



## PHILIP MORRIS ČR

The Board of Directors of

**Philip Morris ČR a.s.**,

whose registered office is in Kutná Hora, Vítězná 1, postcode: 284 03,

identification number: 14803534,

registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 627  
(the “**Company**”),

following the crisis measures taken by the Government of the Czech Republic during the declared state of emergency and the extraordinary measures issued by the relevant ministries of the Czech Republic or other authorities to protect the population and prevent the risk of development and spread of the COVID-19 disease caused by the new SARS CoV-2 coronavirus, consisting mainly in restrictions on the gathering and free movement of people in the territory of the Czech Republic, and following the information of the Board of Directors of the Company of 23 March 2020 on the date of the General Meeting,

**informs the Company’s shareholders and the public of its decision  
on the**

### **DECISION-MAKING OF THE COMPANY’S GENERAL MEETING OUTSIDE THE MEETING (“*per rollam*”)**

Given that the security, preventative and logistical measures taken in the Czech Republic and in other countries that are currently in force (and the future content of which cannot be predicted with certainty) do not currently allow for the convocation and holding of the General Meeting of the Company in a manner that would secure that the health and safety of shareholders, their representatives or other persons usually attending at or participating in the preparation and holding of the General Meeting (e.g. the Company’s employees and other co-operators usually participating in the organisation of the General Meeting) is not endangered and that, at the same time, the shareholders’ right to physically attend the General Meeting is not unduly restricted in view of the crisis measures taken, the Board of Directors of the Company has decided that **it will not convene the General Meeting approving, among other things, the Company’s financial results for 2019, and that the General Meeting will not be held with the personal participation of shareholders.**

The Board of Directors of the Company further decided that the matters which the Board of Directors of the Company had originally intended to include in the agenda of the given General Meeting will be, in accordance with Section 418 *et seq.* of Act No. 90/2012 Coll., on Business Companies and Cooperatives (the Act on Business Corporations), as amended (the “**Business Corporations Act**”), in conjunction with Section 19 (1) of Act No. 191/2020 Coll., on Certain Measures to Mitigate Impacts of the SARS CoV-2 Coronavirus Epidemic on Litigants, Aggrieved Parties, Victims of Crime and Legal Entities and on Amendment of the Insolvency Act and the Civil Procedure Code (“**Lex Covid**”), **will be decided on outside the General Meeting of the Company (“*per rollam*” or within the “*per rollam* decision-making”).** The *per rollam* decision-making consists in the exercise of voting and other shareholder rights in writing without the personal participation of shareholders at the General Meeting, through written submissions delivered to the Company. The *per rollam* decision-making takes basically place in three steps: (1) distribution of the draft decisions; (2) delivery of the shareholders’ opinions on the draft decisions; and (3) announcement of the voting results and date of adoption of the decisions to the shareholders. A decision taken *per rollam* is a decision of the General Meeting as the supreme body of the Company, taken outside the General Meeting.

Although the possibility of the *per rollam* decision-making is not regulated in the Company's Articles of Association, the *per rollam* decision-making is allowed under Section 19 (1) of Lex Covid, on the basis of which a body of a legal entity may decide outside the meeting in writing even if the constitutional document does not permit this. As the current Articles of Association of the Company do not regulate the conditions for the *per rollam* decision-making, these conditions were determined by the Board of Directors at a meeting of the Board of Directors of the Company held on 4 May 2020 (the "**Per Rollam Instructions**") in accordance with Section 19 (2) of Lex Covid. These *Per Rollam* Instructions are available to shareholders or, more precisely, are published in a manner allowing for remote access on the following website: <http://www.philipmorris.cz>, in section titled "For shareholders" (the "**Website**").

