



PHILIP MORRIS ČR

PRESS RELEASE

Key Economic Results of Philip Morris ČR a.s. Grew in the First Half of the Year

Kutná Hora, September 30, 2024. Despite the effects of the ban on characteristic flavours for the key heated tobacco products of *IQOS* brand or the rising prices of products due to the increase in excise taxes, the company Philip Morris ČR a.s. achieved solid economic growth in the first half of the year. Consolidated net revenues (excluding excise tax and VAT) increased by 7.1% compared to the first half of the previous year to a total of CZK 10.4 billion, demonstrating the trust placed by Czech and Slovak adult nicotine consumers in our products. At the same time, consolidated net profit increased by 11.9% to CZK 1.9 billion versus the first half of 2023.

"The first half of this year was successful for our company in terms of economic indicators, but also consumer preferences in the Czech Republic and Slovakia, which show strong support for our vision of a smoke-free future. This is evidenced by the growing popularity of our smoke-free products, whether in the category of heated tobacco or vaping, and at the same time the continuing downward trend in the sale of classic cigarettes in both countries," says Fabio Costa, Chairman of the Board of Directors and Managing Director of Philip Morris ČR a.s.

Total combined sales of the company's products in the Czech Republic and Slovakia decreased by 3.2% to 4.8 billion units. The decline in cigarette sales was partially offset by an increase in the volume of smoke-free products sold. At the same time, total net revenues increased by 7.1% vs the same period last year to CZK 10.4 billion. Operating income increased by 18.7% to CZK 2.2 billion. Net profit also grew by 11.9% to CZK 1.9 billion. Philip Morris ČR a.s. is still number one in both markets with an estimated market share of 39.7% in the Czech Republic and 52.8% in Slovakia, while in both countries the company recorded an increase in the share of smoke-free products and a decrease in the share of the cigarette portfolio compared to the first half of last year.

The total combined market of cigarettes and heated nicotine products is estimated to have decreased compared to the first half of 2023 in the Czech Republic by 7.1% to 7.2 billion pieces, in Slovakia the total combined market of cigarettes and heated nicotine products remained flat at 3.4 billion pieces.

From the point of view of business, the most significant event of the first half of the year for Philip Morris ČR a.s. was further consolidation of the portfolio of traditional cigarettes and introduction to market of our most innovative smoke-free products: The electronic cigarette *VEEV ONE* was introduced to the Slovak market, and new variants of tobacco refills for *IQOS* with the names *TEREA KONA* (in the Czech Republic) and *DELIA* (in Slovakia) were also introduced. The most recent smoke-free product launch took place in Slovakia and the Czech Republic, with the introduction of *ZYN* nicotine pouches. *"In the second half of the year and, of course, next year, we will continue to focus on further expanding our smoke-free product portfolio. Our maximum effort is for every adult smoker to have the option of choosing demonstrably less risky alternatives, which are clearly a better choice for them and those around them than continuing to smoke,"* adds Fabio Costa.

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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 *Fiit* 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 smokefree 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 over \$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 behavioural 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 devices and consumables and Swedish Match's General snus as Modified Risk Tobacco Products and renewal applications for these products are presently pending before the FDA. As of June 30, 2024, PMI's smoke-free products were available for sale in 90 markets, and PMI estimates that 36.5 million adults around the world use PMI's smoke-free products. Smoke-free business accounted for approximately 38% of PMI's total first half 2024 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. References to "PMI" mean Philip Morris International including its subsidiaries.

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

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