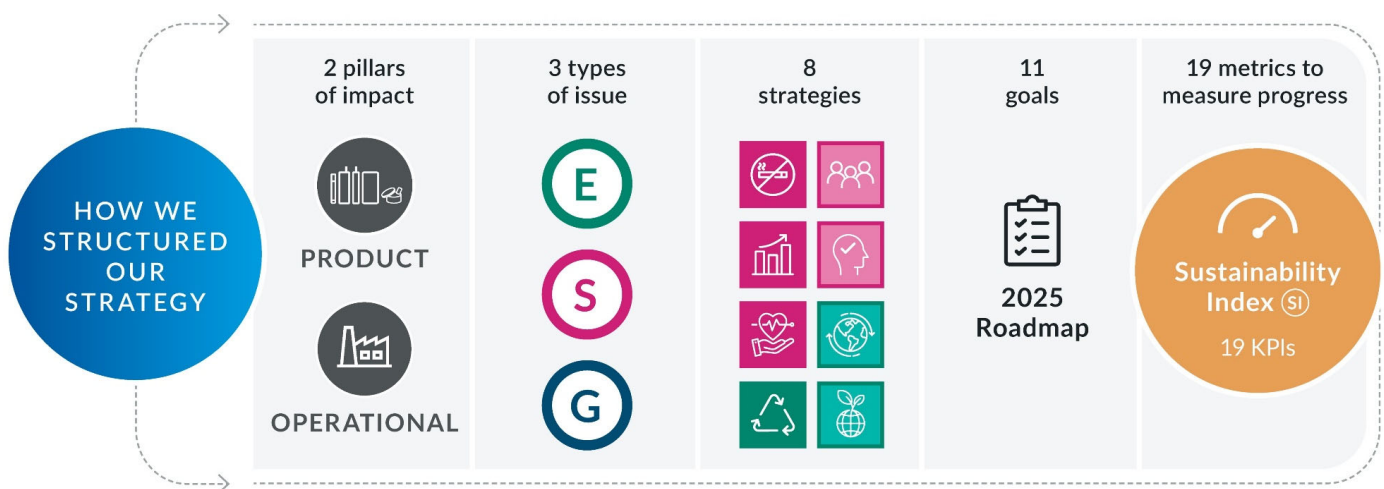
- Impact-driven approach to sustainability
- Separate identification of environmental and social impacts
- Distinct forms of social and environment impacts:
  - Product impact: those impacts generated by our products (what we produce)
  - Operational impact: those impacts generated by our business operations (how we produce)
- 8 impact-driven strategies: 4 on product impacts + 4 on operational impacts
- 9 governance-related topics define our ability to successfully address environmental and social issues



Source: Q2, 2023 Earnings, presented July 20, 2023

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## Our Approach to Sustainability



Source: ESG Highlights, May 2023. CECP CEO Investor Forum, presented November 14, 2023

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# Our Statement of Purpose

## Transforming for good

“ The Company is actively accelerating the decline of cigarette smoking beyond what traditional tobacco control measures can achieve alone. ”

“ PMI remains committed to accelerating the end of smoking and laying the foundations of a strong business in areas of wellness and healthcare as we strive to develop commercially successful products that have a net positive impact on society. ”

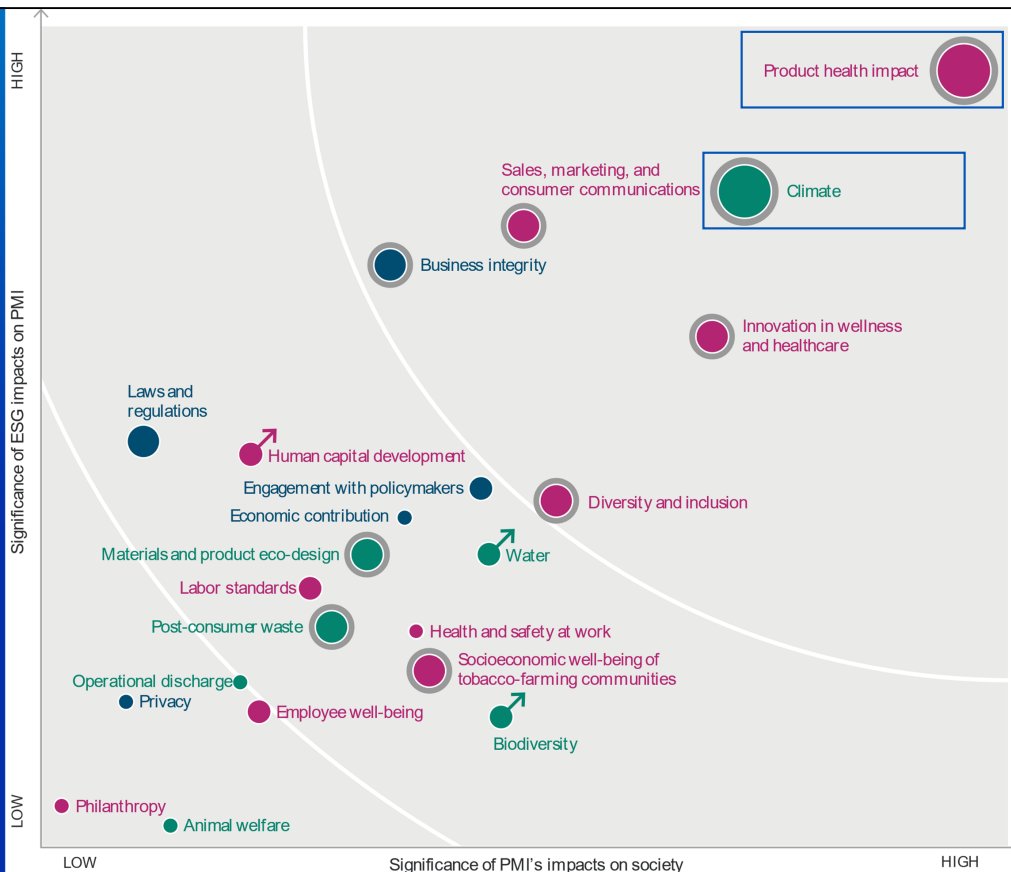
“ This means not only transforming the Company to deliver on its purpose but also inspiring the industry to follow its lead. ”

“ PMI’s key stakeholder constituencies, which are fundamental to both the achieving of its purpose and to the pace of its progress, will be affected in different ways by PMI’s transformation. ”

“ PMI believes that with the right regulatory encouragement and support from civil society, cigarette sales can end within 10 to 15 years in many countries. ”

Note: Issued by PMI’s Board, PMI’s Statement of Purpose was published in 2022 Proxy Statement as an update to the letter to shareholders published in 2017 Proxy Statement and the Statement of Purpose published in 2020 Proxy Statement  
 Source: ESG Highlights, May 2023. CECP CEO Investor Forum, presented November 14, 2023

# Sustainability Materiality Assessment: the Right Focus



- E ENVIRONMENTAL**
- S SOCIAL**
- G GOVERNANCE**
- Our most material topics
- ↗ Emerging topics

### Relevance to our stakeholders

- Very high
- High
- Medium
- Low

Source: ESG Highlights, May 2023. CECP CEO Investor Forum, presented November 14, 2023

## Sustainability: Leading & Transforming Across Key Areas



### Access to smoke-free products

YTD'24

Aspiration 2025

Markets where SFPs are available

92  
+8  
vs. Dec'23

100

LMIC proportion of markets where SFPs are available

45%  
+0.5pp  
vs. Dec'23

>50%



### Addressing environmental impacts

YTD'24

Aspiration 2025

Manufacturing facilities certified carbon neutral

52%<sup>(a)</sup>  
+9pp  
vs. Dec'23

100%

Priority manufacturing facilities<sup>(b)</sup> certified to the Alliance for Water Stewardship

86%<sup>(a)</sup>  
+3pp  
vs. Dec'23

100%

(a) YTD % based on number of manufacturing facilities as of YE 2023. (b) Priority manufacturing sites exclude those both in low-to-medium water risk areas and below 2.5% of PMI's manufacturing water footprint. Note: Low and Middle-Income markets defined using World Bank classification as of July 2024. Based on World Bank classification as of July 2023 the LMIC proportion of markets where SFPs are available is 47%. Source: PMI Financials or estimates. Q3, 2024 Earnings, presented October 22, 2024

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## Sustainability: Business Transformation Metrics

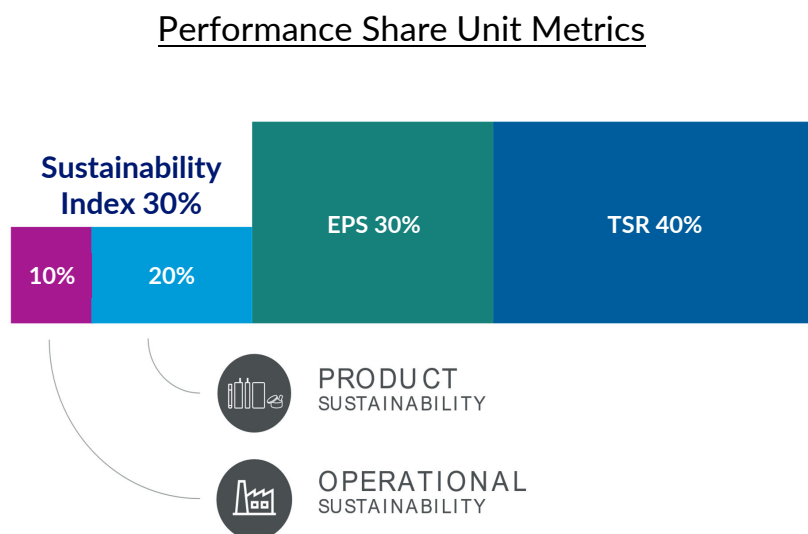
	2015	2021	2022	2023	Aspirations
Number of markets where smoke-free products are available for sale <sup>(a)</sup>	7	71	73	84	100 by 2025
Number of markets where adjusted net revenues from smoke-free products exceed 50% of adjusted total net revenues <sup>*</sup>	-	10	17	25	~60 by 2030
Number of markets where adjusted net revenues from smoke-free products exceed 75% of adjusted total net revenues <sup>*</sup>	-	-	-	3	~40 by 2030
Commercial expenditure (Marketing) (smoke-free/total) <sup>*</sup>	8%	73%	74%	74%	
Change in combustible tobacco product shipment volume (billion units) vs. 2015 baseline <sup>(a)</sup>	n/a	(26.4)%	(26.8)%	(27.9)%	
R&D expenditure ratio <sup>(a)</sup> (smoke-free/total)	70%	99%	99%	99%	
Supply chain direct spend <sup>(a)</sup> (smoke-free/total)	n/a	35%	43%	41%	
Number of factories producing smoke-free products out of total number of factories <sup>(a)</sup>	3 out of 48	9 out of 39	14 out of 49	16 out of 50	