**The *per rollam* decision-making will apply to the following matters:**

1. Approval of the Report of the Board of Directors on the Business Activities of the Company;
2. Approval of the 2019 ordinary financial statements, the 2019 ordinary consolidated financial statements and the proposal for the distribution of profit for the year 2019, including an indication of the amount and method of payment of profit shares (dividends);
3. Approval of the Remuneration Policy;
4. Election of Mr. Piotr Andrzej Cerek and Mr. Petr Šebek to the office of members of the Board of Directors;
5. Approval of the agreements on the performance of the office of members of the Board of Directors;
6. Election of Mr. Stefan Bauer to the office of a member of the Supervisory Board;
7. Approval of the agreements on the performance of the office of members of the Supervisory Board;
8. Election of Mr. Stefan Bauer to the office of a member of the Audit Committee;
9. Approval of the agreement on the performance of the office of a member of the Audit Committee;
10. Appointment of the Company's auditor.

The documents submitted by the Board of Directors of the Company to the shareholders also include the Supervisory Board Report, which is not to be approved and on which no decision will be taken. Nevertheless, the Supervisory Board Report, including a statement of the Board of Directors of the Company, is submitted to the shareholders for acknowledgment.

In view of the above, the Board of Directors would hereby like to point out to the Company's shareholders that the Board of Directors **does not convene the General Meeting with the personal participation of the shareholders at the Company's registered office** and that, therefore, **it does not send invitations to the shareholders to physically participate at the General Meeting**.

The General Meeting will thus not be held, but **the shareholders may**, in accordance with legal regulations, the Company's Articles of Association and the *Per Rollam* Instructions, **exercise their voting and other shareholder rights outside the General Meeting (*per rollam*)**.

**Timetable for the *per rollam* decision-making:**

- a) **5 May 2020** – notification of the intention of the Company's Board of Directors regarding the *per rollam* decision-making on the Website, publication of the preliminary draft decisions on the *per rollam* decision-making (including their justifications) (the "**Preliminary Draft Decisions**"), the *Per Rollam* Instructions and a template of the voting form (the "**Template Voting Form**") (this day will hereinafter be referred to as the "**notification of the intention**");
- b) **6 May 2020** – notification of the intention of the Company's Board of Directors on the *per rollam* decision-making in Hospodářské noviny (a national daily);
- c) **18 May 2020** – the date decisive for the *per rollam* decision-making (the "**Decisive Date**") and the Date Decisive for Exercising Profit Share (Dividend) Rights;
- d) **25 May 2020** – the sending of notices of the Board of Directors on the *per rollam* decision-making, including the binding draft decisions for the *per rollam* decision-making (including their justifications) (the "**Draft Decisions**"), the *Per Rollam* Instructions and the voting form

(the “**Voting Form**”) (this day will hereinafter be referred to as the “**sending of the Draft Decisions**” or the “**day on which the Draft Decisions are sent**”);

- e) **25 May 2020** – publication of the Board of Directors' notification of the *per rollam* decision-making, including the Draft Decisions, the *Per Rollam* Instructions, the Voting Form and the binding timetable on the Website;
- f) **25 May 2020** – beginning of the voting;
- g) **30 June 2020** – the last day of the period set for the delivery of the shareholders' opinions on the Draft Decisions (the “**Voting Period**”);
- h) **1 July 2020** – notification of preliminary results of the *per rollam* decision-making to the shareholders on the Website;
- i) **8 July 2020** – notification of the final results of the *per rollam* decision-making to the shareholders on the Website and also in writing.
- j) **From 22 July 2020 until 31 May 2021** – the payment period proposed by the Board of Directors for the payments of the shareholders' shares in profit (dividends). The proposed payment period is subject to approval by the General Meeting within the *per rollam* decision-making.

