PHILIP MORRIS
INTERNATIONAL

THIS IS PMI.

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>
> *Cigarettes belong in museums.*
> *—Jacek Olczak, CEO**

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" refers 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 – 75%	**~20**
>75%	**~40**

Source: PMI Financials or estimates. PMI Investor Day 2023, Jacek Olczak, presented September 28, 2023.

OUR PROGRESS TO DATE

Our smoke-free business generates 41%** of the company's total net revenues, up from practically zero 10 years ago. 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.

41%

GLOBAL NET REVENUES FROM SMOKE-FREE BUSINESS.

0%

2014*   Q2 2025**
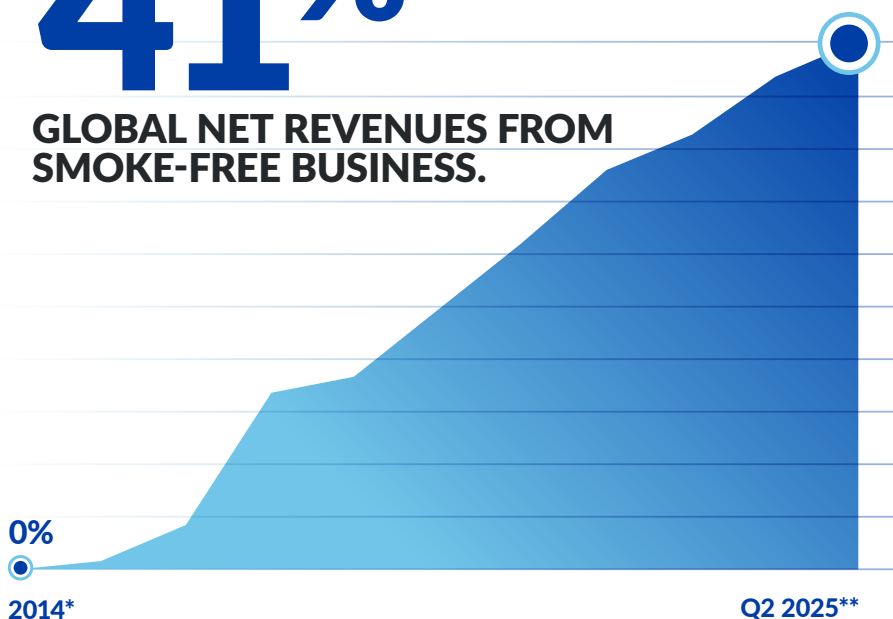
* Smoke-free business net revenues as of Q3 2014. ** Smoke-free business net revenues as of Q2 2025. Important note: This information should be read in conjunction with the Philip Morris International Inc. earnings release dated July 22, 2025, as well as the accompanying glossary of key terms, definitions, explanatory notes, select financial information and reconciliations of non-GAAP financial measures, both of which are available on our Investor Relations pages.

"PMI," "We," "Our," & "Us" refers 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 (Q2, 2025)	**41%**
Markets where PMI's smoke-free products are available for sale (Q2, 2025)	**97**
Cumulative investment behind smoke-free products (2008–2024)	**>$14 bn**
Smoke-free commercial expenditures/total (2024)	**78%**
Estimated number of adult users of PMI's smoke-free products (Q2, 2025)	**>41 mm**
Markets with >50% smoke-free net revenues/total (2024)	**23**

Sources: Q2 Earnings 2025, Q4/FY Earnings 2024, PMI Integrated Report 2024.

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 acquires Fertin Pharma, OtiTopic, and Vectura, jumpstarting its evolution into a wellness and healthcare company.

2022
PMI acquires Swedish Match and its leading nicotine portfolio, further supporting its purpose of delivering a smoke-free future.

2024
PMI's smoke-free products are commercialized in 95 markets, generating more than a third of the company's total net revenues. In 23 of these markets, smoke-free products already generate more than half of net revenues.

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.

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, and e-vapor products.

~83,100
Employees* worldwide, representing 130 nationalities

~170
Markets where our products are sold

51
PMI-owned manufacturing facilities, of which 16 are partially or fully dedicated to the manufacture of our heated tobacco units or oral nicotine products

~361,000
Contracted farmers supplying tobacco to PMI, located in 21 countries

97
Markets where our smoke-free products are available for sale**

>41 mm
Estimated number of adult users of PMI's smoke-free products**

Sources: Q2 Earnings 2025, Q4/FY Earnings 2024, PMI Integrated Report 2024.
* At year-end 2024, including full-time, temporary, and part-time staff.
** As of June 30, 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.

1,460
Scientists, engineers, technicians, and support staff working in R&D positions

>$14 bn
Invested to develop, scientifically substantiate, and commercialize smoke-free products (2008–2024)

541
Scientific publications released by PMI (2008–2024)

99.5%
Total R&D expenditure dedicated to smoke-free products in 2024

4,250
Patents granted in IP5 jurisdictions for smoke-free technologies (2015–2024)

Source: PMI Integrated Report 2024.

