



**OCTOBER 23, 2018**  
**FACT SHEET**

**innate pharma**

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## **TRANSACTION FACT SHEET**

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### **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 hem-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 Terms<sup>1</sup>:**

#### **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

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<sup>1</sup> 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 25<sup>th</sup> 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 collaboration<sup>2</sup>:**

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

<sup>2</sup> Refer to "Expected Proceeds Timing" section for staging of payments



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**Disclaimer:**

This factsheet 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 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 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.