

Prague, May 30<sup>th</sup>, 2025

# Annual General Meeting of Shareholders

Philip Morris ČR a.s.

**Fabio Costa**

Chairman of the Board of Directors



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Business Performance

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Sustainability Highlights

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Consolidated Financial Results

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# Strong profitability despite headwinds



- Consolidated revenues up by **5.0%** (3.0% excl. currency) to **CZK 21.6 billion**
- Profit from operations up by **3.4%** (-0.5% excl. currency) to **CZK 4.0 billion**
- Consolidated net income remained stable at **CZK 3.3 billion**
- Production volume in Kutná Hora plant continues at a high-level with **37.7 billion units** (cigarettes and other tobacco products)
- Investment and the market launch of the new SFP category – **ZYN nicotine pouches**
- The first **Sustainability Statement** according to CSRD Directive published



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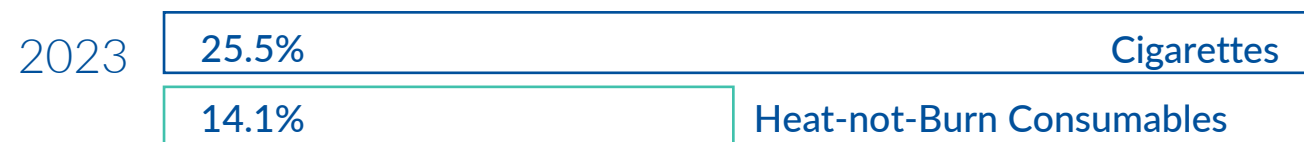
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Consolidated Financial Results

## Market Share



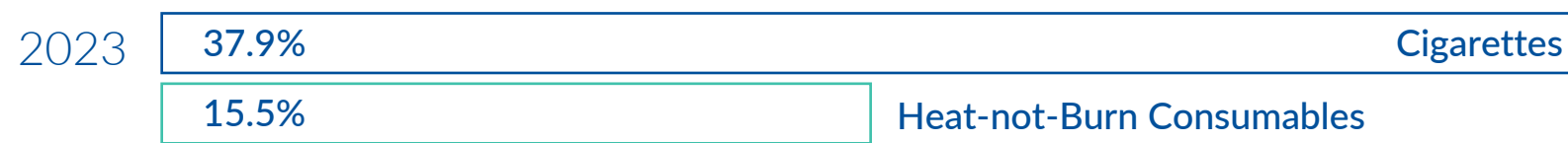
39.6%



39.6%



52.6%



53.4%

## Shipments (billion units)



2024

3.8bn

Cigarettes

2.3bn

Smoke-free Products

6.1bn

2023

4.0bn

Cigarettes

2.3bn

Smoke-free Products

6.3bn



2024

2.5bn

Cigarettes

1.2bn

Smoke-free Products

3.7bn

2023

2.7bn

Cigarettes

1.1bn

Smoke-free Products

3.8bn

Cigarettes in the Czech Republic include cigarettes and volume tobacco for make-your-own cigarettes (0.60 g is equivalent to 1 cigarette).

Smoke-free products include heated tobacco consumables (HEETS, TEREA, DELIA, Fiit), non-tobacco consumables (LEVIA), as well as e-cigarettes (VEEV ONE, VEEV NOW) and ZYN nicotine pouches.

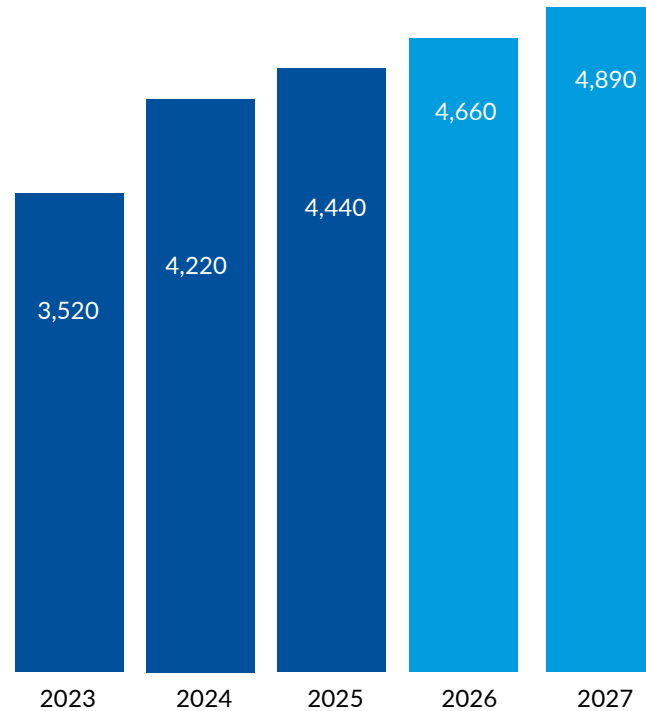
Source: Philip Morris ČR a.s. and Philip Morris Slovakia s.r.o. Financials

