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Philip Morris International Announces Unconditional Offer for Vectura Group PLC

- *PMI has acquired or received valid acceptances for 74.77% shares in Vectura, and all other conditions have been satisfied or waived, making PMI's offer unconditional in all respects*
- *PMI reaffirms commitment to using its resources and expertise to help Vectura grow its business and help PMI achieve its Beyond Nicotine ambitions*

Lausanne, Switzerland — September 16, 2021 — PMI Global Services Inc. (PMI) (NYSE: PM) today announced that its offer for Vectura Group plc (Vectura) (LSE: VEC) has become unconditional, having received valid acceptances for or acquired 74.77 % of Vectura shares, in excess of the 50% required under the acceptance condition, as well as confirming that all other conditions to the offer have been satisfied or waived. PMI has extended the offer to allow for the tender of further shares.

"We have reached an important milestone in our acquisition of Vectura and are pleased to have secured over 74% of the company's shares, in excess of the 50% required to make our offer unconditional and PMI the majority shareholder," said PMI's Chief Executive Officer, Jacek Olczak. "We are very excited about the critical role Vectura will play in our Beyond Nicotine strategy and look forward to working with Vectura's scientists and providing them with the resources and expertise to grow their business to help us achieve our goal of generating at least \$1 billion in net revenues from Beyond Nicotine products by 2025."

PMI's proposed acquisition of Vectura is part of its long-term strategy to move Beyond Nicotine and will provide support for Vectura's continued growth.

- PMI will build on its leading scientific capabilities to develop products and services that go Beyond Nicotine. PMI aims to achieve at least \$1 billion in annual net revenues from Beyond Nicotine sources by 2025.
- PMI's business model and strategy are driven by a long-term commitment to the transformation of its business. Since 2008, PMI has invested \$8.1 billion in the research, development, and commercialization of new smoke-free products for adults who would otherwise continue to smoke. PMI's track record of investing in innovation exemplifies its commitment to invest the time and resources it takes to allow for scientific innovation of better products. In its Statement of Purpose released in 2020, PMI reaffirmed its commitment to transformation and serving stakeholders.
- PMI's commitment to transform itself requires an evolution into adjacent business areas while applying its significant expertise in inhalation science to address unmet medical and consumer



needs by delivering medical and wellness products that improve people's lives. This is a change that, like for so many other companies, reflects the need to transform to address the impacts of business on society and to move towards a net positive future, taking ESG as a key input into a sustainable strategy.

- PMI's Beyond Nicotine strategy is built on two key growth areas: (1) inhaled therapeutics, where it has already committed resources to its development pipeline of inhaled over-the-counter and prescription drugs; and (2) developing and commercializing scientifically substantiated consumer health products and solutions that improve people's lives in areas like energy, sleep, calm, and focus.
- PMI has the resources, commitment, and patience to advance Vectura's existing strategy, further it geographically, and extend into the development of proprietary inhaled therapeutic products, alongside the existing contract development and manufacturing organization (CDMO) business. The market for inhaled therapeutics is growing rapidly, with significant potential to expand into new application areas beyond the current market offering. With PMI's support, Vectura is well-positioned to address this market growth.
- PMI intends to ensure Vectura remains a trusted partner in the pharmaceutical industry for the development of inhaled therapeutic products, providing the best possible treatments for providers, prescribers, and their patients. PMI strongly supports and is aligned with Vectura's strategy of delivering drugs through inhalation using innovative technologies that can effectively address many of today's unmet medical needs recognizing that the inhalation mode of administration allows for fast systemic absorption, potential fast onset of effect, and a better safety profile due to the lower dose needed compared to the standard of care today.
- PMI intends to increase the total level of expenditure on research and development and believes that this will further benefit Vectura's differentiated technologies and development expertise for the delivery of complex inhaled therapeutics, helping to bring the initial pipeline of Beyond Nicotine concepts that PMI has developed or acquired to market. This will exemplify PMI's strategy and give increased confidence in its transformation to the scientific community and to the public. Beyond supporting Vectura's growth, PMI believes these investments will support the scientific ecosystem in the U.K. for the longer term, in line with the U.K.'s life sciences strategy and in keeping with the U.K.'s position as a major scientific innovator.
- Operating Vectura as an autonomous business unit forming the backbone of its inhaled therapeutics business, PMI believes Vectura will have the opportunity and tools to undertake the end-to-end development of inhalable drug-device combinations and will provide access to PMI's capabilities in areas such as pre-clinical safety, clinical development, regulatory affairs, drug safety, market access, and global reach.
- We look forward to working with Vectura's scientists to establish a governance structure that supports its ongoing scientific efforts.

Vectura is a provider of innovative inhaled drug delivery solutions that enable partners to bring their medicines to patients. The company has 13 key inhaled products and 11 non-inhaled products marketed



by major global pharmaceutical partners, as well as a diverse portfolio of partnerships for drugs in clinical development. In 2020, Vectura generated net revenues of GBP 191 million (approximately \$245 million). The transaction value represents a multiple of around 15 times Vectura's 2020 EBITDA.

PMI expects the impact of the acquisition on its full-year 2021 adjusted diluted EPS to be immaterial.

Forward-Looking and Cautionary Statements

Statements in this press release that are not strictly historical, including statements regarding the acquisition of Vectura, the expected timetable for completing the transaction, future financial and operating results, benefits and synergies of the transaction, future opportunities for the combined businesses, and any other statements regarding events or developments that we believe or anticipate will or may occur in the future, may be "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, and involve a number of risks and uncertainties.

There are a number of important factors that could cause actual events to differ materially from those suggested or indicated by such forward-looking statements, and you should not place undue reliance on any such forward-looking statements. These factors include risks and uncertainties related to, among other things: (1) the possibility that the integration of Vectura and its operations with those of PMI may be more difficult and/or take longer than anticipated, and may not accelerate PMI's desired entry into additional smoke-free and Beyond Nicotine platforms as quickly as anticipated; (2) the possibility that Vectura's integration into PMI may be more costly than anticipated and may have unanticipated adverse results relating to Vectura or PMI's existing businesses; (3) the inability to consummate the acquisition in a timely manner; (4) the inability to complete the acquisition of 100% of the shares in Vectura; (5) the inability to gain access to differentiated proprietary technology and pharmaceutical development expertise as anticipated by the acquisition of Vectura; (6) the effect of the announcement of PMI's acquisition of Vectura on PMI's, Vectura's, or the combined company's respective business relationships, operating results, and business generally; (7) risks associated with third-party contracts containing consent and/or other provisions that may be triggered by the proposed acquisition; (8) negative effects of the announcement or the consummation of the acquisition on the market price of PMI's common stock; (9) the ability of PMI to hire and/or retain key personnel of Vectura; and (10) other factors that may affect future results of the combined company described in the section entitled "Risk Factors" in PMI's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, PMI's Form 10-Q for the quarter ended June 30, 2021, and other filings of PMI with the Securities and Exchange Commission. The forward-looking statements made herein speak only as of the date hereof, and PMI does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events and developments, or otherwise, except as required by law.

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, its shareholders and its other stakeholders. 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



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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.