Risk Factors Comparison 2024-02-08 to 2023-02-10 Form: 10-K

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The following risk factors should be read carefully in connection with evaluating our business and the forward- looking statements contained in this Annual Report on Form 10- K. Any of the following risks could materially adversely affect our business, our operating results, our financial condition and the actual outcome of matters as to which forward- looking statements are made in this Annual Report on Form 10- K. Forward- Looking and Cautionary Statements We may from time to time make written or oral forward- looking statements, including statements contained in this Annual Report on Form 10- K and other filings with the SEC, in reports to stockholders and in press releases and investor webcasts. You can identify these forward- looking statements by use of words such as" strategy,"" expects,"" continues,"" plans,"" anticipates,"" believes,"" will,"" aspires,"" estimates,"" intends,"" projects,"" aims,"" goals,"" targets,"" forecasts" and other words of similar meaning. You can also identify them by the fact that they do not relate strictly to historical or current facts. We cannot guarantee that any forward- looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Our RRPs constitute a **relatively** new product category that is less predictable than our mature cigarette business. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward- looking statements and whether to invest in or remain invested in our securities. In connection with the " safe harbor " provisions of the Private Securities Litigation Reform Act of 1995, we are identifying important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward- looking statements made by us; any such statement is qualified by reference to the following cautionary statements. We elaborate on these and other risks we face throughout this document, particularly in Item 7, Business Environment. You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties. We do not undertake to update any forward- looking statement that we may make from time to time, except in the normal course of our public disclosure obligations. Overall Business Risks We may be unsuccessful in our attempts to introduce **, commercialize, and grow** reduced- risk products **in existing and new markets** , and regulators may ~~not permit~~ **prohibit or significantly restrict** the commercialization of these products or the communication of scientifically substantiated information and claims. Our key strategic priorities are to: (i) **continue** ~~develop~~ **developing** and ~~commercialize~~ **commercializing** products that present less risk of harm to adult smokers who switch to ~~those~~ **reduced- risk** products versus continued **cigarette** smoking; and (ii) encourage and educate current adult smokers who would otherwise continue to smoke **cigarettes** to switch to those ~~RRPs~~ **products** . For our efforts to be successful, we must: • develop RRPs that adult smokers **who would otherwise continue to smoke cigarettes** find ~~acceptable~~ **to be satisfying** alternatives to smoking; • ~~conduct rigorous scientific studies to substantiate that RRPs reduce exposure to harmful and potentially harmful constituents in smoke and, ultimately, that these products present, are likely to present, or~~ **for** ~~have the~~ **those** ~~potential to present less risk of harm to~~ adult smokers ~~who~~ **, our goal is to offer RRPs** ~~switch~~ -- **with** ~~to~~ **a scientifically substantiated risk- reduction profile that approaches as closely as possible** ~~them~~ **the** ~~versus continued~~ **risk- reduction profile associated with** smoking **cessation** ; ~~and~~ • ~~effectively~~ **substantiate the reduction of risk for the individual adult smoker and the reduction of harm to the population as a whole, based on scientific evidence of the highest standard that is made available for scrutiny and review by external independent scientists and relevant regulatory bodies; and •** advocate for **the** ~~a timely~~ development of science- based regulatory frameworks for the development and commercialization of RRPs, including **the** communication of scientifically substantiated information to enable adult smokers to make better ~~consumer~~ choices. We might not succeed in our ~~efforts~~ - **effort to introduce, commercialize, and grow our RRPs in existing and new markets** . If we do not succeed, but others do, or if heat- not- burn products are inequitably regulated compared to other RRP categories without regard to the totality of the scientific evidence available for such products, we may be at a competitive disadvantage. In addition, actions of some market ~~entrants~~ **participants** , such as the inappropriate marketing of e- vapor products to youth, as well as alleged health consequences associated with the use of certain e- vapor products, may unfavorably impact public opinion and / or mischaracterize **the health consequences of** all e- vapor products or other RRPs to consumers, regulators and policy makers without regard to the totality of scientific evidence available for specific products. This may impede our efforts to advocate for the development of science- based regulatory frameworks for the development and commercialization of RRPs. We cannot predict ~~whether~~ **the extent to which** regulators will permit the sale and / or marketing of RRPs ~~with scientifically substantiated information and claims~~ . ~~Such~~ **Regulatory** restrictions could limit the success of our RRPs. The **World Health Organization (the"** WHO **")** study group on tobacco product regulation published their eighth report on the scientific basis of tobacco product regulation in May 2021. The report is based on a review of scientific evidence related to novel and emerging nicotine and tobacco products, such as electronic nicotine delivery systems (" ENDS"), electronic non- nicotine delivery systems and ~~heated tobacco products ("~~ HTPs ~~") on a number of scientific topics~~ . The report concludes by making a number of policy recommendations on HTPs and ENDS that, if implemented, could restrict both the availability of these products ~~,~~ and the access to accurate information about them. In August 2021, the ~~World Health Organization's Framework Convention on Tobacco Control (the"~~ FCTC ~~")~~ Secretariat published two reports on novel and emerging tobacco products to the ~~ninth~~ **Ninth** ~~session~~ **Session** of the ~~Conference of the Parties ("~~ CoP ~~")~~ of the FCTC, which are not materially different from the WHO study group report. Substantive decisions based on these reports were deferred to **the Tenth Session of the CoP ("** CoP 10 **")** , ~~currently~~ **which was** scheduled **for November** ~~to take place in the fourth quarter of~~

2023 **, but has been postponed to February 2024. In August 2023, the WHO Study Group on Tobacco Products Regulation (" TobReg") issued its ninth report, including recommendations on nicotine pouches, which were in line with previous policy recommendations on regulating flavors in tobacco and nicotine products** . It is not possible to predict whether or to what extent ~~measures recommended by the~~ **these developments** ~~WHO' s reports~~ will be ~~implemented as~~ **reflected in decisions adopted at CoP 10, following deliberations. In December 2023, the WHO issued a white paper on electronic cigarettes. While acknowledging that long- term health effects of using e- cigarettes are not fully understood, the WHO calls on countries to ban or strictly regulate** ~~the~~ **these products in order to prevent youth uptake and counter nicotine addiction. The WHO' s** reports are not binding ~~to~~ **on** the WHO Member States **or on parties to the FCTC, and so it is not possible to predict the extent to which any proposals it adopts will be implemented. However, the WHO proposals could lead to restrictions on the availability of certain of our RRPs and access to accurate information about them in one or more of our markets, which could have a material adverse effect on our results of operations** . Additionally, any claims, regardless of merit, challenging our research and clinical data available to date, may impact the development of science- based regulatory frameworks for the commercialization of the RRP category and the commercialization of the RRP category in general. Our RRPs and commercial activities for these products are designed for, and directed toward, current adult smokers and users of nicotine- containing products ~~, and not for non- smokers or youth~~ . We put significant effort to restrict access of our products from non- smokers ~~or~~ **and** youth. ~~Nevertheless~~ **Despite our efforts** , technological, operational, regulatory and / or commercial ~~setbacks~~ **developments** might impact the implementation or effectiveness of youth access prevention mechanisms and surrounding infrastructure. If ~~nonetheless~~ there is ~~a~~ significant usage **, whether actual or perceived,** of our products or competitive products among youth or non- smokers, even in situations over which we have no control, our reputation and credibility may suffer, the regulatory approach to our products may become more restrictive, and our efforts to advocate for the development of science- based regulatory frameworks for the development and commercialization of RRPs may be significantly impacted. Moreover, the FDA' s premarket tobacco product and modified risk tobacco product authorizations of two versions of our Platform 1 product are subject to strict marketing, reporting and other requirements. Although we have received these authorizations from the FDA, there is no guarantee that the product will remain authorized for sale in the U. S., or ~~whether~~ **that** new versions of the ~~products~~ **product** (Platform 1 or other smoke- free platforms) will receive necessary authorizations, particularly if there is a significant uptake in youth or non- smoker initiation. The **commercialization of our products in the United States is dependent on successfully managing compliance with federal, state, and local laws, regulations, legal agreements, and related interpretations. Failure to successfully manage compliance and to resolve any disputes that may arise regarding the application of legal and administrative requirements to our products could negatively impact the timing, manner, or success of our commercialization plans in the United States. Premarket tobacco applications for certain ZYN products, which are currently marketed in the U. S., were submitted in March 2020. The FDA has not completed its review of such applications but concluded that such ZYN products can continue to be marketed in the U. S., subject to the FDA' s enforcement discretion, because the applications were submitted prior to a September 9, 2020 deadline. We also submitted additional premarket tobacco applications for other ZYN products after the deadline, and we are unable to market these products until the FDA authorizes such applications. There is no guarantee that the ZYN products will receive the necessary authorizations from the FDA or that the FDA will allow us to continue to sell the ZYN products currently in the market, pending its review of the applications. The** financial and business performance of our reduced- risk products is less predictable than our cigarette business. Our RRPs are novel products in a **relatively** new category, and the pace at which adult smokers adopt them may vary, depending on the competitive, regulatory, fiscal and cultural environment, and other factors in a specific market. There may be periods of accelerated growth and periods of slower growth for these products, the timing and drivers of which may be more difficult for us to predict versus our mature cigarette business. The impact of this lower predictability on our projected results for a specific period may be significant, ~~particularly during the early stages of this new product category, during the COVID- 19 pandemic as a result of unpredictability due to shortage of key components in our supply chain, or~~ due to geopolitical or macroeconomic events that negatively impact RRP availability or adoption, which in turn may have a material adverse effect on our results of ~~operation~~ **operations** . We may be unsuccessful in our efforts to differentiate reduced- risk products and cigarettes with respect to taxation. To date, we have been largely successful in demonstrating to regulators that our RRPs are not cigarettes due to the absence of combustion, and **accordingly** ~~as such~~ they are generally taxed either as a separate category or as other tobacco products, which typically yields more favorable tax rates than cigarettes. Nevertheless, we are unable to predict whether regulators will be issuing new regulations ~~where~~ **under which** ~~RRP~~ **RRPs** will be equally taxed in line with other tobacco products such as ~~ordinary~~ **conventional** cigarettes. **If** ~~However, if~~ we cease to be successful in these efforts, RRP unit margins may be materially adversely affected, which in turn may have a material adverse effect on our results of ~~operation~~ **operations , revenues, cash flows, and profitability** . Consumption of tax- paid cigarettes continues to decline in many of our markets. This decline is due to multiple factors, including increased taxes and pricing, governmental actions, the diminishing social acceptance of smoking ~~and~~ **,** health concerns, competition, continuing economic and geopolitical uncertainty, and the continuing prevalence of illicit products. These factors and their potential consequences are discussed more fully below and in Item 7, Business Environment. A continuous decline in the consumption of cigarettes could have a material adverse effect on our revenue **, cash flow** and profitability, which in turn may have a material adverse effect on our ability to fund our smoke- free transformation. Cigarettes are subject to substantial taxes. Significant increases in cigarette- related taxes have been proposed or enacted and are likely to continue to be proposed or enacted in numerous jurisdictions. These tax increases may disproportionately affect our profitability and make us less competitive versus certain of our competitors. Tax regimes, including excise taxes, sales taxes and import duties, can disproportionately affect the retail price of cigarettes versus other combustible tobacco products, or disproportionately affect the relative retail price of our cigarette brands versus cigarette brands manufactured by certain of our competitors. Because our portfolio is weighted toward the premium- price cigarette category, tax regimes based on sales price can place us at a competitive disadvantage in certain markets. Furthermore, our volume and profitability may be adversely affected in these markets. In addition, increases in cigarette taxes are expected to continue to have an adverse impact on our sales of cigarettes, due to resulting lower consumption levels, a shift in sales from manufactured cigarettes to other combustible tobacco products and from the premium- price to the mid- price or low- price cigarette categories, where we may be under- represented, from local sales to ~~legal~~ cross- border purchases of lower price products, or to illicit products such as contraband, counterfeit and" illicit whites." Each of these risks could have a material adverse effect on our business, operations, results of operations, revenues, cash flow and profitability. Our business faces significant governmental action aimed at increasing regulatory requirements with the goal of reducing or preventing the use of tobacco **or nicotine- containing** products. Governmental actions, combined with the diminishing social acceptance of smoking and private actions to restrict smoking, have resulted in reduced industry volumes for our products in many of our markets, and we expect that such factors will continue to reduce consumption levels and will increase down- trading and the risk of counterfeiting, contraband," illicit whites" and ~~legal~~ cross- border purchases. Significant regulatory developments will continue to take place over the next few years in most of our markets, driven principally by the **Framework Convention on Tobacco Control (the"** FCTC **")**. Since it came into force in 2005, the FCTC has led to increased efforts by tobacco control advocates and public health organizations to promote increasingly restrictive regulatory measures on the marketing and sale of tobacco **and nicotine- containing** products to adult ~~smokers~~ **nicotine users**. Regulatory initiatives that have been proposed, introduced or enacted by governmental authorities in various jurisdictions include: • restrictions on or licensing of outlets permitted to sell ~~cigarettes~~ **tobacco or nicotine- containing products**; • the levying of substantial and increasing tax and duty charges; • restrictions or bans on advertising, marketing and sponsorship; • the display of larger health warnings, graphic health warnings and other labeling requirements; • restrictions on packaging design, including the use of colors, and mandating plain packaging; • restrictions on packaging and cigarette formats and dimensions; • restrictions or bans on the display of ~~tobacco~~ product packaging at the point of sale and restrictions or bans on vending machines; • generation sales bans, under