Lilly Announces Agreement to Acquire Disarm Therapeutics

October 15, 2020

Acquisition expands Lilly's R&D efforts in pain and neurodegeneration with the addition of Disarm's promising preclinical SARM1 programs for axonal degeneration

INDIANAPOLIS and CAMBRIDGE, Mass., Oct. 15, 2020 /PRNewswire/ -- Eli Lilly and Company (NYSE: LLY) today announced a definitive agreement to acquire Disarm Therapeutics, a privately-held biotechnology company creating a new class of disease-modifying therapeutics for patients with axonal degeneration. Disarm has discovered novel, potent SARM1 inhibitors and is advancing them in preclinical development, with the goal of delivering breakthrough treatments to patients with peripheral neuropathy and other neurological diseases such as amyotrophic lateral sclerosis (ALS) and multiple sclerosis.

Axonal degeneration is a common, yet unaddressed, pathology in a broad range of neurological diseases and is known to cause severe sensory, motor, and cognitive symptoms. Disarm's scientific founders, Dr. Jeffrey Milbrandt and Dr. Aaron DiAntonio of Washington University School of Medicine in St Louis, discovered that the SARM1 protein is a central driver of axonal degeneration. Disarm's SARM1 inhibitors are designed to directly prevent the loss of axons.

Under the terms of the agreement, Lilly will acquire Disarm for an upfront payment of $135.0 million. Disarm equityholders may be eligible for up to $1.225 billion in additional future payments for potential development, regulatory and commercial milestones should Lilly successfully develop and commercialize new medicines resulting from the acquisition.

"Lilly continues to seek medicines to treat the debilitating pain and loss of function associated with nerve damage," said Mark Mintun, M.D., vice president of pain and neurodegeneration research at Lilly. "The scientific team at Disarm discovered an important and highly promising approach to combat axonal degeneration. We will move quickly to develop their SARM1 inhibitors into potential medicines for peripheral neuropathy and neurological diseases, such as ALS and multiple sclerosis."

"Disarm's innovative approach to treating axonal degeneration holds tremendous promise for addressing a wide spectrum of neurological diseases, and we have made significant strides toward enabling potentially transformative therapies," said Alvin Shih, M.D., Chief Executive Officer of Disarm. "Lilly is ideally suited to advance this exciting new approach to treating axonal degeneration, and we look forward to seeing patients benefit from the work that Disarm initiated." Disarm was founded by Atlas Venture, Drs. Milbrandt and DiAntonio of Washington University School of Medicine in St. Louis, and Atlas Entrepreneurs-in-Residence Dr. Rajesh Devraj and Dr. Raul Krauss. Lightstone Ventures and AbbVie Ventures co-invested with Atlas to support the foundational work at Disarm.

This transaction will be reflected in Lilly's reported results and financial guidance according to Generally Accepted Accounting Principles (GAAP). There will be no change to Lilly's 2020 non-GAAP earnings per share guidance as a result of this transaction.

Aquilo Partners, L.P. acted as financial advisor and WilmerHale LLP as legal advisor to Disarm on this transaction.

About Disarm Therapeutics
Disarm Therapeutics is a biotechnology company that is creating a new class of disease-modifying therapeutics for patients with axonal degeneration, a central driver of neurological disability and disease progression. By inhibiting the SARM1 protein, identified by the company's scientific founders as the central driver of axonal degeneration, these therapeutics may prevent the loss of axons in chronic and acute diseases of the central, ocular, and peripheral nervous systems. For a broad range of diseases including multiple sclerosis, amyotrophic lateral sclerosis, glaucoma, and peripheral neuropathies, the therapeutic goal is to prevent further degeneration, stabilize disease, and allow for functional recovery.

About Eli Lilly and Company
Lilly is a global healthcare leader that unites caring with discovery to create medicines that 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. C-LLY

Lilly Cautionary Statement Regarding Forward-Looking Statements
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 Disarm Therapeutics ("Disarm"), and reflects Lilly's current beliefs. However, as with any such undertaking, there are substantial risks and uncertainties in implementing the transaction and in the process of drug development and commercialization. Among other things, there can be no guarantee that the transaction will be completed in the anticipated timeframe, or at all, or that the conditions required to complete the transaction will be met, that Lilly will realize the expected benefits of the acquisition, or that the acquisition will yield commercially successful products. For a further discussion of these and other risks and uncertainties that could cause actual results to differ from Lilly's expectations, please see Lilly's most recent Forms 10-K and 10-Q filed with the U.S. Securities and Exchange Commission. Lilly undertakes no duty to update forward-looking statements.

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