(a) See Appendix. Note: Select Business Transformation Metrics displayed. The 2023 metrics marked with an asterisk (\*) are subject to PwC's Limited Assurance Report, available on PMI Integrated Report 2023, pp. 203-205. R&D expenditure and Net Revenues shown on an adjusted basis; Source: PMI Financials or estimates. Q1, 2024 Earnings, presented April 23, 2024

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## Sustainability at the Core of Our Transformation

- Driving shareholder returns is dependent on delivering on transformation
- Product transformation at the core of sustainable growth and becoming a more sustainable company
- Increasingly direct link to our executive compensation



Source: PMI Proxy Statement 2024

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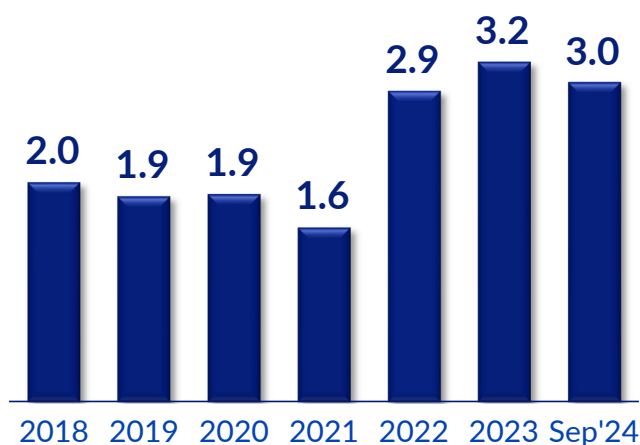
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Championing a Smoke-Free World

## Section 7: Capital Structure and Shareholder Returns

## Solid Capital Structure

### Net Debt to Adjusted EBITDA Ratios<sup>(a)</sup>



(a) As of September 30, 2024, on a 12-month rolling basis

(b) As of September 30, 2024, reflects ratings for Moody's, Standard & Poor's and Fitch, respectively  
Source: PMI Financials or estimates

- Long-term credit ratings and outlook: A2 (Stable) / A- (Stable) / A (Negative)<sup>(b)</sup>
- Short-term credit ratings: P-1 / A-2 / F1<sup>(b)</sup>:
  - Access to tier 1 commercial paper market
- Robust liquidity profile backed by \$6.2 billion stand-by revolving credit facilities
- Recent leverage increase driven primarily by Swedish Match acquisition and payments for IQOS commercialization rights in the U.S.
- Continue to target ~2.0x net debt to adjusted EBITDA by end of 2026 as part of the deleveraging strategy

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## Highly Cash Generative With Focus on Rapid Deleveraging Capital Allocation Priorities (Presented at Investor Day 2023)

### Operating Cash Flow

- Expect robust 2024-26 Operating Cash Flow of \$36-39bn, at prevailing exchange rates<sup>(a)</sup>

### Organic Growth

- Reinvest in innovation and growth of smoke-free portfolio:
  - Expect 2024-26 capital expenditures of \$3.5-3.7 billion with ~75% in SFP

### Dividends

- Steadfast commitment to progressive dividend policy

### Deleveraging

- Target ~2.0x net debt to adjusted EBITDA by end of 2026 to enhance agility

### Share Buy-Backs

- Could be considered once confirmed fully on-track for 2026 leverage target, subject to Board approval

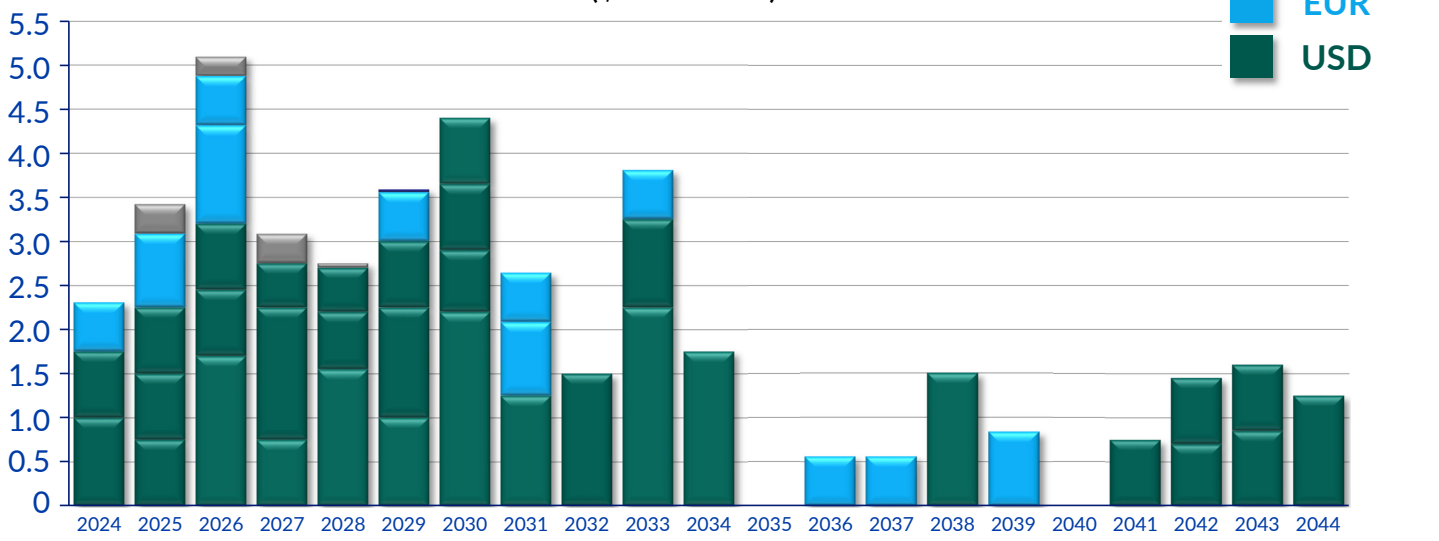
(a) At September 28, 2023

Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023

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# Well-Laddered Bond Portfolio

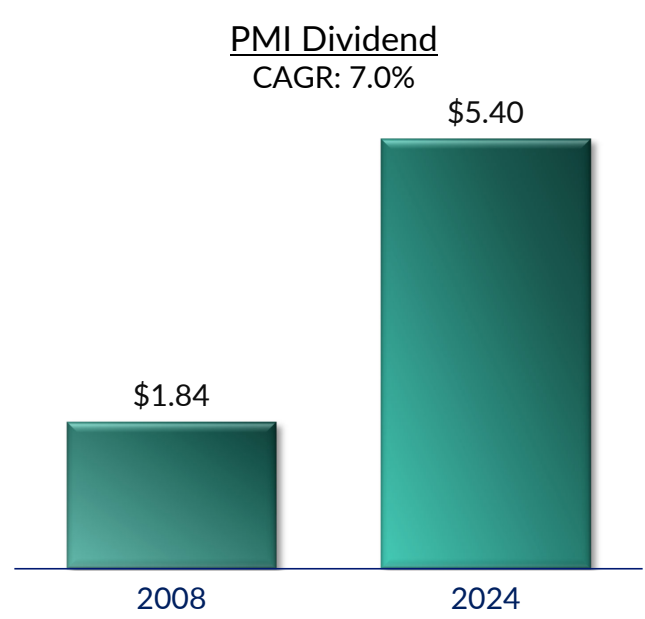
### Bond Maturity Profile as of September 30, 2024 (\$ in billions)



(a) SWMA bonds represent notes denominated in USD, EUR and SEK issued by Swedish Match AB  
Source: PMI Financials or estimates

# Strong Financial Performance & Rewards to Shareholders

- Unwavering commitment to progressive dividend policy
- Seventeen years of dividend growth
- Total increase of ~194% since 2008
- Target dividend pay-out ratio of 75% over time



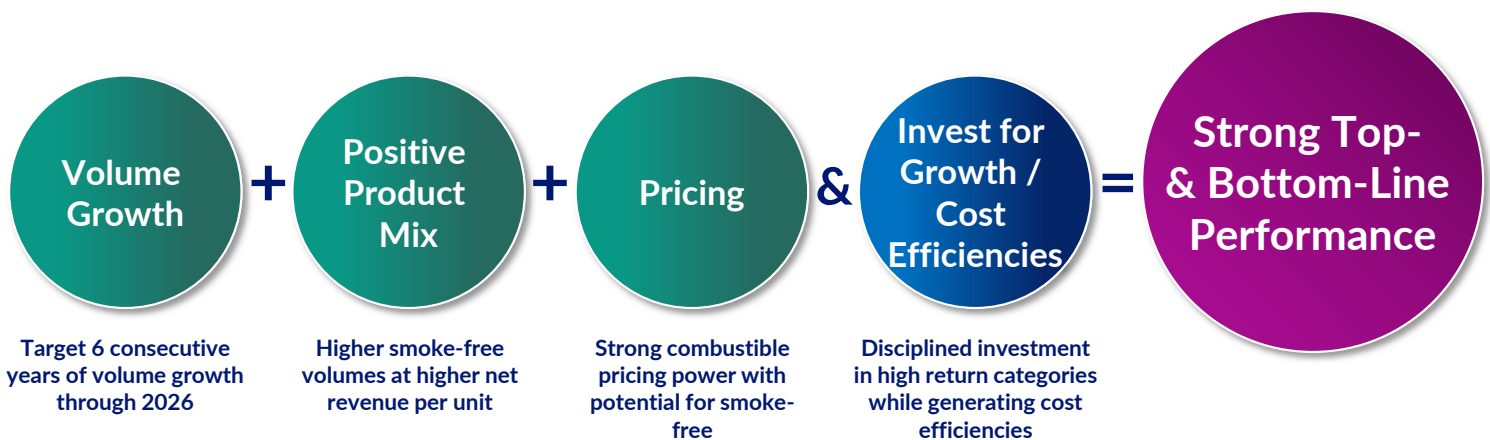
Note: Dividends for 2008 and 2024 are annualized rates. The 2008 annualized rate is based on a quarterly dividend of \$0.46 per common share, declared June 18, 2008. The 2024 annualized rate is based on a quarterly dividend of \$1.35 per common share, declared September 12, 2024  
Source: PMI Financials or estimates.