# Fiscal Outlook – Czech Republic

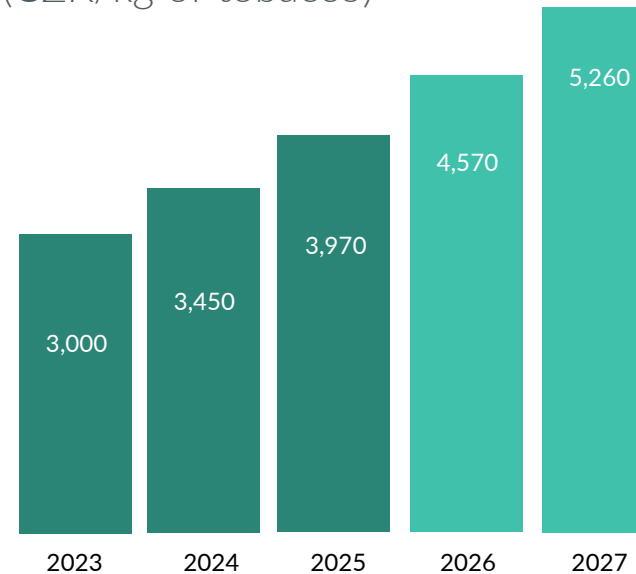


## Cigarettes (CZK/'000)

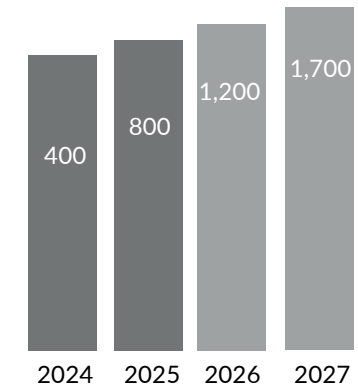
Minimum Excise Tax



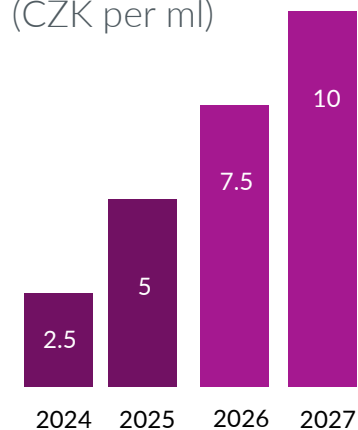
## Heat-not-Burn (CZK/kg of tobacco)



