

Innate Pharma strengthens and expands its oncology development collaboration with AstraZeneca

- ***Innate Pharma acquires US and EU rights to commercialize Lumoxiti to become a fully-integrated oncology-focused biotech***
- ***AstraZeneca obtains full oncology rights to monalizumab***
- ***AstraZeneca gains access to Innate Pharma's anti-CD39 monoclonal antibody, IPH5201, plus four additional immuno-oncology molecules***
- ***AstraZeneca to purchase newly-issued equity stake of 9.8% in Innate Pharma***

Marseille, France, October 23, 2018, 7:00 AM CEST

Innate Pharma SA ("Innate" - Euronext Paris: FR0010331421 – IPH), today announced a new multi-term agreement with AstraZeneca, and its global biologics research and development arm MedImmune, building on an existing collaboration, aimed at accelerating each company's oncology portfolio and bringing new medicines to patients more quickly. The extended collaboration will enable Innate to develop its commercial footprint and strengthen its ability to invest in its immuno-oncology (IO) pipeline and R&D platform and will also enrich AstraZeneca's IO portfolio with preclinical and clinical potential new medicines.

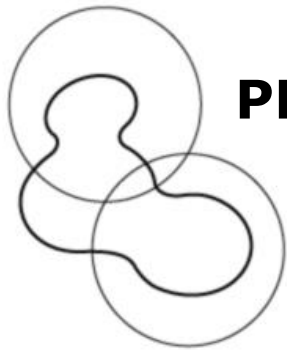
Under the terms of the agreement, Innate is licensing the US and EU commercial rights to AstraZeneca's recently FDA-approved Lumoxiti (moxetumomab pasudotox-tdfk) for hairy cell leukemia ("HCL"). AstraZeneca will obtain full oncology rights to the first-in-class humanised anti-NKG2A antibody, monalizumab, expanding its partnership with Innate from the initial collaboration [announced in 2015](#). AstraZeneca also gains option rights to IPH5201, an antibody targeting CD39, as well as four pre-clinical molecules from Innate's pipeline.

Mondher Mahjoubi, Chief Executive Officer of Innate Pharma, said: *"Today is a defining moment for Innate as we transition to become a fully-integrated oncology-focused biotech. Lumoxiti is a major therapeutic innovation for patients who suffer from relapsed/refractory hairy cell leukemia and we are proud to be in a position to address a significant unmet medical need. Our commercial team will be focused on rare cancers and generate more value as our own hemato-oncology proprietary pipeline develops. Furthermore, AstraZeneca's decision to obtain full oncology rights to monalizumab and collaborate on IPH5201 and four yet to be selected molecules validates the strength of our oncology pipeline."*

Pascal Soriot, Chief Executive Officer of AstraZeneca, said: *"Our expanded collaboration with Innate Pharma enables us to further strengthen our leadership in immuno-oncology, and to explore the potential of next generation immuno-oncology pathways, together with the world-class scientific team of Innate. Today's agreement also secures long-term commercialization of the recently FDA approved rare disease medicine, Lumoxiti, through dedicated focus and investment by Innate."*

Lumoxiti:

Innate is licensing the US commercial rights of AstraZeneca's recently FDA approved medicine for HCL, Lumoxiti, marking the first step of Innate's strategy to become a fully integrated company. In addition, Lumoxiti's commercial platform could be leveraged in the future for Innate's proprietary fully owned pipeline in haematology including, IPH4102. Innate, with support from AstraZeneca, will continue EU development and commercialization, pending regulatory submission and approval.



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Lumoxiti is a CD22-directed cytotoxin and a first-in-class medicine in the US for adult patients with relapsed or refractory HCL who have received at least two prior systemic therapies, including treatment with a purine nucleoside analog. Approximately 1,000 people are diagnosed with HCL in the US each year, a subset of which would be eligible for Lumoxiti. Lumoxiti was approved by the US FDA on 13 September 2018.

Innate will recognize revenues and co-commercialize Lumoxiti with AstraZeneca in the US and will take full responsibility by mid-2020. Innate will pay AstraZeneca \$50 million upfront for Lumoxiti, and \$25 million for future commercial and regulatory milestones, in consideration for its intellectual property and clinical and manufacturing development of the medicine.

