



PHILIP MORRIS ČR

Kutná Hora, September 29, 2022

PRESS RELEASE

Philip Morris ČR a.s. Reports Mid-2022 Financial Results

Philip Morris ČR a.s. reported today consolidated revenues of CZK 9.8 billion and net income of CZK 1.8 billion for the first half of 2022.

Highlights for the half-year ended June 30, 2022 include:

- Consolidated revenues, net of excise tax and VAT, increased by 10.4% (or 11.9%, excluding the impact of currency) to CZK 9.8 billion;
- Consolidated net income increased by 5.8% to CZK 1.8 billion;
- Heated tobacco unit shipments increased by 0.2 billion to 1.6 billion in the Czech Republic and Slovakia, combined;
- Total consolidated shipments¹ volume increased by 0.6% to 5.5 billion.

The company's estimated combined market share of cigarettes and heated tobacco units in the Czech Republic decreased by 3.0 share points, while *HEETS* market share increased by 0.5 share points in the first half of 2022, compared to the same period of 2021. The estimated total combined market of cigarettes and heated tobacco units in the Czech Republic increased by 7.9%.

In Slovakia, the estimated combined market share of cigarettes and heated tobacco units of Philip Morris Slovakia s.r.o. decreased by 0.5 share points, while *HEETS* market share of Philip Morris Slovakia s.r.o. increased by 2.3 share points. The estimated total combined market of cigarettes and heated tobacco units in Slovakia increased by 3.1%.

*"We are pleased to report to our shareholders solid business results for the first half of 2022. Consolidated sales excluding excise tax and VAT increased by 10.4% compared to the same period last year. The growing number of adult smokers finding their way to IQOS is also an important indicator of our journey toward a smoke-free future. We estimate that as of June 30, 2022, the total number of IQOS adult users², in both countries combined, reached approximately 830 thousand (around 530 thousand in the Czech Republic and 300 thousand in Slovakia), approximately 570 thousand of whom have stopped smoking³. This is partly because we have been able to expand the range of *Fiit* smokeless tobacco refills and *VEEV* e-cigarette refills in our portfolio. Another important message for our adult users in Slovakia is that *VEEV* e-cigarettes are also available there.*

We have managed to cope with the current energy supply situation thanks to the fact that we have paid significant attention to reducing the energy consumption of our production plant in Kutná Hora over the last decade. Since 2010, we have managed to reduce our energy consumption by more than 40% per million cigarettes produced. In addition, we accelerated our search for additional reserves and diversification of resources in the first half of this year. Although the situation is very difficult to predict,

¹ Shipments in Czech Republic include cigarettes and other tobacco products such as cigarillos, tobacco for make-your-own cigarettes (0.73 g is equivalent to 1 cigarette) and volume tobacco for make-your-own cigarettes (0.60 g is equivalent to 1 cigarette), as well as heated tobacco units. Shipments in Slovakia include cigarettes and heated tobacco units.

² Estimated number of *IQOS* adult users that used PMI heated tobacco units (*HEETS* and *Fiit*) over the past seven days

³ Estimated number of *IQOS* adult users, whose daily individual consumption of heated tobacco products represents the totality of their daily tobacco consumption over the past seven days, of which at least 70% are PMI heated tobacco products (*HEETS* and *Fiit*).

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it is a priority for us to remain a reliable employer, supplier within the PMI Group, and exporter of Czech economy even in these conditions,” said Andrea Gontkovičová, Chairwoman of the Board and Managing Director of Philip Morris ČR a.s.

On the impact of the war in Ukraine on Philip Morris CR a.s. and Philip Morris Slovakia s.r.o. and their employees Mrs. Gontkovicova has this to say: *“Like most of our fellow citizens, we have been deeply affected by the attack on Ukraine. A number of our colleagues in the Czech Republic and especially in Slovakia were on the front line of helping refugees; we supported non-profit organizations providing aid and, last but not least, we were involved in evacuating our colleagues and their families from Kharkiv and other places.”*

The full 2022 Mid-Year Financial Report is available at www.philipmorris.cz

The Board of Directors
Philip Morris ČR a.s.

Philip Morris ČR a.s.

Philip Morris ČR a.s., an affiliate of Philip Morris International Inc., is the largest manufacturer and distributor of tobacco products and also a limited risk distributor of the smoke-free products *HEETS* and *Fiit*, electronic devices *IQOS* and *lil SOLID*, *VEEV* e-liquid pods, e-cigarette vaping device *IQOS VEEV* and related accessories in the Czech Republic and is listed on the Prague Stock Exchange (Burza cenných papírů Praha). The company, which has been present in the country since 1992, employs more than 1,000 people across the Czech Republic. Philip Morris ČR a.s. has a 99% interest in Philip Morris Slovakia s.r.o. registered in the Slovak Republic. Over the past 30 years, Philip Morris ČR a.s. has supported numerous charitable projects, including the development of social programs aimed at improving living conditions in local communities. For more information, visit www.philipmorris.cz, or see the [Annual Report for the 2021 period](#).

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, vapor and oral nicotine products, which are sold in markets outside the U.S. Since 2008, PMI has invested more than USD 9 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. The U.S. Food and Drug Administration (FDA) has authorized the marketing of versions of PMI's IQOS Platform 1 devices and consumables as Modified Risk Tobacco Products (MRTPs), finding that exposure modification orders for these products are appropriate to promote the public health. As of June 30, 2022, excluding Russia and Ukraine, PMI's smoke-free products were available for sale in 70 markets, and PMI estimates that approximately 13.2 million adults around the world had already switched to IQOS and stopped smoking. With a strong foundation and significant expertise in life sciences, in February 2021 PMI announced its ambition to expand into wellness and healthcare areas and deliver innovative products and solutions that aim to address unmet consumer and patient needs. For more information, please visit www.pmi.com and www.pmiscience.com.

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