

# **Philip Morris International Inc.**

## **Glossary of Key Terms, Definitions and Explanatory Notes; and**

### **Select Financial Information and Reconciliations of Non-GAAP Financial Measures**

**2023 Second-Quarter Results  
July 20, 2023**

# **Glossary of Key Terms, Definitions and Explanatory Notes**

## General

- "PMI" refers to Philip Morris International Inc. and its subsidiaries. Trademarks and service marks that are the registered property of, or licensed by, the subsidiaries of PMI, are italicized.
- Comparisons are made to the same prior-year period unless otherwise stated.
- References to total industry, total market, PMI shipment volume and PMI market share performance reflect cigarettes and heated tobacco units, unless otherwise stated.
- As of the first quarter of 2022, total industry volume, PMI in-market sales volume and PMI market share for the following geographies include the cigarillo category in Japan: the total international market, EA, AU & PMI DF Region, and Japanese domestic market.
- References to total international market, defined as worldwide cigarette and heated tobacco unit volume excluding the U.S., total industry, total market and market shares are PMI estimates for tax-paid products based on the latest available data from a number of internal and external sources and may, in defined instances, exclude the People's Republic of China and/or PMI's duty free business.
- 2022 estimates for total industry volume and market share in certain geographies reflect limitations on the availability and accuracy of industry data during pandemic-related restrictions.
- "Combustible tobacco products" is the term PMI uses to refer to cigarettes and other tobacco products that are combusted.
- In-market sales, or "IMS," is defined as sales to the retail channel, depending on the market and distribution model.
- "Total shipment volume" is defined as the combined total of cigarette shipment volume and heated tobacco unit shipment volume.
- "SSEA, CIS & MEA" stands for South & Southeast Asia, Commonwealth of Independent States, and Middle East & Africa.
- "EA, AU & PMI DF" stands for East Asia, Australia and PMI Duty Free.
- "Americas" refers to the former Latin America & Canada segment, which was renamed as the Americas segment as of the third quarter of 2021. References to "Americas" may, in defined instances, exclude the U.S.
- In the third quarter of 2021, PMI acquired Fertin Pharma A/S, Vectura Group plc. and OtiTopic, Inc. On March 31, 2022, PMI launched a new Wellness and Healthcare business consolidating these entities, Vectura Fertin Pharma. The operating results of this new business are reported in the Wellness and Healthcare segment. The business operations of PMI's Wellness and Healthcare segment are managed and evaluated separately from the geographical segments.
- As of December 31, 2022, Philip Morris Holland Holdings B.V. ("PMHH"), a wholly owned subsidiary of PMI, had acquired 94.81% of the outstanding shares of Swedish Match. On February 17, 2023, PMHH obtained "advanced title" under the Swedish Companies Act to the remaining issued and outstanding shares in Swedish Match, following the exercise of its right to compulsory redemption of all remaining shares. The operating results of Swedish Match are disclosed as a separate segment. The business operations of the Swedish Match segment are evaluated separately from the geographical segments.
- Following the deconsolidation of PMI's Canadian subsidiary, Rothmans, Benson & Hedges, Inc. (RBH) on March 22, 2019, PMI continues to report the volume and corresponding royalty revenues of brands sold by RBH for which other PMI subsidiaries are the trademark owner. These include *HEETS*, *Next*, *Philip Morris* and *Rooftop*. The volume and corresponding royalty revenues for these brands sold by RBH were not material to PMI for all periods presented.

- From time to time, PMI's shipment volumes are subject to the impact of distributor inventory movements (or wholesaler inventory movements in certain markets where PMI does not sell to distributors), and estimated total industry/market volumes are subject to the impact of inventory movements in various trade channels that include estimated trade inventory movements of PMI's competitors arising from market-specific factors that significantly distort reported volume disclosures. Such factors may include changes to the manufacturing supply chain, shipment methods, consumer demand, timing of excise tax increases or other influences that may affect the timing of sales to customers. In such instances, in addition to reviewing PMI shipment volumes and certain estimated total industry/market volumes on a reported basis, management reviews these measures on an adjusted basis that excludes the impact of distributor and/or estimated trade inventory movements. Management also believes that disclosing PMI shipment volumes and estimated total industry/market volumes in such circumstances on a basis that excludes the impact of distributor and/or estimated trade inventory movements, such as on an IMS basis, improves the comparability of performance and trends for these measures over different reporting periods.
- Volume comparisons versus Swedish Match's second-quarter 2022 results reflect data sourced from its disclosures, available at [www.swedishmatch.com/investors](http://www.swedishmatch.com/investors).

## **Financial**

- Adjusted net revenues exclude the impact related to the termination of a distribution arrangement in the Middle East.
- "Cost of sales" consists principally of: tobacco leaf, non-tobacco raw materials, labor and manufacturing costs; shipping and handling costs; and the cost of devices produced by third-party electronics manufacturing service providers. Estimated costs associated with device warranty programs are generally provided for in cost of sales in the period the related revenues are recognized.
- "Marketing, administration and research costs" include the costs of marketing and selling our products, other costs generally not related to the manufacture of our products (including general corporate expenses), and costs incurred to develop new products. The most significant components of our marketing, administration and research costs are marketing and sales expenses and general and administrative expenses.
- "Cost/Other" in the Consolidated Financial Summary table of total PMI and the six segments of this release reflects the currency-neutral variances of: cost of sales (excluding the volume/mix cost component); marketing, administration and research costs (including asset impairment and exit costs); and amortization and impairment of intangibles. "Cost/Other" also includes the currency-neutral net revenue variance, unrelated to volume/mix and price components, attributable to: fees for certain distribution rights billed to customers in certain markets in the SSEA, CIS & MEA Region and the revenue adjustment for the termination of a distribution arrangement in the Middle East.
- "Adjusted Operating Income Margin" is calculated as adjusted operating income, divided by adjusted net revenues.
- "Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation, amortization and equity (income)/loss in unconsolidated subsidiaries, excluding asset impairment and exit costs, impairment of intangibles, and unusual items.
- "Net debt" is defined as total debt, less cash and cash equivalents.
- Growth rates presented on an organic basis reflect adjusted results, excluding currency, acquisitions and disposals.
- Management reviews net revenues, operating income, operating income margin, operating cash flow and earnings per share, or "EPS," on an adjusted basis, which may exclude the impact of currency and other items such as acquisitions, asset impairment and exit costs, tax items and other special items. Additionally, starting in 2022 and on a comparative basis, for these measures other than net revenues and operating cash flow, PMI includes adjustments to add back amortization expense on acquisition related intangible assets that are recorded as part of purchase accounting and contribute to PMI's revenue generation, as well as impairment of intangible assets, if any. Currency-neutral and organic growth rates reflect the way management views underlying performance for these measures. PMI believes that such measures provide useful insight into underlying business trends and results. Management reviews these measures because they exclude changes in currency exchange rates and other factors that may distort underlying business trends, thereby improving the comparability of PMI's business performance between reporting periods. Furthermore, PMI uses several of these measures in its management compensation program to promote internal fairness

and a disciplined assessment of performance against company targets. PMI discloses these measures to enable investors to view the business through the eyes of management.

- Non-GAAP measures used by PMI should neither be considered in isolation nor as a substitute for the financial measures prepared in accordance with U.S. GAAP. For a reconciliation of non-GAAP measures to the most directly comparable U.S. GAAP measures, see the "Select Financial Information and Reconciliations of Non-GAAP Financial Measures" section of this document.
- U.S. GAAP Treatment of a country as a Highly Inflationary Economy. Following the categorization of a country by the International Practices Task Force of the Center for Audit Quality as having a three-year cumulative inflation rate greater than 100%, the country is considered highly inflationary in accordance with U.S. GAAP. For such countries, PMI accounts for the operations of its local affiliates as highly inflationary, and to treat the U.S. dollar as the functional currency of the affiliates. Such treatment was effective July 1, 2018, for Argentina, and April 1, 2022, for Turkey.
- "Fair value adjustment for equity security investments" reflects the adjustment resulting from share price movements in passive investments for publicly traded entities that are not controlled or influenced by PMI. Under U.S. GAAP, such adjustments are required, since January 1, 2018, to be reflected directly in the income statement. 2022 adjustments reflect share price movements in PMI's investments in India and Sri Lanka.
- "Swedish Match AB acquisition accounting related item" refers to expenses associated with fair-value adjustments on Swedish Match inventories. In the fourth quarter of 2022, PMI recorded a total fair value step-up adjustment for inventories of \$146 million related to the acquisition, of which \$125 million was recognized in cost of sales in the fourth quarter of 2022, with the remaining amount recognized in the first quarter of 2023.
- "Tax benefit associated with Swedish Match AB financing" reflects a deferred tax benefit for unrealized foreign currency losses on intercompany loans related to the Swedish Match acquisition financing reflected in PMI's consolidated statements of earnings. The underlying pre-tax foreign currency movements fully offset in the consolidated statements of earnings and were reflected as currency translation adjustments in PMI's consolidated statements of stockholders' (deficit) equity.

