



PHILIP MORRIS
INTERNATIONAL

This is PMI.

Q2 2026 EDITION

Table of contents

A global smoke-free champion	3
Statement of purpose	5
2030 vision	6
Our progress to date	7
A decade+ of disruption	9
Our global footprint	11
A company powered by science	13
The role of nicotine	15
Responsible commercialization	16
Innovating for better	17
Our approach to Sustainable Value Creation	20
A culture of collaboration, growth, and wellbeing	22



Cigarettes belong in museums.

—Jacek Olczak, Group CEO PMI*

A global smoke-free champion

Philip Morris International (PMI) is a leading international consumer goods company, actively delivering a smoke-free future and evolving its portfolio for the long term to include products outside of the tobacco and nicotine sector.

PMI has disrupted its business to develop, scientifically substantiate, and responsibly commercialize smoke-free products that are less harmful than smoking, with the aim of completely replacing cigarettes as quickly as possible.

We're proud to be the first international consumer goods company making tobacco products to commit to a smoke-free future, encouraging those adults who would otherwise continue to smoke to switch to better alternatives.

* "Inaction Is a Choice with Real-World Consequences," Jacek Olczak remarks at UnHerd Club, London, May 2023.

"PMI," "We," "Our," and "Us" refer to the entire Philip Morris International family of companies.





Statement of purpose

“While PMI is widely known as a cigarette company, in 2016 it announced its new purpose: To deliver a smoke-free future by focusing its resources on developing, scientifically substantiating, and responsibly commercializing smoke-free products that are less harmful than smoking, **with the aim of completely replacing cigarettes as soon as possible.**”

“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.**”

“A smoke-free future is attainable, and the benefits it can bring to the people who would otherwise continue to smoke, and hence to global public health, are enormous. **However, the Company cannot succeed alone.** Together with governments and civil society, we can maximize this opportunity by achieving a consensus that smoke-free alternatives, when subject to proper government oversight and regulation, are part of a sound tobacco policy.”

“[...] 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.”

Excerpts from PMI's Statement of Purpose.

Source: PMI's 2022 Annual Meeting of Shareholders and Proxy Statement.



2030 vision

By 2030, our ambition is to be a substantially smoke-free company, with over two-thirds of our total net revenues coming from smoke-free products. We see a realistic path to becoming a smoke-free company over time, and this will be achieved market-by-market—as we are already demonstrating today.

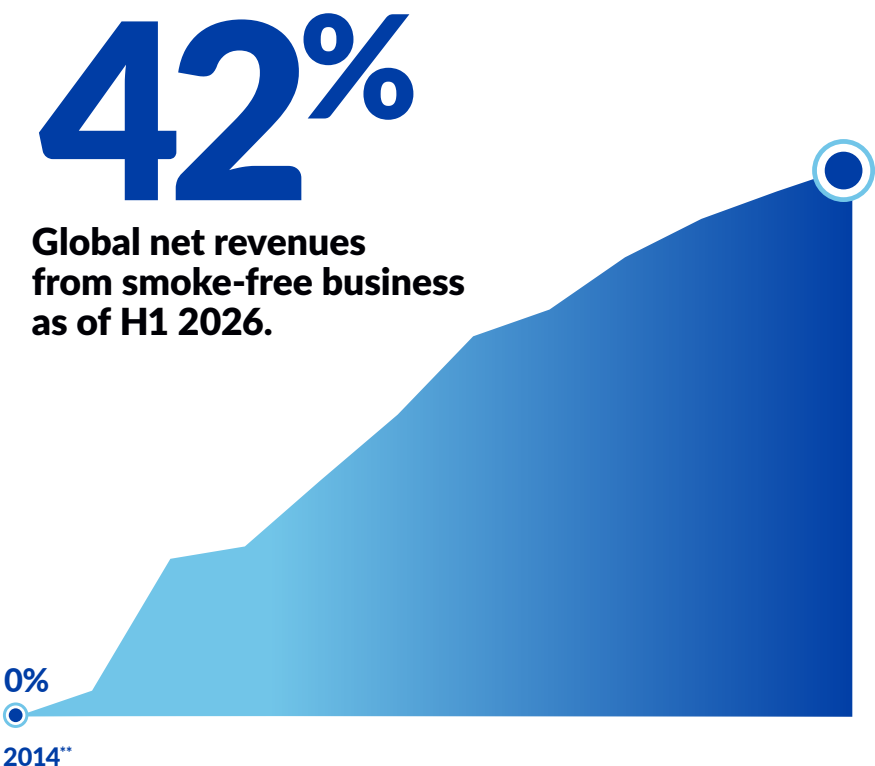
>2/3 of our total global net revenues
from smoke-free products

% of net revenues deriving from smoke-free products	Estimated number of markets
>50%	~60
>75%	~40

Source: PMI Value Report 2025.

