



Lilly to Acquire AurKa Pharma

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Acquisition Expands Lilly Oncology Pipeline with Early-Phase Asset Being Studied in Multiple Tumor Types

INDIANAPOLIS, May 14, 2018 /PRNewswire/ -- Eli Lilly and Company (NYSE: LLY) today announced an agreement to acquire AurKa Pharma, Inc., a company established by TVM Capital Life Science to develop oncology compound AK-01, an Aurora kinase A inhibitor that was originally discovered at Lilly. The compound is a potential first-in-class asset that AurKa Pharma is studying in Phase 1 clinical trials in multiple types of solid tumors.

Aurora kinases are believed to play a crucial role in cellular division by controlling chromosomal segregation. Defects in segregation can cause genetic instability, a condition highly associated with the formation of tumors. Aurora kinases, consisting of Aurora A, Aurora B and Aurora C, are key mitotic regulators required for genome stability and are frequently overexpressed in cancerous tumors. AurKa Pharma's asset, AK-01, has been shown to be highly selective for Aurora A, with potential clinical benefit observed in Phase 1 studies. Future studies will seek to determine if the selectivity profile of AK-01 can improve efficacy while limiting toxicity risks to a manageable level.

After a review of its clinical pipeline priorities in 2016, Lilly sold the compound to TVM Capital Life Science, which then established AurKa as part of the TVM Life Science Ventures VII fund. The fund is a novel investment model that seeks to develop early-stage pharmaceutical assets in a capital-efficient manner. As part of its innovation strategy, Lilly actively participates with venture capital firms to source early stage opportunities.

"The acquisition of AurKa Pharma supports Lilly's external innovation strategy, in which we seek to partner with leading life science venture capital firms in order to identify, support and access promising innovation in areas of unmet medical need," said Darren Carroll, senior vice president of corporate business development at Lilly. "We are excited with the value TVM created for this compound through its early-Phase studies, and we look forward to more opportunities in the future."

"Lilly Oncology is focused on the development of innovative cancer therapies that can make a meaningful difference for patients," said Levi Garraway, M.D., Ph.D., senior vice president, global development and medical affairs, Lilly Oncology. "The acquisition of AurKa Pharma expands our pipeline with a promising oncology compound targeting a distinct cell cycle pathway. The work done by AurKa will allow Lilly to leverage emerging data about cancers in which this molecule might be effective, and determine if it can be beneficial to people living with various forms of cancer."

"Through the unique healthcare venture capital model pioneered by TVM Capital Life Science, companies such as AurKa have been established to more quickly and efficiently bring promising compounds to clinical proof-of-concept," said Luc Marengere, Ph.D., Managing Partner at TVM Capital Life Science. "We are pleased that the scientific advances made by AurKa could contribute to the development of AK-01 and hopefully help deliver a potential new medicine for cancer patients."

Under the terms of the agreement, Lilly will acquire all shares of AurKa Pharma. In return, AurKa Pharma shareholders will receive an upfront payment of \$110 million. AurKa Pharma shareholders are also eligible to receive up to \$465 million in regulatory and sales milestones should AK-01 gain approval in the U.S. and other markets, and achieve certain sales levels.

This transaction will be reflected in Lilly's reported results and financial guidance according to Generally Accepted Accounting Principles (GAAP), and is subject to customary closing conditions. There will be no change to Lilly's 2018 non-GAAP earnings per share guidance as a result of this transaction.

Baird is acting as financial advisor to AurKa in this transaction.

About Eli Lilly and Company

Lilly is a global healthcare leader that unites caring with discovery to make life better for people around the world. We were founded more than a century ago by a man committed to creating high-quality medicines that meet real needs, and today we remain true to that mission in all our work. Across the globe, Lilly employees work to discover and bring life-changing medicines to those who need them, improve the understanding and management of disease, and give back to communities through philanthropy and volunteerism. To learn more about Lilly, please visit us at www.lilly.com and www.lilly.com/newsroom/social-channels. C-LLY

About TVM Capital Life Science

TVM Capital Life Science is a group of independent investment advisories and fund managers for Venture Capital funds, investing into innovative biotech, pharmaceutical, and medtech companies with teams based in Munich and Montreal. Since 1984, TVM Capital Life Science has invested in more than 140 life science companies in Europe, Canada and the United States, currently managing in excess of US\$1.1 billion from more than 50 investors.

This press release contains forward-looking statements (as that term is defined in the Private Securities Litigation Reform Act of 1995) about the benefits of Lilly's acquisition of AurKa Pharma, Inc. It reflects Lilly's current beliefs; however, as with any such undertaking, there are substantial risks and uncertainties in implementing the transaction and in drug development. Among other things, there can be no guarantee that Lilly will realize the expected benefits of the transaction, that the molecules will be approved on the anticipated timeline or at all, or that the potential products will be commercially successful. For further discussion of these and other risks and uncertainties, see Lilly's most recent Form 10-K and Form 10-Q filings with the United States Securities and Exchange Commission. Except as required by law, Lilly undertakes no duty to update forward-looking

statements to reflect events after the date of this release.

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The Lilly logo is rendered in a vibrant red, cursive script. The letters are thick and fluid, with the 'L' starting with a large, sweeping loop that extends to the left. The 'i' has a distinct dot, and the 'y' ends in a long, sweeping tail that curves downwards and to the right.

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