Subject: Competitive Intelligence Update - Lilly Q1 2024 Earnings
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Metsera Reports

April 30, 2024

Competitive Intelligence Update

Lilly Reports Q1 2024 Earnings

Summary and Implications

- Lilly increased its full-year 2024 guidance by $2B due to increased manufacturing capacity for tirzepatide
- Supply growth will remain tight in 'near-term' and 'medium-term'; sales growth will largely be driven by quantities produced and shipped
- Lilly discussed long-acting amylin (Q2W) and GIP agonist programs as potential 'maintenance' treatments for Obesity patients
- Lilly will present tirzepatide Phase 2 MASH data at EASL in June

Commercial Content

Mounjaro and Zepbound are continuing to grow rapidly - Mounjaro did $1.5B in US revenues in Q1 2024, compared to $536M in Q1 2023. Zepbound did $517M in US revenues in Q1 2024.

In Type 2 Diabetes, Mounjaro represents 24% of total incretin prescriptions and 30% of new starts. Trulicity is still on-market with 21% of total prescriptions, but Lilly told HCPs not to start new patients on Trulicity. We expect Mounjaro to meaningfully increase its share of total

prescriptions as patients switch from Trulicity to 2nd generation GLP1R agonists. In Obesity, Zepbound represents 40% of total prescriptions and 57% of new starts. As of April 1, 67% of US patients have 'access' to Zepbound. However, true access is a 2 step process; individual employers must opt-in to anti-obesity medication rider following PBM coverage. While Medicare does not cover anti-obesity medications, Lilly is confident Medicare will reimburse tirzepatide for chronic weight management in patients with CVD, HFPEF, and OSA, among other possible co-morbidities.

Since launching Mounjaro and Zepbound, supply has been a constraint for revenue growth, not demand. Management expects to significantly increase capacity in H2 2024, 7 sites are ramping production or under construction. Production of salable doses in 2024 will be at least 1.5x the production of sellable doses in 2023.

Development Content

Tirzepatide in OSA (SURMOUNT-OSA)

Lilly just announced positive results from its Phase 3 trial evaluating tirzepatide in obstructive sleep apnea. 20M US patients have OSA, of which 70% are overweight or obese. Lilly enrolled 469 patients across 2 cohorts; first cohort included patients on PAP therapy + tirzepatide, second cohort included patients on tirzepatide. Both cohorts showed statistically significant reduction in AHI events.

Tirzepatide in MASH (SYNERGY-MASH)

In February 2024, Lilly announced positive results from its Phase 2 trial evaluating tirzepatide in MASH. 74% of patients treated with 15 mg tirzepatide achieved an absence of MASH with no worsening of fibrosis at 52 weeks, compared to 13% of patients on placebo. The full phase 2 data will be presented at EASL in June. Management was coy when asked by analysts whether they would develop tirzepatide OR retatrutide (or both) in MASH.

Next Generation Obesity Products

Lilly indicated that it is studying 9 different mechanisms with opportunities for improvement over tirzepatide. The focus is on 1) quality of weight loss (i.e., ratio of lean body mass to fat mass), 2) GI side effects, 3) less frequent administration, 4) manufacturability / scalability, 5) magnitude of weight loss, and 6) different indications. Lilly believes that some of these objectives may be met with new monotherapies, and others by combining drugs with new targets with existing agents (e.g., bimagrumab plus tirzepatide). Orforglipron was positioned in the context of scalability in light of available small molecule manufacturing capacity.

Current Lilly clinical-stage assets in Obesity and T2DM include:

Phase 1

- Nisotirostide (PYY analogue)
- GIPr Agonist (Long-Acting)
- GIPr Agonist (Long-Acting) backup
- Dual Amylin and Calcitonin Receptor (every 2 weeks)

Phase 2

- Eloralinitide (Amylin Agonist)
- Mazdutide (GLP1/GCGR Analogue)
- Bimagrumab (Activin Receptor 2A Antagonist)
- Tirzepatide (MASH)

Phase 3

- Tirzepatide (OSA, HFpEF, CVOT)
- Retatrutide (T2DM, Obesity, OSA, OA)
- Orforglipron (T2DM, Obesity)

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