Our progress to date

Our smoke-free business generates 42%* of the company's total net revenues, up from practically zero in 2014. Our progress to date, and the path we are on, has been made possible because we fundamentally changed not only our product portfolio but also our purpose, business model, value chain, and practices.



*As of H1 2026. ** Graph represents annual figures 2014-25. **Important note:** This information should be read in conjunction with the Philip Morris International Inc. earnings release dated July 22, 2026, as well as the accompanying glossary of key terms, definitions, explanatory notes, select financial information and reconciliations of non-GAAP financial measures, both of which are available on our Investor Relations page. "PMI," "we," "our," and "us" refer to the entire Philip Morris International family of companies.

Our progress to date

See the latest updates here: pmi.com/progress

Smoke-free net revenues/total (H1, 2026)	42%
Markets where PMI's smoke-free products are available for sale (H1, 2026)	109
Cumulative investment behind smoke-free products since 2008 (December 31, 2025)	>\$16B
Smoke-free commercial expenditures/total (2025)	77%
Estimated number of adult users of PMI's smoke-free products (December 31, 2025)	>43M
Markets with >50% smoke-free net revenues/total (Q4, 2025)	27

Sources: Q2 Earnings 2026, PMI Value Report 2025.

A decade+ of disruption

In little more than 10 years, PMI—a company whose roots extend back some 175 years—has transformed itself from a traditional tobacco company into a smoke-free champion—shifting its resources away from cigarettes and forever changing not just its business but the entire industry.

2009



Signifying its shift to a science- and technology-driven business, PMI unveils its new research and development facility in Neuchâtel, Switzerland.

2014



PMI's heated tobacco product, IQOS, is launched in selected cities in Japan and Italy.

2016



PMI announces its ambition to deliver a smoke-free future.

2020



U.S. FDA authorizes IQOS as a modified risk tobacco product, indicating the issuance of exposure modification orders is "expected to benefit the health of the population as a whole."

2021



PMI's acquisitions—including Fertin Pharma—marked the beginning of our evolution into a broader wellness business, now known as Aspeya.

2022



PMI acquires Swedish Match and its leading nicotine portfolio, further supporting its purpose of delivering a smoke-free future.

2025



FDA authorizes all ZYN nicotine pouches marketed by Swedish Match in the United States, making ZYN the first nicotine pouch to receive such authorization in the country.

2026



FDA issues Modified Risk Tobacco Product orders for 20 ZYN nicotine pouch variants, making ZYN the first nicotine pouch authorized to communicate reduced-risk information versus cigarettes in the United States.



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Our global footprint

PMI's diverse workforce hails from virtually every part of the globe. Its current product portfolio primarily consists of cigarettes and smoke-free products including heat-not-burn, nicotine pouch, snus and e-vapor products.

~84,900

Employees* worldwide, representing
130 nationalities

~170

markets where our products are sold

50

PMI-owned manufacturing facilities, of
which 16 are partially or fully dedicated to
the manufacture of our heated tobacco units
or oral nicotine products

~350,300

Contracted farmers supplying tobacco to
PMI, located in 21 countries

109

markets where our smoke-free
products are available for sale**

>43M

Estimated number of adult users of PMI's
smoke-free products***

Sources: Q2 Earnings 2026, PMI Value Report 2025.

* At year-end 2025, including full-time, temporary, and part-time staff.

** As of H1, 2026.

*** As of December 31, 2025.



A company powered by science

At PMI, research and development (R&D) catalyzes our business transformation. We have built world-class scientific assessment capabilities, notably in the areas of preclinical systems toxicology, clinical and behavioral research, and post-market studies.

The results of the scientific evaluations of our smoke-free alternatives are publicly available, are peer-reviewed, and have been submitted to numerous regulatory authorities.

≥1,600

Scientists, engineers, technicians, and support staff working in R&D positions

>\$16B

Invested to develop, scientifically substantiate, and commercialize smoke-free products since 2008 (As of December 31, 2025)

551

Scientific publications released by PMI (2008–2025)

99.7%

Total R&D expenditure dedicated to smoke-free products in 2025

~5,000

Patents granted in IP5 jurisdictions for smoke-free technologies (2015–2025)

Source: PMI Value Report 2025.



The role of nicotine

Nicotine plays an important role in helping people who would otherwise continue to smoke switch to science-backed better alternatives to cigarettes.

In the past, cigarettes, tobacco, smoking, and nicotine were inextricably linked. Nicotine was consumed primarily by lighting up a cigarette and inhaling the smoke. As a result, people have been wrongly associating all the dangers of smoking with nicotine.

Today, innovation has enabled us to separate nicotine from cigarette smoke.

