



Philip Morris ČR a.s. achieved solid results in 2023, despite challenging operating environment

Prague, March 27, 2024. Philip Morris ČR a.s. published financial and economic results for the year 2023. Consolidated revenues (excluding excise tax and VAT) reached CZK 20.6 billion, which is 1.8% lower than prior year (or 1.2% excluding currency impact). Consolidated net profit reached CZK 3.3 billion, which is 8.0% lower than prior year (or 6.6% excluding currency impact). Total shipments of smoke free products and combustible products in the Czech Republic and Slovakia reached 10.1 billion units. This represents a 9.7% decrease in comparison to prior year, predominantly driven by the performance of cigarettes due to a decline of the market. Smoke free products volume remained broadly unchanged.

"Our results demonstrate solid foundations of our business, that faced a combination of external negative factors in 2023. Despite the macroeconomic conditions, inflationary pressures and uncertainty, which affect the purchasing power of consumers, but also with regard to the growing competitive environment not only in the offer of classic cigarettes and newly also smoke-free alternatives, our company has demonstrated remarkable resilience," says 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 in the Czech Republic and Slovakia. *"After several volatile years, we could observe a gradual return to the overall stabilization of the market, especially in the second half of the last year. The positive news is that sales of consumables for our smoke-free alternatives have not changed year-on-year, even despite the ban on refills with a characteristic flavor in the Czech Republic in October,"* adds Andrea Gontkovičová.

The total combined market of cigarettes and heated tobacco products in the Czech Republic in 2023 recorded a year-on-year decrease of 10.3% to a total of 15.6 billion units, while in Slovakia it decreased by 4.0% to 7.1 billion units. Total shipments of Philip Morris ČR, a.s. and Philip Morris Slovakia s.r.o. then followed the market trend, registering a year-on-year decline of 9.7% to 10.1 billion units. Despite this, the company's total revenues decreased only by 1.8% to a total of CZK 20.6 billion. Philip Morris remains the leader in both markets with an estimated market share of 39.6% in the Czech Republic and 53.4% in Slovakia.

In the Czech Republic, the company's total combined shipments decreased by 11.1% to 6.3 billion units. Domestic sales of smoking tobacco products fell by 0.7 billion units compared to 2022 to 4.1 billion units, while sales of smoke-free alternatives reached 2.3 billion units, remaining at the previous year's level. The organic growth of this portfolio was partially slowed by trade inventory movements at the end of 2022 and effects of characteristic flavor ban on the sale of heated tobacco consumables starting in the middle of October.

In Slovakia, the company's total combined shipments decreased by 7.3% to 3.8 billion units. Domestic combustible shipments slightly decreased year-on-year by 0.3 billion units to 2.7 billion units, while shipments of smoke-free alternatives remain flat at 1.1 billion units.

Also in 2023, the Company focused mainly on the development of the offer of smoke-free alternatives, in the Czech Republic mainly in the category of electronic cigarettes. In February, the VEEBA disposable



PHILIP MORRIS ČR

cigarette (rebranded to *VEEV NOW* in August) was launched on the market, and in the summer, the brand new *VEEV ONE* device arrived on the market with an innovative, attractive design and improved features. In autumn, another novelty was introduced to the Czech market as one of the first in the world – zero-tobacco consumables for *IQOS ILUMA* named *LEVIA*. Another novelty was the introduction of a new generation of *lil SOLID EZ* device, which replaces the original *lil SOLID 2.0*.

“This year will mark ten-year anniversary of PMI spearheading nicotine revolution with launch of smoke-free alternatives. I am proud that Philip Morris ČR a.s. has been important contributor to this journey since the year 2017. Both Czechia and Slovakia are one of the few markets in the world that benefits from almost the entire portfolio of smoke-free products. At the same time, we are often one of the first to bring the latest innovations from the PMI workshop to our markets. We are therefore preparing other novelties in our portfolio of smoke-free alternatives for our adult customers this year as well,” says Andrea Gontkovičová.

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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 and *LEVIA* non-tobacco consumables, the *lil SOLID* tobacco heating device with *Fit* tobacco consumables, the *VEEV ONE* e-cigarette, *VEEV NOW* 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, including the annual report for 2023.

Philip Morris International: Delivering a Smoke-Free Future

Philip Morris International (PMI) is a leading international tobacco 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. The company's current product portfolio primarily consists of cigarettes and smoke-free products. Since 2008, PMI has invested \$12.5 billion to develop, scientifically substantiate and commercialize 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 behavioral research, as well as post-market studies. In 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 has authorized versions of PMI's *IQOS* Platform 1 devices and consumables and Swedish Match's General snus as Modified Risk Tobacco Products. As of December 31, 2023, PMI's smoke-free products were available for sale in 84 markets, and PMI estimates that approximately 20.8 million adults around the world had already switched to *IQOS* and stopped smoking. Smoke-free products accounted for approximately 37% of PMI's total full-year 2023 net revenues. With a strong foundation and significant expertise in life sciences, PMI announced in February 2021 its ambition to expand into wellness and healthcare areas and, through its *Vectura Fertin Pharma* business, aims to enhance life through the delivery of seamless health experiences.

For more information, please visit www.pmi.com and www.pmiscience.com

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