which the sale of certain tobacco or nicotine **- containing** products to people born after a certain year would be prohibited; • requirements regarding testing, disclosure and performance standards for tar, nicotine, carbon monoxide and **/ or** other smoke **or product** constituents; • disclosure, restrictions, or bans of tobacco product ingredients, including bans on the flavors of certain tobacco **and nicotine- containing** products; • increased restrictions on smoking and use of tobacco and nicotine- containing products in public and work places and, in some instances, in private places and outdoors; • restrictions or prohibitions of novel tobacco or nicotine- containing products or related devices; • elimination of duty free sales and duty free allowances for travelers; • restrictions in terms of importing or exporting our products impacting our logistics activities and ability to ship our products; • encouraging litigation against tobacco companies; and • excluding tobacco companies from transparent public dialogue regarding public health and other policy matters. Our financial results could be materially affected by regulatory initiatives resulting in a significant decrease in demand for our brands. More specifically, requirements that lead to a commoditization of tobacco products or impede adult consumers' ability to convert to our RRPs, as well as any significant increase in the cost of complying with new regulatory requirements could have a material adverse effect on our financial results. Changes in the earnings mix and changes in tax laws may result in significant variability in our effective tax rates. Our ability to receive payments from foreign subsidiaries or to repatriate royalties and dividends could be restricted by local country currency exchange controls and other regulations. We are subject to income tax laws in the United States and numerous foreign jurisdictions. Changes in the U. S. tax system, including significant increases in the U. S. corporate income tax rate and the minimum tax rate on certain earnings of foreign subsidiaries could be enacted. Such changes could have a material adverse impact on our effective tax rate thereby reducing our net earnings. Further changes in the tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting project undertaken by the Organisation for Economic Co- operation and Development, which recommended changes to numerous long- standing tax principles. If implemented, such changes, as well as changes in taxing jurisdictions' administrative interpretations, decisions, policies, or positions, could also have a material adverse impact on our effective tax rate thereby reducing our net earnings. In future periods, our ability to recover deferred tax assets could be subject to additional uncertainty as a result of such developments. Furthermore, changes in the earnings mix or applicable foreign tax laws may result in significant variability in our effective tax rates. As a result of Russia' s invasion of Ukraine, certain taxing jurisdictions, including the U. S., have proposed punitive tax legislation applicable to companies doing business in Russia, which could also have a material adverse impact on our effective tax rate if enacted thereby reducing our net earnings. Because we are a U. S. holding company, our most significant source of funds is distributions from our non- U. S. subsidiaries. Certain countries in which we operate have adopted or could institute currency exchange controls and other regulations **or policies** that limit or prohibit our local subsidiaries' ability to convert local currency into U. S. dollars or to make payments outside the country. This could subject us to the risks of local currency devaluation and business disruption. **Disruptions in the credit markets or changes to our credit ratings may adversely affect our business. We currently generate significant cash flows from ongoing operations and have access to global credit markets through our various short- and long- term financing activities. Our financial performance, credit ratings, interest rates, the stability of financial institutions with which we partner, geopolitical or national developments, the stability and liquidity of the credit markets and the state of the global economy could affect the availability and cost of financing. Disruption in the credit markets, limitations on our ability to borrow, slower than anticipated debt deleveraging, or a downgrade of our current credit rating could increase our future borrowing costs which could materially and adversely affect our financial condition and results of operations. In addition, tighter or more volatile credit markets may lead to business disruptions for certain of our suppliers, contract manufacturers or trade customers which could, in turn, adversely impact our business, results of operations, cash flow and financial condition. We could decide, or be required to, recall products, which could have a material adverse effect on our business, reputation, results**

of operations, cash flows or financial position. We could decide, or laws or regulations could require us, to recall products due to the failure, or alleged failure, to meet quality standards or specifications, suspected or confirmed and deliberate or unintentional product contamination, manufacturing defects, or other product adulteration, misbranding or tampering. A product recall or a product liability or other claim (even if unsuccessful or without merit) could generate negative publicity about us and our products, and our Company' s reputation or that of our brands may be adversely affected. In addition, if another company recalls or experiences negative publicity related to a product in a category in which we compete, adult nicotine consumers might reduce their overall consumption of products in that product category. Any of these events could have a material adverse effect on our business, reputation, results of operations, cash flows or financial position. We may be required to write down assets due to impairment, which could have a material adverse effect on our results of operations or financial position. We continuously monitor the values of our long- lived assets, reporting units, intangible assets, as well as investments in equity securities, including our continuing investment in Rothmans, Benson & Hedges (" RBH"), to determine whether events or changes in circumstances indicate that an impairment exists. Additionally, we test goodwill and non- amortizable intangible assets for impairment annually. The values of these assets may be affected by several factors, including general macroeconomic and geopolitical conditions; regulatory and legal developments; changes in product volume growth rates; changes in pricing strategies and costs bases; discount rates; success of planned new product expansions; competitive activity; and income and excise taxes. If an impairment is determined to exist, we will incur impairment losses, which could have a material adverse effect on our results of operations or financial position. See Item 7, Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates for additional information concerning impairment determination and calculation. Risks Related to the Impact of the War in Ukraine on our Business Our business, results of operations, cash flows and financial position may be adversely impacted by the continuation and consequences of the war in Ukraine. In ~~2022~~ **2023** , Russia accounted for around 9 % of our total cigarette and heated tobacco unit shipment volume, and around ~~7~~ **6** % of our total net revenues. Ukraine accounted for around 2 % of our total cigarette and heated tobacco unit shipment volume, and around 1 % of our total net revenues. Historically, we also produced finished goods in Ukraine for export and manufactured products in Russia. In 2022, as a result of Russia' s invasion of Ukraine, we suspended planned investments and scaled down our manufacturing operations in Russia. ~~In Ukraine, we have temporarily reduced operations, including closing our factory in the country.