



PHILIP MORRIS ČR

PRESS RELEASE

## Philip Morris to Invest Over CZK 1 billion into Expansion of Kutná Hora Factory as It Advances Rapidly in its Vision of a Smoke-Free Future

PRAGUE, Czech Republic – June 20, 2023. **Philip Morris International (PMI) plans to invest over 1 billion CZK to start manufacturing of consumables for its smoke-free products in the plant of Kutná Hora, which has long been one of the company's key production sites. These investments are yet another confirmation of the company's confidence in Kutná Hora as well as the value it places on the Czech Republic.**

PMI announces today new investments for over 1 billion CZK to build new manufacturing capacity for its smoke-free product portfolio, as well as technical laboratories dedicated to ensuring the highest product standards and achievement of sustainability goals. PMI's CEO, Jacek Olczak, announced the news during his visit to the Czech Republic.

*"We are making bold progress in achieving our vision of a world where cigarettes are replaced by better alternatives as soon as possible. This new investment of over CZK 1 billion in Kutná Hora is another step forward and goes hand-in-hand with the growing adoption of smoke-free products and declining cigarette smoking rates in the Czech Republic. Symbolically, Kutná Hora, which has more than two centuries of history in tobacco processing, is now becoming an integral part of a movement leading the future of the industry, society, and public health."*

The new investments will also continue to enhance PMI's ability to achieve its sustainability goals. As Olczak added: *"At PMI, we have a very clearly defined commitment to all aspects of sustainability. This starts with replacing cigarettes with better alternatives to the benefit of people who smoke and public health. But it continues with our care for manufacturing practices that respect the environment, as well as supporting and developing local business, including employment."*

The Kutná Hora plant is one of the five largest PMI's cigarette manufacturing facilities. Most of the current production is exported to Germany, Italy, and other European and non-European markets. The production of consumables for smoke-free products will thus further contribute to the country's export.

The investment is part of PMI's broader commitment to a smoke-free future. Non-combustible alternatives to cigarettes such as heated tobacco or e-cigarettes are not risk-free and are addictive but can generate significantly lower levels of harmful compounds compared to cigarettes. Evidence clearly shows they are a much better choice for those adults who would otherwise continue smoking. In 2016, PMI committed to replacing all cigarettes with better alternatives as soon as possible. As of the first quarter this year, almost 26 million adult consumers have adopted PMI's leading heated tobacco products and 72% have left cigarettes behind for good. In the first quarter of 2023, around 35% of PMI's total net revenues came from these products, and the Company has the ambition to become a majority smoke-free business by 2025. This progress is mirrored by growing adoption in the Czech Republic.

*"I am grateful for the level of trust that we have earned from our consumers in the Czech Republic. In just six years since the launch of our smoke-free product IQOS, over half a million adult smokers have adopted it, and around 70 percent of them have abandoned cigarette smoking. The investment announced today represents a recognition of our efforts, as well as serving as an important signal of confidence in the Czech economy and its potential, along with the country's ability to leverage innovation. I am very happy that my dream of our Kutná Hora factory producing smoke-free products is starting to become a reality,"* said Andrea Gontkovičová, Chairman of the Board of Directors and Managing Director of Philip Morris ČR a.s.

Philip Morris ČR a.s.  
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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 refills, the *iil SOLID* tobacco heating device with *Fiiit* tobacco refills, the *IQOS VEEV* e-cigarette and its *VEEV* refills, the *VEEBA* 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](http://www.philipmorris.cz), including the annual report for 2022.

**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. Since 2008, PMI has invested more than USD 10.5 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 behavioral research, as well as post-market studies. In November 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 (FDA) has authorized versions of PMI's IQOS Platform 1 devices and consumables and Swedish Match's General snus as Modified Risk Tobacco Products (MRTPs). As of March 31, 2023, PMI's smoke-free products were available for sale in 78 markets, and PMI estimates that approximately 18.5 million adults around the world had already switched to IQOS and stopped smoking. Smoke-free products accounted for approximately 35% of PMI's total 2023 first-quarter 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. For more information, please visit [www.pmi.com](http://www.pmi.com) and [www.pmiscience.com](http://www.pmiscience.com).

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