Monalizumab:

Building on the [2015 collaboration](#) with Innate, AstraZeneca is exercising its option to obtain full oncology rights to monalizumab, a first-in-class humanized anti-NKG2A antibody. NKG2A is a checkpoint receptor expressed on tumor infiltrating cytotoxic T-cells and natural killer (NK) cells that inhibits their anti-cancer functions. The companies currently share Phase II development for monalizumab in combination studies in both head and neck and colorectal cancer, with additional studies underway in other solid tumors.

Results from a single-arm Phase II trial of monalizumab in combination with cetuximab in head and neck cancer patients were presented at the ESMO 2018 Congress (European Society of Medical Oncology), showing deep and durable responses in 40 patients with ORR of 27.5%, PFS of 5.0 and OS of 10.3 months, respectively. Among the 40 patients enrolled in the cohort expansion, the safety findings were consistent with previously presented data at AACR 2017 and 2018 (Abstract #1049PD).

AstraZeneca will pay Innate \$100 million in the first quarter of 2019 for the expansion of the monalizumab collaboration. As previously announced in the original collaboration agreement from 2015, \$100 million is due at the potential start of Phase III development.

CD39 and additional preclinical molecules:

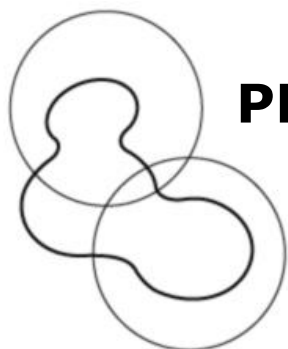
AstraZeneca is entering into a development collaboration and option for further co-development and co-commercialization with Innate for its CD39 monoclonal antibody, IPH5201.

CD39 is a membrane-bound extracellular enzyme overexpressed on both regulatory T cells and tumor cells in several cancer types. CD39 plays an important role in promoting immunosuppression through the pathway that degrades adenosine triphosphate (ATP) into adenosine. It is increasingly recognized that the adenosine pathway is critical in tumor immunosuppression and will complement AstraZeneca's current portfolio in this area.

AstraZeneca will pay Innate \$50 million upfront plus an option exercise fee, milestones, and royalties. Innate will have the potential for co-promotion and profit sharing in the EU.

In addition, Innate grants AstraZeneca an option to exclusively license four to be-agreed upon molecules from Innate's preclinical portfolio, increasing the breadth and depth of AstraZeneca's immuno-oncology portfolio.

AstraZeneca will also pay Innate \$20 million upfront for an exclusive license option on four to be-agreed upon molecules from Innate's preclinical portfolio. These options can be exercised before the molecules reach clinical development, triggering an option exercise fee in addition to milestones and royalties. Innate will have the potential for co-promotion and profit sharing in the EU, dependent on future progress.



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Equity Investment:

Given the long-term collaboration between the two companies, AstraZeneca will acquire a 9.8% equity stake in Innate Pharma through the issuance of 6,260,500 new shares to AstraZeneca at €10/share. The new shares will be issued pursuant to the 26th resolution of Innate Pharma's May 29, 2018 shareholders' meeting. Issuance of the new shares is expected to take place on or about 25th October 2018.

Further details:

Further details on the financial terms of the agreements can be found [here](#).

Evercore is acting as financial advisor to Innate Pharma.

Media conference call at 1pm CEST today:

Innate Pharma will host a conference call for journalists today at 1pm CEST today to discuss this announcement. Dial-in details are available from Harpreet Viridi at Consilium Strategic Communications on email: viridi@consilium-comms.com.

Webcast and conference call for analysts at 2 pm CEST today:

Innate Pharma will host a live webcast and conference call with a Q&A session for analysts and investors at 2pm CEST today to discuss this announcement.

The presentation and access to the live webcast will be available on Innate Pharma's website at www.innate-pharma.com

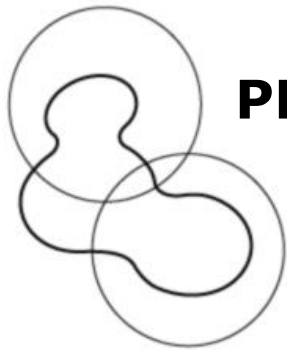
Location	Purpose	Phone Number
France	Participant	+33 (0)1 76 77 22 57
United Kingdom	Participant	+44 (0)330 336 9411
United States	Participant	+1 929-477-0324
Standard international access	Participant	0800 279 7204

The participation code is: 6524843

An audio replay file will be made available after the session via Innate Pharma's website: www.innate-pharma.com.