~~ The **full** ~~short and long- term~~ implications of the Russian invasion of Ukraine for our operations in those countries are impossible to predict at this time. The likelihood of retaliatory action by the Russian government against companies, including ~~us~~ **PMI** , as a result of actions and statements made in response to the Russian invasion **or otherwise** , including the possibility of legal action against us or our employees **; the deprivation of rights in, or access to, our Russian assets;** or nationalization of foreign businesses or assets ~~,~~ **(** including cash reserves held in Russia and intangible assets such as trademarks **)** , is impossible to predict. We are continuously assessing the evolving situation in Russia, including ~~: recent~~ regulatory constraints in the market ~~that entail~~ **entailing** very complex terms and conditions that must be met for any divestment transaction to be granted approval by the authorities ~~;~~ **,** and restrictions resulting from international regulations **. In the event of a divestment, our ability to fully realize the value of the business would likely be subject to material impairment** . In Ukraine, there is no way to know when and to what extent we will be able to fully normalize our operations or to what extent our workforce, facilities, inventory, and other assets will remain intact. These developments have and will continue to have a material adverse impact on our business, results of operations, cash flows and financial position, and may result in **further** impairment charges. The conflict also continues to elevate the likelihood of supply chain disruptions, both in the region and globally, and may inhibit our ability to timely source materials and services needed to make and sell our products. For example, historically we sourced certain finished goods, production materials and components from both Russia and Ukraine, including printed materials and filters, and the invasion has, and may continue to, disrupt the availability of and impact our supply chain for these materials. These disruptions, to the extent we are unable to find alternative sources or otherwise address these supply constraints, may impact the availability and cost of our products in other markets, which would adversely impact our business, results of operations, cash flows and financial position, and may result in impairment charges. Furthermore, the imposition of various restrictions on transactions with parties from certain jurisdictions, the ban on exports of various products, and other economic and financial restrictions may adversely affect certain third parties with which we do business in Russia, such as customers, suppliers, intermediaries, service providers and banks. The broader consequences of the invasion are also impossible to predict, but could include reputational consequences, further sanctions, financial or currency restrictions, punitive tax law changes, embargoes, regional instability, and geopolitical shifts as well as adverse effects on macroeconomic conditions, security conditions, currency exchange rates, and financial markets. Given the nature of our business and global operations, such geo- political instability and uncertainty could increase the costs of our materials and operations; reduce demand for our products; have a negative impact on our supply chains, manufacturing capabilities, or distribution capabilities; increase our exposure to currency fluctuations; constrain our liquidity or our ability to access capital markets; create staffing or operations difficulties; or subject us to increased cyber- attacks. While we will continue to monitor this fluid situation and develop contingency plans as necessary to address any disruptions to our business operations as they develop, the extent of the conflict' s effect on our business and results of operations as well as the global economy, cannot be predicted. The conflict may also ~~have the effect of heightening~~ --- **heighten** many other risks disclosed in this Form 10- K, any of which could adversely affect our business, results of operations, cash flows or financial position. Such risks could affect, without limitation, the achievement of our strategic priorities, including achievement of our RRP growth targets; the availability of third- party manufacturing resources; the availability of attractive acquisition and strategic business opportunities and our ability to fully realize the benefits of these transactions; our ability to attract, motivate, and retain the best global talent; and our loss of revenue from counterfeiting and similar illicit activities. Risks Related to Sourcing and Distribution of Products, Services and Materials Use of third- parties may negatively impact the distribution, quality, and availability of our products and services, and we may be required to replace third- party contract distributors, manufacturers or service providers. We increasingly rely on third- parties and their subcontractors / suppliers, sometimes concentrated in a specific geographic area, for product distribution and to manufacture some of our products and product parts (particularly, the electronic devices and accessories), as well as to provide services, including to support our finance, commercialization and information technology processes. While many of these arrangements improve efficiencies and decrease our operating costs, they also diminish our direct control. Such diminished control may lead to disruption in the distribution of our products and may have a material adverse effect on the quality and availability of products or services, our supply chain, and the speed and flexibility in our response to changing market conditions and adult consumer preferences, all of which may place us at a competitive disadvantage. In addition, we may be unable to renew these agreements on satisfactory terms for numerous reasons, including government regulations, and **the distribution of our products may be disrupted in certain markets or** our costs may increase significantly if we must replace such third parties with other partners or our own resources. The effects of climate change **, other environmental issues,** and **related** legal or regulatory responses ~~related to climate change~~ may have a negative impact on our business and results of operations. While we seek to mitigate our business risks associated with **environmental issues, such as** climate change **,** by establishing environmental goals and standards and seeking business partners, including within our supply chain, that are committed to operating in ways that protect the environment or mitigate environmental impacts, we recognize that there are inherent ~~climate~~ **environmental** - related risks **, including climate change- related risks,** wherever business is conducted. Among other potential impacts, climate change could influence the quality and volume of the agricultural products we rely on, including tobacco, due to **several** ~~a number of~~ factors beyond our control, including more frequent variations in weather patterns, extreme weather events causing unexpected downtime and inventory losses, other adverse weather conditions, and governmental restrictions on trade, all of which may lead to disruption of operations at factories, warehouses and other premises. Furthermore, **nature- related** risks **, including those** related to natural ecosystems degradation, decreased agricultural productivity in certain regions of the world, biodiversity loss, water resource depletion and deforestation, which are partially driven or exacerbated by climate change, may **negatively impact the resilience of, or otherwise** disrupt **,** our business operations or those of our suppliers and business partners. There is an increased focus by foreign, federal, state and local regulatory and legislative bodies ~~regarding~~ **on** environmental policies **, including those** relating to climate change. New ~~climate~~ **environmental** - related legal or regulatory requirements may lead to additional carbon taxation, **raw or other materials taxation,** energy price increases, new compliance costs, increased distribution and supply chain costs, and other expenses impacting our cost of ~~operation~~ **operations . Moreover, given that the regulatory framework in this regard is highly dynamic, additional uncertainties may be driven by further upcoming regulatory changes on which we might have limited visibility or limited time to implement, which could have an impact on several elements of our business, including elevating the cost or complexity of our operations** . Even if we make changes to align ourselves with legal or regulatory requirements, we may still be subject to significant penalties if such laws or regulations are interpreted and applied in a manner inconsistent with our practices. Government mandated prices, production control programs, and shifts in crops driven by economic conditions may increase the cost or reduce the quality of the tobacco and other agricultural products used to manufacture our products. As with other agricultural commodities, the price of tobacco leaf and cloves can be influenced by imbalances in supply and demand and the impacts of natural disasters and pandemics such as COVID- 19. Tobacco production in certain countries is subject to a variety of controls, including government mandated prices and production control programs. Changes in the patterns of demand for agricultural products could cause farmers to produce less tobacco or cloves. Any significant change in tobacco leaf and clove prices, quality and quantity could affect our profitability and our business. **A prolonged disruption of our production facilities could have a material adverse effect on our business, financial condition and results of operations. A prolonged disruption at or shut- down of one or more of our production facilities, especially our ZYN production facility in Kentucky, which currently supplies substantially all of our capacity for ZYN sales in the U. S., due to natural- or man- made disasters or other events outside of our control, such as equipment malfunction or widespread outbreaks of acute illness, including COVID- 19, or for any other reason, could limit our capacity to meet customer demands. Such an event could disrupt our operations; delay production, shipments and revenue; and result in significant expense to repair or replace our affected facilities. As a result, we could forgo revenue opportunities and potentially lose market share, which could materially and adversely affect our business, financial condition and results of operations.