

PRESS RELEASE

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INNATE PHARMA STRENGTHENS ITS PROPRIETARY PIPELINE WITH THE ACQUISITION OF ANTI-C5aR, A FIRST-IN-CLASS CLINICAL-STAGE ANTIBODY, FROM NOVO NORDISK A/S

- *Anti-C5a receptor (C5aR) is a first-in-class clinical-stage monoclonal antibody (mAb) targeting myeloid-derived suppressor cells (MDSC) and neutrophils in the tumor microenvironment;*
- *Innate Pharma intends to start clinical trials with anti-C5aR (IPH5401) in oncology in 2018;*
- *Acquisition is part of a transaction in which Novo Nordisk A/S will increase its equity stake in Innate Pharma.*

Marseille, France, June 2, 2017

Innate Pharma SA (the "Company" - Euronext Paris: FR0010331421 – IPH) today announces that it enters into an agreement with Novo Nordisk A/S granting Innate Pharma full worldwide exclusive rights to develop and commercialize a first-in-class clinical-stage anti-C5aR antibody (IPH5401) representing a novel therapeutic approach in immuno-oncology.

IPH5401 is a strategic fit to Innate Pharma's current immuno-oncology pipeline. It adds a clinical-stage proprietary product that reinforces Innate Pharma's position in the field of antibodies targeting the tumor microenvironment beyond the Company's activities in the adenosine pathway. Innate Pharma plans to start trials with IPH5401 in oncology in 2018.

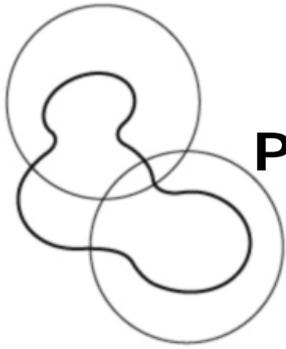
Through C5aR triggering, C5a induces accumulation and activation of myeloid-derived suppressor cells (MDSC) and neutrophils in the tumor microenvironment. These cells are associated with a poor prognosis across numerous tumor types. They secrete pro-tumor and pro-angiogenic factors and have emerged as a major immunosuppressive mechanism, associated with resistance to checkpoint blockers. By targeting and blocking this pathway, anti-C5aR has the potential to enhance anti-tumor immunity across a range of solid and hematologic tumors.

Novo Nordisk A/S has conducted two Phase I trials with anti-C5aR in patients with rheumatoid arthritis, where a good safety profile was demonstrated.

The terms of the transaction provide for a total upfront payment of €40m, of which €37.2m will be paid in new Innate Pharma shares and €2.8m in cash. Novo Nordisk A/S will be eligible for €370m in development, regulatory and sales milestone payments. Novo Nordisk A/S will also be eligible for double digit royalties on net sales.

After the issuance of the new Innate Pharma shares, the stake of Novo Nordisk A/S in Innate Pharma will increase from 10.3% currently to between 14.6% to 15.8%¹.

¹ See "About the transaction section"



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The closing is expected to take place on July 12, 2017 at the latest.

Mondher Mahjoubi, Chief Executive Officer of Innate Pharma, commented: *"With the acquisition of the first-in-class anti-C5aR antibody, we are broadening our proprietary clinical pipeline. We believe anti-C5aR has a high potential for cancer patients in multiple indications and look forward to beginning clinical development of this promising asset in 2018. Innate Pharma has a strong track record of value creation from in-licensed assets with lirilumab and monalizumab. This acquisition strengthens our asset base further and supports Innate Pharma's transition towards becoming a fully-integrated biopharmaceutical company."*

Mads Krogsgaard Thomsen, Chief Science Officer of Novo Nordisk A/S, added: *"In light of Innate's success within the immuno-oncology field, we believe that Innate is the ideal partner for the anti-C5aR program and we are looking forward to seeing the program advance further in development."*

A presentation on IPH5401 is available on Innate Pharma's website.

**A conference call for institutional investors and sell-side analysts
will be held on June 15, 2017.**

During this conference call, the management team will discuss the acquisition of the anti-C5aR antibody as well as IPH4102 data which will be presented at upcoming ICML on June 14, 2017.

