

Philip Morris International Inc.

Glossary of Key Terms, Definitions and Explanatory Notes; and

Select Financial Information and Reconciliations of Non-GAAP Financial Measures

**2024 First-Quarter Results
April 23, 2024**

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 (or 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 (or 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.
- "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, unless otherwise stated.
- "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.
- Following the combination and the progress in 2023 toward integration of the Swedish Match business into the existing PMI regional segment structure, PMI updated in January 2024 its segment reporting by including Swedish Match results in the four existing geographical regions. As of the first quarter of 2024, PMI began reporting on this basis.
- 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.

- Within the tables and schedules presented throughout this earnings release, certain columns and rows may not add due to the use of rounded numbers for disclosure purposes.

Financial

- Adjusted net revenues exclude the impact related to the termination of a distribution arrangement in the Middle East in 2023.
- "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 five 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, gross profit, 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. While amortization expense on acquisition related intangible assets is excluded in these adjusted measures, the net revenues generated from these acquired intangible assets are included in the company's adjusted measures, unless otherwise stated. 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.

- When PMI provides its expectation for adjusted net revenues, adjusted operating income and margin, adjusted earnings per share and adjusted operating cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures, as described above, generally is not available without unreasonable effort due to potentially high variability, complexity, and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as asset impairment and exit costs, amortization and impairment of acquired intangibles and other special items, changes in currency exchange rates, the impact and timing of potential acquisitions and divestitures, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.
- 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. Adjustments reflect share price movements in PMI's investments in India and Sri Lanka.
- "Swedish Match AB acquisition accounting related items" 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.
- "Income tax impact associated with Swedish Match AB financing" reflects a deferred tax benefit (cost) for unrealized foreign currency losses (gains) 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.
- Termination of agreement with Foundation for a Smoke-Free World: On September 29, 2023, PMI and the Foundation for a Smoke-Free World (the "Foundation") entered into the Final Grant Agreement and Termination of the Second Amended and Restated Pledge Agreement ("Agreement"). Under the terms of the Agreement, PMI paid \$140 million in the third quarter of 2023 in return for the termination of the pledge agreement between the parties. As a result, PMI recorded a pre-tax charge of \$140 million in the quarter, commensurate with the early termination of this pledge agreement.
- Russia tax item: In the third quarter of 2023, PMI recorded a tax charge associated with an increase in deferred tax liabilities related to the unremitted earnings of PMI's Russian subsidiaries (\$173 million) due to the unilateral suspension of certain Russian double tax treaties by the Russian government on August 8, 2023, with respect to certain payments including dividends.

Smoke-Free

- Smoke-free business ("SFB") is the term PMI uses to refer to all of its smoke-free products. SFB also includes wellness and healthcare products, as well as consumer accessories, such as lighters and matches.

- Smoke-free products ("SFPs") is the term PMI uses to refer to all of its products that provide nicotine without combusting tobacco, such as heat-not-burn, e-Vapor, and oral smokeless, and that therefore generate far lower levels of harmful chemicals. As such, these products have the potential to present less risk of harm versus continued smoking.
- Reduced-risk products ("RRPs") is the term we use to refer to Smoke-Free Products that are scientifically demonstrated to likely present, or present, less risk of harm versus continued smoking based on the totality of the scientific evidence.
- 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 "HTU" is the term PMI uses to refer to heated tobacco consumables, which include our *BLEND*S, *DELIA*, *HEETS*, *HEETS Creations*, *HEETS Dimensions* (defined collectively as "*HEETS*"), *SENTIA*, *TEREA*, *TEREA CRAFTED*, and *TEREA Dimensions*, as well as the KT&G-licensed brands, *Fiit* and *Miix* (outside of South Korea). HTU's also include zero tobacco heat-not-burn consumables (*LEVIA*).
- 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.

- Nicotine pouch products reflect 15 pouches per can in the U.S. and 21 pouches per can outside the U.S.
- Oral smoke-free product volume excludes snuff, snuff leaf and U.S. chew and is measured in cans or, for the purposes of total shipment volumes, in pouches or pouch equivalents.