** Risks Related to our International Operations Because we have operations in numerous countries, our results may be adversely impacted by economic, regulatory and political developments, natural disasters, pandemics or conflicts. Some of the countries in which we operate face the threat of civil unrest and can be subject to regime changes. In others, nationalization, terrorism, conflict and the threats of war or acts of war may have a significant impact on the business environment. **Factors beyond our control, such as, without limitation,** ~~Natural~~ **natural** disasters, extreme weather events, pandemics **(including COVID- 19)** , economic, political, regulatory, acts of war or threats of war, or other developments could disrupt or increase the expenses related to our supply chain, manufacturing capabilities, distribution capabilities, or the energy and other utility services required to operate our factories, warehouses, and other premises. Our business continuity plans and other safeguards might not always be effective to fully mitigate their impact. ~~In addition~~ **For example** , **the global pandemic outbreak of the COVID- 19 virus in 2020 created significant societal and economic disruption and the closure of stores, factories and offices, restrictions on manufacturing, distribution and travel, and supply chain disruptions, among other impacts.** ~~such~~ **Such** developments – including **the impact of geopolitical disruptions resulting from the conflict in the Middle East and** the impact on energy prices and availability in the EU and elsewhere resulting from the invasion of Ukraine by Russia – could **cause significant volume declines in our duty- free business and certain other key markets; disrupt or delay our distribution, manufacturing or supply chain; increase currency volatility;** increase costs of our materials and operations and lead to loss of property or equipment that are critical to our business in certain markets and difficulty in staffing and managing our operations, all of which could have a material adverse effect on our **business,** operations, volumes, revenue **, cash flows, financial position** , net earnings and profitability. We discuss additional risks associated with Russia' s invasion of Ukraine and climate change **,** above ~~and with the COVID- 19 pandemic below~~ . In certain markets, we are dependent on governmental approvals of various actions such as price changes, and failure to obtain such approvals could impair growth of our profitability. In addition, despite our high ethical standards and rigorous controls and compliance policies aimed at preventing and detecting unlawful conduct, given the breadth and scope of our international operations, we may not be able to detect all potential improper or unlawful conduct by our employees and partners. Such improper or unlawful conduct (actual or alleged) could lead to litigation and regulatory action, cause damage to our reputation and that of our brands, and result in substantial costs. Our reported results could be adversely affected by unfavorable currency exchange rates ~~,~~ and currency fluctuations could impair our competitiveness **. Our results could also be adversely affected by capital controls or by foreign currency exchange constraints or devaluations** . We conduct our business primarily in local currency and, for purposes of financial reporting, the local currency results are translated into U. S. dollars based on average exchange rates prevailing during a reporting period. Foreign currencies may fluctuate significantly against the U. S. dollar **,** reducing our net revenues, operating income and EPS. Our primary local currency cost bases may be different from our primary currency revenue markets, and U. S. dollar fluctuations against various currencies may have disproportionate negative impact on **cash flows and on** net revenues as compared to our gross profit and operating income margins **. Capital controls and / or foreign currency exchange constraints may affect the ability of our subsidiaries in impacted jurisdictions to settle foreign currency denominated imports of goods and services and / or to pay dividends and royalties. These factors may also increase foreign currency devaluation risks, which may have a negative impact on our net assets and results of operations in these jurisdictions. All of which could have a material adverse effect on our financial condition, including our leverage ratios, cash flows, net earnings, and profitability** . A sustained period of elevated inflation across the markets in which we operate could result in higher operating and financing costs and lead to reduced demand for our products. Increasing inflationary pressures **has and** may **continue to** result in significant increases to our expenses, including direct materials, wages, energy, and transportation costs. While we take actions, wherever possible, to reduce the impact of the effects of inflation, in cases of sustained and elevated inflation across several of our major markets, it may be difficult to effectively control the increases to our costs. **In recent periods,** ~~Increased~~ **increased** inflation ~~also~~ has and may continue to lead **to growing pressures on the cost of certain direct materials, wages, energy, transportation, and logistics as well as an increased cost of capital due** to interest rate increases ~~, thereby increasing our interest expense~~ **driven by the response to increased inflation** . ~~Increasing inflationary~~ **Inflationary** pressures may also negatively impact consumer purchasing power, which could result in reduced demand for our products. **We expect certain inflationary elements to ease, with a moderate increase in 2024.** If we are unable to increase our prices **sufficiently** or take other actions to mitigate the effect of ~~increasing~~ inflationary pressures, our profitability and financial position could be negatively impacted. Risks Related to Legal Challenges and Investigations Litigation related to tobacco use and exposure to environmental tobacco smoke could substantially reduce our profitability and could severely impair our liquidity. There is litigation related to tobacco products pending in certain jurisdictions in which we operate. Damages claimed in some tobacco- related litigation are significant and, in certain cases in Brazil, Canada, and Nigeria, range into the billions of U. S. dollars. We anticipate that new cases will continue to be filed. The FCTC encourages litigation against tobacco product manufacturers. It is possible that our consolidated results of operations, cash flows or financial position could be materially adversely affected in a particular fiscal quarter or fiscal year by an unfavorable outcome or settlement of certain pending litigation. We face various administrative and legal challenges related to certain RRP activities, including allegations concerning product classification, advertising restrictions, corporate communications, product coach activities, scientific substantiation, product liability, antitrust, and unfair competition. While we design our programs to comply with relevant regulations, we expect these or similar challenges to continue as we expand our efforts to commercialize RRPs and to communicate **with the** ~~publicly~~ -- **public** . The outcomes of these matters may affect our RRP commercialization and public communication activities and performance in one or more markets. Also see Item 8, Note 18. Contingencies to our consolidated