## Section 8: 2024-2026 Targets and 2030 Vision

### Strong Overall Financial Model for Sustainable Growth



*Delivering sustainable growth while investing and rewarding shareholders*

# Ambitious 2024-2026 Targets (Presented at Investor Day 2023)

**Positive**  
Total Shipment Volume CAGR<sup>(a)</sup>

**6-8%**  
Net Revenue Organic CAGR

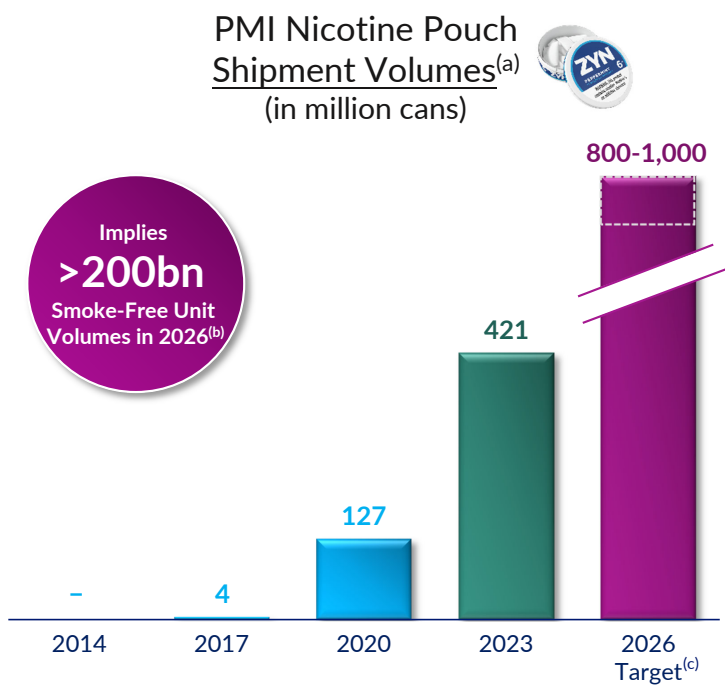
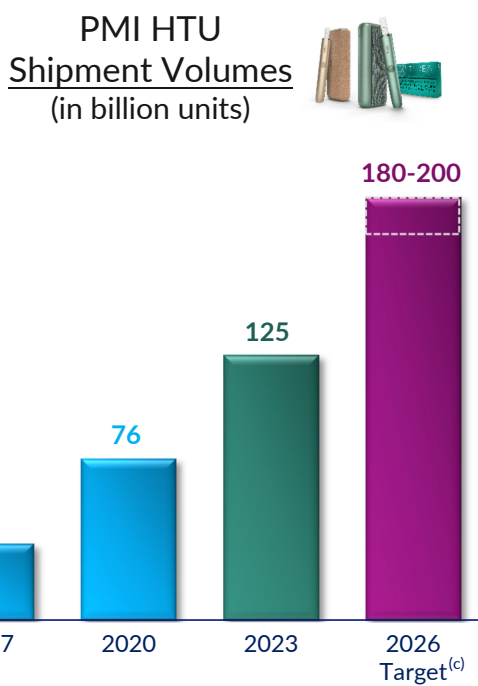
**8-10%**  
Adjusted OI Organic CAGR

**9-11%**  
Adjusted Diluted EPS Currency-Neutral CAGR<sup>(b)</sup>

(a) Reflects cigarettes, HTUs and oral smoke-free products (excluding U.S. Chew)  
(b) At 2023 corporate income tax rates  
Note: Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions.  
Source: PMI Financials or estimates. Investor Day 2023, presented September 28, 2023

# Targeting Strong Smoke-Free Product Volume Progression

Top-line Driver #1: Volume Growth



(a) Pro forma, includes Swedish Match and PMI; (b) Includes HTUs, nicotine pouches, snus and moist snuff. One pouch measured as one unit; (c) Presented at Investor Day 2023 on September 28, 2023  
Source: PMI Financials or estimates

## 2030 Ambition: Substantially Smoke-Free



50-75% net revenues ~20 markets

>75% net revenues ~40 markets

Note: Smoke-free markets are markets where PMI smoke-free products are available in key cities or nationwide  
Source: PMI Financials or estimates. CAGNY 2024, presented February 21, 2024

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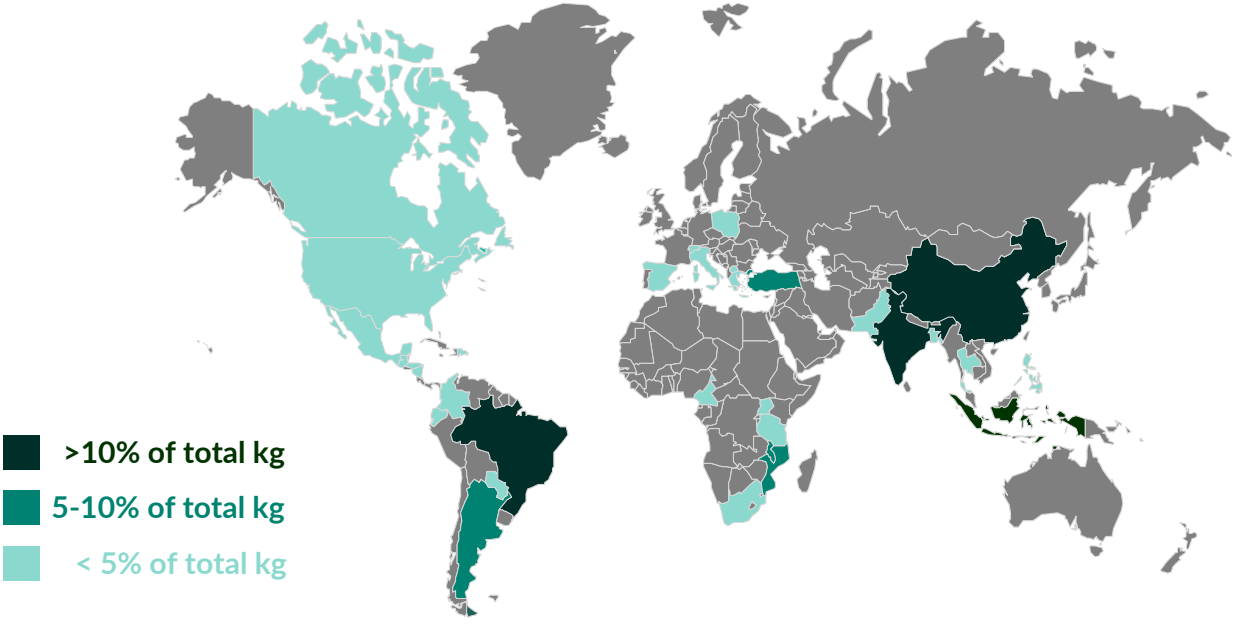


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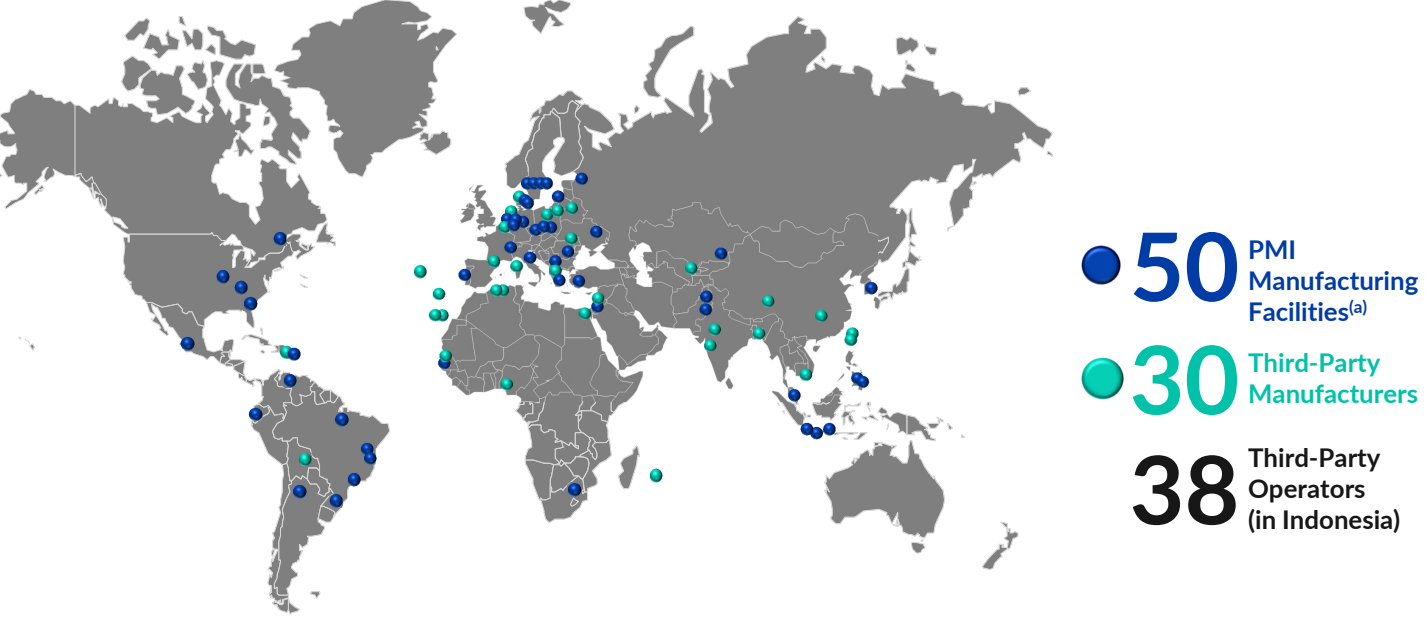
## Section 9: Appendix and Reconciliation of non-GAAP Measures