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)

Diluted EPS	Quarters Ended March 31,
2024 Diluted Earnings Per Share (1)	\$ 1.38
2023 Diluted Earnings Per Share (1)	\$ 1.28
Change	\$ 0.10
% Change	7.8 %
Reconciliation:	
2023 Diluted Earnings Per Share (1)	\$ 1.28
2023 Asset impairment and exit costs	0.06
2023 Amortization of intangibles	0.04
2023 Termination of distribution arrangement in the Middle East	0.04
2023 Swedish Match AB acquisition accounting related items	0.01
2023 Income tax impact associated with Swedish Match AB financing	(0.05)
2024 Asset impairment and exit costs	(0.09)
2024 Impairment of other intangibles	(0.01)
2024 Amortization of intangibles	(0.06)
2024 Income tax impact associated with Swedish Match AB financing	(0.07)
2024 Fair value adjustment for equity security investments	0.08
2024 Tax Items	0.03
Currency	(0.20)
Interest	(0.03)
Change in tax rate	(0.02)
Operations (2)	0.37
2024 Diluted Earnings Per Share (1)	\$ 1.38

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

	Quarters Ended March 31,	
	2024	2023
Net Earnings attributable to PMI	\$ 2,148	\$ 1,995
Less: Distributed and undistributed earnings attributable to share-based payment awards	6	6
Net Earnings for basic and diluted EPS	<u>\$ 2,142</u>	<u>\$ 1,989</u>
Weighted-average shares for basic EPS	1,553	1,552
Plus Contingently Issuable Performance Stock Units (3)	2	1
Weighted-average shares for diluted EPS	<u>1,555</u>	<u>1,553</u>

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

(3) Including rounding adjustment

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 March 31,			
	2024	2023	% Change	
Reported Diluted EPS	\$ 1.38	\$ 1.28	7.8 %	
Less: Currency	(0.20)			
Reported Diluted EPS, excluding Currency	\$ 1.58	\$ 1.28	23.4 %	
	Quarters Ended March 31,			Year Ended
	2024	2023	% Change	2023
Reported Diluted EPS	\$ 1.38	\$ 1.28	7.8 %	\$ 5.02
Asset impairment and exit costs	0.09	0.06		0.06
Termination of distribution arrangement in the Middle East	—	0.04		0.04
Impairment of goodwill and other intangibles	0.01	—		0.44
Amortization of intangibles	0.06	0.04		0.25
Charges related to the war in Ukraine	—	—		0.03
Swedish Match AB acquisition accounting related items	—	0.01		0.01
Income tax impact associated with Swedish Match AB financing	0.07	(0.05)		(0.11)
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	(0.08)	—		(0.02)
Tax items	(0.03)	—		0.11
Adjusted Diluted EPS	\$ 1.50	\$ 1.38	8.7 %	\$ 6.01
Less: Currency	(0.20)			
Adjusted Diluted EPS, excluding Currency	\$ 1.70	\$ 1.38	23.2 %	

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 March 31,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2024					Combustible Tobacco	2023	% Change		
\$ 1,931	\$ 45	\$ 1,886	\$ —	\$ 1,886	Europe	\$ 1,815	6.4 %	3.9 %	3.9 %
2,346	(139)	2,484	—	2,484	SSEA, CIS & MEA	2,154 ⁽¹⁾	8.9 %	15.4 %	15.4 %
597	(24)	621	—	621	EA, AU & PMI DF	689	(13.4)%	(9.8)%	(9.8)%
534	28	506	—	506	Americas	566	(5.6)%	(10.6)%	(10.6)%
\$ 5,407	\$ (90)	\$ 5,498	\$ —	\$ 5,498	Total Combustible Tobacco	\$ 5,223	3.5 %	5.3 %	5.3 %
2024					Smoke-free excl. W&H	2023	% Change		
\$ 1,434	\$ 33	\$ 1,401	\$ —	\$ 1,401	Europe	\$ 1,253	14.4 %	11.8 %	11.8 %
312	(55)	368	—	368	SSEA, CIS & MEA	323	(3.5)%	13.7 %	13.7 %
1,087	(85)	1,172	—	1,172	EA, AU & PMI DF	831	30.8 %	41.0 %	41.0 %
462	1	461	—	461	Americas	302	52.9 %	52.5 %	52.5 %
\$ 3,296	\$ (106)	\$ 3,401	\$ —	\$ 3,401	Total Smoke-free excl. W&H	\$ 2,710	21.6 %	25.5 %	25.5 %
2024					Wellness and Healthcare	2023	% Change		
\$ 90	\$ 2	\$ 88	\$ —	\$ 88	Wellness and Healthcare	\$ 86	4.7 %	2.3 %	2.3 %
2024					Smoke-free incl. W&H	2023	% Change		
\$ 3,386	\$ (104)	\$ 3,489	\$ —	\$ 3,489	Smoke-free incl. W&H	\$ 2,796	21.1 %	24.8 %	24.8 %
2024					PMI	2023	% Change		
\$ 3,365	\$ 78	\$ 3,287	\$ —	\$ 3,287	Europe	\$ 3,068	9.7 %	7.1 %	7.1 %
2,658	(194)	2,852	—	2,852	SSEA, CIS & MEA	2,477 ⁽¹⁾	7.3 %	15.1 %	15.1 %
1,684	(109)	1,793	—	1,793	EA, AU & PMI DF	1,520	10.8 %	18.0 %	18.0 %
996	29	967	—	967	Americas	868	14.7 %	11.4 %	11.4 %
90	2	88	—	88	Wellness and Healthcare	86	4.7 %	2.3 %	2.3 %
\$ 8,793	\$ (194)	\$ 8,987	\$ —	\$ 8,987	Total PMI	\$ 8,019	9.7 %	12.1 %	12.1 %