financial statements for a discussion of pending litigation. From time to time, we are subject to governmental investigations on a range of matters. Investigations include allegations of contraband shipments of cigarettes, allegations of unlawful pricing activities within certain markets, allegations of underpayment of income taxes, customs duties and / or excise taxes, allegations of false and misleading usage of descriptors, allegations of unlawful advertising, and allegations of unlawful labor practices. We cannot predict the outcome of those investigations or whether additional investigations may be commenced, and it is possible that our business could be materially adversely affected by an unfavorable outcome of pending or future investigations. See Item 8, Note 18. Contingencies — Other Litigation and ~~"~~ Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Operating Results by Business Segment — Business Environment — Governmental Investigations ~~"~~ for a description of certain governmental investigations to which we are subject. We may be unable to adequately protect our intellectual property rights, and disputes relating to intellectual property rights could harm our business. Our intellectual property rights are valuable assets, their protection is important to our business, and that protection may not be equally available in every country in which we operate or in which our products are sold. If the steps we take to protect our intellectual property rights globally, including through applying for, prosecuting, maintaining and enforcing, where relevant, a combination of trademark, design, copyright, patent, trade secrets and other intellectual property rights, are inadequate, or if others infringe or misappropriate our intellectual property rights, notwithstanding legal protection, our business, financial condition, and results of operations could be adversely impacted. Moreover, failing to manage our existing and / or future intellectual property may place us at a competitive disadvantage. Intellectual property rights of third parties may limit our ability to develop, manufacture and / or commercialize our products in one or more markets. Competitors or other third parties may claim that we infringe their intellectual property rights. Any such claims, regardless of merit, could divert management' s attention, be costly, disruptive, time- consuming and unpredictable and expose us to significant litigation costs and damages, and may impede our ability to develop, manufacture and / or commercialize new **or existing** RRPs and improve our products, and thus have a material adverse effect on our revenue and our profitability. In addition, if, as a result, we are unable to manufacture or sell our RRPs or improve their quality in one or more markets, our ability to convert adult smokers to our RRPs in such markets would be adversely affected. See Item 8, Note 18. Contingencies — Other Litigation to our consolidated financial statements for a description of certain intellectual property proceedings. Risks Related to our Competitive Environment We face intense competition, and our failure to compete effectively could have a material adverse effect on our profitability and results of operations. We are subject to highly competitive conditions in all aspects of our business. We compete primarily on the basis of product quality, brand recognition, brand loyalty, taste, R & D, innovation, packaging, customer service, marketing, advertising and retail price and, increasingly, adult smoker willingness to convert to our RRPs. The competitive environment and our competitive position can be significantly influenced by weak economic conditions ~~,~~ **;** erosion of consumer confidence ~~,~~ **;** competitors' introduction of lower- price products or innovative products ~~,~~ **;** novel products which given their taste characteristics may be more commercially successful ~~,~~ **;** higher ~~tobacco~~ product taxes ~~,~~ **;** higher absolute prices and larger gaps between retail price categories ~~,~~ **;** and product regulation that diminishes the ability to differentiate tobacco products ~~and~~ **,** restricts adult consumer access to truthful and non- misleading information about our RRPs **, or disproportionately impacts the commercialization of our products in relation to our competitors** . Competitors in our industry include British American Tobacco plc, Japan Tobacco Inc., Imperial Brands plc, new market entrants, particularly with respect to innovative products, several regional and local tobacco companies and, in some instances, state- owned tobacco enterprises, principally in Algeria, Egypt, China, Taiwan, Thailand and Vietnam. Some competitors have different profit, volume and regulatory objectives, ~~and~~ some international competitors may be less susceptible **than PMI** to changes in currency exchange rates **, and some competitors may sell products in circumvention of applicable regulations** ~~than~~ **that** ~~we are~~ **compete directly with our products** . Certain new market entrants in the non- combustible product category may alienate consumers from innovative products through inappropriate marketing campaigns, messaging and inferior product satisfaction, **and without** ~~while not relying on~~ scientific substantiation based on appropriate R & D protocols and standards. The growing use of digital media could increase the speed and extent of the dissemination of inaccurate and misleading information about our RRPs, all of which could have a material adverse effect on our profitability and results of operations **. See Item 1, Business — Competition for a description of the competitive environment in which we operate** . We may be unable to anticipate changes in adult consumer preferences. Our business is subject to changes in adult consumer preferences, which may be influenced by local economic conditions, accessibility to our products and availability of accurate information related to our products. To be successful, we must: • promote brand equity successfully; • anticipate and respond to new adult consumer trends; • ensure that our products meet our quality standards; • develop new products and markets and broaden brand portfolios; • improve productivity; • educate and encourage adult smokers to convert to our RRPs; • ensure effective adult consumer engagement, including communication about product characteristics and usage of RRPs **; • mitigate the impact of developments that cause damage to our reputation and that of our brands** ; • provide excellent customer care; • ensure adequate production capacity to meet demand for our products; and • be able to protect or enhance margins through price increases. In periods of economic uncertainty, adult consumers may tend to purchase ~~lower~~ -- **low** - price brands, and the volume of our premium- price and mid- price brands and our profitability could be materially adversely impacted as a result. Such down- trading trends may be reinforced by regulation that limits branding, communication and product differentiation. **In addition to economic uncertainty (including recessions and inflation) unusual weather events and global or local epidemics, endemics or pandemics (such as COVID- 19) has and may change the preferences of our adult consumers and lower demand for our products, particularly for our mid- price or premium- price brands.** Our ability to grow profitability may be limited by our inability to introduce new products, enter new markets **, maintain sufficient production capacity,** or improve our margins through higher pricing and improvements in our brand and geographic mix. Our profit growth may be materially adversely impacted if we are unable to introduce new products or enter new markets successfully, to **meet the demand for our products with increased production capacity, to** raise prices **,** or to improve the proportion of our sales of higher margin products and in higher margin geographies. We may be unable to expand our brand portfolio through ~~successful~~ acquisitions or the development of strategic business relationships, and the intended benefits from our investments may not materialize. One element of our growth strategy is to expand our brand portfolio and market positions through selective acquisitions and the development of strategic business relationships. Acquisition and strategic business development opportunities are limited and present risks of failing to achieve efficient and effective integration, strategic objectives and / or anticipated revenue improvements and cost savings. There is no assurance that we will be able to acquire attractive businesses or enter into strategic business relationships on favorable terms ahead of our competitors, or that