### **Smoke-Free Products**

- Smoke-free products ("SFPs") is the term PMI primarily uses to refer to all of its products that are not combustible tobacco products, such as heat-not-burn, e-vapor, and oral nicotine. In addition, SFPs include wellness and healthcare products, as well as consumer accessories such as lighters and matches.
- Reduced-risk products ("RRPs") is the term PMI uses to refer to products that present or are likely to present less risk of harm to smokers who switch to these products versus continuing smoking. PMI has a range of RRP's in various stages of development, scientific assessment and commercialization. PMI's RRP's are smoke-free products that contain and/or generate far lower quantities of harmful and potentially harmful constituents than found in cigarette smoke.
- Wellness and Healthcare products primarily refer to products associated with inhaled therapeutics and oral and intra-oral delivery systems that are included in the operating results of PMI's new Wellness and Healthcare business, Vectura Fertin Pharma.
- "Heated tobacco units," or "HTUs," is the term PMI uses to refer to heated tobacco consumables, which include the company's *BLENDS*, *HEETS*, *HEETS Creations*, *HEETS Dimensions*, *HEETS Marlboro* and *HEETS FROM MARLBORO* (defined collectively as *HEETS*), *Marlboro Dimensions*, *Marlboro HeatSticks*, *Parliament HeatSticks*, *SENTIA* and *TEREA*, as well as the KT&G-licensed brands, *Fiit* and *Miix* (outside of South Korea).
- Unless otherwise stated, market share for HTUs is defined as the in-market sales volume for HTUs as a percentage of the total estimated industry sales volume for cigarettes and HTUs. For Japan, total estimated industry sales volume also includes cigarillos.
- Unless otherwise stated, all references to *IQOS* are to PMI's Platform 1 *IQOS* devices and heated tobacco consumables.
- *IQOS* heat-not-burn devices are precisely controlled heating devices into which a specially designed and proprietary tobacco units are inserted and heated to generate an aerosol.

- "PMI heat-not-burn products" include licensed KT&G heat-not-burn products.
- "PMI HTUs" include licensed KT&G HTUs.
- "Total IQOS users" is defined as the estimated number of Legal Age (minimum 18 years) users of PMI heat-not-burn products, for which PMI HTUs represented at least a portion of their daily tobacco consumption over the past seven days.

The estimated number of adults who have "switched to IQOS and stopped smoking" reflects:

- for markets where there are no heat-not-burn products other than PMI heat-not-burn products: daily individual consumption of PMI HTUs represents the totality of their daily tobacco consumption in the past seven days;
- for markets where PMI heat-not-burn products are among other heat-not-burn products: daily individual consumption of HTUs represents the totality of their daily tobacco consumption in the past seven days, of which at least 70% is PMI HTUs.

Note: The above IQOS user metrics reflect PMI estimates, which are based on consumer claims and sample-based statistical assessments with an average margin of error of +/-5% at a 95% Confidence Interval in key volume markets. The accuracy and reliability of IQOS user metrics may vary based on individual market maturity and availability of information.

As of December 2020, PMI heat-not-burn products and HTUs include licensed KT&G heat-not-burn products and HTUs, respectively.

- Swedish Match nicotine pouch products reflect 15 pouches per can in the U.S. and 21 pouches per can outside the U.S.

# **Select Financial Information and Reconciliations of Non-GAAP Financial Measures**

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

**Diluted Earnings Per Share (EPS)**

(\$ in millions, except per share data) / (Unaudited)

Quarters Ended June 30,	Diluted EPS	Six Months Ended June 30,
<b>\$ 1.01</b>	<b>2023 Diluted Earnings Per Share (1)</b>	<b>\$ 2.29</b>
<b>\$ 1.43</b>	<b>2022 Diluted Earnings Per Share (1)</b>	<b>\$ 2.93</b>
\$ (0.42)	Change	\$ (0.64)
(29.4)%	% Change	(21.8)%
<b>Reconciliation:</b>		
<b>\$ 1.43</b>	<b>2022 Diluted Earnings Per Share (1)</b>	<b>\$ 2.93</b>
0.02	2022 Amortization of intangibles	0.04
0.04	2022 Charges related to the war in Ukraine	0.07
0.02	2022 Costs associated with Swedish Match AB offer	0.02
(0.03)	2022 Tax Items	(0.03)
—	2022 Fair value adjustment for equity security investments	0.03
—	2023 Asset impairment and exit costs	(0.06)
(0.04)	2023 Amortization of intangibles	(0.08)
(0.44)	2023 Impairment of goodwill and other intangibles	(0.44)
—	2023 Swedish Match AB acquisition accounting related item	(0.01)
0.01	2023 Tax benefit associated with Swedish Match AB financing	0.06
—	2023 Termination of distribution arrangement in the Middle East	(0.04)
(0.11)	2023 South Korea indirect tax charge	(0.11)
(0.01)	2023 Fair value adjustment for equity security investments	(0.01)
(0.13)	Currency	(0.26)
(0.08)	Interest	(0.12)
0.04	Change in tax rate	0.04
0.29	Operations (2)	0.26
<b>\$ 1.01</b>	<b>2023 Diluted Earnings Per Share (1)</b>	<b>\$ 2.29</b>

(1) Basic and diluted EPS were calculated using the following (in millions):

Quarters Ended June 30,			Six Months Ended June 30,	
2023	2022		2023	2022
\$ 1,568	\$ 2,233	Net Earnings attributable to PMI	\$ 3,563	\$ 4,564
5	7	Less: Distributed and undistributed earnings attributable to share-based payment awards	11	13
<b>\$ 1,563</b>	<b>\$ 2,226</b>	Net Earnings for basic and diluted EPS	<b>\$ 3,552</b>	<b>\$ 4,551</b>
1,552	1,551	Weighted-average shares for basic EPS	1,552	1,550
1	1	Plus Contingently Issuable Performance Stock Units	1	2
<b>1,553</b>	<b>1,552</b>	Weighted-average shares for diluted EPS	<b>1,553</b>	<b>1,552</b>

