



PHILIP MORRIS ČR

PRESS RELEASE

## Philip Morris ČR a.s. Reports Positive Results in the Face of a Challenging Year

PRAGUE, Czech Republic – March 28, 2023. Philip Morris ČR a.s. published its financial and economic results for 2022. Consolidated revenues (excluding excise tax and VAT) reached 20.9 billion CZK, up 11% from 2021. Consolidated net profit after tax increased by 3.4% year-on-year to CZK 3.6 billion CZK. The volume of sales of combustible and heated tobacco products in the Czech Republic and Slovakia was 11.2 billion sticks (vs. 11.5 billion in 2021), reflecting the underlying decline of the combustible market, significantly offset by the growth of heated tobacco products consumption. The total number of adult users of smoke-free alternatives has grown in the Czech Republic to almost 570 thousand and in Slovakia to over 290 thousand.

*"2022 was a challenging year, yet successful from a financial point of view for Philip Morris ČR. While like the rest of industry and businesses we were facing the pressures from the war in Ukraine and macro-economic inflationary environment, we managed to achieve production record at the Kutná Hora plant and to increase revenues as well as a net profit. As we are motivated by what our financial and economic results and revenues mean in accelerating our progress towards being a smoke-free company, we reached further milestones thanks to innovations in the product portfolio. At the end of the year, there were more than 860 thousand adult smokers<sup>1</sup> using our smoke-free IQOS products in the Czech Republic and Slovakia, while 590 thousand of them have switched and stopped smoking cigarettes completely<sup>2</sup>,"* commented Andrea Gontkovičová, Chairman of the Board of Directors and Managing Director of Philip Morris ČR a.s., a subsidiary of Philip Morris International (PMI), which covers business on the market in the Czech Republic and Slovakia.

While total sales of tobacco products declined in 2022, total revenues increased by 11 % to CZK 20.9 billion. Compared to the previous year, the total combined market for cigarettes and heated tobacco products remained stable at 17.4 billion units in the Czech Republic, while slightly grew by 1.3 % to 7.4 in Slovakia. Philip Morris continues to be the leader in both markets with an estimated market share of 40,1 % in the Czech Republic and 55,5 % in Slovakia. Based on the financial results, the board of directors of Philip Morris ČR a.s. will propose payment of a gross dividend in the amount of CZK 1,310. The proposal for the payment of the dividend has been reviewed and approved by the company's Supervisory Board and will be submitted for approval to shareholders at the general meeting to be held on 28<sup>th</sup> April 2023 in Kutná Hora.

Overall, heated tobacco consumables shipment increased by 0.4 billion units and reached 2.3 billion units in the Czech Republic and at the same time they increased by 0.2 billion units to 1.1 billion units in Slovakia. Combustible portfolio shipments of Philip Morris ČR a.s. decreased to 4.8 billion units in the Czech Republic and to 3.0 billion units in Slovakia, which was mainly driven by the switching to smoke-free alternatives on both markets.

From the business point of view, the most significant event of 2022 was the introduction of an entirely new product in the portfolio of smoke-free alternatives *IQOS ILUMA* and its tobacco sticks *TEREA* in the second half of November to the Czech and Slovak markets. *IQOS ILUMA*, which uses breakthrough Smartcore Induction System heating technology, has become the flagship of PMI's heated tobacco devices portfolio. With its introduction, the sale of the *IQOS 3 DUO* device was subsequently discontinued, still the entire portfolio of *HEETS* tobacco flavours – which was already expanded to twelve variants during the past year – remains on sale for adult users of *IQOS 3 DUO* and devices of previous generations using a blade heating technology. Already in June, another novelty was introduced to the Slovak market, namely the most advanced *IQOS VEEV* e-cigarette with a wide portfolio of *VEEV* refills. At the same time, several new flavours for *VEEV* e-cigarette and *Fiit* tobacco refills for *lil SOLID* devices were introduced.