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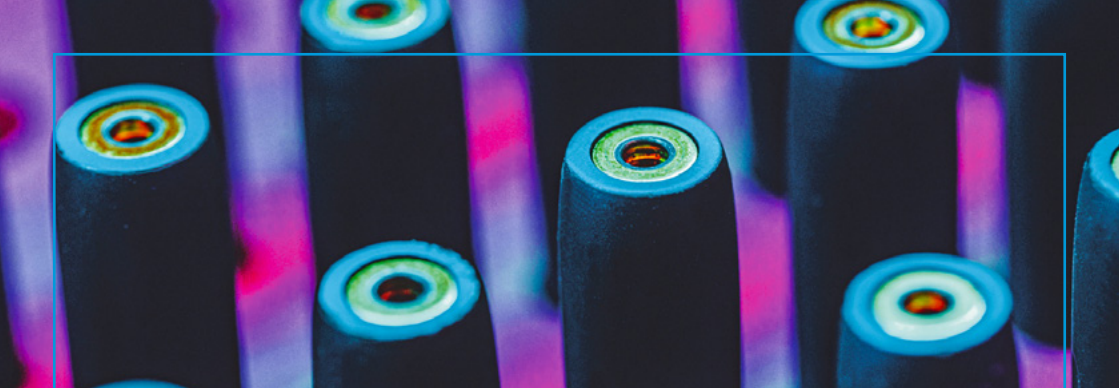
INNOVATING FOR BETTER

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 healthcare and 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.

SMOKE-FREE
No smoke, no ash

HEATED TOBACCO

IQOS ILUMA ONE
IQOS ORIGINALS ONE
IQOS ORIGINALS DUO
IQOS ILUMA
IQOS ILUMA PRIME
BONDS by *IQOS*
lil SOLID Ez introduced by *IQOS*
IQOS ILUMA i ONE
*lil HYBRID** introduced by *IQOS*
IQOS ILUMA i
VEEV NOW ULTRA
ORAL SMOKELESS
E-VAPOR
IQOS ILUMA i PRIME
ZYN
VEEV ONE
VEEV NOW
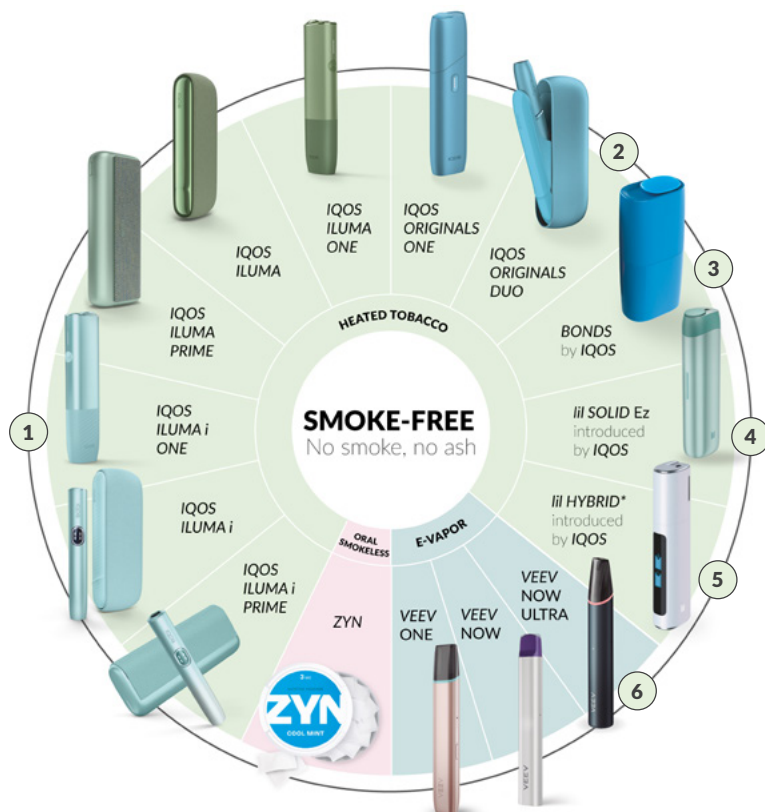
1 TECHNOLOGY
Heats tobacco without burning it using induction heating (SMARTCORE INDUCTION SYSTEM™)

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 *lil HYBRID* combines heated tobacco and liquid technologies
lil HYBRID uses real tobacco, nicotine naturally present in tobacco

6 TECHNOLOGY
VEEV ONE uses compact ceramic heating technology
VEEV NOW uses wick & coil technology
VEEV NOW ULTRA uses cotton mesh heating technology
NICOTINE SOURCE
No tobacco, nicotine added in e-liquid

*Contains nicotine derived from tobacco but no tobacco leaf.

