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Arena Pharmaceuticals and Everest Medicines Enter into Development and Commercialization Partnership for Ralinepag and Etrasimod in China

Arena eligible to receive up to $224M, including upfront and milestone payments, in addition to royalties

SAN DIEGO, Dec. 5, 2017 /PRNewswire/ -- Arena Pharmaceuticals, Inc. (NASDAQ: ARNA), a biopharmaceutical company focused on developing novel, small molecule drugs across multiple therapeutic areas, and Everest Medicines Limited ("Everest"), a C-Bridge Capital-backed biopharmaceutical company focused on developing and commercializing innovative pharmaceutical products in China, announced today that they have entered into a development and commercialization partnership for ralinepag and etrasimod in mainland China, Taiwan, Hong Kong, Macau, and South Korea (the "Territories"). C-Bridge Capital has invested $50 million to fund Everest and has assembled a veteran leadership team with an established track record in both the development of innovative drugs and commercialization in China and globally to rapidly advance select product candidates towards approval and launch. Everest was founded to leverage the evolving regulatory landscape in China aimed at enhancing the drug approval process related to transformative foreign drugs.

"We are very pleased to establish a partnership with Everest and C-Bridge Capital around two of our potential best-in-class product candidates," said Amit D. Munshi, President and Chief Executive Officer of Arena. "With new regulations in place in China to expedite approvals, a significant opportunity for ralinepag and etrasimod exists in early synchronization of development programs. Based on their development and commercialization expertise, as well as strategy for leveraging changes in the regulatory environment, we view Everest as the ideal partner to maximize the value of our drugs in the rapidly growing Chinese market. Arena and Everest are both committed to ensuring that these products are available to patients in China as expeditiously as possible."

Arena is developing ralinepag, a Phase 3-ready next-generation, oral, selective prostacyclin receptor (IP) agonist for the treatment of pulmonary arterial hypertension (PAH), and etrasimod, a Phase 2 oral, next-generation, S1P receptor modulator, being evaluated for multiple autoimmune diseases, including ulcerative colitis, a form of inflammatory bowel disease.

China is the second largest pharmaceutical market in the world, with healthcare expenditures forecasted to grow rapidly in the coming years (> 10% annual growth rate from 2017 to 2025).[1]

"We are very excited to partner with Arena to bring these two highly differentiated investigational drugs to China. We see

great promise in the potential for both ralinepag and etrasimod to address significant unmet medical needs in Greater China and we hope to bring them to patients as quickly as possible," said Sean Cao, President of Everest.

"Our strong belief in Everest's capability to be the partner-of-choice for companies with innovative assets with large commercial potential in China is illustrated by our significant investment in Everest's Series A round," said Fu Wei, Chief Executive Officer of C-Bridge Capital. "Arena's potentially best-in-class programs lay a strong foundation for Everest's growing pipeline."

Under the terms of the agreement, Arena has granted Everest exclusive rights to develop and commercialize ralinepag and etrasimod in the Territories. In return, Arena will receive an upfront payment of $12 million, is eligible to receive up to $212 million in development and commercial milestone payments and is entitled to receive up to low double-digit royalties on net annual sales of both ralinepag and etrasimod.

The parties plan to collaborate on development on both products; however, Everest is generally responsible for funding development and commercialization in the Territories.

About Everest Medicines
Everest Medicines is a biopharmaceutical company focused on developing and commercializing transformative pharmaceutical products that address critical unmet medical needs for patients in Greater China. The Everest Medicines team has deep expertise and an extensive track record of high quality clinical development, regulatory affairs, CMC, business development and operations both in China and for leading global pharmaceutical companies. Everest's $50 million Series A financing was led by C-Bridge Capital. For more information, please visit its website at www.everestmedicines.com.

About C-Bridge Capital
C-Bridge Capital is a healthcare dedicated private equity firm, focused on growth and late stage investment opportunities. The firm has over US $800 million of assets under management and a notable limited partner base of family foundations and institutional investors around the globe, such as Pavilion Capital, a subsidiary of Singapore state-owned holding company, Temasek. C-Bridge Capital's current portfolio includes China's leading players in pharmaceuticals, medical devices, diagnostics and healthcare services. C-Bridge Capital is committed to supporting commercialization of innovative technologies and companies that fulfill unmet medical needs, thus continuously improving the standard and quality of care for patients. For more information, please visit its website at www.cbridgecap.com/en.

About Etrasimod
Etrasimod (APD334), is an oral, next generation, selective sphingosine 1-phosphate (S1P) receptor modulator, discovered by Arena, designed to provide systemic and local cell modulation by selectively targeting S1P receptor subtypes 1, 4 and 5, while avoiding subtypes 2, 3. Etrasimod exhibits potentially best-in-class pharmacokinetics and pharmacodynamics with rapid onset of action and rapid recovery of T lymphocytes. Selective binding with S1P receptor subtype 1 is believed to inhibit a specific subset of activated lymphocytes from migrating to sites of inflammation. The result is a reduction of circulating T and B lymphocytes that leads to anti-inflammatory activity and immune surveillance is maintained. The receptor subtypes 4, 5 exhibit similar activity on additional proliferating immune cell types. Optimized pharmacology and pharmacokinetics may allow superior clinical utility across a broad range of autoimmune conditions.

