Lexicon to Reposition as Clinical Development-Focused Company Following Regulatory Update From FDA

November 22, 2024

Implementing Strategic Restructuring to Eliminate Commercial Organization and Rationalize Operations Across All Functions

Prioritizing Strong R&D Pipeline Including Ongoing Studies in DPNP, HCM and Obesity

Efforts Expected to Reduce 2025 Operating Costs by $100 Million

Conference Call and Webcast at 9:00 am ET

THE WOODLANDS, TEXAS, NOV. 22, 2024 —Lexicon Pharmaceuticals, Inc. (Nasdaq: LXRX) today announced that the company has made the strategic decision to eliminate its commercial operations and rationalize resources across all functions in order to preserve cash and focus its resources on advancing its promising clinical development pipeline. This prioritization of investment is designed to advance the research and development programs that have the greatest potential for value creation and patient impact.

This decision follows the receipt of a “deficiencies preclude discussion” letter from the U.S. Food and Drug Administration (FDA) regarding the Company’s New Drug Application (NDA) for Zynquista™ (sotagliflozin) as an adjunct to insulin therapy for glycemic control in adults with type 1 diabetes and chronic kidney disease (CKD). The letter noted deficiencies with the application that preclude discussion of labeling and/or post-marketing requirements and commitments at this time.

"While this decision was not made lightly, it reflects our commitment to make prudent business decisions that enhance value across our portfolio and deliver on our Lead to Succeed strategy," said Mike Exton, Ph.D., Lexicon’s chief executive officer and director. "We see significant potential in our strong pipeline of R&D opportunities, and we will focus our resources on programs with the potential for the greatest impact. We are confident that by carefully selecting therapeutic areas where we are the first and only therapy in class, and focusing our R&D efforts where there are significant needs, we can deliver innovations that will meaningfully benefit patients while simultaneously positioning Lexicon to fully realize future growth opportunities."

Details of the Strategic Restructuring

- Complete elimination of the Company’s commercial field team and reduction in size of other functions across the organization, including the elimination of all promotional efforts for INPEFA® and all planned commercial activities for ZYNQUISTA.
- A total reduction of approximately 60 percent of employees, effective for most affected employees by December 31st.
- INPEFA to continue to be manufactured and made available to patients and existing prescribers.
- An expected reduction of 2025 full year operating costs by $100 million. This amount is in addition to the $40 million in expected 2025 cost savings announced in August as part of a realignment of resources.

Reemerging as a Clinical Development-Focused Company
Lexicon will concentrate its resources on the continued research and development of its strong pipeline, including:

- The Phase 2b PROGRESS study evaluating LX9211 in diabetic peripheral neuropathic pain (DPNP), with topline data anticipated in Q1 2025.
- The pivotal Phase 3 SONATA HCM study evaluating sotagliflozin in hypertrophic cardiomyopathy (HCM), with enrollment underway.
- IND-enabling studies of LX9851, a novel, non-incretin oral development candidate in obesity and associated cardiometabolic disorders.
- Advancing earlier stage opportunities for LX9211 and LX9851 in additional indications.
- Exploring strategic partnerships to advance and accelerate the value of our pipeline.

Conference Call and Webcast Information
Lexicon management will hold a live conference call and webcast today at 9:00 am ET / 8:00 am CT to review the details of this announcement. Participants can access the conference call live via webcast on the Events page of the Company’s website at https://www.lexpharma.com/media-center/events. Participants who wish to ask a question may register here to receive dial-in numbers and a unique pin to join the call. An archived version of the webcast will be available on the website for 14 days.

About Lexicon Pharmaceuticals
Lexicon is a biopharmaceutical company with a mission of pioneering medicines that transform patients' lives. Through the Genome5000™ program, Lexicon's unique genomics target discovery platform, Lexicon scientists studied the role and function of nearly 5,000 genes and identified more than 100 protein targets with significant therapeutic potential in a range of diseases. Through the precise targeting of these proteins, Lexicon is pioneering the discovery and development of innovative medicines to treat disease safely and effectively. Lexicon has a pipeline of promising drug candidates in discovery and clinical and preclinical development in neuropathic pain, metabolism and other therapeutic areas. For additional information, please visit www.lexpharma.com.

Safe Harbor Statement
This press release contains "forward-looking statements," including statements relating to Lexicon's financial position and long-term outlook on its business, growth and future operating results, discovery and development of products, strategic alliances and intellectual property, as well as other matters that are not historical facts or information. All forward-looking statements are based on management's current assumptions and expectations and involve risks, uncertainties and other important factors, specifically including Lexicon's ability to meet its capital requirements, conduct preclinical and clinical development and obtain necessary regulatory approvals of _sotagliflozin, LX9211, LX9851 and its other drug candidates on its anticipated timelines, achieve its operational objectives, obtain patent protection for its discoveries and establish strategic alliances, as well as additional factors relating to manufacturing, intellectual property rights, and the therapeutic or commercial value of its drug candidates. Any of these risks, uncertainties and other factors may cause Lexicon's actual results to be materially different from any future results expressed or implied by such forward-looking statements. Information identifying such important factors is contained under "Risk Factors" in Lexicon's annual report on Form 10-K for the year ended December 31, 2023 and other subsequent disclosure documents filed with the Securities and Exchange Commission. Lexicon undertakes no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

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