(2) Includes the impact of shares outstanding and share-based payments

## 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)

Quarters Ended June 30,				Six Months Ended June 30,			
2023	2022	% Change		2023	2022	% Change	
\$ 1.01	\$ 1.43	(29.4)%	<b>Reported Diluted EPS</b>	\$ 2.29	\$ 2.93	(21.8)%	
(0.13)			Less: Currency	(0.26)			
<b>\$ 1.14</b>	<b>\$ 1.43</b>	<b>(20.3)%</b>	<b>Reported Diluted EPS, excluding Currency</b>	<b>\$ 2.55</b>	<b>\$ 2.93</b>	<b>(13.0)%</b>	
Quarters Ended June 30,				Six Months Ended June 30,			Year Ended
2023	2022	% Change		2023	2022	% Change	2022
\$ 1.01	\$ 1.43	(29.4)%	<b>Reported Diluted EPS</b>	\$ 2.29	\$ 2.93	(21.8)%	\$ 5.81
—	—		Asset impairment and exit costs	0.06	—		—
—	—		Termination of distribution arrangement in the Middle East	0.04	—		—
0.44	—		Impairment of goodwill and other intangibles	0.44	—		0.06
0.04	0.02		Amortization of intangibles	0.08	0.04		0.09
—	0.04		Charges related to the war in Ukraine	—	0.07		0.08
—	0.02		Costs associated with Swedish Match AB offer	—	0.02		0.06
—	—		Swedish Match AB acquisition accounting related item	0.01	—		0.06
(0.01)	—		Tax benefit associated with Swedish Match AB financing	(0.06)	—		(0.13)
0.11	—		South Korea indirect tax charge	0.11	—		
0.01	—		Fair value adjustment for equity security investments	0.01	0.03		(0.02)
—	(0.03)		Tax items	—	(0.03)		(0.03)
<b>\$ 1.60</b>	<b>\$ 1.48</b>	<b>8.1 %</b>	<b>Adjusted Diluted EPS</b>	<b>\$ 2.98</b>	<b>\$ 3.06</b>	<b>(2.6)%</b>	<b>\$ 5.98</b>
(0.13)			Less: Currency	(0.26)			
<b>\$ 1.73</b>	<b>\$ 1.48</b>	<b>16.9 %</b>	<b>Adjusted Diluted EPS, excluding Currency</b>	<b>\$ 3.24</b>	<b>\$ 3.06</b>	<b>5.9 %</b>	

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

**Net Revenues by Product Category and Adjustments of Net Revenues for the Impact of Currency and Acquisitions**

(\$ in millions) / (Unaudited)

Net Revenues	Currency	Net Revenues excluding Currency	Acquisitions	Net Revenues excl. Currency & Acquisitions	Quarters Ended June 30,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
<b>2023</b>					<b>Combustible Tobacco</b>		<b>2022</b>		
							<b>% Change</b>		
\$ 2,108	\$ (12)	\$ 2,121	\$ —	\$ 2,121	Europe	\$ 2,062	2.2 %	2.8 %	2.8 %
2,350	(187)	2,537	—	2,537	SSEA, CIS & MEA	2,203	6.7 %	15.2 %	15.2 %
724	(39)	763	—	763	EA, AU & PMI DF	754	(4.0)%	1.2 %	1.2 %
459	14	444	—	444	Americas	444	3.3 %	0.1 %	0.1 %
149	—	149	149	—	Swedish Match	—	— %	— %	— %
<b>\$ 5,790</b>	<b>\$ (224)</b>	<b>\$ 6,014</b>	<b>\$ 149</b>	<b>\$ 5,865</b>	<b>Total Combustible Tobacco</b>	<b>\$ 5,463</b>	<b>6.0 %</b>	<b>10.1 %</b>	<b>7.4 %</b>
<b>2023</b>					<b>Smoke-free excl. W&amp;H</b>		<b>2022</b>		
							<b>% Change</b>		
\$ 1,294	\$ 1	\$ 1,292	\$ —	\$ 1,292	Europe	\$ 1,247	3.8 %	3.7 %	3.7 %
318	(34)	352	—	352	SSEA, CIS & MEA	311	2.1 %	13.0 %	13.0 %
956	(94)	1,050	—	1,050	EA, AU & PMI DF	710	34.7 %	47.9 %	47.9 %
17	—	18	—	18	Americas	25	(31.0)%	(29.3)%	(29.3)%
516	—	516	516	—	Swedish Match	—	— %	— %	— %
<b>\$ 3,101</b>	<b>\$ (127)</b>	<b>\$ 3,228</b>	<b>\$ 516</b>	<b>\$ 2,712</b>	<b>Total Smoke-free excl. W&amp;H</b>	<b>\$ 2,293</b>	<b>35.3 %</b>	<b>40.8 %</b>	<b>18.3 %</b>
<b>2023</b>					<b>Wellness and Healthcare</b>		<b>2022</b>		
							<b>% Change</b>		
\$ 76	\$ —	\$ 76	\$ —	\$ 76	Wellness and Healthcare	\$ 76	— %	— %	— %
<b>2023</b>					<b>Smoke-free incl. W&amp;H</b>		<b>2022</b>		
							<b>% Change</b>		
<b>\$ 3,177</b>	<b>\$ (127)</b>	<b>\$ 3,304</b>	<b>\$ 516</b>	<b>\$ 2,788</b>	<b>Smoke-free incl. W&amp;H</b>	<b>\$ 2,369</b>	<b>34.1 %</b>	<b>39.5 %</b>	<b>17.7 %</b>
<b>2023</b>					<b>PMI</b>		<b>2022</b>		
							<b>% Change</b>		
\$ 3,402	\$ (11)	\$ 3,413	\$ —	\$ 3,413	Europe	\$ 3,309	2.8 %	3.1 %	3.1 %
2,668	(221)	2,889	—	2,889	SSEA, CIS & MEA	2,514	6.1 %	14.9 %	14.9 %
1,680	(133)	1,813	—	1,813	EA, AU & PMI DF	1,464	14.8 %	23.8 %	23.8 %
476	14	462	—	462	Americas	469	1.5 %	(1.5)%	(1.5)%
665	—	665	665	—	Swedish Match	—	— %	— %	— %
76	—	76	—	76	Wellness and Healthcare	76	— %	— %	— %
<b>\$ 8,967</b>	<b>\$ (351)</b>	<b>\$ 9,318</b>	<b>\$ 665</b>	<b>\$ 8,653</b>	<b>Total PMI</b>	<b>\$ 7,832</b>	<b>14.5 %</b>	<b>19.0 %</b>	<b>10.5 %</b>

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

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures

## Net Revenues by Product Category and Adjustments of Net Revenues for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

Net Revenues	Currency	Net Revenues excluding Currency	Acquisitions	Net Revenues excl. Currency & Acquisitions	Six Months Ended June 30,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
<b>2023</b>					<b>Combustible Tobacco</b>		<b>2022</b>		
								<b>% Change</b>	
\$ 3,924	\$ (133)	\$ 4,057	\$ —	\$ 4,057	Europe	\$ 3,999	(1.9)%	1.4 %	1.4 %
4,504 <sup>(1)</sup>	(317)	4,821	—	4,821	SSEA, CIS & MEA	4,398	2.4 %	9.6 %	9.6 %
1,412	(93)	1,505	—	1,505	EA, AU & PMI DF	1,523	(7.2)%	(1.2)%	(1.2)%
889	24	865	—	865	Americas	846	5.0 %	2.2 %	2.2 %
284	—	284	284	—	Swedish Match	—	— %	— %	— %
<b>\$ 11,013</b>	<b>\$ (519)</b>	<b>\$ 11,532</b>	<b>\$284</b>	<b>\$ 11,248</b>	<b>Total Combustible Tobacco</b>	<b>\$ 10,766</b>	<b>2.3 %</b>	<b>7.1 %</b>	<b>4.5 %</b>
<b>2023</b>					<b>Smoke-free excl. W&amp;H</b>		<b>2022</b>		
								<b>% Change</b>	
\$ 2,388	\$ (75)	\$ 2,463	\$ —	\$ 2,463	Europe	\$ 2,534	(5.7)%	(2.8)%	(2.8)%
641	(15)	656	—	656	SSEA, CIS & MEA	561	14.3 %	17.0 %	17.0 %
1,788	(210)	1,998	—	1,998	EA, AU & PMI DF	1,528	17.0 %	30.7 %	30.7 %
32	(1)	33	—	33	Americas	47	(30.6)%	(28.9)%	(28.9)%
962	—	962	962	—	Swedish Match	—	— %	— %	— %
<b>\$ 5,811</b>	<b>\$ (301)</b>	<b>\$ 6,112</b>	<b>\$962</b>	<b>\$ 5,150</b>	<b>Total Smoke-free excl. W&amp;H</b>	<b>\$ 4,670</b>	<b>24.4 %</b>	<b>30.9 %</b>	<b>10.3 %</b>
<b>2023</b>					<b>Wellness and Healthcare</b>		<b>2022</b>		
								<b>% Change</b>	
<b>\$ 162</b>	<b>\$ (5)</b>	<b>\$167</b>	<b>\$—</b>	<b>\$ 167</b>	<b>Wellness and Healthcare</b>	<b>\$ 142</b>	<b>14.1 %</b>	<b>17.6 %</b>	<b>17.6 %</b>
<b>2023</b>					<b>Smoke-free incl. W&amp;H</b>		<b>2022</b>		
								<b>% Change</b>	
<b>\$ 5,973</b>	<b>\$ (306)</b>	<b>\$ 6,279</b>	<b>\$ 962</b>	<b>\$ 5,317</b>	<b>Smoke-free incl. W&amp;H</b>	<b>\$ 4,812</b>	<b>24.1 %</b>	<b>30.5 %</b>	<b>10.5 %</b>
<b>2023</b>					<b>PMI</b>		<b>2022</b>		
								<b>% Change</b>	
\$ 6,312	\$ (208)	\$ 6,520	\$ —	\$ 6,520	Europe	\$ 6,533	(3.4)%	(0.2)%	(0.2)%
5,145 <sup>(1)</sup>	(332)	5,477	—	5,477	SSEA, CIS & MEA	4,959	3.8 %	10.4 %	10.4 %
3,200	(303)	3,503	—	3,503	EA, AU & PMI DF	3,051	4.9 %	14.8 %	14.8 %
921	23	898	—	898	Americas	893	3.1 %	0.6 %	0.6 %
1,246	—	1,246	1,246	—	Swedish Match	—	— %	— %	— %
162	(5)	167	—	167	Wellness and Healthcare	142	14.1 %	17.6 %	17.6 %
<b>\$ 16,986</b>	<b>\$ (825)</b>	<b>\$ 17,811</b>	<b>\$1,246</b>	<b>\$ 16,565</b>	<b>Total PMI</b>	<b>\$ 15,578</b>	<b>9.0 %</b>	<b>14.3 %</b>	<b>6.3 %</b>

