



2021 Year in Review



**Lilly unites
caring with
discovery
to create
medicines
that **make**
life better
for people
around
the world.**

Our Purpose

To Our Lilly Shareholders



Two years into the COVID-19 pandemic, our company continues to deliver on our commitment to patients, thanks to the passion and tenacity of our Lilly team. Our global colleagues came to our labs and factories, connected with customers, and kept our sites running throughout the pandemic. Others innovated and collaborated from home to deliver results. We achieved things we never thought possible, from developing and manufacturing COVID-19 antibodies in record time, to submitting a new drug application entirely as a remote team.

As a result, over 47 million people across the globe benefited from our medicines last year. We are grateful for the dedication of our team and our partnerships with health care providers, which enable our work to reach so many.

The global COVID-19 pandemic underscored that Lilly's purpose – uniting caring with discovery to create medicines that make life better for people around the world – is clearer and more relevant than ever.

Importantly, our capacity and capability to fulfill this purpose is also stronger than ever. We've driven solid results over the last several years, successfully launched new medicines, and invested in high-impact R&D that has set us up for a truly exciting new era of patient care.

Investing in Our Future

In 2021, we experienced strong volume-driven growth, with worldwide revenue up 15% compared to 2020. In 2021, our newest products made up 57% of core business revenue.

We also delivered positive registrational data on five exciting new medicines and launched and submitted several new indications for key products. We anticipate introducing these five new medicines as part of the next wave of innovation we'll bring to patients over the next two years.

Lilly is in a unique situation: we have a long period ahead with limited patent expirations, strong growth trends for our newest in-market therapies, and one of the industry's most exciting late-stage pipelines. We have laid the groundwork for Lilly to grow and reinvest in research at higher rates, creating more life-changing medicines for patients for years to come. Our investment in R&D last year increased to \$7 billion, nearly one-quarter of our revenue. At the same time, we delivered a fair-value return to shareholders of over \$4 billion through dividends and share repurchases.

Innovation: Our North Star

One hundred years after the discovery of insulin, we're still innovating to improve diabetes care for the millions of people living with this life-threatening disease. In 2021, Lilly completed the U.S. NDA submission for tirzepatide in type 2 diabetes. [Clinical data on tirzepatide shows remarkable A1C and weight reductions](#) with a safety profile similar to the well-established GLP-1 receptor agonist class.

We look forward to tirzepatide's initial Phase 3 readout in obesity in 2022. Obesity is the leading risk factor for type 2 diabetes and many other serious metabolic diseases, with medical consequences anticipated to cost over \$1 trillion in the U.S. by 2025. We're optimistic about disrupting devastating disease progression for the more than 650 million people worldwide that are impacted by obesity.

Last year we initiated an accelerated approval rolling submission for [donanemab](#) in early Alzheimer's disease. With more than 30 years of dedication to Alzheimer's research, we believe that we are well-positioned to leverage emerging science in this area and meaningfully address the plight of patients who have age-related neurodegeneration.

These two medicines have extraordinary potential to help make life better for millions of people around the world. We are humbled by the challenge and opportunity to improve the outcomes for so many. We now expect to double the number of patients we reach over the next decade, based largely on our newest medicines.

Strengthening Communities, Protecting the Planet, and Improving Access to Our Medicines

We launched our inaugural ESG Report last year, and hosted a sustainability call with investors to provide our updated [ESG strategy](#), which reflects five pillars: increasing access to medicines; improving lives and communities; empowering a diverse workforce; minimizing our environmental impact; and operating ethically and responsibly.

Since then, we've made strong progress against these goals, including issuing our [first sustainability bond](#) and opening a [16-acre solar farm in Kinsale, Ireland](#).

We're committed to ensuring that Lilly's medicines remain affordable by reducing barriers, so patients have better access to fair and equitable health care.

For example, in 2021, we announced we were [reducing the list price of Insulin Lispro](#) by an additional 40% and pledged \$5 million [to the Diabetes Impact Project \(DIP-IN\)](#) to help research and address diabetes health equity in three Indianapolis neighborhoods where residents are predominantly people of color.

Internationally, in response to COVID-19, Lilly provided [donations of baricitinib to the Indian government](#) through Direct Relief, while working with local Indian pharmaceutical companies to execute royalty-free voluntary licensing agreements to accelerate the manufacturing and distribution of this medicine.

Collaborating for Greater Impact

We continue to create value for patients and shareholders by uniting our research, development and commercialization capabilities with those of our collaborators.

For example, our focus on small interfering RNA (SiRNA) has evolved dramatically, beginning with internally built expertise and then expanding through strategic partnerships, which brought promising new capabilities to the table.

