



Philip Morris International Inc. Begins Commercialization of KT&G Products Outside of South Korea to Accelerate the Achievement of a Smoke-Free Future

*Collaboration broadens company's portfolio of smoke-free products
for those adults who would otherwise continue to smoke*

Lausanne, Switzerland—August 17, 2020—Philip Morris International Inc. (PMI) (NYSE: PM) today announced it will begin commercialization of KT&G's smoke-free alternatives outside of South Korea. The announcement follows an agreement signed in January 2020 by PMI and KT&G, the leading South Korean tobacco and nicotine company.

PMI will launch KT&G's *lil* SOLID device and its accompanying *Fiit* consumables in Russia. *lil* SOLID uses a pin-based tobacco heating system designed to provide four consecutive experiences without recharging. The *lil* SOLID device will be introduced by IQOS and will complement PMI's existing portfolio of smoke-free alternatives in Russia, which includes the IQOS Tobacco Heating System. Other markets are being considered for subsequent commercialization of KT&G products.

"Our ambition is that all those who would otherwise continue to smoke switch as soon as possible to better alternatives and abandon cigarettes to the benefit of their health, public health and society at large," said André Calantzopoulos, PMI's Chief Executive Officer. "We are excited to enter into the next phase of our agreement with KT&G. The commercialization of KT&G's products outside of South Korea will complement our already strong smoke-free portfolio, providing adult smokers with an even broader range of taste, price and technology options."

The agreement between PMI and KT&G runs for an initial period of three years; it allows PMI to distribute current KT&G smoke-free products and their evolutions on an exclusive basis, and does not restrict PMI from distributing its own or third-party products. KT&G's smoke-free products include tobacco heating systems (e.g., *lil* MINI and *lil* PLUS), hybrid technologies that combine heated tobacco and e-vapor technologies (e.g., *lil* HYBRID), and e-vapor products (e.g., *lil* VAPOR).

KT&G products to be distributed by PMI outside of South Korea, such as *lil* SOLID and *Fiit*, are subject to a careful assessment prior to commercialization to ensure they meet the applicable regulatory requirements in the markets where they are launched, as well as PMI's high standards of scientific substantiation to confirm the absence of combustion and significant reductions in emissions of harmful chemicals compared to cigarettes.

This important step toward delivering a smoke-free future builds on other recent milestones related to PMI's existing portfolio of smoke-free products. As of June 30, there were an estimated 15.4 million adult users of PMI's IQOS Tobacco Heating System globally, of which 72 percent (over 11 million) have already stopped smoking and switched to IQOS.¹ Additionally, on July 7, the U.S. Food and Drug Administration (FDA) authorized the marketing of the IQOS Tobacco Heating System as a modified risk tobacco product (MRTP), issuing an exposure modification order. In doing so, FDA recognized that the IQOS Tobacco Heating System is appropriate to promote the public health, and is expected to benefit the health of the population as a whole.

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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 shareholders. PMI is a leading international tobacco company engaged in the manufacture and sale of cigarettes, as well as

¹ Source: Philip Morris International Inc. 2020 Second-Quarter Results—July 21, 2020

smoke-free products and associated electronic devices and accessories, and other nicotine-containing products in markets outside the United States. In addition, PMI ships a version of its *IQOS* Platform 1 device and its consumables authorized by the U.S. Food and Drug Administration to Altria Group, Inc. for sale in the U.S. under license. 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 *IQOS* product portfolio includes heat-not-burn and nicotine-containing vapor products. As of June 30, 2020, PMI estimates that approximately 11.2 million adult smokers around the world have already stopped smoking and switched to PMI's heat-not-burn product, available for sale in 57 markets in key cities or nationwide under the *IQOS* brand. For more information, please visit www.pmi.com and www.pmiscience.com.

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