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

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

## 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
<b>2023</b>							<b>Quarters Ended June 30,</b>	<b>2022</b>			<b>% Change</b>		
\$ 3,402	\$ —	\$ 3,402	\$ (11)	\$ 3,413	\$ —	\$ 3,413	Europe	\$ 3,309	\$ —	\$ 3,309	2.8 %	3.1 %	3.1 %
2,668	—	2,668	(221)	2,889	—	2,889	SSEA, CIS & MEA	2,514	—	2,514	6.1 %	14.9 %	14.9 %
1,680	—	1,680	(133)	1,813	—	1,813	EA, AU & PMI DF	1,464	—	1,464	14.8 %	23.8 %	23.8 %
476	—	476	14	462	—	462	Americas	469	—	469	1.5 %	(1.5)%	(1.5)%
665	—	665	—	665	665	—	Swedish Match	—	—	—	— %	— %	— %
76	—	76	—	76	—	76	Wellness and Healthcare	76	—	76	— %	— %	— %
<b>\$ 8,967</b>	<b>\$ —</b>	<b>\$ 8,967</b>	<b>\$ (351)</b>	<b>\$ 9,318</b>	<b>\$ 665</b>	<b>\$ 8,653</b>	<b>Total PMI</b>	<b>\$ 7,832</b>	<b>\$ —</b>	<b>\$ 7,832</b>	<b>14.5 %</b>	<b>19.0 %</b>	<b>10.5 %</b>
<b>2023</b>							<b>Six Months Ended June 30,</b>	<b>2022</b>			<b>% Change</b>		
\$ 6,312	\$ —	\$ 6,312	\$ (208)	\$ 6,520	\$ —	\$ 6,520	Europe	\$ 6,533	\$ —	\$ 6,533	(3.4)%	(0.2)%	(0.2)%
5,145	(80) <sup>(1)</sup>	5,225	(332)	5,557	—	5,557	SSEA, CIS & MEA	4,959	—	4,959	5.4 %	12.1 %	12.1 %
3,200	—	3,200	(303)	3,503	—	3,503	EA, AU & PMI DF	3,051	—	3,051	4.9 %	14.8 %	14.8 %
921	—	921	23	898	—	898	Americas	893	—	893	3.1 %	0.6 %	0.6 %
1,246	—	1,246	—	1,246	1,246	—	Swedish Match	—	—	—	— %	— %	— %
162	—	162	(5)	167	—	167	Wellness and Healthcare	142	—	142	14.1 %	17.6 %	17.6 %
<b>\$ 16,986</b>	<b>\$ (80)</b>	<b>\$ 17,066</b>	<b>\$ (825)</b>	<b>\$ 17,891</b>	<b>\$ 1,246</b>	<b>\$ 16,645</b>	<b>Total PMI</b>	<b>\$ 15,578</b>	<b>\$ —</b>	<b>\$ 15,578</b>	<b>9.6 %</b>	<b>14.8 %</b>	<b>6.8 %</b>

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

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures

## Adjustments of Operating Income for the Impact of Currency and Acquisitions

(\$ in millions) / (Unaudited)

Operating Income	Currency	Operating Income excluding Currency	Acquisitions	Operating Income excluding Currency & Acquisitions		Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions
<b>2023</b>					<b>Quarters Ended June 30,</b>	<b>2022</b>	<b>% Change</b>		
\$ 1,563	\$ 31	\$ 1,532	\$ —	\$ 1,532	Europe	\$ 1,474	6.0 %	3.9 %	3.9 %
858	(98)	956	—	956	SSEA, CIS & MEA	958	(10.4)%	(0.2)%	(0.2)%
544	(130)	674	—	674	EA, AU & PMI DF	528	3.0 %	27.7 %	27.7 %
70	(26)	96	—	96	Americas	130	(46.2)%	(26.2)%	(26.2)%
264	—	264	264	—	Swedish Match	—	— %	— %	— %
(733)	(3)	(730)	—	(730)	Wellness and Healthcare	(34)	-(100)%	-(100)%	-(100)%
<b>\$ 2,566</b>	<b>\$ (226)</b>	<b>\$ 2,792</b>	<b>\$ 264</b>	<b>\$ 2,528</b>	<b>Total PMI</b>	<b>\$ 3,056</b>	<b>(16.0)%</b>	<b>(8.6)%</b>	<b>(17.3)%</b>
<b>2023</b>					<b>Six Months Ended June 30,</b>	<b>2022</b>	<b>% Change</b>		
\$ 2,738	\$ (60)	\$ 2,798	\$ —	\$ 2,798	Europe	\$ 3,032	(9.7)%	(7.7)%	(7.7)%
1,570	(142)	1,712	—	1,712	SSEA, CIS & MEA	1,923	(18.4)%	(11.0)%	(11.0)%
1,167	(245)	1,412	—	1,412	EA, AU & PMI DF	1,213	(3.8)%	16.4 %	16.4 %
136	(36)	172	—	172	Americas	251	(45.8)%	(31.5)%	(31.5)%
457	—	457	457	—	Swedish Match	—	— %	— %	— %
(771)	(2)	(769)	—	(769)	Wellness and Healthcare	(65)	-(100)%	-(100)%	-(100)%
<b>\$ 5,297</b>	<b>\$ (485)</b>	<b>\$ 5,782</b>	<b>\$ 457</b>	<b>\$ 5,325</b>	<b>Total PMI</b>	<b>\$ 6,354</b>	<b>(16.6)%</b>	<b>(9.0)%</b>	<b>(16.2)%</b>

