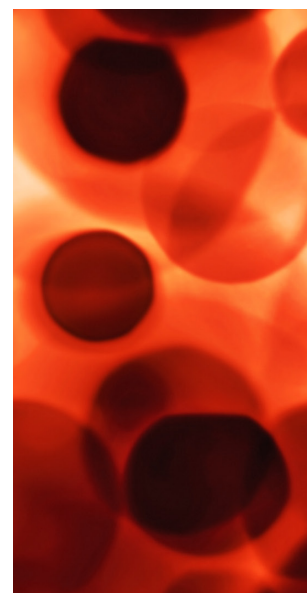


20  
22



ELI LILLY AND COMPANY

Launching a  
New Era of Innovation



YEAR IN REVIEW SUMMARY

20  
22

**A LETTER FROM OUR CEO**

# To Our Lilly Shareholders



2022 was an exciting year for Lilly, driven by significant pipeline progress and expanded use of our medicines, as we reached more people and communities around the world. As we start our 147th year, our purpose—to make new medicines for mankind’s biggest health challenges—has never been more relevant, and our impact has never been more clear.

Lilly medicines helped 51 million people managing serious and challenging illnesses last year, including diabetes, cancer, migraine and autoimmune conditions. Our company delivered strong results—propelled by the extraordinarily successful launch of Mounjaro (tirzepatide) for type 2 diabetes.

In 2023, we’re building on this momentum with the potential to launch as many as four new medicines—while continuing to invest in science, manufacturing capacity and our people.



## BUSINESS RESULTS

Driven by the continued growth of our core business, Lilly recorded revenue of \$28.5 billion in 2022, the highest in our company's long history. Our key growth products—10 of the new medicines we've launched since 2014—accounted for 70 percent of revenue in Q4 last year, and increased 21 percent for the full year. We produced 12 percent volume growth for the year (excluding COVID-19 antibodies), led by our breast cancer medicine Verzenio and the launch of Mounjaro in the United States. We also increased our dividend to shareholders by 15 percent for the fifth consecutive year.

Mounjaro was among the biggest stories of our industry in 2022, ending the year with solid momentum in the U.S. type 2 diabetes market. The impact Mounjaro has already had on patients illustrates the continued need for more innovative therapeutics to treat type 2 diabetes.

Beyond diabetes, tirzepatide has the potential to help millions more with obesity and other metabolic diseases in the future. Late last year, we initiated a rolling submission for tirzepatide in the U.S. for the treatment of chronic weight management. Since then, the FDA also has granted fast-track designation to evaluate tirzepatide in obstructive sleep apnea. The opportunity to improve the lives of millions of people living with obesity is significant; this chronic disease affects more than 650 million people around the world, and is associated with nearly 1 in 5 adult deaths in the U.S.

Across our core therapeutic areas, we have expanded the reach of our medicines over the last year:

- The FDA approved expanded labels in 2022 for Jardiance (heart failure) and Retevmo (advanced or metastatic solid RET-gene-fusion tumors, regardless of tumor type)—and in early 2023 further expanded the label for Verzenio (early breast cancer).
- We received FDA approval for Olumiant as the first systemic medicine to treat severe alopecia areata in adults.
- And we introduced Lilly's first connected platform for diabetes, helping adults with type 1 or type 2 diabetes and healthcare professionals make informed, data-backed decisions to help manage treatment with Lilly insulins.

When the COVID-19 pandemic began in 2020, Lilly scientists worked tirelessly to develop neutralizing antibodies to combat the virus; over the last three years, we have provided 2.5 million doses of these medicines to governments around the world to help save lives and limit the strain on hospitals. In late 2022, the FDA withdrew the Emergency Use Authorization for bebtelovimab, the last of our antibody treatments authorized for use, as it did not retain neutralization activity against the newest strains of the virus. With the wide availability of vaccines, the pandemic has begun to wane in most parts of the world, and many societies are returning to normalcy. We're proud of our efforts to help save lives, and I'm grateful to the many Lilly employees who made such a profound contribution to the global fight against COVID-19.

## PIPELINE ADVANCEMENTS

Our research team continues to deliver across our core therapeutic areas, as we advanced four potential new medicines into regulatory review last year.