While addictive and not risk-free, nicotine is not carcinogenic, and is not the primary cause of smoking-related diseases. As multiple public health organizations around the world have stated for years, these diseases are principally caused by exposure to high levels of toxic substances emitted in the cigarette smoke when the tobacco is burned.

Sources: U.S. FDA, "Nicotine Is Why Tobacco Products Are Addictive" (Accessed: Sep 2024); U.K. Royal College of Physicians, 2024, "E-cigarettes and harm reduction: An evidence review"; U.K. National Health Service, "Vaping myths and the facts."

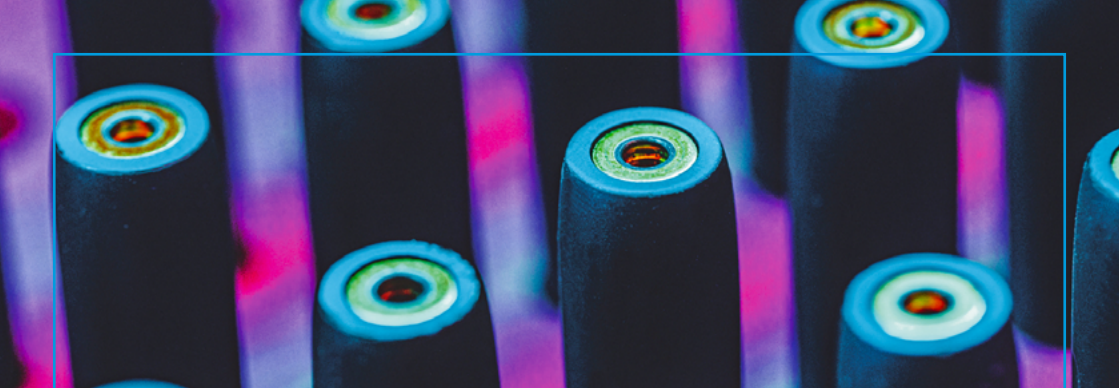


Responsible commercialization

Globally, the commercialization of tobacco products is subject to extensive rules and regulations—and rightly so. We support commonsense regulation that dissuades people from starting to smoke and encourages cessation. And we are clear that our smoke-free products are intended exclusively for adults who would otherwise smoke or who use other nicotine products; never for youth or non-nicotine users.

The PMI Marketing Code sets out clear global standards for our marketing and sales practices across our product lines, including combustibles. We have also instituted Good Conversion Practices, which govern the marketing and sale of our smoke-free products.

Everyone involved in PMI's commercialization activities—both employees and third parties acting on our behalf—must strictly follow both protocols without exception. We take great care to monitor and minimize the risk of use of our products by groups for whom they are not intended.



Innovating for better

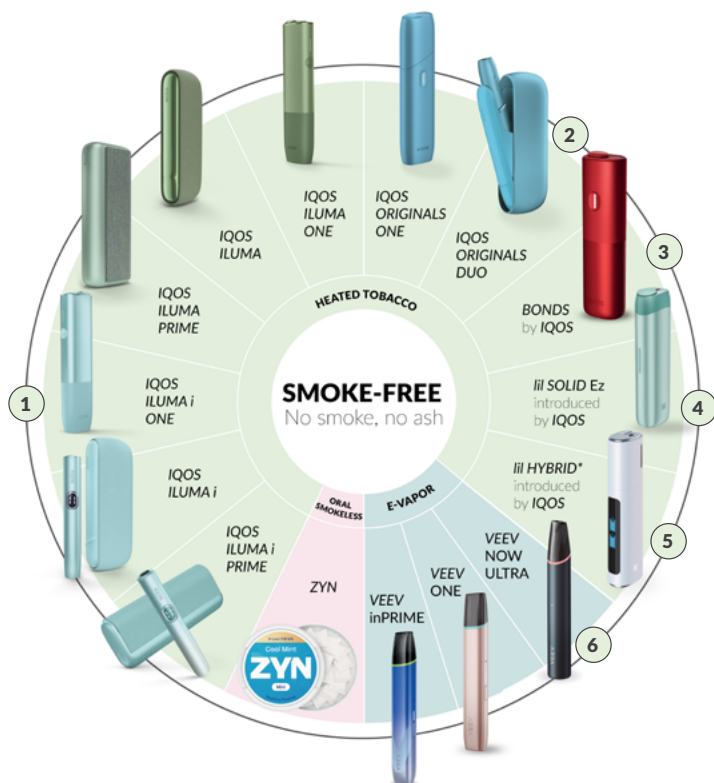
At PMI, we understand our vision of a world without cigarettes will only become a reality if we deliver smoke-free products that meet the needs of every adult who would otherwise continue to smoke.

Accordingly, we offer a range of scientifically backed smoke-free products to suit different preferences, including:

- IQOS, the world's #1 heat-not-burn brand
- VEEV, our technologically enhanced e-vapor product
- ZYN, the leading nicotine pouch in the U.S.