such acquisitions or strategic business development relationships will be accretive to earnings or improve our competitive position. In addition, we may not have a controlling position in certain strategic investments or relationships, which could impact the extent to which the intended financial growth and other benefits from these investments or relationships may ultimately materialize. Our ability to achieve our strategic goals may be impaired if we fail to attract, motivate and retain the best global talent and effectively align our organizational design with the goals of our transformation. To be successful, we must continue transforming our culture and ways of working, align our talent and organizational design with our increasingly complex business needs, and innovate and transform to a consumer- centric business. We compete for talent, including in areas that are **relatively** new to us ~~,~~ such as digital, information technology, **and** life sciences, with companies in the consumer products, technology, pharmaceutical and other sectors that enjoy greater societal acceptance. As a result, we may be unable to attract, motivate and retain the best global talent with the right degree of diversity, experience and skills to achieve our strategic goals ~~. Risks Related to the Impact of a Pandemic on our Business Our business, results of operations, cash flows and financial position may be materially adversely impacted by an epidemic, endemic or pandemic, such as COVID- 19. The~~

~~outbreak of the global COVID- 19 pandemic in 2020 has created significant societal and economic disruption, and resulted in the closures of stores, factories and offices, and restrictions on manufacturing, distribution and travel, all of which have and may continue to adversely impact our business, results of operations, cash flows and financial position. Our business continuity plans and other safeguards may not be effective to mitigate the ongoing or potential impact of COVID- 19 or other epidemics, endemics, or pandemics. The production of our RRP portfolio requires various components and materials, and we believe that there is an adequate supply of such components and materials in the world markets to satisfy our current and anticipated production requirements. However, some components and materials necessary for the production of our RRPs, including those for the electronic devices, are obtained from single or limited sources, and can be subject to industry- wide shortages and price fluctuations. While we have been successful in maintaining adequate supply of such components and materials during the ongoing COVID- 19 pandemic so far, the COVID- 19 pandemic, or another epidemic, endemic or pandemic, may disrupt that supply, whether through regulatory enforced actions taken to contain its spread, or through other supply chain disruptions caused by such epidemic, endemic or pandemic. This could negatively impact the commercialization of our RRPs. Significant risks to our business during an epidemic, endemic or pandemic, such as the ongoing consequences of the COVID- 19 outbreak, also include: • our diminished ability to convert adult smokers to our RRPs; • significant volume declines in our duty- free business and certain other key markets; • disruptions or delays in our manufacturing and supply chain, including delays and increased costs in the shipment of parts to manufacture our products or for the products themselves; • increased currency volatility; and • delays in certain cost saving, transformation and restructuring initiatives. The significant adverse effect of an epidemic, endemic or pandemic on the economic or political conditions in markets in which we operate could result in changes to the preferences of our adult consumers and lower demand for our products, particularly for our mid- price or premium- price brands~~ . Risks Related to Illicit Trade We lose revenues as a result of counterfeiting, contraband, cross- border purchases," illicit whites," non- tax- paid volume produced by local manufacturers, and counterfeiting of our ~~Platform 1~~ **smoke- free products'** ~~device~~ **devices** and **consumables** ~~heated tobacco units~~ . Large quantities of counterfeit cigarettes are sold in the international market. We believe that Marlboro is the most heavily counterfeited international cigarette brand, although we cannot quantify the revenues we lose as a result of this activity. In addition, our revenues are reduced by contraband, ~~legal~~ cross- border purchases," illicit whites" and non- tax- paid volume produced by local manufacturers. Our revenues and consumer satisfaction with our ~~Platform 1~~ **smoke- free products'** ~~device~~ **devices** and **consumables** ~~heated tobacco units~~ may be materially adversely affected by counterfeit products that do not meet our product quality standards and scientific validation procedures. Risks Related to Cybersecurity and Data Governance ~~The failure~~ **We are significantly dependent on** ~~or~~ **our** ~~disruption of our~~ **and third- party** information technology networks and systems, **and a cybersecurity incident** or **attack against** those **networks** ~~managed by third- party service providers~~ or ~~owned by~~ **systems may adversely impact** our business ~~partners~~ and ~~used in furtherance of PMI' s business, due to cybersecurity attacks; unauthorized attempts to corrupt or extract data; security vulnerabilities; misconfigurations; human error; or failure or inability by us, third- parties, or our business partners to adhere to cybersecurity industry best practices, could place us at a competitive disadvantage, cause reputational damage, impact our~~ operations ~~, result in data breaches, significant business disruption, litigation, regulatory action including significant fines or penalties, financial impact, loss of revenue or assets, including our intellectual property, personal, confidential, or sensitive data~~ . We and our business partners heavily rely on information technology networks and systems, including those connected to the Internet, to help manage business processes and operations, including the collection, storage, interpretation, and processing of confidential, sensitive, personal and other data; internal and external communications; marketing and e- commerce activities; the manufacture, sale, and distribution of our products; management of third- party business relationships; engagement with governmental authorities; innovation through research and development; and other activities necessary for business operations. Some of these information systems and networks are developed, supplied, or managed by third- party service providers that may make us vulnerable to " supply chain " style cyberattacks. **The failure or disruption of our information technology networks and systems, or those managed by third- party service providers or owned by our business partners and used in furtherance of PMI' s business, due to cybersecurity attacks; unauthorized attempts to corrupt or extract data; security vulnerabilities; misconfigurations; human error; or failure or inability by us, third- parties, or our business partners to adhere to cybersecurity industry best practices, could place us at a competitive disadvantage, cause reputational damage, impact our operations, result in data breaches, significant business disruption, litigation, regulatory action including significant fines or penalties, financial impact, loss of revenue or assets including our intellectual property, personal, confidential, or sensitive data.** Cyberattacks, security incidents and vulnerabilities impacting PMI, newly acquired companies, our business partners, or our third- party providers, continue to dynamically evolve in sophistication and volume, making it difficult for us to predict probability, frequency, and impact severity of security incidents. Further, it may be inherently difficult to detect vulnerabilities during due diligence, for long periods of time, or soon enough to mitigate exploitation. There can be no assurance that such security incidents or vulnerabilities will not have a material adverse effect on us in the future **. While PMI works to mitigate these risks by implementing a cybersecurity risk program and a third- party cybersecurity risk management program, there can be no assurance that these programs are comprehensive or accurately identify and sufficiently mitigate all cybersecurity risks** . We continue to make investments in administrative, technical, and physical safeguards to maintain information security protections in line with industry standards and best practices. We evaluate the adequacy of preventative actions to reduce security incidents on an ongoing basis. Our safeguards may not, however, be effective in mitigating the impact of service disruptions or other failures of these information technology networks and systems. Failure to timely respond and mitigate security incidents, could result in wide- ranging business interruptions. Such security incidents could place us at a competitive disadvantage; result in financial impacts, a loss of revenue, assets, including our intellectual property, personal or other sensitive data; result in litigation and regulatory action including significant fines or penalties; impact our operations; cause damage to our reputation and that of our brands; and result in significant remediation and other costs. **See Item 1C. Cybersecurity for a description of our cybersecurity risk management and strategy and governance.