Already in 2023, one of those molecules has been approved by the FDA: Jaypirca (pirtobrutinib) for adult patients with a type of blood cancer who were previously treated with other medicines. We await regulatory approval on two other applications we submitted last year: mirikizumab—which would treat ulcerative colitis—and lebrikizumab, a potential new treatment for atopic dermatitis. And in Alzheimer’s disease, we continue working with the FDA to ensure the fastest possible path to bring donanemab to patients as we await confirmatory Phase 3 data later this year.

These innovations have extraordinary potential to help millions of people, and we’re excited by the opportunity to improve outcomes for so many. But we’re not stopping there. We have five more significant molecules either in Phase 3 studies or soon to start, including potential next-generation therapies in diabetes, obesity and Alzheimer’s disease—all with the possibility of helping millions more patients.

## INVESTING IN OUR FUTURE

Our success fuels new investments in research and development, our supply chain and our people.

We remain among the top of our industry in reinvesting revenue into R&D—more than \$7 billion last year, a quarter of our revenue.

With expertise in medicinal chemistry, biologics and human genetics, our researchers are leveraging cutting-edge science and technology to create potential life-changing medicines—including RNA and DNA-based therapeutics. In 2022, we opened the Lilly Institute for Genetic Medicine, and announced plans for a new facility in Boston with a \$700 million investment. Our recent advancements in gene therapy—including our 2022 acquisition of Akouos, a precision genetic medicines company—provide the possibility of treating or even preventing diseases in a manner not possible with traditional medicines. In fact, genetic medicines now make up more than 25 percent of our early-stage pipeline.

These efforts will be enhanced by our 2022 expansion of Gateway Labs by Lilly—where we’re supporting more early-stage scientific entrepreneurs and their companies through shared innovation—and our new state-of-the-art Protomer Technologies site in Pasadena, focused on next-generation diabetes research.

To support the growing demand for our new medicines, we’re making significant investments in our manufacturing and supply chain capacity. In 2022, we committed more than \$3.5 billion to five new manufacturing sites, along with an additional \$450 million expansion of our Research Triangle Park facility announced this year. These sites will strengthen our supply chain resilience, create thousands of high-paying jobs in the U.S. and Europe, and keep us on track to achieve our goal of significantly expanding capacity to make incretin medicines for diabetes, such as Mounjaro and Trulicity.

We’re also investing in our people. Last year, we initiated one of the largest increases in employee compensation in our history, for employees of all types. We are working to remain highly competitive in attracting and retaining the best team in pharma, driven by extraordinary purpose.





## SOCIAL IMPACT

Our purpose to make life better goes beyond creating new medicines. Working with partners around the world, our efforts to strengthen communities—and expand the access and affordability of our medicines—remain core to who we are.

In the U.S., we've been working for years to close gaps in the healthcare system and improve access to insulin. With the aggressive actions we're taking in 2023, we're making it even easier for people to get this life-saving medicine: expanding our Insulin Value Program so that more people who use Lilly insulin can get it for \$35 or less per month, introducing a \$25 authorized generic of Humalog, and cutting prices 70 percent on our most commonly-prescribed insulins. Globally, we've announced three collaborations—part of our 30x30 initiative—to expand access to insulin in resource-limited settings in Africa, Latin America, the Caribbean, Southeast Asia and Bangladesh. And we'll continue our work to invent new and improved insulins and other medicines that address the impact of diabetes and improve patient outcomes.

When the war in Ukraine began, we provided financial and product donations, including more than two million doses of diabetes and cancer medicines, reaching hospitals and patients in Ukraine via our humanitarian partners. Our people around the world also gave generously of their time and funds; some Lilly employees in Europe even welcomed refugees into their homes and helped connect them with access to medical care, jobs and schools.

Closer to home, we continue to make progress with our Racial Justice Commitment, including efforts like our Mentor-Protégé Program to open doors to diverse businesses. And we're advancing green initiatives to help achieve our environmental goals, opening or expanding solar farms at our manufacturing facilities in Ireland and France, among other significant initiatives in 2022.

## EXCITEMENT FOR THE DECADE AHEAD

Most importantly, we're on track to expand the reach of our medicines and help even more patients in 2023 and beyond. With breakthrough products now launching—and new medicines on the horizon—and a network of driven collaborators and partners to help us execute, the Lilly team is inspired by our purpose, and galvanized by the chance to help even more people managing some of the most serious challenges in healthcare around the world.