We'll continue to grow our multicategory portfolio of better alternatives and will also go beyond that—expanding into adjacent business areas in wellness with products and services that have nothing to do with tobacco or nicotine.

We're preparing for product rollouts beyond 2026 in the pharmaceutical, medical, and wellness segments, focusing on the long-term potential of emerging opportunities.



- 1** **TECHNOLOGY**
Heats tobacco without burning it using induction heating (**SMARTCORE INDUCTION SYSTEM™**)
NICOTINE SOURCE
Uses real tobacco, nicotine naturally present in tobacco

- 2** **TECHNOLOGY**
Heats tobacco without burning it, using resistive heating with a blade (**HEATCONTROL™ TECHNOLOGY**)
NICOTINE SOURCE
Uses real tobacco, nicotine naturally present in tobacco

- 3** **TECHNOLOGY**
Heats tobacco without burning it, using resistive external heating with no blade (**ROUNDHEAT TOBACCO SYSTEM™**)
NICOTINE SOURCE
Uses real tobacco, nicotine naturally present in tobacco

- 4** **TECHNOLOGY**
Heats tobacco without burning it using heating with a pin
NICOTINE SOURCE
Uses real tobacco, nicotine naturally present in tobacco

- 5** **TECHNOLOGY**
*lili HYBRID combines heated tobacco and liquid technologies
*lili HYBRID uses real tobacco, nicotine naturally present in tobacco

- 6** **TECHNOLOGY**
VEEV NOW ULTRA uses cotton mesh heating technology
VEEV ONE uses compact ceramic heating technology
VEEV inPRIME uses AdvanceVape Induction System™
NICOTINE SOURCE
No tobacco, nicotine added in e-liquid

* Contains nicotine derived from tobacco but no tobacco leaf.



“

Our Value Plan 2030+ is explicit about what we control directly and what requires the action of, and partnership with, others, setting a strong foundation for effective action. (...) That is the spirit with which we present our Value Plan 2030+, as an invitation to dialogue, a platform for collaboration, and a roadmap for the next chapter: turning sustainability into lasting business value.

—Jennifer Motles, Chief Sustainability Officer

Our approach to sustainable value creation

Our approach to value creation extends beyond financial performance to encompass the broad range of resources and relationships on which our long-term success depends. We recognize that sustainable business results require investing deliberately in multiple forms of capital—human, intellectual, natural, manufactured, and social—alongside financial capital. These interconnected assets form the foundation that enables us to operate today while building the capabilities needed for tomorrow.

Key resources

					
HUMAN CAPITAL	INTELLECTUAL CAPITAL	NATURAL CAPITAL	MANUFACTURED CAPITAL	SOCIAL CAPITAL	FINANCIAL CAPITAL
Global workforce with extensive expertise and experience	Advanced research and development capabilities	Responsible sourcing and efficient use of raw materials and natural inputs	Well-optimized infrastructure of facilities, retail locations, and fleet	Constructive relationships with a wide array of stakeholders	Strong financial position and cash flow generation

Purpose

Accelerate the end of cigarettes by maximizing access to scientifically substantiated smoke-free alternatives for adults who would otherwise smoke, advancing the science that separates nicotine from smoking-related harm, and expanding into adjacent wellness areas where our capabilities can create meaningful impact.

Meaningful progress and long-term business value are realized when a clear vision is translated into action through robust processes, collective accountability, and a commitment to transparency. Our approach is grounded in this conviction, and in our understanding that sustainable business value is created by investing across all forms of capital, not financial capital alone.

Integrating sustainability across our business activities strengthens our competitive positioning by unlocking value through multiple channels.



Source: PMI Value Report 2025.



A culture of collaboration, growth, and wellbeing

We are proud of the global reach of our company, which operates in approximately 170 markets with around 84,900 employees representing 130-plus nationalities. We reflect the demographics of the countries, communities, and consumers we serve, which is key to the combination of thought, innovation, and a consumer-centric approach that will enable us to deliver a smoke-free future.

Our focus is on fostering a performance-driven and collaborative culture, recognizing the value of each individual in our global workforce and their contributions. We provide the right environment, support, and resources for them to have impact and grow whilst at the same time valuing their wellbeing.

Our PMI DNA—We care, We are better together, We are game changers—defines how we work, lead, and engage with each other every day. These values serve as a guiding framework that was developed through deep reflection, as well as employee input, ensuring they resonate with the experiences and aspirations of our global workforce.

By living the PMI DNA, we unlock our collective potential, creating a culture where everyone can thrive, contribute, and drive meaningful impact. Together, we are building a workplace that is not only high-performing but also deeply collaborative—one where every voice matters and every action helps shape a better future.



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