



Product Sustainability

Purposefully phase out cigarettes

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Adjusted net revenue ratio (smoke-free/total)

KPI description

PMI is transforming its business, aiming to phase out cigarettes and shifting toward becoming a substantially smoke-free company. The proportion of revenue we derive from smoke-free business is a key indicator of the Company's transformation.

Definitions

Net revenues PMI's operating revenues from the sale of our products, including shipping and handling charges billed to customers, net of sales and promotion incentives, and excise taxes if applicable.

Adjusted net revenue Management reviews net revenues on an adjusted basis, which excludes special items that may distort underlying business trends.

Net revenues related to smoke-free, excluding wellness 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, if applicable. These net revenue amounts consist of the sale of our products that are not combustible tobacco products, such as heat-not-burn, e-vapor, and oral products, as well as consumer accessories.

Net revenues from wellness Represent operating revenues generated from the sale of products primarily associated with oral and intra-oral delivery systems.

Net revenues related to combustible tobacco products 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. These net revenue amounts consist of the sale of our cigarettes and other tobacco products that are combusted. Other tobacco products primarily include roll-your-own and make-your-own cigarettes, pipe tobacco, cigars, and cigarillos, and do not include smoke-free products.

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

Total adjusted net revenue Refers to the combined total of net revenues related to smoke-free business and net revenues related to combustible tobacco products.

Scope

Included Net revenues includes all those recognized within the reporting period by PMI, as disclosed in our Annual Report on Form 10-K and Year-End Earnings Release.

Excluded Special items.

Calculation methodology

Adjusted smoke-free net revenue ratio is calculated as:

$$= \left(\frac{\text{Adjusted net revenues related to smoke-free business (billion USD)}}{\text{Total adjusted net revenues (billion USD)}} \right) \times 100\%$$

Data management

For further details on our reporting of revenues, please refer to our 10-K filings and Investor Relations materials.

[See Investor Relations website](#)

Data verification The KPI, as published in [PMI's Value Report 2025](#), has been assured by PwC (limited assurance).

[See the independent practitioner's limited assurance report](#)