# PMI Tobacco Leaf Purchases by Geography (2023)



Note: Including Swedish Match  
Source: PMI Operations

# PMI Manufacturing Footprint (December 31, 2023)



(a) Includes facilities in Greece, Indonesia, Italy, Korea, Poland, Romania, Russia, Switzerland and US that are fully or partially dedicated to the production of Heated Tobacco Units (HTUs)  
Source: PMI Operations and Form 10-K for the year ended December 31, 2023

# Cigarette Excise Tax Structures: Select Markets

(October 1, 2024)

Argentina			Australia		France	
	%					
	Nominal	RSP <sup>(f)</sup>				
Social Assistance Fund (SAF) <sup>(a)</sup>	7.00	7.00	Tobacco Excise Tax (AUD/Kg)	2,101.89	Ad Valorem Excise Tax	55.0%
Special Tobacco Fund (STF) <sup>(b)</sup>	7.35	7.98	Tobacco Excise Tax (AUD/000) <sup>(a)</sup>	1,366.23	Specific Excise Tax (EUR/000)	71.30
Excise Tax <sup>(c)</sup>	73.00	58.03	VAT (Nominal)	10.0%	Minimum Excise Tax (EUR/000)	371.40
VAT <sup>(d)</sup>	21.00	4.51	(a) If not exceeding 0.8g per cigarette		VAT (Nominal)	20.0%
Turnover Tax <sup>(e)</sup>	3.68	0.60				
Tax Burden		78.12				

Egypt			
Price Tier (RSP per pack in EGP)	1 (0 - 34.72)	2 (+34.73- 50.40)	3 (50.41+)
Ad Valorem Excise Tax (% of RSP)	50%	50%	50%
Specific Excise Tax (EGP/000)	225.0	350.0	375.0
Health Tax (EGP/000)	67.5	67.5	67.5

Germany	
Ad Valorem Excise Tax	19.84%
Specific Excise Tax (EUR/000)	111.50
Minimum Total Tax (EUR/000) <sup>(a)</sup>	228.88
VAT (Nominal)	19.0%
(a) Minimum Total Tax (MTT) also includes the VAT	

(a) 7% x RSP  
 (b) 7.35% x [RSP - SAF - VAT] + ARS 17.3293 (as of January 2024)  
 (c) 73% x [RSP - SAF - VAT - STF]. Minimum excise tax: ARS 0.00  
 (d) (NEFP + Wholesaler & Retailer margin) x 21%  
 (e) NEFP x 3.68%  
 (f) Based on Philip Morris soft pack (ARS 2660.00)  
 Note: NEFP is net ex-factory price

Note: 20 cigarettes per pack

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# Cigarette Excise Tax Structures: Select Markets (cont.)

(October 1, 2024)

Japan		Mexico		Italy	
National - Tobacco Tax (JPY/pack)	136.04	Ad Valorem Excise Tax <sup>(a)</sup>	160.0%	Ad Valorem Excise Tax	49.5%
National - Special Tobacco Tax (JPY/pack)	16.40	Specific Excise Tax (MXN/000)	616.6	Specific Excise Tax (EUR/000)	29.30
Local Excise Tax (JPY/pack)	<u>152.44</u>	VAT (Nominal)	16.0%	Minimum Total Tax (EUR/000) <sup>(a)</sup>	204.23
Total (JPY/pack)	304.88	(a) Ad valorem excise tax is 160% of manufacturer / wholesale price to retail excluding taxes (VAT and Excise)		VAT (Nominal)	22.0%
VAT (Nominal)	10.0%			(a) Minimum Total Tax also includes the VAT	

South Korea		Philippines		Spain	
Tobacco Consumption Tax (KRW/pack)	1,007	Specific Excise Tax (PHP/pack) <sup>(a)</sup>	63.0	Ad Valorem Excise Tax	51.0%
Public Health Tax (KRW/pack)	841	(a) January 1, 2024 onwards (+5% / year)		Specific Excise Tax (EUR/000)	24.70
Education Tax (KRW/pack)	443			Minimum Excise Tax (EUR/000)	131.50
Green Fund Tax (KRW/pack)	29			VAT (Nominal)	21.0%
Individual Consumption Tax (KRW/pack)	594				
Farmer's Subsidy Tax (KRW/pack)	5				
Total (KRW/pack)	2,919				
VAT (Nominal)	10.0%				

Poland		Turkey	
Ad Valorem Excise Tax	32.05%	Ad Valorem Excise Tax (% of RSP)	53.5%
Specific Excise Tax (PLN/000)	276.00	Specific Excise Tax (TRY/000)	390.00
Minimum Excise Tax (PLN/000)	564.25	Minimum Excise Tax (TRY/000)	1702.6
VAT (Nominal)	23.0%	VAT (Nominal)	20.0%

Note: 20 cigarettes per pack

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# Cigarette Excise Tax Structure: Indonesia

(October 1, 2024)

CC – Cigarette Type	Volume Tier	Price Tier	Minimum HJE <sup>(a)</sup> (IDR/stick)		Total Excise + Regional Tax (IDR/stick)	
			Current	Previous <sup>(b)</sup>	Current	Previous <sup>(b)</sup>
Machine-Made Kretek (SKM)	Volume Tier 1 (> 3 billion units)	1	2,260	2,055	1,354.1	1,211.1
	Volume Tier 2 (≤ 3 billion units)	1	1,380	1,255	820.6	735.9
Whites (SPM)	Volume Tier 1 (> 3 billion units)	1	2,380	2,165	1,469.6	1,312.3
	Volume Tier 2 (≤ 3 billion units)	1	1,465	1,295	873.4	781.0
Hand-Rolled Kretek (SKT) / Hand-Rolled White (SPT)	Volume Tier 1 (> 2 billion units)	1	1,981	1,800	531.3	507.1
	Volume Tier 2 (> 500 million units–2 billion units)	2	1,375	1,250	415.8	397.1
	Volume Tier 3 (≤ 500 million units)	1	865	720	245.3	235.4
			725	605	134.2	129.8

(a) HJE stands for banderole price

(b) Previous rates effective from January 1 to December 31, 2023

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# Excise Tax Structure: Japan

(October 1, 2024)

## Cigarettes

- Excise tax increases of JPY 20/pack in October 2018, 2020 and 2021:

- No increase in October 2019, due to nominal VAT increase from 8% to 10%

## Heated Tobacco Products (HTPs)

- "Heated tobacco" category:
  - Dedicated excise tax category for heated tobacco products (previously: pipe tobacco category)
  - Taxable base for the specific excise tax is weight of heated tobacco
  - For products using liquid to create an aerosol, the liquid portion is considered as tobacco for tax purposes
- Heated tobacco excise tax is being phased in over a five-year period (2018-2022), with the fifth year reflecting 100% of the new system (heated tobacco category). See next slide for details

## HTP Excise Tax Structure

	Pipe Tobacco Category	Heated Tobacco Category
RSP (JPY/pack) <sup>(a)</sup>	580	580
VAT (Nominal)	10%	10%
RSP Net of VAT (JPY/pack)	527	527
Effective Specific Rate (JPY/kg)	15,244	19,055 <sup>(b)</sup>
Tax Base	Full product weight (13.4 g/pack) <sup>(c)</sup>	Heated tobacco weight (5.4 g/pack) <sup>(d)</sup>
Specific Yield (JPY/000)	10,213	5,145
Effective Ad Valorem Rate	n/a	30%
Tax Base	n/a	RSP net of VAT
Ad Valorem Yield (JPY/000)	n/a	7,909
Total Excise Tax Yield (JPY/000)	10,213	13,054
	0%	100%

Heated Tobacco Category: Indicative Excise Tax Payable as of October 1, 2022 (JPY/000)

13,054

(a) Illustrative RSP. (b) Reflects effective specific rate for the fifth year of five-year-phase-in period. (c) Reflects indicative "total weight" for TERE Menthol HeatSticks. (d) Reflects indicative "heated tobacco weight" for TERE Menthol HeatSticks 126

Note: 20 cigarettes/heated tobacco units per pack

## Multi-Year Tobacco Tax Plan: Japan

(October 1, 2024)

	Previous	Oct 1, 2018 – Sept 30, 2019	Oct 1, 2019 – Sept 30, 2020	Oct 1, 2020 – Sept 30, 2021	Oct 1, 2021 – Sept 30, 2022	Oct 1, 2022 and Onwards
VAT (Nominal)	8%	8%	10%	10%	10%	10%
Excise Tax: Cigarettes (JPY/000)	12,244	13,244	13,244	14,244	15,244	15,244
Excise Tax: Pipe Tobacco (JPY/kg) <sup>(a)</sup>	12,244	13,244	13,244	14,244	15,244	15,244
<b>Excise Tax: New HTP Category</b>						
-Effective Specific Rate (JPY/kg) <sup>(b)</sup>	-	16,555	16,555	17,805	19,055	19,055
-Effective Ad Valorem Rate <sup>(c)(d)</sup>	-	30%	30%	30%	30%	30%
<b>HTP Phase-in Period</b>						
-Portion of New HTP System	-	20%	40%	60%	80%	100%
-Portion of Previous System	-	80%	60%	40%	20%	0%

(a) Previously, HTPs were taxed based on pipe tobacco excise tax rate

(b) Taxable base is weight of heated tobacco

(c) Taxable base is RSP net of VAT

(d) Effective ad valorem rate is calculated as the excise tax incidence based on announced average RSP

Note: Based on current law

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## Retail Selling Prices

You will find retail selling prices by market and product category at the following link:

- [October 2024 – RSPs](#)

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## PMI: Peer Group

- Altria
- Anheuser-Busch InBev
- BAT
- Coca-Cola
- Colgate-Palmolive
- Diageo
- Heineken
- Imperial Brands<sup>(a)</sup>
- Japan Tobacco
- Johnson & Johnson
- Kimberly-Clark
- Kraft-Heinz
- McDonald's
- Mondelēz International
- Nestlé
- PepsiCo
- Procter & Gamble
- Roche
- Unilever

