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):
October 29, 2018

Denali Therapeutics Inc.

(Exact name of registrant as specified in its charter)

Delaware	001-38311	46-3872213
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

151 Oyster Point Blvd., 2nd Floor
South San Francisco, California 94080
(Address of principal executive offices, including zip code)

(650) 866-8548
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last reports)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation 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

Introduction

On October 29, 2018, Denali Therapeutics Inc. ("Denali" or "we") entered into a Collaboration and License Agreement ("Collaboration Agreement") with Genzyme Corporation, a wholly owned subsidiary of Sanofi S.A. ("Sanofi") pursuant to which certain small molecule compounds that bind to and inhibit receptor-interacting serine/threonine-protein kinase 1 ("RIPK1", such compounds, "RIPK1 Inhibitors") contributed by Sanofi and by Denali will be developed and commercialized.

Denali and Sanofi plan to jointly develop and commercialize products containing RIPK1 Inhibitors for neurological indications, such as Alzheimer's disease, Amyotrophic Lateral Sclerosis ("ALS") and Multiple Sclerosis, and Sanofi plans to develop and commercialize products containing RIPK1 Inhibitors for systemic inflammatory indications, such as Rheumatoid Arthritis and Psoriasis.

RIPK1 is a critical signaling protein in the tumor necrosis factor receptor pathway and regulates inflammation and cell death in tissues throughout the body. RIPK1 levels are increased in both chronic neurodegenerative and systemic inflammatory diseases and inhibition of RIPK1 may have therapeutic benefit in these diseases.

The Collaboration Agreement includes Denali's and Sanofi's RIPK1 Inhibitors that meaningfully penetrate the blood-brain barrier ("CNS Products"), and Denali's and Sanofi's RIPK1 Inhibitors that do not meaningfully penetrate the blood-brain barrier ("Peripheral Products"). The two most advanced RIPK1 Inhibitors in the collaboration are DNL747, a potent and selective CNS Product that was discovered by Denali and is currently in Phase 1 testing in healthy volunteers, and DNL758, a Peripheral Product discovered by Denali for which IND-enabling studies have been completed.

License Grant

Under the Collaboration Agreement, Denali granted Sanofi an exclusive, worldwide license under intellectual property that Denali controls related to Denali's and Sanofi's RIPK1 Inhibitors, including certain intellectual property licensed to Denali by an academic institution.

The Collaboration Agreement will become effective when the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 have been satisfied.

Payments

When the Collaboration Agreement becomes effective, Sanofi is obligated to pay us $125 million upfront, and make milestone payments up to approximately $1.1 billion upon achievement of certain clinical, regulatory and sales milestone events. Such milestone payments include $600 million in clinical and regulatory milestone payments for CNS Products and $495 million in clinical, regulatory and commercial milestone payments for Peripheral Products.

Denali will share profits and losses equally with Sanofi for CNS Products in the United States and China and receive royalties on net sales for CNS Products outside of the United States and China and for Peripheral Products worldwide, each as further described below.

RIPK1 Inhibitors contributed by Sanofi and developed and commercialized under the Collaboration Agreement will be subject to lower milestone and royalty payments to Denali compared to RIPK1 Inhibitors contributed by Denali. Denali will also retain responsibility for certain payment obligations under Denali's agreement with an academic institution which licensed certain intellectual property to Denali that Denali is sublicensing to Sanofi under the Collaboration Agreement.

Program for Development and Commercialization of CNS Products

Denali and Sanofi will jointly develop CNS Products pursuant to a global development plan ("CNS Development Plan"). Denali will be responsible, at Denali's cost, for the conduct of Phase 1 and Phase 2 trials for CNS Products for Alzheimer's disease and any activities required to support such clinical trials and specific for Alzheimer's disease. Denali will also conduct, at Sanofi's cost, a Phase 1b trial for DNL747 for ALS. Sanofi will be responsible, at its cost, for all other Phase 1 and Phase 2 trials for CNS Products, including for Multiple Sclerosis. Sanofi will lead the conduct of all Phase 3 and later stage development trials for CNS Products, with Sanofi funding 70% of such costs and Denali funding 30% of such costs. The Collaboration Agreement contains certain protections for Denali with respect to Phase 3 development costs not included in the initial budget for the CNS Development Plan agreed by the parties, including a deferral mechanism for costs incurred above the budgeted amounts for such trials and for costs incurred in respect of Phase 3 and other clinical trials not contemplated in the initial CNS Development Plan. In addition, Denali has the ability to opt out of the cost-profit sharing arrangement, as further described below.

Sanofi will lead commercialization activities globally for CNS Products. Denali may elect to conduct certain co-commercialization activities with respect to each CNS Product in the United States and/or China, provided that the cost-profit sharing arrangement for the relevant CNS Product is still in effect, as further described below.