**The above timetable is only preliminary, serves for information purposes vis-à-vis the shareholders and may be modified or amended until the day on which the Draft Decisions are sent on 25 May 2020. The timetable will become binding on the day on which the Draft Decisions are sent, i.e. 25 May 2020.**

In order to inform the shareholders as widely as possible, the Board of Directors of the Company publishes and makes available to the shareholders, along with this notification, (i) the **preliminary Draft Decisions**; and (ii) the **Per Rollam Instructions**, in a manner allowing for remote access on the Website. The preliminary drafts are not yet legally binding at this time, they only serve for information purposes vis-à-vis the shareholders and may be modified or amended until the day on which the Draft Decisions are sent to the shareholders, i.e. 25 May 2020. The preliminary drafts also include the Template Voting Form, whose purpose is to acquaint the shareholders with the draft voting form and which cannot be used for voting for the time being. The Voting Form intended for voting will be available to the shareholders on the day on which the Draft Decisions are sent, which is also the date of beginning of the voting, i.e. 25 May 2020. **The Board of Directors hereby reserves the right to adjust the wording of the Draft Decisions and Voting Form (as compared to the Preliminary Draft Decisions and Template Voting Form) until the day on which the Draft Decisions are sent to the shareholders, i.e. until 25 May 2020. The Draft Decisions will only become legally binding when sent to the shareholders.**

The Board of Directors of the Company notifies the shareholders that, as of the date of publication of this notification, they may exercise their right to request and receive from the Company explanations of matters concerning the Company or its controlled entities. **However, it is not possible to vote on the Draft Decisions. The voting will only begin on the day on which the Draft Decisions are sent to the Company's shareholders.**

The Board of Directors would also like to draw the attention of shareholders to the fact that they may grant a power of attorney to being represented in the exercise of their voting and other shareholder rights even within the *per rollam* decision-making (the “**Power of Attorney**”). **The Power of Attorney may be granted to a representative as of the date of publication of this notification regarding the intention of the Board of Directors of the Company to perform the *per rollam* decision-making, i.e. already before the day on which the Draft Decisions are sent to the Company's shareholders.** The Power of Attorney forms are available on the Website.

In view of the extraordinary measures taken in connection with the occurrence of the COVID-19 disease caused by the new SARS CoV-2 coronavirus, the Board of Directors of the Company recommends that the shareholders begin performing the steps to grant their Powers of Attorney as soon as possible, since the time required to obtain an officially verified signature on the Power of Attorney (and, if applicable, an apostille or a higher verification, “superlegalisation”, if the Power of Attorney is granted by a shareholder abroad) may be longer under these extraordinary circumstances than under normal circumstances. In particular, the Board of Directors of the Company recommends that foreign shareholders consider granting their Powers of Attorney so that the timely exercise of shareholder rights can be secured and so that the exercise of shareholder rights is not rendered impossible due to the

expiry of any set deadlines due to obstacles on the part of the shareholder (e.g. due to a longer time required to obtain an officially verified signature and possibly an apostille or a higher verification, “superlegalisation”, on the Voting Form.)

Voting will **begin on 25 May 2020 upon the distribution of the binding Draft Decisions, whose adoption is proposed, including their justifications and the *Per Rollam* Instructions, to the Company’s shareholders** who are the Company’s shareholders as at the Decisive Date, i.e. 18 May 2020.

### **THE DATE DECISIVE FOR THE *PER ROLLAM* DECISION-MAKING**

The significance of the Decisive Date lies in the fact that it determines who is entitled to exercise voting and other shareholder rights within *per rollam* decision-making. In the case of the Company’s book-entered shares, the shareholder entitled to exercise voting and other shareholder rights within the *per rollam* decision-making, directly or by proxy, is any shareholder who is listed in the extract from the Issue Register of the Company, i.e. in the Register of Book-Entered Securities maintained under a special legal regulation as at the Decisive Date, i.e. 18 May 2020. In the case of the Company’s shares (securities), the shareholder entitled to exercise voting and other shareholder rights within the *per rollam* decision-making, directly or by proxy, is any shareholder listed in the List of Shareholders of the Company as at the Decisive Date, i.e. **18 May 2020**, (unless it is proven that the relevant entry in the List of Shareholders as at that date does not reflect the actual state of affairs).

