



PHILIP MORRIS  
INTERNATIONAL

Investor Information  
July 2022

This Investor Information posting includes summaries of information set forth in PMI's quarterly report Form 10-Q for the six months ended and the quarter ended June 30, 2022, annual report on Form 10-K for the year ended December 31, 2021, 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 <https://www.pmi.com/investor-relations>

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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 Q2, 2022, published July 21, 2022)
- [Virtual CAGNY 2022](#) (February 23, 2022)
- [Virtual Investor Day](#) (February 10, 2021)
- [Sustainability Resources](#)

Please see the appendix for reconciliations of non-GAAP to GAAP measures

# Introduction

- Additional heated tobacco unit market data, a glossary of terms, including the definition for reduced-risk products, or "RRPs," as well as adjustments, other calculations and reconciliations to the most directly comparable U.S. GAAP measures, are at the end of this presentation
- Unless otherwise stated, all references to IQOS are to our IQOS heat-not-burn products, and all references to smoke-free products refer to RRP
- Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions and disposals
- Figures and comparisons presented on a pro forma basis entirely exclude PMI's operations in Russia and Ukraine
- Starting in the second quarter of 2022, and on a comparative basis, PMI will exclude amortization and impairment of acquired intangibles from its adjusted results

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# Forward-Looking and Cautionary Statements

- This presentation and related discussion contains statements relating to future status or circumstances, including statements regarding the success of the acquisition, future performance, growth and other trend projections and other benefits of the acquisition, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements may generally, but not always, be identified by the use of words such as "anticipates", "intends", "expects", "believes", or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Philip Morris International Inc. (PMI). Any such forward-looking statements speak only as of the date on which they are made and PMI has no obligation (and undertakes no such obligation) to update or revise any of them, whether as a result of new information, future events or otherwise, except for in accordance with applicable laws and regulations
- 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 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 COVID-19 on our 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 produce and commercialize reduced-risk 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; or if it is unable to attract and retain the best global talent, including women or diverse candidates. Future results are also subject to the lower predictability of our reduced risk product category's performance
- In addition, important factors that could cause actual results to differ materially from those indicated by forward-looking statements include risks and uncertainties related to: the possibility that expected benefits related to recent or pending acquisitions, including the proposed transaction with Swedish Match AB (Swedish Match), may not materialize as expected; the proposed transaction not being timely completed, if completed at all; regulatory approvals required for the transaction not being timely obtained, if obtained at all, or being obtained subject to conditions; prior to the completion of the transaction, Swedish Match AB's business experiencing disruptions due to transaction-related uncertainty or other factors making it more difficult to maintain relationships with employees, customers, licensees, other business partners or governmental entities; difficulty retaining key employees; the outcome of any legal proceedings related to the proposed transaction; and the parties being unable to successfully implement integration strategies or to achieve expected synergies and operating efficiencies within the expected time-frames or at all
- PMI is further subject to other risks detailed from time to time in its publicly filed documents, including the Form 10-Q for the six months ended and the quarter ended June 30, 2022 and the Form 10-K for the year ended December 31, 2021. 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 we may make from time to time, except in the normal course of its public disclosure obligations
- Important information for U.S. Swedish Match shareholders: The offer described in this presentation is made for the issued and outstanding shares of Swedish Match, a company incorporated under Swedish law, and is subject to Swedish disclosure and procedural requirements, which may be different from those of the United States. The offer is made in the United States pursuant to Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended, and Regulation 14E thereunder, to the extent applicable, and otherwise in compliance with the disclosure and procedural requirements of Swedish law, including with respect to withdrawal rights, the offer timetable, notices of extensions, announcements of results, settlement procedures (including as regards to the time when payment of the consideration is rendered) and waivers of conditions, which may be different from requirements or customary practices in relation to U.S. domestic tender offers. Swedish Match's financial statements, including any included in any documents relating to the offer, have been or will be prepared in accordance with IFRS and may not be comparable to the financial statements or financial information of companies in the United States or other companies whose financial statements are prepared in accordance with U.S. GAAP. To the extent permissible under applicable law or regulations, PMI and its affiliates or its brokers and its brokers' affiliates (acting as agents for PMI or its affiliates, as applicable) may from time to time and during the pendency of the offer, and other than pursuant to the offer, directly or indirectly purchase or arrange to purchase shares of Swedish Match outside the United States, or any securities that are convertible into, exchangeable for or exercisable for such shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, and information about such purchases will be disclosed by means of a press release or other means reasonably calculated to inform shareholders of Swedish Match domiciled in the U.S. ("U.S. Holders") of such information, to the extent required by applicable laws and regulations. The receipt of cash pursuant to the offer by a U.S. Holder may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each shareholder is urged to consult an independent professional adviser regarding the tax consequences of accepting the offer
- Use of Non-GAAP Financial Measures: In addition to the financial measures prepared in accordance with U.S. GAAP, PMI uses certain non-GAAP financial measures. Non-GAAP measures used in this presentation 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 relevant appendices to this presentation
- The press release announcing the offer for Swedish Match, including the terms and conditions for the offer, was released on May 11, 2022, and the offer document regarding the offer for Swedish Match shareholders was released on June 28, 2022 and both are available on [www.smokefree-offer.com](http://www.smokefree-offer.com)

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## Focus on Supporting Our Employees Impacted by the Crisis in Ukraine

- Evacuated more than 1,300 people (employees and their families) from the country and relocated more than 2,700 others to move from conflict zones
- Delivering critical aid to those that remain in Ukraine
- Providing logistical, medical, financial, and other practical support in neighboring countries for those who leave the country
- Contributed around \$10 million in funds and donated essential items to humanitarian efforts



Source: Q2 2022 Earnings, published July 21, 2022 (Press Release)

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Delivering a Smoke-Free Future

## Section 1: Q2/H1 2022 Performance and 2021 Results

## Strong Underlying Momentum and 2022 Outlook

- Continued focus on supporting our employees impacted by the war in Ukraine
- Excellent Q2 IQOS performance with >1.1 million pro forma user growth, continued strong progress on ILUMA
- Growing volumes, market share and net revenues in combustibles
- Expect second consecutive year of positive volumes; now a growth company in volume, net revenue and profit terms
- Committed to progressive dividend policy



Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

## Q2, 2022: Better Than Expected Performance

	Total PMI	Pro Forma
<b>Shipment Volume</b> (vs. PY)	<b>+1.1%</b>	<b>+3.0%</b>
<b>Net Revenues</b> (Organic variance vs. PY)	<b>+5.3%</b>	<b>+6.2%</b>
<b>Net Revenue per Unit<sup>(a)</sup></b> (Organic variance vs. PY)	<b>+4.1%</b>	<b>+3.0%</b>
<b>OI Margin</b> (Organic variance vs. PY)	<b>(150)<sup>bps</sup></b>	<b>(190)<sup>bps</sup></b>
<b>Adj. Diluted EPS</b> (Currency neutral variance vs. PY)	<b>+3.8%</b>	<b>+5.6%</b>
<b>Adj. Diluted EPS</b>	<b>\$1.48</b>	<b>\$1.32</b>

(a) Reflects total PMI adjusted net revenues divided by total PMI cigarette and HTU shipment volume  
 Note: Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions  
 Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

# H1, 2022: Strong Performance

	Total PMI	Pro Forma
<b>Shipment Volume</b> (vs. PY)	<b>+2.2%</b>	<b>+4.0%</b>
<b>Net Revenues</b> (Organic variance vs. PY)	<b>+7.1%</b>	<b>+8.1%</b>
<b>Net Revenue per Unit<sup>(a)</sup></b> (Organic variance vs. PY)	<b>+4.7%</b>	<b>+4.0%</b>
<b>OI Margin</b> (Organic variance vs. PY)	<b>(90)bps</b>	<b>(110)bps</b>
<b>Adj. Diluted EPS</b> (Currency neutral variance vs. PY)	<b>+9.2%</b>	<b>+10.4%</b>
<b>Adj. Diluted EPS</b>	<b>\$3.06</b>	<b>\$2.79</b>

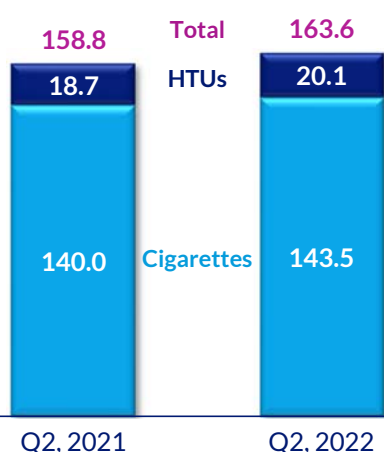
(a) Reflects total PMI adjusted net revenues divided by total PMI cigarette and HTU shipment volume  
 Note: Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions  
 Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

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## Strong HTU IMS Growth, Combustible Recovery Continues

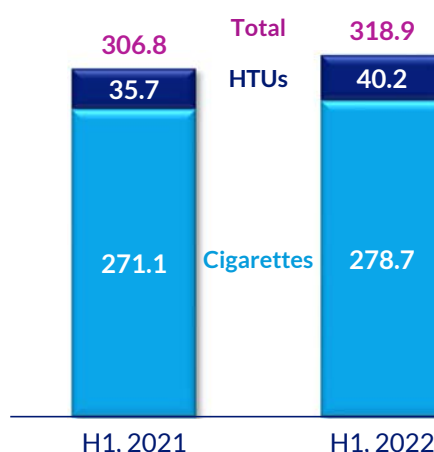
(billion units)

### Pro Forma



Change vs. PY	IMS Growth vs. PY
+3.0%	+4.2%
+7.4%	+19.9%
+2.4%	+2.2%

### Pro Forma



Change vs. PY	IMS Growth vs. PY
+4.0%	+4.0%
+12.6%	+19.7%
+2.8%	+2.0%

Q2, 2022 Total PMI HTU Shipment: 24.8 billion units

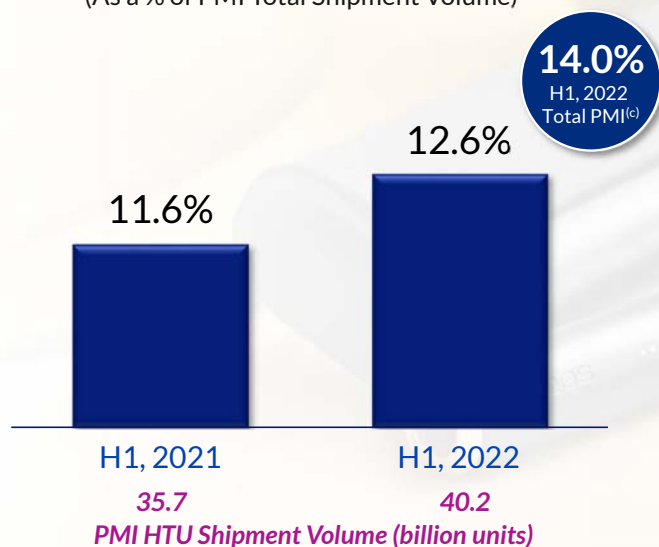
H1, 2022 Total PMI HTU Shipment: 49.6 billion units

Note: Total might not foot due to rounding  
 Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

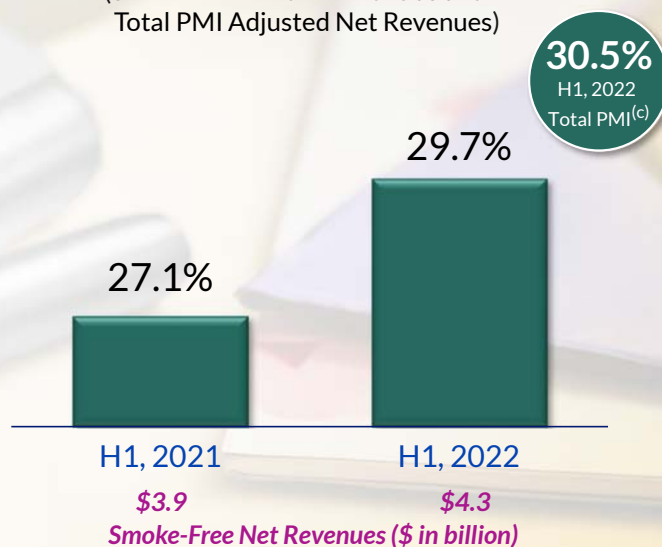
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## IQOS Powerful Driver in Smoke-Free Transformation

Pro Forma HTU Volume Contribution<sup>(a)</sup>  
(As a % of PMI Total Shipment Volume)



Pro Forma Smoke-Free Net Revenues<sup>(b)</sup>  
(Smoke-Free Net Revenues as a % of  
Total PMI Adjusted Net Revenues)



(a) Total volume includes HTUs and cigarettes

(b) Smoke-free net revenues include RRP net revenues and net revenues from the Wellness and Healthcare segment

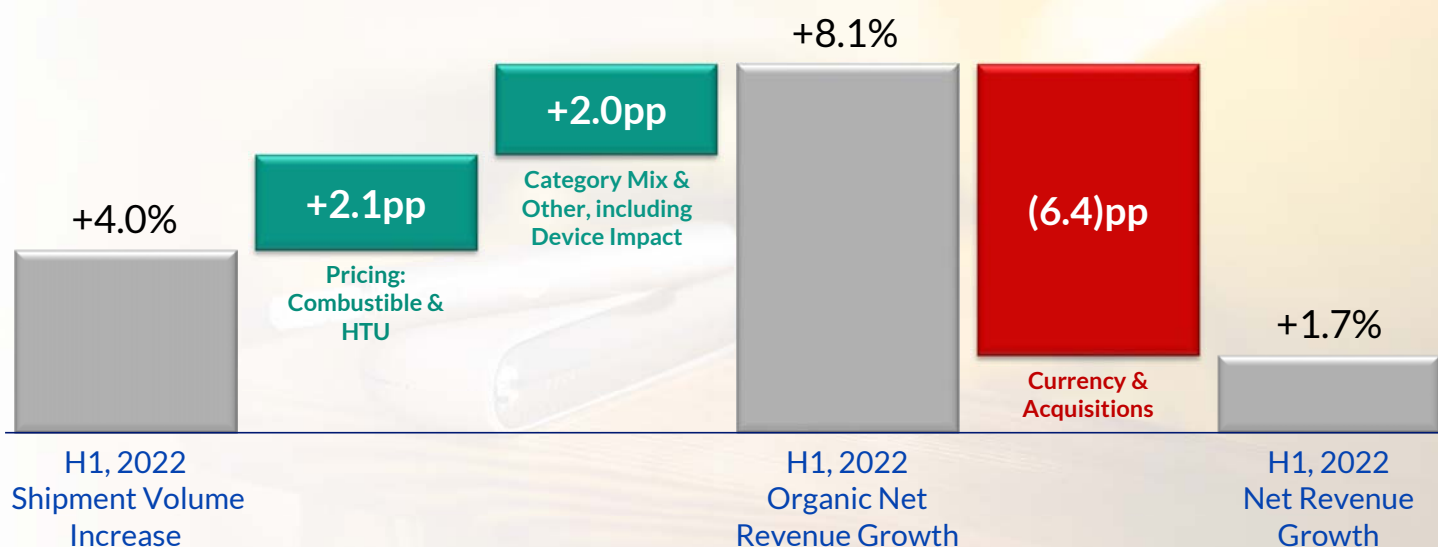
(c) Includes contribution from Russia and Ukraine

Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

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## Volume Growth & Twin Engines Powering Organic Net Revenues

Pro Forma

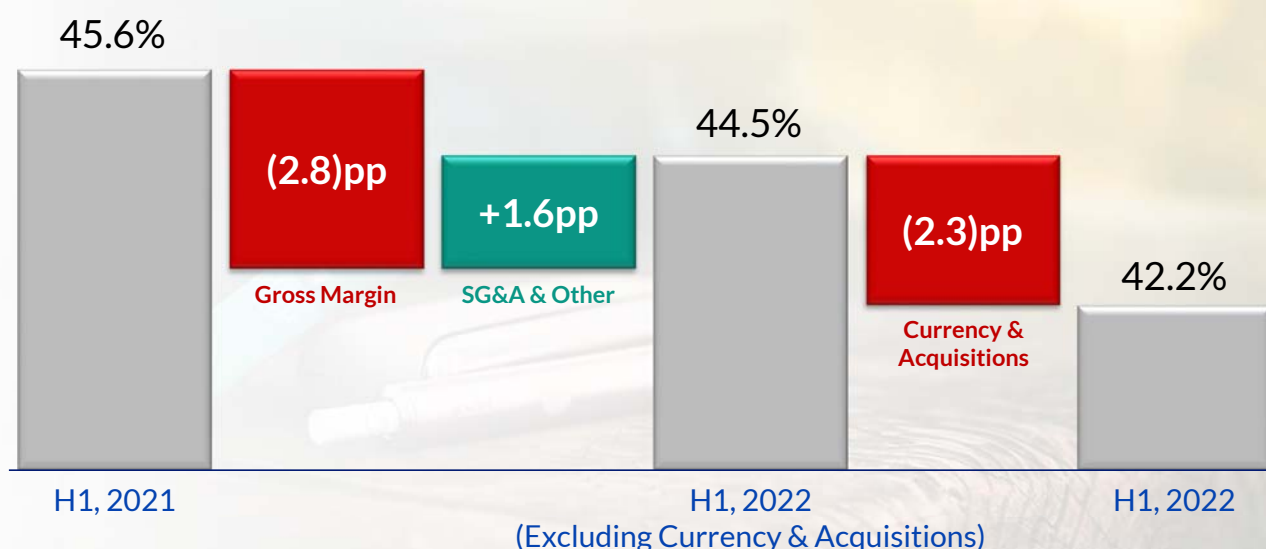


Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

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# Investments and Temporary Headwinds Impacting OI Margin

## Pro Forma Adjusted OI Margin



Note: Sum of the drivers does not foot due to rounding

Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

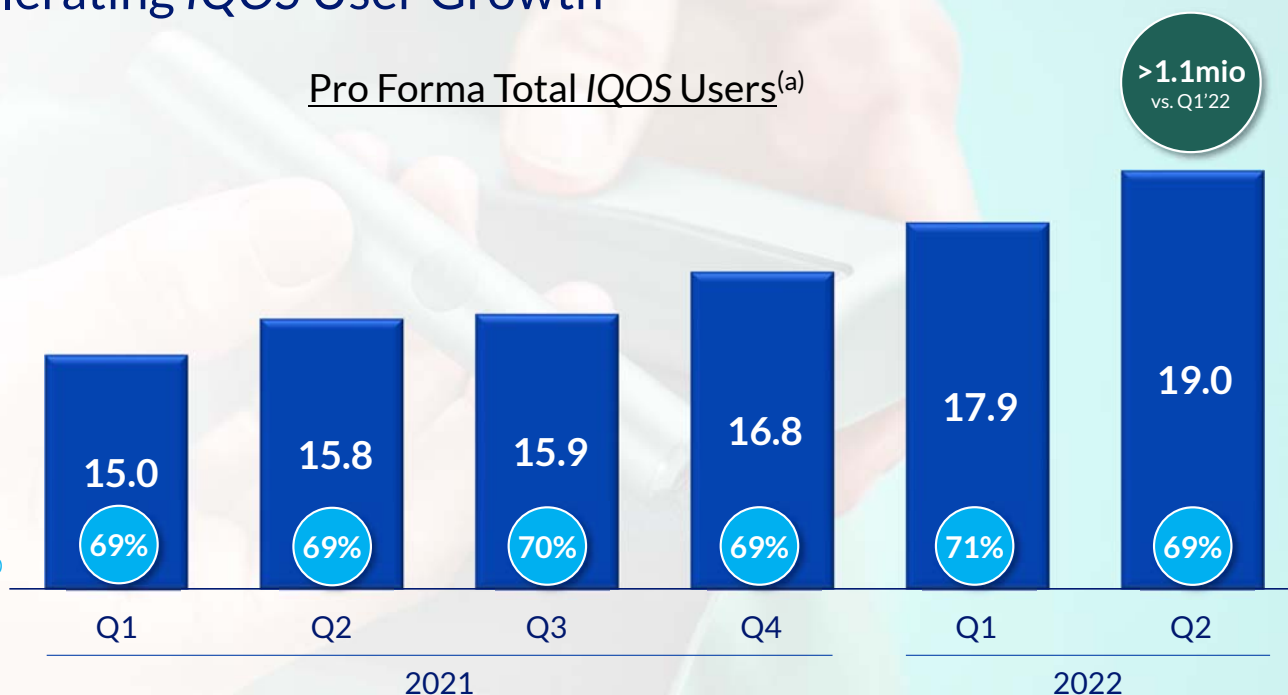
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# Reaccelerating IQOS User Growth

(in millions)

## Pro Forma Total IQOS Users<sup>(a)</sup>

Estimated users who have switched to IQOS and stopped smoking<sup>(a)</sup>

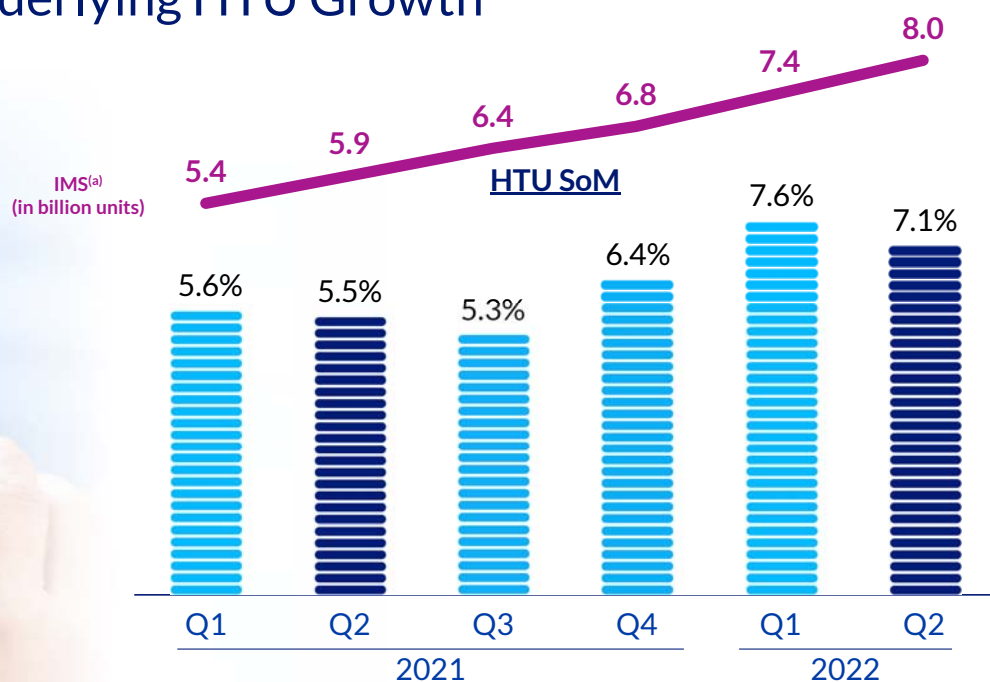


(a) See Glossary for definition

Source: PMI Financials or estimates, IQOS user panels and PMI Market Research. Earnings Q2 2022, published July 21, 2022

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## EU Region: Strong Underlying HTU Growth



(a) Based on a four-quarter moving average

Note: Market share for HTUs is defined as the total sales volume for PMI HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs

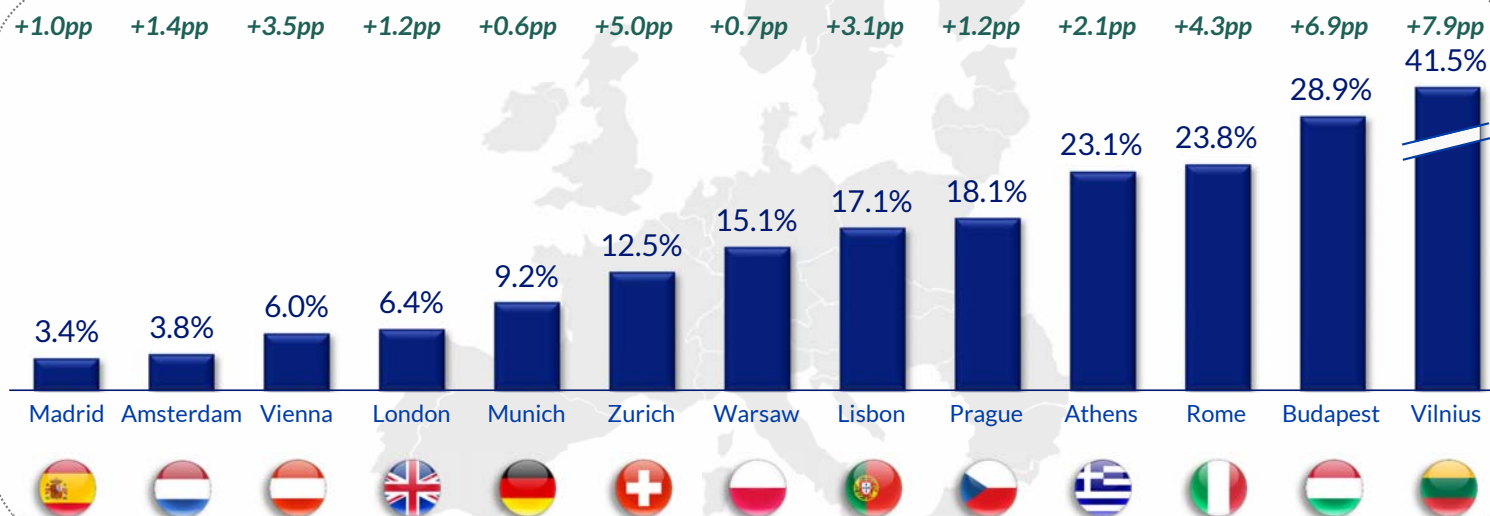
Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

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## Accelerating Key City Share in Europe

### PMI HTU Offtake Share (Q2, 2022)

Change vs. PY



Note: Athens represents Attica Region

Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

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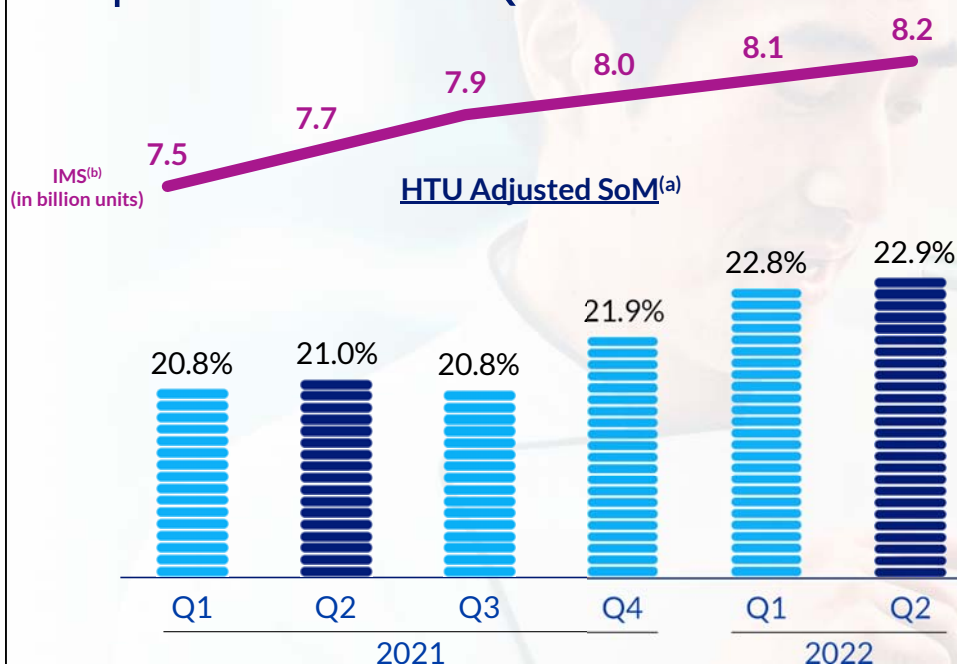
## EU Region: HTU SoM Performance in Select Markets