## Nicotine Pouches (CZK per kg)



## E-liquids for e-cigs (CZK per ml)

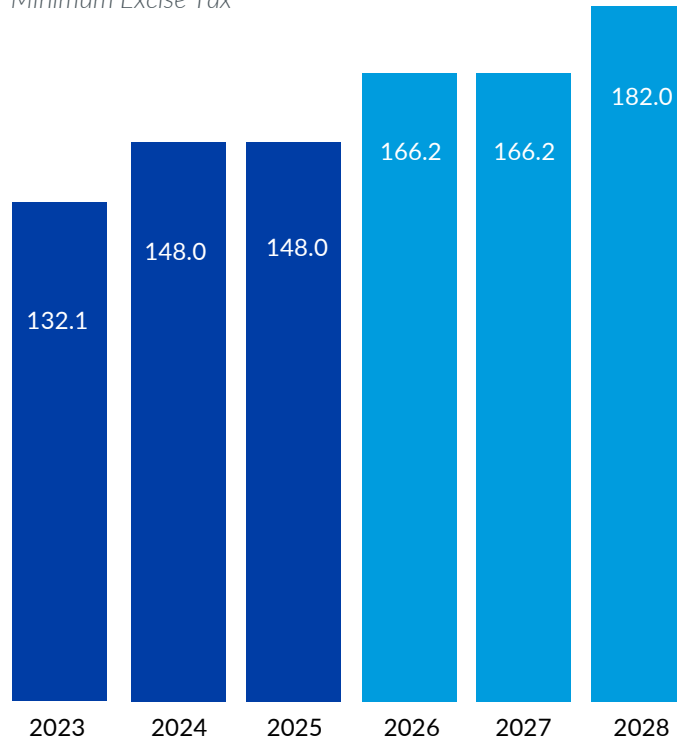


# Fiscal Outlook – Slovakia

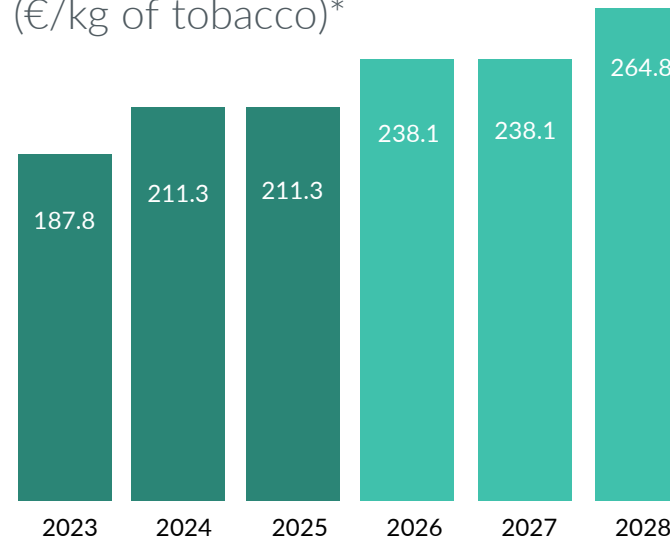


## Cigarettes (€/‘000 sticks)

Minimum Excise Tax

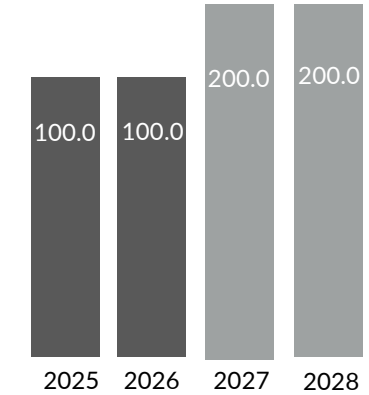


## Heat-not-Burn (€/kg of tobacco)\*

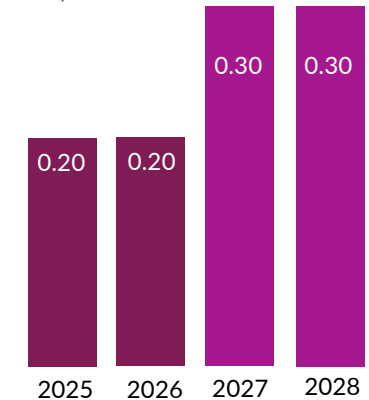


\*The same rates apply for HnB without tobacco starting Feb 2025

## Nicotine Pouches (€ per kg)



## E-liquids for e-cigs (€ per ml)





# Kutná Hora Production (billion units)



**2024**

34.3bn

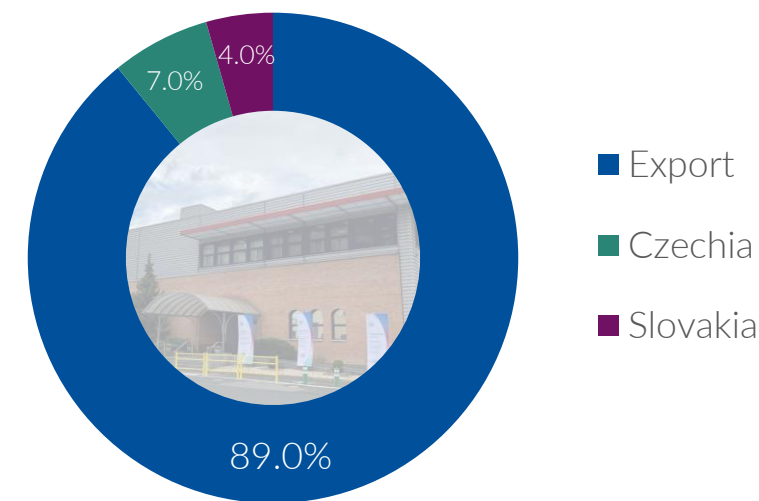
Cigarettes

3.4bn

Other tobacco products

**37.7bn**

2024	2023	2022	2021
37.7bn	38.8bn	36.7bn	32.7bn



Other tobacco products include products such as rolling tobacco (0.73 g is the equivalent of one cigarette) as well as multi-volume rolling tobacco (0.60 g is the equivalent of one cigarette).

Source: Philip Morris ČR a.s. internal data

# Kutná Hora Investment



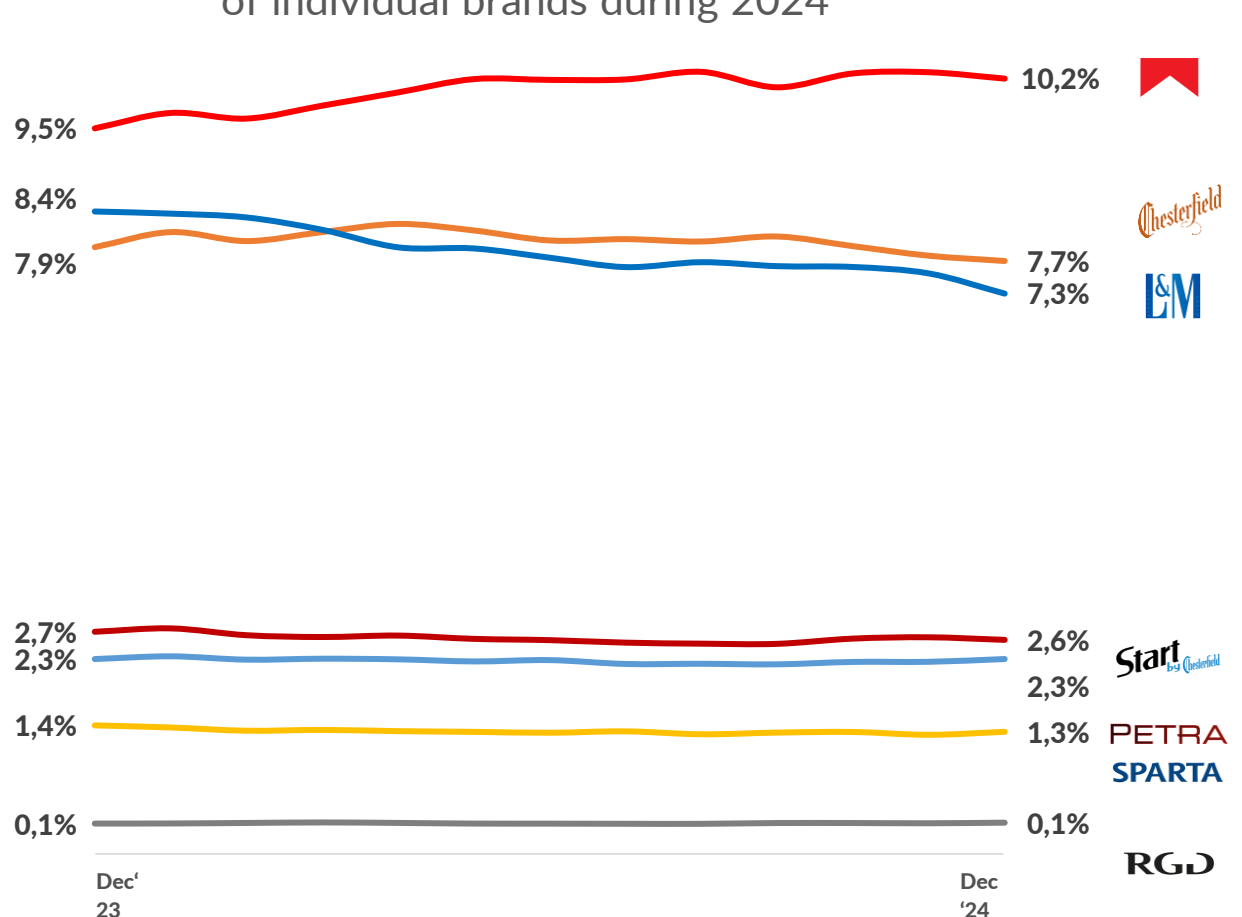
- **Kutná Hora is going smoke-free**
- **Extension of the production** with the new SFP category: ZYN nicotine pouches
- **Preparatory phase ongoing:** Reconstruction works & machines ordered
- **Commercial production** expected from 2026
- **Up to 100 new job creation:** various positions & responsibilities