The shareholder’s representative must be authorised to exercise the voting and other shareholder rights within the *per rollam* decision-making by a person who is a shareholder of the Company as at the Decisive Date, on the basis of a written Power of Attorney with an officially verified signature stating whether it was only granted for representation in the exercise of the voting and other shareholder rights of the principal as a shareholder of the Company within the *per rollam* decision-making and/or whether it was granted, at the same time, for representation at any future General Meetings to be held in the form of meetings with the personal participation of the shareholders. The *Per Rollam* Instructions stipulate when it is possible to replace an officially verified signature with an electronic signature.

It is deemed that any person registered as at the Decisive Date in the Register of Investment Instruments or in the Issue Register of the Company, i.e. in the Register of Book-Entered Securities maintained under a special legal regulation, as an administrator or as a person authorised to exercise rights associated with shares, is entitled to represent the relevant shareholder in the exercise of all rights associated with the Company’s shares held in the given account, including the exercise of voting and other shareholder rights within the *per rollam* decision-making. Instead of a Power of Attorney, such a person proves that person’s identity with an extract from the Register of Investment Instruments. The authorisation of that person to represent and exercise the rights of a shareholder must follow from the relevant extract from the Register of Investment Instruments or an extract from the Register of Book-Entered Securities. Details concerning representation (or the exercise of shareholder rights) by an administrator or a person authorised to exercise rights associated with shares on behalf of a shareholder are set out in the *Per Rollam* Instructions.

The rules governing representation (or the exercise of shareholder rights) by an administrator or a person authorised to exercise rights associated with shares contained above and in the *Per Rollam* Instructions will not apply if the Company is delivered, in a manner and to the addresses specified in the *Per Rollam* Instructions, a manifestation of the shareholder’s will to recall or limit that shareholder’s representation so that the representation in the *per rollam* decision-making is not permitted within the given scope, or if the shareholder exercises that shareholder’s voting right directly and not through an administrator.

### **PROVING THE AUTHORISATION TO ACT ON BEHALF OF A SHAREHOLDER OR TO REPRESENT A SHAREHOLDER**

Shareholders (who are the Company’s shareholders as at the Decisive Date) or their representatives prove their authorisation to exercise voting rights by an **officially verified signature** on the Voting Form. The *Per Rollam* Instructions stipulate when it is possible to replace an officially verified

signature with an electronic signature. The person authorised to act on behalf of a shareholder – legal entity must further prove that person's identity by an original of the up-to-date **extract related to that entity from the Commercial Register or any other relevant register** (not older than 3 months) or its verified copy **proving the existence of the legal entity and certifying that person's right to act on behalf of the legal entity, which the authorised person attaches to the Voting Form**. The proxy representing the shareholder on the basis of a Power of Attorney is obliged to attach to the Voting Form the written Power of Attorney with an officially verified signature stating whether it was only granted for representation in the exercise of voting and other shareholder rights of the principal as a shareholder of the Company within the *per rollam* decision-making or whether it was granted, at the same time, for representation at any future General Meetings. The Board of Directors would like to point out to the shareholders that if a Power of Attorney is signed or an extract from the Commercial Register or any other relevant register is issued abroad, an apostille or a higher verification ("superlegalisation") must be attached to such a document depending on the country in which the Power of Attorney is signed or in which the extract from the Commercial Register or any other relevant register is issued. If any of the aforementioned documents, verification clauses, apostilles or higher verifications is made in a foreign language (with the exception of Slovak), an official translation thereof into the Czech language must also be attached to it. Further details on proving the authorisation to exercise voting and other shareholder rights are set out in the *Per Rollam* Instructions.