## 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 (1)	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acquisitions	Adjusted Operating Income excluding Currency & Acquisitions		Operating Income	Special Items (1)	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions
<b>2023</b>							<b>Quarters Ended June 30,</b>	<b>2022</b>			<b>% Change</b>		
\$ 1,563	\$ (10)	\$ 1,573	\$ 31	\$ 1,542	\$ —	\$ 1,542	Europe	\$ 1,474	\$ (113)	\$ 1,587	(0.9)%	(2.8)%	(2.8)%
858	(5)	863	(98)	961	—	961	SSEA, CIS & MEA	958	(21)	979	(11.8)%	(1.8)%	(1.8)%
544	(205)	749	(130)	879	—	879	EA, AU & PMI DF	528	(12)	540	38.7 %	62.8 %	62.8 %
70	(2)	72	(26)	98	—	98	Americas	130	(4)	134	(46.3)%	(26.9)%	(26.9)%
264	(49)	313	—	313	313	—	Swedish Match	—	—	—	— %	— %	— %
(733)	(695)	(38)	(3)	(35)	—	(35)	Wellness and Healthcare	(34)	(18)	(16)	-(100)%	-(100)%	-(100)%
<b>\$ 2,566</b>	<b>\$ (966)</b>	<b>\$ 3,532</b>	<b>\$ (226)</b>	<b>\$ 3,758</b>	<b>\$ 313</b>	<b>\$ 3,445</b>	<b>Total PMI</b>	<b>\$ 3,056</b>	<b>\$ (168)</b>	<b>\$ 3,224</b>	<b>9.6 %</b>	<b>16.6 %</b>	<b>6.9 %</b>
<b>2023</b>							<b>Six Months Ended June 30,</b>	<b>2022</b>			<b>% Change</b>		
\$ 2,738	\$ (69)	\$ 2,807	\$ (60)	\$ 2,867	\$ —	\$ 2,867	Europe	\$ 3,032	\$ (165)	\$ 3,197	(12.2)%	(10.3)%	(10.3)%
1,570	(124)	1,694	(142)	1,836	—	1,836	SSEA, CIS & MEA	1,923	(27)	1,950	(13.1)%	(5.8)%	(5.8)%
1,167	(226)	1,393	(245)	1,638	—	1,638	EA, AU & PMI DF	1,213	(13)	1,226	13.6 %	33.6 %	33.6 %
136	(9)	145	(36)	181	—	181	Americas	251	(6)	257	(43.6)%	(29.6)%	(29.6)%
457	(117)	574	—	574	574	—	Swedish Match	—	—	—	— %	— %	— %
(771)	(709)	(62)	(2)	(60)	—	(60)	Wellness and Healthcare	(65)	(37)	(28)	-(100)%	-(100)%	-(100)%
<b>\$ 5,297</b>	<b>\$ (1,254)</b>	<b>\$ 6,551</b>	<b>\$ (485)</b>	<b>\$ 7,036</b>	<b>\$ 574</b>	<b>\$ 6,462</b>	<b>Total PMI</b>	<b>\$ 6,354</b>	<b>\$ (248)</b>	<b>\$ 6,602</b>	<b>(0.8)%</b>	<b>6.6 %</b>	<b>(2.1)%</b>

(1) See Schedule 8 and 9 for Special Items details

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures

## Reconciliation of Reported Operating Income to Adjusted Operating Income

(\$ in millions) / (Unaudited)

	Quarters Ended June 30,		Change Fav./.(Unfav.)		Variance Fav./.(Unfav.)					
	2023	2022	Total	Excl. Curr. & Acquisitions	Total	Currency	Acquisitions	Price	Vol/Mix	Cost/Other
<b>PMI</b>										
<b>Reported Operating Income</b>	<b>\$ 2,566</b>	<b>\$ 3,056</b>	<b>(16.0)%</b>	<b>(17.3)%</b>	<b>\$ (490)</b>	<b>\$ (226)</b>	<b>\$ 264</b>	<b>\$ 459</b>	<b>\$ 127</b>	<b>\$ (1,114)</b>
Amortization of intangibles	(82)	(36)	-(100)%	8.3 %	(46)	—	(49)	—	—	3
Impairment of goodwill and other intangibles	(680)	—	-(100)%	-(100)%	(680)	—	—	—	—	(680)
Charges related to the war in Ukraine	—	(80)	+100%	+100%	80	—	—	—	—	80
Costs associated with Swedish Match AB offer	—	(52)	+100%	+100%	52	—	—	—	—	52
South Korea Indirect Tax Charge	(204)	—	— %	— %	(204)	—	—	—	—	(204)
<b>Adjusted Operating Income</b>	<b>\$ 3,532</b>	<b>\$ 3,224</b>	<b>9.6 %</b>	<b>6.9 %</b>	<b>\$ 308</b>	<b>\$ (226)</b>	<b>\$ 313</b>	<b>\$ 459</b>	<b>\$ 127</b>	<b>\$ (365)</b>
<b>Europe</b>										
<b>Reported Operating Income</b>	<b>\$ 1,563</b>	<b>\$ 1,474</b>	<b>6.0 %</b>	<b>3.9 %</b>	<b>\$ 89</b>	<b>\$ 31</b>	<b>\$ —</b>	<b>\$ 149</b>	<b>\$ (56)</b>	<b>\$ (35)</b>
Amortization of intangibles	(10)	(9)	(11.1)%	(11.1)%	(1)	—	—	—	—	(1)
Charges related to the war in Ukraine	—	(80)	+100%	+100%	80	—	—	—	—	80
Costs associated with Swedish Match AB offer	—	(24)	+100%	+100%	24	—	—	—	—	24
<b>Adjusted Operating Income</b>	<b>\$ 1,573</b>	<b>\$ 1,587</b>	<b>(0.9)%</b>	<b>(2.8)%</b>	<b>\$ (14)</b>	<b>\$ 31</b>	<b>\$ —</b>	<b>\$ 149</b>	<b>\$ (56)</b>	<b>\$ (138)</b>
<b>SSEA, CIS &amp; MEA</b>										
<b>Reported Operating Income</b>	<b>\$ 858</b>	<b>\$ 958</b>	<b>(10.4)%</b>	<b>(0.2)%</b>	<b>\$ (100)</b>	<b>\$ (98)</b>	<b>\$ —</b>	<b>\$ 253</b>	<b>\$ (35)</b>	<b>\$ (220)</b>
Amortization of intangibles	(5)	(6)	16.7 %	16.7 %	1	—	—	—	—	1
Costs associated with Swedish Match AB offer	—	(15)	+100%	+100%	15	—	—	—	—	15
<b>Adjusted Operating Income</b>	<b>\$ 863</b>	<b>\$ 979</b>	<b>(11.8)%</b>	<b>(1.8)%</b>	<b>\$ (116)</b>	<b>\$ (98)</b>	<b>\$ —</b>	<b>\$ 253</b>	<b>\$ (35)</b>	<b>\$ (236)</b>

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures

## Reconciliation of Reported Operating Income to Adjusted Operating Income

(\$ in millions) / (Unaudited)

	Quarters Ended June 30,		Change Fav./.(Unfav.)		Variance Fav./.(Unfav.)					
	2023	2022	Total	Excl. Curr. & Acquisitions	Total	Currency	Acquisitions	Price	Vol/Mix	Cost/Other
<b>EA, AU &amp; PMI DF</b>										
<b>Reported Operating Income</b>	<b>\$ 544</b>	<b>\$ 528</b>	<b>3.0 %</b>	<b>27.7 %</b>	<b>\$ 16</b>	<b>\$ (130)</b>	<b>\$ —</b>	<b>\$ 23</b>	<b>\$ 244</b>	<b>\$ (121)</b>
Amortization of intangibles	(1)	(1)	— %	— %	—	—	—	—	—	—
Costs associated with Swedish Match AB offer	—	(11)	+100%	+100%	11	—	—	—	—	11
South Korea Indirect Tax Charge	(204)	—	— %	— %	(204)	—	—	—	—	(204)
<b>Adjusted Operating Income</b>	<b>\$ 749</b>	<b>\$ 540</b>	<b>38.7 %</b>	<b>62.8 %</b>	<b>\$ 209</b>	<b>\$ (130)</b>	<b>\$ —</b>	<b>\$ 23</b>	<b>\$ 244</b>	<b>\$ 72</b>
<b>Americas</b>										
<b>Reported Operating Income</b>	<b>\$ 70</b>	<b>\$ 130</b>	<b>(46.2)%</b>	<b>(26.2)%</b>	<b>\$ (60)</b>	<b>\$ (26)</b>	<b>\$ —</b>	<b>\$ 36</b>	<b>\$ (26)</b>	<b>\$ (44)</b>
Amortization of intangibles	(2)	(2)	— %	— %	—	—	—	—	—	—
Costs associated with Swedish Match AB offer	—	(2)	+100%	+100%	2	—	—	—	—	2
<b>Adjusted Operating Income</b>	<b>\$ 72</b>	<b>\$ 134</b>	<b>(46.3)%</b>	<b>(26.9)%</b>	<b>\$ (62)</b>	<b>\$ (26)</b>	<b>\$ —</b>	<b>\$ 36</b>	<b>\$ (26)</b>	<b>\$ (46)</b>
<b>Swedish Match</b>										
<b>Reported Operating Income</b>	<b>\$ 264</b>	<b>\$ —</b>	<b>— %</b>	<b>— %</b>	<b>\$ 264</b>	<b>\$ —</b>	<b>\$ 264</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Amortization of intangibles	(49)	—	— %	— %	(49)	—	(49)	—	—	—
<b>Adjusted Operating Income</b>	<b>\$ 313</b>	<b>\$ —</b>	<b>— %</b>	<b>— %</b>	<b>\$ 313</b>	<b>\$ —</b>	<b>\$ 313</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Wellness &amp; Healthcare</b>										
<b>Reported Operating Income / (Loss)</b>	<b>\$ (733)</b>	<b>\$ (34)</b>	<b>-(100)%</b>	<b>-(100)%</b>	<b>\$ (699)</b>	<b>\$ (3)</b>	<b>\$ —</b>	<b>\$ (2)</b>	<b>\$ —</b>	<b>\$ (694)</b>
Amortization of intangibles	(15)	(18)	16.7 %	16.7 %	3	—	—	—	—	3
Impairment of goodwill and other intangibles	(680)	—	-(100)%	-(100)%	(680)	—	—	—	—	(680)
<b>Adjusted Operating Income / (Loss)</b>	<b>\$ (38)</b>	<b>\$ (16)</b>	<b>-(100)%</b>	<b>-(100)%</b>	<b>\$ (22)</b>	<b>\$ (3)</b>	<b>\$ —</b>	<b>\$ (2)</b>	<b>\$ —</b>	<b>\$ (17)</b>