** Our or our business partners' failure or inability to adhere to privacy, data, artificial intelligence and information security laws could result in business disruption, loss of reputation and consumer trust, litigation, regulatory action including significant fines or penalties, financial impact, and loss of revenue, assets or personal, confidential, or sensitive data. An actual or alleged failure to comply with complex and changing privacy, data, artificial intelligence and information security laws and regulations under the EU General Data Protection Regulation, various ~~United States~~ **U. S.** state and federal laws, and other similar privacy and information security laws across the jurisdictions in which PMI operates, such as the failure to protect personal data; implement appropriate technological and reasonable security measures **; implement and maintain appropriate safeguards for personal data being transferred internationally** ; respect the privacy rights of data subjects; provide sufficient detailed notices of personal data processing; retrieve consent and provide opt- outs; meet stringent timeframe requirements for incident reporting to regulatory authorities; comply with artificial intelligence regulations; and others, could have a material adverse effect on us, subject us to substantial fines and / or legal challenges, and / or harm our business, reputation, financial condition, or operating results. Such laws and regulations across the jurisdictions in which PMI operates may vary, resulting in inconsistent or conflicting legal obligations. Risks Related to ~~the Acquisitions of~~ Swedish Match **and Vectura** ~~, OtiTopic, Inc. (" OtiTopic"),~~ Fertin Pharma ~~A / G ("~~ **We may be unable to fully realize the expected benefits from the acquisitions of Swedish Match or Vectura** Fertin Pharma ~~") and Vectura Group Ltd~~ . ~~(" Vectura") (collectively, the" Acquisitions") As previously disclosed in this Form 10- K, since~~ **Since** 2021, we have acquired Swedish Match, OtiTopic, Fertin Pharma and Vectura **(collectively** , **the" Acquisitions"),** and ~~have~~ **subsequently** launched ~~a new Wellness and Healthcare business consolidating OtiTopic, Fertin Pharma and Vectura:~~ Vectura Fertin Pharma ~~. We may be unable to successfully integrate and realize the expected benefits from the Acquisitions. The successful integration of the acquired businesses and their operations into those of our own and our ability to realize the benefits of the Acquisitions~~ , ~~are subject to a number of risks and uncertainties, many of which are not in~~ our **new** ~~control. The risks and uncertainties relating to integrating the businesses acquired include, among other things: (i) the challenge of integrating complex organizations, systems, operating procedures, industry specific compliance programs, technology, networks and other assets of the businesses that we acquire, and the costs related to such integration efforts; (ii) the possibility that we are unable to gain access to differentiated intellectual property, proprietary technology, and pharmaceutical development expertise as anticipated by these Acquisitions, and thus fail to realize our desired entry into additional smoke- free, wellness~~ **Wellness** ~~, therapeutic~~ and ~~healthcare~~ **Healthcare** ~~platforms; (iii) the challenge of integrating the cultures and~~ business **, consolidating OtiTopic** ~~practices of each of Swedish Match~~ , Fertin Pharma and Vectura ~~to our culture and business practices, which if not managed correctly, could lead to difficulties in retaining key management and other key employees; and (iv) the challenge of achieving a successful integration as a result of our affiliation to our combustible product portfolio~~ . **The** ~~In addition, even if we are able to successfully integrate, the~~ anticipated benefits of the Acquisitions may not be realized fully, or at all, or may take longer to realize than expected. Furthermore, the success of the Acquisitions also depends on **the continued successful commercialization and growth of** Swedish Match' s **products** ~~continued growth~~ in highly competitive markets and on the success of the research and development efforts of Vectura Fertin Pharma, including the ability to obtain regulatory approval for new products, and the ability to commercialize or license these new products developed by them. Moreover, our combustible product portfolio may stand in the way of introducing and growing new **Wellness and Healthcare** product categories ~~,~~ and may prevent our business from developing a long- term sustainable ecosystem of products in the wellness, therapeutic, and healthcare categories. **Swedish Match and Vectura Fertin Pharma** ~~The businesses that we acquire in the Acquisitions~~ may have liabilities that are not known to us. The businesses that we have acquired ~~in the Acquisitions~~ may have liabilities that we were unable to identify, or were unable to discover, in the course of performing our due diligence investigations during the Acquisitions thereof. ~~We cannot~~ **There is no** ~~assure~~ **assurance** ~~you~~ that the indemnification available to us under the respective acquisition agreements, will be sufficient in amount, scope or duration to fully offset the possible liabilities associated with the respective business or property that we ~~will assume~~ **assumed** upon consummation of each ~~acquisition~~ **Acquisition** . Furthermore, the acquisition of Swedish Match was structured as a direct purchase of shares from Swedish Match shareholders and therefore did not include an acquisition agreement or indemnification rights. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations. Accounting adjustments related to the Acquisitions could adversely affect our financial results. We ~~have~~ accounted for the completion of the Acquisitions using the acquisition method of accounting. ~~Differences between preliminary estimates and the final acquisition accounting may occur, and these differences could have a material impact on the consolidated financial statements and our future results of operations and financial position in combination with the businesses acquired. Furthermore, given~~ **Given** the nature of the assets ~~being~~ acquired in the Acquisitions, we may not be able to avoid future impairments of those assets, which may also have a material impact on our future results of operation and financial position. PMI, Swedish Match and Vectura Fertin Pharma may be subject to uncertainties that could adversely affect our respective businesses, and adversely affect the financial results of our combined businesses. Our success following these Acquisitions ~~will depend~~ **depends** in part upon our ability and the ability of each of Swedish Match and Vectura Fertin Pharma to maintain business relationships. **The** ~~Uncertainty about the~~ effect of the Acquisitions on customers, suppliers, employees and other constituencies of each of Swedish Match, Fertin Pharma and Vectura, may have a material adverse effect on us and / or the businesses that we have acquired through the Acquisitions. Customers, suppliers and others who do business with Swedish Match or Vectura Fertin Pharma may delay or defer business decisions, decide to terminate, modify or renegotiate their relationships, or take other actions ~~as a result of the Acquisitions~~ , which could negatively affect the revenues, earnings and cash flows of our company or the businesses that we have acquired. Regulatory changes may have an impact on the development and / or commercialization of products which originate from the Swedish Match or Vectura Fertin Pharma value chains, as well as our revenues, earnings and cash flow. If we are unable to maintain the business and operational relationships of Swedish Match, or of Vectura Fertin Pharma, our financial position, results of operations or cash flows upon combining with these companies could be adversely affected.