The Company's Board of Directors informs the shareholders that the Power of Attorney forms are published in a manner allowing for remote access on the Website. The Power of Attorney forms are also available in printed form at the Company's registered office. Any shareholder has the right to request the sending of a Power of Attorney form in printed form or by electronic means at that shareholder's own expense and risk. The Company accepts notices on the granting of Powers of Attorney as well as on their recalls in writing, either in printed form or in electronic form. The rules for the delivery of documents set out in the *Per Rollam* Instructions will apply to the delivery of communications on the granting or recalls of any Powers of Attorney. Further details on the representation of shareholders on the basis of Powers of Attorney are set out in the *Per Rollam* Instructions.

## **VOTING RIGHTS**

The Company issued 1,913,698 ordinary registered book-entered shares (which constitute book-entered securities) and 831,688 ordinary registered shares (which constitute certificated securities), i.e. a total of 2,745,386 shares with a nominal value of CZK 1,000 each, as at the Decisive Date. Each share of the Company is associated with one vote for the *per rollam* decision-making, i.e. the total number of votes as at the date of beginning of the voting is 2,745,386 votes. The majority decisive for the adoption of all decisions (i.e. the absolute majority) is calculated from the total number of votes of all shareholders of the Company.

The exercise of the voting right within the *per rollam* decision-making is only performed in writing, namely in printed form or in electronic form pursuant to the *Per Rollam* Instructions (due to the necessity of legal certainty in connection with the proper identification of shareholders, no other forms of voting using any other technical means, e.g. a telephone, are permitted). The shareholders or their representatives will express their opinions on the Draft Decisions and vote on them only using the Voting Form intended for the shareholders' opinions on the Draft Decisions, which forms part of the Draft Decisions. The Voting Form delivered to the Company's shareholder as well as the Voting Form published on the Website as at the date on which the binding Draft Decisions are sent to the Company's shareholders can be used for voting.

Voting begins on the day on which the binding Draft Decisions are sent to the shareholders. Each of the shareholders will vote on the Draft Decisions by completing the Voting Form and delivering the completed Voting Form to the Company in writing in accordance with the *Per Rollam* Instructions. **The signature on the Voting Form must be officially verified.** The *Per Rollam* Instructions stipulate when it is possible to replace an officially verified signature with an electronic signature. If the Voting Form is signed abroad, an apostille or a higher verification ("superlegalisation") must also be attached to the official verification of the signature, depending on the country in which the document is signed. If any of the aforementioned documents, verification clauses, apostilles or higher verifications is made in a foreign language (with the exception of Slovak), an official translation thereof into the Czech language must be attached to it.

The proposal(s) of the Board of Directors or the Supervisory Board, or counter-proposal(s) of the Board of Directors or the Supervisory Board raised in connection with any proposal(s) of a shareholder or shareholders holding shares with an aggregate nominal value of at least 1% of the registered capital, are voted on first. A shareholder does not have to exercise the voting rights associated with all of that shareholder's shares in the same manner; this also applies to that shareholder's attorneys. Details of the voting on the Draft Decisions are set out in the *Per Rollam* Instructions.

**The period for delivery of the completed Voting Forms to the Company (the Voting Period) is 15 days from the date of delivery of the binding Draft Decisions to the shareholders.** In accordance with Section 573 of Act No. 89/2012 Coll., the Civil Code, as amended, it is deemed that a consignment sent via a mail service provider reached the addressee on the third business day after its dispatch in the case of a consignment sent to an address in the Czech Republic and on the fifteenth business day after its dispatch in the case of a consignment sent to an address in another country. Irrespective of the date on which the Draft Decisions are delivered to the shareholders, the last day of the period for the delivery of the opinions of all shareholders of the Company is 30 June 2020. With regard to the extraordinary measures taken in connection with the occurrence of the COVID-19 disease caused by the new SARS CoV-2 coronavirus, the Board of Directors of the Company would like to point out to the shareholders that the delivery of the Voting Forms from them to the Company may be longer under these emergency circumstances (especially in the case of delivery from abroad) than under normal circumstances, and recommends that shareholders take this into account when exercising their voting rights. Completed Voting Forms that are sent but not delivered to the Company within the Voting Period will not be taken into account.