	Q2, 2022	Growth vs. PY		Q2, 2022	Growth vs. PY		Q2, 2022	Growth vs. PY
Croatia	6.9%	+0.9pp	Italy	14.4%	+3.2pp	Romania	5.4%	+1.4pp
Czech Republic	11.6	+1.5	Latvia	10.8	(0.2)	Slovak Republic	13.9	+2.0
Germany	2.5	(0.2)	Lithuania	30.6	+7.7	Slovenia	10.7	+3.7
Greece	15.3	+1.4	Poland	7.5	+1.2	Switzerland	8.9	+3.1
Hungary	23.7	+6.3	Portugal	14.9	+3.1	UK	2.7	+0.6

Note: Select markets where HTU share is  $\geq 1\%$ . Sales volume of PMI HTUs as a percentage of the total industry sales volume for cigarettes and HTUs  
Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

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## Japan: Continued IQOS HTU Growth



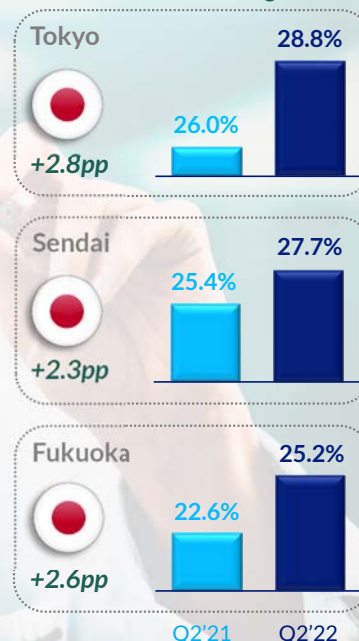
(a) Adjusted market share for HTUs is defined as the total sales volume for PMI HTUs as a percentage of the total estimated sales volume for cigarettes, HTUs and cigarillos and excluding the impact of estimated trade inventory movements

(b) Based on a four-quarter moving average

Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

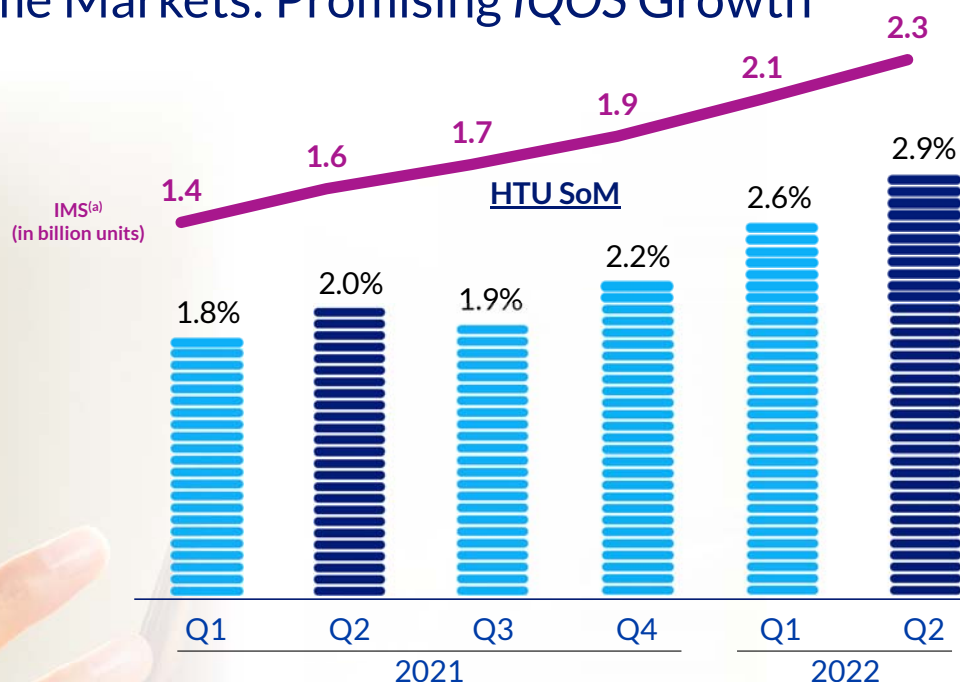
### PMI HTU Offtake Shares

Change vs. PY



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## Low and Middle-Income Markets: Promising IQOS Growth



(a) Based on a four-quarter moving average

Note: 28 Low and Middle-Income markets where PMI commercialized IQOS at December 31, 2021, excluding Duty Free, Russia and Ukraine. Low and Middle-Income markets defined using World Bank classification at December 31, 2021 where available. Palestine is included as a Low and Middle-Income market. Market share for HTUs is defined as the total sales volume for PMI HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs

Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

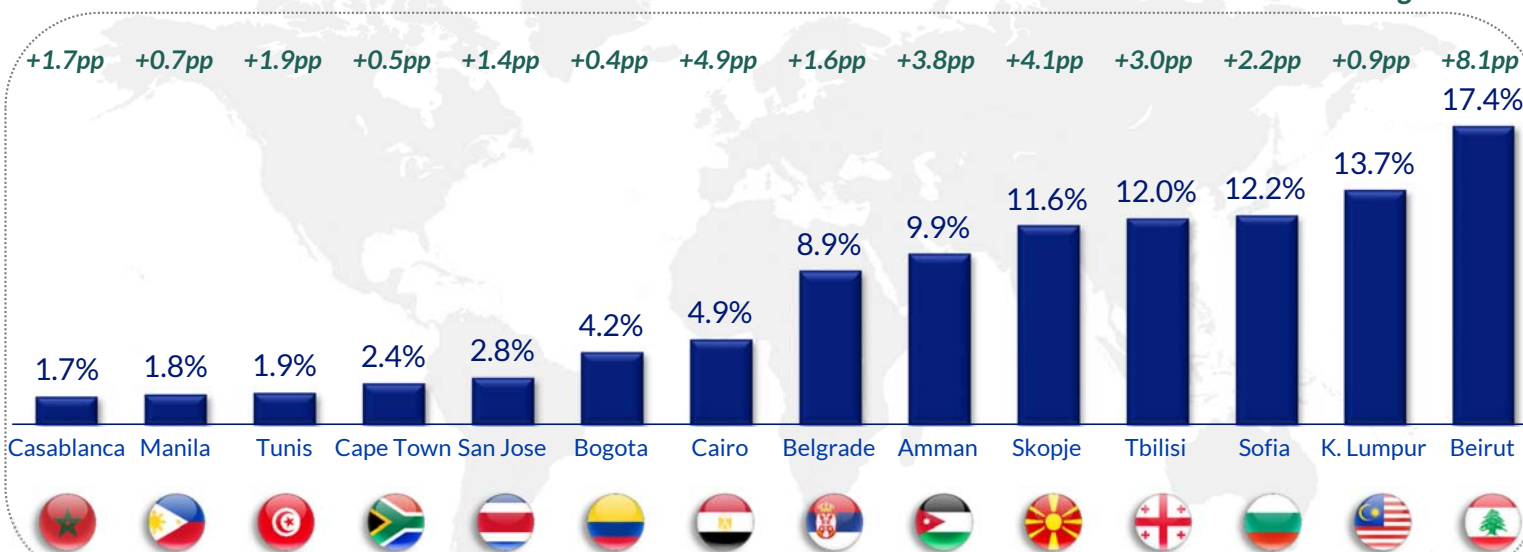
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## Promising Acceleration in Low and Middle-Income Markets

(PMI HTU offtake share in Key Cities)

### PMI HTU Offtake Shares (Q2, 2022)

Change vs. PY



Note: K. Lumpur stands for Kuala Lumpur and represents Greater Kuala Lumpur. Amman represents West Amman, Cairo represents Urban Cairo, Manila represents Metro Manila, and Tunis represents Greater Tunis

Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

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## FY, 2021: Excellent Net Revenue and EPS Growth

### Adjusted Net Revenues

(Organic variance vs. PY)

**+7.6%**

### Net Revenue per Unit<sup>(a)</sup>

(Organic variance vs. PY)

**+5.3%**

### OI Margin

(Organic variance vs. PY)

**+200bps**

### Adjusted Diluted EPS

(Currency neutral variance vs. PY)

**+15.3%**

### Operating Cash Flow

**\$12.0<sup>bn</sup>**

(a) Reflects total adjusted PMI net revenues divided by total PMI cigarette and HTU shipment volume

Note: Adjusted OI and EPS and their growth rates presented include the amortization of acquired intangibles with immaterial impact

Source: PMI Financials or estimates. Earnings Q4 2021, published February 10, 2022

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## 2021 PMI Financial Results by Region

(\$ in billions)

	Adj. Net Revenues <sup>(a)</sup>			Adjusted OI		
	% Change vs. PY			% Change vs. PY		
	2021	Total	Organic	2021	Total	Organic
European Union	12.3	14.7 %	8.8 %	6.2	20.0 %	12.5 %
Eastern Europe	3.5	4.9 %	5.9 %	1.2	38.5 %	37.7 %
Middle East & Africa	3.5	14.6 %	18.3 %	1.4	34.8 %	46.7 %
South & Southeast Asia	4.4	- %	(2.3) %	1.5	(11.8) %	(13.9) %
East Asia & Australia	6.0	9.7 %	8.5 %	2.6	9.0 %	11.2 %
Americas	1.8	8.3 %	5.6 %	0.5	9.0 %	5.1 %
Wellness & Healthcare	0.1	- %	- %	(0.0)	- %	- %
<b>Total PMI</b>	<b>31.7</b>	<b>10.3 %</b>	<b>7.6 %</b>	<b>13.5</b>	<b>15.3 %</b>	<b>13.0 %</b>

(a) Adjusted net revenues exclude the impact related to the Saudi Arabia customs assessments (\$246 million)

Note: Net Revenues for Americas include revenues from shipments of Platform 1 devices, heated tobacco units and accessories to Altria Group, Inc., for sale under license in the U.S.

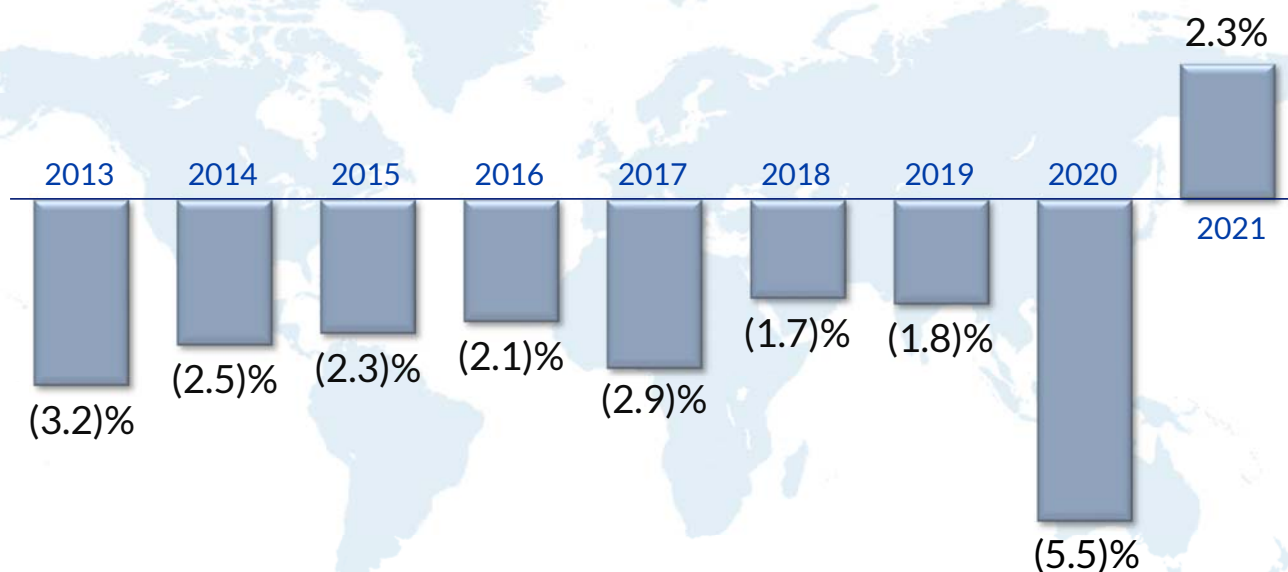
Sum of the drivers does not foot due to rounding

Source: PMI Financials or estimates

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## Total Industry Volume Trend (2013-2021)

(% Change vs. PY)

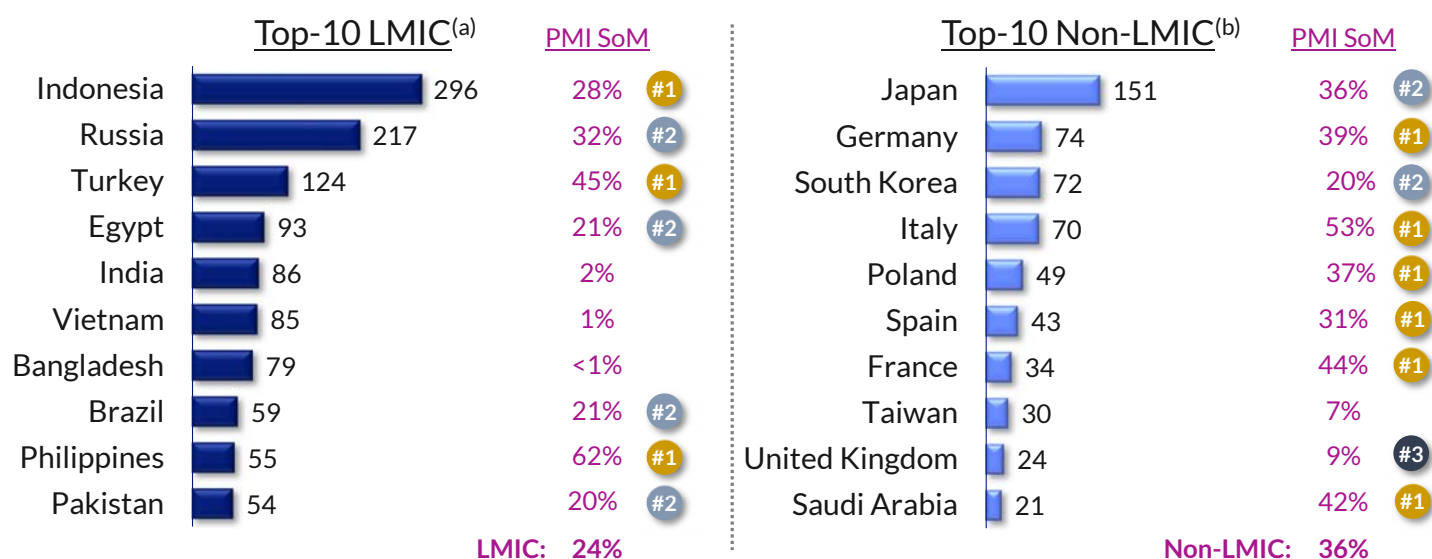


Note: Excluding China and the U.S. Reflects cigarettes and HTUs and includes cigarillos in Japan  
Source: PMI Financials or estimates

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## 2021 Top Industry Volume Markets

(billion units)



(a) Top-10 markets ranked by 2021 total industry volume, excluding the U.S. based on World Bank Classification issued list July 2021. LMIC classification Low to Middle Income

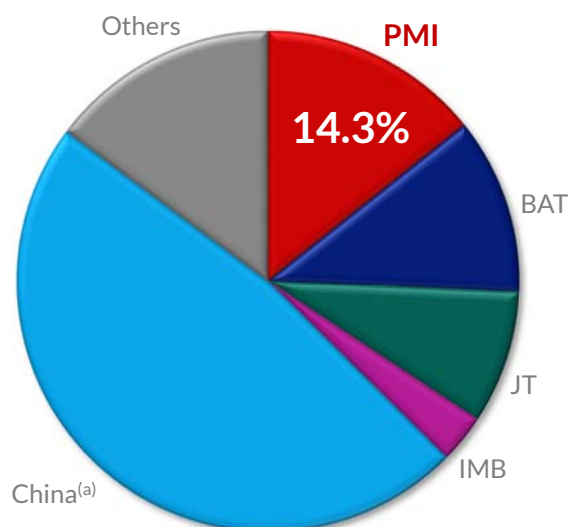
(b) Top-10 markets ranked by 2021 total industry volume, excluding the U.S., China and Duty Free

Note: As per our 2021 10-K filing, we do not sell products in Iran, North Korea and Syria. Reflects cigarettes and HTUs (where applicable)

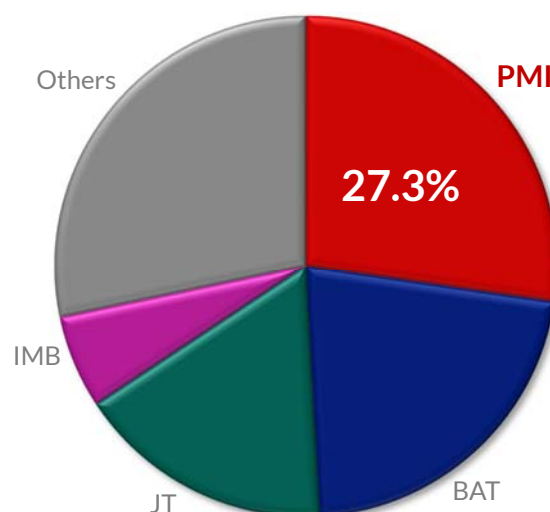
Source: PMI Financials or estimates

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## 2021 PMI Total Market Share



International<sup>(a)</sup>



International excl. China<sup>(b)</sup>

(a) Excluding CNTC license production of *Marlboro* and *Parliament* cigarettes (2.4 billion units in 2021)

(b) Excluding the U.S.

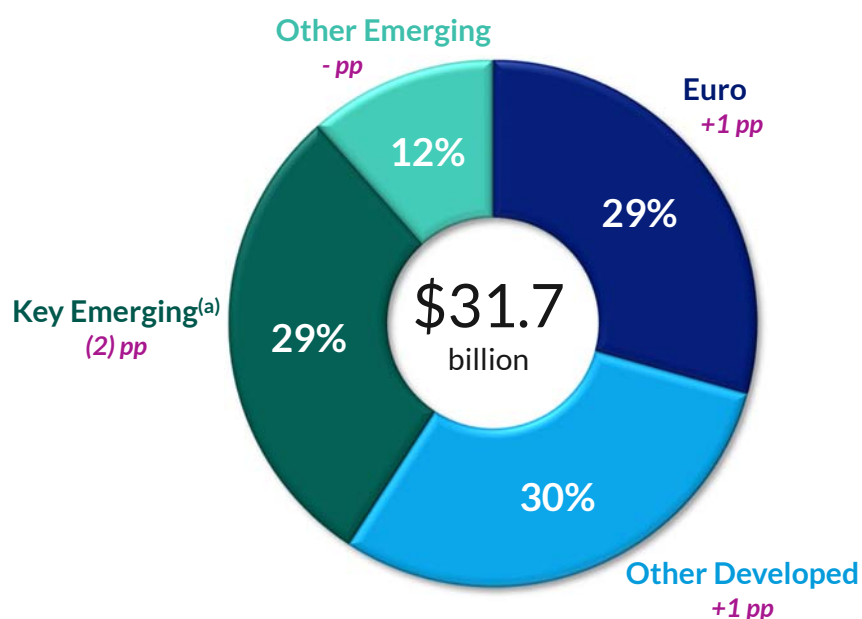
Note: Reflects cigarettes and HTUs

Source: PMI Financials or estimates

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## 2021 PMI Adjusted Net Revenues by Currency

Change vs. 2020 (pp)



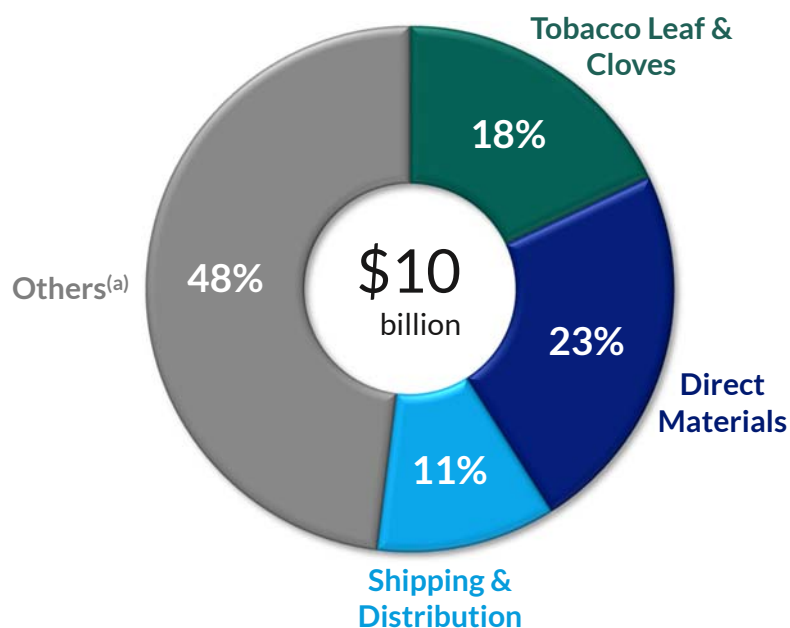
(a) Includes Czech Krona, Egyptian Pound, Indonesian Rupiah, Mexican Peso, Philippine Peso, Polish Zloty, Russian Ruble and Turkish Lira

Note: Market classification is based on S&P Dow Jones Indices' 2021 country classification

Source: PMI Financials or estimates

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## 2021 PMI Cost of Goods Sold



(a) Conversion, fixed manufacturing expenses and other costs  
Source: PMI Financials or estimates

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## 2021 PMI Costs by Currency

	Total (\$ billion)	Currency (%)				
		USD	EUR	CHF	IDR	Other
Tobacco <sup>(a)</sup>	1.9	21	51	—	17	10
Direct Materials	2.3	36	58	1	1	4
Other COGS <sup>(b)</sup>	5.9	28	22	7	13	29
Marketing, Overhead & Other Costs above OI	8.1	14	21	20	4	41
<b>Total Adjusted Costs<sup>(c)(d)</sup></b>	<b>18.2</b>	<b>22</b>	<b>29</b>	<b>11</b>	<b>9</b>	<b>29</b>

(a) Including cloves

(b) Other manufacturing related costs and shipping and distribution

(c) Total costs above adjusted OI of \$18.2 billion = adjusted cost of sales of \$10.0 billion + adjusted marketing, administration and R&D cost of 8.1 billion + \$0.1 billion amortization of intangibles. Does not tie due to rounding

(d) Excludes asset acquisition cost (\$51 million) related to OtiTopic Inc. in August 2021

Source: PMI Financials or estimates

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## PMI Adjusted OI Margins

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Organic Change 2021 vs. PY
European Union	44.4%	44.1%	43.9%	48.2%	50.4%	1.6pp
Eastern Europe	32.7	30.9	28.1	26.2	34.6	7.9
Middle East & Africa	47.2	39.5	41.7	33.8	39.8	8.2
South & Southeast Asia	34.3	37.5	42.9	39.4	34.7	(4.7)
East Asia & Australia	40.9	33.2	36.0	44.7	44.4	1.1
Americas	33.9	37.5	33.0	26.7	26.9	(0.2)
Wellness & Healthcare	-	-	-	-	(1.0)	-
<b>Total PMI</b>	<b>40.3</b>	<b>38.4</b>	<b>39.5</b>	<b>40.8</b>	<b>42.6</b>	<b>2.0</b>

Source: PMI Financials or estimates

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Designing a Smoke-Free Future

## Section 2: Smoke-Free Portfolio and Performance

## Investing, Transforming & Delivering Sustainable Growth

**>\$9bn**

RRP Investments  
(2008-21)

**\$9.2bn**

2021  
Smoke-Free Net Revenues

**\$36bn**

5 Year (2017-21)  
Total Dividends

**5.0%**

Organic Net Revenues  
5 year (2016-2021) CAGR

**10.5%**

Currency-Neutral  
Adj. Diluted EPS  
5 year (2016-2021) CAGR

Source: PMI Financials or estimates. Investments reflect research, product and commercial development, production capacity, scientific substantiation, and studies on adult smoker understanding. See reconciliation schedules at the end of this presentation. CAGNY 2022, February 23, 2022

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## Smoke-Free Products Core Engine of Sustainable Growth

### Smoke-Free Products (Replacing Cigarettes)

- Heated Tobacco Products
- Vapor Products
- Nicotine pouches
- New forms of cigarette replacement alternatives



**Transitioning**

### Combustible Cigarettes

- Maximizing value while accelerating smoke-free conversion

### 2025 Ambition

**>50%**

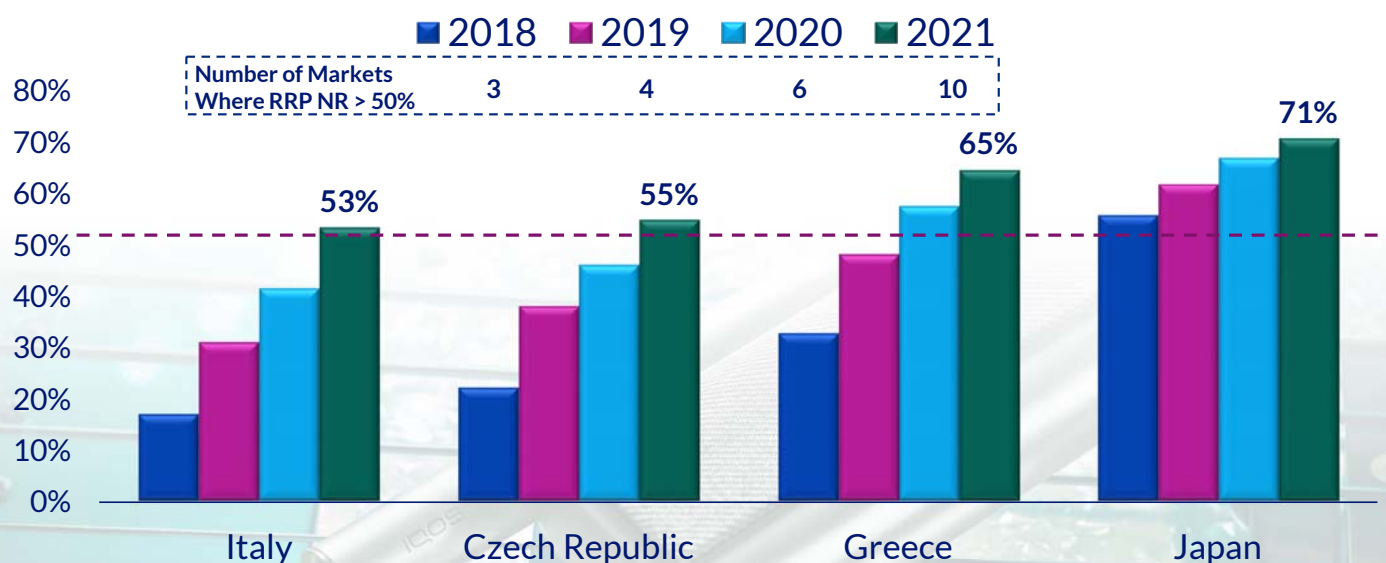
Net Revenues  
from  
Smoke-Free  
Products

Source: PMI Financials or estimates

32

## Rapidly Transforming to a Majority Smoke-Free Business

(As a % of Total Net Revenues)

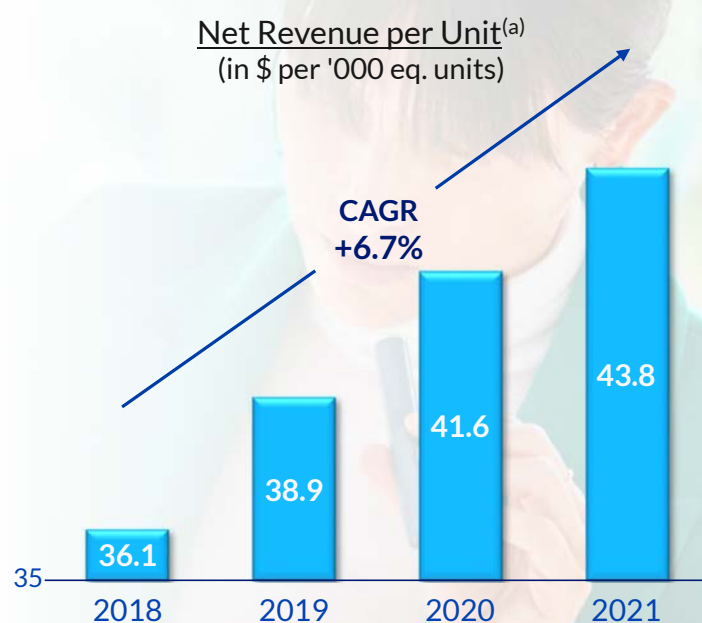


Note: Data reflects status as of year-end of respective year. 2021 data excludes Belarus  
Source: PMI Financials or estimates. CAGNY 2022, February 23, 2022

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## Powerful Financial Model of Investment, Innovation & Growth

- We target stable to growing total PMI volume over the coming years as innovation-driven HTU growth offsets cigarette declines
- Positive revenue and margin impact from shift to smoke-free products
- Pricing in both categories, targeting cigarette pricing which at least balances volume declines



(a) Reflects total PMI adjusted net revenues divided by total PMI cigarette and HTU shipment volume, at 2021 exchange rates. Excludes the Wellness & Healthcare segment  
Source: PMI Financials or estimates. CAGNY 2022, February 23, 2022

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# More Than \$1bn Growth in Positive Profit Contribution From IQOS in 2021

2021 vs. 2020 Growth  
(in \$bn)

2.3

0.5

RRP Net Revenue

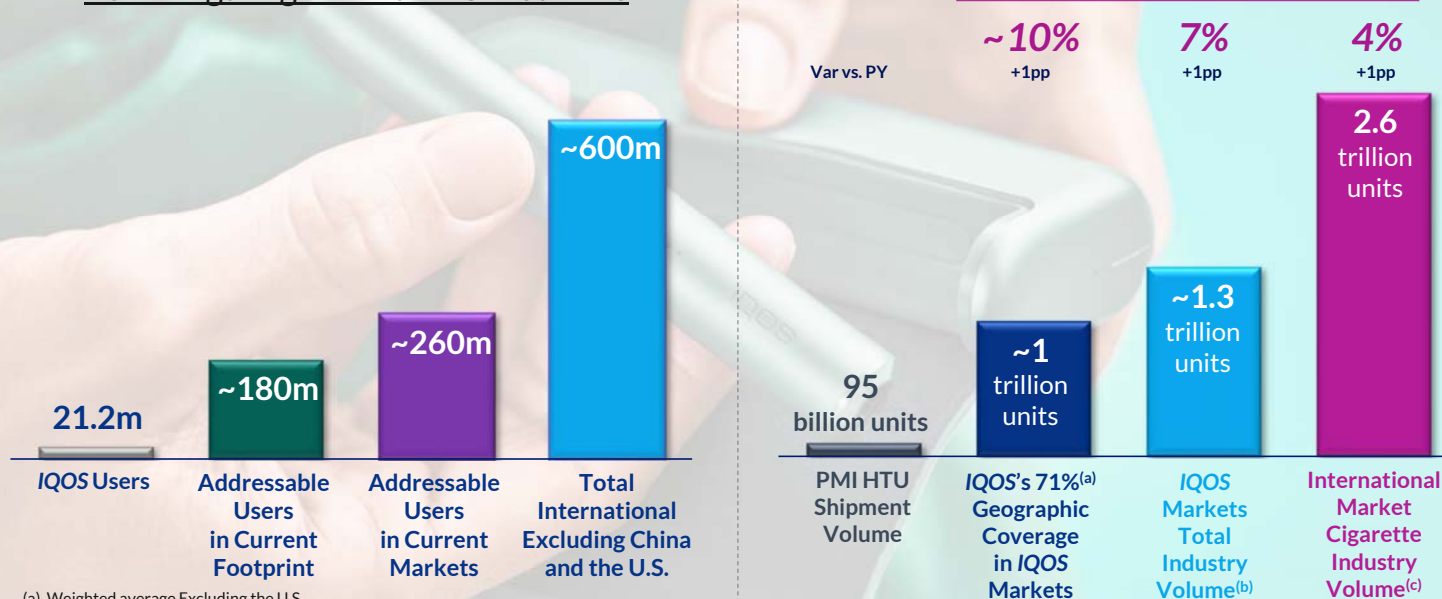
Total PMI Commercial, R&D

Source: PMI Financials or estimates. CAGNY 2022, February 23, 2022

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## The Opportunity for IQOS Remains Vast

2021 Legal Age Nicotine Consumers



(a) Weighted average Excluding the U.S.

