



Kutná Hora, September 30, 2021

PRESS RELEASE

Philip Morris ČR a.s. Reports Mid-2021 Financial Results

Philip Morris ČR a.s. reported today consolidated revenues of CZK 8.9 billion and net income of CZK 1.7 billion for the first half of 2021.

Highlights for the half-year ended June 30, 2021 include:

- Consolidated revenues, net of excise tax and VAT, increased by 3.7% (or 4.2%, excluding the impact of currency) to CZK 8.9 billion;
- Consolidated net income decreased by 0.3% to CZK 1.7 billion;
- Heated tobacco unit shipments increased by 0.2 billion to 1.3 billion in the Czech Republic and Slovakia, combined;
- Total consolidated shipments¹ volume decreased by 0.7 billion to 5.5 billion.

The company's estimated combined market share of cigarettes and heated tobacco units in the Czech Republic decreased by 1.5 share points. While *HEETS* market share increased by 2.1 share points in the first half of 2021, compared to the same period of 2020. The estimated total combined market of cigarettes and heated tobacco units in the Czech Republic decreased by 10.8%.

In Slovakia, the estimated combined market share of cigarettes and heated tobacco units decreased by 1.6 share points, while *HEETS* market share increased by 3.1 share points. The estimated total combined market of cigarettes and heated tobacco units in Slovakia decreased by 2.6%.

"In the ongoing global COVID-19 pandemic, the safety of our employees, their families, our partners as well as our customers remains our primary concern. I am very thankful to all of my colleagues in the production, commercial operations and in the Prague headquarters for their patience, resilience and great effort regardless of the restrictions and limitations to their daily work and life. We also continued with our aim at being a reliable and valuable partner to our communities. And I am especially proud and thankful for every word of appreciation my colleagues receive from our charity partners."

"Despite the continued COVID-19 outbreak and the anti-pandemic measures in the first half of this year, our performance remained solid. We estimate that as of June 30, 2021, the number of total IQOS adult users², in both countries combined, increased by approximately 100 thousand and reached approximately 730 thousand (approx. 490 thousand in the Czech Republic and 240 thousand in Slovakia). We are particularly pleased that out of them, approximately 510 thousand have stopped smoking and switched to IQOS³, which, while not risk-free, presents a better choice for their health when compared to smoking cigarettes. I am very grateful for their confidence in our reduced-risk solutions, which also affirms me that we are on the right track in turning our vision of smoke-free future into reality", said Andrea Gontkovičová, Chairwoman of the Board and Managing Director of Philip Morris ČR a.s.

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 adult IQOS users that used *HEETS* for at least 5% of their daily tobacco consumption over the past seven days

³ Estimated number of adult IQOS users, whose daily individual consumption of heated tobacco units represents the totality of their daily tobacco consumption over the past seven days, of which at least 70% are *HEETS*

The full 2021 Mid-Year 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*, electronic devices *IQOS*, *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 29 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 2020 period](#).

Philip Morris International: Delivering a Smoke-Free Future

Philip Morris International (PMI) is leading a transformation in the tobacco industry to create a smoke-free future and ultimately replace cigarettes with smoke-free products to the benefit of adults who would otherwise continue to smoke, society, the company and its other shareholders. PMI is a leading international tobacco company engaged in the manufacture and sale of cigarettes, as well as smoke-free products, associated electronic devices and accessories, and other nicotine-containing products in markets outside the U.S. In addition, PMI ships versions of its *IQOS* Platform 1 device and consumables to Altria Group, Inc. for sale under license in the U.S., where these products have received marketing authorizations from the U.S. Food and Drug Administration (FDA) under the premarket tobacco product application (PMTA) pathway; the FDA has also authorized the marketing of a version of *IQOS* and its consumables as a Modified Risk Tobacco Product (MRTP), finding that an exposure modification order for these products is appropriate to promote the public health. PMI is building a future on a new category of smoke-free products that, while not risk-free, are a much better choice than continuing to smoke. Through multidisciplinary capabilities in product development, state-of-the-art facilities and scientific substantiation, PMI aims to ensure that its smoke-free products meet adult consumer preferences and rigorous regulatory requirements. PMI's smoke-free product portfolio includes heat-not-burn and nicotine-containing vapor products. As of June 30, 2021, PMI's smoke-free products are available for sale in 67 markets in key cities or nationwide, and PMI estimates that approximately 14.7 million adults around the world have already switched to *IQOS* and stopped smoking. For more information, please visit www.pmi.com and www.pmiscience.com.