**The last day of the period for delivery of the shareholders' opinions on the Draft Decisions (the Voting Period) is 30 June 2020, in accordance with the above rules. The completed Voting Form must therefore be delivered to the Company no later than on 30 June 2020. No Voting Forms received later will be taken into account. If a shareholder does not submit that shareholder's consent to the Draft Decision(s) within the set Voting Period (i.e. by 30 June 2020), in accordance with Section 419 (1) of the Business Corporations Act, this means that the shareholder does not agree with the Draft Decision(s).** Delivery is further governed by the rules set out in the *Per Rollam* Instructions.

The voting will be evaluated after its completion. The date on which the decision is adopted will be the day following the day of expiry of the Voting Period, i.e. **1 July 2020**. The shareholders of the Company will be informed of the results of the *per rollam* decision-making in accordance with the relevant legal regulations on **8 July 2020**.

## **OTHER SHAREHOLDER RIGHTS**

In accordance with the Business Corporations Act, in conjunction with Lex Covid and the *Per Rollam* Instructions, each shareholder has the right to exercise other shareholder rights in addition to that shareholder's voting rights. The exercise of those shareholder rights is only performed in writing. A shareholder is entitled to request and receive from the Company explanations of matters concerning the Company or its controlled entities, if such explanations are necessary for the assessment of the content of matters included in the *per rollam* decision-making or for the exercise of shareholder rights related thereto.

The Company will provide explanations of matters related to the *per rollam* decision-making to the shareholder in writing, namely in the form of a letter sent to the shareholder's address or electronically by e-mail, depending on the manner in which the request for explanation(s) was submitted, by the end of the Voting Period. If this is not possible due to the complexity of the explanation, the Company will provide an explanation to all shareholders within 15 days of the end of the vote, even if this is no longer necessary for the assessment of matters intended for the *per rollam* decision-making or for the exercise of other related shareholder rights, in the form of a notification published on the Website. An explanation can be provided in the form of a summary answer to several questions of similar content. The explanation will also be published in a manner allowing for remote access on the Website. It will be deemed that the explanation was given to the shareholder if the information was published on the Website no later than on the day preceding the expiry of the Voting Period. If the information is provided to a shareholder, any other shareholder has the right to request this information without following the procedure for exercising the right to receive an explanation described above.

The Board of Directors of the Company may refuse to provide an explanation in whole or in part if its provision could cause harm to the Company or its controlled persons, if it constitutes inside information or classified information under another legal regulation, or if the requested explanation is publicly available. The fulfilment of the conditions for the refusal to provide an explanation will be assessed by the Company's Board of Directors and the reasons will be communicated to the shareholder. A notice of refusal to provide an explanation will be published on the Website.

Each shareholder has the right to request that the Company's Supervisory Board determine that the conditions for refusing to provide an explanation have not occurred and that the Company's Board of Directors is obliged to provide an explanation to the shareholder. The Company's Supervisory Board will decide on the shareholder's request within the Voting Period (i.e. in this case by 30 June 2020), and if this is not possible, within 5 business days from the date of expiry of this period. If the Company's Supervisory Board does not agree with the provision of an explanation or does not express its opinion within the aforementioned period of 5 business days, the court will decide whether the Company is obliged to provide the information, based on an application of the particular shareholder. More detailed rules on the right to receive explanations are set out the *Per Rollam* Instructions.

The raising of proposals and counter-proposals by a shareholder is not permitted, except for the rights of a qualified shareholder.

At the request of a shareholder or shareholders holding shares with an aggregate nominal value of at least 1% of the registered capital, the Board of Directors of the Company will include in the Draft Decisions a matter determined by that shareholder (those shareholders) provided that a resolution is proposed or that the inclusion of the matter is justified in respect of each particular matter and that the request can be processed, with respect to the nature and course of the *per rollam* decision-making, without any unreasonable administrative burden, unreasonable costs or unreasonable efforts being incurred.