(b) Excluding the U.S.

(c) Excluding China and the U.S.

Note: Total volume reflects cigarettes and HTUs. The figures presented include Russia and Ukraine

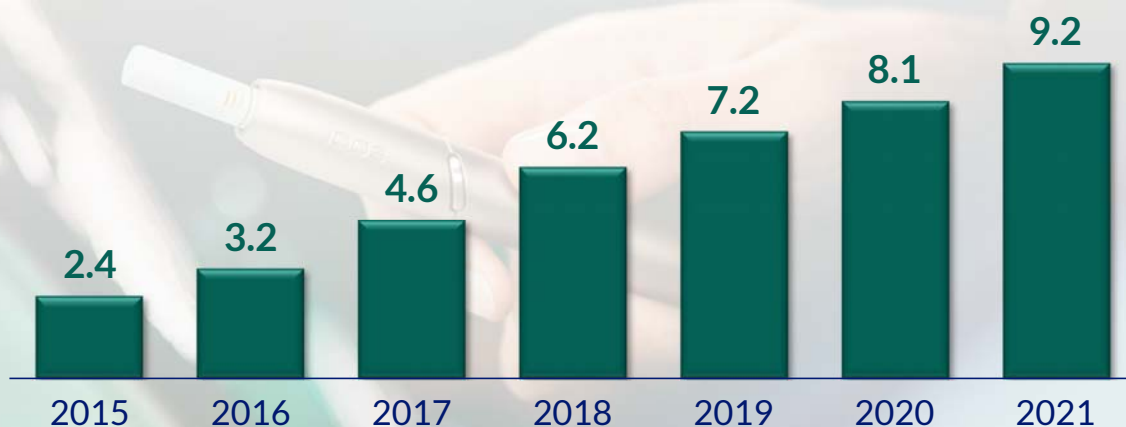
Source: PMI Financials or estimates (2021)

36

## Substantial Investment in Best-in-Class Capabilities

(in \$ billion)

### Cumulative RRP Investments

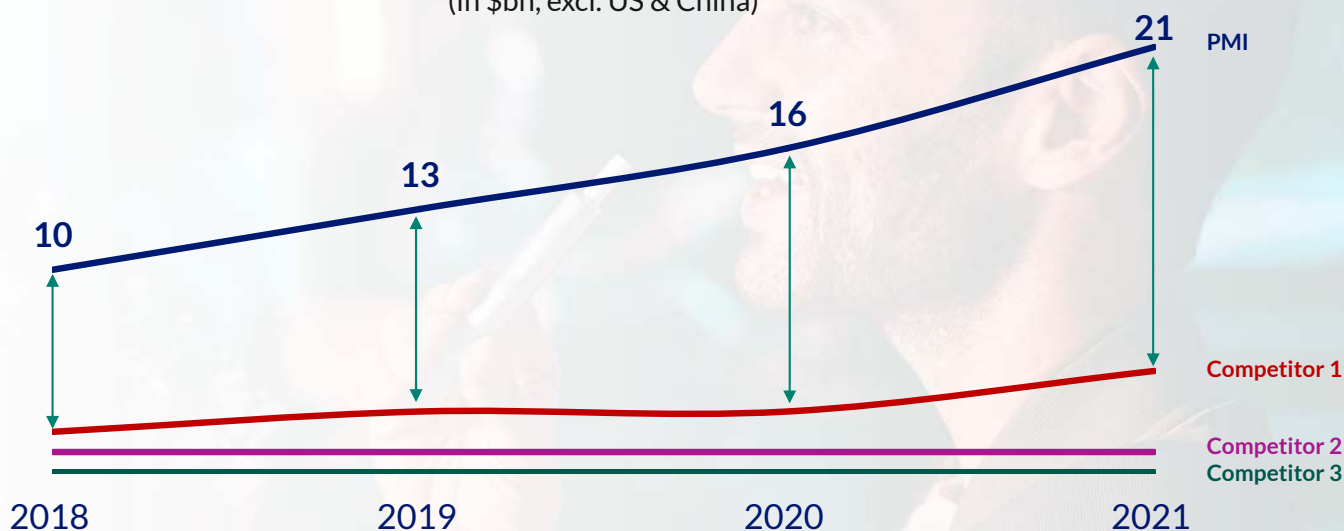


Note: Investments reflect research, product and commercial development, production capacity, scientific substantiation, and studies on adult smoker understanding. Does not include commercial deployment costs  
Source: PMI Financials or estimates

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## Strong Innovation Pipeline & Commercial Engine

### Smoke-Free Retail Value (in \$bn, excl. US & China)

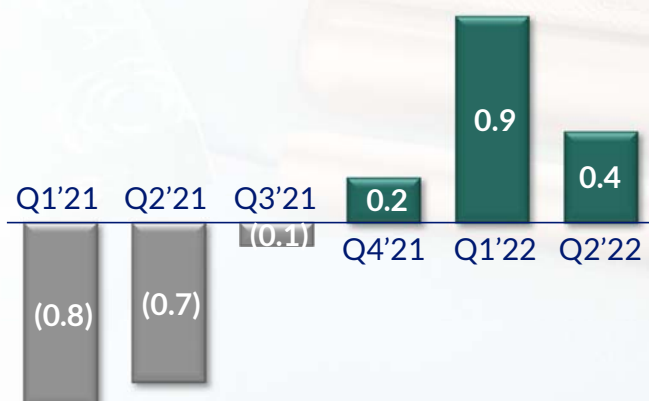


Source: PMI Financials or estimates. CAGNY 2022, February 23, 2022

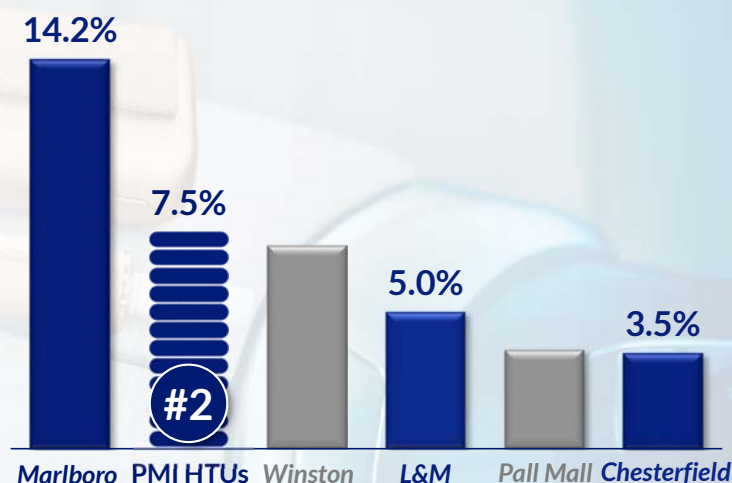
38

## Positive Total Market Share Momentum

Pro Forma International Share<sup>(a)</sup>  
(Change vs. PY in pp)



Q2'22 International Nicotine Brand Share in IQOS Markets<sup>(b)</sup>



(a) Reflects sales volume as a percentage of the total industry sales volume for cigarettes and HTUs. Excluding Russia, Ukraine, China and the U.S.

(b) Reflects markets where IQOS HTUs are available in key cities or nationwide at June 30, 2022. All 'brands' except 'PMI HTUs' include cigarettes only. Excludes Russia and Ukraine  
Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

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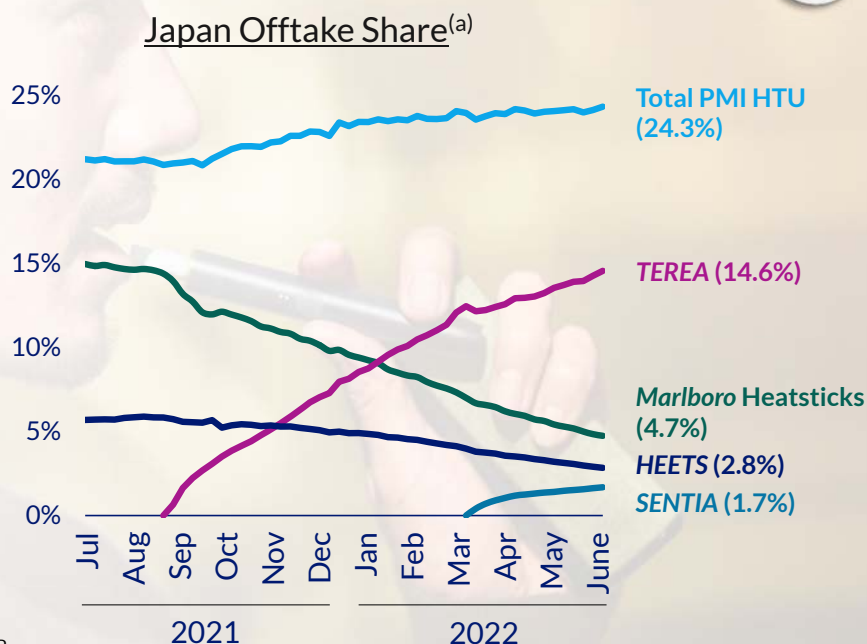
## Heat-not-Burn: Introducing *IQOS ILUMA* Intuitive Product for Acquisition and Retention

- Next generation of *IQOS*
- *IQOS ILUMA*: Pleasure simplified
- New internal heating technology
  - Based on Smartcore™ induction
- Same great taste
- Premium design and customization for enhanced lifestyle appeal, advanced features
- 3 device designs covering 3 price points
- New broad range of consumables
- Addresses consumer feedback on *IQOS* blade heating product
- Robust and reliable, superior satisfaction
- Simple and Intuitive:
  - No cleaning and simple use
  - Self-activation & stick recognition
- Less explanation needed, positive for:
  - Time and cost of acquisition
  - After-care and retention
- Supports easier switching, higher conversion for legal-age smokers

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## Continued Success: IQOS ILUMA in Japan

- Strong acquisition and conversion
- TEREA now 2<sup>nd</sup> largest tobacco brand
- SENTIA surpassing HEETS share in launched prefectures
- Record exit HTU offtake share

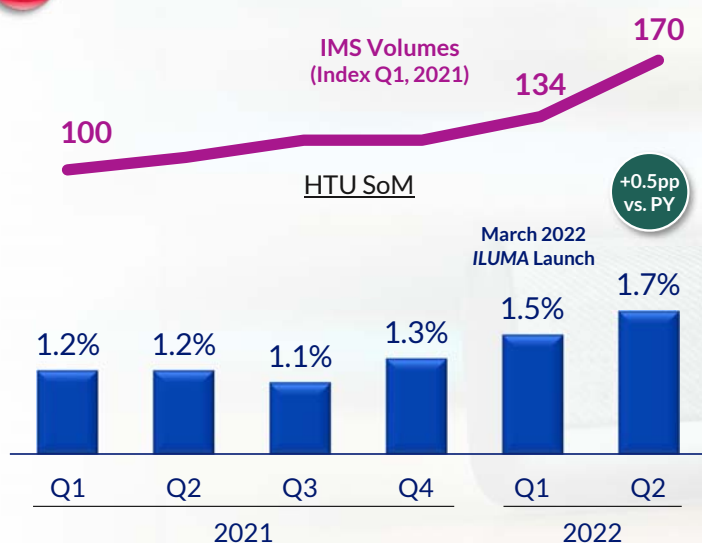


41

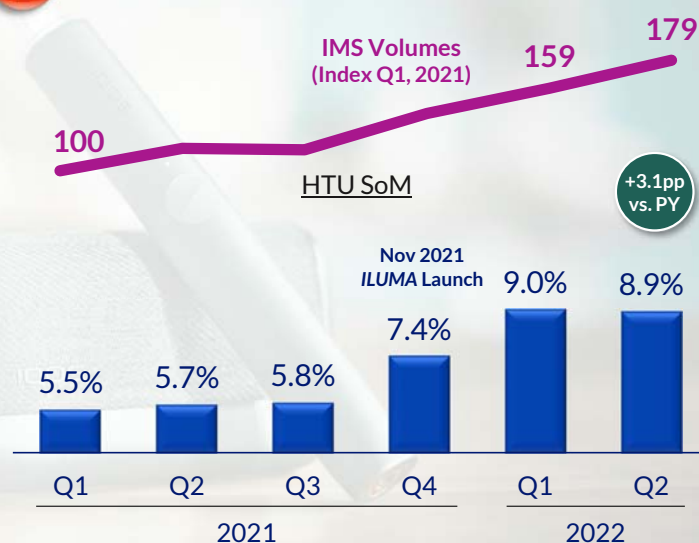
## Superb Start for IQOS ILUMA in Spain & Switzerland



### SPAIN



### SWITZERLAND



Note: Market share for HTUs is defined as the total sales volume for PMI HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs. HTU SoM difference vs. previous year might not foot due to rounding  
 Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

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## Heat-not-Burn: *LIL* and *LIL HYBRID*

- Broadening our portfolio to accelerate user acquisition and grow the category, expand target audience of adult smokers:
  - High conversion, driving new adult users in-switching from cigarettes
- IQOS introduction drives awareness and credibility
- PMI commercial engine drives take-up and retention
- *LIL SOLID*: simple, intuitive, cost-effective, reliable
- *LIL HYBRID*: addresses need for vapor-type experience



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## Expanding Smoke-Free Product Portfolio: Innovation at the Core

- *ILUMA* launched in Greece
- New heat-not-burn offering targeting emerging markets
- E-vapor innovation:
  - VEEV now present in 10 markets
  - VEEBA disposable device launched in Canada



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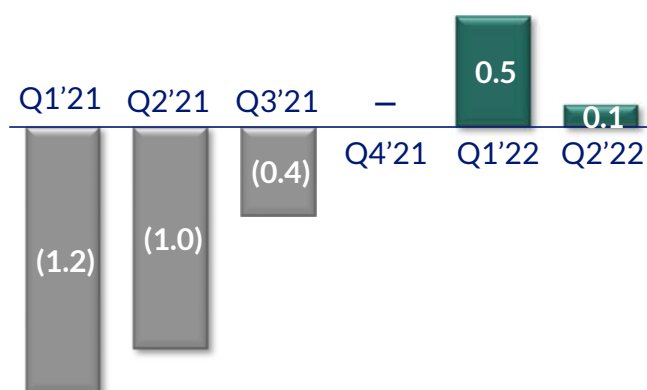


## Section 3: PMI Cigarette Brand Portfolio Strategy and Performance

### Robust Combustible Performance

- Continued shipment recovery notably driven by Indonesia, Poland, Turkey and Duty Free
- Stronger Q2 pricing supporting robust pro forma organic net revenue growth
- Positive H1 segment share despite impact of IQOS cannibalization
- Continue to target stable share of the category to maximize switching to smoke-free products

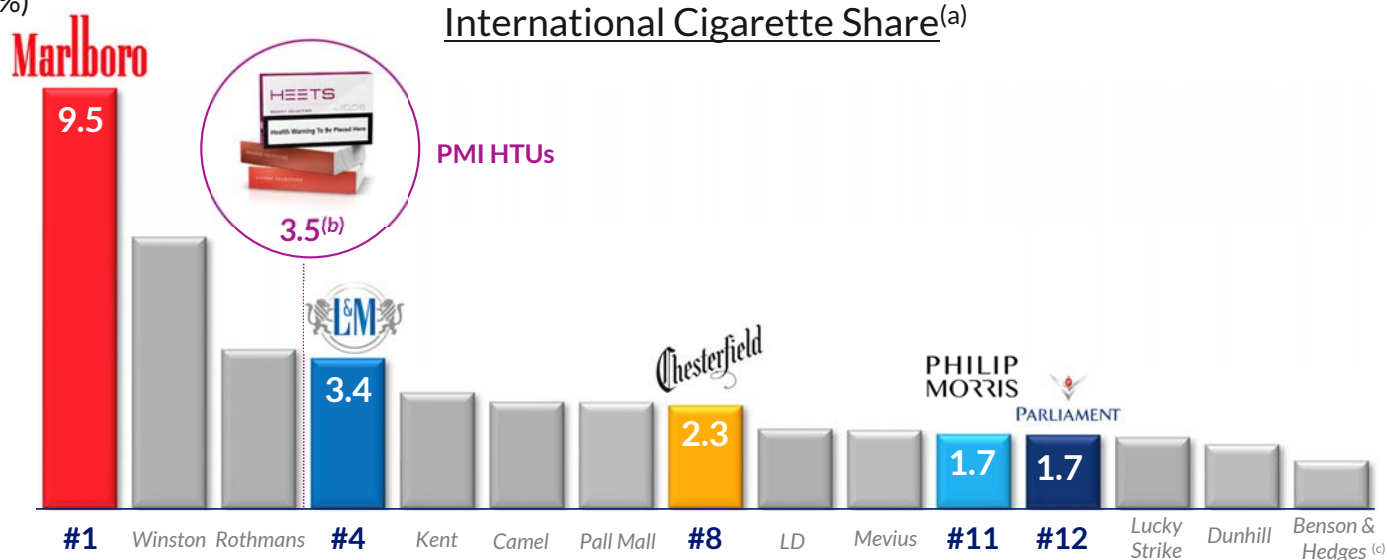
#### Pro Forma Share of Cigarette Category (Change vs. PY in pp)



## PMI Cigarettes: Top-15 International Brands (2021)

(%)

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



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

(a) Sales volume of cigarette brand as a percentage of the total industry sales volume for cigarettes

(b) Sales volume of PMI HTUs as a percentage of the total industry sales volume for cigarettes and HTUs

(c) Reflects Benson & Hedges IMS volume of 28.9bio, deducted by 1.5bio which is sold by PMI, mainly in Argentina and Mexico, and 0.2bio which is sold by RBH Inc. in Canada

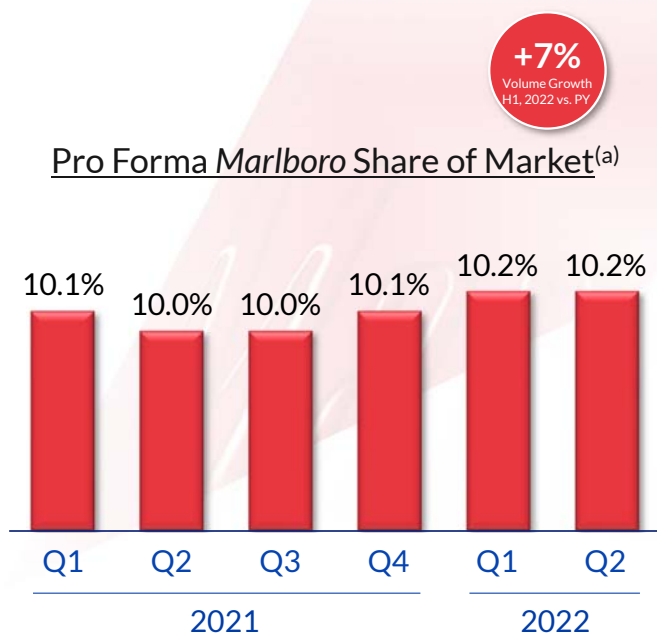
Note: Excluding China and the U.S. Philip Morris includes Philip Morris/Dubliiss. The cigarette shares presented include Russia and Ukraine

Source: PMI Financials or estimates

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## Marlboro: Growing Share & Volumes, 50 Years at Number One

Pro Forma Marlboro Share of Market<sup>(a)</sup>



\*Best selling international cigarette brand since 1972.

HEALTH WARNING TO BE PLACED HERE

(a) Rolling 12-month share

Note: Excluding Russia, Ukraine, China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume

Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

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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 increases, high proportion of specific elements in excise tax structures, multi-year programs and income or inflation indexation:
  - Over the last 10 years the large majority of our key markets have shifted their structure towards a higher dependence on specific taxes – while lowering ad valorem rates
- EU excise tax:
  - Reasonable current EU framework, 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 most geographies, consistent with tobacco harm reduction potential

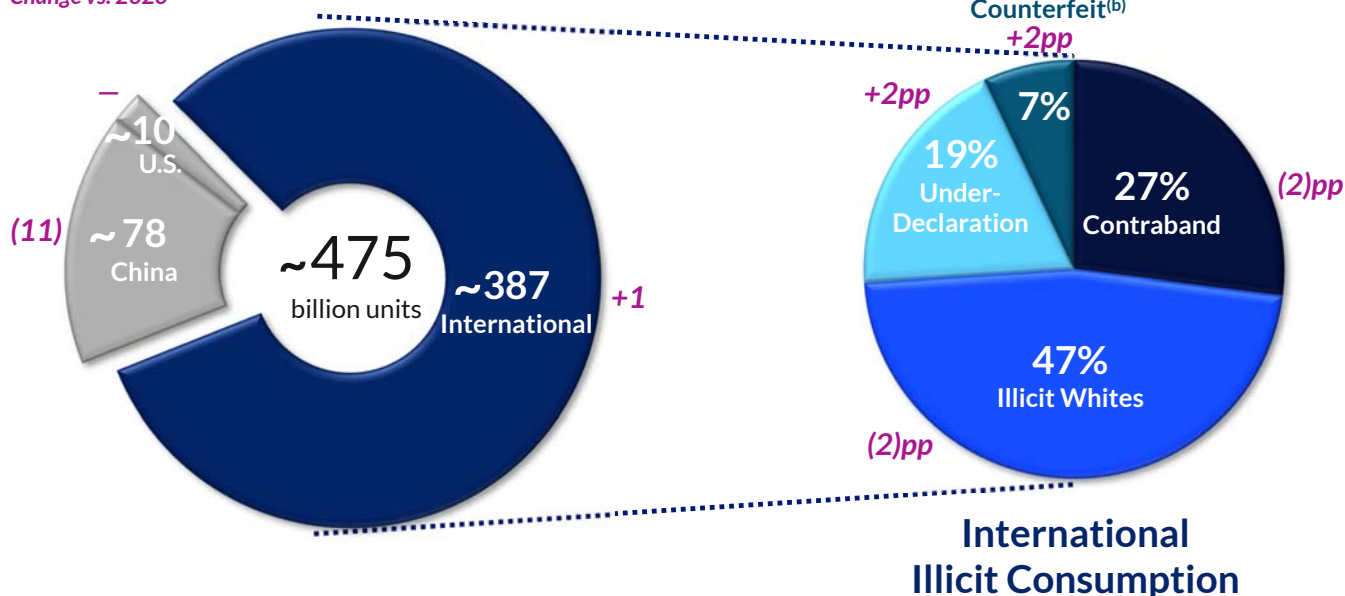
# EU Regulatory and Fiscal Developments



- Increasing number of countries incorporating Tobacco Harm Reduction into fiscal and regulatory processes
- EU Tobacco Excise Directive (EU TED) Review:
  - Proposal for revision of TED expected in Q4.2022, likely to be adopted by the EU College of Commissioners
  - TED Proposal to be submitted to the EU Parliament for non-binding opinion and EU Council for discussion and possible agreement on final Directive text; Requires unanimous approval of 27 member states (final text may differ from published proposal)
  - Agreed directive transposed into national tax legislations of all 27 EU Member States; effective date c. 2025
- EU Tobacco Products Directive (EU TPD) Review:
  - Proposal for revision of TPD expected in 2024, further legislative actions under a new EU Commission and new EU Parliament (elections in 2024)
  - Ordinary legislative procedure (to kick off 2024/2025): EU Parliament and Council co-deciding; Qualified majority
  - Adopted directive transposed into national legislations of all Member States; implementation usually 12 months minimum
- Delegated directive withdrawing HTP exemption from characterizing flavor ban, June 29, 2022
  - Current TPD requires the Commission to propose this ban, based on a “substantial change of circumstances”
  - Submitted to the European Parliament and Council; both institutions have right to object (but not to amend)
  - If passed, would likely be effective in H2, 2023

## Cigarettes: Illicit Trade Overview (2021)

Change vs. 2020<sup>(a)</sup>



(a) Restatement of 2020 International Illicit Trade of 55 bio sticks mainly driven by Brazil (43 bio), Pakistan (5 bio), Russia (4 bio) and Others (3 bio) following last 2020 Illicit Trade reports submission

(b) Estimate for PMI worldwide and BAT, JT and IMB for selected markets

Source: PMI Financials or estimates

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## Section 4: PMI RRP Scientific Substantiation

## Integrity of Our Scientific Assessment

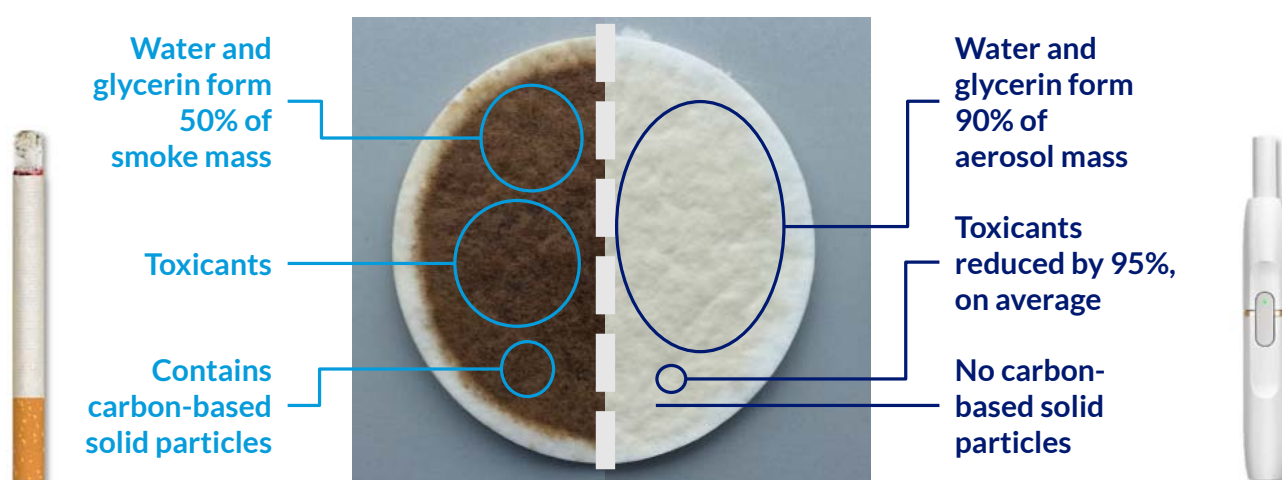
- Adhere to internationally recognized standards including Good Laboratory Practices and Good Clinical Practices
- Actively share our methods and study results, making them available for public review
- Our systems toxicology methods and results are subjected to an even higher level of scientific scrutiny through the sbv IMPROVER methodology<sup>(a)</sup>:
  - Reviews of our IQOS studies were submitted to the FDA as part of our MRTP applications
- Continue to make the raw data from our non-clinical and clinical RRP studies available to the public through INTERVALS.science
- Welcome independent studies of our RRP. 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 RRP

**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

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## Why Heat Tobacco Rather than Burn it?