Etrasimod is an investigational compound not approved for any use in any country.

About Ralinepag
Ralinepag (APD811) is an oral, next-generation, selective prostacyclin receptor agonist intended for the treatment of pulmonary arterial hypertension (PAH). Ralinepag was designed by Arena with the goal of achieving therapeutic activity superior to currently available oral prostacyclin receptor agonists and comparable to parenteral treatment options. In non-clinical experiments, ralinepag demonstrated potentially best-in-class activation of the IP receptor resulting in vasodilation, inhibition of smooth muscle cell proliferation and inhibition of platelet aggregation. Additionally, ralinepag pharmacokinetics in humans revealed an approximately 24-hour half-life and a low peak to trough ratio supporting therapeutic blood levels with once daily (QD) dosing.

Ralinepag is an investigational compound not approved for any use in any country.

About Arena Pharmaceuticals
Arena Pharmaceuticals is a biopharmaceutical company focused on developing novel, small molecule drugs with optimized receptor pharmacology designed to deliver broad clinical utility across multiple therapeutic areas. Our proprietary pipeline includes potentially first- or best-in-class programs for which we own global commercial rights. Our three most advanced investigational clinical programs are ralinepag (APD811) which has completed a Phase 2 trial for pulmonary arterial hypertension (PAH), etrasimod (APD334) in Phase 2 evaluation for multiple autoimmune indications, and APD371 in Phase 2 evaluation for the treatment of pain associated with Crohn's disease. In addition, Arena has collaborations with the following pharmaceutical companies: Eisai Co., Ltd. and Eisai Inc. (commercial stage), Axovant Sciences (Phase 2

candidate), and Boehringer Ingelheim International GmbH (preclinical candidate).

Forward-Looking Statements
Certain statements in this press release are forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements may be identified by introductory words such as "up to," "focused on," "aimed at," "potential," "opportunity," "view," "committed to," "developing," "forecasted," "hope," "belief," "capability," "will," "designed to," "believed to," "may," "intended," "goal," or words of similar meaning, or by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements include, without limitation, statements about activities to be performed by Arena or Everest; responsibilities of Arena or Everest; the significance of the agreement with Everest; the payments Arena may receive from Everest; the ongoing clinical programs for etrasimod and ralinepag; the ability to complete planned trials; the expected timing of clinical data; the opportunity and potential of etrasimod and ralinepag, including to improve the treatment of patients, to meet unmet medical needs, to deliver clinical utility across a range of autoimmune conditions, to be best-in-class and to reach patients quickly; the potential of Arena's drugs and drug candidates; and Arena's focus, programs and collaborations. For such statements, Arena claims the protection of the Private Securities Litigation Reform Act of 1995. Actual events or results may differ materially from Arena's expectations. Factors that could cause actual results to differ materially from the forward-looking statements include, without limitation, the following: the implementation of the agreement with Everest; dependence on counterparty performance; risks related to developing and commercializing drugs, including regulatory, manufacturing and supply issues and the availability and use of etrasimod and ralinepag; risks and uncertainties relating to cash and revenues that may be generated from product sales or other sources, including the impact of competition; government and third party actions, including decisions and other actions relating to approval, reimbursement and pricing; unexpected or unfavorable new data; the ability to defend patent rights; enrolling patients in our ongoing and intended clinical trials is competitive and challenging; clinical trials and other studies may not proceed at the time or in the manner expected or at all; results of clinical trials and other studies are subject to different interpretations and may not be predictive of future results; the timing and outcome of research, development and regulatory review is uncertain; topline data may not accurately reflect the complete results of a particular study or trial; nonclinical and clinical data are voluminous and detailed, and regulatory agencies may interpret or weigh the importance of data differently and reach different conclusions than Arena or others, request additional information, have additional recommendations or change their guidance or requirements before or after approval; we expect to need additional funds to advance all of our programs, and you and others may not agree with the manner we allocate our resources; our drug candidates may not advance in development or be approved for marketing; Arena's revenues may be based in part on estimates, judgment and accounting policies, and incorrect estimates or disagreement regarding estimates or accounting policies may result in changes to Arena's guidance or previously reported results; the entry into or modification or termination of collaborative arrangements; Arena's and third parties' intellectual property rights; and satisfactory resolution of litigation or other disagreements with others. Additional factors that could cause actual results to differ materially from those stated or implied by Arena's forward-looking statements are disclosed in Arena's filings with the Securities and Exchange Commission, including but not limited to our Annual Report on Form 10-K which was filed on March 15, 2017 and our Quarterly Report on Form 10-Q which was filed on November 8, 2017. These forward-looking statements represent Arena's judgment as of the time of this release. Arena disclaims any intent or obligation to update these forward-looking statements, other than as may be required under applicable law.

[1] IMS MIDAS database, IMS prognosis, BMI Research Report, August 2017

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