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Lilly Announces Strategic Collaboration with KeyBioscience AG

Companies to Collaborate on Developing New Class of Diabetes Treatments

STANS, Switzerland and INDIANAPOLIS, June 8, 2017 /PRNewswire/ -- Eli Lilly and Company (NYSE: LLY) and KeyBioscience AG have agreed to a new collaboration focused on the development of Dual Amylin Calcitonin Receptor Agonists (DACRAs), a potential new class of treatments for metabolic disorders such as type 2 diabetes, the companies announced today.

The collaboration includes access to the DACRA platform with multiple molecules including KBP-042, KBP-089 and KBP-056. KeyBioscience has initiated Phase 2 development with KBP-042. Other assets included in the collaboration, engineered for differences in effect or potency, range from Phase 1 to pre-clinical.

Under terms of the agreement, Lilly will receive worldwide rights to develop and commercialize these molecules. In exchange for these rights, KeyBioscience will receive an initial payment of \$55 million and is eligible for additional potential development, regulatory, and commercialization milestones, as well as tiered royalty payments on future sales.

"We are extremely excited about the promise of this new mechanism, which could potentially improve insulin sensitivity, reduce weight and improve blood glucose control," said Morten Karsdal, chairman of the board, KeyBioscience AG. "The dual activation of the calcitonin and amylin receptors is exciting research in the diabetes space. We look forward to partnering with Lilly to advance this important work."

The dual activation of calcitonin and amylin receptors is thought to improve insulin sensitivity, suppress food intake, reduce fat deposition, improve blood glucose levels and cause weight reduction.

More than 400 million people around the world have diabetes, according to the International Diabetes Federation, and approximately 9 of 10 people with diabetes have type 2 diabetes. In addition to diet and exercise, current therapies for type 2 diabetes include insulins, oral treatments, and non-insulin injectables.

"This is an exciting opportunity," said Enrique Conterno, president, Lilly Diabetes and Lilly USA. "Our strategic collaboration with KeyBioscience AG will open the door to a potentially innovative treatment approach for people with type 2 diabetes and, possibly, other metabolic conditions."

This transaction is subject to clearance under the Hart-Scott-Rodino Antitrust Improvements Act and other customary closing conditions. Subject to the closing of this transaction, Lilly expects to incur an acquired in-process research and development charge to earnings in 2017 of approximately \$0.03 per share. The company's reported earnings per share guidance in 2017 is expected to be reduced by the amount of the charge. There will be no change to the company's non-GAAP earnings per share guidance as a result of 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 newsroom.lilly.com/social-channels.

About KeyBioscience and Nordic Bioscience

KeyBioscience is a fully owned subsidiary of Nordic Bioscience, a Danish Biotech company headquartered in Copenhagen, Denmark. Nordic Bioscience is engaged in clinical research and precision medicine using unique biomarker technologies. Combining experience in preclinical and clinical research enables Nordic Bioscience to help provide a faster and smarter detection of signals of the potential clinical viability of drug candidates. For more information about Nordic Bioscience, visit us at <http://www.nordicbioscience.com/>

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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 a strategic collaboration between Lilly and Nordic Bioscience's KeyBioscience, and reflects Lilly's current beliefs. However, as with any such undertaking, there are substantial risks and uncertainties in the process of drug development and commercialization. Among other things, there can be no guarantee that Lilly will realize the expected benefits of the collaboration or that the collaboration 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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