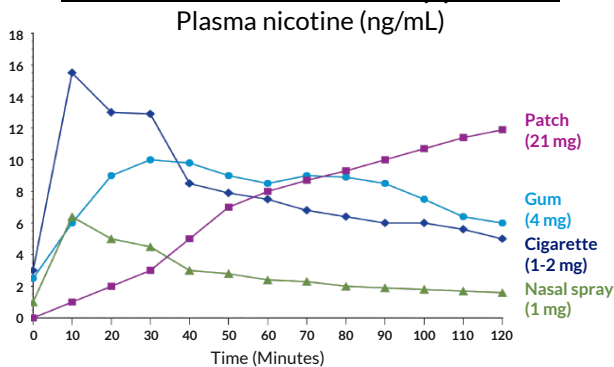
Smoke and aerosol were collected on a Cambridge filter pad using Health Canada Intense smoking regime

Source: PMI Research & Development

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## IQOS: Nicotine Pharmacokinetic Profile

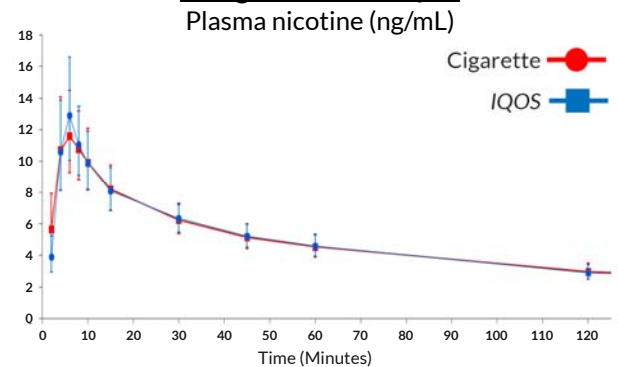
### Levels of nicotine in the blood following use of different nicotine delivery products



Note: The amount of nicotine in each product is shown in parentheses. The pattern produced by the nicotine lozenge and nicotine inhaler resemble that of nicotine gum. mg = milligram; mL = milliliter; ng = nanogram.

Source: Modified from Garrett et al. 2001

### Levels of nicotine in the blood following use of cigarette and IQOS











Note: These data alone do not represent a claim of reduced exposure or reduced risk

Source: PMI Research & Development (PMI Investor Day, June 26, 2014)

- 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

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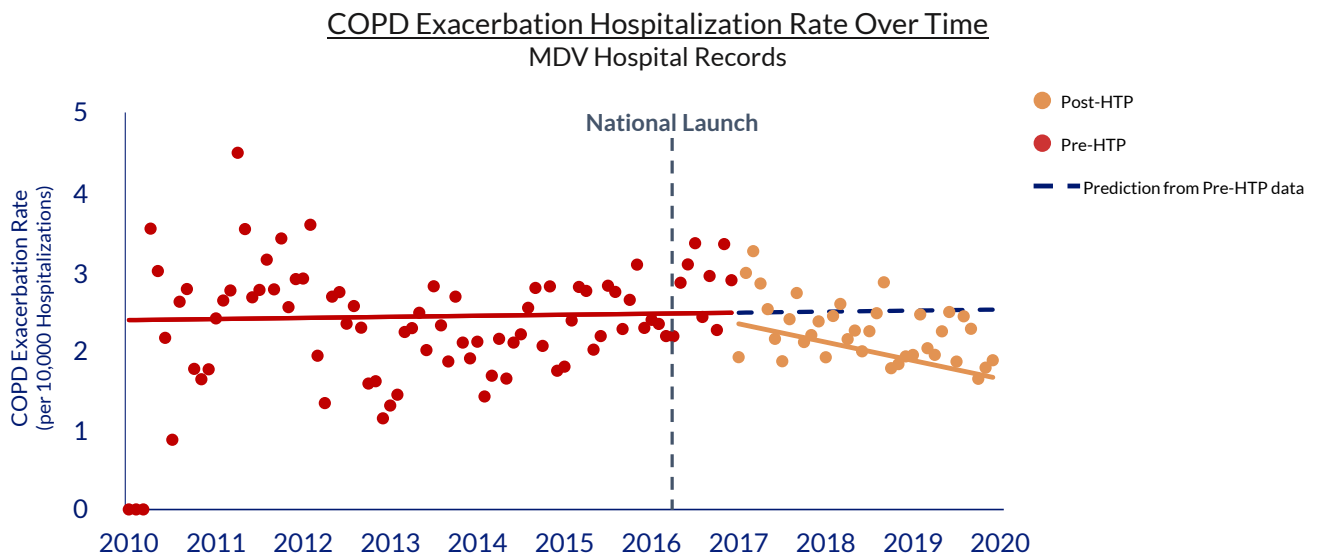
## IQOS: Independent Verification on PMI Science (Select Governmental Reports)

-  **Superior Health Council of Belgium (SCH)** (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 (SCH)** (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 RRP's versus continuing smoking, including the above select examples. Refer to Form for the quarter ended June 30, 2022, for additional information

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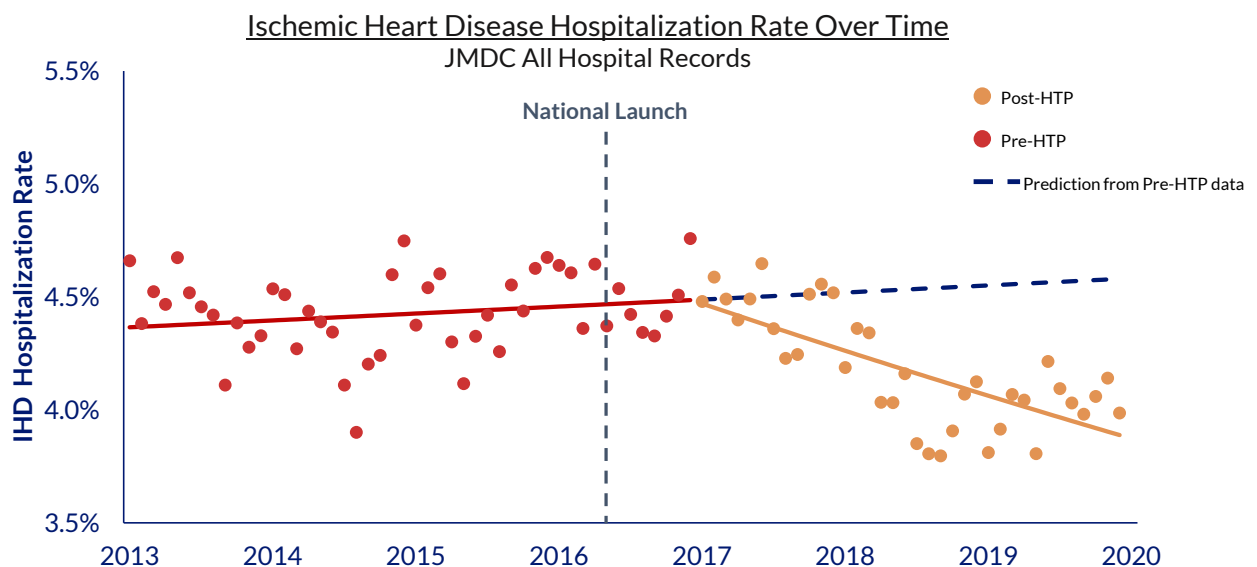
# Real-World Evidence: Japan Study on COPD



Note: Model adjusting for age and sex. COPD stands for Chronic Obstructive Pulmonary Disease. Observational time-trend analysis looking at temporal associations and not designed to assess cause and effect. Specific factors associated with changing hospitalization rates over time have not been fully analyzed. Subject to inherent limitations of ecological analysis.  
Source: MDV Diagnosis Procedure Combination Data. <https://en.mdv.co.jp/> (January 13, 2021). CAGNY 2022, February 23, 2022

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# Real-World Evidence: Japan Study on IHD

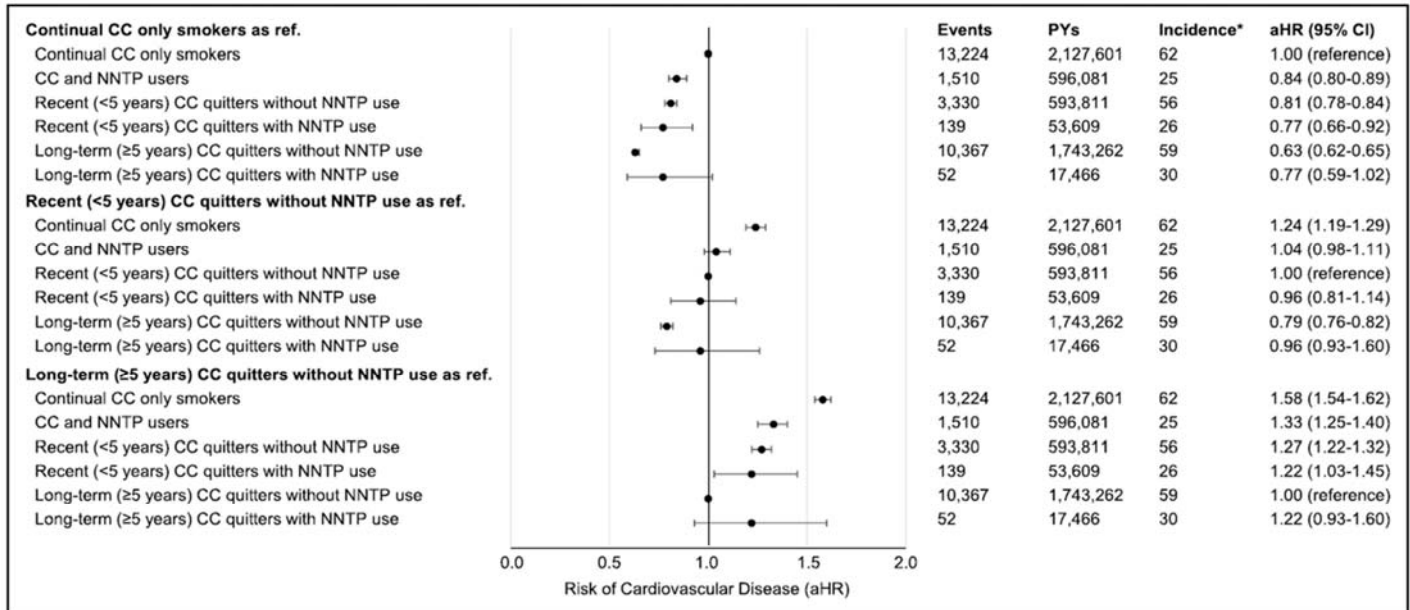


Note: HTP stands for Heated Tobacco Products. Model: adjusting for age and sex – other confounding factors that could influence hospitalization rates have not been fully analyzed. Observational time-trend analysis looking at temporal associations and not designed to assess cause and effect. Specific factors associated with changing hospitalization rates over time have not been fully analyzed. Subject to inherent limitations of ecological analysis.  
Source: JMDC all event data (Data available on [www.jmdc.co.jp/en](http://www.jmdc.co.jp/en)). CAGNY 2022, February 23, 2022

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## Switching to Smoke-free Products is Associated with Lower Cardiovascular Disease Risk than Continuing to Smoke

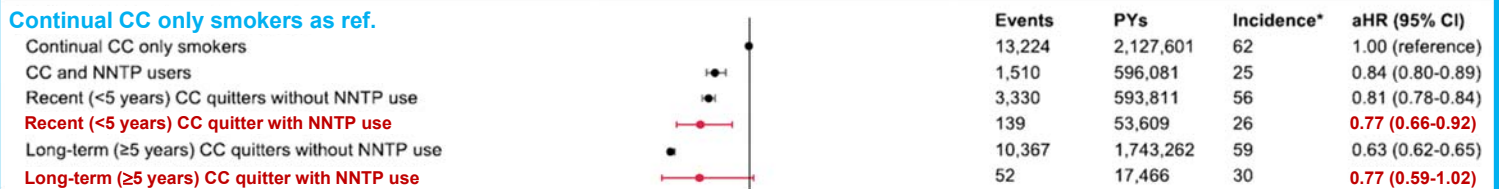


Source: Choi S, et al. Combined Associations of Changes in Noncombustible Nicotine or Tobacco Product (NNTP) and Combustible Cigarette (CC) Use Habits With Subsequent Short-Term Cardiovascular Disease Risk Among South Korean Men. A Nationwide Cohort Study. *Circulation*. 2021. Observation period 2018-Dec 2019  
Data available on <https://doi.org/10.1161/CIRCULATIONAHA.121.054967>. CAGNY 2022, February 23, 2022

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## Switching to Smoke-Free Products is Associated with Lower Cardiovascular Disease Risk than Continuing to Smoke



- Independent study using epidemiological government data
- Switching to smoke-free products associated with 23% lower risk among both recent and long-term switchers
- Long-term cessation associated with 37% lower risk of cardiovascular disease
- Over 95% of the South Korean smoke-free market is heated tobacco products

Source: Choi S, et al. Combined Associations of Changes in Noncombustible Nicotine or Tobacco Product (NNTP) and Combustible Cigarette (CC) Use Habits With Subsequent Short-Term Cardiovascular Disease Risk Among South Korean Men. A Nationwide Cohort Study. *Circulation*. 2021. Observation period 2018-Dec 2019  
Data available on <https://doi.org/10.1161/CIRCULATIONAHA.121.054967>. CAGNY 2022, February 23, 2022

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## Section 5: Wellness and Healthcare

### Significant Long-Term Opportunity in New Growth Areas

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#### Wellness

- Innovative oral and inhalable consumer health products
- Sleep, Energy, Calm and Focus

#### Healthcare

- Innovative drug/device combinations
- Focus on existing Rx molecules
- Unmet patient needs:  
Cardiovascular, Pain, Neurology,  
Allergy

**Filling Pipeline to Achieve Initial Milestone of  $\geq$ \$1 billion in Net Revenues by 2025 on Long-term Growth Trajectory**

# Investing in Wellness & Healthcare for Long-Term Growth

- Natural long-term evolution into a broader lifestyle, consumer wellness and healthcare company
- Developing best-in-class differentiated products meeting high unmet patient and consumer needs
- Vectura & Fertin technology platforms at forefront of innovation
- Investing in platforms for long-term growth:
  - Intend to invest broadly stable \$150-200m per annum over next 3 years
  - Acceleration of revenue targeted from 2024
  - Pursuing opportunities with strong returns and cash generation
  - Focus on organic development

Source: PMI Financials or estimates. CAGNY 2022, February 23, 2022



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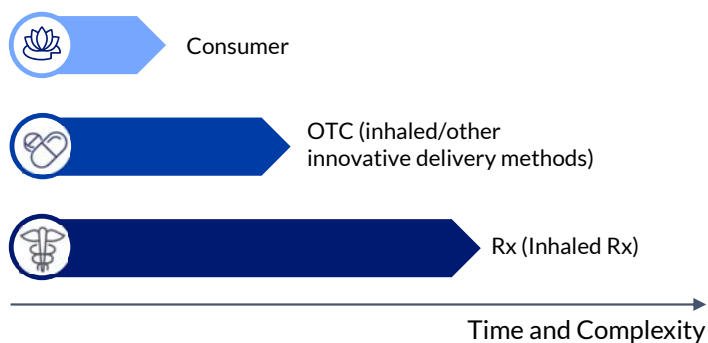
## Innovating in Large & Growing Markets

	Addressable Market (Areas of Interest) 2025	CAGR (2021-2030)	Example Areas of Opportunity	Product Focus Areas
<b>Wellness</b> o/w <i>Cannabinoids</i>	<b>\$33bn</b> \$4bn	<b>8%</b>	<ul style="list-style-type: none"> <li>• Sleep Aid</li> <li>• Energy &amp; Focus</li> <li>• Calm &amp; Anxiety</li> </ul>	<ul style="list-style-type: none"> <li>• Botanicals</li> <li>• CBD</li> </ul>
<b>Healthcare</b> o/w <i>Cannabinoids</i>	<b>\$56bn</b> \$24bn	<b>15%</b>	<ul style="list-style-type: none"> <li>• Acute and Chronic Conditions</li> <li>• Pain Management</li> <li>• Better Efficacy and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Myocardial infarction: Asprihale</li> <li>• Neurology, e.g. Migraine</li> <li>• Pain Management: Medical Cannabis</li> <li>• Allergy</li> <li>• Smoking Cessation / Cigarette Replacement Alternatives</li> </ul>
<b>Total</b>	<b>\$89bn</b>	<b>11%</b>		

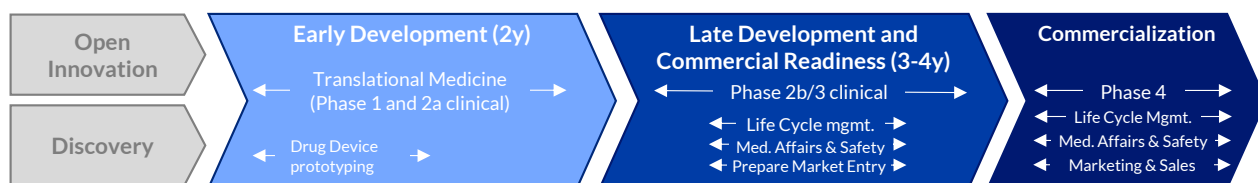
Note: o/w refers to 'Of Which'

Source: PMI Financials or estimates. CAGNY 2022, February 23, 2022

## Longer Business Cycle, Attractive Opportunities



Rx timeline



Note: Rx stands for prescription. CAGNY 2022, February 23, 2022

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## Section 6: Sustainability at PMI

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# Sustainability at the Core of Our Strategy

## Enhancing approach to sustainability:

- Updated statement of purpose recognizing role of wellness and healthcare in our transformation
- New sustainability materiality assessment performed confirming product health impact is our core priority
- Sustainability Index introduced in Proxy statement, explicitly linking ESG performance to long-term executive compensation

## Product health impact:

- Growing penetration of smoke-free products to accelerate the end of smoking
- Continued positive regulatory developments recognizing harm reduction credentials of smoke-free products



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# PMI's Updated 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.

“

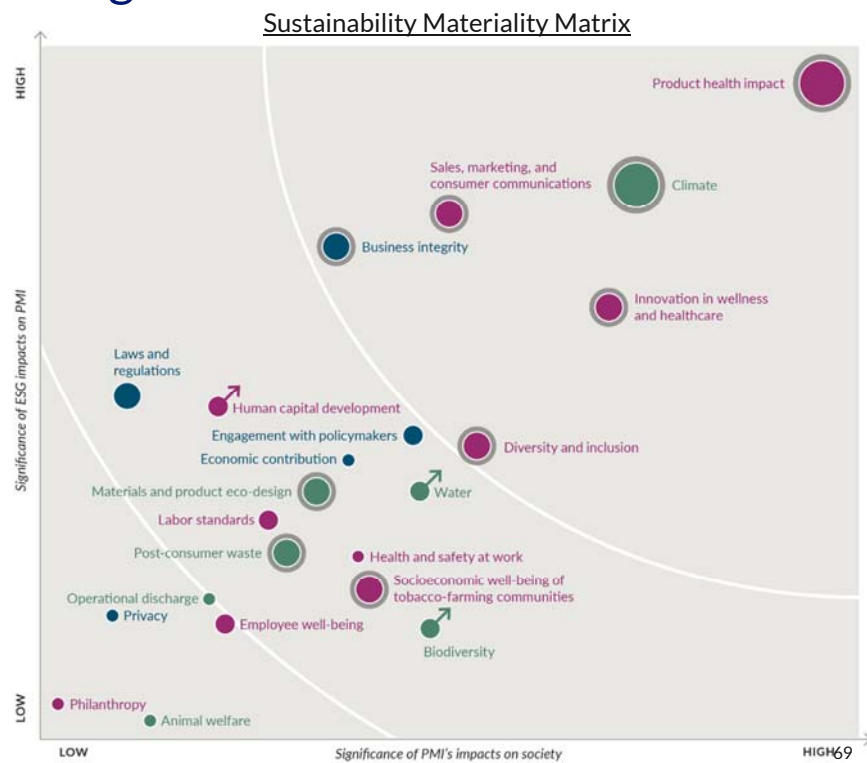
PMI believes that with the right regulatory encouragement and support from civil society, cigarette sales can end within 10 to 15 years in many countries.

Changes to our strategy and vision prompted the revision of our Statement of Purpose to encompass our strategic efforts to venture toward becoming a wellness and healthcare company. Issued by PMI's board, it was published in the 2022 Proxy Statement as an update to the letter to shareholders published in the 2017 Proxy Statement and the Statement of Purpose published in the 2020 Proxy Statement.

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## Sustainability: Identifying Strategic Priorities

- New sustainability materiality Assessment
- Inward and outward impacts considered (double materiality)
- Product health impact remains our core priority



Source: CAGNY 2022, February 23, 2022

## Sustainability: Transforming for Good

- Published first ESG KPI Protocol



- Science Based Targets<sup>(a)</sup> validation of net-zero and 90% GHG emission absolute reduction scope 1+2+3 by 2040
- 2025 target of SBTs for 15% of PMI suppliers by spend<sup>(b)</sup>
- 13 factories now carbon-neutral vs. 5 in 2021

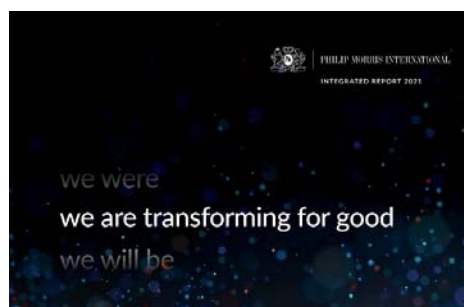
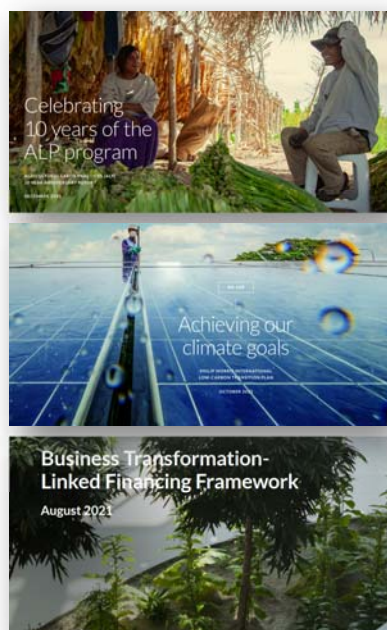
(a) The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi defines and promotes best practice in science-based target setting and independently assesses companies' targets

(b) Philip Morris International commits that 15% of its suppliers by spend covering purchased goods and services will have science-based targets by 2025

Source: Earnings Q2 2022, published July 21, 2022

## Transparent, Robust ESG Reporting

### External Recognition of Our Sustainability Efforts



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



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## Business Transformation Metrics

### Shifting Our Resources to Deliver a Smoke-Free Future

	2015	2016	2017	2018	2019	2020	2021
<b>Adjusted R&amp;D expenditure (smoke-free/total)</b>	<b>70%</b>	<b>72%</b>	<b>74%</b>	<b>92%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>
<b>Commercial expenditure (Marketing) (smoke-free/total)</b>	<b>8%</b>	<b>15%</b>	<b>39%</b>	<b>60%</b>	<b>71%</b>	<b>76%</b>	<b>73%</b>
<b>Adjusted Net revenues (smoke-free/total)</b>	<b>0.2%</b>	<b>2.7%</b>	<b>12.7%</b>	<b>13.8%</b>	<b>18.7%</b>	<b>23.8%</b>	<b>29.1%</b>
<b>Smoke-free product shipment ratio<sup>(a)</sup> (smoke-free/total)</b>	<b>0.1%</b>	<b>0.9%</b>	<b>4.4%</b>	<b>5.1%</b>	<b>7.6%</b>	<b>10.4%</b>	<b>12.8%</b>
<b>Estimated users who have stopped smoking and switched to IQOS<sup>(b)</sup> (in millions)</b>	<b>-</b>	<b>1.5</b>	<b>4.7</b>	<b>6.6</b>	<b>9.6</b>	<b>13.0</b>	<b>15.3</b>
<b>Number of markets where net revenues from smoke-free products exceed 50% of total net revenues</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>6</b>	<b>10</b>

(a) The smoke-free product shipment ratio is computed based on millions of units. Smoke-free products include heated tobacco units, e-cigarettes, snus and nicotine pouches. Total products include smoke-free products, cigarettes and other combustible products

(b) See Glossary for definition

Note: Data reflects status as of year-end of respective year. 2021 data excludes Belarus. Figures presented for 2021 and 2020 include Russia and Ukraine. Given the uncertainty and volatility regarding the company's operations in Russia and Ukraine, in PMI's Q1 2022 earnings release on April 21, 2022, PMI also provided figures and comparisons on a pro forma basis, which exclude the company's operations in these two markets for all periods and provide a more comparable view of PMI's business performance

Source: PMI Financials or estimates, IQOS user panels and PMI Market Research

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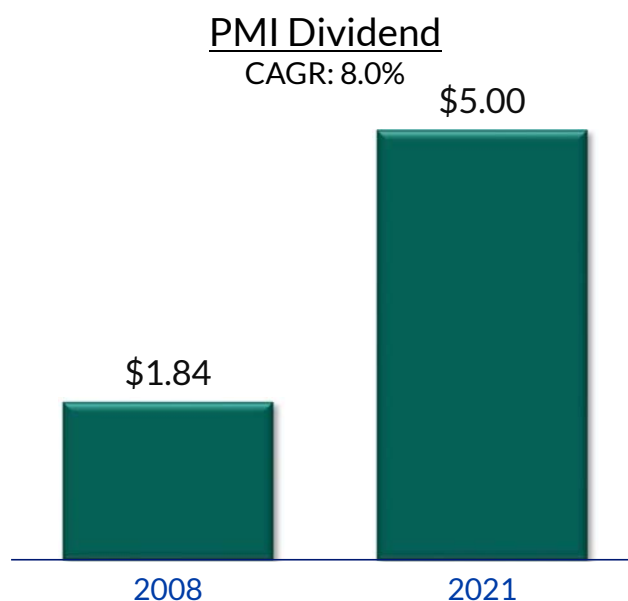