# Performance of Individual Cigarette Brands



Market share development  
of individual brands during 2024



Continued growth due to Marlboro  
Crafted's success & resilient Core

Medium priced L&M under the pressure in  
2024

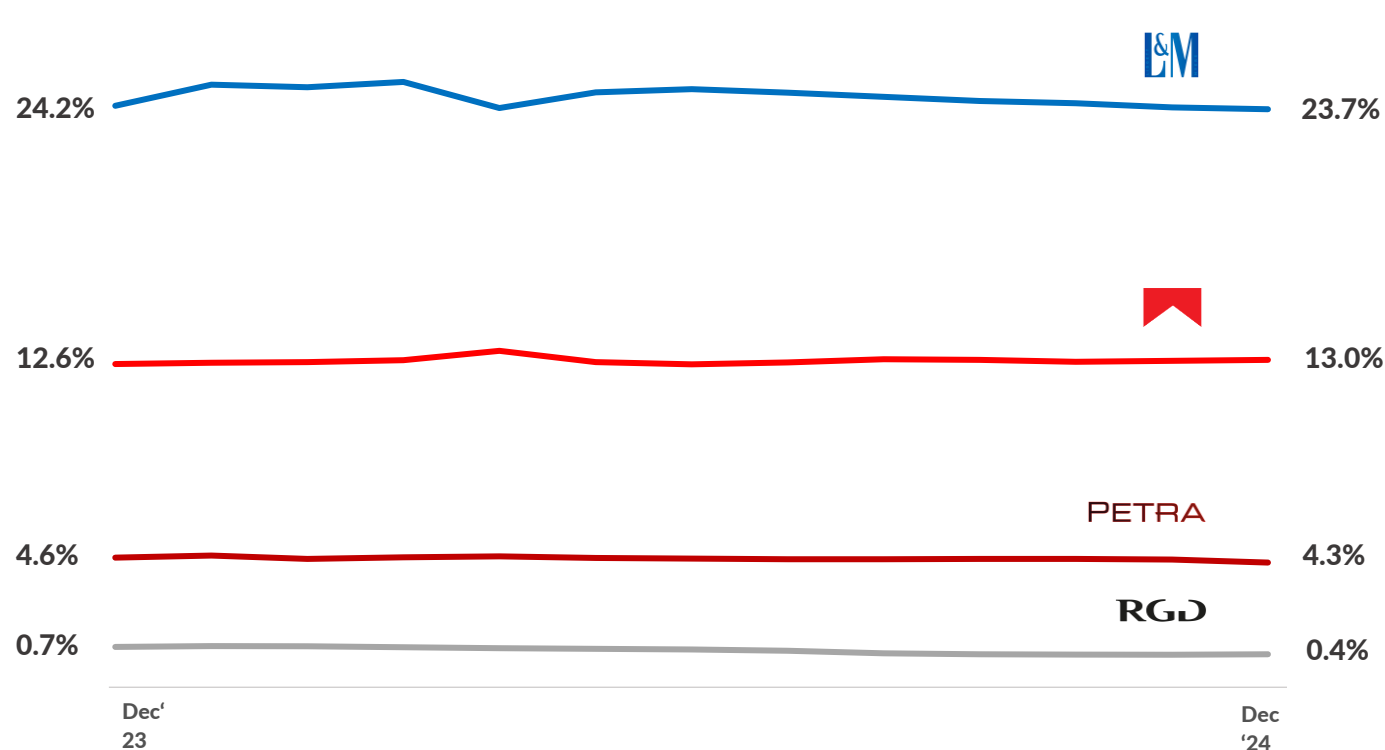
Slight erosion of Chesterfield mainly in the  
second half of the year

