
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 17, 2022

Lexicon Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-30111
(Commission File Number)

76-0474169
(I.R.S. Employer
Identification Number)

2445 Technology Forest Blvd., 11th Floor
The Woodlands, Texas 77381
(Address of principal executive offices and Zip Code)

(281) 863-3000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001	LXRX	The Nasdaq Global Select Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement

On March 17, 2022, Lexicon and one of its subsidiaries entered into a loan and security agreement with Oxford Finance LLC (“Oxford”) that provides up to \$150 million in borrowing capacity (the “Oxford Term Loans”) available in four tranches, each maturing in March 2027. Monthly interest-only payments are due during an initial 36-month period, which may be extended at Lexicon’s option to 48 months if Lexicon maintains compliance with a financial covenant relating to net sales of sotagliflozin following regulatory approval. The interest-only period will be followed by an amortization period extending through the maturity date.

The first \$25 million tranche was funded at closing. The second \$25 million tranche is available for draw at Lexicon’s option prior to August 31, 2022, but within 30 days of acceptance of filing by the U.S. Food and Drug Administration of Lexicon’s resubmission of its application for U.S. regulatory approval of sotagliflozin for heart failure. The third \$50 million tranche is available for draw at Lexicon’s option prior to June 30, 2023, but within 60 days of U.S. regulatory approval of sotagliflozin for heart failure. The fourth \$50 million tranche is available for draw at Lexicon’s option, subject to Oxford’s consent, at any time prior to the expiration of the interest-only payment period.

The loan and security agreement provides that, upon funding of the first three tranches, Lexicon will grant Oxford a warrant to purchase shares of its common stock having a value equal to 3.5%, 1.75% and 0.875%, respectively, of each such tranche, as determined by reference to a 10-day average closing price of the shares. Each warrant will have an exercise price equal to such average closing price, be exercisable for a five-year period from the date of issuance and feature a net cashless exercise provision. Concurrent with the funding of the first tranche, Lexicon granted Oxford a warrant to purchase 420,673 shares of Lexicon’s common stock at an exercise price of \$2.08 per share.

The Oxford Term Loans bear interest at a floating rate equal to the 30-day U.S. Dollar LIBOR plus 7.90%, but not less than 8.01%, subject to additional interest if an event of default occurs and is continuing.

If an event of default occurs and is continuing, Oxford may declare all amounts outstanding under the loan and security agreement to be immediately due and payable. Lexicon may prepay the Oxford Term Loans in whole at its option at any time. Any prepayment of the Oxford Term Loans is subject to prepayment fees for up to three years after the funding of each tranche of the loans.

A final payment equal to 6.0% of the amount funded under the Oxford Term Loans is due upon prepayment or maturity, which final payment will be adjusted to 7.0% of the amount funded upon extension of the interest-only payment period.

Lexicon’s obligations under the Oxford Term Loans are secured by a first lien security interest in all of the assets of the Company and its subsidiaries. The loan and security agreement contains certain customary representations and warranties, affirmative and negative covenants and events of default applicable to Lexicon and its subsidiaries. In addition to the financial covenant, additional covenants include those restricting dispositions, fundamental changes to its business, mergers or acquisitions, indebtedness, encumbrances, distributions, investments, transactions with affiliates and subordinated debt.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information contained in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference into this Item 2.03.

Item 3.02 Unregistered Sales of Equity Securities

The information contained in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference into this Item 3.02. The warrants discussed above and the underlying shares of common stock have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), and they have been or will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(2) thereof.

Item 7.01 Regulation FD Disclosure

On March 17, 2022, Lexicon issued a press release announcing the execution of the loan and security agreement discussed above, a copy of which is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information in Item 7.01 of this Current Report on Form 8-K, including the attached Exhibit 99.1, is being “furnished” pursuant to Item 7.01 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and is not incorporated by reference into any filing, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	— Press Release of Lexicon Pharmaceuticals, Inc. dated March 17, 2022
EX-104	— Cover Page Interactive Data File (embedded within the Inline XBRL document)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Lexicon Pharmaceuticals, Inc.

Date: March 17, 2022

By: /s/ Brian T. Crum
Brian T. Crum
Senior Vice President and General Counsel

**LEXICON ENTERS INTO LOAN FACILITY WITH OXFORD FINANCE
FOR UP TO \$150 MILLION TO SUPPORT PLANNED
COMMERCIALIZATION OF SOTAGLIFLOZIN**

The Woodlands, Texas, March 17, 2022 - [Lexicon Pharmaceuticals, Inc.](#) (Nasdaq: LXRX) today announced it entered into a loan facility with Oxford Finance LLC that provides up to \$150 million in borrowing capacity designed primarily to support commercial preparations and the potential launch of sotagliflozin in heart failure.