<sup>1</sup> Estimated number of adult IQOS users who used PMI heated tobacco products (*TEREA*, *HEETS* and *Fiit*) in the past seven days

<sup>2</sup> Estimated number of adult IQOS users whose daily individual consumption of heated tobacco products represents the total daily consumption of tobacco over the past seven days, of which at least 70% is heated tobacco products PMI (*TEREA*, *HEETS* and *Fiit*)

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*"In 2022, in both our markets we focused primarily on expanding the range of smoke-free products, which represent a potentially less risky\* alternative for adults who would otherwise continue to smoke cigarettes. The introduction of the revolutionary IQOS ILUMA is a proof of this commitment. Moving forward, we will continue to build our efforts on a comprehensive offer of science-based smoke-free products, a wide range of technologies and methods of use so that all Czech and Slovak adults, who would otherwise continue to smoke, make a better choice for their health\* and switch to smoke-free alternatives as soon as possible and stop smoking"* Andrea Gontkovičová added.

Also in the past year, Philip Morris ČR a.s. remained committed to addressing sustainability and social responsibility. The company was again awarded with the title of "Top Responsible Company" and is still the only domestic company that is proud to be EQUAL-SALARY certified. Philip Morris ČR a.s. continues to invest significant resources in the modernization of production particularly in reducing its energy consumption. In 2022, the Kutná Hora plant underwent carbon neutrality recertification and became only the second production plant in the Czech Republic that meets the requirements of the Alliance for Water Stewardship certification - i.e., responsible water management.

*"Sustainability, protection of the environment or financial and material support in the locations in which we operate, as well as a fair and open approach to employees, are in the heart of our business. We continue to be a reliable employer, we are among the largest suppliers within PMI, and we are also one of the twenty most important payers to the public budgets in the Czech Republic and Slovakia,"* said Andrea Gontkovičová.

*\* Based on the totality of evidence available compared to continued smoking. Smoke-free products are not risk-free and provide nicotine which is addictive.*

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#### Philip Morris ČR a.s.

Philip Morris ČR a.s. is a subsidiary of Philip Morris International (PMI), a leading international tobacco company working to deliver a smoke-free future. In addition to traditional tobacco products, on the Czech market Philip Morris ČR a.s. distributes the IQOS ILUMA heating tobacco device and compatible TEREA tobacco refills, the Ili SOLID tobacco heating device with Fiit tobacco refills, the IQOS VEEV e-cigarette and its VEEV refills, the VEEBA disposable-vapour device and other related accessories. Philip Morris ČR a.s., which has been operating in the Czech Republic since 1992 and employs more than 1,100 people, is listed on the Prague Stock Exchange (BCPP). At the same time, it owns a 99% business share in the subsidiary Philip Morris Slovakia s.r.o., registered in the Slovak Republic. For more than 30 years, the company has contributed to helping various charitable projects, including projects involving the support of social programs aimed at improving living conditions in local communities. You can find more information at [www.philipmorris.cz](http://www.philipmorris.cz), including the annual report for 2022.

#### Philip Morris International: Delivering a Smoke-Free Future

Philip Morris International (PMI) is a leading international tobacco company working to deliver a smoke-free future and evolving its portfolio for the long term to include products outside of the tobacco and nicotine sector. The company's current product portfolio primarily consists of cigarettes and smoke-free products, including heat-not-burn, vapour, and oral nicotine products. Since 2008, PMI has invested more than USD 10.5 billion to develop, scientifically substantiate and commercialise innovative smoke-free products for adults who would otherwise continue to smoke, with the goal of completely ending the sale of cigarettes. This includes the building of world-class scientific assessment capabilities, notably in the areas of pre-clinical systems toxicology, clinical and behavioural research, as well as post-market studies. In November 2022, PMI acquired Swedish Match – a leader in oral nicotine delivery – creating a global smoke-free champion led by the companies' IQOS and ZYN brands. The U.S. Food and Drug Administration (FDA) has authorised versions of PMI's IQOS Platform 1 devices and consumables, and Swedish Match's General snus as Modified Risk Tobacco Products (MRTPs). As of 31 December 2022, PMI's smoke-free products were available for sale in 73 markets, and PMI estimates that approximately 17.8 million adults around the world have already switched to IQOS and stopped smoking. Smoke-free products accounted for approximately 32% of PMI's total full-year 2022 net revenues. With a strong foundation and significant expertise in life sciences, PMI announced in February 2021 its ambition of expanding into wellness and healthcare areas and, through its Vectura Fertin Pharma subsidiary, aims to enhance life through the delivery of seamless health experiences. For more information, please visit [www.pmi.com](http://www.pmi.com) and [www.pmisience.com](http://www.pmisience.com).

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