(a) Formerly Imperial Tobacco  
Source: Form 10-K for the year ended December 31, 2023 (p. 22)

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## Industry Volume Overview – Europe

(Billion Cigarette Equivalent Units)

Market	Product Group	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
France	Cigarettes	45.7	46.2	45.7	45.1	40.9	37.8	36.4	34.1	32.3	29.6
	HTU	-	-	-	0.0	0.0	0.1	0.2	0.2	0.2	0.2
	OTP	15.4	16.3	16.4	15.7	14.3	13.6	15.2	14.3	12.7	11.7
Germany	Cigarettes	80.4	80.0	78.1	76.7	74.8	72.4	73.0	71.6	66.5	65.4
	HTU	-	-	0.0	0.1	0.4	0.9	1.7	2.4	3.7	3.5
	OTP	43.5	43.0	42.5	41.3	40.9	40.3	42.2	41.3	40.0	39.9
Italy	Cigarettes	74.4	73.8	72.1	69.3	67.5	64.6	61.7	61.1	60.2	58.3
	HTU	-	0.0	0.1	0.5	1.5	3.3	5.7	9.3	12.6	14.9
	OTP	6.9	7.2	7.4	8.1	8.5	8.9	9.4	9.3	9.0	8.8
Poland	Cigarettes	42.1	41.1	41.3	41.6	42.8	45.0	43.2	45.6	49.4	49.2
	HTU	-	-	-	0.1	0.4	1.2	2.4	3.8	6.3	7.5
	OTP	3.6	4.0	4.1	5.0	5.5	6.2	7.2	7.8	7.9	7.8
Spain	Cigarettes	47.0	46.7	46.7	44.9	44.8	45.1	41.4	42.1	43.8	42.6
	HTU	-	-	0.0	0.1	0.2	0.3	0.4	0.5	0.8	1.0
	OTP	13.0	12.8	12.4	12.3	12.5	13.4	14.2	14.3	15.0	15.6

Note: Industry volumes are PMI estimates for tax-paid in-market sales (sales to the retail channel, depending on the market and distribution model) based on the latest available data from a number of internal and external sources. The figures include volumes above 50 million units for cigarettes, other tobacco products ("OTP": primarily make-your-own tobacco, roll-your-own tobacco, pipe tobacco, cigars and cigarillos), and heated tobacco units (HTUs), where applicable. The figures exclude other tobacco and nicotine product categories that may be present in certain markets, most notably e-cigarettes, oral tobacco and nicotine products, and shisha. The volumes may not reflect actual domestic consumption.  
Source: PMI estimates as of October 10, 2024

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## Industry Volume Overview – Europe (cont.)

(Billion Cigarette Equivalent Units)

Market	Product Group	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Croatia	Cigarettes	6.1	6.1	6.0	6.2	6.2	6.1	5.7	5.7	6.0	6.4
	HTU	-	-	-	0.0	0.1	0.2	0.3	0.4	0.5	0.7
	OTP	0.3	0.3	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Czech Republic	Cigarettes	20.1	20.4	20.5	20.3	20.0	19.7	17.0	15.2	14.5	12.8
	HTU	-	-	-	0.1	0.5	1.2	1.7	2.1	2.9	2.7
	OTP	2.3	2.6	2.5	2.4	2.2	2.2	1.9	1.7	1.5	1.3
Greece	Cigarettes	16.8	16.4	15.3	13.8	12.8	12.1	10.9	11.1	11.3	11.5
	HTU	-	-	0.0	0.2	0.6	1.2	1.5	2.0	2.7	3.4
	OTP	4.0	4.1	4.2	3.8	3.9	4.2	4.3	4.4	4.4	4.5
Hungary	Cigarettes	7.4	7.3	7.4	7.6	8.1	8.3	7.7	6.9	6.5	5.7
	HTU	-	-	-	-	-	0.2	0.8	1.6	2.7	3.0
	OTP	9.7	10.4	10.4	9.1	8.4	7.8	7.7	7.3	6.9	6.4
Latvia	Cigarettes	1.9	1.9	1.9	1.9	2.0	1.9	1.8	1.7	1.8	1.7
	HTU	-	-	-	-	0.0	0.1	0.2	0.2	0.2	0.3
	OTP	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Note: Industry volumes are PMI estimates for tax-paid in-market sales (sales to the retail channel, depending on the market and distribution model) based on the latest available data from a number of internal and external sources. The figures include volumes above 50 million units for cigarettes, other tobacco products ("OTP": primarily make-your-own tobacco, roll-your-own tobacco, pipe tobacco, cigars and cigarillos), and heated tobacco units (HTUs), where applicable. The figures exclude other tobacco and nicotine product categories that may be present in certain markets, most notably e-cigarettes, oral tobacco and nicotine products, and shisha. The volumes may not reflect actual domestic consumption.  
Source: PMI estimates as of October 10, 2024

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## Industry Volume Overview – Europe (cont.)

(Billion Cigarette Equivalent Units)

Market	Product Group	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Lithuania	Cigarettes	2.9	3.1	3.1	2.9	2.8	2.7	2.4	2.4	2.2	2.1
	HTU	-	-	-	0.0	0.1	0.4	0.6	0.7	1.0	1.1
	OTP	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.2
Norway	Cigarettes	1.8	1.8	1.7	1.7	1.4	1.4	1.9	1.9	1.3	1.3
	OTP	1.1	1.0	1.0	0.9	0.7	0.7	0.9	0.9	0.7	0.6
	Snus	1.8	1.8	1.9	1.9	2.0	2.1	2.9	3.5	2.7	2.4 <sup>(a)</sup>
Portugal	Cigarettes	9.6	9.7	9.8	10.2	9.7	9.7	9.0	8.8	9.1	8.9
	HTU	-	0.0	0.0	0.1	0.3	0.6	0.9	1.2	1.7	2.1
	OTP	2.2	1.8	1.5	1.2	1.0	1.0	1.0	1.0	1.0	0.9
Romania	Cigarettes	23.4	24.0	24.2	24.3	24.4	25.5	25.6	25.9	26.4	25.8
	HTU	-	0.0	0.0	0.2	0.5	0.7	0.9	1.3	2.0	2.6
	OTP	-	-	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.3
Slovak Republic	Cigarettes	7.0	7.1	7.1	7.2	7.1	7.1	6.9	6.4	6.2	5.9
	HTU	-	-	-	0.0	0.3	0.5	0.7	0.9	1.2	1.2
	OTP	0.3	0.5	0.5	0.3	0.3	0.3	-	-	-	-

Note: Industry volumes are PMI estimates for tax-paid in-market sales (sales to the retail channel, depending on the market and distribution model) based on the latest available data from a number of internal and external sources. The figures include volumes above 50 million units for cigarettes, other tobacco products ("OTP": primarily make-your-own tobacco, roll-your-own tobacco, pipe tobacco, cigars and cigarillos), and heated tobacco units (HTUs), where applicable. The figures exclude other tobacco and nicotine product categories that may be present in certain markets, most notably e-cigarettes, oral tobacco and nicotine products, and shisha. The volumes may not reflect actual domestic consumption.

(a) On a like-for-like basis (applying post-acquisition conversion methodology to 2022), the estimated total Snus market in Norway is higher by ~5%. This data does not include nicotine pouch volumes.  
Source: PMI estimates as of October 10, 2024

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## Industry Volume Overview – Europe (cont.)

(Billion Cigarette Equivalent Units)

Market	Product Group	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Slovenia	Cigarettes	3.7	3.6	3.6	3.5	3.5	3.4	3.2	3.2	3.3	3.1
	HTU	-	-	-	0.0	0.1	0.1	0.2	0.3	0.4	0.4
	OTP	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Sweden	Cigarettes	6.0	5.7	5.7	5.4	5.3	5.2	5.0	4.8	4.8	4.5
	HTU	-	-	-	-	-	0.0	0.1	0.1	0.1	0.1
	OTP	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2
	Snus	8.0	8.0	8.3	8.5	8.9	9.0	8.8	8.8	9.2	6.1 <sup>(a)</sup>
Switzerland	Cigarettes	10.2	9.8	9.4	9.3	9.1	8.8	9.2	8.9	8.5	8.0
	HTU	-	0.0	0.0	0.1	0.2	0.3	0.4	0.6	0.9	1.1
	OTP	1.3	1.3	1.4	1.4	1.4	1.5	1.6	1.7	1.7	1.7
United Kingdom	Cigarettes	33.8	31.4	29.6	27.9	26.0	23.5	24.1	23.7	20.3	17.0
	HTU	-	-	0.0	0.0	0.0	0.1	0.3	0.5	0.6	0.7
	OTP	10.4	10.0	10.3	10.5	10.6	10.7	13.8	14.4	11.9	9.6

Note: Industry volumes are PMI estimates for tax-paid in-market sales (sales to the retail channel, depending on the market and distribution model) based on the latest available data from a number of internal and external sources. The figures include volumes above 50 million units for cigarettes, other tobacco products ("OTP": primarily make-your-own tobacco, roll-your-own tobacco, pipe tobacco, cigars and cigarillos), and heated tobacco units (HTUs), where applicable. The figures exclude other tobacco and nicotine product categories that may be present in certain markets, most notably e-cigarettes, oral tobacco and nicotine products, and shisha. The volumes may not reflect actual domestic consumption.

(a) On a like-for-like basis (applying post-acquisition conversion methodology to 2022), the estimated total Snus market in Sweden is lower by ~12%. This data does not include nicotine pouch volumes.