Local brands showing long-term durability

# Performance of Individual Cigarette Brands



Market share development  
of individual brands during 2024



Market leader for more than  
10 years

Resilient performance thanks to  
superior brand value

Petra scores on the market  
with its own resistance

# News in Cigarette Portfolio



# Smoke-free Product Portfolio



IQOS ILUMA i PRIME  
IQOS ILUMA i  
IQOS ILUMA i ONE



VEEV  
ONE

VEEV NOW  
ULTRA

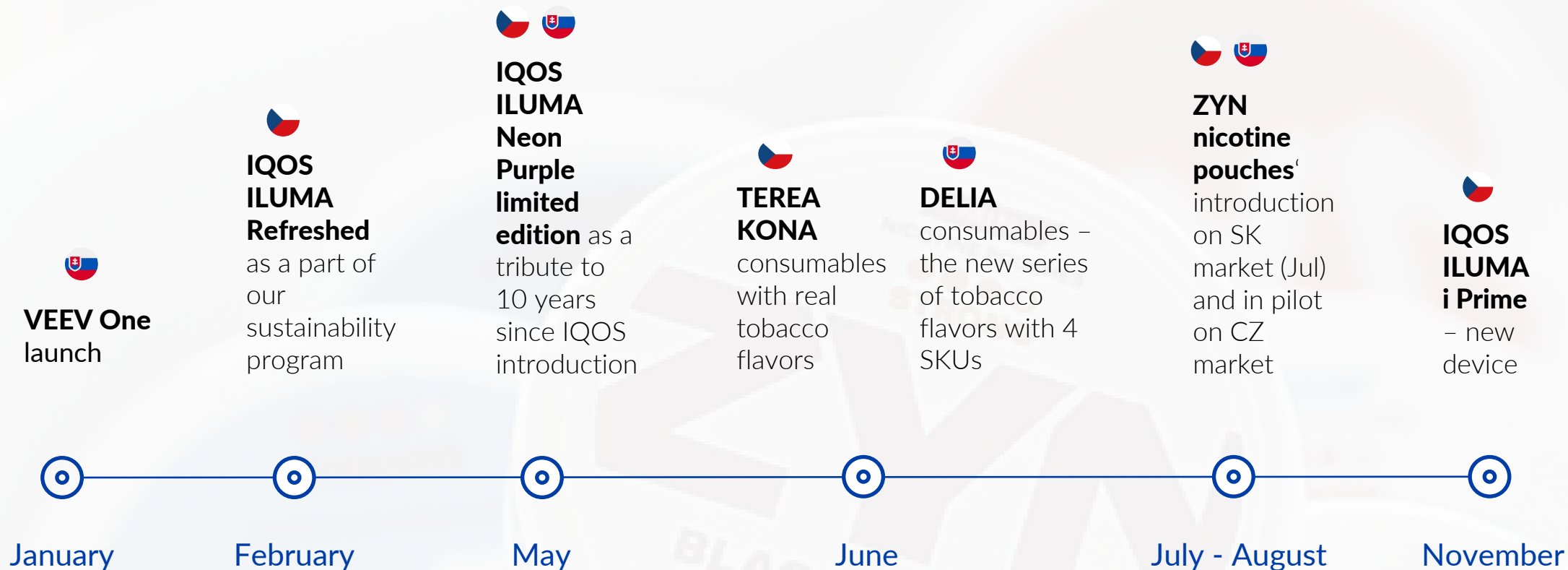


lil SOLID EZ



ZYN

# News in Smoke-Free Product Portfolio





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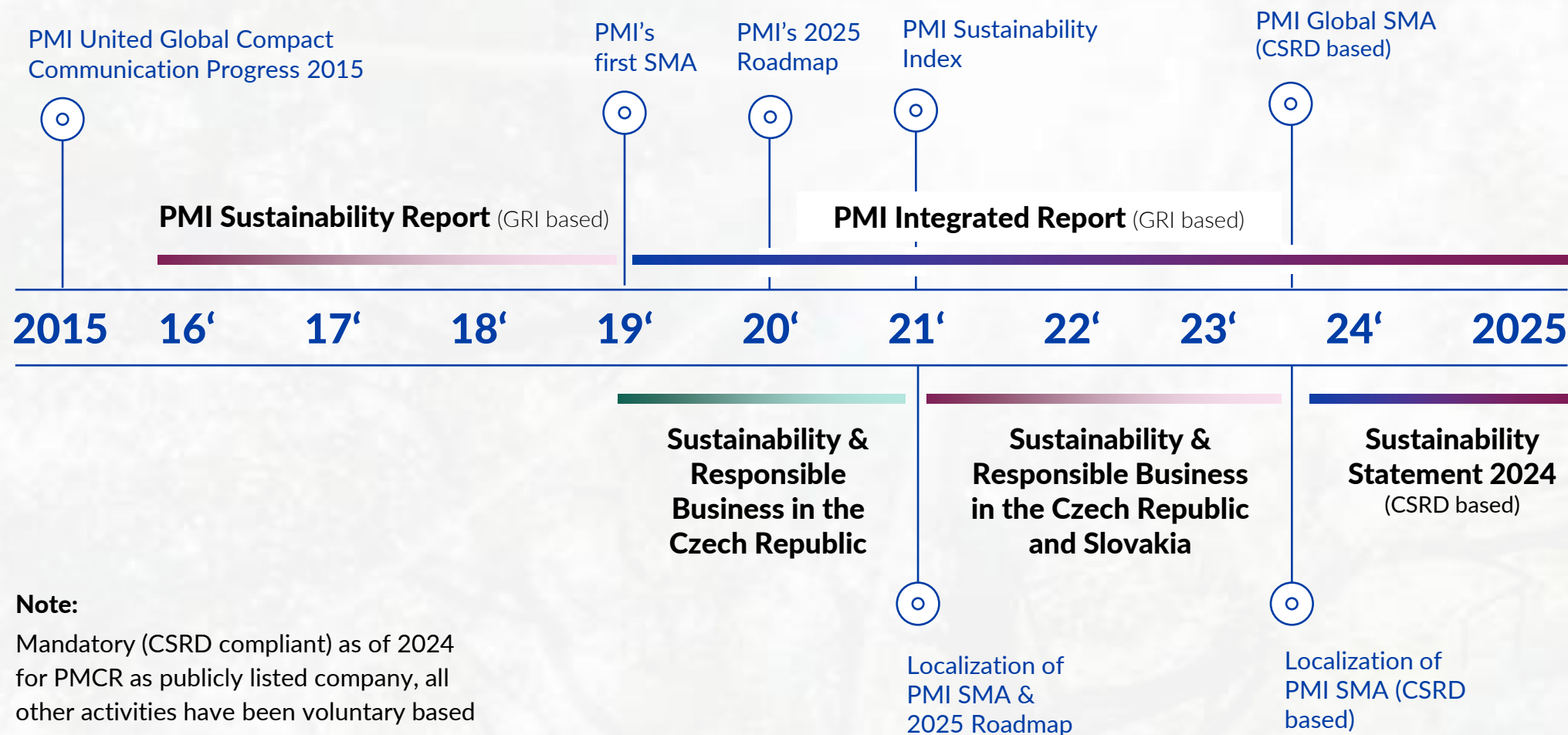
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Consolidated Financial Results