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures

## Reconciliation of Reported Operating Income to Adjusted Operating Income

(\$ in millions) / (Unaudited)

	Six Months Ended June 30,		Change Fav./Unfav.)		Variance Fav./Unfav.)					
	2023	2022	Total	Excl. Curr. & Acquisitions	Total	Currency	Acquisitions	Price	Vol/Mix	Cost/Other
<b>PMI</b>										
<b>Reported Operating Income</b>	<b>\$ 5,297</b>	<b>\$ 6,354</b>	<b>(16.6)%</b>	<b>(16.2)%</b>	<b>\$ (1,057)</b>	<b>\$ (485)</b>	<b>\$ 457</b>	<b>\$ 796</b>	<b>\$ (104)</b>	<b>\$ (1,721)</b>
Asset Impairment & Exit Costs	(109)	—	— %	— %	(109)	—	—	—	—	(109)
Termination of distribution arrangement in the Middle East	(80)	—	— %	— %	(80)	—	—	—	—	(80)
Amortization of intangibles	(163)	(74)	-(100)%	13.5 %	(89)	—	(99)	—	—	10
Impairment of goodwill and other intangibles	(680)	—	— %	— %	(680)	—	—	—	—	(680)
Charges related to the war in Ukraine	—	(122)	+100%	+100%	122	—	—	—	—	122
Costs associated with Swedish Match AB offer	—	(52)	+100%	+100%	52	—	—	—	—	52
Swedish Match AB acquisition accounting related items	(18)	—	— %	— %	(18)	—	(18)	—	—	—
South Korea Indirect Tax Charge	(204)	—	— %	— %	(204)	—	—	—	—	(204)
<b>Adjusted Operating Income</b>	<b>\$ 6,551</b>	<b>\$ 6,602</b>	<b>(0.8)%</b>	<b>(2.1)%</b>	<b>\$ (51)</b>	<b>\$ (485)</b>	<b>\$ 574</b>	<b>\$ 796</b>	<b>\$ (104)</b>	<b>\$ (832)</b>
<b>Europe</b>										
<b>Reported Operating Income</b>	<b>\$ 2,738</b>	<b>\$ 3,032</b>	<b>(9.7)%</b>	<b>(7.7)%</b>	<b>\$ (294)</b>	<b>\$ (60)</b>	<b>\$ —</b>	<b>\$ 177</b>	<b>\$ (236)</b>	<b>\$ (175)</b>
Asset Impairment & Exit Costs	(49)	—	— %	— %	(49)	—	—	—	—	(49)
Amortization of intangibles	(20)	(19)	(5.3)%	(5.3)%	(1)	—	—	—	—	(1)
Charges related to the war in Ukraine	—	(122)	+100%	+100%	122	—	—	—	—	122
Costs associated with Swedish Match AB offer	—	(24)	+100%	+100%	24	—	—	—	—	24
<b>Adjusted Operating Income</b>	<b>\$ 2,807</b>	<b>\$ 3,197</b>	<b>(12.2)%</b>	<b>(10.3)%</b>	<b>\$ (390)</b>	<b>\$ (60)</b>	<b>\$ —</b>	<b>\$ 177</b>	<b>\$ (236)</b>	<b>\$ (271)</b>
<b>SSEA, CIS &amp; MEA</b>										
<b>Reported Operating Income</b>	<b>\$ 1,570</b>	<b>\$ 1,923</b>	<b>(18.4)%</b>	<b>(11.0)%</b>	<b>\$ (353)</b>	<b>\$ (142)</b>	<b>\$ —</b>	<b>\$ 486</b>	<b>\$ (114)</b>	<b>\$ (583)</b>
Asset Impairment & Exit Costs	(34)	—	— %	— %	(34)	—	—	—	—	(34)
Termination of distribution arrangement in the Middle East	(80)	—	— %	— %	(80)	—	—	—	—	(80)
Amortization of intangibles	(10)	(12)	16.7 %	16.7 %	2	—	—	—	—	2
Costs associated with Swedish Match AB offer	—	(15)	+100%	+100%	15	—	—	—	—	15
<b>Adjusted Operating Income</b>	<b>\$ 1,694</b>	<b>\$ 1,950</b>	<b>(13.1)%</b>	<b>(5.8)%</b>	<b>\$ (256)</b>	<b>\$ (142)</b>	<b>\$ —</b>	<b>\$ 486</b>	<b>\$ (114)</b>	<b>\$ (486)</b>

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures

## Reconciliation of Reported Operating Income to Adjusted Operating Income

(\$ in millions) / (Unaudited)