Source: PMI estimates as of October 10, 2024

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## Industry Volume Overview – SSEA, CIS & MEA

(Billion Cigarette Equivalent Units)

Market	Product Group	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Egypt	Cigarettes	82.0	78.4	83.2	86.4	86.0	87.4	85.8	93.1	92.8	72.8
	HTU	-	-	-	-	-	-	-	0.2	0.8	1.3
Indonesia	Cigarettes	319.0	320.0	315.6	303.5	302.5	305.2	275.9	293.5	304.0	291.6
	HTU	-	-	-	-	-	-	-	-	0.2	0.6
	OTP	9.6	11.5	12.7	14.3	14.0	12.6	21.0	17.9	22.6	26.9
Philippines	Cigarettes	94.9	90.2	79.3	74.9	73.2	70.5	61.8	56.0	53.2	42.7
	HTU	-	-	-	-	-	-	0.0	0.2	0.2	0.2
Russia	Cigarettes	314.1	294.1	280.0	259.7	236.3	217.7	203.7	196.9	187.6	182.2
	HTU	-	0.0	0.0	0.3	2.6	8.8	15.4	19.9	21.2	21.2
Turkey	Cigarettes	94.7	103.2	105.5	106.2	118.5	119.7	114.8	125.1	116.8	137.4
	OTP	-	-	-	-	-	-	-	-	11.9	12.4

Note: Industry volumes are PMI estimates for tax-paid in-market sales (sales to the retail channel, depending on the market and distribution model) based on the latest available data from a number of internal and external sources. The figures include volumes above 50 million units for cigarettes, other tobacco products ("OTP": primarily make-your-own tobacco, roll-your-own tobacco, pipe tobacco, cigars and cigarillos), and heated tobacco units (HTUs), where applicable. The figures exclude other tobacco and nicotine product categories that may be present in certain markets, most notably e-cigarettes, oral tobacco and nicotine products, and shisha. The volumes may not reflect actual domestic consumption.

Source: PMI estimates as of October 10, 2024

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## Industry Volume Overview – EA, AU & PMI DF

(Billion Cigarette Equivalent Units)

Market	Product Group	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Australia	Cigarettes	16.8	16.5	15.7	13.9	12.8	12.0	11.0	9.7	8.9	7.2
	OTP	3.3	3.4	3.5	3.5	3.8	3.9	3.7	3.2	2.8	2.3
Japan	Cigarettes	186.2	182.3	173.8	151.4	132.7	121.1	102.8	94.4	92.7	89.2
	HTU	0.0	0.2	5.2	20.0	34.6	36.7	40.1	45.0	50.4	56.6
	OTP	-	-	-	-	0.9	4.0	12.3	11.1	5.1	3.2
South Korea	Cigarettes	88.1	67.3	73.6	69.0	62.8	61.2	64.1	62.8	61.9	60.0
	HTU	-	-	-	1.6	6.8	7.3	7.5	8.9	10.7	12.0
New Zealand	Cigarettes	1.8	1.8	1.8	1.7	1.7	1.5	1.4	1.2	1.1	1.0
	HTU	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	OTP	0.9	0.9	0.8	0.8	0.7	0.8	0.8	0.7	0.5	0.5
Singapore	Cigarettes	2.8	2.8	2.8	2.8	2.8	2.7	3.1	3.0	2.7	2.3

Note: Industry volumes are PMI estimates for tax-paid in-market sales (sales to the retail channel, depending on the market and distribution model) based on the latest available data from a number of internal and external sources. The figures include volumes above 50 million units for cigarettes, other tobacco products ("OTP": primarily make-your-own tobacco, roll-your-own tobacco, pipe tobacco, cigars and cigarillos), and heated tobacco units (HTUs), where applicable. The figures exclude other tobacco and nicotine product categories that may be present in certain markets, most notably e-cigarettes, oral tobacco and nicotine products, and shisha. The volumes may not reflect actual domestic consumption.  
Source: PMI estimates as of October 10, 2024

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## Industry Volume Overview – Americas

(Billion Cigarette Equivalent Units)

Market	Product Group	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Argentina	Cigarettes	41.9	40.8	38.7	38.2	36.9	34.1	31.0	30.0	30.3	28.8
	OTP	0.2	0.2	0.2	0.3	0.2	0.1	0.1	0.2	0.0	0.1
Mexico	Cigarettes	33.5	33.8	36.2	35.8	35.5	35.5	30.5	32.0	32.2	29.9
	HTU	-	-	-	-	-	0.0	0.1	0.1	0.1	0.1

Note: Industry volumes are PMI estimates for tax-paid in-market sales (sales to the retail channel, depending on the market and distribution model) based on the latest available data from a number of internal and external sources. The figures include volumes above 50 million units for cigarettes, other tobacco products ("OTP": primarily make-your-own tobacco, roll-your-own tobacco, pipe tobacco, cigars and cigarillos), and heated tobacco units (HTUs), where applicable. The figures exclude other tobacco and nicotine product categories that may be present in certain markets, most notably e-cigarettes, oral tobacco and nicotine products, and shisha. The volumes may not reflect actual domestic consumption.  
Source: PMI estimates as of October 10, 2024

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## Sustainability Business Transformation Metrics - Glossary

- Unless otherwise stated, all applicable business transformation metrics include Swedish Match related data as of November 11, 2022 (acquisition date), as well as Vectura Fertin Pharma. In 2023, we evaluated and republished a new set of aspirations for 2030 to ensure they remain ambitious, reasonable, and achievable in the context of a dynamic and evolving smoke-free industry, and impacts of our recent acquisitions.
- For definition of available for sale, see PMI Integrated Report 2023 Glossary.
- Related to number of markets where adjusted net revenues from smoke-free products exceed 75% of adjusted total net revenues: excluding PMI Duty Free. World Bank report issued in 2023 is used on a comparative basis for income level classification. For definition of low- and middle-income markets, see PMI Integrated Report 2023 Glossary.
- Change in combustible tobacco product shipment volume (billion units) vs. 2015 baseline is calculated based on millions of units. For definition of heated tobacco units and combustible tobacco products, see PMI Integrated Report 2023 Glossary. Combustible tobacco products shipment volume includes cigarettes and other tobacco products expressed in cigarette equivalent units.
- Adjusted R&D expenditure excludes asset acquisition cost related to OtiTopic, Inc. in 2021. Total reported R&D expenditure in 2021 including these items amounted to USD 617 million.
- Direct spend focuses on materials used in the manufacture of our products; it includes tobacco leaf, direct materials, and electronic devices and accessories. Data excludes Swedish Match and Vectura Fertin Pharma.
- Number of factories producing smoke-free products out of total number of factories reflects the number of factories operated and owned by PMI at the end of the respective year. As of 2023, "Smoke-free products factories" is defined as manufacturing facilities producing heated tobacco units and oral nicotine products. Additionally, in 2023, PMI evolved its approach to report the number of factories based on location instead of based on plant. If a facility is in one location but has several physical areas (plants), the facility is counted as one. To provide comparability, 2022 data has been restated on the same basis.

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency,  
and Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS, excluding Currency  
(Unaudited)

	Years Ended December 31,		
	2023	2022	% Change
<b>Reported Diluted EPS</b>	<b>\$ 5.02</b>	<b>\$ 5.81</b>	<b>(13.6)%</b>
Less: Currency	(0.63)		
<b>Reported Diluted EPS, excluding Currency</b>	<b>\$ 5.65</b>	<b>\$ 5.81</b>	<b>(2.8)%</b>
	Years Ended December 31,		
	2023	2022	% Change
<b>Reported Diluted EPS</b>	<b>\$ 5.02</b>	<b>\$ 5.81</b>	<b>(13.6)%</b>
Asset impairment and exit costs	0.06	-	
Termination of distribution arrangement in the Middle East	0.04	-	
Impairment of goodwill and other intangibles	0.44	0.06	
Amortization of intangibles	0.25	0.09	
Charges related to the war in Ukraine	0.03	0.08	
Costs associated with Swedish Match AB offer	-	0.06	
Swedish Match AB acquisition accounting related item	0.01	0.06	
Income tax impact associated with Swedish Match AB financing	(0.11)	(0.13)	
South Korea indirect tax charge	0.11	-	
Termination of agreement with Foundation for a Smoke-Free World	0.07	-	
Fair value adjustment for equity security investments	(0.02)	(0.02)	
Tax items	0.11	(0.03)	
<b>Adjusted Diluted EPS</b>	<b>\$ 6.01</b>	<b>\$ 5.98</b>	<b>0.5%</b>
Less: Currency	(0.63)		
<b>Adjusted Diluted EPS, excluding Currency</b>	<b>\$ 6.64</b>	<b>\$ 5.98</b>	<b>11.0%</b>

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

### Reconciliation of Net Revenues to Adjusted Net Revenues, excluding Currency and Acquisitions (\$ in millions) / (Unaudited)

Net Revenues	Special Items	Adjusted Net Revenues	Currency	Adjusted Net Revenues excluding Currency	Acquisitions	Adjusted Net Revenues excluding Currency & Acquisitions		Net Revenues	Special Items	Adjusted Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
							Years Ended December 31,				% Change		
2023								2022					
\$ 13,598	\$ -	\$ 13,598	\$ 249	\$ 13,349	\$ -	\$ 13,349	Europe	\$ 12,869	\$ -	\$ 12,869	5.7%	3.7%	3.7%
10,629	(80) <sup>(a)</sup>	10,709	(1,060)	11,769	-	11,769	SSEA, CIS & MEA	10,467	-	10,467	2.3%	12.4%	12.4%
6,201	-	6,201	(400)	6,601	-	6,601	EA, AU & PMI DF	5,936	-	5,936	4.5%	11.2%	11.2%
1,944	-	1,944	96	1,848	-	1,848	Americas	1,903	-	1,903	2.2%	(2.9)%	(2.9)%
2,496	-	2,496	-	2,496	2,113	383	Swedish Match	316	-	316	+100%	+100%	21.2%
306	-	306	3	303	-	303	Wellness and Healthcare	271	-	271	12.9%	11.8%	11.8%
<b>\$ 35,174</b>	<b>\$ (80)</b>	<b>\$ 35,254</b>	<b>\$ (1,112)</b>	<b>\$ 36,366</b>	<b>\$ 2,113</b>	<b>\$ 34,253</b>	<b>Total PMI</b>	<b>\$ 31,762</b>	<b>\$ -</b>	<b>\$ 31,762</b>	<b>11.0%</b>	<b>14.5%</b>	<b>7.8%</b>

(a) Reflects a reduction in net revenues of \$80 million related to the termination of distribution arrangement in the Middle East

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

### Reconciliation of Operating Income to Adjusted Operating Income, excluding Currency and Acquisitions (\$ in millions) / (Unaudited)