“This loan facility provides us with access to a committed source of funding to support commercial preparations and the potential launch of sotagliflozin in heart failure along with substantial financial flexibility as we approach the planned resubmission of our New Drug Application for sotagliflozin in heart failure and expected topline results from two Phase 2 proof-of-concept studies of LX9211 in neuropathic pain,” said Jeffrey L. Wade, Lexicon’s president and chief financial officer.

The loan facility consists of up to four tranches, each maturing in March 2027. An initial \$25 million tranche was funded at closing. The second \$25 million tranche is available for draw at Lexicon’s option prior to August 31, 2022 contingent upon the acceptance of filing by the U.S. Food and Drug Administration of Lexicon’s planned resubmission of its application for U.S. regulatory approval of sotagliflozin for heart failure. The third \$50 million tranche is available for draw at Lexicon’s option prior to June 30, 2023 contingent upon U.S. regulatory approval of sotagliflozin for heart failure. The final \$50 million tranche is available for draw, at Lexicon’s option and subject to Oxford’s consent, at any time prior to the expiration of a three or four-year interest-only payment period.

The loan facility carries a floating interest rate equal to the 30-day U.S. Dollar LIBOR plus 7.90%, with a floor not less than 8.01%.

In connection with the initiation of the facility and first tranche funding, Lexicon granted Oxford a warrant to purchase 420,673 shares of Lexicon’s common stock at an exercise price of \$2.08 per share, exercisable through March 17, 2027. Upon funding of the second and third tranches, Lexicon will grant Oxford warrants to purchase additional shares of its common stock having a value equal to 1.75% and 0.875%, respectively, of each such tranches. Each warrant will have an exercise price equal to an average closing price of the shares prior to the warrant’s grant and will be exercisable for a five-year period.

Lexicon’s obligations under the loan facility are secured by a first lien security interest in all of the assets of Lexicon and its subsidiaries and are subject to customary affirmative and negative covenants, including a financial covenant relating to net sales of sotagliflozin following regulatory approval.

About Oxford Finance LLC

Oxford Finance is a specialty finance firm providing senior secured loans to public and private life sciences and healthcare services companies worldwide. For over 20 years, Oxford has delivered flexible financing solutions to its clients, enabling these companies to maximize their equity by leveraging their assets. Since 2002, Oxford has originated approximately \$8.8 billion in loans. Oxford is headquartered in Alexandria, Virginia, with additional offices in California (San Diego, Palo Alto, and Los Angeles), and the greater Boston and New York City metropolitan areas. For more information, visit www.oxfordfinance.com.

About Sotagliflozin

Discovered using Lexicon’s unique approach to gene science, sotagliflozin is an investigational oral dual inhibitor of two proteins responsible for glucose regulation known as sodium-glucose co-transporter types 1 and 2 (SGLT1 and SGLT2). SGLT1 is responsible for glucose absorption in the gastrointestinal tract, and SGLT2 is responsible for glucose reabsorption by the kidney. Sotagliflozin is approved in the European Union (EU) for use as an adjunct to insulin therapy to improve blood sugar (glycemic) control in adults with type 1 diabetes with a

body mass index ≥ 27 kg/m², who could not achieve adequate glycemic control despite optimal insulin therapy, but has not yet been commercially launched.

About Lexicon Pharmaceuticals

Lexicon is a biopharmaceutical company with a mission of pioneering medicines that transform patients' lives. Through its Genome5000™ program, 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 safely and effectively treat disease. Lexicon advanced one of these medicines to market and has a pipeline of promising drug candidates in discovery and clinical and preclinical development in heart failure, neuropathic pain, diabetes and metabolism and other indications. For additional information, please visit www.lexipharma.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, including the clinical development of, regulatory filings for, and potential therapeutic and commercial potential of sotagliflozin, LX9211 and its other potential drug candidates. In addition, this press release also contains forward looking statements relating to Lexicon's 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, successfully conduct preclinical and clinical development and obtain necessary regulatory approvals of sotagliflozin, LX9211 and its other potential drug candidates on its anticipated timelines, successfully commercialize any products for which it obtains regulatory approval, 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, 2021, as 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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