Our progress continued in 2021 with the [acquisition of New York City-based Prevail Therapeutics](#), which extends Lilly's gene therapy program efforts with a portfolio of clinical-stage and preclinical neuroscience assets.

And this year we've expanded on these collaborations with a [\\$700-million investment to establish a state-of-the-art Lilly Center for Genetic Medicine in Boston](#), which includes shared space to accommodate biotech startups in the Boston area.

Through these and other strategic investments and partnerships, including Lilly's Gateway Labs collaboration space in San Francisco, we will continue to look for ways to bring new medicines to patients around the world, pairing the best technology with the best scientists, whether or not they reside at Lilly.

Our Work is Not Done

While Lilly's accomplishments in 2021 are important, it's where we are going that most excites us. Bringing new medicines to patients is our priority, and we have a remarkable opportunity ahead of us to make life better for millions more people around the world facing difficult-to-address health challenges such as cancer, obesity and Alzheimer's disease.

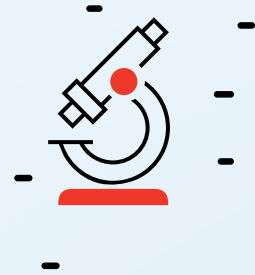
In 2022, we anticipate several potential new medicine and new indication launches, regulatory submissions, key data disclosures and Phase 3 trial initiations.

[With the depth of our pipeline](#), we're in a stronger place than ever before, and see enormous opportunities ahead to address some of the world's worst health conditions.

Thank you for your confidence in Lilly – I'm proud of where we've taken the company amidst the many challenges around us and energized by where we're headed. We are honored by your support and commitment.

David A. Ricks
Chair and CEO





Science

A series of approximately seven horizontal, wavy red lines of varying lengths, stacked vertically, creating a decorative graphic element.

In 2021, Lilly continued to advance promising R&D opportunities and invest in potential launches that would bring needed therapies to patients worldwide. We remain on track to **deliver 20 new medicines in the 10-year period from 2014-2023**, with 16 new medicines in the last eight years and plans to launch five more medicines over the next two years, if approved. We're moving medicines through clinical development faster than ever—on average, just under six years from first human dose to launch.

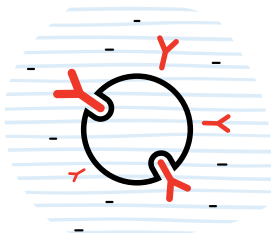
Harnessing the power of biotechnology and genetic medicine, Lilly scientists are urgently advancing new discoveries to solve the world's most significant health challenges. In 2021, we reported positive data and significant pipeline advancement in each of our core therapeutic areas, **setting Lilly up for an exciting future with the potential to impact millions more people worldwide.**

Pipeline Highlights



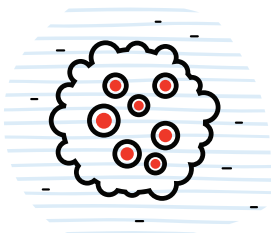
Diabetes & Obesity

Building on our history in diabetes, we've expanded our strategic focus to develop medicines that disrupt the disease cascade caused by obesity and type 2 diabetes progression. In 2021, we submitted regulatory applications in the U.S., Europe, Japan and several other markets for tirzepatide, for the treatment of adults with type 2 diabetes. We also disclosed new data in 2021 from several potential medicines in our early-phase incretin platform, focused on delivering therapeutics with bariatric surgery-like weight loss with related metabolic benefits.



Immunology

Lilly works to provide solutions to some of the most debilitating immune system disorders. Positive late-stage readouts in 2021 for mirikizumab, in moderate-to-severely active ulcerative colitis, and lebrikizumab, in moderate-to-severe atopic dermatitis, provide the potential to help even more patients.



Oncology

Propelled by the acquisition of Loxo Oncology, Lilly has established a renewed presence in oncology. In 2021, we initiated a rolling submission to the FDA for pirtobrutinib, seeking accelerated approval in mantle cell lymphoma.



Neuroscience

Lilly is an established leader in neuroscience, advancing Alzheimer's disease research over the last three decades. In 2021, we disclosed important positive data for donanemab in treating Alzheimer's, and initiated a rolling submission to the FDA for accelerated approval of donanemab in the U.S.