As always, we thank you for your confidence in Lilly. We're honored by your support and shared commitment to our purpose. With such a significant opportunity to improve human health, we look forward to continuing to deliver new medicines that help more people around the world and drive our continued growth.

Regards,



**DAVID A. RICKS**  
Chair and CEO





20  
22

SCIENCE

# Innovating to Help More People

2022 was a remarkable year for pipeline progress.

It included significant advancements, key data readouts, complementary acquisitions and collaborations, and long-term investments in state-of-the-art manufacturing and R&D facilities—all to fuel our innovation and reach more people.

We strive to invest in research that will make big impacts for patients. Our 2022 milestones included innovation that significantly improved options in diseases with current treatments, like diabetes. We also pursued conditions that urgently need meaningful options, like Alzheimer's disease, or lack any treatment at all, like with certain types of cancer. With strong investments in fields filled with potential—like genetic medicine—we expect the pipeline advancements of 2022 will help build toward the next generation of medicines that can change more lives.



YEAR IN REVIEW SUMMARY



## PIPELINE HIGHLIGHTS

DIABETES  
AND OBESITY

We're developing new approaches to diabetes with the potential to transform care. In 2022, we launched the first new class of type 2 diabetes medicines in more than a decade—and advanced other potential medicines, including an investigational once-weekly insulin. Obesity is the number one risk factor for diabetes, so we're also researching innovative therapies to disrupt the progression. We initiated a rolling submission to the FDA to evaluate one of our medicines for chronic weight management, and expect more data in 2023.

## ONCOLOGY



Our Oncology team is focused on rapidly delivering new medicines that will matter to people with cancer—studying new approaches to treat rare tumor types, leveraging precision medicine and finding new ways to improve existing treatments. Last year, we submitted our medicine to treat a certain type of blood cancer for FDA review—receiving accelerated approval in the U.S. in early 2023—and advanced other potential therapies for breast and lung cancer.

## NEUROSCIENCE



Our researchers have been working to advance the science of Alzheimer's disease for more than 30 years. With continued progression in our Phase 3 studies and advancement of potential medicines in earlier phases of our pipeline, we remain focused on our hope to slow, then halt—and eventually prevent—age-related neurodegeneration in the decades ahead.

## IMMUNOLOGY



We want to redefine what's possible in the treatment of debilitating autoimmune conditions in the fields of dermatology, gastroenterology and rheumatology. In 2022, we received FDA approval for the first systemic medicine to treat alopecia areata, and submitted two new potential medicines for regulatory review: mirikizumab (ulcerative colitis) and lebrikizumab (atopic dermatitis).

## SOCIAL IMPACT

# Supporting Healthier Lives Through ESG

While our focus is on making life-changing medicines, we know we also have a responsibility to do our part to address the barriers that stand in the way of people accessing those medicines. It's part of our dedication to improving lives and creating healthier communities. That effort is woven into who we are as a company. That's evident when we go beyond medicine to partner with organizations working to improve health equity; when we provide patient support and address affordability barriers; when we invest in sustainable business practices and a diverse workforce to strengthen our future; and when we emphasize the importance of philanthropy throughout our company. In 2022, we made progress towards many of our larger ESG goals that help us have an impact. We're focused on innovation to move our business forward, and we apply the same forward motion to our efforts to make a difference around the world.





# ||| Environmental Highlights



## SET NEW ENVIRONMENTAL GOALS IN 2021

for climate, waste and water, including to become carbon neutral in our own operations and purchase all electricity from renewable sources by 2030



## REDUCED GREENHOUSE GAS EMISSIONS BY ONE THIRD

from 2012 to 2021, while the overall business has grown



## ADDED NEW SOLAR PARKING CANOPY

in Fegersheim, France, capable of producing approximately 4,200 megawatt-hours of electricity per year



## ACHIEVED A SCORE OF A- FOR CLIMATE & WATER 2022 CDP SUBMISSIONS

above the biotech and pharmaceutical industry sector average

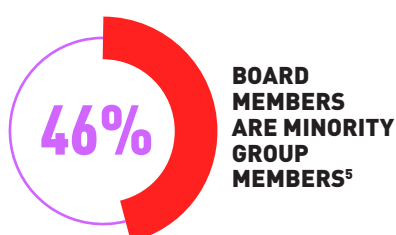
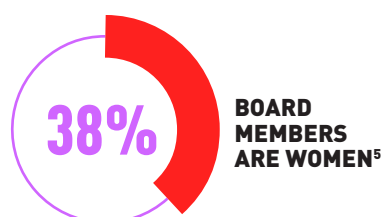