About Hairy Cell Leukemia:

Hairy cell leukemia (HCL) is a rare, chronic, and slow-growing leukemia in which the bone marrow overproduces abnormal B cell lymphocytes. HCL can result in serious conditions, including infections, bleeding and anemia. Approximately 1,000 people are diagnosed with HCL in the US each year. HCL accounts for up to 3% of all adult leukemias. While many patients initially respond to treatment, 30% to 40% will relapse five to ten years after their first treatment. With no established standard of care and very few treatments available, there remains significant unmet medical need for people with relapsed or refractory HCL.



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About Lumoxiti:

LUMOXITI™ (moxetumomab pasudotox-tdfk) is a CD22-directed cytotoxin and a first-in-class treatment in the US for adult patients with relapsed or refractory hairy cell leukemia (HCL) who have received at least two prior systemic therapies, including treatment with a purine nucleoside analog. LUMOXITI is not recommended in patients with severe renal impairment ($\text{CrCl} \leq 29$ mL/min). It comprises the CD22 binding portion of an antibody fused to a truncated bacterial toxin; the toxin inhibits protein synthesis and ultimately triggers apoptotic cell death. LUMOXITI has been granted Orphan Drug Designation by the FDA for the treatment of HCL.

About the '1053' Phase III Trial:

The '1053' trial is a single-arm, multicenter Phase III clinical trial assessing the efficacy, safety, immunogenicity and pharmacokinetics of moxetumomab pasudotox monotherapy in patients with relapsed or refractory HCL who have received at least two prior therapies, including one purine nucleoside analog. The trial was conducted in 80 patients across 34 sites in 14 countries. The primary endpoint was durable complete response (CR), defined as CR with hematologic remission (blood count normalization) for >180 days. Secondary outcome measures included overall response rate, relapse free survival, progression-free survival, time to response, safety, pharmacokinetic and immunogenic potential.

About Innate Pharma:

Innate Pharma S.A. is a fully integrated oncology-focused biotech company dedicated to improving treatment and clinical outcomes for patients through therapeutic antibodies that harness the immune system to fight cancer.

Innate Pharma's commercial-stage product, Lumoxiti, in-licensed from AstraZeneca, was approved by the FDA in September 2018. Lumoxiti is a first-in class specialty oncology product for hairy cell leukemia (HCL). Innate Pharma's broad pipeline of antibodies includes several first-in-class clinical and preclinical candidates in cancers with high unmet medical need.

Innate Pharma has pioneered the discovery and development of checkpoint inhibitors, with a unique expertise and understanding of Natural Killer cell biology. This innovative approach has resulted in major alliances with leaders in the biopharmaceutical industry including Bristol-Myers Squibb, Novo Nordisk A/S, Sanofi, and a landmark and multi-products partnership with AstraZeneca/Medimmune.

Based in Marseille, France, Innate Pharma is listed on Euronext Paris.

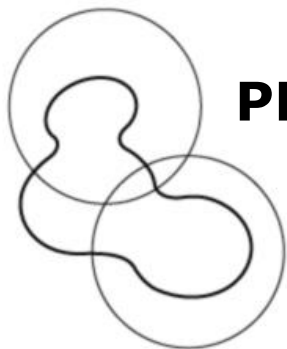
Learn more about Innate Pharma at www.innate-pharma.com

Information about Innate Pharma shares:

ISIN code	FR0010331421
Ticker code	IPH
LEI	9695002Y8420ZB8HJE29

Disclaimer:

This press release contains certain forward-looking statements. Although the company believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated. For a discussion of risks and uncertainties which could cause the company's actual results, financial condition, performance or achievements to differ from those contained in the



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forward-looking statements, please refer to the Risk Factors ("Facteurs de Risque") section of the *Document de Reference* prospectus filed with the AMF, which is available on the AMF website (<http://www.amf-france.org>) or on Innate Pharma's website.