Denali may opt out of the cost-profit sharing arrangement for CNS Products in the United States and China on a CNS Product-by-CNS Product and country-by-country basis. Sanofi may also terminate our cost-profit sharing arrangement in its entirety if, following notice from Sanofi and a cure period, we fail to satisfy our cost-sharing obligations. After such an opt out by us or termination by Sanofi, we will no longer be obligated to share in the development and commercialization costs for the applicable CNS Products and we will not share in the applicable profits from such CNS Products. Instead, we will be entitled to receive tiered royalties on net sales of the applicable CNS Products in the relevant country (or countries). The royalty rates will be a percentage in the low double digits to mid-teens, but may increase to the mid-teens to low-twenties percentages for all countries in which Sanofi is paying royalties on the applicable CNS Products, if we have met certain co-funding thresholds at the time of our election or Sanofi's termination of our cost-profit sharing rights and obligations.

Program for Development and Commercialization of Peripheral Products

Sanofi will be responsible, at its cost, for conducting activities relating to the development and commercialization of Peripheral Products.

Sanofi will lead commercialization activities globally for Peripheral Products. We will be entitled to receive tiered royalties in the low- to mid-teen percentages on net sales of Peripheral Products.

Manufacturing

Sanofi will be responsible for delivering all supplies for clinical trials and commercial production for CNS Products and Peripheral Products, except that Denali will deliver such supplies for the currently-planned Phase 1 trials for DNL747 and DNL758.

Royalty Term

For any CNS Product for which Sanofi is required to pay royalties and for each Peripheral Product, Sanofi will pay royalties to Denali on a country-by-country basis until the latest of (i) the expiration of certain patents covering the relevant product, (ii) the expiration of all regulatory exclusivity for that product in the applicable country, and (iii) an agreed period of time after the first commercial sale of that product in the applicable country. If, in a particular country, a CNS Product for which Sanofi is required to pay royalties or a Peripheral Product is not covered by specified patent rights in that country or net sales in that country decrease below specified thresholds as a result of generic competition, Sanofi's royalty obligations in the applicable country would be reduced or would terminate as specified in the Collaboration Agreement.

Exclusivity

During the term of the Collaboration Agreement, neither Denali nor Sanofi may conduct IND-enabling, clinical or commercial activities involving any RIPK1 Inhibitor, anywhere in the world, unless the RIPK1 Inhibitor is included by Denali or Sanofi, as the case may be, under the collaboration and only to the extent such activity is permitted under the Collaboration Agreement.

Termination

Each party may terminate the Collaboration Agreement in its entirety, or with respect to a particular program (i.e., the CNS Products program or Peripheral Products program), as applicable, if the other party remains in material breach of the Collaboration Agreement following a cure period to remedy the material breach. After giving a specified amount of prior notice to us, Sanofi may terminate the Collaboration Agreement for convenience in its entirety, with respect to any particular program, or with respect to one or more specified regions of the world. Sanofi may also terminate the Collaboration Agreement with respect to any program or a particular RIPK1 Inhibitor if a material safety event has occurred and cessation of all development and commercialization of all RIPK1 Inhibitors in the affected program or the affected RIPK1 Inhibitor is recommended. Denali and Sanofi may each terminate the Collaboration Agreement in its entirety if the other party is declared insolvent or in similar financial distress or if, subject to a specified cure period, the other party challenges any patents licensed to it under the Collaboration Agreement.

Following any termination of the Collaboration Agreement with respect to a particular program or a particular region (or regions) of the world or termination of the Collaboration Agreement in its entirety, our rights to each of our RIPK1 Inhibitors that were licensed to Sanofi will revert to us. Sanofi will conduct certain development, manufacturing and commercialization activities on a transitional basis following termination of the Collaboration Agreement, as outlined in the Collaboration Agreement or agreed by Sanofi, depending upon the basis for the applicable termination.

If the Collaboration Agreement is terminated for any reason other than by Sanofi for our material uncured breach, our insolvency or our challenge to any of the patents licensed to us by Sanofi, Sanofi will grant us an exclusive license to certain intellectual property controlled by Sanofi with respect to such RIPK1 Inhibitors (which could be subject to low single digit royalties payable to Sanofi).

Item 7.01 Regulation FD Disclosure

Press Release

On November 1, 2018, Denali issued a press release announcing the collaboration with Sanofi. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference. The information in the press release shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press release dated November 1, 2018.

SIGNATURE

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 hereunto duly authorized.

DENALI THERAPEUTICS INC.

Date: November 1, 2018

By: /s/ Steve E. Krognes
Steve E. Krognes
Chief Financial Officer

Denali Therapeutics Announces Broad Collaboration with Sanofi to Develop RIPK1 Inhibitors for the Treatment of Neurological and Inflammatory Diseases

- *Candidate RIPK1 inhibitor molecules have the potential to treat Alzheimer's disease, amyotrophic lateral sclerosis (ALS), multiple sclerosis (MS), and systemic inflammatory diseases*
- *Denali to receive $125 million upfront payment and future milestone payments that could exceed $1 billion*
- *Denali and Sanofi plan to jointly develop and commercialize programs for neurological indications, and Sanofi will develop and commercialize programs for systemic inflammatory indications*

SOUTH SAN FRANCISCO--November 1, 2018-- Denali Therapeutics Inc. (NASDAQ: DNLI), a biopharmaceutical company developing a broad portfolio of therapeutic candidates for neurodegenerative diseases, today announced that it will collaborate with Sanofi on the development of multiple RIPK1 inhibitor molecules with the potential to treat a range of neurological and systemic inflammatory diseases.