## COMPLETED FULL VALUE-CHAIN EMISSIONS ASSESSMENT

and continually work to identify climate-related risks and opportunities



# ||| Social Impact and Governance Highlights



IMPLEMENTED PROPOSAL THAT  
ALLOWS SHAREHOLDERS TO  
**AMEND THE COMPANY'S BYLAWS**

1. Includes value of medicines provided by Lilly to separate charitable organizations that offer free Lilly medicines to qualifying patients. Product donations valued at wholesale acquisition cost, or WAC. 2. Includes financial commitments from Lilly and \$13.6 million from the Eli Lilly and Company Foundation, a separate nonprofit organization, commonly referred to as the Lilly Foundation. 3. Terms and conditions apply. At the majority of retail pharmacies. Government restrictions exclude people enrolled in federal government insurance programs from Lilly's \$35 solutions. But federal law provides that Medicare Part D beneficiaries also pay no more than \$35 per month for insulin. 4. As of 12/31/2022. 5. As of 3/17/2023.



20  
22

**BUSINESS**

# Delivering Results to Fuel the Future

Our most recent and expected series of new launches, coupled with a long-term commitment to progressing the next wave of innovation, positions us well for revenue growth. Our solid foundation helped us reach 51 million patients with life-changing medicines in 2022, and should enable us to help even more patients in the future. Strong commercial performance presents the opportunity to invest further in our future—in R&D advancements, extraordinary talent within our approximately 39,000-employee workforce, and state-of-the-art facilities and technology. As we continue to build upon our core therapeutic areas, we're also following discoveries that lead us down new paths—with the goal of strengthening our returns and giving us new ways to make life better for people around the world.



**YEAR IN REVIEW SUMMARY**

# Financial Highlights

2022

2021

**REVENUE**

1%

**\$28,541.4**

\$28,318.4

**NET INCOME**

12%

**\$6,244.8**

\$5,581.7

**DIVIDENDS  
PER SHARE**

15%

**\$3.92**

\$3.40

**R&D**

4%

**\$7,190.8**

\$6,930.7

**R&D AS A %  
OF REVENUE****25.2%**

24.5%

**ACQUIRED IPR&D  
& DEV MILESTONES**

-6%

**\$908.5**

\$970.1

**CAPITAL  
EXPENDITURES**

42%

**\$1,854.3**

\$1,309.8

**EPS-DILUTED**

13%

**\$6.90**

\$6.12

**NON-GAAP  
EPS-DILUTED**

7%

**\$7.94**

\$7.39

**RECONCILIATION OF EPS-DILUTED  
TO NON-GAAP EPS-DILUTED***Numbers may not add due to rounding***EARNINGS PER SHARE (REPORTED)****\$6.90**

\$6.12

Amortization of intangible assets

**\$0.50**

\$0.53

Net (gains) losses on investments in equity securities<sup>1</sup>**\$0.33**

(\$0.16)

Asset impairment, restructuring and other special charges<sup>1</sup>**\$0.21**

\$0.28

Charge related to repurchase of higher-cost debt<sup>1</sup>

—

\$0.35

COVID-19 antibodies inventory charges<sup>1</sup>

—

\$0.25

**EARNINGS PER SHARE (NON-GAAP)****\$7.94**

\$7.39

1. For more information on these reconciling items, see the Executive Overview in Management's Discussion and Analysis in the 2022 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission.

# Financial Highlights

## PRODUCT REVENUE GROWTH

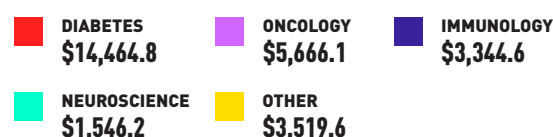
\$ in millions represent growth in revenue



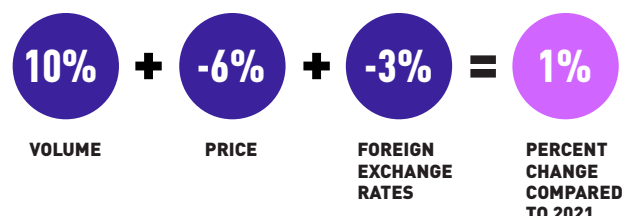
Five products—Verzenio, Trulicity, Jardiance, Mounjaro, and Taltz—together generated revenue growth of **\$3.4 billion**, driven primarily by volume increases.