## Section 7: Capital Structure and Returns to Shareholders

7

### Rewarding Our Shareholders: Attractive Dividend

- Dividends are the primary use of our operating cash flow<sup>(a)</sup> after capital expenditures
- Increased dividend by 4.2% in September 2021:
  - Fourteen consecutive year with a dividend increase
  - Total increase of approximately 172% since 2008



(a) Net cash provided by operating activities

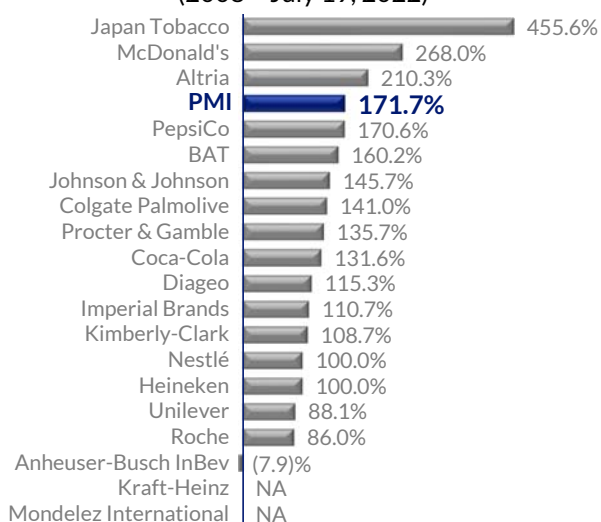
Note: Dividends for 2008 and 2021 are annualized rates. The 2008 annualized rate is based on a quarterly dividend of \$0.46 per common share, declared June 18, 2008. The 2021 annualized rate is based on a quarterly dividend of \$1.25 per common share, declared September 15, 2021

Source: PMI Financials or estimates

## Rewarding Our Shareholders: Attractive Dividend

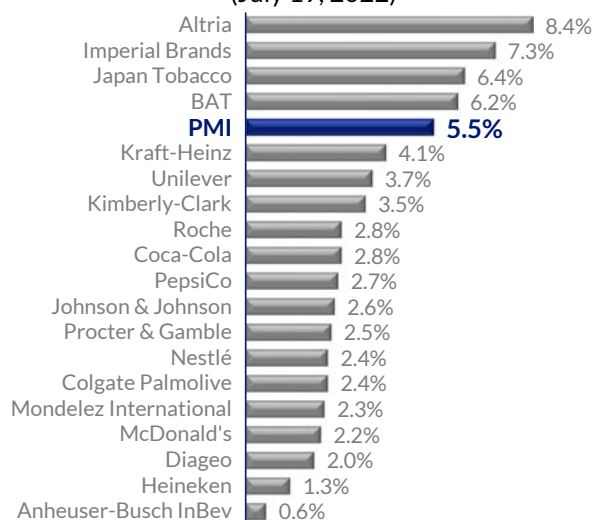
### Dividend Growth: Peer Group

(2008 – July 19, 2022)



### Trailing Dividend Yield: Peer Group

(July 19, 2022)

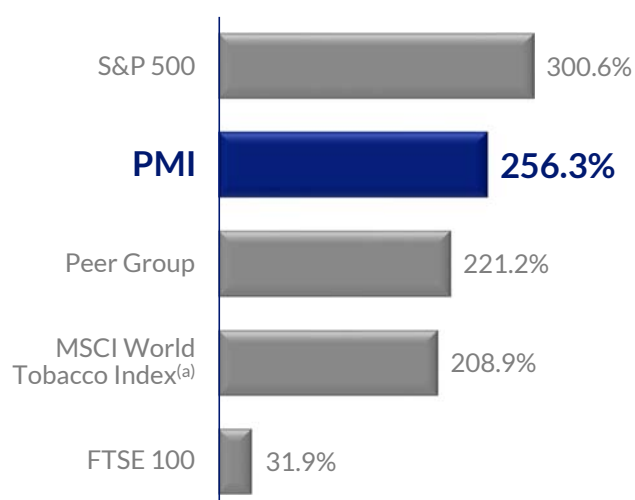


Note: PMI reflects absolute growth in annualized announced dividends from time of first PMI dividend of \$0.46 in June 2008 through July 19, 2022. Companies in the Peer Group reflect absolute growth from FY 2008 dividends or Q2, 2008 annualized dividend through current last twelve months dividends or current last quarter annualized dividend as appropriate. Dividend yield represents the trailing annualized dividend on July 22, 2022, over the closing share price on that date. The current annualized dividend rate for PMI is \$5.00. The closing share price for PMI was \$91.42 on July 19, 2022. NA stands for not available  
Source: FactSet

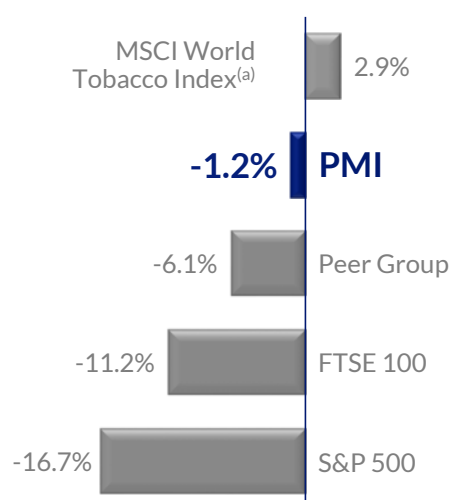
75

## Rewarding Our Shareholders: Total Return

### Spin (March 28, 2008) – July 19, 2022



### January 1, 2022 – July 19, 2022



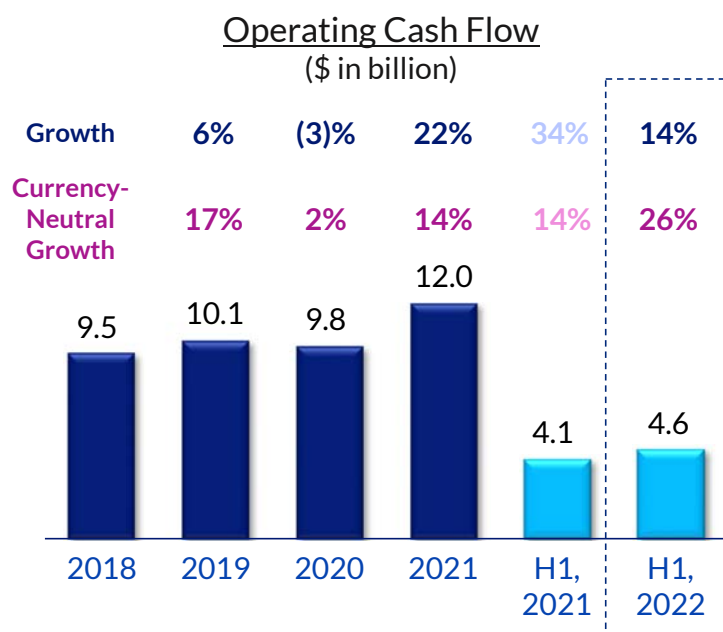
(a) Includes PMI, Altria, BAT, Imperial Brands, Japan Tobacco and Swedish Match

Note: TSR in USD. The MSCI World Tobacco Index and the company peer group represent the market weighted-average return of the index/group. PMI total shareholder return pro forma for additional \$0.46 per share dividend paid in April 2008 impacts the period March 28, 2008 – July 19, 2022. Exchange rates are as of March 28, 2008, January 1, 2022 and July 19, 2022. The company peer group is defined in the Glossary  
Source: FactSet, Bloomberg, and MSCI World Tobacco Index

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## Exceptional Cash Flow Generation Supports Growth & Dividends

- Strong H1 operating cash flow growth, now expect ~\$10.5bn for full-year:
  - Underlying growth compared to exceptional 2021
- Strong balance sheet and deleveraging ability
- Reinvesting in innovation and growth
- Unwavering commitment to progressive dividend:
  - Targeting long-term payout ratio of around 75% of adjusted diluted EPS

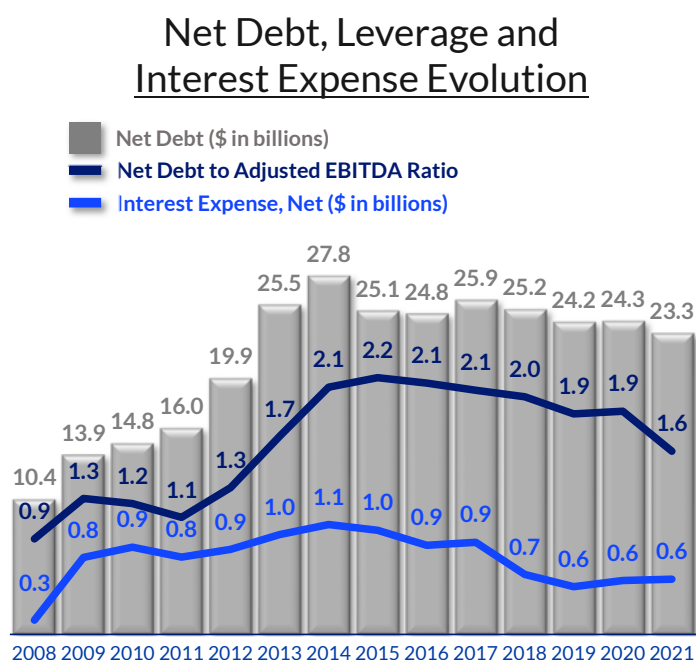


Note: Operating cash flow is defined as net cash provided by operating activities  
Source: PMI Financials or estimates. Earnings Q2 2022, published July 21, 2022

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## Solid Capital Structure

- Long-term credit ratings and outlook:
  - Moody's: A2 (Rating(s) Under Review)
  - Standard & Poor's: A (CreditWatch Negative)
  - Fitch: A (Rating Watch Negative)
- Strong liquidity profile backed by \$6.3 billion stand-by revolving credit facilities
- Stable capital structure with relative weighting towards longer maturity and fixed-rate instruments



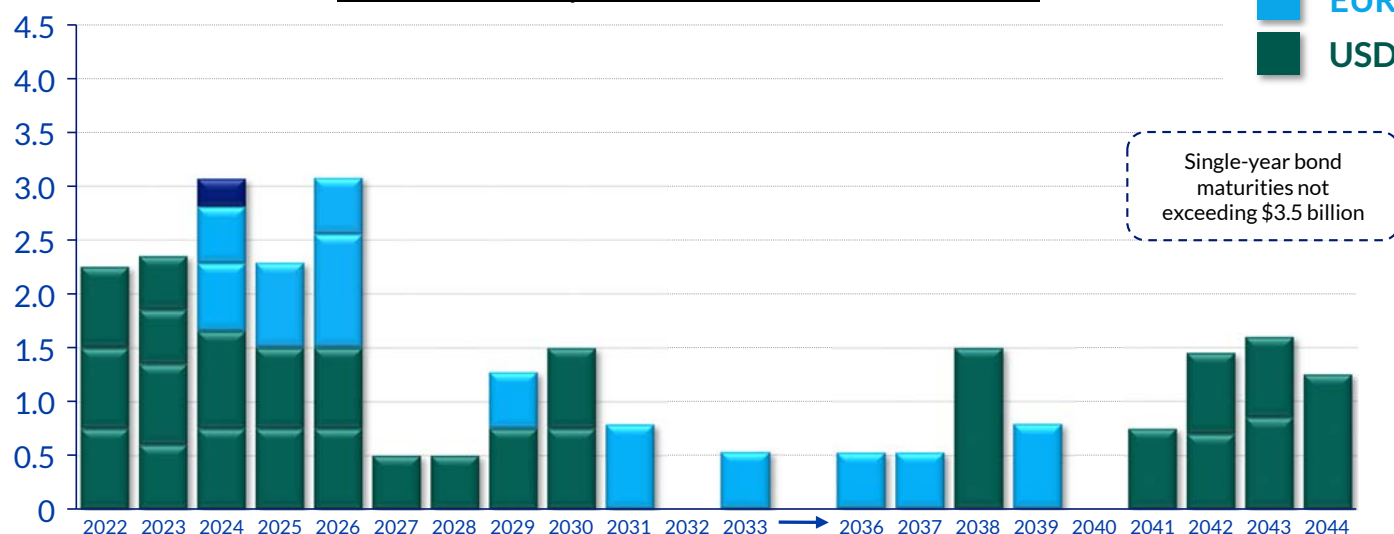
Source: PMI Financials or estimates (as of June 30, 2022)

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## Well-Laddered Bond Portfolio

(\$ in billions)

### Bond Maturity Profile as of June 30, 2022

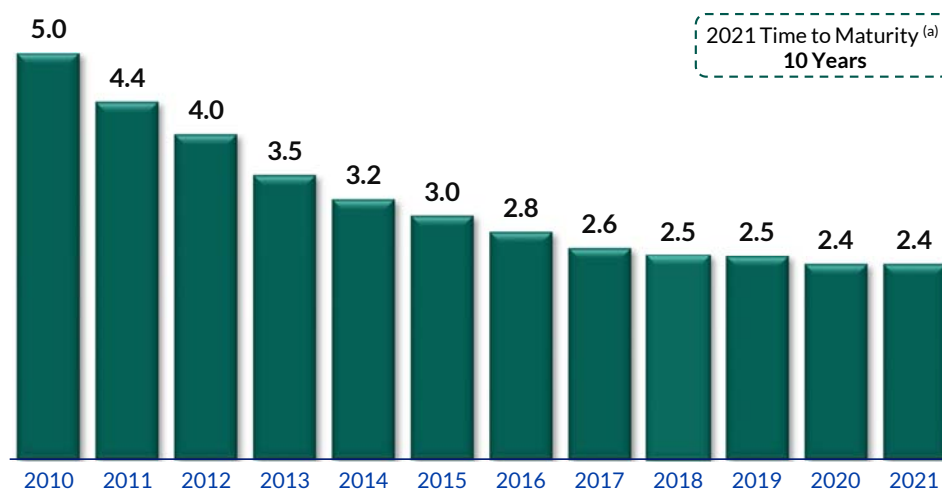


Source: PMI Financials or estimates

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## Debt Financing at Attractive Terms

### Weighted-Average All-in Financing Cost of Total Debt (%)



(a) Weighted-average time to maturity of total long-term debt excludes the current portion of the bond portfolio and reflects the weighted-average at year-end  
Source: PMI Financials or estimates

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## Section 8: Appendix, Glossary and Reconciliation of non-GAAP Measures

### **Appendix, Glossary of Key Terms and Definitions, and Reconciliation of Non-GAAP Measures**

## Industry Volume Overview – EU

(Billion Cigarette Equivalent Units)

Market	Product Group	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
France	Cigarettes	52.3	48.3	45.7	46.2	45.7	45.1	40.9	37.8	36.4	34.1
	HTU	-	-	-	-	-	-	-	0.1	0.2	0.2
	OTP	15.5	15.8	15.4	16.3	16.4	15.7	14.3	13.6	15.2	14.3
Germany	Cigarettes	83.4	79.6	80.4	80.0	78.1	76.7	74.8	72.4	73.0	71.6
	HTU	-	-	-	-	-	0.1	0.4	0.9	1.7	2.4
	OTP	44.0	44.1	43.5	43.0	42.5	41.3	40.9	40.3	42.2	41.3
Italy	Cigarettes	78.7	74.0	74.4	73.8	72.1	69.3	67.5	64.6	61.7	61.1
	HTU	-	-	-	-	0.1	0.5	1.5	3.3	5.7	9.3
	OTP	6.9	6.8	6.9	7.2	7.4	8.1	8.5	8.9	9.4	9.3
Poland	Cigarettes	52.1	46.6	42.1	41.1	41.3	41.6	42.8	45.0	43.2	45.5
	HTU	-	-	-	-	-	0.1	0.4	1.2	2.4	3.8
	OTP	3.8	3.4	3.6	4.0	4.1	5.0	5.5	6.2	7.2	7.8
Spain	Cigarettes	53.7	47.7	47.0	46.7	46.7	44.9	44.8	45.1	41.4	42.1
	HTU	-	-	-	-	-	0.1	0.2	0.3	0.4	0.5
	OTP	13.6	14.1	13.1	12.8	12.5	12.4	12.6	13.4	14.2	14.3

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 July 26, 2022

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## Industry Volume Overview – EU (cont'd)

(Billion Cigarette Equivalent Units)

Market	Product Group	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Croatia	Cigarettes	7.2	6.6	6.1	6.1	6.0	6.2	6.2	6.1	5.7	5.7
	HTU	-	-	-	-	-	-	0.1	0.2	0.3	0.4
	OTP	-	-	0.3	0.3	0.2	0.3	0.3	0.3	0.4	0.4
Czech Republic	Cigarettes	20.5	19.8	20.1	20.4	20.5	20.3	20.0	19.7	17.0	15.2
	HTU	-	-	-	-	-	0.1	0.5	1.2	1.7	2.1
	OTP	2.0	2.2	2.3	2.6	2.5	2.4	2.2	2.2	1.9	1.7
Greece	Cigarettes	20.4	18.1	16.8	16.4	15.3	13.8	12.8	12.1	10.9	11.1
	HTU	-	-	-	-	-	0.2	0.6	1.2	1.5	2.0
	OTP	4.8	4.0	4.0	4.1	4.2	3.8	3.9	4.2	4.3	4.4
Hungary	Cigarettes	12.0	9.6	7.4	7.3	7.4	7.6	8.1	8.3	7.7	6.9
	HTU	-	-	-	-	-	-	-	0.2	0.8	1.6
	OTP	7.3	8.1	9.7	10.4	10.4	9.1	8.4	7.8	7.7	7.3
Latvia	Cigarettes	1.8	1.8	1.9	1.9	1.9	1.9	2.0	1.9	1.8	1.7
	HTU	-	-	-	-	-	-	-	0.1	0.2	0.2
	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 July 26, 2022

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## Industry Volume Overview – EU (cont'd)

(Billion Cigarette Equivalent Units)

Market	Product Group	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Lithuania	Cigarettes	2.7	2.8	2.9	3.1	3.1	2.9	2.8	2.7	2.4	2.4
	HTU	-	-	-	-	-	-	0.1	0.4	0.6	0.7
	OTP	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Norway	Cigarettes	1.9	1.8	1.8	1.8	1.7	1.7	1.4	1.4	1.9	1.9
	OTP	1.2	1.1	1.1	1.0	1.0	0.9	0.7	0.7	0.9	0.9
	Snus	1.6	1.6	1.8	1.8	1.9	1.9	2.0	2.1	2.9	3.5
Portugal	Cigarettes	10.1	9.9	9.6	9.7	9.8	10.2	9.7	9.7	9.0	8.8
	HTU	-	-	-	-	-	0.1	0.3	0.6	0.9	1.2
	OTP	2.4	2.2	2.2	1.8	1.5	1.2	1.0	1.0	1.0	1.0
Romania	Cigarettes	25.7	24.5	23.4	24.0	24.2	24.3	24.4	25.5	25.6	26.0
	HTU	-	-	-	-	-	0.2	0.5	0.7	0.9	1.3
	OTP	-	-	-	-	-	-	-	-	0.1	0.2
Slovak Republic	Cigarettes	7.2	6.9	7.0	7.1	7.1	7.2	7.1	7.1	6.9	6.4
	HTU	-	-	-	-	-	-	0.3	0.5	0.7	0.9
	OTP	0.1	0.2	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.  
Source: PMI estimates as of July 26, 2022

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## Industry Volume Overview – EU (cont'd)

(Billion Cigarette Equivalent Units)

Market	Product Group	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Slovenia	Cigarettes	4.6	3.9	3.7	3.6	3.6	3.5	3.5	3.4	3.2	3.2
	HTU	-	-	-	-	-	-	0.1	0.1	0.2	0.3
	OTP	-	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Sweden	Cigarettes	6.0	5.8	6.0	5.7	5.7	5.4	5.3	5.2	5.0	4.8
	OTP	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1
	Snus	7.4	7.7	8.0	8.0	8.3	8.5	8.9	9.0	8.8	8.8
Switzerland	Cigarettes	11.1	10.6	10.2	9.8	9.4	9.3	9.1	8.8	9.2	8.9
	HTU	-	-	-	-	-	0.1	0.2	0.3	0.4	0.6
	OTP	1.1	1.2	1.3	1.3	1.4	1.4	1.4	1.5	1.6	1.7
United Kingdom	Cigarettes	40.6	35.8	33.8	31.4	29.6	27.9	26.0	23.5	24.1	23.7
	HTU	-	-	-	-	-	-	-	0.1	0.3	0.5
	OTP	10.6	10.7	10.4	10.0	10.3	10.5	10.6	10.7	13.8	14.4

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 July 26, 2022

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# Industry Volume Overview – EE, MEA&DF and S&SA

(Billion Cigarette Equivalent Units)

## Eastern Europe

Market	Product Group	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Russia	Cigarettes	374.9	346.4	314.1	294.1	280.0	259.7	236.3	217.7	203.7	196.9
	HTU	-	-	-	-	-	0.3	2.6	8.8	15.4	19.9

## Middle East and Africa

Market	Product Group	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Egypt	Cigarettes	77.7	79.9	82.0	78.4	83.2	86.4	86.0	87.4	85.8	93.1
	HTU	-	-	-	-	-	-	-	-	-	0.2
Turkey	Cigarettes	99.2	91.7	94.7	103.2	105.5	106.2	118.5	119.7	114.8	124.2

## South and Southeast Asia

Market	Product Group	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Indonesia	Cigarettes	302.3	314.5	319.0	320.0	315.6	303.5	302.5	305.2	276.2	296.2
Philippines	Cigarettes	108.9	91.0	94.9	90.2	79.3	74.9	73.2	70.5	62.0	55.3

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 July 26, 2022

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# Industry Volume Overview – E&EA

(Billion Cigarette Equivalent Units)

Market	Product Group	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Australia	Cigarettes	18.8	18.7	16.8	16.5	15.7	13.9	12.8	12.0	11.0	9.7
	OTP	3.1	3.2	3.3	3.4	3.5	3.5	3.8	3.9	3.7	3.2
Japan	Cigarettes	196.6	192.6	186.2	182.3	173.8	151.4	132.7	121.1	102.8	94.4
	HTU	-	-	-	0.2	5.2	20.0	34.6	36.7	40.1	45.0
	OTP	-	-	-	-	-	-	0.9	4.0	12.3	11.1
South Korea	Cigarettes	89.3	88.4	88.1	67.3	73.6	69.0	62.8	61.2	64.1	62.8
	HTU	-	-	-	-	-	1.6	6.8	7.3	7.5	8.9
New Zealand	Cigarettes	2.0	1.9	1.8	1.8	1.8	1.7	1.7	1.5	1.4	1.2
	HTU	-	-	-	-	-	-	-	-	-	-
	OTP	1.0	0.9	0.9	0.9	0.8	0.8	0.7	0.8	0.8	0.7
Singapore	Cigarettes	2.6	2.7	2.8	2.8	2.8	2.8	2.8	2.7	3.1	3.0

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 July 26, 2022

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## Industry Volume Overview – Americas

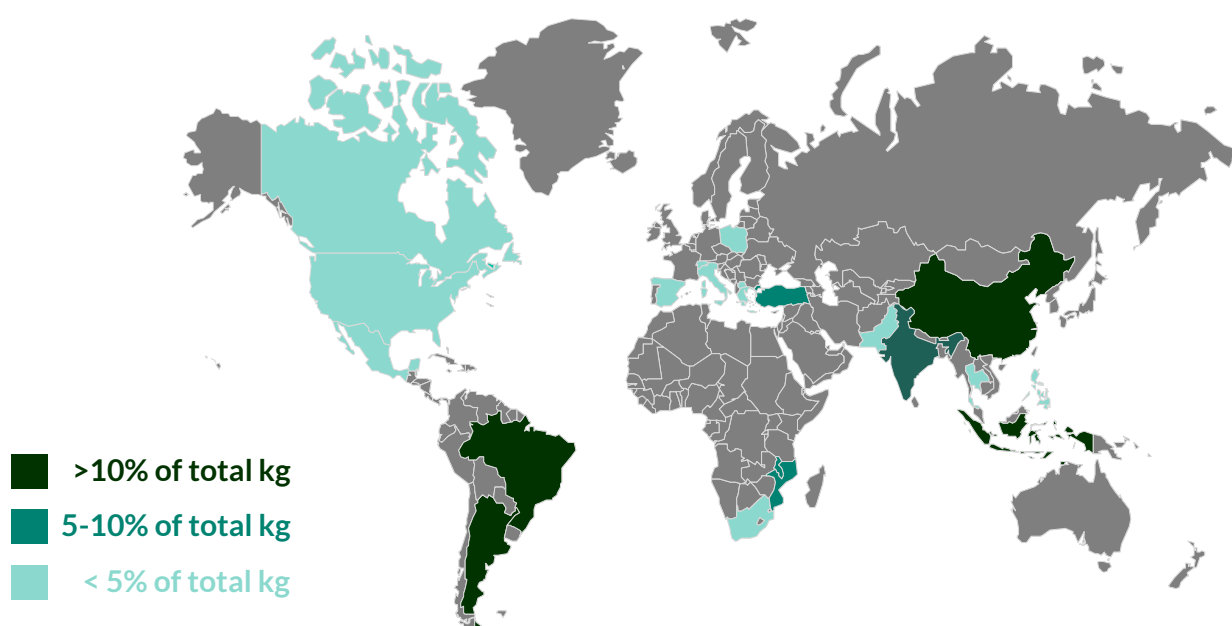
(Billion Cigarette Equivalent Units)

Market	Product Group	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Argentina	Cigarettes	43.7	42.5	41.9	40.8	38.7	38.2	36.9	34.1	31.0	30.1
	OTP	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.1	0.1	0.2
Mexico	Cigarettes	33.6	34.6	33.5	33.8	36.2	35.8	35.5	35.5	30.5	31.8
	HTU	-	-	-	-	-	-	-	0.0	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 pouch, and shisha. The volumes may not reflect actual domestic consumption.  
Source: PMI estimates as of July 26, 2022

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## PMI Tobacco Leaf Purchases by Geography (2021)



Source: PMI Operations

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## PMI Manufacturing Footprint (2021)



(a) Includes facilities in Denmark, Greece, Italy, South Korea, Poland, Romania, Russia and Switzerland that are fully or partially dedicated to the production of HTUs or other nicotine-containing products

Note: On February 25, 2022 PMI announced the temporary suspension of its operations in Ukraine, including at its factory in Kharkiv

Source: PMI Operations and Form 10-K for the year ended December 31, 2021 (p. 15)

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## Cigarette Excise Tax Structures: Select Markets

(July 1, 2022)

Argentina		
	%	
	Nominal	RSP <sup>(f)</sup>
Social Assistance Fund (SAF) <sup>(a)</sup>	7.00	7.00
Special Tobacco Fund (STF) <sup>(b)</sup>	7.35	8.74
Excise Tax <sup>(c)</sup>	70.00	56.18
VAT <sup>(d)</sup>	21.00	4.68
Turnover Tax <sup>(e)</sup>	3.70	0.57
Tax Burden		77.17
(a) 7% x RSP (b) [7.35% x (RSP – SAF – VAT)] + ARS 6.073 (as of July 2022) (c) 70% x (RSP – SAF – VAT – STF). Minimum excise tax: ARS 151.68 (June 2022 - August 2022) (d) (NEFP + Wholesaler & Retailer margin) x 21% (e) NEFP x 3.70% (f) Based on Philip Morris soft pack (ARS 270.00) Note: NEFP is net ex-factory price		

Australia	
Tobacco Excise Tax (AUD/Kg)	1,609.83
Tobacco Excise Tax (AUD/000) <sup>(a)</sup>	1,126.88
VAT (Nominal)	10%
(a) If not exceeding 0.8g per cigarette	