	Six Months Ended June 30,		Change Fav./Unfav.)		Variance Fav./Unfav.)					
	2023	2022	Total	Excl. Curr. & Acquisitions	Total	Currency	Acquisitions	Price	Vol/Mix	Cost/Other
<b>EA, AU &amp; PMI DF</b>										
<b>Reported Operating Income</b>	<b>\$ 1,167</b>	<b>\$ 1,213</b>	<b>(3.8)%</b>	<b>16.4 %</b>	<b>\$ (46)</b>	<b>\$ (245)</b>	<b>\$ —</b>	<b>\$ 37</b>	<b>\$ 289</b>	<b>\$ (127)</b>
Asset Impairment & Exit Costs	(21)	—	— %	— %	(21)	—	—	—	—	(21)
Amortization of intangibles	(1)	(2)	50.0 %	50.0 %	1	—	—	—	—	1
Costs associated with Swedish Match AB offer	—	(11)	+100%	+100%	11	—	—	—	—	11
South Korea Indirect Tax Charge	(204)	—	— %	— %	(204)	—	—	—	—	(204)
<b>Adjusted Operating Income</b>	<b>\$ 1,393</b>	<b>\$ 1,226</b>	<b>13.6 %</b>	<b>33.6 %</b>	<b>\$ 167</b>	<b>\$ (245)</b>	<b>\$ —</b>	<b>\$ 37</b>	<b>\$ 289</b>	<b>\$ 86</b>
<b>Americas</b>										
<b>Reported Operating Income</b>	<b>\$ 136</b>	<b>\$ 251</b>	<b>(45.8)%</b>	<b>(31.5)%</b>	<b>\$ (115)</b>	<b>\$ (36)</b>	<b>\$ —</b>	<b>\$ 73</b>	<b>\$ (43)</b>	<b>\$ (109)</b>
Asset Impairment & Exit Costs	(5)	—	— %	— %	(5)	—	—	—	—	(5)
Amortization of intangibles	(4)	(4)	— %	— %	—	—	—	—	—	—
Costs associated with Swedish Match AB offer	—	(2)	+100%	+100%	2	—	—	—	—	2
<b>Adjusted Operating Income</b>	<b>\$ 145</b>	<b>\$ 257</b>	<b>(43.6)%</b>	<b>(29.6)%</b>	<b>\$ (112)</b>	<b>\$ (36)</b>	<b>\$ —</b>	<b>\$ 73</b>	<b>\$ (43)</b>	<b>\$ (106)</b>
<b>Swedish Match</b>										
<b>Reported Operating Income</b>	<b>\$ 457</b>	<b>\$ —</b>	<b>— %</b>	<b>— %</b>	<b>\$ 457</b>	<b>\$ —</b>	<b>\$ 457</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Amortization of intangibles	(99)	—	— %	— %	(99)	—	(99)	—	—	—
Swedish Match AB acquisition accounting related items	(18)	—	— %	— %	(18)	—	(18)	—	—	—
<b>Adjusted Operating Income</b>	<b>\$ 574</b>	<b>\$ —</b>	<b>— %</b>	<b>— %</b>	<b>\$ 574</b>	<b>\$ —</b>	<b>\$ 574</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Wellness &amp; Healthcare</b>										
<b>Reported Operating Income</b>	<b>\$ (771)</b>	<b>\$ (65)</b>	<b>-(100)%</b>	<b>-(100)%</b>	<b>\$ (706)</b>	<b>\$ (2)</b>	<b>\$ —</b>	<b>\$ 23</b>	<b>\$ —</b>	<b>\$ (727)</b>
Amortization of intangibles	(29)	(37)	21.6 %	21.6 %	8	—	—	—	—	8
Impairment of goodwill and other intangibles	(680)	—	-(100)%	-(100)%	(680)	—	—	—	—	(680)
<b>Adjusted Operating Income</b>	<b>\$ (62)</b>	<b>\$ (28)</b>	<b>-(100)%</b>	<b>-(100)%</b>	<b>\$ (34)</b>	<b>\$ (2)</b>	<b>\$ —</b>	<b>\$ 23</b>	<b>\$ —</b>	<b>\$ (55)</b>

## 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 (1)	Adjusted Net Revenues (2)	Adjusted Operating Income Margin	Adjusted Operating Income excluding Currency (1)	Adjusted Net Revenues excluding Currency (2)	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income excluding Currency & Acquisitions (1)	Adjusted Net Revenues excluding Currency & Acquisitions (2)	Adjusted Operating Income Margin excluding Currency & Acquisitions		Adjusted Operating Income (1)	Adjusted Net Revenues (2)	Adjusted Operating Income Margin	Adjusted Operating Income Margin	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income Margin excluding Currency & Acquisitions		
									<b>Quarters Ended June 30,</b>				<b>% Points Change</b>				
<b>2023</b>												<b>2022</b>					
\$ 1,573	\$ 3,402	46.2 %	\$ 1,542	\$ 3,413	45.2 %	\$ 1,542	\$ 3,413	45.2 %	Europe	\$ 1,587	\$ 3,309	48.0 %	(1.8)	(2.8)	(2.8)		
863	2,668	32.3 %	961	2,889	33.3 %	961	2,889	33.3 %	SSEA, CIS & MEA	979	2,514	38.9 %	(6.6)	(5.6)	(5.6)		
749	1,680	44.6 %	879	1,813	48.5 %	879	1,813	48.5 %	EA, AU & PMI DF	540	1,464	36.9 %	7.7	11.6	11.6		
72	476	15.1 %	98	462	21.2 %	98	462	21.2 %	Americas	134	469	28.6 %	(13.5)	(7.4)	(7.4)		
313	665	47.1 %	313	665	47.1 %	—	—	— %	Swedish Match	—	—	— %	—	—	—		
(38)	76	(50.0)%	(35)	76	(46.1)%	(35)	76	(46.1)%	Wellness and Healthcare	(16)	76	(21.1)%	(28.9)	(25.0)	(25.0)		
<b>\$ 3,532</b>	<b>\$ 8,967</b>	<b>39.4 %</b>	<b>\$ 3,758</b>	<b>\$ 9,318</b>	<b>40.3 %</b>	<b>\$ 3,445</b>	<b>\$ 8,653</b>	<b>39.8 %</b>	<b>Total PMI</b>	<b>\$ 3,224</b>	<b>\$ 7,832</b>	<b>41.2 %</b>	<b>(1.8)</b>	<b>(0.9)</b>	<b>(1.4)</b>		
<b>2023</b>												<b>2022</b>			<b>% Points Change</b>		
									<b>Six Months Ended June 30,</b>								
\$ 2,807	\$ 6,312	44.5 %	\$ 2,867	\$ 6,520	44.0 %	\$ 2,867	\$ 6,520	44.0 %	Europe	\$ 3,197	\$ 6,533	48.9 %	(4.4)	(4.9)	(4.9)		
1,694	5,225	32.4 %	1,836	5,557	33.0 %	1,836	5,557	33.0 %	SSEA, CIS & MEA	1,950	4,959	39.3 %	(6.9)	(6.3)	(6.3)		
1,393	3,200	43.5 %	1,638	3,503	46.8 %	1,638	3,503	46.8 %	EA, AU & PMI DF	1,226	3,051	40.2 %	3.3	6.6	6.6		
145	921	15.7 %	181	898	20.2 %	181	898	20.2 %	Americas	257	893	28.8 %	(13.1)	(8.6)	(8.6)		
574	1,246	46.1 %	574	1,246	46.1 %	—	—	— %	Swedish Match	—	—	— %	—	—	—		
(62)	162	(38.3)%	(60)	167	(35.9)%	(60)	167	(35.9)%	Wellness and Healthcare	(28)	142	(19.7)%	(18.6)	(16.2)	(16.2)		
<b>\$ 6,551</b>	<b>\$ 17,066</b>	<b>38.4 %</b>	<b>\$ 7,036</b>	<b>\$ 17,891</b>	<b>39.3 %</b>	<b>\$ 6,462</b>	<b>\$ 16,645</b>	<b>38.8 %</b>	<b>Total PMI</b>	<b>\$ 6,602</b>	<b>\$ 15,578</b>	<b>42.4 %</b>	<b>(4.0)</b>	<b>(3.1)</b>	<b>(3.6)</b>		

(1) For the calculation of Adjusted Operating Income and Adjusted Operating Income excluding currency and acquisitions refer to Schedule 8 and 9

(2) For the calculation of Adjusted Net Revenues excluding currency and acquisitions refer to Schedule 5

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

**Condensed Statements of Earnings**

(\$ in millions, except per share data) / (Unaudited)