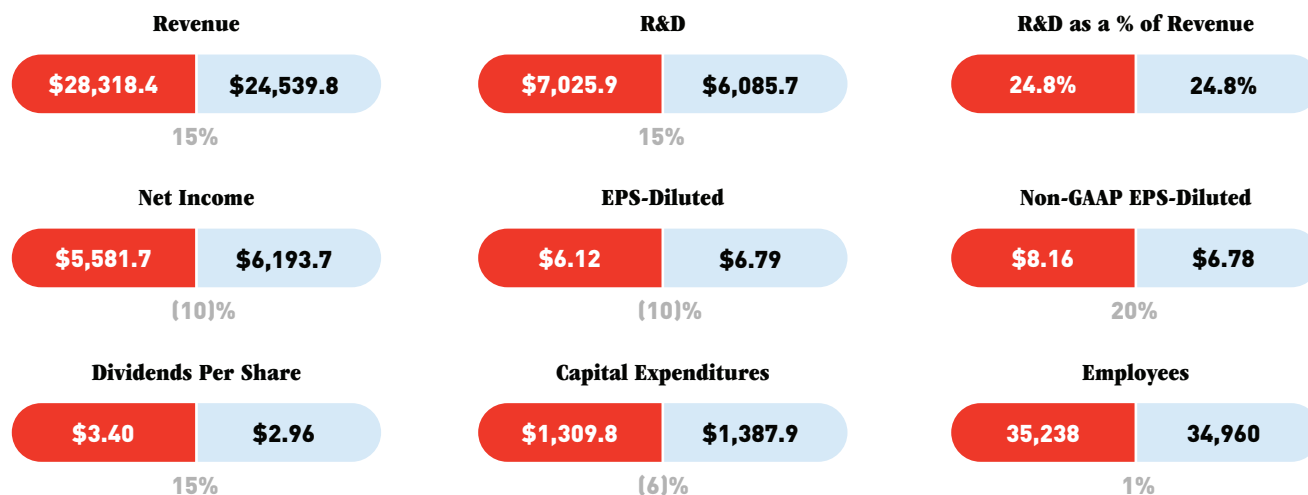
Business

Lilly had a solid year of growth and pipeline success in 2021, despite continued challenges posed by the COVID-19 pandemic. Our more than 35,000 employees have never been more resilient and invested in our purpose to make life better, **allowing us to deliver life-changing medicines to more than 47 million people around the world.**

The expanded reach of our medicines across Lilly's core therapeutic areas—Diabetes, Immunology, Neuroscience and Oncology—is reflected in our 2021 financial results. Fueled by our newest innovations and medicines to fight COVID-19, Lilly delivered strong volume-driven growth again last year, **with worldwide revenue up 15% compared to 2020.** In the fourth quarter, our key growth products made up 61% of core business revenue—continuing to create value for patients and shareholders alike and increasing momentum for an exciting decade ahead.

Financial Highlights

● 2021 ● 2020



Reconciliation of EPS-Diluted to Non-GAAP EPS-Diluted

	2021	2020	% Change
Earnings per share (reported)	\$6.12	\$6.79	(10)%
Acquired in-process research and development ¹	\$0.77	\$0.64	
Amortization of intangible assets	\$0.53	\$0.36	
Charge related to repurchase of higher-cost debt ¹	\$0.35	—	
Asset impairment, restructuring and other special charges ¹	\$0.28	\$0.14	
COVID-19 antibodies inventory charges ¹	\$0.25	—	
Net gains on investments in equity securities ¹	(\$0.16)	(\$1.15)	
Earnings per share (non-GAAP)	\$8.16	\$6.78	20%