France	
Ad Valorem Excise Tax	55.00%
Specific Excise Tax (EUR/000)	63.60
Minimum Excise Tax (EUR/000)	336.70
VAT (Nominal)	20%

Egypt			
Price Tier (RSP per pack in EGP)	1 (0 – 24)	2 (+24-35)	3 (35+)
Ad Valorem Excise Tax (% of RSP)	50%	50%	50%
Specific Excise Tax (EGP/000)	200.0	325.0	350.0
Health Tax (EGP/000)	55.0	55.0	55.0

Germany	
Ad Valorem Excise Tax	19.84%
Specific Excise Tax (EUR/000)	108.80
Minimum Total Tax (EUR/000) (a)	222.76
VAT (Nominal)	19%
(a) Minimum Total Tax (MTT) also includes the VAT	

Note: 20 cigarettes per pack

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

(July 1, 2022)

Japan		Mexico		Italy	
National – Tobacco Tax (JPY/pack)	136.04	Ad Valorem Excise Tax <sup>(a)</sup>	160%	Ad Valorem Excise Tax	51.24%
National – Special Tobacco Tax (JPY/pack)	16.40	Specific Excise Tax (MXN/000)	548.4	Specific Excise Tax (EUR/000)	22.26
Local Excise Tax (JPY/pack)	<u>152.44</u>	VAT (Nominal)	16%	Minimum Total Tax (EUR/000) <sup>(a)</sup>	194.72
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%
VAT (Nominal)	10%			(a) Minimum Total Tax also includes the VAT	
Korea		Philippines		Spain	
Tobacco Consumption Tax (KRW/pack)	1,007	Specific Excise Tax (PHP/pack) <sup>(a)</sup>	55.0	Ad Valorem Excise Tax	51.00%
Public Health Tax (KRW/pack)	841	(a) January 1, 2023 (PHP 60.00); 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)	25			VAT (Nominal)	21%
Individual Consumption Tax (KRW/pack)	594				
Farmer's Subsidy Tax (KRW/pack)	5				
Total (KRW/pack)	2,916				
VAT (Nominal)	10%				
		Poland		Turkey	
		Ad Valorem Excise Tax	32.05%	Ad Valorem Excise Tax (% of RSP)	63.0%
		Specific Excise Tax (PLN/000)	228.10	Specific Excise Tax (TRY/000)	39.325
		Minimum Excise Tax (PLN/000)	487.55	Minimum Excise Tax (TRY/000)	791.60
		VAT (Nominal)	23%	VAT (Nominal)	18%

Note: 20 cigarettes per pack

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## Excise Tax Structure: Indonesia

(July 1, 2022)

CC – Cigarette Type	Volume Tier	Price Tier <sup>(a)</sup>	Minimum HJE <sup>(b)</sup> (IDR/stick)		Total Excise + Regional Tax (IDR/stick)	
			Current	Previous <sup>(c)</sup>	Current	Previous <sup>(c)</sup>
Machine-Made Kretek (SKM)	Volume Tier 1 (> 3 billion units)	1	1,905	1,700	1,083.5	951.5
	Volume Tier 2 (≤ 3 billion units)	1	1,140	1,276 1,020	660.0	588.5 577.5
Whites (SPM)	Volume Tier 1 (> 3 billion units)	1	2,005	1,790	1,171.5	1,028.5
	Volume Tier 2 (≤ 3 billion units)	1	1,135	1,486 1,015	698.5	621.5 610.5
Hand-Rolled Kretek (SKT) / Hand-Rolled White (SPT)	Volume Tier 1 (> 2 billion units)	1	1,636	1,461	484.0	467.5
		2	1,135	1,015	379.5	363.0
	Volume Tier 2 (> 500 million units–2 billion units)	1	600	535	225.5	220.0
	Volume Tier 3 (≤ 500 million units)	1	505	450	126.5	121.0

(a) 2022 excise tax structure includes a reduction of tax tiers from 10 to 8, with the elimination of the Price Tier within Volume Tier 2 in the SKM & SPM categories

(b) HJE stands for banderole price

(c) Previous rates effective from February 1 to December 31, 2021

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# Excise Tax Structure: Japan

(July 1, 2022)

## 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 fourth year reflecting 20% of the previous system (pipe tobacco category) and 80% of the new system (heated tobacco category). See next slide for details

Note: 20 cigarettes/heated tobacco units per pack

## HTP Excise Tax Structure

	Pipe Tobacco Category	Heated Tobacco Category
RSP (JPY/pack)	580	580
VAT (Nominal)	10%	10%
RSP Net of VAT (JPY/pack)	527	527
Effective Specific Rate (JPY/kg)	15,244	19,055 <sup>(a)</sup>
Tax Base	Full product weight (14.9 g/pack) <sup>(b)</sup>	Heated tobacco weight (5.4 g/pack) <sup>(c)</sup>
Specific Yield (JPY/000)	11,357	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)	11,357	13,054
	20%	80%

Heated Tobacco Category: Indicative Excise Tax Payable as of October 1, 2021 (JPY/000)

12,716

(a) Reflects effective specific rate for the fourth year of five-year-phase-in period

(b) Reflects indicative "total weight" for Marlboro Menthol HeatSticks

(c) Reflects indicative "heated tobacco weight" for Marlboro Menthol HeatSticks

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# Multi-Year Tobacco Tax Plan: Japan

(July 1, 2022)

	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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## IQOS: Retail Selling Prices

(July 1, 2022)

RSP<sup>(a)</sup>

Market	Currency	<u>IQOS Kit</u>							<u>Pack</u>	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>4 Premium</u>	<u>4 Mid</u>	<u>4 Mono</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
ALBANIA	ALL				5,000				320.0	350.0
ANDORRA	EUR				69.0	99.0	69.0	49.0	3.55 <sup>(b)</sup>	3.65
ARMENIA	AMD				19,999				750.0	900.0
ARUBA	AWG				140.0				14.0	15.5
AUSTRIA	EUR				69.0				5.20	6.00
BAHREIN	BHD				28.0				2.00	2.40
BOSNIA & HERZ.	BAM	75.0			85.0				5.70 <sup>(c)</sup>	6.00
BULGARIA	BGN	70.0			115				5.50	5.70
CANADA <sup>(d)</sup>	CAD		45.19		56.49				8.41	15.72
CANARY ISLANDS	EUR	29.0	29.0		49.0	99.0	59.0	35.0	3.00 <sup>(b)</sup>	4.00
COLOMBIA	COP	150,000			230,000				7,500	8,800

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) HEETS and Terea with equal pricing

(c) As of July 18, 2022

(d) RSPs are for the Province of Ontario. HTU RSP is per 20 sticks equivalent based on individual 180s selling unit. HTUs are sold in cartons of 10 packs of 18 units, and 3 packs of 18 units, for CAD 66.99 and CAD 26.09.

Cigarette RSP for pack of 20 cigarettes equivalent (RBH brand: Belmont 20s). Includes 13\$ VAT

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. Bosnia & Herz. is Bosnia & Herzegovina

Source: PMI affiliates

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## IQOS: Retail Selling Prices (cont.)

(July 1, 2022)

RSP<sup>(a)</sup>

Market	Currency	<u>IQOS Kit</u>							<u>Pack</u>	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>				<u>HTUs</u>	<u>Marlboro Cigarettes</u>
COSTA RICA	CRC				43,000				2,200	2,300
CROATIA	HRK	220.0			370.0				28.0	34.0
CURACAO	ANG	100.0			140.0				11.5	13.5
CYPRUS	EUR	39.0			59.0				4.00	4.90
CZECH REPUBLIC	CZK	990.0			1,490				112.0	144.0
DENMARK	DKK	399.0			299.0				46.0	59.0
DOMINICAN REP.	DOP	2,500			3,900				250.0	280
EGYPT	EGP				1,300				37.0	46.0
ESTONIA	EUR	29.0			49.0				4.50	5.15
FRANCE	EUR	49.0	49.0		69.0				7.50	10.5
GEORGIA	GEL	99.0			149.0				7.00	7.20
GERMANY	EUR				49.0				6.50	7.60

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. Dominican Rep. is the Dominican Republic

Source: PMI affiliates

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## IQOS: Retail Selling Prices (cont.)

(July 1, 2022)

RSP<sup>(a)</sup>

Market	Currency	<u>IQOS Kit</u>							<u>Pack</u>	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>4 Premium</u>	<u>4 Mid</u>	<u>4 Mono</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
GREECE	EUR	39.0			59.0	109.0	69.0	39.0	4.00	4.60
GUATEMALA	GTQ	275.0			390.0				22.0	26.0
HUNGARY	HUF	14,990			19,990				1,850	2,090
ISRAEL	ILS				290.0				26.00	33.00
ITALY	EUR		59.0		59.0				5.00	6.00
JAPAN <sup>(b)</sup>	JPY		4,980		6,980	9,980	6,980	3,980	530/580	600
JORDAN	JOD				50.0				2.00	2.40
KAZAKHSTAN	KZT				21,500				670.0	690.0
KOREA	KRW				59,000 <sup>(c)</sup>				4,500	4,500
KUWAIT	KWD				25.0				1.00	0.90
KYRGYZSTAN	KGS				4,200				112.0	118.0
LATVIA	EUR	29.0			49.0				4.00	4.20

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) HTU RSPs: JPY 530/pack for HEETS and SENTIA; JPY 580/pack for Marlboro HeatSticks and Terea. Price as of April 18, 2022

(c) As of July 20, 2022

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack

Source: PMI affiliates

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## IQOS: Retail Selling Prices (cont.)

(July 1, 2022)

RSP<sup>(a)</sup>

(July 1, 2022)		<u>IQOS Kit</u>				<u>Pack</u>	
<u>Market</u>	<u>Currency</u>	<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
LEBANON	LBP				1,500,000	32,000	43,000
LITHUANIA	EUR	19.0			49.0	4.00	4.55
MALAYSIA <sup>(b)</sup>	MYR	149.0	249.0		299.0	14.0	17.4
MALDIVES	MVR		1,250		1,700	85.0	95.0
MEXICO <sup>(c)</sup>	MXN	799.0			1,399	63.0	70.0
MOLDOVA	MDL				699.0	42.0	44.0
MONACO	EUR	49.0	49.0		69.0	7.50	10.5
MONTENEGRO	EUR	40.0			50.0	2.80	3.50
MOROCCO	MAD				450.0	35.0	38.0
NETHERLANDS	EUR	19.0			49.0	6.00	8.20
NEW ZEALAND <sup>(d)</sup>	NZD		99.0		139.0	16.0	39.2

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) Malaysia HTU RSP based on HEETS

(c) HTU RSP is for direct channels only. The HTU RSP for indirect channels is MXN 66.00

(d) On e-commerce, HTUs are sold at a bundle offer of NZD 150 for 10 packs

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack

Source: PMI affiliates

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## IQOS: Retail Selling Prices (cont.)

(July 1, 2022)

RSP<sup>(a)</sup>

Market	Currency	<u>IQOS Kit</u>				<u>Pack</u>	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
N. MACEDONIA	MKD				2,600	150.0	160.0
PALESTINE	ILS				240.0	23.0	26.0
PHILIPPINES	PHP		1,490		2,990	140.0	160.0
POLAND	PLN	69.0			99.0	15.50	18.50
PORTUGAL	EUR	19.0			39.0	4.50	5.30
REUNION	EUR				99.0	10.0	12.1
ROMANIA	RON	149.0			249.0	17.0	23.0
RUSSIA <sup>(b)</sup>	RUB	2,990			3,490	170.0	209.0
SAUDI ARABIA	SAR				350.0	25.0	28.0
SERBIA	RSD	3,000			5,000	330.0	410.0 <sup>(c)</sup>
SLOVAK REP.	EUR	49.0			59.0	4.00	4.80

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) HTU RSPs: RUB 170/pack for HEETS; RUB 190/pack for HEETS Creations

(c) As of July 14, 2022

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. N. Macedonia is North Macedonia. Slovak Rep. is Slovak Republic

Source: PMI affiliates

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## IQOS: Retail Selling Prices (cont.)

(July 1, 2022)

RSP<sup>(a)</sup>

Market	Currency	<u>IQOS Kit</u>							<u>Pack</u>	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>4 Premium</u>	<u>4 Mid</u>	<u>4 Mono</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
SLOVENIA	EUR	39.0			49.0				4.00	4.70
SOUTH AFRICA	ZAR		550.0		750.0				43.0	54.0
SPAIN	EUR	49.0	49.0		69.0	99.0	69.0	39.0	4.85 <sup>(b)</sup>	5.00
SWEDEN	SEK				599.0				50.0	70.0
SWITZERLAND	CHF				99.0	139.0	99.0	55.0	8.00 <sup>(b)</sup>	9.00
TUNISIA	TND				250.0				8.8	9.2
TURKISH CYPRUS	TRY				849.0				28.0	29.0
UKRAINE <sup>(c)</sup>	UAH				999.0				73.0	75.0
UZBEKISTAN	UZS				540,000				15,000	14,500
UAE	AED				300.0				20.0	22.0
UK	GBP				39.0				5.00	12.75

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) Heets and Terea with equal pricing

(c) Effective recommended RSPs for HTUs and effective maximum RSP for Marlboro cigarette packs (both reflecting the price to adult smokers including 5% sales tax)

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. UAE is the United Arab Emirates

Source: PMI affiliates

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## LIL SOLID/HYBRID: Retail Selling Prices

(July 1, 2022)

Market	Currency	<u>LIL HYBRID</u>	<u>HTU Pack (Miix)</u>	<u>Cartridge</u>	<u>LIL SOLID</u>	<u>HTU Pack (Fiit)</u>
ALBANIA	ALL				2,500	280.0
ARMENIA	AMD				9,999	650.0
BOSNIA & HERZ.	BAM				40.0	5.60 <sup>(a)</sup>
BULGARIA	BGN				50.0	5.20
CYPRUS	EUR				29.0	3.50
CZECH REPUBLIC	CZK				690.0	99.0
GREECE	EUR				29.0	3.50
ITALY	EUR				39.0	4.50
JAPAN	JPY	3,980	510	80.0		
KAZAKHSTAN	KZT				8,500	640.0
KYRGYZSTAN	KGS				2,000	102.0
LEBANON	LBP				750,000	24,750

(a) As of April 18, 2022

Note: Unless otherwise stated, 20 HTUs per pack. Bosnia & Herz. is Bosnia & Herzegovina

Source: PMI affiliates

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## LIL SOLID/HYBRID: Retail Selling Prices (cont.)

(July 1, 2022)

Market	Currency	<u>LIL HYBRID</u>	<u>HTU Pack (Miix)</u>	<u>Cartridge</u>	<u>LIL SOLID</u>	<u>HTU Pack (Fiit)</u>
MALAYSIA	MYR				99.0	12.0
MONTENEGRO	EUR				25.0	2.60
MOLDOVA	MDL				399.0	37.0
N.MACEDONIA	MKD				1,250	120.0
POLAND	PLN				49.0	10.99
PORTUGAL	EUR				19.0	4.00
ROMANIA	RON	119.0				17.0
RUSSIA	RUB				1,490/1,990 <sup>(a)</sup>	150.0
SERBIA	RSD				2,000	310.0
SLOVAK REPUBLIC	EUR				29.0	3.50
TURKISH CYPRUS	TRY				449.0	26.0
UKRAINE	UAH	399.0	65.0	5.00	599.0	70.0
UZBEKISTAN	UZS				250,000	13,000

(a) LIL 1.0 / LIL 2.0

(a) LIL 1.0 / LIL 2.0

Note: Unless otherwise stated, 20 HTUs per pack. Listed prices for Russia and Ukraine. N. Macedonia is North Macedonia

Source: PMI affiliates

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## IQOS VEEV / VEEBA: Retail Selling Prices

(July 1, 2022)

Market	Currency	Kit	Flavor Pod
CANADA (VEEV) <sup>(a)</sup>	CAD	22.59	14.68/Pack (7.34/pod)
CANADA (VEEBA) <sup>(a)</sup>	CAD	11.29	-
CROATIA	HRK	200.0	39.00/pack (19.50/pod)
CZECH REPUBLIC	CZK	599.0	179.00/pack (89.50/pod)
FINLAND	EUR	35.0	8.00/pack (4.00/pod)
FRANCE	EUR	10.0	8.00/pack (4.00/pod)
GREECE	EUR	25.0	6.00/pack (3.00/pod)
ITALY	EUR	25.0	9.00/pack (4.50/pod)
NEW ZEALAND	NZD	19.99	12.99 <sup>(b)</sup> /pack (6.50/pod)
SLOVAK REPUBLIK	EUR	19.0	3.00/pack (1.50/pod)
UKRAINE	UAH	399.0	199/pack (99.5/pod)

(a) Includes 13% VAT

(b) Average of 3 prices offered for VEEV pods. Flavored: NZD 14.99; Mint/Menthol: NZD 13.99; Tobacco: NZD 9.99

Source: PMI affiliates

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## PMI Cigarettes: Retail Selling Prices in Select Markets

(July 1, 2022)

		Above Premium	Premium	Mid-Price	Low-Price
Argentina <sup>(a)</sup>	ARS	<i>Parliament</i> 350.0	<i>Marlboro</i> 320.0	<i>Philip Morris</i> 270.0	<i>Chesterfield</i> 230.0
Australia <sup>(b)</sup>	AUD		<i>Marlboro</i> 39.68	<i>Peter Jackson</i> 36.67	<i>Bond Street</i> 31.43
Egypt	EGP	<i>Merit</i> 49.0	<i>Marlboro</i> 46.0	<i>L&amp;M</i> 34.0	
France	EUR		<i>Marlboro</i> 10.50	<i>Philip Morris Blue</i> 10.2	<i>Philip Morris Filter Kings, /Chesterfield / L&amp;M</i> 10.0
Germany	EUR	<i>Parliament</i> 8.00	<i>Marlboro</i> 7.60		<i>Chesterfield / L&amp;M</i> 7.20
Indonesia <sup>(c)</sup>	IDR		<i>Sampoerna A Mild</i> 27,087	<i>Sampoerna A Ultra Mild</i> 23,557	<i>DSS Magnum Mild</i> 22,652
Italy	EUR		<i>Marlboro</i> 6.00		<i>Chesterfield / Philip Morris / L&amp;M</i> 5.00
Japan <sup>(d)</sup>	JPY		<i>Marlboro   Parliament</i> 600.0   580.0	<i>Lark</i> 540.0	<i>Philip Morris</i> 430.0

(a) RSPs for *Philip Morris* and *Chesterfield* are for the soft pack (best-selling variant)

(b) Australia Recommended RSP. Actual RSP may differ. Price for pack of 20 cigarettes equivalent (*Marlboro* 25s; *Peter Jackson* 30s and *Bond Street* 40s)

(c) Based on Nielsen June 2022 estimates. Reflects average observed retail selling prices. 16 cigarettes per pack. SKM low tar category segment

(d) RSPs for *Marlboro* regular and *Parliament* KS

Note: 20 cigarettes per pack unless otherwise stated. Low includes super-low. DSS is *Dji Sam Soe*

Source: PMI affiliates and Nielsen

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## PMI Cigarettes: Retail Selling Prices in Select Markets (cont.)

(July 1, 2022)

		Above Premium	Premium	Mid-Price	Low-Price
Korea	KRW		<i>Marlboro</i> 4,500		
Mexico	MXN		<i>Marlboro</i> 70.0	<i>Marlboro Vista</i> 63.0	<i>Chesterfield</i> 56.0
Philippines <sup>(a)</sup>	PHP		<i>Marlboro</i> 160.0		<i>Fortune</i> 120.0
Poland	PLN		<i>Marlboro</i> 18.5	<i>L&amp;M</i> 16.50	<i>Chesterfield</i> 14.50
Russia	RUB	<i>Parliament</i> 239.0	<i>Marlboro</i> 209.0	<i>Marlboro Crafted</i> 209.0	<i>Chesterfield Selection Compact<sup>(b)</sup></i> 139.0
Spain	EUR		<i>Marlboro</i> 5.00	<i>Chesterfield</i> 4.85	<i>L&amp;M</i> 4.60
Turkey <sup>(c)</sup>	TRY	<i>Parliament</i> 31.50	<i>Marlboro</i> 31.0	<i>Muratti</i> 29.0	<i>L&amp;M</i> 27.5

(a) RSPs now reflect an equivalent price per cigarette, based on a per stick retail basis

(b) Best-selling variant in low segment

(c) As of July 4, 2022

Note: 20 cigarettes per pack unless otherwise stated. Low includes super-low

Source: PMI affiliates

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## Glossary: General Terms

- "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
- Until March 28, 2008, PMI was a wholly owned subsidiary of Altria Group, Inc. ("Altria"). Since that time the company has been independent and is listed on the New York Stock Exchange (ticker symbol "PM")
- 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, East Asia & Australia 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
- 2021 and 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
- "OTP" is defined as "other tobacco products," primarily roll-your-own and make-your-own cigarettes, pipe tobacco, cigars and cigarillos, and does not include reduced-risk products
- "Combustible products" is the term PMI uses to refer to cigarettes and OTP, combined
- 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
- 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
- "RBH" refers to PMI's Canadian subsidiary, Rothmans, Benson & Hedges Inc.
- The Companies' Creditors Arrangement Act (CCAA) is a Canadian federal law that permits a Canadian business to restructure its affairs while carrying on its business in the ordinary course

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## Glossary: General Terms (cont.)

- "EU" is defined as the European Union Region
- "EE" is defined as the Eastern Europe Region
- "ME&A" is defined as the Middle East & Africa Region and includes PMI's duty free business
- "S&SA" is defined as the South & Southeast Asia Region
- "EA&A" is defined as the East Asia & Australia Region
- "AMCS" is defined as the Americas Region. It 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.
- Following the deconsolidation of PMI's Canadian subsidiary, Rothmans, Benson & Hedges, Inc. (RBH), PMI will continue to report the volume of brands sold by RBH for which other PMI subsidiaries are the trademark owner. These include *HEETS*, *Next*, *Philip Morris* and *Rooftop*
- From time to time, PMI's shipment volumes are subject to the impact of distributor inventory movements, 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
- "ESG" stands for environmental, social, and governance
- "Illicit trade" refers to domestic non-tax paid products
- "SoM" stands for share of market

## Glossary: Financial Terms

- Net revenues related to combustible products refer to the operating revenues generated from the sale of these products, including shipping and handling charges billed to customers, net of sales and promotion incentives, and excise taxes. PMI recognizes revenue when control is transferred to the customer, typically either upon shipment or delivery of goods
- Net revenues related to RRP's represent the sale of heated tobacco units, heat-not-burn devices and related accessories, and other nicotine-containing products, primarily e-vapor and oral nicotine products, including shipping and handling charges billed to customers, net of sales and promotion incentives, and excise taxes. PMI recognizes revenue when control is transferred to the customer, typically either upon shipment or delivery of goods
- Net revenues related to Wellness and Healthcare products primarily consist of operating revenues generated from the sale of 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
- Adjusted net revenues exclude the impact related to the Saudi Arabia customs assessments
- "COGS" stands for Cost Of Goods Sold
- "SG&A" stands for selling, general & administrative
- "Adjusted Operating Income Margin" is calculated as adjusted operating income, divided by adjusted net revenues
- "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 will include 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
- The company believes that operating income / EPS adjusted for the amortization and impairment of acquired intangibles better reflects the underlying performance of the business and provides a better comparison to past operating performance. This partly reflects the non-cash nature of amortization expense. In addition, amortization of intangibles is driven by the purchase price allocated to a specific asset and is varied across acquisitions because of unique facts and circumstances, timing and terms of acquisition which result in amortization charges that could be inconsistent in size as compared to the revenues generated by those assets
- "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

## Glossary: Reduced-Risk Products

- Reduced-risk products ("RRPs") is the term PMI uses to refer to products that present, are likely to present, or have the potential to present less risk of harm to smokers who switch to these products versus continuing smoking. PMI has a range of RRP in various stages of development, scientific assessment and commercialization. PMI's RRP are smoke-free products that contain and/or generate far lower quantities of harmful and potentially harmful constituents than found in cigarette smoke
- "Aerosol" refers to a gaseous suspension of fine solid particles and/or liquid droplets
- "Combustion" is the process of burning a substance in oxygen, producing heat and often light
- "Smoke" is a visible suspension of solid particles, liquid droplets and gases in air, emitted when a material burns
- "Heated tobacco units," or "HTUs," is the term PMI uses to refer to heated tobacco consumables, which include the company's *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, 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
- HTU "offtake volume" represents the estimated retail offtake of HTUs based on a selection of sales channels that vary by market, but notably include retail points of sale and e-commerce platforms
- HTU "offtake share" represents the estimated retail offtake volume of HTUs divided by the sum of estimated total offtake volume for cigarettes and HTUs
- Market share for HTUs is defined as the total sales volume for PMI HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs

## Glossary: Reduced-Risk Products (cont.)

- "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

- "FDA" stands for the U.S. Food & Drug Administration
- "MRTP" stands for Modified Risk Tobacco Product, the term used by the U.S. FDA to refer to RRP
- "MRTP application" stands for Modified Risk Tobacco Product application under section 911 of the FD&C Act
- "PMTA" stands for Premarket Tobacco Application under section 910 of the FD&C Act
- "Acquisition" refers to our efforts to switch LAS from smoking cigarettes to RRP or to switch LAU from competing smoke-free products to PMI's RRP
- "Retention" refers to our efforts to deter LAU from going back to smoking cigarettes or from choosing a competing smoke-free product instead of a PMI RRP

## Glossary: Reduced-Risk Products (cont.)

- "3R4F" is a reference cigarette for laboratory testing provided by the University of Kentucky. It is used for non-clinical investigations by tobacco manufacturers, contract and government laboratories, and academic institutions
- An "ambulatory study" is a study carried out under real world (actual use) conditions as opposed to a confined setting in a clinic
- A "biomarker" is used as a measure of how well the body responds to a treatment for a disease or condition. Biomarkers can be classified into biomarkers of exposure and clinical risk markers
- "Biomarkers of exposure" indicates exposure to a potentially hazardous substance
- "Clinical risk markers" represents a measurable biochemical, physiological, behavioral, or other alteration within an organism that, depending upon the magnitude, can be recognized as associated with an established or possible health impairment or disease
- "HPHCs" stands for harmful or potentially harmful constituents which have been identified as likely causes of tobacco related diseases
- "FDA" stands for the U.S. Food & Drug Administration
- "MRTP" stands for Modified Risk Tobacco Product, the term used by the U.S. FDA to refer to RRP
- "MRTP application" stands for Modified Risk Tobacco Product application under section 911 of the FD&C Act
- "PMTA" stands for Premarket Tobacco Application under section 910 of the FD&C Act
- "TPSAC" stands for the Tobacco Product Scientific Advisory Committee
- PMI presentation to TPSAC on MRTP applications for IQOS (January 24, 2018): <https://www.pmisceience.com/news/pmi-presents-our-modified-risk-tobacco-product-application-iqos-tobacco-products-scientific>
- FDA press release on PMTA applications for IQOS (April 30, 2019): <https://www.fda.gov/news-events/press-announcements/fda-permits-sale-iqos-tobacco-heating-system-through-premarket-tobacco-product-application-pathway>

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## PMI: Peer Group

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

(a) Formerly Imperial Tobacco  
Source: Form 10-K for the year ended December 31, 2021 (p. 17)

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## 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,			Year Ended 2021
	2022	2021	% Change	
<b>Reported Diluted EPS</b>	<b>\$ 1.43</b>	<b>\$ 1.39</b>	<b>2.9%</b>	<b>\$ 5.83</b>
Less: Currency	(0.16)			0.12
<b>Reported Diluted EPS, excluding Currency</b>	<b>\$ 1.59</b>	<b>\$ 1.39</b>	<b>14.4%</b>	<b>\$ 5.95</b>
	Quarters Ended June 30,			Year Ended 2021
	2022	2021	% Change	
<b>Reported Diluted EPS</b>	<b>\$ 1.43</b>	<b>\$ 1.39</b>	<b>2.9%</b>	<b>\$ 5.83</b>
Asset impairment and exit costs	-	0.04		0.12
Amortization of intangibles	0.02	0.01		0.05
Saudi Arabia customs assessments	-	0.14		0.14
Equity investee ownership dilution	-	-		(0.04)
Asset acquisition cost	-	-		0.03
Costs associated with Swedish Match AB offer	0.02	-		-
Charges related to the war in Ukraine	0.04	-		-
Fair value adjustment for equity security investments	-	-		-
Tax items	(0.03)	-		-
<b>Adjusted Diluted EPS</b>	<b>\$ 1.48</b>	<b>\$ 1.58</b>	<b>(6.3)%</b>	<b>\$ 6.13</b>
Less: Currency	(0.16)			
<b>Adjusted Diluted EPS, excluding Currency</b>	<b>\$ 1.64</b>	<b>\$ 1.58</b>	<b>3.8%</b>	