(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 (1)	Adjusted Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2024							Quarters Ended March 31,	2023			% Change		
\$ 3,365	\$ —	\$ 3,365	\$ 78	\$ 3,287	\$ —	\$ 3,287	Europe	\$ 3,068	\$ —	\$ 3,068	9.7 %	7.1 %	7.1 %
2,658	—	2,658	(194)	2,852	—	2,852	SSEA, CIS & MEA	2,477	(80)	2,557	3.9 %	11.5 %	11.5 %
1,684	—	1,684	(109)	1,793	—	1,793	EA, AU & PMI DF	1,520	—	1,520	10.8 %	18.0 %	18.0 %
996	—	996	29	967	—	967	Americas	868	—	868	14.7 %	11.4 %	11.4 %
90	—	90	2	88	—	88	Wellness and Healthcare	86	—	86	4.7 %	2.3 %	2.3 %
\$ 8,793	\$ —	\$ 8,793	\$ (194)	\$ 8,987	\$ —	\$ 8,987	Total PMI	\$ 8,019	\$ (80)	\$ 8,099	8.6 %	11.0 %	11.0 %

(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

Reconciliation of Gross Profit by Product Category to Adjusted Gross Profit, excluding Currency and Acquisitions

(\$ in millions) / (Unaudited)

Gross Profit	Special Items (1)	Adjusted Gross Profit	Currency	Adjusted Gross Profit excluding Currency	Acquisitions	Adjusted Gross Profit excl. Currency & Acquisitions	Quarters Ended March 31,	Gross Profit	Special Items (1)	Adjusted Gross Profit	Total	Excluding Currency	Excluding Currency & Acquisitions
2024								2023			% Change		
\$ 5,598	\$ (16)	\$ 5,614	\$ (186)	\$ 5,800	\$ —	\$ 5,800	Total PMI	\$ 4,981	\$ (120)	\$ 5,101	10.1 %	13.7 %	13.7 %
2024								2023			% Change		
\$ 3,452	\$ —	\$ 3,452	\$ (80)	\$ 3,531	\$ —	\$ 3,531	Total Combustible Tobacco	\$ 3,353	\$ (98)	\$ 3,451	— %	2.3 %	2.3 %
2024								2023			% Change		
\$ 2,146	\$ (16)	\$ 2,163	\$ (106)	\$ 2,269	\$ —	\$ 2,269	Total Smoke-free incl. W&H	\$ 1,628	\$ (22)	\$ 1,650	31.1 %	37.5 %	37.5 %

(1) 2024 first-quarter reflects amortization of intangibles in Smoke-free incl. W&H, all amounts are related to cost of goods sold

2023 first-quarter includes termination of distribution arrangement in the Middle East (\$80 million in Combustible Tobacco, reflected as a reduction to net revenues), Swedish Match AB acquisition accounting related items (\$18 million in Combustible Tobacco, reflected in cost of good sold) and amortization of intangibles (\$22 million in Smoke-free incl. W&H, reflected in cost of goods sold)