## **PUBLICATION OF DOCUMENTS**

Documents and information concerning the *per rollam* decision-making, including the Annual Report, the ordinary financial statements, the ordinary consolidated financial statements and the main data from such financial statements, which are to be published pursuant to Section 120b (1) (a), (b), (d) to (f) of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended (the "**Capital Market Undertakings Act**"), as well as the Power of Attorney forms, are available for view and can be obtained at the Company's registered office, i.e. in Kutná Hora, Vítězná 1, postcode 284 03, on business days from 5 May 2020 to 30 June 2020, always between 2 p.m. and 5 p.m. All the above documents are also published in a manner allowing for remote access on the Website.

## **DISTRIBUTION OF PROFIT AND PAYMENT OF THE SHAREHOLDERS' SHARES IN THE COMPANY'S PROFIT (DIVIDENDS)**

In accordance with the relevant legal regulations, the Board of Directors of the Company has prepared and submits to the shareholders the Report on the Business Activities of the Company, the Summary Explanatory Report concerning matters pursuant to Section 118 (5) (a) to (k) of the Capital Market Undertakings Act, and the Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and the Entities Controlled by the Same Controlling Entity (the "**Report on Relations**"). The Report on Relations shows that, in the accounting period of 2019, the Company did not suffer any damage as a controlled entity as a result of the influence of Philip Morris Holland Holdings B.V. as the controlling entity. The above documents form part of the Company's Annual Report for the 2019 calendar year accounting period. More detailed information on the above documents is included in the Draft Decisions

The Board of Directors also arranged for the preparation of the Company's ordinary financial statements for the 2019 calendar year accounting period and the Company's ordinary consolidated financial statements for the 2019 calendar year accounting period as well as their verification by an auditor, all in accordance with the relevant laws and regulations requiring the preparation of those documents. The above documents are part of the Company's 2019 Annual Report. The Board of

Directors of the Company states that the economic result of the Company for the 2019 calendar year accounting period is a profit of CZK 4,032,159,202.88.

The text below also contains the main data of the ordinary financial statements for 2019, the main data of the ordinary consolidated financial statements for 2019, and the proposal for the distribution of the Company's profit for 2019.

The shares in the Company's profit (dividends) for the year 2019 will be paid to the Company's shareholders as follows: in the case of book-entered shares, to the shareholders listed in the extract from the Issue Register of the Company, i.e. in the Register of Book-Entered Securities maintained under a special legal regulation as at the date decisive for the *per rollam* decision-making, i.e. **as at 18 May 2020** (the "**Date Decisive for Exercising Profit Share (Dividend) Rights**"), and in the case of certificated shares, to the shareholders listed in the list of the Company's shareholders as at the Date Decisive for Exercising Profit Share (Dividend) Rights (unless it is proven that the relevant entry in the list of the Company's shareholders as at that date does not reflect the actual state of affairs).

The shareholders' shares in the Company's profit (dividends) will be paid to the shareholders on the date and in the manner approved by the General Meeting within the *per rollam* decision-making. According to the proposal of the Board of Directors of the Company that the Board of Directors submits for approval, the profit shares (dividends) will be paid to the shareholders via Česká spořitelna, a.s., a company whose registered office is in Prague 4, Olbrachtova 1929/62, postcode: 140 00, identification number: 452 44 782, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1171.

Česká spořitelna, a.s. will send a "Notification of the Payment of Proceeds from Securities" to each shareholder in the Czech Republic and abroad by mail, in each case to the particular shareholder's address specified in the extract from the Issue Register of the Company maintained by the Central Securities Depository (Centrální depozitář cenných papírů, a.s.) as at 18 May 2020 in the case of book-entered shares and to the particular shareholder's address specified in the list of the Company's shareholders as at 18 May 2020 in the case of certificated shares.