This press release and the information contained herein do not constitute an offer to sell or a solicitation of an offer to buy or subscribe to shares in Innate Pharma in any country.

Evercore Partners:

Evercore Partners International LLP ("Evercore"), which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser exclusively for Innate Pharma and no one else in connection with the Acquisition and accordingly will not be responsible to anyone other than Innate Pharma in providing the protections afforded to clients of Evercore nor for providing advice in relation to the Acquisition, the content of this Announcement or any matter referred to herein. Neither Evercore nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Evercore in connection with this Announcement, any statement contained herein or otherwise.

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TRANSACTION FACT SHEET

Highlights For Innate Pharma:

- Innate Pharma ("Innate" or the "company") to acquire US and EU rights to commercialize recently FDA approved Lumoxiti to become a fully-integrated oncology-focused biotech
- Based on promising data presented at ESMO 2018, AstraZeneca will exercise its option to gain full rights to monalizumab in oncology with \$100m payment
- Expanding on the successful collaboration, AstraZeneca gains options to several promising preclinical immuno-oncology molecules, including IPH5201 (CD39), with \$70m combined upfront payment, validating Innate's core leadership in immuno-oncology discovery whilst retaining meaningful economic exposure
- Establishment of commercial presence for Lumoxiti is the first step of building a rare haem-oncology franchise, complementary with wholly owned pipeline candidate IPH4102
- AstraZeneca to take a 9.8% equity stake in Innate at €10 / share through the issuance of new shares to AstraZeneca
- Combination of transactions will strengthen Innate's ability to sustainably invest in its leading pipeline and platform in innate immunity
- The transaction enables the leveraging of each parties' strengths, with Innate benefiting from AstraZeneca's development and product commercialization expertise and AstraZeneca leveraging Innate's world class R&D capabilities

Lumoxiti Overview:

- Lumoxiti is a recently FDA-approved medicine with orphan drug designation by the FDA for the treatment of adult patients with relapsed or refractory Hairy Cell Leukemia ("HCL") who have received at least two prior systemic therapies, including one purine nucleoside analog
- Approximately 1,000 people are diagnosed with HCL in the US each year, and it is estimated that over a third of patients who suffer from HCL would over the course of the disease be eligible for Lumoxiti treatment under the current label
- AstraZeneca has announced Lumoxiti will cost \$25,000 per cycle, with treatment of six cycles according to the FDA label

Transaction Terms¹:

Lumoxiti

- Innate to receive full commercial rights in US & EU (pending EU submission & approval)
- Innate will pay AstraZeneca \$50m upfront as well as future payments of up to \$25m for future commercial and regulatory milestones contingent on revenue targets and regulatory events

¹ Refer to "Expected Proceeds Timing" section for staging of payments



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- Innate and AstraZeneca will have a collaborative and staged transition of operations for the product, with AstraZeneca responsible for all aspects of the commercialization of Lumoxiti in the US up to mid-2020 at the latest, with a potential sooner transition. Innate will reimburse AstraZeneca for costs incurred other than in 2019 where there will be some sharing of costs

Monalizumab

- Following the promising clinical data presented on monalizumab at ESMO 2018 and under the initial collaboration announced in 2015, AstraZeneca obtains the full oncology rights to monalizumab, Innate's potential first-in-class anti-NKG2A antibody
- Under the terms of the agreement, AstraZeneca will pay Innate \$100m for monalizumab, exercising its option to gain exclusive rights to co-develop and commercialize monalizumab. Innate is eligible to a further \$100m at the start of the first Ph-III development and up to an additional \$825m for development, regulatory and commercial related milestones. The joint Ph-II and Ph-III clinical trials will allocate 70% of development cost to AstraZeneca and 30% to Innate, with pre-agreed limitation of Innate financial commitment.
- AstraZeneca will book all sales for monalizumab and will pay Innate double-digit royalties on net sales upon commercialization. If Innate elects to co-fund (see above), the agreement includes the right for Innate to get to co-promote in Europe and a 50% profit share in the territory

IPH5201 (CD39)