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

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
2024					Quarters Ended March 31,	2023	% Change		
\$ 1,456	\$ 14	\$ 1,442	\$ —	\$ 1,442	Europe	\$ 1,215	19.8 %	18.7 %	18.7 %
772	(241)	1,013	—	1,013	SSEA, CIS & MEA	734	5.2 %	38.0 %	38.0 %
763	(125)	888	—	888	EA, AU & PMI DF	637	19.8 %	39.4 %	39.4 %
99	22	77	—	77	Americas	183	(45.9)%	(57.9)%	(57.9)%
(45)	2	(47)	—	(47)	Wellness and Healthcare	(38)	(18.4)%	(23.7)%	(23.7)%
\$ 3,045	\$ (328)	\$ 3,373	\$ —	\$ 3,373	Total PMI	\$ 2,731	11.5 %	23.5 %	23.5 %

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
2024							Quarters Ended March 31,	2023			% Change		
\$ 1,456	\$ (41)	\$ 1,496	\$ 14	\$ 1,482	\$ —	\$ 1,482	Europe	\$ 1,215	\$ (75)	\$ 1,290	16.0 %	14.9 %	14.9 %
772	(5)	777	(241)	1,018	—	1,018	SSEA, CIS & MEA	734	(117)	851	(8.7)%	19.6 %	19.6 %
763	(1)	764	(125)	889	—	889	EA, AU & PMI DF	637	(20)	657	16.3 %	35.3 %	35.3 %
99	(227)	326	22	304	—	304	Americas	183	(62)	245	33.1 %	24.1 %	24.1 %
(45)	(41)	(3)	2	(5)	—	(5)	Wellness and Healthcare	(38)	(14)	(24)	87.5 %	79.2 %	79.2 %
\$ 3,045	\$ (315)	\$ 3,360	\$ (328)	\$ 3,688	\$ —	\$ 3,688	Total PMI	\$ 2,731	\$ (288)	\$ 3,019	11.3 %	22.2 %	22.2 %

(1) See Schedule 8 for Special Items details

Note: Sum of regions and special items might not foot due to roundings.

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 March 31,		Change Fav./((Unfav.)		Variance Fav./((Unfav.)					
	2024	2023	Total	Excl. Curr. & Acquisitions	Total	Currency	Acquisitions	Price	Vol/Mix	Cost/Other
PMI										
Reported Operating Income	\$ 3,045	\$ 2,731	11.5 %	23.5 %	\$ 314	\$ (328)	\$ —	\$ 449	\$ 295	\$ (102)
Asset Impairment & Exit Costs	(168)	(109)	(54.1)%	(54.1)%	(59)	—	—	—	—	(59)
Termination of distribution arrangement in the Middle East	—	(80)	100.0 %	100.0 %	80	—	—	—	—	80
Impairment of other intangibles	(27)	—	— %	— %	(27)	—	—	—	—	(27)
Amortization of intangibles	(120)	(81)	(48.1)%	(48.1)%	(39)	—	—	—	—	(39)
Swedish Match AB acquisition accounting related items	—	(18)	100.0 %	100.0 %	18	—	—	—	—	18
Adjusted Operating Income	\$ 3,360	\$ 3,019	11.3 %	22.2 %	\$ 341	\$ (328)	\$ —	\$ 449	\$ 295	\$ (75)
Europe										
Reported Operating Income	\$ 1,456	\$ 1,215	19.8 %	18.7 %	\$ 241	\$ 14	\$ —	\$ 163	\$ 64	\$ —
Asset Impairment & Exit Costs	—	(47)	100.0 %	100.0 %	47	—	—	—	—	47
Amortization of intangibles	(41)	(28)	(44.8)%	(44.8)%	(13)	—	—	—	—	(13)
Adjusted Operating Income	\$ 1,496	\$ 1,290	16.0 %	14.9 %	\$ 206	\$ 14	\$ —	\$ 163	\$ 64	\$ (34)
SSEA, CIS & MEA										
Reported Operating Income	\$ 772	\$ 734	5.2 %	38.0 %	\$ 38	\$ (241)	\$ —	\$ 155	\$ 46	\$ 78
Asset Impairment & Exit Costs	—	(32)	100.0 %	100.0 %	32	—	—	—	—	32
Termination of distribution arrangement in the Middle East	—	(80)	100.0 %	100.0 %	80	—	—	—	—	80
Amortization of intangibles	(5)	(5)	1.2 %	1.2 %	—	—	—	—	—	—
Adjusted Operating Income	\$ 777	\$ 851	(8.7)%	19.6 %	\$ (74)	\$ (241)	\$ —	\$ 155	\$ 46	\$ (34)