The two lead molecules DNL747 and DNL758 target a critical signaling protein known as the receptor-interacting serine/threonine-protein kinase 1 (RIPK1) in the TNF receptor pathway, which regulates inflammation and cell death in tissues throughout the body. The companies plan to study DNL747 in Alzheimer's disease, amyotrophic lateral sclerosis and multiple sclerosis, and DNL758 in systemic inflammatory diseases such as rheumatoid arthritis and psoriasis.

Under the terms of the agreement, Sanofi will make an upfront cash payment to Denali of $125 million, with future development and commercial milestone payments that could exceed $1 billion. Sanofi and Denali will share commercial profits and losses from DNL747 in the U.S. and China equally, while Denali will receive a royalty from Sanofi for other territories for DNL747 and worldwide for DNL758.

Phase 1b and 2 clinical development costs for DNL747 will be fully funded by Sanofi for MS, ALS, and other neurological indications, except in Alzheimer's disease, which will be funded by Denali. Phase 3 trials for all neurological indications will be jointly funded by Sanofi (70%) and Denali (30%). Sanofi will fully fund the clinical development costs for DNL758 in systemic inflammatory diseases.

"This collaboration with Denali is yet another example of Sanofi's commitment to accelerate the development of transformative and best-in-class treatments for patients living with serious illnesses," said Rita Balice-Gordon, Ph.D., Global Head of Rare and Neurologic Diseases Research at Sanofi. "We look forward to working with Denali on the RIPK1 program as we explore the potential of this mechanism in neurologic and inflammatory diseases."

"RIPK1 is a promising target with the potential to bring disease modifying medicines to patients suffering from neurodegenerative diseases as well as systemic inflammatory diseases. We are very excited to partner with Sanofi and expand our RIPK1 program into new indications," said Ryan Watts, Ph.D., CEO of Denali. "With its considerable infrastructure and experience in both clinical development and commercial functions, Sanofi is an ideal partner for Denali to maximize the clinical and commercial success of our RIPK1 program."

RIPK1 Inhibitor Molecules

- DNL747 is a brain-penetrant small molecule inhibitor of RIPK1. It is currently being evaluated in early clinical stage trials, known as Phase 1. Phase 1b studies in Alzheimer's disease and ALS patients are expected to commence in the near-term. Denali will lead Phase 2 clinical trials in Alzheimer's disease while Sanofi will lead Phase 2 clinical trials in MS and ALS, as well as future Phase 3 trials in all neurological indications.

- DNL758 is a small molecule inhibitor of RIPK1 that does not penetrate the brain. Sanofi will lead clinical development activities for all systemic inflammatory diseases. The clinical trials are expected to begin in 2019.

The collaboration also includes additional pre-clinical RIPK1 inhibitor molecules.

The transaction is expected to close in the coming months in accordance with customary regulatory approvals.

About Denali Therapeutics

Denali is a biopharmaceutical company developing a broad portfolio of product candidates for neurodegenerative diseases. Denali pursues new treatments by rigorously assessing genetically validated targets, engineering delivery across the blood-brain barrier and guiding development with biomarker monitoring to demonstrate target engagement and select patients. Denali is based in South San Francisco. For additional information, please visit www.denalitherapeutics.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements expressed or implied in this press release include, but are not limited to, the potential benefits of the collaboration; plans to commence Phase 1b clinical studies of DNL747 in Alzheimer's disease and ALS patients in the near-term; the expectation as to when the transaction will close; expectations for future clinical development activities and the timing of future clinical trials; plans for Sanofi and Denali to collaborate on development of RIPK1 inhibitor molecules; and statements made by Denali's Chief Executive Officer.

Actual results are subject to risks and uncertainties and may differ materially from those indicated by these forward-looking statements as a result of these risks and uncertainties, including but not limited to, risks related to: the risk that the transaction may not close in a timely manner or at all; risks related to obtaining the requisite regulatory approvals; the risk of the occurrence of any event, change or other circumstance that could give rise to the termination of the agreement (including without limitation the failure to timely obtain requisite regulatory approvals); risks related to the effect of the announcement of the transaction on Denali's business relationships, operating results and business generally; Denali's early stages of clinical drug development; Denali's ability to complete the development and, if approved, commercialization of its product candidates; Denali's ability to conduct or complete clinical trials on expected timelines; implementation of Denali's strategic plans for its business, product candidates and BBB platform technology; and other risks, including those described in Denali's Annual Report on Form 10-K filed with the SEC on March 19, 2018, Denali's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2018 and Denali's future reports to be filed with the SEC. The forward-looking statements in this press release are based on information available to Denali as of the date hereof. Denali disclaims any obligation to update any forward-looking statements, except as required by law.

Denali Media Relations Contacts:

Morgan Warners
(202) 295-0124
mwarners@gpg.com

Lizzie Hyland
(646) 495-2706
lhyland@gpg.com