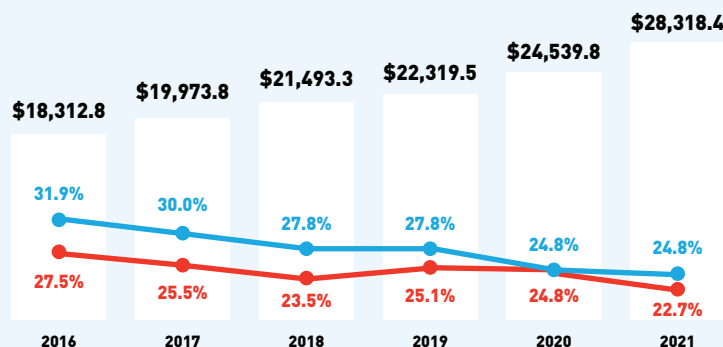
Numbers may not add due to rounding

Operating Expenses

\$ millions, % of revenue

- Revenue
- R&D
- Marketing, Selling and Administrative

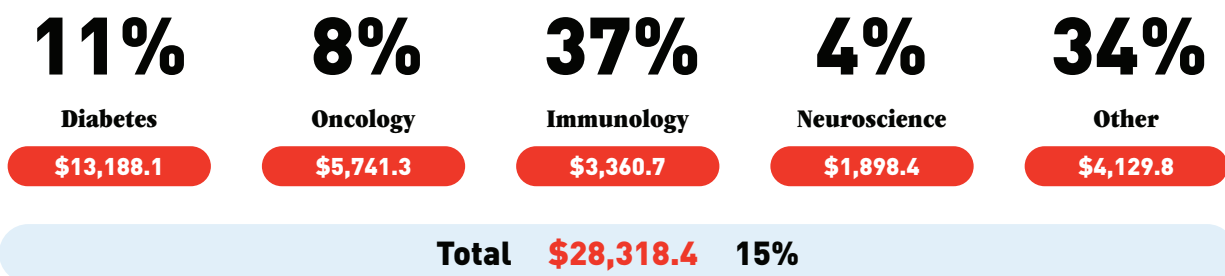
Over the past six years, Lilly has managed operating expenses while growing revenue resulting in continued improvement in operating expenses as a percent of revenue.



¹ For more information on these reconciling items, see the Executive Overview in Management's Discussion and Analysis in the 2021 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission.

Revenue Growth Across Therapeutic Areas

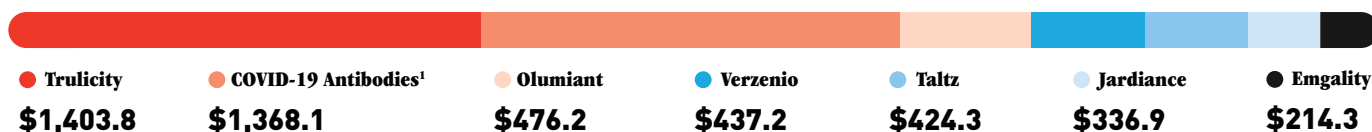
\$ millions, % growth



Revenue in Diabetes increased 11% primarily driven by growth of Trulicity®. Oncology revenue increased 8% driven by Verzenio® and Tyvyt®, offset by lower revenue for Alimta® due to patent losses. Olumiant® and Taltz® drove the 37% revenue increase in Immunology. Neuroscience experienced a 4% increase driven by Emgality®, offset by lower revenue for Cymbalta® due to previous patent losses. Other revenue increased 34% driven by COVID-19 antibodies¹, offset by lower revenue for Forteo® due to previous patent losses.

Product Revenue Growth

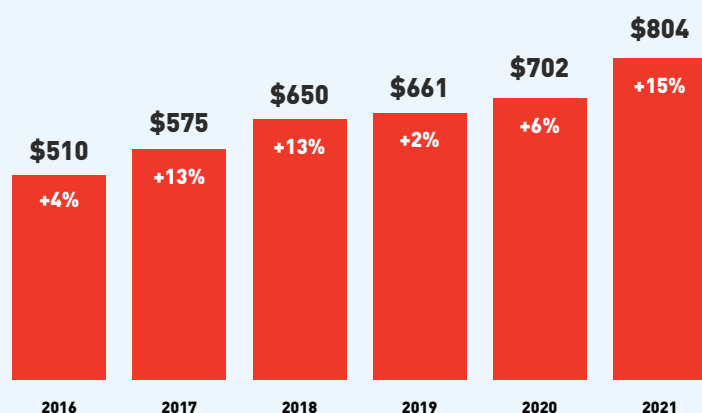
\$ in millions represent growth in revenue



Seven products—Trulicity, COVID-19 antibodies¹, Olumiant, Verzenio, Taltz, Jardiance® and Emgality—together generated revenue growth of \$4.7 billion, driven primarily by volume increases.

Revenue Per Employee

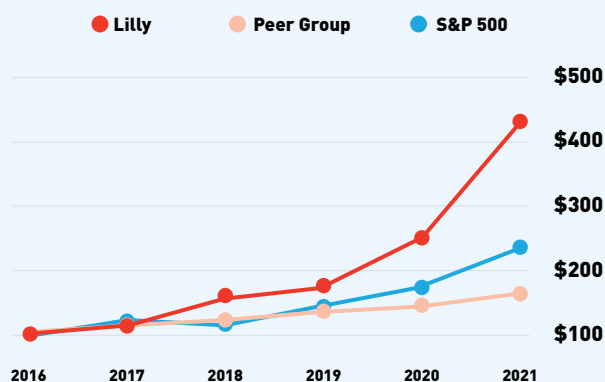
\$ thousands, % growth



In 2021, revenue per employee increased 15% to \$804,000 due to higher revenue, primarily driven by volume growth from Trulicity, COVID-19 antibodies¹, and other new pharmaceutical products.