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Russia and Ukraine, excluding Currency  
(Unaudited)

	Quarters Ended June 30,			Variance excluding Currency
	2022	2021	Currency	
<b>Adjusted Diluted EPS <sup>(a)</sup></b>	<b>\$ 1.48</b>	<b>\$ 1.58</b>	<b>\$ (0.16)</b>	<b>3.8%</b>
Net Earnings attributable to Russia and Ukraine	0.16	0.15	0.03	
<b>Pro Forma Adjusted Diluted EPS</b>	<b>\$ 1.32</b>	<b>\$ 1.43</b>	<b>\$ (0.19)</b>	<b>5.6%</b>

(a) For the calculation of Adjusted Diluted EPS, see slide 115

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## 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 excluding Currency & Acquisitions	Quarters Ended June 30,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2022					Reduced-Risk Products	2021	% Change		
\$ 1,189	\$ (127)	\$ 1,316	\$ 4	\$ 1,313	European Union	\$ 987	20.5%	33.4%	33.0%
313	3	310	-	310	Eastern Europe	340	(8.0)%	(8.9)%	(8.9)%
73	(4)	77	-	77	Middle East & Africa	33	+100%	+100%	+100%
5	-	5	-	5	South & Southeast Asia	1	+100%	+100%	+100%
678	(70)	748	-	748	East Asia & Australia	903	(24.9)%	(17.1)%	(17.1)%
9	-	9	-	9	Americas	12	(24.4)%	(22.9)%	(22.9)%
\$ 2,267	\$ (199)	\$ 2,466	\$ 4	\$ 2,462	Total RRP's	\$ 2,276	(0.4)%	8.3%	8.2%
2022					Wellness and Healthcare	2021	% Change		
\$ 76	\$ -	\$ 76	\$ 76	\$ -	Wellness and Healthcare	\$ -	-	-	-
2022					PMI	2021	% Change		
\$ 3,143	\$ (327)	\$ 3,470	\$ 3	\$ 3,467	European Union	\$ 3,149	(0.2)%	10.2%	10.1%
898	18	880	-	880	Eastern Europe	895	0.3%	(1.7)%	(1.7)%
1,006	(45)	1,051	-	1,051	Middle East & Africa	560 <sup>(a)</sup>	79.6%	87.7%	87.7%
1,034	(39)	1,073	-	1,073	South & Southeast Asia	1,046	(1.1)%	2.6%	2.6%
1,206	(112)	1,318	-	1,318	East Asia & Australia	1,514	(20.3)%	(12.9)%	(12.9)%
469	4	465	-	465	Americas	430	9.1%	8.1%	8.1%
76	-	76	76	-	Wellness and Healthcare	-	-	-	-
\$ 7,832	\$ (501)	\$ 8,333	\$ 79	\$ 8,254	Total PMI	\$ 7,594	3.1%	9.7%	8.7%

(a) Includes a reduction in net revenues of \$246 million related to the Saudi Arabia customs assessments

Note: Sum of product categories or Regions might not foot to Total PMI due to rounding. "-" 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, 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
2022						Quarters Ended June 30,	2021		% Change			
\$ 3,143	\$ -	\$ 3,143	\$ (327)	\$ 3,470	\$ 3	\$ 3,467	\$ 3,149	\$ -	\$ 3,149	(0.2)%	10.2%	10.1%
898	-	898	18	880	-	880	895	-	895	0.3%	(1.7)%	(1.7)%
1,006	-	1,006	(45)	1,051	-	1,051	560	(246) <sup>(a)</sup>	806	24.8%	30.4%	30.4%
1,034	-	1,034	(39)	1,073	-	1,073	1,046	-	1,046	(1.1)%	2.6%	2.6%
1,206	-	1,206	(112)	1,318	-	1,318	1,514	-	1,514	(20.3)%	(12.9)%	(12.9)%
469	-	469	4	465	-	465	430	-	430	9.1%	8.1%	8.1%
76	-	76	-	76	76	-	-	-	-	-	-	-
\$ 7,832	\$ -	\$ 7,832	\$ (501)	\$ 8,333	\$ 79	\$ 8,254	\$ 7,594	\$ (246)	\$ 7,840	(0.1)%	6.3%	5.3%
						Total PMI						

(a) Represents the Saudi Arabia customs assessments

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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	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acquisitions	Adjusted Operating Income excluding Currency & Acquisitions		Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions
2022							Quarters Ended June 30,	2021			% Change		
\$ 1,519	\$ (32)	\$ 1,551	\$ (245)	\$ 1,796	\$ -	\$ 1,796	European Union	\$ 1,641	\$ (44)	\$ 1,685	(8.0)%	6.6%	6.6%
291	(86)	377	56	321	-	321	Eastern Europe	314	(8)	322	17.1%	(0.3)%	(0.3)%
498	(8)	506	(4)	510	-	510	Middle East & Africa	16	(256)	272	86.0%	87.5%	87.5%
306	(10)	316	(22)	338	-	338	South & Southeast Asia	331	(14)	345	(8.4)%	(2.0)%	(2.0)%
346	(10)	356	(88)	444	-	444	East Asia & Australia	715	(15)	730	(51.2)%	(39.2)%	(39.2)%
130	(4)	134	4	130	-	130	Americas	112	(7)	119	12.6%	9.2%	9.2%
(34)	(18)	(16)	-	(16)	(6)	(10)	Wellness and Healthcare	-	-	-	-	-	-
<b>\$ 3,056</b>	<b>\$ (168)</b>	<b>\$ 3,224</b>	<b>\$ (299)</b>	<b>\$ 3,523</b>	<b>\$ (6)</b>	<b>\$ 3,529</b>	<b>Total PMI</b>	<b>\$ 3,129</b>	<b>\$ (344)</b>	<b>\$ 3,473</b>	<b>(7.2)%</b>	<b>1.4%</b>	<b>1.6%</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 (a)	Adjusted Net Revenues (b)	Adjusted Operating Income Margin	Adjusted Operating Income excluding Currency (a)	Adjusted Net Revenues excluding Currency (b)	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income excluding Currency & Acquisitions (a)	Adjusted Net Revenues excluding Currency & Acquisitions (b)	Adjusted Operating Income Margin excluding Currency & Acquisitions		Adjusted Operating Income (a)	Adjusted Net Revenues (b)	Adjusted Operating Income Margin	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income Margin excluding Currency & Acquisitions
2022									Quarters Ended June 30,	2021				
\$ 1,551	\$ 3,143	49.3%	\$ 1,796	\$ 3,470	51.8%	1,796	\$ 3,467	51.8%	European Union	\$ 1,685	\$ 3,149	53.5%	(4.2)	(1.7)
377	898	42.0%	321	880	36.5%	321	880	36.5%	Eastern Europe	322	895	36.0%	6.0	0.5
506	1,006	50.3%	510	1,051	48.5%	510	1,051	48.5%	Middle East & Africa	272	806	33.7%	16.6	14.8
316	1,034	30.6%	338	1,073	31.5%	338	1,073	31.5%	South & Southeast Asia	345	1,046	33.0%	(2.4)	(1.5)
356	1,206	29.5%	444	1,318	33.7%	444	1,318	33.7%	East Asia & Australia	730	1,514	48.2%	(18.7)	(14.5)
134	469	28.6%	130	465	28.0%	130	465	28.0%	Americas	119	430	27.7%	0.9	0.3
(16)	76	(21.1)%	(16)	76	(21.1)%	(10)	-	-	Wellness and Healthcare	-	-	-	-	-
<b>\$ 3,224</b>	<b>\$ 7,832</b>	<b>41.2%</b>	<b>\$ 3,523</b>	<b>\$ 8,333</b>	<b>42.3%</b>	<b>\$ 3,529</b>	<b>\$ 8,254</b>	<b>42.8%</b>	<b>Total PMI</b>	<b>\$ 3,473</b>	<b>\$ 7,840</b>	<b>44.3%</b>	<b>(3.1)</b>	<b>(2.0)</b>

(a) For the calculation of Adjusted Operating Income and Adjusted Operating Income excluding currency and acquisitions refer to slide 119

(b) For the calculation of Adjusted Net Revenues excluding currency and acquisitions refer to slide 118

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

PMI & EE Region - Adjustments for the Impact of Russia and Ukraine, excluding Currency and Acquisitions  
(\$ in millions) / (Unaudited)

	Quarters Ended June 30,				
	2022	2021	Currency	Acqui- sitions	Variance excluding Currency & Acqui- sitions
<b>PMI</b>					
Adjusted Net Revenues <sup>(a)</sup>	\$ 7,832	\$ 7,840	\$ (501)	\$ 79	5.3%
Net Revenues attributable to Russia and Ukraine	614	612	33	-	
Pro Forma Adjusted Net Revenues	\$ 7,218	\$ 7,228	\$ (534)	\$ 79	6.2%
Adjusted Operating Income <sup>(b)</sup>	\$ 3,224	\$ 3,473	\$ (299)	\$ (6)	1.6%
Operating Income attributable to Russia and Ukraine	313	257	50	-	
Pro Forma Adjusted Operating Income	\$ 2,911	\$ 3,216	\$ (349)	\$ (6)	1.6%
Adjusted Operating Income Margin	41.2%	44.3%	(1.1)pp	(0.5)pp	(1.5)pp
Adjusted OI margin attributable to Russia and Ukraine	0.9pp	(0.2)pp			
Pro Forma Adjusted Operating Income Margin	40.3%	44.5%	(1.8)pp	(0.5)pp	(1.9)pp
<b>Eastern Europe</b>					
Adjusted Net Revenues <sup>(a)</sup>	\$ 898	\$ 895	\$ 18	\$ -	(1.7)%
Net Revenues attributable to Russia and Ukraine	614	612	33	-	
Pro Forma Adjusted Net Revenues	\$ 284	\$ 283	\$ (15)	\$ -	5.7%
Adjusted Operating Income <sup>(b)</sup>	\$ 377	\$ 322	\$ 56	\$ -	(0.3)%
Operating Income attributable to Russia and Ukraine	313	257	50	-	
Corporate expenses apportioned to Russia and Ukraine	(71)	(58)	2	-	
Pro Forma Adjusted Operating Income	\$ 135	\$ 123	\$ 4	\$ -	6.3%
Adjusted Operating Income Margin	42.0%	36.0%	5.5pp	-	0.5pp
Adjusted OI margin attributable to Russia and Ukraine <sup>(c)</sup>	(5.5)pp	(7.5)pp			
Pro Forma Adjusted Operating Income Margin	47.5%	43.5%	3.8pp	-	0.2pp

(a) For the calculation of Adjusted Net Revenues, see slide 118

(b) For the calculation of Adjusted Operating Income, see slide 119

(c) Includes also impact of corporate expenses apportioned to Russia and Ukraine

Note: Sum might not foot to Total due to rounding, which could impact variance %

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments for the Impact of Russia and Ukraine  
(\$ in millions) / (Unaudited)

	Quarters Ended June 30,				
	2022	2021	Currency	Acqui- sitions	Variance excluding Currency & Acqui- sitions
<b>Combustible Products</b>					
Adjusted Net Revenues	\$ 5,489	\$ 5,564	\$ (302)	\$ (1)	4.1%
Net Revenues attributable to Russia and Ukraine	368	337	25	-	
Pro Forma Adjusted Net Revenues	\$ 5,121	\$ 5,227	\$ (328)	\$ (1)	4.2%
<b>Reduced-Risk Products</b>					
Adjusted Net Revenues	\$ 2,267	\$ 2,276	\$ (199)	\$ 4	8.2%
Net Revenues attributable to Russia and Ukraine	246	275	8	-	
Pro Forma Adjusted Net Revenues	\$ 2,021	\$ 2,001	\$ (206)	\$ 4	11.1%
<b>Wellness and Healthcare</b>					
Adjusted Net Revenues	\$ 76	\$ -	\$ -	\$ 76	-
Net Revenues attributable to Russia and Ukraine	-	-	-	-	
Pro Forma Adjusted Net Revenues	\$ 76	\$ -	\$ -	\$ 76	-
<b>PMI</b>					
Adjusted Net Revenues <sup>(a)</sup>	\$ 7,832	\$ 7,840	\$ (501)	\$ 79	5.3%
Net Revenues attributable to Russia and Ukraine	614	612	33	-	
Pro Forma Adjusted Net Revenues	\$ 7,218	\$ 7,228	\$ (534)	\$ 79	6.2%

(a) For the calculation of Adjusted Net Revenues, see slide 118

Note: Sum of product categories might not foot to Total PMI due to rounding. "-" 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 Reported Diluted EPS to Reported Diluted EPS, excluding Currency,  
and Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS, excluding Currency  
(Unaudited)

	Six Months Ended June 30,		
	2022	2021	% Change
<b>Reported Diluted EPS</b>	<b>\$ 2.93</b>	<b>\$ 2.93</b>	<b>-</b>
Less: Currency	(0.39)		
<b>Reported Diluted EPS, excluding Currency</b>	<b>\$ 3.32</b>	<b>\$ 2.93</b>	<b>13.3%</b>

	Six Months Ended June 30,			Year Ended
	2022	2021	% Change	2021
<b>Reported Diluted EPS</b>	<b>\$ 2.93</b>	<b>\$ 2.93</b>	<b>-</b>	<b>\$ 5.83</b>
Asset impairment and exit costs	-	0.07		0.12
Amortization of intangibles	0.04	0.02		0.05
Saudi Arabia customs assessments	-	0.14		0.14
Equity investee ownership dilution	-	-		(0.04)
Asset acquisition cost	-	-		0.03
Costs associated with Swedish Match AB offer	0.02	-		-
Charges related to the war in Ukraine	0.07	-		-
Fair value adjustment for equity security investments	0.03	-		-
Tax items	(0.03)	-		-
<b>Adjusted Diluted EPS</b>	<b>\$ 3.06</b>	<b>\$ 3.16</b>	<b>(3.2)%</b>	<b>\$ 6.13</b>
Less: Currency	(0.39)			
<b>Adjusted Diluted EPS, excluding Currency</b>	<b>\$ 3.45</b>	<b>\$ 3.16</b>	<b>9.2%</b>	

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Russia and Ukraine, excluding Currency  
(Unaudited)

	Six Months Ended June 30,			Variance
	2022	2021	Currency	excluding Currency
<b>Adjusted Diluted EPS<sup>(a)</sup></b>	<b>\$ 3.06</b>	<b>\$ 3.16</b>	<b>\$ (0.39)</b>	<b>9.2%</b>
Net Earnings attributable to Russia and Ukraine	0.27	0.28	-	
<b>Pro Forma Adjusted Diluted EPS</b>	<b>\$ 2.79</b>	<b>\$ 2.88</b>	<b>\$ (0.39)</b>	<b>10.4%</b>

(a) For the calculation of Adjusted Diluted EPS, see slide 123

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## 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 excluding Currency & Acquisitions	Six Months Ended June 30,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2022					Reduced-Risk Products	2021	% Change		
\$ 2,392	\$ (209)	\$ 2,601	\$ 7	\$ 2,593	European Union	\$ 1,945	22.9%	33.7%	33.3%
582	(23)	605	-	605	Eastern Europe	644	(9.6)%	(6.1)%	(6.1)%
135	(5)	140	-	140	Middle East & Africa	54	+100%	+100%	+100%
10	-	10	-	10	South & Southeast Asia	3	+100%	+100%	+100%
1,481	(137)	1,618	-	1,618	East Asia & Australia	1,727	(14.2)%	(6.3)%	(6.3)%
17	(1)	17	-	17	Americas	24	(29.8)%	(27.7)%	(27.7)%
<b>\$ 4,617</b>	<b>\$ (374)</b>	<b>\$ 4,991</b>	<b>\$ 7</b>	<b>\$ 4,983</b>	<b>Total RRP's</b>	<b>\$ 4,398</b>	<b>5.0%</b>	<b>13.5%</b>	<b>13.3%</b>
2022					Wellness and Healthcare	2021	% Change		
<b>\$ 142</b>	<b>\$ -</b>	<b>\$ 142</b>	<b>\$ 142</b>	<b>\$ -</b>	<b>Wellness and Healthcare</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
2022					PMI	2021	% Change		
\$ 6,155	\$ (533)	\$ 6,688	\$ 7	\$ 6,681	European Union	\$ 6,058	1.6%	10.4%	10.3%
1,624	(54)	1,678	-	1,678	Eastern Europe	1,691	(4.0)%	(0.8)%	(0.8)%
1,997	(194)	2,191	-	2,191	Middle East & Africa	1,361 <sup>(a)</sup>	46.7%	61.0%	61.0%
2,157	(83)	2,240	-	2,240	South & Southeast Asia	2,219	(2.8)%	0.9%	0.9%
2,610	(218)	2,828	-	2,828	East Asia & Australia	2,986	(12.6)%	(5.3)%	(5.3)%
893	(9)	902	-	902	Americas	864	3.4%	4.4%	4.4%
142	-	142	142	-	Wellness and Healthcare	-	-	-	-
<b>\$ 15,578</b>	<b>\$ (1,091)</b>	<b>\$ 16,669</b>	<b>\$ 149</b>	<b>\$ 16,520</b>	<b>Total PMI</b>	<b>\$ 15,179</b>	<b>2.6%</b>	<b>9.8%</b>	<b>8.8%</b>

(a) Includes a reduction in net revenues of \$246 million related to the Saudi Arabia customs assessments

Note: Sum of product categories or Regions might not foot to Total PMI due to rounding. "-" 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, 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	Six Months Ended June 30,	Net Revenues	Special Items	Adjusted Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2022							2021	% Change					
\$ 6,155	\$ -	\$ 6,155	\$ (533)	\$ 6,688	\$ 7	\$ 6,681	European Union	\$ 6,058	\$ -	\$ 6,058	1.6%	10.4%	10.3%
1,624	-	1,624	(54)	1,678	-	1,678	Eastern Europe	1,691	-	1,691	(4.0)%	(0.8)%	(0.8)%
1,997	-	1,997	(194)	2,191	-	2,191	Middle East & Africa	1,361	(246) <sup>(a)</sup>	1,607	24.3%	36.3%	36.3%
2,157	-	2,157	(83)	2,240	-	2,240	South & Southeast Asia	2,219	-	2,219	(2.8)%	0.9%	0.9%
2,610	-	2,610	(218)	2,828	-	2,828	East Asia & Australia	2,986	-	2,986	(12.6)%	(5.3)%	(5.3)%
893	-	893	(9)	902	-	902	Americas	864	-	864	3.4%	4.4%	4.4%
142	-	142	-	142	142	-	Wellness and Healthcare	-	-	-	-	-	-
<b>\$ 15,578</b>	<b>\$ -</b>	<b>\$ 15,578</b>	<b>\$ (1,091)</b>	<b>\$ 16,669</b>	<b>\$ 149</b>	<b>\$ 16,520</b>	<b>Total PMI</b>	<b>\$ 15,179</b>	<b>\$ (246)</b>	<b>\$ 15,425</b>	<b>1.0%</b>	<b>8.1%</b>	<b>7.1%</b>

(a) Represents the Saudi Arabia customs assessments

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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	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acquisitions	Adjusted Operating Income excluding Currency & Acquisitions		Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions
2022							Six Months Ended June 30,	2021			% Change		
\$ 3,046	\$ (41)	\$ 3,087	\$ (390)	\$ 3,477	\$ (2)	\$ 3,479	European Union	\$ 3,131	\$ (62)	\$ 3,193	(3.3)%	8.9%	8.9%
435	(129)	564	(4)	568	-	568	Eastern Europe	575	(10)	585	(3.6)%	(2.9)%	(2.9)%
1,019	(10)	1,029	(119)	1,148	-	1,148	Middle East & Africa	351	(260)	611	68.4%	87.9%	87.9%
751	(14)	765	(47)	812	-	812	South & Southeast Asia	860	(21)	881	(13.2)%	(7.8)%	(7.8)%
917	(11)	928	(156)	1,084	-	1,084	East Asia & Australia	1,410	(47)	1,457	(36.3)%	(25.6)%	(25.6)%
251	(6)	257	2	255	-	255	Americas	246	(10)	256	0.4%	(0.4)%	(0.4)%
(65)	(37)	(28)	-	(28)	(11)	(17)	Wellness and Healthcare	-	-	-	-	-	-
<b>\$ 6,354</b>	<b>\$ (248)</b>	<b>\$ 6,602</b>	<b>\$ (714)</b>	<b>\$ 7,316</b>	<b>\$ (13)</b>	<b>\$ 7,329</b>	<b>Total PMI</b>	<b>\$ 6,573</b>	<b>\$ (410)</b>	<b>\$ 6,983</b>	<b>(5.5)%</b>	<b>4.8%</b>	<b>5.0%</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 (a)	Adjusted Net Revenues (b)	Adjusted Operating Income Margin	Adjusted Operating Income excluding Currency (a)	Adjusted Net Revenues excluding Currency (b)	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income excluding Currency & Acquisitions (a)	Adjusted Net Revenues excluding Currency & Acquisitions (b)	Adjusted Operating Income Margin excluding Currency & Acquisitions		Adjusted Operating Income (a)	Adjusted Net Revenues (b)	Adjusted Operating Income Margin	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income Margin excluding Currency & Acquisitions
2022									Six Months Ended June 30,	2021			% Points Change	
\$ 3,087	\$ 6,155	50.2%	\$ 3,477	\$ 6,688	52.0%	3,479	\$ 6,681	52.1%	European Union	\$ 3,193	\$ 6,058	52.7%	(2.5)	(0.7)
564	1,624	34.7%	568	1,678	33.8%	568	1,678	33.8%	Eastern Europe	585	1,691	34.6%	0.1	(0.8)
1,029	1,997	51.5%	1,148	2,191	52.4%	1,148	2,191	52.4%	Middle East & Africa	611	1,607	38.0%	13.5	14.4
765	2,157	35.5%	812	2,240	36.3%	812	2,240	36.3%	South & Southeast Asia	881	2,219	39.7%	(4.2)	(3.4)
928	2,610	35.6%	1,084	2,828	38.3%	1,084	2,828	38.3%	East Asia & Australia	1,457	2,986	48.8%	(13.2)	(10.5)
257	893	28.8%	255	902	28.3%	255	902	28.3%	Americas	256	864	29.6%	(0.8)	(1.3)
(28)	142	(19.7)%	(28)	142	(19.7)%	(17)	-	-	Wellness and Healthcare	-	-	-	-	-
<b>\$ 6,602</b>	<b>\$ 15,578</b>	<b>42.4%</b>	<b>\$ 7,316</b>	<b>\$ 16,669</b>	<b>43.9%</b>	<b>\$ 7,329</b>	<b>\$ 16,520</b>	<b>44.4%</b>	<b>Total PMI</b>	<b>\$ 6,983</b>	<b>\$ 15,425</b>	<b>45.3%</b>	<b>(2.9)</b>	<b>(0.9)</b>

(a) For the calculation of Adjusted Operating Income and Adjusted Operating Income excluding currency and acquisitions refer to slide 127

(b) For the calculation of Adjusted Net Revenues excluding currency and acquisitions refer to slide 126

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

PMI & EE Region - Adjustments for the Impact of Russia and Ukraine, excluding Currency and Acquisitions  
(\$ in millions) / (Unaudited)

	Six Months Ended June 30,				Variance
	2022	2021	Currency	Acqui- sitions	excluding Currency & Acqui- sitions
PMI					
Adjusted Net Revenues <sup>(a)</sup>	\$ 15,578	\$ 15,425	\$ (1,091)	\$ 149	7.1%
Net Revenues attributable to Russia and Ukraine	1,088	1,173	(30)	-	
Pro Forma Adjusted Net Revenues	\$ 14,490	\$ 14,252	\$ (1,061)	\$ 149	8.1%
Adjusted Operating Income <sup>(b)</sup>	\$ 6,602	\$ 6,983	\$ (714)	\$ (13)	5.0%
Operating Income attributable to Russia and Ukraine	494	484	12	-	
Pro Forma Adjusted Operating Income	\$ 6,108	\$ 6,499	\$ (726)	\$ (13)	5.4%
Adjusted Operating Income Margin	42.4%	45.3%	(1.5)pp	(0.5)pp	(0.9)pp
Adjusted OI margin attributable to Russia and Ukraine	0.2pp	(0.3)pp			
Pro Forma Adjusted Operating Income Margin	42.2%	45.6%	(1.7)pp	(0.6)pp	(1.1)pp
Eastern Europe					
Adjusted Net Revenues <sup>(a)</sup>	\$ 1,624	\$ 1,691	\$ (54)	\$ -	(0.8)%
Net Revenues attributable to Russia and Ukraine	1,088	1,173	(30)	-	
Pro Forma Adjusted Net Revenues	\$ 536	\$ 518	\$ (24)	\$ -	8.1%
Adjusted Operating Income <sup>(b)</sup>	\$ 564	\$ 585	\$ (4)	\$ -	(2.9)%
Operating Income attributable to Russia and Ukraine	494	484	12	-	
Corporate expenses apportioned to Russia and Ukraine	(132)	(108)	4	-	
Pro Forma Adjusted Operating Income	\$ 202	\$ 209	\$ (20)	\$ -	6.2%
Adjusted Operating Income Margin	34.7%	34.6%	0.9pp	-	(0.8)pp
Adjusted OI margin attributable to Russia and Ukraine <sup>(c)</sup>	(3.0)pp	(5.7)pp			
Pro Forma Adjusted Operating Income Margin	37.7%	40.3%	(1.9)pp	-	(0.7)pp

(a) For the calculation of Adjusted Net Revenues, see slide 126

(b) For the calculation of Adjusted Operating Income, see Schedule 127

(c) Includes also impact of corporate expenses apportioned to Russia and Ukraine

Note: Sum might not foot to Total due to rounding, which could impact variance %

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments for the Impact of Russia and Ukraine  
(\$ in millions) / (Unaudited)

	Six Months Ended June 30,					Year Ended December 31,
	2022	2021	Currency	Acquisitions	Variance excluding Currency & Acqui- sitions	2021
<b>Combustible Products</b>						
Adjusted Net Revenues	\$ 10,819	\$ 11,027	\$ (717)	\$ -	4.6%	\$ 22,436
Net Revenues attributable to Russia and Ukraine	637	645	(15)	-		1,399
Pro Forma Adjusted Net Revenues	\$ 10,182	\$ 10,383	\$ (702)	\$ -	4.8%	\$ 21,037
<b>Reduced-Risk Products</b>						
Adjusted Net Revenues	\$ 4,617	\$ 4,398	\$ (374)	\$ 7	13.3%	\$ 9,115
Net Revenues attributable to Russia and Ukraine	451	528	(15)	-		\$ 1,072
Pro Forma Adjusted Net Revenues	\$ 4,166	\$ 3,869	\$ (359)	\$ 7	16.8%	\$ 8,042
<b>Wellness and Healthcare</b>						
Adjusted Net Revenues	\$ 142	\$ -	\$ -	\$ 142	-	\$ 101
Net Revenues attributable to Russia and Ukraine	-	-	-	-		-
Pro Forma Adjusted Net Revenues	\$ 142	\$ -	\$ -	\$ 142	-	\$ 101
<b>PMI</b>						
Adjusted Net Revenues <sup>(a)</sup>	\$ 15,578	\$ 15,425	\$ (1,091)	\$ 149	7.1%	\$ 31,651
Net Revenues attributable to Russia and Ukraine	1,088	1,173	(30)	-		2,471
Pro Forma Adjusted Net Revenues	\$ 14,490	\$ 14,252	\$ (1,061)	\$ 149	8.1%	\$ 29,180