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 March 31,		Change Fav./(Unfav.)		Variance Fav./(Unfav.)					
	2024	2023	Total	Excl. Curr. & Acquisitions	Total	Currency	Acquisitions	Price	Vol/Mix	Cost/Other
EA, AU & PMI DF										
Reported Operating Income	\$ 763	\$ 637	19.8 %	39.4 %	\$ 126	\$ (125)	\$ —	\$ 130	\$ 72	\$ 49
Asset Impairment & Exit Costs	—	(19)	100.0 %	100.0 %	19	—	—	—	—	19
Amortization of intangibles	(1)	(1)	28.7 %	28.7 %	—	—	—	—	—	—
Adjusted Operating Income	\$ 764	\$ 657	16.3 %	35.3 %	\$ 107	\$ (125)	\$ —	\$ 130	\$ 72	\$ 30
Americas										
Reported Operating Income	\$ 99	\$ 183	(45.9)%	(57.9)%	\$ (84)	\$ 22	\$ —	\$ (1)	\$ 113	\$ (218)
Asset Impairment & Exit Costs	(168)	(11)	-(100)%	-(100)%	(157)	—	—	—	—	(157)
Amortization of intangibles	(60)	(33)	(80.5)%	(80.5)%	(27)	—	—	—	—	(27)
Swedish Match AB acquisition accounting related items	—	(18)	100.0 %	100.0 %	18	—	—	—	—	18
Adjusted Operating Income	\$ 326	\$ 245	33.1 %	24.1 %	\$ 81	\$ 22	\$ —	\$ (1)	\$ 113	\$ (53)
Wellness & Healthcare										
Reported Operating Income / (Loss)	\$ (45)	\$ (38)	(18.4)%	(23.7)%	\$ (7)	\$ 2	\$ —	\$ 2	\$ —	\$ (11)
Impairment of other intangibles	(26)	—	— %	— %	(26)	—	—	—	—	(26)
Amortization of intangibles	(15)	(14)	(6.7)%	(6.7)%	(1)	—	—	—	—	(1)
Adjusted Operating Income / (Loss)	\$ (3)	\$ (24)	87.5 %	79.2 %	\$ 21	\$ 2	\$ —	\$ 2	\$ —	\$ 16

Note: Sum of special items might not foot due to rounding. Special items between -\$0.5 million and +\$0.5 million are not displayed by segment.

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
2024									Quarters Ended March 31,	2023			% Points Change		
\$ 1,496	\$ 3,365	44.5 %	\$ 1,482	\$ 3,287	45.1 %	\$ 1,482	\$ 3,287	45.1 %	Europe	\$ 1,290	\$ 3,068	42.0 %	2.5	3.1	3.1
777	2,658	29.2 %	1,018	2,852	35.7 %	1,018	2,852	35.7 %	SSEA, CIS & MEA	851	2,557	33.3 %	(4.1)	2.4	2.4
764	1,684	45.4 %	889	1,793	49.6 %	889	1,793	49.6 %	EA, AU & PMI DF	657	1,520	43.2 %	2.2	6.4	6.4
326	996	32.7 %	304	967	31.4 %	304	967	31.4 %	Americas	245	868	28.2 %	4.5	3.2	3.2
(3)	90	(3.3)%	(5)	88	(5.7)%	(5)	88	(5.7)%	Wellness and Healthcare	(24)	86	(27.9)%	24.6	22.2	22.2
\$ 3,360	\$ 8,793	38.2 %	\$ 3,688	\$ 8,987	41.0 %	\$ 3,688	\$ 8,987	41.0 %	Total PMI	\$ 3,019	\$ 8,099	37.3 %	0.9	3.7	3.7

(1) For the calculation of Adjusted Operating Income and Adjusted Operating Income excluding currency and acquisitions refer to Schedule 7