Quarters Ended June 30,				Six Months Ended June 30,		
2023	2022	Change Fav./Unfav.)		2023	2022	Change Fav./Unfav.)
<b>8,967</b>	<b>7,832</b>	<b>14.5 %</b>	<b>Net Revenues</b>	<b>16,986</b>	<b>15,578</b>	<b>9.0 %</b>
3,228	2,648	(21.9)%	Cost of sales	6,266	5,256	(19.2)%
<b>5,739</b>	<b>5,184</b>	<b>10.7 %</b>	<b>Gross profit</b>	<b>10,720</b>	<b>10,322</b>	<b>3.9 %</b>
3,173	2,128	(49.1)%	Marketing, administration and research costs	5,423	3,968	(36.7)%
<b>2,566</b>	<b>3,056</b>	<b>(16.0)%</b>	<b>Operating Income</b>	<b>5,297</b>	<b>6,354</b>	<b>(16.6)%</b>
297	126	-(100)%	Interest expense, net	527	280	(88.2)%
6	5	(20.0)%	Pension and other employee benefit costs	28	9	-(100)%
<b>2,263</b>	<b>2,925</b>	<b>(22.6)%</b>	Earnings before income taxes	<b>4,742</b>	<b>6,065</b>	<b>(21.8)%</b>
560	594	5.7 %	Provision for income taxes	988	1,213	18.5 %
21	(15)	(100.0)%	Equity investments and securities (income)/loss, net	(30)	41	+100%
<b>1,682</b>	<b>2,346</b>	<b>(28.3)%</b>	<b>Net Earnings</b>	<b>3,784</b>	<b>4,811</b>	<b>(21.3)%</b>
114	113	0.9 %	Net Earnings attributable to noncontrolling interests	221	247	(10.5)%
<b>\$ 1,568</b>	<b>\$ 2,233</b>	<b>(29.8)%</b>	<b>Net Earnings attributable to PMI</b>	<b>\$ 3,563</b>	<b>\$ 4,564</b>	<b>(21.9)%</b>
<b>Per share data: (1)</b>						
<b>\$ 1.01</b>	<b>\$ 1.44</b>	<b>(29.9)%</b>	<b>Basic Earnings Per Share</b>	<b>\$ 2.29</b>	<b>\$ 2.94</b>	<b>(22.1)%</b>
<b>\$ 1.01</b>	<b>\$ 1.43</b>	<b>(29.4)%</b>	<b>Diluted Earnings Per Share</b>	<b>\$ 2.29</b>	<b>\$ 2.93</b>	<b>(21.8)%</b>

(1) Net Earnings and weighted-average shares used in the basic and diluted Earnings Per Share computations for the quarters and six months ended June 30, 2023 and 2022 are shown on Schedule 1, Footnote 1

## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

**Condensed Balance Sheets**

(\$ in millions) / (Unaudited)

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,492	\$ 3,207
All other current assets	16,344	16,412
Property, plant and equipment, net	6,991	6,710
Goodwill	19,236	19,655
Other intangible assets, net	6,630	6,732
Equity investments	4,747	4,431
Other assets	4,428	4,534
<b>Total assets</b>	<b>\$ 61,868</b>	<b>\$ 61,681</b>
<b>Liabilities and Stockholders' (Deficit) Equity</b>		
Short-term borrowings	\$ 4,121	\$ 5,637
Current portion of long-term debt	2,372	2,611
All other current liabilities	16,752	19,088
Long-term debt	41,400	34,875
Deferred income taxes	1,710	1,956
Other long-term liabilities	3,473	3,825
<b>Total liabilities</b>	<b>69,828</b>	<b>67,992</b>
Total PMI stockholders' deficit	(9,703)	(8,957)
Noncontrolling interests	1,743	2,646
<b>Total stockholders' (deficit) equity</b>	<b>(7,960)</b>	<b>(6,311)</b>
<b>Total liabilities and stockholders' (deficit) equity</b>	<b>\$ 61,868</b>	<b>\$ 61,681</b>

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries  
Reconciliation of Non-GAAP Measures  
**Calculation of Total Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA Ratios**  
(\$ in millions, except ratios) / (Unaudited)

	Year Ended June 30, 2023			Year Ended December 31, 2022
	July ~ December	January ~ June	12 months	
	2022	2023	rolling	
<b>Net Earnings</b>	<b>\$ 4,716</b>	<b>\$ 3,784</b>	<b>\$ 8,500</b>	<b>\$ 9,527</b>
Equity investments and securities (income)/loss, net	(178)	(30)	(208)	(137)
Provision for income taxes	1,031	988	2,019	2,244
Interest expense, net	308	527	835	588
Depreciation, amortization and impairment of goodwill and other intangibles	649	1,280	1,929	1,189
Asset impairment and exit costs and Others (1)	217	411	628	391
<b>Adjusted EBITDA</b>	<b>\$ 6,743</b>	<b>\$ 6,960</b>	<b>\$ 13,703</b>	<b>\$ 13,802</b>
			<b>June 30,</b>	<b>December 31,</b>
			<b>2023</b>	<b>2022</b>
Short-term borrowings			\$ 4,121	\$ 5,637
Current portion of long-term debt			2,372	2,611
Long-term debt			41,400	34,875
<b>Total Debt</b>			<b>\$ 47,893</b>	<b>\$ 43,123</b>
Cash and cash equivalents			3,492	3,207
<b>Net Debt</b>			<b>\$ 44,401</b>	<b>\$ 39,916</b>
<b>Ratios:</b>				
<b>Total Debt to Adjusted EBITDA</b>			<b>3.50</b>	<b>3.12</b>
<b>Net Debt to Adjusted EBITDA</b>			<b>3.24</b>	<b>2.89</b>

(1) For the period January 2023 to June 2023 "Others" includes South Korea indirect tax charge \$204 million, a reduction in revenues of \$80 million related to the termination of distribution arrangement in the Middle East and \$18 million of Swedish Match AB acquisition accounting related items. For the period July 2022 to December 2022 "Others" includes \$125 million for Swedish Match AB acquisition accounting related item, \$63 million of costs associated with Swedish Match AB offer and \$29 million of charges related to the war in Ukraine.

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries  
 Reconciliation of Non-GAAP Measures  
**Reconciliation of Operating Cash Flow to Operating Cash Flow, excluding Currency**  
 (\$ in millions) / (Unaudited)

Quarters Ended June 30,				Six Months Ended June 30,		
2023	2022	% Change		2023	2022	% Change
\$ 3,442	\$ 3,524	(2.3)%	<b>Net cash provided by operating activities (1)</b>	\$ 2,487	\$ 4,642	(46.4)%
	(423)		Less: Currency	(652)		
<b>\$ 3,865</b>	<b>\$ 3,524</b>	<b>9.7 %</b>	<b>Net cash provided by operating activities, excluding currency</b>	<b>\$ 3,139</b>	<b>\$ 4,642</b>	<b>(32.4)%</b>

(1) Operating cash flow

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries  
**Reconciliation of Adjusted Net Revenues – PMI and Swedish Match Combined**  
(\$ in millions) / (Unaudited)

Quarters Ended June 30,					Six Months Ended June 30,					
2023	2022	Total	Currency	Var. excl. currency		2023	2022	Total	Currency	Var. excl. currency
					<b>Total PMI</b>					
\$ 8,967	\$ 7,832	\$ 1,135	\$ (351)	19.0 %	<b>Net Revenues</b>	\$ 16,986	\$ 15,578	\$ 1,408	\$ (825)	14.3 %
—	—	—	—	—	Adjustments (1)	(80)	—	(80)	—	—
<u>\$ 8,967</u>	<u>\$ 7,832</u>	<u>\$ 1,135</u>	<u>\$ (351)</u>	<u>19.0 %</u>	<b>Adjusted Net Revenues</b>	<u>\$ 17,066</u>	<u>\$ 15,578</u>	<u>\$ 1,488</u>	<u>\$ (825)</u>	<u>14.8 %</u>
					<b>Swedish Match</b>					
\$ 665	\$ —	\$ 665	\$ —	—	Net Revenues	\$ 1,246	\$ —	\$ 1,246	\$ —	—
					<b>Total PMI excl. Swedish Match</b>					
\$ 8,302	\$ 7,832	\$ 470	\$ (351)	10.5 %	Adjusted Net Revenues	\$ 15,820	\$ 15,578	\$ 242	\$ (825)	6.8 %
					<b>Pro Forma Swedish Match Financial Information</b>					
\$ 665	\$ 557	\$ 108	\$ 2	19.1 %	Net Revenues	\$ 1,246	\$ 1,046	\$ 200	\$ 23	16.8 %
					<b>Pro Forma Combined Financial Information</b>					
<u>\$ 8,967</u>	<u>\$ 8,389</u>	<u>\$ 578</u>	<u>\$ (349)</u>	<u>11.1 %</u>	<b>Adjusted Net Revenues</b>	<u>\$ 17,066</u>	<u>\$ 16,624</u>	<u>\$ 442</u>	<u>\$ (802)</u>	<u>7.5 %</u>

(1) Reflects a reduction in net revenues related to the termination of distribution arrangement in the Middle East

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-K for the year ended December 31, 2022, Item 8, Note 3. 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-K for the year ended December 31, 2022, Item 8, Note 3. 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