(a) For the calculation of Adjusted Net Revenues, see slide 126

Note: Sum of product categories might not foot to Total PMI due to rounding. "-" 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

PMI Shipment Volume Adjusted for the Impact of Russia and Ukraine  
(\$ in millions) / (Unaudited)

Quarters Ended June 30,			Six Months Ended June 30,			Year Ended December 31,	
2022	2021	% Change		2022	2021	% Change	2021
Cigarettes							
157,678	156,138	1.0%	Shipment Volume	305,916	301,650	1.4%	624,875
12,871	13,294		Russia	23,643	25,395		52,499
1,331	2,799		Ukraine	3,542	5,157		10,669
143,477	140,046	2.4%	Pro Forma Shipment Volume	278,731	271,098	2.8%	561,707
Heated Tobacco Units							
24,821	24,356	1.9%	Shipment Volume	49,640	46,090	7.7%	94,976
3,907	4,283		Russia	7,267	7,864		16,309
814	1,352		Ukraine	2,197	2,546		5,168
20,100	18,721	7.4%	Pro Forma Shipment Volume	40,176	35,680	12.6%	73,499
Cigarettes & HTU							
182,499	180,494	1.1%	Shipment Volume	355,556	347,740	2.2%	719,851
16,778	17,577		Russia	30,909	33,259		68,807
2,145	4,151		Ukraine	5,739	7,703		15,838
163,577	158,767	3.0%	Pro Forma Shipment Volume	318,907	306,778	4.0%	635,206

Note: Sum of product categories might not foot to Total PMI due to rounding

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted EPS to Pro Forma Adjusted Diluted EPS  
(Unaudited)

	Quarter Ended March 31, 2021	Quarter Ended June 30, 2021	Six Months Ended June 30, 2021	Quarter Ended September 30, 2021	Nine Months Ended September 30, 2021	Quarter Ended December 31, 2021	Year Ended December 31, 2021	Quarter Ended March 31, 2022
Reported Diluted EPS	\$ 1.55	\$ 1.39	\$ 2.93	\$ 1.55	\$ 4.48	\$ 1.34	\$ 5.83	\$ 1.50
Asset impairment and exit costs	0.02	0.04	0.07	0.02	0.09	0.02	0.12	-
Asset acquisition cost	-	-	-	0.03	0.03	-	0.03	-
Equity investee ownership dilution	-	-	-	(0.02)	(0.02)	(0.01)	(0.04)	-
Saudi Arabia customs assessments	-	0.14	0.14	-	0.14	-	0.14	-
Charges related to the war in Ukraine	-	-	-	-	-	-	-	0.03
Fair value adjustment for equity security investments	-	-	-	-	-	-	-	0.03
Amortization of intangibles	0.01	0.01	0.02	0.01	0.03	0.02	0.05	0.02
Adjusted Diluted EPS	\$ 1.58	\$ 1.58	\$ 3.16	\$ 1.59	\$ 4.75	\$ 1.37	\$ 6.13	\$ 1.58
Net Earnings attributable to Russia & Ukraine	0.13	0.15	0.28	0.15	0.43	0.17	0.60	0.10
Pro Forma Adjusted Diluted EPS	\$ 1.45	\$ 1.43	\$ 2.88	\$ 1.44	\$ 4.32	\$ 1.20	\$ 5.53	\$ 1.48
Weighted-average shares for diluted EPS	1,560	1,560	1,560	1,560	1,560	1,557	1,559	1,552

Note: EPS is computed independently for each of the periods presented. Accordingly, the sum of the quarterly EPS amounts may not agree to the total for the year

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

#### Reconciliation of Reported Operating Income to Adjusted Operating Income (Unaudited)

	Quarter Ended March 31, 2021	Quarter Ended June 30, 2021	Six Months Ended June 30, 2021	Quarter Ended September 30, 2021	Nine Months Ended September 30, 2021	Quarter Ended December 31, 2021	Year Ended December 31, 2021	Quarter Ended March 31, 2022
<b>PMI</b>								
Operating Income	\$ 3,444	\$ 3,129	\$ 6,573	\$ 3,455	\$ 10,028	\$ 2,947	\$ 12,975	\$ 3,298
Asset impairment and exit costs	(48)	(79)	(127)	(43)	(170)	(46)	(216)	-
Asset acquisition cost	-	-	-	(51)	(51)	-	(51)	-
Saudi Arabia customs assessments	-	(246)	(246)	-	(246)	-	(246)	-
Amortization of intangibles	(18)	(19)	(37)	(18)	(55)	(41)	(96)	(38)
Charges related to the war in Ukraine	-	-	-	-	-	-	-	(42)
Adjusted Operating Income	\$ 3,510	\$ 3,473	\$ 6,983	\$ 3,567	\$ 10,550	\$ 3,034	\$ 13,584	\$ 3,378

Note: Sum of Regions might not foot to Total PMI due to rounding. "-" 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 Operating Cash Flow to Operating Cash Flow, excluding Currency (\$ in millions) / (Unaudited)

	Years Ended December 31,		
	2021	2020	% Change
Net cash provided by operating activities (a)	\$ 11,967	\$ 9,812	22.0%
Currency	799		
Net cash provided by operating activities, excluding currency	\$ 11,168	\$ 9,812	13.8%

	Years Ended December 31,		
	2020	2019	% Change
Net cash provided by operating activities (a)	\$ 9,812	\$ 10,090	(2.8)%
Currency	(524)		
Net cash provided by operating activities, excluding currency	\$ 10,336	\$ 10,090	2.4%

	Years Ended December 31,		
	2019	2018	% Change
Net cash provided by operating activities (a)	\$ 10,090	\$ 9,478	6.5%
Currency	(972)		
Net cash provided by operating activities, excluding currency	\$ 11,062	\$ 9,478	16.7%

	Six Months Ended June 30,		
	2022	2021	% Change
Net cash provided by operating activities (a)	\$ 4,642	\$ 4,065	14.2%
Currency	(487)		
Net cash provided by operating activities, excluding currency	\$ 5,129	\$ 4,065	26.2%

	Six Months Ended June 30,		
	2021	2020	% Change
Net cash provided by operating activities (a)	\$ 4,065	\$ 3,036	33.9%
Currency	619		
Net cash provided by operating activities, excluding currency	\$ 3,446	\$ 3,036	13.5%

(a) Operating cash flow

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

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

Years Ended December 31,	Net Revenues						
Reduced-Risk Products	2021	2020	2019	2018	2017	2016	2015
European Union	\$ 4,064	\$ 2,649	\$ 1,724	\$ 865	\$ 269	\$ 57	\$ 29
Eastern Europe	1,304	1,128	844	324	55	6	-
Middle East & Africa	145	57	321	382	94	4	-
South & Southeast Asia	11	1	-	-	-	-	-
East Asia & Australia	3,539	2,961	2,671	2,506	3,218	666	35
Americas	53	31	27	19	4	1	-
<b>Total RRP</b>	<b>\$ 9,115</b>	<b>\$ 6,827</b>	<b>\$ 5,587</b>	<b>\$ 4,096</b>	<b>\$ 3,640</b>	<b>\$ 733</b>	<b>\$ 64</b>
<b>Wellness &amp; Healthcare</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Wellness &amp; Healthcare</b>	<b>\$ 101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PMI</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
European Union	\$ 12,275	\$ 10,702	\$ 9,817	\$ 9,298	\$ 8,318	\$ 8,162	\$ 8,068
Eastern Europe	3,544	3,378	3,282	2,921	2,711	2,484	2,735
Middle East & Africa	3,293 <sup>(a)</sup>	3,088	4,042	4,114	3,988	4,516	4,629
South & Southeast Asia	4,396	4,396	5,094	4,656	4,417	4,396	4,288
East Asia & Australia	5,953	5,429	5,364	5,580	6,373	4,285	3,915
Americas	1,843	1,701	2,206	3,056	2,941	2,842	3,159
Wellness & Healthcare	101	-	-	-	-	-	-
<b>Total PMI</b>	<b>\$ 31,405</b>	<b>\$ 28,694</b>	<b>\$ 29,805</b>	<b>\$ 29,625</b>	<b>\$ 28,748</b>	<b>\$ 26,685</b>	<b>\$ 26,794</b>

(a) Includes a reduction in net revenues of \$246 million related to the Saudi Arabia customs assessments

Note: Sum of Regions might not foot to Total PMI due to rounding. "-" 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

Calculation of Adjusted Operating Income Margins  
(\$ in millions) / (Rounded)

	Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Net Revenues	Adjusted Operating Income Margin
Year Ended December 31, 2019					
European Union	\$ 3,970	\$ (342)	\$ 4,312	\$ 9,817	43.9%
Eastern Europe	547	(374)	921	3,282	28.1%
Middle East & Africa	1,684	-	1,684	4,042	41.7%
South & Southeast Asia	2,163	(20)	2,183	5,094	42.9%
East Asia & Australia	1,932	-	1,932	5,364	36.0%
Americas	235	(493)	728	2,206	33.0%
<b>Total PMI</b>	<b>\$ 10,531</b>	<b>\$ (1,229)</b>	<b>\$ 11,760</b>	<b>\$ 29,805</b>	<b>39.5%</b>
Year Ended December 31, 2018					
European Union	\$ 4,105	\$ -	\$ 4,105	\$ 9,298	44.1%
Eastern Europe	902	-	902	2,921	30.9%
Middle East & Africa	1,627	-	1,627	4,114	39.5%
South & Southeast Asia	1,747	-	1,747	4,656	37.5%
East Asia & Australia	1,851	-	1,851	5,580	33.2%
Americas	1,145	-	1,145	3,056	37.5%
<b>Total PMI</b>	<b>\$ 11,377</b>	<b>\$ -</b>	<b>\$ 11,377</b>	<b>\$ 29,265</b>	<b>38.4%</b>
Year Ended December 31, 2017					
European Union	\$ 3,691	\$ -	\$ 3,691	\$ 8,318	44.4%
Eastern Europe	887	-	887	2,711	32.7%
Middle East & Africa	1,884	-	1,884	3,988	47.2%
South & Southeast Asia	1,514	-	1,514	4,417	34.3%
East Asia & Australia	2,608	-	2,608	6,373	40.9%
Americas	997	-	997	2,941	33.9%
<b>Total PMI</b>	<b>\$ 11,581</b>	<b>\$ -</b>	<b>\$ 11,581</b>	<b>\$ 28,748</b>	<b>40.3%</b>

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## 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)

	2008 <sup>(a)</sup>	2009 <sup>(a)</sup>	2010 <sup>(a)</sup>	2011 <sup>(a)</sup>	2012 <sup>(a)</sup>	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Net Earnings</b>	<b>\$ 7,150</b>	<b>\$ 6,552</b>	<b>\$ 7,498</b>	<b>\$ 8,879</b>	<b>\$ 9,154</b>	<b>\$ 8,850</b>	<b>\$ 7,658</b>	<b>\$ 7,032</b>	<b>\$ 7,250</b>	<b>\$ 6,341</b>	<b>\$ 8,286</b>	<b>\$ 7,728</b>	<b>\$ 8,592</b>	<b>\$ 9,710</b>
Equity (income)/loss in unconsolidated subsidiaries, net	-	6	8	10	17	22	(105)	(105)	(94)	(59)	(60)	(149)	(16)	(149)
Provision for income taxes	2,787	2,691	2,826	3,653	3,833	3,670	3,097	2,688	2,768	4,307	2,445	2,293	2,377	2,671
Interest expense, net	311	797	876	800	859	973	1,052	1,008	891	914	665	570	618	628
Depreciation and amortization	842	853	932	993	898	882	889	754	743	875	989	964	981	998
Asset impairment, exit costs and other	208	164	47	109	83	309	535	68	-	-	-	1,229 <sup>(b)</sup>	30	513
<b>Adjusted EBITDA</b>	<b>\$ 11,298</b>	<b>\$ 11,063</b>	<b>\$ 12,187</b>	<b>\$ 14,444</b>	<b>\$ 14,844</b>	<b>\$ 14,706</b>	<b>\$ 13,126</b>	<b>\$ 11,445</b>	<b>\$ 11,558</b>	<b>\$ 12,378</b>	<b>\$ 12,325</b>	<b>\$ 12,635</b>	<b>\$ 12,582</b>	<b>\$ 14,371</b>
	2008 <sup>(a)</sup>	2009 <sup>(a)</sup>	2010 <sup>(a)</sup>	2011 <sup>(a)</sup>	2012 <sup>(a)</sup>	2013	2014	2015	2016	2017	2018	2019	2020	2021
Short-term borrowings	\$ 375	\$ 1,662	\$ 1,747	\$ 1,511	\$ 2,419	\$ 2,400	\$ 1,208	\$ 825	\$ 643	\$ 499	\$ 730	\$ 338	\$ 244	\$ 225
Current portion of long-term debt	209	82	1,385	2,206	2,781	1,255	1,318	2,405	2,573	2,506	4,054	4,051	3,124	2,798
Long-term debt	11,377	13,672	13,370	14,828	17,639	24,023	26,929	25,250	25,851	31,334	26,975	26,656	28,168	24,783
<b>Total Debt</b>	<b>\$ 11,961</b>	<b>\$ 15,416</b>	<b>\$ 16,502</b>	<b>\$ 18,545</b>	<b>\$ 22,839</b>	<b>\$ 27,678</b>	<b>\$ 29,455</b>	<b>\$ 28,480</b>	<b>\$ 29,067</b>	<b>\$ 34,339</b>	<b>\$ 31,759</b>	<b>\$ 31,045</b>	<b>\$ 31,536</b>	<b>\$ 27,806</b>
Cash and cash equivalents	1,531	1,540	1,703	2,550	2,983	2,154	1,682	3,417	4,239	8,447	6,593	6,861	7,280	4,496
<b>Net Debt</b>	<b>\$ 10,430</b>	<b>\$ 13,876</b>	<b>\$ 14,799</b>	<b>\$ 15,995</b>	<b>\$ 19,856</b>	<b>\$ 25,524</b>	<b>\$ 27,773</b>	<b>\$ 25,063</b>	<b>\$ 24,828</b>	<b>\$ 25,892</b>	<b>\$ 25,166</b>	<b>\$ 24,184</b>	<b>\$ 24,256</b>	<b>\$ 23,310</b>
<b>Ratios:</b>														
<b>Total Debt to Adjusted EBITDA</b>	<b>1.06</b>	<b>1.39</b>	<b>1.35</b>	<b>1.28</b>	<b>1.54</b>	<b>1.88</b>	<b>2.24</b>	<b>2.49</b>	<b>2.51</b>	<b>2.77</b>	<b>2.58</b>	<b>2.46</b>	<b>2.51</b>	<b>1.93</b>
<b>Net Debt to Adjusted EBITDA</b>	<b>0.92</b>	<b>1.25</b>	<b>1.21</b>	<b>1.11</b>	<b>1.34</b>	<b>1.74</b>	<b>2.12</b>	<b>2.19</b>	<b>2.15</b>	<b>2.09</b>	<b>2.04</b>	<b>1.91</b>	<b>1.93</b>	<b>1.62</b>

(a) Certain amounts have been reclassified to conform with the year 2013 presentation due to the separate disclosure of equity (income)/loss in unconsolidated subsidiaries, net

(b) Includes the Canadian tobacco litigation-related expense (\$194 million), the loss on deconsolidation of RBH (\$239 million) and the Russia excise and VAT audit charge (\$374 million)

Note: In 2008, we included Equity Loss from RBH Legal Settlement (\$124 million) and in 2009 we included the Colombian Investment and Cooperation Agreement charge (\$135 million)

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

#### Adjustments of Net Revenues for the Impact of Special Items, Currency and Acquisitions (\$ in millions) / (Unaudited)

	Years Ended December 31,			Years Ended December 31,			Years Ended December 31,			Years Ended December 31,			Years Ended December 31,		
	2021	2020	% Change	2020	2019	% Change	2019	2018	% Change	2018	2017	% Change	2017	2016	% Change
<b>Net Revenues</b>	<b>\$ 31,405</b>	<b>\$ 28,694</b>		<b>\$ 28,694</b>	<b>\$ 29,805</b>		<b>\$ 29,805</b>	<b>\$ 29,625</b>		<b>\$ 29,625</b>	<b>\$ 28,748</b>		<b>\$ 28,748</b>	<b>\$ 26,685</b>	
Net Revenues attributable to RBH	-	-		-	(181) <sup>(b)</sup>		-	(742) <sup>(a)</sup>		-	-		-	-	
Saudi Arabia Customs Assessments	(246)	-		-	-		-	-		-	-		-	-	
<b>Adj. Net Revenues</b>	<b>\$ 31,651</b>	<b>\$ 28,694</b>	<b>10.3%</b>	<b>\$ 28,694</b>	<b>\$ 29,624</b> <sup>(c)</sup>	<b>(3.1)%</b>	<b>\$ 29,805</b>	<b>\$ 28,883</b> <sup>(c)</sup>	<b>3.2%</b>	<b>\$ 29,625</b>	<b>\$ 28,748</b>	<b>3.1%</b>	<b>\$ 28,748</b>	<b>\$ 26,685</b>	<b>7.7%</b>
Currency	678	-		(470)	-		(937)	-		(103)	-		(437)	-	
<b>Adj. Net Revenues excluding Currency</b>	<b>\$ 30,973</b>	<b>\$ 28,694</b>	<b>7.9%</b>	<b>\$ 29,164</b>	<b>\$ 29,624</b>	<b>(1.6)%</b>	<b>\$ 30,742</b>	<b>\$ 28,883</b>	<b>6.4%</b>	<b>\$ 29,728</b>	<b>\$ 28,748</b>	<b>3.4%</b>	<b>\$ 29,185</b>	<b>\$ 26,685</b>	<b>9.4%</b>
Acquisitions	109	-		-	-		-	-		-	-		-	-	
<b>Adj. Net Revenues, ex. Currency &amp; Acquisitions</b>	<b>\$ 30,864</b>	<b>\$ 28,694</b>	<b>7.6%</b> <sup>(d)</sup>	<b>\$ 29,164</b>	<b>\$ 29,624</b>	<b>(1.6)%</b> <sup>(d)</sup>	<b>\$ 30,742</b>	<b>\$ 28,883</b>	<b>6.4%</b> <sup>(d)</sup>	<b>\$ 29,728</b>	<b>\$ 28,748</b>	<b>3.4%</b> <sup>(d)</sup>	<b>\$ 29,185</b>	<b>\$ 26,685</b>	<b>9.4%</b> <sup>(d)</sup>

(a) Represents the impact attributable to RBH from March 22, 2018 through end of period date

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

(c) Pro forma

(d) On an organic basis

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

### Reconciliation of Non-GAAP Measures

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

	Years Ended December 31,			Years Ended December 31,			Years Ended December 31,			Years Ended December 31,			Years Ended December 31,		
	2021	2020	% Change	2020	2019	% Change	2019	2018	% Change	2018	2017	% Change	2017	2016	% Change
<b>Reported Diluted EPS</b>	<b>\$ 5.83</b>	<b>\$ 5.16</b>	<b>13.0%</b>	<b>\$ 5.16</b>	<b>\$ 4.61</b>	<b>11.9%</b>	<b>\$ 4.61</b>	<b>\$ 5.08</b>	<b>(9.3)%</b>	<b>\$ 5.08</b>	<b>\$ 3.88</b>	<b>30.9%</b>	<b>\$ 3.88</b>	<b>\$ 4.48</b>	<b>(13.4)%</b>
Saudi Arabia customs assessments	0.14	-		-	-		-	-		-	-		-	-	
Asset impairment and exit costs	0.12	0.08		0.08	0.23		0.23	-		-	-		-	-	
Asset acquisition cost	0.03	-		-	-		-	-		-	-		-	-	
Equity investee ownership dilution	(0.04)	-		-	-		-	-		-	-		-	-	
Canadian tobacco litigation-related expense	-	-		-	0.09		0.09	-		-	-		-	-	
Loss on deconsolidation of RBH	-	-		-	0.12		0.12	-		-	-		-	-	
Russia excise and VAT audit charge	-	-		-	0.20		0.20	-		-	-		-	-	
Brazil indirect tax credit	-	(0.05)		(0.05)	-		-	-		-	-		-	-	
Fair value adjustment for equity security investments	-	0.04		0.04	(0.02)		(0.02)	-		-	-		-	-	
Tax items	-	(0.06)		(0.06)	(0.04)		(0.04)	0.02		0.02	0.84		0.84	-	
<b>Adjusted Diluted EPS</b>	<b>\$ 6.08</b>	<b>\$ 5.17</b>	<b>17.6%</b>	<b>\$ 5.17</b>	<b>\$ 5.19</b>	<b>(0.4)%</b>	<b>\$ 5.19</b>	<b>\$ 5.10</b>	<b>1.8%</b>	<b>\$ 5.10</b>	<b>\$ 4.72</b>	<b>8.1%</b>	<b>\$ 4.72</b>	<b>\$ 4.48</b>	<b>5.4%</b>
Currency	0.12	-		(0.32)	-		(0.13)	-		(0.11)	-		(0.21)	-	
<b>Adjusted Diluted EPS, excluding Currency</b>	<b>\$ 5.96</b>	<b>\$ 5.17</b>	<b>15.3%</b>	<b>\$ 5.49</b>	<b>\$ 5.19</b>	<b>5.8%</b>	<b>\$ 5.32</b>	<b>\$ 5.10</b>	<b>4.3%</b>	<b>\$ 5.21</b>	<b>\$ 4.72</b>	<b>10.4%</b>	<b>\$ 4.93</b>	<b>\$ 4.48</b>	<b>10.0%</b>
Net earnings attributable to RBH				(0.06) <sup>(a)</sup>			(0.26) <sup>(b)</sup>								
<b>Pro Forma Adjusted Diluted EPS</b>				<b>\$ 5.13</b>	<b>7.0%</b>		<b>\$ 4.84</b>	<b>9.9%</b>							

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

(b) Represents the impact attributable to RBH from March 22, 2018 through end of period date

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## 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
2021							Years Ended December 31,	2020			% Change		
\$ 12,275	\$ -	\$ 12,275	\$ 618	\$ 11,657	\$ 8	\$ 11,649	European Union	\$ 10,702	\$ -	\$ 10,702	14.7%	8.9%	8.8%
3,544	-	3,544	(32)	3,576	-	3,576	Eastern Europe	3,378	-	3,378	4.9%	5.9%	5.9%
3,293	(246) <sup>(a)</sup>	3,539	(115)	3,654	-	3,654	Middle East & Africa	3,088	-	3,088	14.6%	18.3%	18.3%
4,396	-	4,396	99	4,297	-	4,297	South & Southeast Asia	4,396	-	4,396	-	(2.3)%	(2.3)%
5,953	-	5,953	62	5,891	-	5,891	East Asia & Australia	5,429	-	5,429	9.7%	8.5%	8.5%
1,843	-	1,843	46	1,797	-	1,797	Americas	1,701	-	1,701	8.3%	5.6%	5.6%
101	-	101	-	101	101	-	Wellness & Healthcare	-	-	-	-	-	-
<b>\$ 31,405</b>	<b>\$ (246)</b>	<b>\$ 31,651</b>	<b>\$ 678</b>	<b>\$ 30,973</b>	<b>\$ 109</b>	<b>\$ 30,864</b>	<b>Total PMI</b>	<b>\$ 28,694</b>	<b>\$ -</b>	<b>\$ 28,694</b>	<b>10.3%</b>	<b>7.9%</b>	<b>7.6%</b>

(a) Represents the Saudi Arabia customs assessments

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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	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acquisitions	Adjusted Operating Income excluding Currency & Acquisitions		Operating Income	Asset Impairment & Exit Costs	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions
2021							Years Ended December 31,	2020			% Change		
\$ 6,119	\$(68) <sup>(a)</sup>	\$ 6,187	\$ 384	\$ 5,803	\$ 2	\$ 5,801	European Union	\$ 5,098	\$(57) <sup>(a)</sup>	\$ 5,155	20.0%	12.6%	12.5%
1,213	(14) <sup>(a)</sup>	1,227	7	1,220	-	1,220	Eastern Europe	871	(15) <sup>(a)</sup>	886	38.5%	37.7%	37.7%
1,146	(263) <sup>(b)</sup>	1,409	(124)	1,533	-	1,533	Middle East & Africa	1,026	(19) <sup>(a)</sup>	1,045	34.8%	46.7%	46.7%
1,506	(21) <sup>(a)</sup>	1,527	36	1,491	-	1,491	South & Southeast Asia	1,709	(23) <sup>(a)</sup>	1,732	(11.8)%	(13.9)%	(13.9)%
2,556	(88) <sup>(a)</sup>	2,644	(53)	2,697	-	2,697	East Asia & Australia	2,400	(26) <sup>(a)</sup>	2,426	9.0%	11.2%	11.2%
487	(8) <sup>(a)</sup>	495	18	477	-	477	Americas	564	110 <sup>(d)</sup>	454	9.0%	5.1%	5.1%
(52)	(51) <sup>(c)</sup>	(1)	-	(1)	(1)	-	Wellness & Healthcare	-	-	-	-	-	-
<b>\$ 12,975</b>	<b>\$(513)</b>	<b>\$ 13,488</b>	<b>\$ 268</b>	<b>\$ 13,220</b>	<b>\$ 1</b>	<b>\$ 13,219</b>	<b>Total PMI</b>	<b>\$ 11,668</b>	<b>\$(30)</b>	<b>\$ 11,698</b>	<b>15.3%</b>	<b>13.0%</b>	<b>13.0%</b>

(a) Represents asset impairment and exit costs

(b) Includes the Saudi Arabia customs assessments (\$246 million) and asset impairment and exit costs (\$17 million)

(c) Represents asset acquisition cost related to OtiTopic Inc. in August 2021

(d) Includes the Brazil indirect tax credit \$119 million and asset impairment and exit costs (\$9 million)

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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 (a)	Adjusted Net Revenues (b)	Adjusted Operating Income Margin	Adjusted Operating Income excluding Currency (a)	Adjusted Net Revenues excluding Currency (b)	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income excluding Currency & Acquisitions (a)	Adjusted Net Revenues excluding Currency & Acquisitions (b)	Adjusted Operating Income Margin excluding Currency & Acquisitions		Adjusted Operating Income (a)	Adjusted Net Revenues (b)	Adjusted Operating Income Margin	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income Margin excluding Currency & Acquisitions
2021									Years Ended December 31,	2020			% Points Change	
\$ 6,187	\$ 12,275	50.4%	\$ 5,803	\$ 11,657	49.8%	\$ 5,801	\$ 11,649	49.8%	European Union	\$ 5,155	\$ 10,702	48.2%	2.2	1.6
1,227	3,544	34.6%	1,220	3,576	34.1%	1,220	3,576	34.1%	Eastern Europe	886	3,378	26.2%	8.4	7.9
1,409	3,539	39.8%	1,533	3,654	42.0%	1,533	3,654	42.0%	Middle East & Africa	1,045	3,088	33.8%	6.0	8.2
1,527	4,396	34.7%	1,491	4,297	34.7%	1,491	4,297	34.7%	South & Southeast Asia	1,732	4,396	39.4%	(4.7)	(4.7)
2,644	5,953	44.4%	2,697	5,891	45.8%	2,697	5,891	45.8%	East Asia & Australia	2,426	5,429	44.7%	(0.3)	1.1
495	1,843	26.9%	477	1,797	26.5%	477	1,797	26.5%	Americas	454	1,701	26.7%	0.2	(0.2)
(1)	101	(1.0)%	(1)	101	(1.0)%	-	-	-	Wellness & Healthcare	-	-	-	-	-
<b>\$ 13,488</b>	<b>\$ 31,651</b>	<b>42.6%</b>	<b>\$ 13,220</b>	<b>\$ 30,973</b>	<b>42.7%</b>	<b>\$ 13,219</b>	<b>\$ 30,864</b>	<b>42.8%</b>	<b>Total PMI</b>	<b>\$ 11,698</b>	<b>\$ 28,694</b>	<b>40.8%</b>	<b>1.8</b>	<b>1.9</b>

(a) For the calculation of Adjusted Operating Income and Adjusted Operating Income excluding currency and acquisitions refer to slide 141

(b) For the calculation of Adjusted Net Revenues excluding currency and acquisitions refer to slide 140

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