(2) For the calculation of Adjusted Net Revenues excluding currency and acquisitions refer to Schedule 4

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Condensed Statements of Earnings

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

	Quarters Ended March 31,		
	2024	2023	Change Fav./Unfav.)
Net Revenues	8,793	8,019	9.7 %
Cost of sales	3,195	3,038	(5.2)%
Gross profit	5,598	4,981	12.4 %
Marketing, administration and research costs	2,553	2,250	(13.5)%
Operating Income	3,045	2,731	11.5 %
Interest expense, net	299	230	(30.0)%
Pension and other employee benefit costs	15	22	31.8 %
Earnings before income taxes	2,731	2,479	10.2 %
Provision for income taxes	676	428	(57.9)%
Equity investments and securities (income)/loss, net	(191)	(51)	+100%
Net Earnings	2,246	2,102	6.9 %
Net Earnings attributable to noncontrolling interests	98	107	8.4 %
Net Earnings attributable to PMI	\$ 2,148	\$ 1,995	7.7 %
Per share data: (1)			
Basic Earnings Per Share	\$ 1.38	\$ 1.28	7.8 %
Diluted Earnings Per Share	\$ 1.38	\$ 1.28	7.8 %

(1) Net Earnings and weighted-average shares used in the basic and diluted Earnings Per Share computations for the quarters ended March 31, 2024 and 2023 are shown on Schedule 1, Footnote 1

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Condensed Balance Sheets

(\$ in millions) / (Unaudited)

	March 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 3,968	\$ 3,060
All other current assets	16,906	16,695
Property, plant and equipment, net	7,201	7,516
Goodwill	16,458	16,779
Other intangible assets, net	9,448	9,864
Equity investments	4,918	4,929
Other assets	6,416	6,461
Total assets	\$ 65,315	\$ 65,304
Liabilities and Stockholders' (Deficit) Equity		
Short-term borrowings	\$ 279	\$ 1,968
Current portion of long-term debt	5,425	4,698
All other current liabilities	16,464	19,717
Long-term debt	44,683	41,243
Deferred income taxes	2,664	2,335
Other long-term liabilities	4,363	4,789
Total liabilities	73,878	74,750
Total PMI stockholders' deficit	(10,309)	(11,225)
Noncontrolling interests	1,746	1,779
Total stockholders' (deficit) equity	(8,563)	(9,446)
Total liabilities and stockholders' (deficit) equity	\$ 65,315	\$ 65,304

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 March 31, 2024			Year Ended December 31, 2023
	April ~ December	January ~ March	12 months	
	2023	2024	rolling	
Net Earnings	\$ 6,166	\$ 2,246	\$ 8,412	\$ 8,268
Equity investments and securities (income)/loss, net	(106)	(191)	(297)	(157)
Provision for income taxes	1,911	676	2,587	2,339
Interest expense, net	831	299	1,130	1,061
Depreciation, amortization and impairment of goodwill and other intangibles	1,779	394	2,173	2,078
Asset impairment and exit costs and Others (1)	397	168	565	604
Adjusted EBITDA	\$ 10,978	\$ 3,592	\$ 14,570	\$ 14,193
			March 31,	December 31,
			2024	2023
Short-term borrowings			\$ 279	\$ 1,968
Current portion of long-term debt			5,425	4,698
Long-term debt			44,683	41,243
Total Debt			\$ 50,387	\$ 47,909
Cash and cash equivalents			3,968	3,060
Net Debt			\$ 46,419	\$ 44,849
Ratios:				
Total Debt to Adjusted EBITDA			3.46	3.38
Net Debt to Adjusted EBITDA			3.19	3.16

(1) For the period April 2023 to December 2023 "Others" includes \$204 million for South Korea indirect tax charge, \$140 million related to Termination of agreement with Foundation for a Smoke-Free World and \$53 million of charges related to the war in Ukraine.
For the period January 2024 to March 2024 the impact is fully from asset impairment and exit costs

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 March 31,		
	2024	2023	% Change
Net cash provided by (used in) operating activities (1)	\$ 241	\$ (955)	+100%
Less: Currency	(364)		
Net cash provided by (used in) operating activities, excluding currency	\$ 605	\$ (955)	+100%

(1) Operating cash flow