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

December 7, 2020 (December 4, 2020)

Date of Report

(Date of earliest event reported)

DURECT CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware	**000-31615**	**94-3297098**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

10260 Bubb Road
Cupertino, CA 95014
(Address of principal executive offices) (Zip code)

(408) 777-1417
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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))

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

Title of Each Class	**Trading Symbol**	**Name of Each Exchange on Which Registered**

Common Stock $0.0001 par value per share **Preferred Share Purchase Rights**	**DRRX**	**The NASDAQ Stock Market LLC** **(The Nasdaq Capital Market)**

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 December 4, 2020, DURECT Corporation ("DURECT") entered into an Asset Purchase Agreement (the "Agreement") with Evonik Corporation (the "Buyer"), pursuant to which the Buyer agreed to purchase certain assets (the "Transferred Assets") related to DURECT's LACTEL® Absorbable Polymers product line (the "Business"). Under the terms of the Asset Purchase Agreement, the Buyer agreed to pay DURECT the sum of $15 million subject to certain adjustments, and also agreed to assume certain liabilities with respect to the Transferred Assets.

The final purchase price shall be equal to $15 million plus (i) the 2020 EBITDAS Milestone and (ii) plus or minus an adjustment based on the year-end net working capital of the Business. The 2020 EBITDAS Milestone means an amount equal to the lesser of (a) ten times the amount obtained by subtracting an agreed upon amount from the Acquired Product Line 2020 EBITDAS (which is derived from DURECT's good faith calculations of earnings of the Business for the year ended December 31, 2020 pursuant to a pre-agreed methodology) and (b) an agreed upon maximum amount. In the event the actual EBITDAS of the Acquired Product Line for the year ended December 31, 2020, is less than an agreed upon amount, then the amount of the 2020 EBITDAS Milestone shall be zero.

In the Agreement, DURECT and the Buyer made certain customary representations and warranties and agreed to certain customary covenants. Specifically, (i) before the closing of the transaction (the "Closing"), DURECT will be subject to certain business conduct restrictions with respect to the Business and (ii) for five years following the Closing, DURECT will be prohibited from directly competing with the Business, subject to certain exceptions as described in the Agreement. The Agreement provides that DURECT and the Buyer will indemnify each other for losses arising from certain breaches of the Agreement and for certain other liabilities. DURECT and the Buyer also expect to enter into a transition services agreement upon the Closing.

The Closing is expected to occur by the first quarter of 2021 pending the satisfaction of certain customary closing conditions.

The foregoing description of the Agreement does not purport to be complete and is qualified in its entirety by reference to the Agreement itself, which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

A copy of the press release announcing the transaction is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1	Press Release of DURECT Corporation dated December 7, 2020
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 hereunto duly authorized.

DURECT Corporation

Date: December 7, 2020

By: /s/ James E. Brown
James E. Brown
President and Chief Executive Officer

Exhibit 99.1

DURECT Corporation to Sell its LACTEL® Absorbable Polymer Product Line to Evonik for $15 Million

CUPERTINO, Calif., December 7, 2020 /PRNewswire/ -- DURECT Corporation (Nasdaq: DRRX) today announced that it has signed an agreement to sell its LACTEL Absorbable Polymer (LACTEL) product line to Evonik, a global leader in specialty chemicals.

Under the terms of the agreement, Evonik will pay DURECT $15 million in exchange for certain assets and liabilities associated with LACTEL product line based in Birmingham, Alabama, plus an additional potential payment based on full year EBITDAS results. The transaction is expected to close by Q1 2021 pending the satisfaction of certain customary closing conditions. An offer will be extended to each of the 15 employees of DURECT located in Birmingham, Alabama, which are associated with the LACTEL® business to transition to Evonik.

“It has been a pleasure working with the highly motivated and talented LACTEL team. We have confidence that Evonik will apply its resources and commitment to excellence to enable the LACTEL product line and supporting team members to thrive,” said James E. Brown, President and CEO of DURECT. “This deal makes strategic sense for DURECT as we continue to focus on epigenetic regulation and the development of DUR-928 for alcohol-associated hepatitis and other acute organ injury and chronic liver diseases. We wish all of our LACTEL colleagues the very best going forward.”