- AstraZeneca will pay Innate a \$50m upfront payment for the option to the exclusive license to co-develop and co-commercialize IPH5201 and up to \$835m in opt-in payments, development and commercial milestones and high-single to double-digit tiered royalties
- AstraZeneca may exercise the option before Ph-III trial start
- AstraZeneca will take all the development costs up to Ph-III studies. Innate retains the right to participate in cost sharing for Ph-III to receive 50% profit sharing within the EU

Additional Preclinical Molecules

- AstraZeneca will pay Innate a \$20m upfront fee for the option to gain access to four to be agreed upon preclinical molecules and up to \$855m per target in opt-in payments, development and commercial milestones and high-single to double-digit tiered royalties
- After opt-in and up to Ph-III, AstraZeneca will incur all the development costs. Innate retains the right to participate in cost sharing for Ph-III to get 50% profit sharing within the EU

Equity Investment

- AstraZeneca will acquire a 9.8% equity position in Innate through the issuance of 6,260,500 new shares to AstraZeneca at €10/share
- The new shares will be issued pursuant to the 26th resolution of Innate's May 29, 2018 shareholders' meeting. Issuance of the new shares is expected to take place on or about 25th October 2018
- AstraZeneca has agreed to a 180 days lock-up on the newly issued shares, subject to customary exceptions (transfers to affiliates, a tender offer or an Innate approved block trade). Following this initial 180 days period, and for an additional 180 days, AstraZeneca has



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agreed to sell its shares only through orderly market transactions or through marketed block trades. Astra Zeneca has also agreed to a five year standstill (which can be waived by Innate), except to the extent necessary to maintain its stake or if a third party acquires or increases its stake beyond certain thresholds or launches a tender offer on Innate

Expected Proceeds Timing:

2018 Proceeds

- Innate receives at least \$118m from AstraZeneca in 2018 consisting of:
 - \$72m proceeds from the equity investment
 - \$26m proceeds from the IPH5201 upfront payment
 - \$20m proceeds from the Additional Preclinical Molecules upfront payment

2019 Proceeds

- Innate will receive proceeds of at least \$124m from the transaction (excluding potential additional contingent payments), including:
 - \$100m proceeds from the Monalizumab payment
 - \$24m proceeds from the IPH5201 upfront payment
- Innate will pay at least \$50m to AstraZeneca for the Lumoxiti upfront payment in 2019 with additional contingent payments potentially payable



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Summary of Financial Terms attached to each partnered asset over the collaboration²:

From AstraZeneca to Innate			From Innate to AstraZeneca
Monalizumab	IPH5201	Additional 4 Preclinical Molecules	Lumoxiti
<p>Opt-in Payment: \$100m</p> <p>Next Milestone: \$100m, paid at the initiation of Ph-III trials</p> <p>Other Development & Regulatory Milestones: Up to \$400m</p> <p>Commercial Milestones: Up to \$425m</p> <p>Royalties: Double digit tiered</p> <p>Co-promotion scheme: Innate retains the right to participate in profit sharing scheme within the EU in exchange for co-funding Ph-III development</p>	<p>Upfront Payment: \$50m</p> <p>Near Term and Opt-in Future Payments: \$35m</p> <p>Further Development & Regulatory Milestones: Up to \$300m</p> <p>Commercial Milestones: Up to \$500m</p> <p>Royalties: High single digit - double digit tiered</p> <p>Other Information: AstraZeneca to take charge of development costs up to Ph-III</p> <p>Co-promotion scheme: Same as monalizumab</p>	<p>Upfront Payment: \$20m (for all targets)</p> <p>Opt-in Future Payments: \$35m per target</p> <p>Further Development & Regulatory Milestones: Up to \$320m per target</p> <p>Commercial Milestones: Same as IPH5201 per target</p> <p>Royalties: Same as IPH5201</p> <p>Other Information: After opt-in and up to Ph-III, AstraZeneca will take all the development costs</p> <p>Co-promotion scheme: Same as monalizumab</p>	<p>Upfront Payment: \$50m</p> <p>Near Term Payments: \$10m based on 2019 US sales</p> <p>\$15m at EU regulatory submission</p>

² Refer to "Expected Proceeds Timing" section for staging of payments



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This factsheet and the information contained herein do not constitute an offer to sell or a solicitation of an offer to buy or subscribe to shares in Innate Pharma in any country.