Operating Income	Special Items <sup>(a)</sup>	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acquisitions	Adjusted Operating Income excluding Currency & Acquisitions		Operating Income	Special Items <sup>(a)</sup>	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions
							Years Ended December 31,				% Change		
2023								2022					
\$ 6,012	\$ (202)	\$ 6,214	\$ 186	\$ 6,028	\$ -	\$ 6,028	Europe	\$ 5,802	\$ (242)	\$ 6,044	2.8%	(0.3)%	(0.3)%
3,047	(178)	3,225	(653)	3,878	-	3,878	SSEA, CIS & MEA	3,864	(56)	3,920	(17.7)%	(1.1)%	(1.1)%
2,481	(254)	2,735	(395)	3,130	-	3,130	EA, AU & PMI DF	2,424	(28)	2,452	11.5%	27.7%	27.7%
62	(19)	81	(197)	278	-	278	Americas	436	(14)	450	(82.0)%	(38.2)%	(38.2)%
824	(390)	1,214	(8)	1,222	1,027	195	Swedish Match	(22)	(151)	129	+100%	+100%	51.2%
(870)	(738)	(132)	(6)	(126)	-	(126)	Wellness and Healthcare	(258)	(171)	(87)	(51.7)%	(44.8)%	(44.8)%
<b>\$ 11,556</b>	<b>\$ (1,781)</b>	<b>\$ 13,337</b>	<b>\$ (1,073)</b>	<b>\$ 14,410</b>	<b>\$ 1,027</b>	<b>\$ 13,383</b>	<b>Total PMI</b>	<b>\$ 12,246</b>	<b>\$ (662)</b>	<b>\$ 12,908</b>	<b>3.3%</b>	<b>11.6%</b>	<b>3.7%</b>

(a) See Slide 141

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Reconciliation of Reported Operating Income to Adjusted Operating Income  
(\$ in millions) / (Unaudited)

PMI	Years Ended December 31,	
	2023	2022
<b>Reported Operating Income</b>	<b>\$ 11,556</b>	<b>\$ 12,246</b>
Asset Impairment & Exit Costs	(109)	-
Termination of distribution arrangement in the Middle East	(80)	-
Impairment of goodwill and other intangibles	(680)	(112)
Amortization of intangibles	(497)	(159)
Charges related to the war in Ukraine	(53)	(151)
Costs associated with Swedish Match AB offer	-	(115)
Swedish Match AB acquisition accounting related items	(18)	(125)
South Korea Indirect Tax Charge	(204)	-
Termination of agreement with Foundation for a Smoke-Free World	(140)	-
<b>Adjusted Operating Income</b>	<b>\$ 13,337</b>	<b>\$ 12,908</b>

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Reconciliation of Adjusted Operating Income Margin, excluding Currency and Acquisitions  
(\$ in millions) / (Unaudited)

Adjusted Operating Income <sup>(a)</sup>	Adjusted Net Revenues <sup>(b)</sup>	Adjusted Operating Income Margin	Adjusted Operating Income excluding Currency <sup>(b)</sup>	Adjusted Net Revenues excluding Currency <sup>(b)</sup>	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income excluding Currency & Acquisitions <sup>(b)</sup>	Adjusted Net Revenues excluding Currency & Acquisitions <sup>(b)</sup>	Adjusted Operating Income Margin excluding Currency & Acquisitions	Years Ended December 31,	Adjusted Operating Income <sup>(a)</sup>	Adjusted Net Revenues <sup>(b)</sup>	Adjusted Operating Income Margin	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income Margin excluding Currency & Acquisitions	
									2023	2022			% Points Change		
\$ 6,214	\$ 13,598	45.7%	\$ 6,028	\$ 13,349	45.2%	\$ 6,028	\$ 13,349	45.2%	Europe	\$ 6,044	\$ 12,869	47.0%	(1.3)	(1.8)	(1.8)
3,225	10,709	30.1%	3,878	11,769	33.0%	3,878	11,769	33.0%	SSEA, CIS & MEA	3,920	10,467	37.5%	(7.4)	(4.5)	(4.5)
2,735	6,201	44.1%	3,130	6,601	47.4%	3,130	6,601	47.4%	EA, AU & PMI DF	2,452	5,936	41.3%	2.8	6.1	6.1
81	1,944	4.2%	278	1,848	15.0%	278	1,848	15.0%	Americas	450	1,903	23.6%	(19.4)	(8.6)	(8.6)
1,214	2,496	48.6%	1,222	2,496	49.0%	195	383	50.9%	Swedish Match	129	316	40.8%	7.8	8.2	10.1
(132)	306	(43.1)%	(126)	303	(41.6)%	(126)	303	(41.6)%	Wellness and Healthcare	(87)	271	(32.1)%	(11.0)	(9.5)	(9.5)
<b>\$ 13,337</b>	<b>\$ 35,254</b>	<b>37.8%</b>	<b>\$ 14,410</b>	<b>\$ 36,366</b>	<b>39.6%</b>	<b>\$ 13,383</b>	<b>\$ 34,253</b>	<b>39.1%</b>	<b>Total PMI</b>	<b>\$ 12,908</b>	<b>\$ 31,762</b>	<b>40.6%</b>	<b>(2.8)</b>	<b>(1.0)</b>	<b>(1.5)</b>

(a) For the calculation of Adjusted Operating Income and Adjusted Operating Income excluding currency and acquisitions refer to slide 140

(b) For the calculation of Adjusted Net Revenues excluding currency and acquisitions refer to slide 139

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Restatement and Reconciliation of Adjusted Net Revenues – PMI and Swedish Match Combined

(\$ in millions) / (Unaudited)

	Years Ended December 31,					
	2023	2022	Total	Var.	Currency	Var. excl. currency
<b>Total PMI</b>						
Net Revenues	\$ 35,174	\$ 31,762	\$ 3,412	10.7%	\$ (1,112)	14.2%
Adjustments <sup>(a)</sup>	\$ (80)	-	\$ (80)	-	-	-
<b>Adjusted Net Revenues</b>	<b>\$ 35,254</b>	<b>\$ 31,762</b>	<b>\$ 3,492</b>	<b>11.0%</b>	<b>\$ (1,112)</b>	<b>14.5%</b>
<b>Swedish Match</b>						
Net Revenues	\$ 2,496	\$ 316	\$ 2,180	+100%	\$ -	+100%
<b>Total PMI excl. Swedish Match</b>						
Adjusted Net Revenues	\$ 32,758	\$ 31,446	\$ 1,312	4.2%	\$ (1,112)	7.7%
<b>Pro Forma Swedish Match Financial Information</b>						
Net Revenues	\$ 2,496	\$ 2,133	\$ 363	17.0%	\$ (65)	20.1%
Combustible Net Revenues	\$ 431	\$ 426	\$ 5	1.3%	\$ -	1.3%
SFP Net Revenues	\$ 2,065	\$ 1,707	\$ 358	21.0%	\$ (65)	24.8%
<b>Combined Total Net Revenues</b>	<b>\$ 35,254</b>	<b>\$ 33,579</b>	<b>\$ 1,675</b>	<b>5.0%</b>	<b>\$ (1,177)</b>	<b>8.5%</b>

(a) Reflects a reduction in net revenues related to the termination of distribution arrangement in the Middle East. Note: The unaudited pro forma combined financial information was prepared using the acquisition method of accounting and was based on the historical financial information of PMI and Swedish Match as disclosed in Form 10-Q for the 9 months ended September 30, 2023, Item 1, Note 2 Acquisitions. The unaudited quarterly pro forma 2022 Swedish Match net revenues are prepared on the same basis as the pro forma Swedish Match financial information for the year ended December 31, 2022 as disclosed in Form 10-Q for the 9 months ended September 30, 2023, Item 1, Note 2 Acquisitions, utilizing the full year average exchange rates. The currency variance includes adjustments to the 2022 quarterly average exchange rates. The unaudited pro forma financial information is not necessarily indicative of what the consolidated results of operations would have been had the acquisition been completed on January 1, 2021. In addition, the unaudited pro forma financial information is not a projection of future results of operations of the combined company, nor does it reflect the expected realization of any synergies or cost savings associated with the acquisition. Totals may not foot due to roundings.

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Restatement and Reconciliation of Adjusted Net Revenues – PMI and Swedish Match Combined

(\$ in millions) / (Unaudited)

	Quarters Ended December 31,					
	2023	2022	Total	Var.	Currency	Var. excl. currency
<b>Total PMI</b>						
Net Revenues	\$ 9,047	\$ 8,152	\$ 895	11.0%	\$ (78)	11.9%
Adjustments	-	-	-	-	-	-
<b>Adjusted Net Revenues</b>	<b>\$ 9,047</b>	<b>\$ 8,152</b>	<b>\$ 895</b>	<b>11.0%</b>	<b>\$ (78)</b>	<b>11.9%</b>
<b>Swedish Match</b>						
Net Revenues	\$ 682	\$ 316	\$ 366	+100%	\$ -	+100%
<b>Total PMI excl. Swedish Match</b>						
Adjusted Net Revenues	\$ 8,365	\$ 7,836	\$ 529	6.8%	\$ (78)	7.7%
<b>Pro Forma Swedish Match Financial Information</b>						
Net Revenues	\$ 682	\$ 589	\$ 93	15.7%	\$ (59)	25.7%
<b>Combined Total Net Revenues</b>	<b>\$ 9,047</b>	<b>\$ 8,425</b>	<b>\$ 622</b>	<b>7.4%</b>	<b>\$ (137)</b>	<b>9.0%</b>

Note: The unaudited pro forma combined financial information was prepared using the acquisition method of accounting and was based on the historical financial information of PMI and Swedish Match as disclosed in Form 10-Q for the 9 months ended September 30, 2023, Item 1, Note 2 Acquisitions. The unaudited quarterly pro forma 2022 Swedish Match net revenues are prepared on the same basis as the pro forma Swedish Match financial information for the year ended December 31, 2022 as disclosed in Form 10-Q for the 9 months ended September 30, 2023, Item 1, Note 2 Acquisitions, utilizing the full year average exchange rates. The currency variance includes adjustments to the 2022 quarterly average exchange rates. The unaudited pro forma financial information is not necessarily indicative of what the consolidated results of operations would have been had the acquisition been completed on January 1, 2021. In addition, the unaudited pro forma financial information is not a projection of future results of operations of the combined company, nor does it reflect the expected realization of any synergies or cost savings associated with the acquisition. Totals may not foot due to roundings.