"

PMI supports regulations and commercialization that discourage people from starting to smoke, encourage quitting if they do smoke, and offer access to better alternatives if they otherwise would not quit.

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.

> **Sustainability for us is an opportunity to transform our industry from within, proving that positive change can emerge from unexpected places. By combining deep expertise, talent, and dedication we are demonstrating how a company can evolve to create lasting positive impact for consumers, society, and the planet.**
> **—Jennifer Motles, Chief Sustainability Officer**

OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability is anchored in a comprehensive materiality assessment that serves as a strategic business tool for identifying our sustainability priorities. This robust process enables us to make informed decisions that drive business value while meeting stakeholder expectations. Since 2021, our adoption of "double materiality" has strengthened our ability to evaluate sustainability matters through both impact and financial lenses, helping us identify opportunities for growth and differentiation while managing potential risks. Each iteration has enhanced our strategic capabilities, and in 2024, we further strengthened our approach by integrating regulatory requirements, notably the EU Corporate Sustainability Reporting Directive (CSRD), while leveraging our Enterprise Risk Management program to evaluate the financial implications of sustainability matters in a systematic fashion.

Compliance	Risk mitigation	Operational & resource efficiency	Innovation & value creation	Purpose & impact
Regulatory bodies globally are enforcing stricter guidelines on transparency and accountability in sustainability making compliance with evolving sustainability standards crucial. Ensuring readiness is the basis and foundation of our strategy.	Identifying and mitigating sustainability-related risks tied to environmental and social issues is essential for business resilience. It protects our operations, enhances our reputation, and creates growth opportunities, ensuring our long-term success.	Streamlining processes and optimizing resource allocation can enhance productivity, reduce costs, and boost profitability and competitive advantage. This involves adopting technology, adopting circular practices, optimizing our supply chain, and developing our employees.	Aligning sustainability with long-term goals, driving innovation for competitive value, and future-proofing our business are interconnected strategies that ensure our company's enduring success and relevance in a rapidly changing world.	Transformational leadership is core to our approach to sustainability. It is about inspiring significant, lasting changes at PMI and in our industry, influencing standards, shaping policy, and driving systemic change that redefines market expectations.

Source: PMI Integrated Report 2024.

SUSTAINABILITY STRATEGY

Sustainability is more than just a means to minimize negative externalities and mitigate risks while maximizing operational efficiency and resource optimization. We see it as a fundamental opportunity for innovation, growth, and purpose-led, impact-driven, long-term value creation.

Our approach to sustainability addresses the company's environmental, social, and governance priorities through eight impact-driven strategies: Four focus on product impacts, another four on impacts derived from our business operations. The company's policies, rules, and procedures define our ability to successfully implement these strategies.
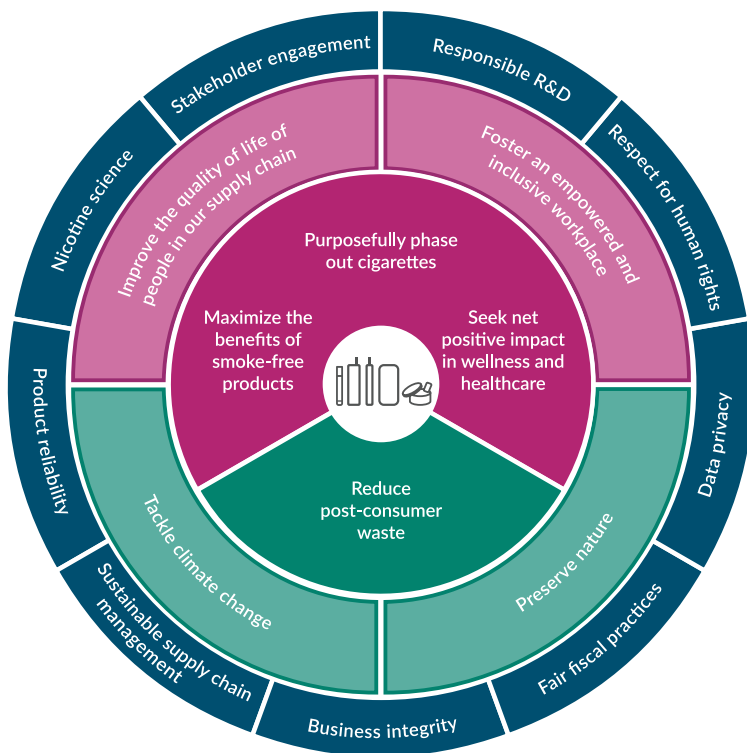
Source: PMI Integrated Report 2024.

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 83,100 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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