# 10 years' focus on Sustainability in PMI



# Sustainability Reporting – Framework & Materiality



## Cross Cutting Standards

ESRS 1 General Requirements

ESRS 2 General Disclosures

- Basis for preparation
- Administrative and supervisory bodies
- Strategy, business model and value chain
- Interests and views of stakeholders
- Materiality Assessment and identified Impacts, Risks and Opportunities (IROs)
- General approach to Policies, Actions, Targets

## Environment

ESRS E1 Climate Change

ESRS E2 Pollution

ESRS E3 Water & Marine Resources

ESRS E4 Biodiversity & Ecosystems

ESRS E5 Resource use & Circular Economy

+ EU Taxonomy

## Social

ESRS S1 Own Workforce

ESRS S2 Workers in the Value Chain

ESRS S3 Affected Communities

ESRS S4 Consumers & End-Users

## Governance

ESRS G1 Business Conduct

- Strategies to address identified Impacts, Risks & Opportunities (IROs)
- Related Policies
- Actions to address identified IROs
- Targets in relation to identified IROs
- Tracking effectiveness of policies and actions

- Transition Plans (E1, E4)

- Specific metrics per topics (e.g. energy consumption, GHG emissions, product recyclability, Gender pay gap, etc.)

# Sustainability – Environmental Highlights



## Material Topics

### Climate Change

- GHG emissions and decarbonization across whole value chain
- CC adaptation – reforestation and water optimization
- Energy

### Biodiversity

- Biodiversity loss – pressure to wildlife and habitat (main in value chain)
- Compliance with EU deforestation (by suppliers)

### Circular Economy

- Waste management in Operations
- Eco-Design of smoke-free devices
- Plastic free filters
- Disposal of cigarette butts and SFP consumables

## Key Actions

### Climate Change

- PMI's Transition Plan with clear strategy
- Technological improvements in production
- Renewable energy sources adoption
- Alternative power train car fleet

### Circular Economy

- Eco-certification of our SFP products (PMI)
- Better materials development for filters (PMI)
- Initiatives and campaigns related to butt littering
- End-of-life take back program for SFP devices
- End-of-life take back program for SFP consumables

## Achievements

### Climate Change

**100%** Green Electricity at manufacturing

**74% / 97%** Car fleet is alternative in CZ / SK

**58.8%** Share of Renewable energy sources

### Circular Economy

**Zero waste** from manufacturing to landfill

**93.4%** Recyclable Content in SFP products

**99.5%** Recyclable Content in product packaging

- Carbon Neutrality Certification
- AWS Certification

# Sustainability – Social Highlights



## Material Topics

### Own Workforce

- Labour conditions
- Mental health
- Gender pay equality
- Human capital development

### Workers in Value Chain

- Child labour in tobacco supply chain
- Forced labour in electronics supply chain
- Living income of tobacco farmers
- Equal treatment and opportunities

### Consumer

- Health related impact of our products
- Youth access prevention
- Access to smoke-free products (SFP)
- Science substantiation of SFP

## Key Actions

### Own Workforce

- Engagement with employees and social dialogue with workers' representative (Trade Union, Work Council)
- Employee assistance program, paid annual leave policies, flexible working arrangements, family & caregiver support
- Equal Pay and Opportunities recertification, Employer branding, supporting diversity
- Digital learning platform, Leadership training programs

### Consumer

- Responsible marketing and selling practices, YAP program
- SFP awareness building, product portfolio and innovations
- Loyalty programs, Lending, Device replacement, Trade-in, Customer care support lines

## Achievements

### Own Workforce

Collective labour agreement, with **84%** coverage (combined CZ/SK)

**-1.8%** Gender Pay Gap (reported in avg pay/hour) => positive for women

**27%** Gender diversity in the top management => need attention

**86% / 77%** Well-being rate in PMCR /PMSK

### Consumer

Youth Access Prevention program fully implemented in both markets

- **EQUAL-SALARY Certification**

# Sustainability – Governance Highlights



## Material Topics

### Corporate Governance

- Roles and responsibilities of the Company's bodies
- Composition and diversity of Company's bodies
- Integration of sustainability into incentive schemes
- Due diligence

### Business Conduct

- Illicit Trade prevention

## Key Actions

### Company's Bodies

- Responsible selection of mandates assignment
- Part of Boards' members remuneration linked with PMI Sustainability Index and Strategic initiative related to Sustainability
- Regular meetings of the boards

### Illicit Trade Prevention

- High attention of PMI's senior management – Anti-Diversion Governance Committee in place since 2015
- Utilizing advanced track & tracing technologies to prevent smuggling and counterfeiting of our products
- Cooperation with Customs and Police (sharing expertise, utilizing our laboratories in the factory)