## REVENUE BY THERAPEUTIC AREA

\$ in millions

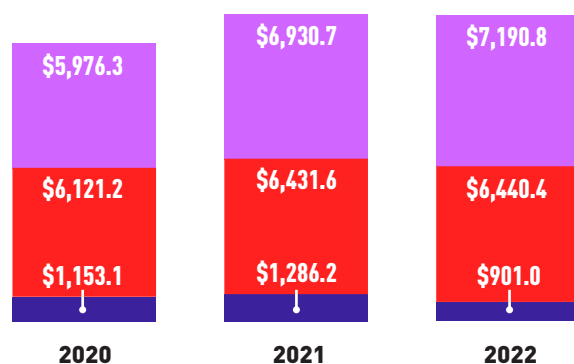


In 2022, diabetes revenue was largely driven by sales of Trulicity, Jardiance, Humalog and Humulin. Immunology revenue was largely driven by sales of Taltz. Neuroscience revenue was largely driven by sales of Emgality. Oncology revenue was largely driven by sales of Verzenio. Other revenue was largely driven by sales of COVID-19 antibodies<sup>1</sup>.



## PRICE, RATE & VOLUME

The increase in volume in 2022 was primarily driven by Verzenio, Trulicity, Jardiance, Mounjaro and Taltz, partially offset by decreased volume for Alimta due to generic competition. The decrease in realized prices was primarily driven by the impact of government pricing in China from National Reimbursement Drug List (NRDL) formulary for certain products, particularly Tyvyt and Verzenio, and volume-based procurement (VBP) for Humalog. Humalog's decrease in realized prices was additionally impacted in the U.S. due to a list price reduction of insulin lispro injection and unfavorable segment mix.



## OPERATING EXPENSES

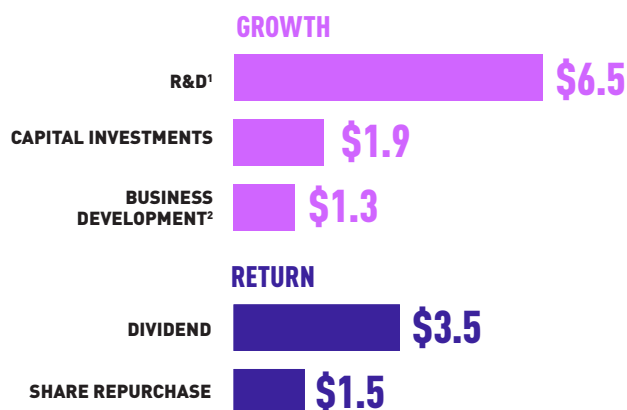
\$ in millions



Over the past few years, Lilly has continued to increase its investment in research and development while prudently managing spending in selling, general and administrative expenses.

1. COVID-19 antibodies include sales for bamlanivimab administered alone, for bamlanivimab and etesevimab administered together, and for bebtelovimab, and were made pursuant to Emergency Use Authorizations or similar regulatory authorizations. 2. "Other" includes Acquired IPR&D and development milestones & asset impairment, restructuring and other special charges.