According to the proposal of the Board of Directors, profit shares (dividends) will be paid to shareholders who are **individuals** during the respective payment period via a wireless cash transfer, in each case to the particular shareholder's account specified in the list of the Company's shareholders. Profit shares (dividends) will be paid to the shareholders who are individuals holding book-entered shares registered in the Register of Book-Entered Securities maintained under a special legal regulation via a wireless cash transfer after the shareholders submit all the necessary documents, including a certificate of tax domicile and, where a shareholder who is a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate, a declaration of the beneficial owner. In the case of shareholders who are individuals with their permanent residence in the territory of the Czech Republic, the profit shares (dividends) may also be paid at branches of Česká spořitelna, a.s. in cash, subject to the presentation of a valid ID card. If a shareholder who is a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate, this shareholder will be obliged to submit, along with presentation of their valid ID card, a certificate of their tax domicile and a declaration of the beneficial owner.

The payment period will last from 22 July 2020 to 31 May 2021. All information regarding the payment of profit shares (dividends) to shareholders will be provided at the branches of Česká spořitelna, a.s.

According to the proposal of the Board of Directors, shareholders who are **legal entities** will also be paid profit shares (dividends) through Česká spořitelna, a.s. in accordance with the rules defined above.

Profit shares (dividends) will be paid to the shareholders who are legal entities via a wireless cash transfer to the bank accounts of the shareholders specified in the list of the Company's shareholders. Profit shares (dividends) will be paid to the shareholders who are legal entities holding book-entered shares registered in the Register of Book-Entered Securities maintained under a special legal regulation via a wireless cash transfer after the shareholders submit all the necessary documents, including a certificate of tax domicile and, where a shareholder who is a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate, a declaration of the actual beneficial owner.



Contact persons at Česká spořitelna, a.s.:

8430 Back Office for Investment Products

Naděžda Šmídová

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Milan Williams

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Contact address for the delivery documents for payment:

8430 Back Office for Investment Products

Budějovická 1518/13b

140 00 Prague 4

**MAIN DATA OF THE ORDINARY FINANCIAL STATEMENTS FOR THE YEAR 2019 (IN MILLIONS OF CZK)**

Fixed assets: .....	3,970	Registered capital and funds: .....	5,126
Short-term assets: .....	11,629	Retained earnings from prior years: .....	252
.....		Net profit: .....	4,032
.....		Long-term liabilities: .....	403
.....		Short-term liabilities: .....	5,786
<b>Total assets: .....</b>	<b>15,599</b>	<b>Total equity and liabilities: .....</b>	<b>15,599</b>

**MAIN DATA OF THE ORDINARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2019 (IN MILLIONS OF CZK)**

Fixed assets: .....	4,099	Registered capital and funds: .....	5,136
Short-term assets: .....	12,295	Retained earnings from prior years: .....	278
.....		Net profit: .....	4,021
.....		Long-term liabilities: .....	463
.....		Short-term liabilities: .....	6,496
<b>Total assets: .....</b>	<b>16,394</b>	<b>Total equity and liabilities: .....</b>	<b>16,394</b>

**PROPOSAL FOR THE DISTRIBUTION OF PROFIT FOR THE YEAR 2019 (IN CZK)**

After-tax profit for the year 2019 4,032,159,202.88

Share in profit (dividend) from profit for the year 2019	4,032,159,202.88
Retained earnings from prior years to be paid as shares in profit (dividends)	250,642,957.12
Retained earnings from prior years that will remain undistributed	1,331,438.84

Profit shares (dividends) will be paid to shareholders holding the Company's shares as at 18 May 2020.

The proposed gross amount of a profit share (dividend) per share is CZK 1,560.00, with the total number of shares being 2,745,386.

Kutná Hora, on 4 May 2020

**Philip Morris ČR a.s.**

Andrea Gontkovičová

Chairperson of the Board of Directors

**Philip Morris ČR a.s.**

Petr Šedivec

Member of the Board of Directors