“The acquisition of the LACTEL® business will strengthen both our innovation growth field Healthcare Solutions and Evonik’s position as a globally leading CDMO for drug delivery solutions”, says Johann-Caspar Gammelin, Head of the Nutrition & Care Division of Evonik. “The acquisition of the LACTEL® business marks a consequential step in the growth agenda of the life-science division Nutrition & Care. The LACTEL® business will benefit from fast-growing markets such as advanced drug delivery, biomaterials for tissue engineering, and the 3D printing of implantable medical devices.”

Evonik is one of the world leaders in specialty chemicals. The company is active in more than 100 countries around the world and generated sales of €13.1 billion and an operating profit (adjusted EBITDA) of €2.15 billion in 2019. Evonik goes far beyond chemistry to create innovative, profitable and sustainable solutions for customers. The focus of Evonik’s Nutrition & Care division is on health and quality of life. It develops differentiated solutions for active pharmaceutical ingredients, medical devices, nutrition for humans and animals, personal care, cosmetics, and household cleaning. In these resilient end markets, the division generated sales of around €2.9 billion in 2019 with about 5,300 employees.

About DURECT Corporation
DURECT is a biopharmaceutical company committed to transforming the treatment of acute organ injury and chronic liver diseases by advancing novel and potentially lifesaving therapies based on its endogenous epigenetic regulator program. DUR-928, the company's lead drug candidate is in clinical development for the potential treatment of alcohol-associated hepatitis (AH), COVID-19 patients with acute liver or kidney injury, and nonalcoholic steatohepatitis (NASH). DURECT's proprietary drug delivery technologies are designed to enable new indications and enhanced attributes for small-molecule and biologic drugs. One late-stage product candidate in this category is POSIMIR® (bupivacaine sustained-release solution), an investigational locally-acting, non-opioid analgesic intended to provide up to three days of continuous

pain relief after surgery. For more information about DURECT, please visit www.durect.com and follow us on Twitter https://twitter.com/DURECTCorp.

DURECT Forward-Looking Statement

The statements in this press release regarding the agreement to sell the LACTEL product line to Evonik and potential additional payments, clinical development plans for DUR-928, including the potential use of DUR-928 to treat COVID-19 patients with liver or kidney injury, the potential use of DUR-928 to treat acute organ injuries, such as AH, and chronic liver diseases, such as NASH, and the potential use of POSIMIR to provide pain relief after surgery are forward-looking statements involving risks and uncertainties that can cause actual results to differ materially from those in such forward-looking statements. Potential risks and uncertainties include, but are not limited to, the risks that the closing of the sale of the LACTEL product line fails to close as anticipated or that additional payments are not earned, that the clinical trial of DUR-928 in COVID-19 patients is delayed or stopped because of changes to the standard of care, the availability of alternative therapies, protocol changes or lack of available patients, the risk that future clinical trials of DUR-928 are not started when anticipated, take longer to conduct than anticipated, do not confirm the results from earlier clinical or pre-clinical trials, or do not demonstrate the safety or efficacy of DUR-928 in a statistically significant manner, the risk that the FDA will not approve POSIMIR or approve POSIMIR with a limited label, the risk that additional time and resources may be required for development, testing and regulatory approval of DUR-928 or the Company's other product candidates, potential adverse effects arising from the testing or use of our drug candidates, our potential failure to maintain our collaborative agreements with third parties and risks related to our ability to obtain capital to fund operations and expenses. Further information regarding these and other risks is included in DURECT's Form 10-Q filed on November 3, 2020 under the heading "Risk Factors."

NOTE: POSIMIR® and SABER® are trademarks of DURECT Corporation. Other referenced trademarks belong to their respective owners. DUR-928 and POSIMIR are investigational drug candidates under development and have not been approved for commercialization by the U.S. Food and Drug Administration or other health authorities for any indication.

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