## Achievements

### Company's Bodies

**35.3%** Diversity ratio within Administrative & Supervisory Bodies

**42.9%** Independent members ratio within Supervisory Bodies

### Illicit Trade Prevention

A training provided to 60 employees of the Financial Administration in Slovakia



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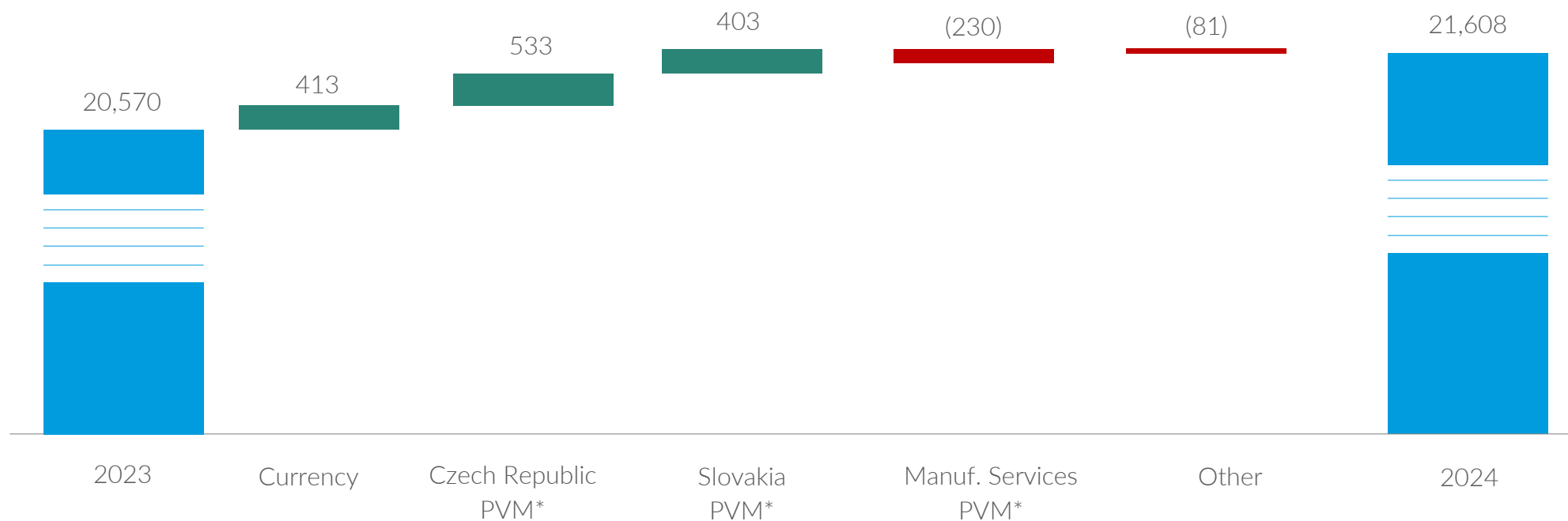
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Consolidated Financial Results

# Net Revenues



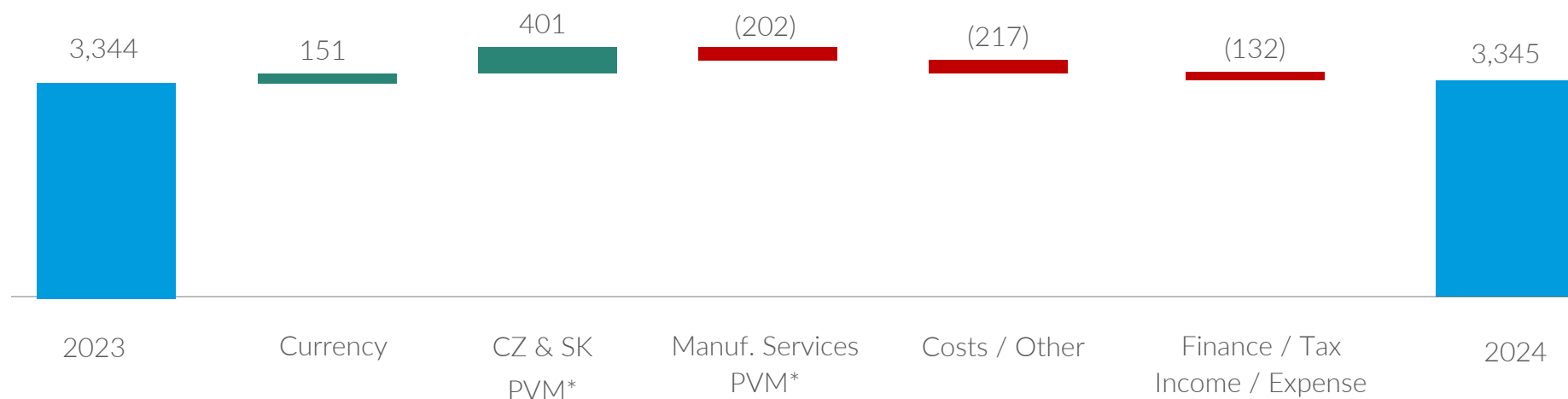
(CZK million)	2023	2024	Change	Change in %	
				Actual	Excluding currency
Net Revenues	20,570	21,608	1,038	5.0%	3.0%



# Net Income



(CZK million)	2023	2024	Change	Change in %	
				Actual	Excluding currency
Net Revenues	20,570	21,608	1,038	5.0%	3.0%
Operating income	3,870	4,003	133	3.4%	(0.5)%
Net income	3,344	3,345	1	0.0%	(4.5)%