# Financial Highlights



## CAPITAL ALLOCATION

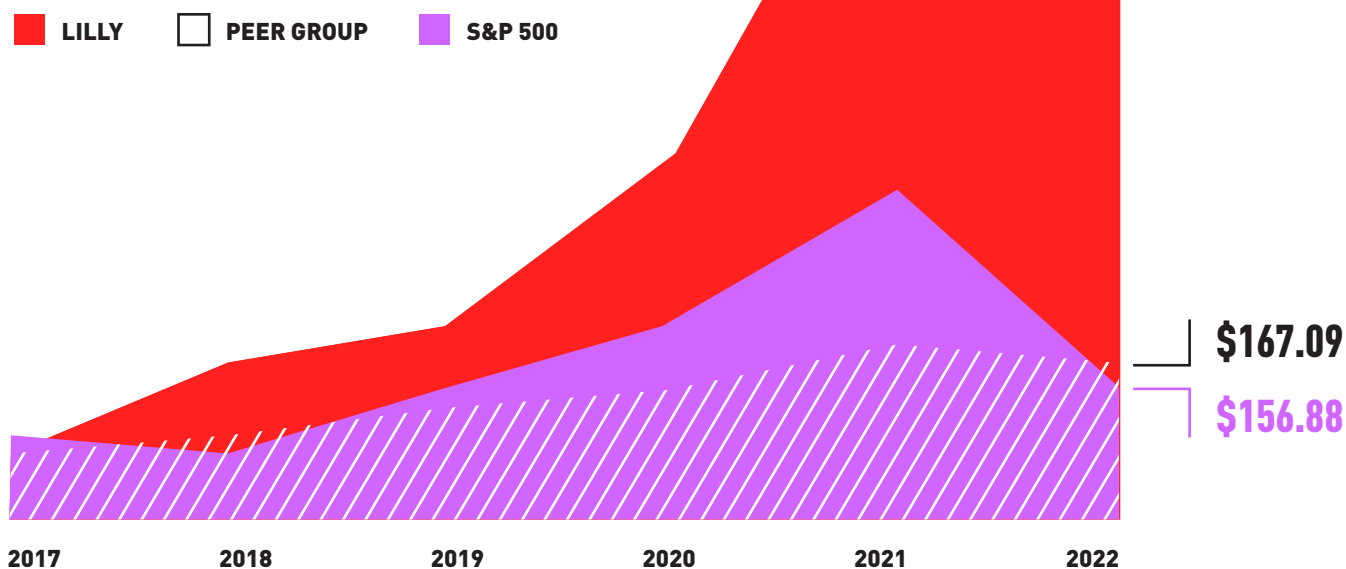
\$ in billions

In 2022, we invested \$9.6 billion to drive future growth through a combination of R&D expenditures, business development outlays, and capital investments. In addition, we returned approximately \$3.5 billion to shareholders in dividends and repurchased \$1.5 billion in stock.

## TOTAL SHAREHOLDER RETURN

Value of \$100 invested in Lilly, S&P 500 Stock Index and Peer Group<sup>3</sup>

Over the past five years, Lilly's annualized total shareholder return has averaged 36.6%, compared to 9.4% for the S&P benchmark, and 10.8% compared to Peer Group, due to the increase in the stock price and increasing dividend stream.



1. After-tax, includes development milestones. 2. Includes cash outflows associated with equity investments. 3. The graph measures total shareholder return, which takes into account both stock price and dividends. It assumes that dividends paid by a company are immediately reinvested in that company's stock. See Item 5 of the 2022 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission for those companies included in our peer group.





#### **Lilly Cautionary Statement Regarding Forward-Looking Statements**

The statements made in the 2022 Year in Review contain forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. Words such as "estimate", "project", "intend", "expect", "believe", "target", "anticipate" and similar expressions are intended to identify forward-looking statements. The company's sustainability targets, goals, and commitments, as well as its operating results, business goals, strategy, and development or launch of any medicine may be affected by factors including, but not limited to, the significant costs and uncertainties in the pharmaceutical research and development process, including with respect to the timing and process of obtaining regulatory approvals; the impact and outcome of acquisitions and business development transactions and related integration costs; the expiration or enforceability of intellectual property protection for certain of our products; changes in patent law or regulations; competitive developments affecting current products and our pipeline; unauthorized access, disclosure, misappropriation, or compromise of confidential information or other data in our information technology systems, networks, and facilities, or those of third parties with whom we share our data; the impact of global macroeconomic conditions, trade disruptions, disputes, unrest, war, regional dependencies, or other costs, uncertainties and risks related to engaging in business globally; unexpected safety or efficacy concerns associated with our products; litigation, investigations, or other similar proceedings involving past, current, or future products or commercial activities; issues with product supply and regulatory approvals stemming from manufacturing difficulties, disruptions, or shortages, including as a result of unpredictability and variability in demand, labor shortages, third-party performance, quality, or regulatory actions related to our facilities; the impact of public health outbreaks, epidemics, or pandemics, such as the COVID-19 pandemic; and changes or other developments in laws or regulations.

For additional information about the factors that affect the company's business, please see the company's latest Forms 10-K, 10-Q, and any 8-Ks filed with the Securities and Exchange Commission. The company undertakes no duty to update forward-looking statements except as required by applicable law.

Find more detail on Lilly's environmental, social and governance priorities, strategies and operations at [lilly.com](https://www.lilly.com).