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Net Revenues by Product Category  
(\$ in millions) / (Unaudited)

Net Revenues	Years Ended December 31,								Quarter Ended March 31,	Quarter Ended June 30,	Quarter Ended September 30,	Quarter Ended December 31,	Year Ended December 31,
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023	2023	2023	2023
Combustible Tobacco	\$ 26,595	\$ 25,818	\$ 24,970	\$ 25,378	\$ 24,083	\$ 21,747	\$ 22,067 <sup>(a)</sup>	\$ 21,572	\$ 5,223 <sup>(b)</sup>	\$ 5,790	\$ 5,832	\$ 5,489	\$ 22,334 <sup>(c)</sup>
Smoke-free excl. W&H	199	867	3,778	4,247	5,722	6,947	9,237	9,919	2,710	3,101	3,234	3,489	12,534
Wellness and Healthcare	-	-	-	-	-	-	101	271	86	76	75	69	306
Smoke-free incl. W&H	199	867	3,778	4,247	5,722	6,947	9,338	10,190	2,796	3,177	3,309	3,558	12,840
<b>Total PMI</b>	<b>\$ 26,794</b>	<b>\$ 26,685</b>	<b>\$ 28,748</b>	<b>\$ 29,625</b>	<b>\$ 29,805</b>	<b>\$ 28,694</b>	<b>\$ 31,405 <sup>(a)</sup></b>	<b>\$ 31,762</b>	<b>\$ 8,019 <sup>(b)</sup></b>	<b>\$ 8,967</b>	<b>\$ 9,141</b>	<b>\$ 9,047</b>	<b>\$ 35,174 <sup>(c)</sup></b>

(a) 2021 includes a reduction in net revenues of \$246 million related to the Saudi Arabia customs assessment. Excluding this impact total PMI adjusted net revenues are \$31,651 million and for combustible tobacco \$22,313 million

(b) First-quarter 2023 includes a reduction in net revenues of \$80 million related to the termination of distribution arrangement in the Middle East. Excluding this impact total PMI adjusted net revenues are \$8,099 million and for combustible tobacco \$5,303 million

(c) Year Ended December 31, 2023 includes a reduction in net revenues of \$80 million related to the termination of distribution arrangement in the Middle East. Excluding this impact total PMI adjusted net revenues are \$35,254 million and for combustible tobacco \$22,414 million

Note: Sum of product categories might not foot to Total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Reconciliation of Net Revenues to Adjusted Net Revenues by Product Category  
(\$ in millions) / (Unaudited)

Quarter ended December 31			Year ended December 31			
Net Revenues	Special Items	Adj. Net Revenues	2023	Net Revenues	Special Items(a)	Adj. Net Revenues
\$ 9,047	\$ -	\$ 9,047	Total PMI	\$ 35,174	\$ (80)	\$ 35,254
5,489	-	5,489	Combustible Tobacco	22,334	(80)	22,414
		61%	% of total adjusted			64%
2,880	-	2,880	Smoke-Free Inhalable Products	10,375	-	10,375
		32%	% of total adjusted			29%
575	-	575	Smoke-Free Oral Products	2,003	-	2,003
		6%	% of total adjusted			6%
104	-	104	Smoke-Free Other	462	-	462
		1%	% of total adjusted			1%

(a) Net revenues reflects a reduction related to the termination of distribution arrangement in the Middle East

Note: Sum of product categories and special items might not foot due to roundings

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

### Reconciliation of Operating Income to Adjusted Operating Income, excluding Currency, Acquisitions and RBH Impact (\$ in millions) / (Unaudited)

Operating Income	Special Items <sup>(a)</sup>	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acquisitions	Adjusted Operating Income excluding Currency & Acquisitions	Operating Income	Special Items <sup>(a)</sup>	Operating Income attributable to RBH <sup>(b)</sup>	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions	
2020							Full Year Ended December 31,	2019			% Change			
\$ 11,668	\$ (30)	\$ 11,698	\$ (474)	\$ 12,172	\$ -	\$ 12,172	Total PMI <sup>(c)</sup>	\$ 10,531	\$ (1,229)	\$ 126	\$ 11,634	0.6%	4.6%	4.6%
2021							Full Year Ended December 31,	2020			% Change			
\$ 12,975	\$ (609)	\$ 13,584	\$ 269	\$ 13,315	\$ 19	\$ 13,296	Total PMI	\$ 11,668	\$ (103)	\$ -	\$ 11,771	15.4%	13.1%	13.0%
2022							Full Year Ended December 31,	2021			% Change			
\$ 12,246	\$ (662)	\$ 12,908	\$ (1,507)	\$ 14,415	\$ 99	\$ 14,316	Total PMI	\$ 12,975	\$ (609)	\$ -	\$ 13,584	(5.0)%	6.1%	5.4%
2023							Six months ended June 30,	2022			% Change			
\$ 5,297	\$ (1,254)	\$ 6,551	\$ (485)	\$ 7,036	\$ 574	\$ 6,462	Total PMI	\$ 6,354	\$ (248)	\$ -	\$ 6,602	(0.8)%	6.6%	(2.1)%
2023							Quarters Ended December 31,	2022			% Change			
\$ 2,889	\$ (163)	\$ 3,052	\$ (301)	\$ 3,353	\$ 138	\$ 3,215	Total PMI	\$ 2,924	\$ (52)	\$ -	\$ 2,976	2.6%	12.7%	8.0%
2023							Six months ended December 31,	2022			% Change			
\$ 6,259	\$ (527)	\$ 6,786	\$ (588)	\$ 7,374	\$ 453	\$ 6,921	Total PMI	\$ 5,892	\$ (414)	\$ -	\$ 6,306	7.6%	16.9%	9.8%
2023							Full Year Ended December 31,	2022			% Change			
\$ 11,556	\$ (1,781)	\$ 13,337	\$ (1,073)	\$ 14,410	\$ 1,027	\$ 13,383	Total PMI	\$ 12,246	\$ (662)	\$ -	\$ 12,908	3.3%	11.6%	3.7%

(a) See Slide 148

(b) Represents the impact attributable to RBH from January 1, 2019 through March 21, 2019

(c) Adjusted Operating Income reflects the historical financials as reported and includes amortization and impairment of intangible assets for the comparison 2020 vs. 2019

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

### Reconciliation of Reported Operating Income to Adjusted Operating Income and RBH Impact (\$ in millions) / (Unaudited)

	Year Ended Dec 31, 2019	Year Ended Dec 31, 2020	Year Ended Dec 31, 2021	Six Months Ended Jun 30, 2022	Quarter Ended Dec 30, 2022	Six Months Ended Dec 31, 2022	Year Ended Dec 31, 2022	Six Months Ended Jun 30, 2023	Quarter Ended Dec 30, 2023	Six Months Ended Dec 31, 2023	Year Ended Dec 31, 2023
<b>Reported Operating Income</b>	\$ 10,531	\$ 11,668	\$ 12,975	\$ 6,354	\$ 2,924	\$ 5,892	\$ 12,246	\$ 5,297	\$ 2,889	\$ 6,259	\$ 11,556
Loss on deconsolidation of RBH	(239)	-	-	-	-	-	-	-	-	-	-
Russia excise and VAT audit charge	(374)	-	-	-	-	-	-	-	-	-	-
Canadian tobacco litigation-related expense	(194)	-	-	-	-	-	-	-	-	-	-
Asset impairment and exit costs	(422)	(149)	(216)	-	-	-	(109)	-	-	-	(109)
Brazil Indirect Tax Credit	-	119	-	-	-	-	-	-	-	-	-
Asset acquisition cost	-	-	(51)	-	-	-	-	-	-	-	-
Saudi Arabia customs assessments	-	-	(246)	-	-	-	-	-	-	-	-
Impairment of goodwill and other intangibles	-	-	-	-	-	(112)	-	(680)	-	-	(680)
Amortization of intangibles	-	(73)	(96)	(74)	(58)	(85)	(271)	(163)	(129)	(334)	(497)
Cost associated to Swedish Match AB offer	-	-	-	(52)	154	(63)	(115)	-	-	-	-
Swedish Match AB acquisition accounting related items	-	-	-	-	(125)	(125)	(125)	(18)	-	-	(18)
Charges related to the war in Ukraine	-	-	-	(122)	(23)	(29)	(151)	-	(34)	(53)	(53)
Termination of distribution arrangement in the Middle East	-	-	-	-	-	-	-	(80)	-	-	(80)
South Korea Indirect Tax Charge	-	-	-	-	-	-	-	(204)	-	-	(204)
Termination of agreement with Foundation for a Smoke-Free World	-	-	-	-	-	-	-	-	-	(140)	(140)
<b>Adjusted Operating Income</b>	\$ 11,760	\$ 11,771	\$ 13,584	\$ 6,602	\$ 2,976	\$ 6,306	\$ 12,908	\$ 6,551	\$ 3,052	\$ 6,786	\$ 13,337
Less Operating Income attributable to RBH				126							
<b>Adjusted Operating Income</b>	\$ 11,634										

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

Research & Development Expenditure by Product Category  
(\$ in millions) / (Unaudited)

	Years Ended December 31,			
	2015	2021	2022	2023
Combustible Tobacco	\$ 129	\$ 7	\$ 7	\$ 4
Smoke-free incl. Wellness & Healthcare	294	609 <sup>(a)</sup>	634	705
<b>Total PMI</b>	<b>\$ 423</b>	<b>\$ 617 <sup>(a)</sup></b>	<b>\$ 642</b>	<b>\$ 709</b>

(a) Includes asset acquisition cost of \$51 million related to OtiTopic Inc. in August 2021. Excluding this impact total PMI adjusted R&D expenditures are \$566 million and for smoke-free incl. W&H \$558 million  
Note: Sum of product categories might not foot to Total PMI due to roundings