Total Shareholder Return

Value of \$100 invested in Lilly, S&P 500 Stock and Peer Group²



Over the past five years, Lilly's annualized total shareholder return has averaged 33.1%, compared to 18.5% for the S&P benchmark, and 12.4% compared to Peer Group, due to the increase in the stock price and increasing dividend stream.

1. COVID-19 antibodies include sales for bamlanivimab administered alone as well as sales for bamlanivimab and etesevimab administered together and were made pursuant to EUAs or similar regulatory authorizations. 2. 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 2021 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission for those companies included in our peer group.



Impact

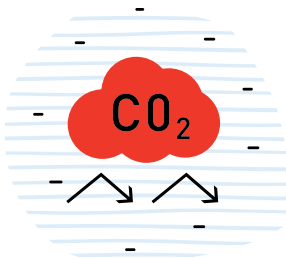
Our purpose is to unite caring with discovery to create medicines that make life better for people around the world. But we also know our work to make life better goes beyond the medicines we make. We strive to **grow our business in sustainable ways, invest in environmentally sound practices, expand equitable access to health care, and have a positive impact on society.** These are choices we make as a company because we believe it's the right way to run a business.

ESG Highlights

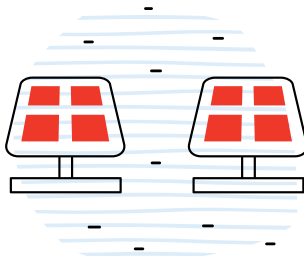
Environmental



Established **new environmental goals** in 2021—including for climate, waste and water—that run through 2030; these include goals to become carbon neutral in our own operations



26% reduction in greenhouse gas emissions from 2012 to 2020, while the overall business has grown



Installed 6 gigawatt-hour-per-year solar field in Ireland to help power local manufacturing operations (single largest solar field in Ireland at time of installation)



Issued first sustainability bond to help fund environmental and other ESG efforts

[Click here to learn more about our impact efforts](#)

Social Impact

47 Million+

people around the world rely on Lilly medicines

\$7 Billion+

investments in research and development in 2021

\$3 Billion+

in free medicines in 2021, including more than \$250 million in COVID-19 therapies to low-income and lower-middle-income countries¹

\$285 Million+

committed to global health 2016-2030²

\$35

monthly prescription of Lilly insulin at retail pharmacies for anyone with commercial insurance, or no insurance at all – regardless of the number of vials or pens

10,000+

employee volunteer hours to support our Racial Justice Commitment in 2021

\$10 Million+

in Lilly Foundation grants to support Racial Justice Commitment in 2021

48%

women in management positions globally, up from 41% at the end of 2017³

24%

minority group members in management positions in the U.S., up from 16% at the end of 2017³

Governance

30%

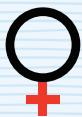
of 13-member board are women⁴

46%

of board are minority group members⁴

33%

of 15-member executive committee are women³



1st-ever female chief financial officer named in 2021



Increased disclosures for political contributions and lobbying

1. Includes: value of Lilly medicines donated to separate charitable organizations that provide free Lilly medicines to qualifying patients and donations from Eli Lilly and Company. Product donations valued at wholesale acquisition cost, or WAC. 2. Includes financial commitments from Lilly and \$13.5 million from the Eli Lilly and Company Foundation, a separate nonprofit organization, commonly referred to as the Lilly Foundation. 3. As of 12/31/2021. 4. As of 2/25/2022.



Lilly Cautionary Statement Regarding Forward-Looking Statements

The statements made in the 2021 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 operations, results, business, goals, and strategy may be affected by factors including, but not limited to, the impact of the evolving COVID-19 pandemic (or any other public health threat) and the global response thereto; the significant costs and uncertainties in the pharmaceutical research and development process, including with respect to the timing and process of obtaining regulatory approvals; competitive developments affecting current products and the company's pipeline; regulatory actions regarding currently marketed products; litigation, investigations, or other similar proceedings involving past, current, or future products or commercial activities as the company is largely self-insured; the impact and outcome of business development transactions and related integration costs; the impact of global macroeconomic conditions, trade disruptions, disputes, unrest, war or other costs or uncertainties related to doing business in foreign jurisdictions; issues with product supply and regulatory approvals stemming from manufacturing difficulties, disruptions or shortages, including as a result of demand, labor shortages, third-party performance or regulatory actions relating to our facilities; and changes or developments in laws and regulations, including health care reform.

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).