# Assets & Liabilities

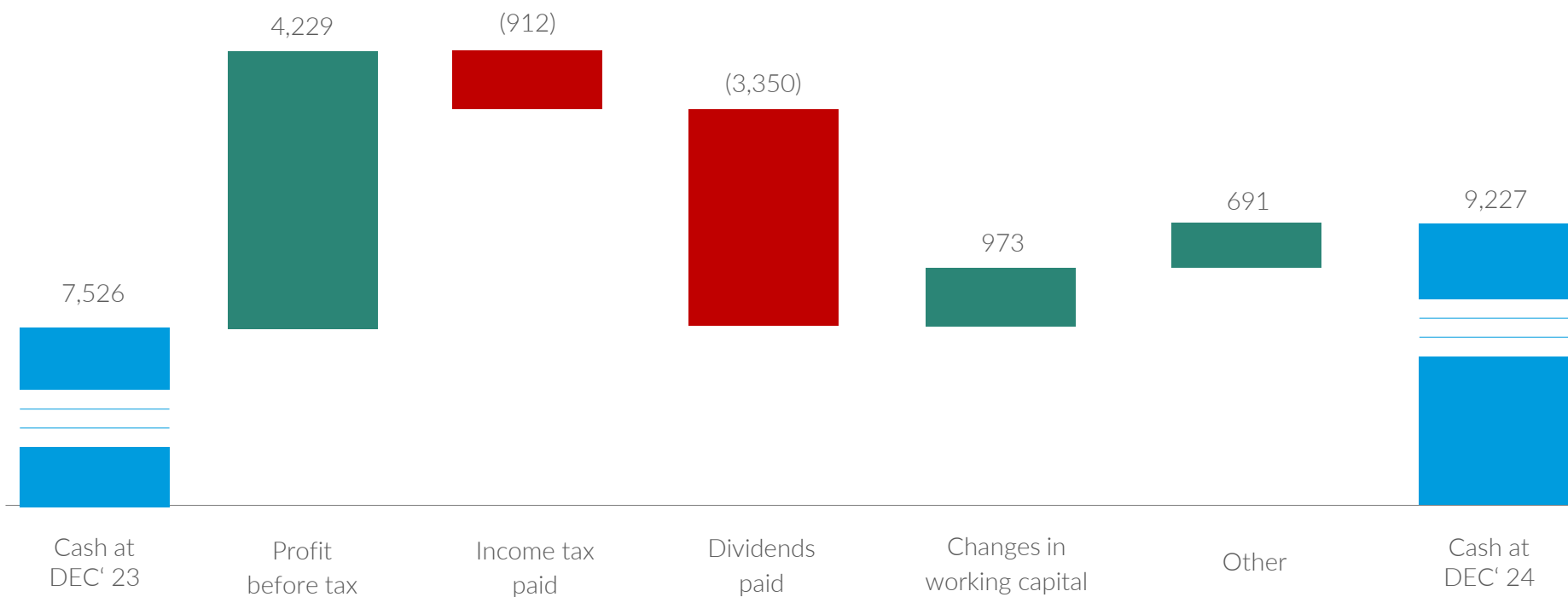


ASSETS (CZK million)				LIABILITIES & EQUITY (CZK million)			
	Dec 2024	Dec 2023	Change		Dec 2024	Dec 2023	Change
Cash & Equivalents	9,227	7,526	1,701	Trade and other financial liabilities	3,284	2,498	786
Inventories	1,583	1,109	474	Finance lease liability – short term	131	127	4
Receivables	963	1,627	(664)	Borrowings	348	-	348
Other non-financial assets	2,562	2,263	299	Other	485	348	137
Prepaid income tax	-	49	(49)	Other tax liabilities	4,199	4,050	149
				Finance lease liability – long term	195	207	(12)
ROU assets	322	338	(16)	Deferred tax liability	139	155	(16)
PP&E and other non-current assets	2,650	2,990	(340)	Equity	8,526	8,517	9
<b>Total Assets</b>	<b>17,307</b>	<b>15,902</b>	<b>1,405</b>	<b>Total Liabilities &amp; Equity</b>	<b>17,307</b>	<b>15,902</b>	<b>1,405</b>

# Cash & Cash Equivalents



(CZK million)	Dec 2023	Dec 2024	Change	Change in %
Cash & Cash Equivalents	7,526	9,227	1,701	22.6%



# Business Model



## Combustible products

**Philip Morris ČR a.s.**  
Entrepreneur



Philip Morris ČR a.s. has an entrepreneurial position for combustible products in **both** countries

**Higher profit, but also higher risk**

## Smoke-free products

**Philip Morris Product S.A.**  
Entrepreneur



**Philip Morris ČR a.s.**

**Philip Morris Slovakia s.r.o.**

## Limited Risk Distributor

Both, Philip Morris ČR a.s. and Philip Morris Slovakia s.r.o. are limited risk distributors for commercialization of smoke-free products in their markets under Distribution agreements with Philip Morris Products S.A. as an entrepreneur.

**Significantly lower risk, but also lower profit**

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## Important Reported Risk Factor



Our profitability, and consequently, the amount of our dividend payout reflects our dual role of being a full risk entrepreneur of combustible portfolio products and a limited risk distributor for smoke-free products.

Our remuneration for commercialization of smoke-free products is based on a set margin on revenues from sales. As a limited risk distributor, we do not own intellectual property rights for smoke-free products and therefore do not absorb all the costs or bear the risks associated with such ownership. As our return is proportionate to our risk for commercializing smoke-free products, the impact of the sales volume variances of such products on our profitability is limited.

Consequently, if the current consumer preference trend towards smoke-free products continues and volume declines of combustible portfolio products accelerate, we do not expect that over time the additional profit generated from increased sales of smoke-free products will offset the decreasing profits generated from the sales of combustible portfolio products.

# Net earnings & EPS



Consolidated Earnings  
per Share  
(in CZK)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Current Year	1,218	1,218	1,324	1,281	1,285	1,464	1,397	1,269	1,008
Prior Years Retained	16	14	0	29	7	101	304	114	106
Total Retained Earning per Share	1,234	1,232	1,324	1,310	1,292	1,566	1,701	1,383	1,113
<b>Dividend Proposed / Paid</b>	<b>1,220</b>	1,220	1,310	1,310	1,260	1,560	1,600	1,080	1,000



Thank you