A replay will be available on Innate Pharma's website after the conference call.

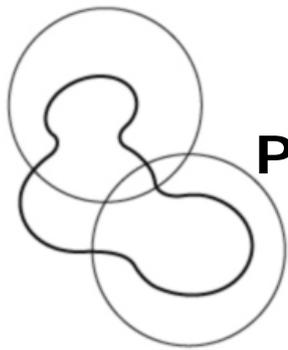
Conference call details will be provided in an upcoming press release.

About IPH5401 (anti-C5aR):

IPH5401 is a first-in-class therapeutic antibody that specifically binds and blocks C5a receptors (C5aR) expressed on subsets of myeloid-derived suppressor cells (MDSC) and neutrophils. Part of the innate immune system, these types of cells promote tumor growth by secreting inflammatory and angiogenic factors, and they potentially suppress anti-tumor T and NK cells, and hamper the activities of PD-1 checkpoint blockers.

C5a, a factor in the complement cascade, is often overexpressed in tumors, where it attracts and activates MDSC and neutrophils in the tumor microenvironment.

IPH5401 is a fully human antibody that blocks the binding of C5a to C5aR, thereby reducing the accumulation and activation of MDSC and neutrophils in tumors. Treatment with IPH5401 may unleash anti-tumor activities of T cells and NK cells. Preclinical experiments support



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development of IPH5401 as single agent and in combination with PD-1 checkpoint blockers or other cancer immunotherapies.

Under the transaction, Innate Pharma will acquire worldwide rights to anti-C5aR/IPH5401 in all indications from Novo Nordisk A/S.

About the transaction:

The terms of the transaction provide for a total upfront payment of €40m, of which €37.2m will be paid in new Innate Pharma shares and €2.8m in cash. Novo Nordisk A/S will be eligible to €370m in development, regulatory and sales milestone payments. Novo Nordisk A/S will also be eligible to double digit royalties on net sales.

The number of shares (representing €37.2m) to be issued will be based on an average of the trading price of the Innate share during 10 days preceding closing, subject of a minimum of 2,700,000 shares and to a maximum of 3,500,000 shares. Thus, after the closing of the transaction, Novo Nordisk A/S's stake in Innate Pharma will increase from 10.3% currently to between 14.6% to 15.8%, depending on this average trading price². Novo Nordisk A/S has agreed to a 180 lock-up on its new Innate Pharma shares.

The capital increase will be effected through the 17th resolution of the June 2, 2016 EGM of Innate Pharma, pursuant to which the shareholders have granted to the management board the powers to increase the company's share capital in consideration for asset contributions³.

An independent appraiser, appointed on May 22, 2017 by decision of the President of the Commercial Court of Marseille, will issue a report on the value of the assets being contributed and on the fairness of the consideration received by Novo Nordisk A/S in the coming weeks. It will be made available on Innate's website.

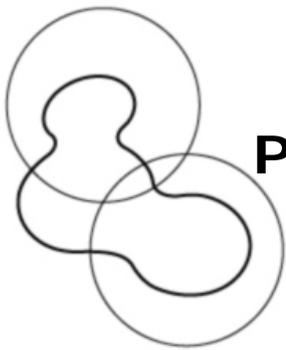
In exchange for the new Innate Pharma shares, Innate will acquire 100% of the share capital of a Novo Nordisk A/S subsidiary to which it will have transferred all of the rights and materials relating to the anti-C5aR antibody, pursuant to a license agreement also providing for the rights and obligations of the parties going forward. Innate Pharma will merge this subsidiary shortly after the closing and will therefore become directly party to the license agreement. The analysis of the accounting treatment of this operation is under review.

The closing is expected to take place on July 12, 2017 at the latest, at which time Innate Pharma will publish a press release stating the final number of shares issued to Novo Nordisk A/S. These shares, entirely fungible with the existing ordinary shares of Innate Pharma, will be immediately admitted to trading on Euronext Paris⁴.

² A shareholder holding 1% of the share capital of Innate Pharma immediately before the closing will thus see its stake diluted to between 0.94% to 0.95%.

³ Article L.225-147 para. 6 of the French commercial code.

⁴ As the new shares represent less than 10% of the share capital of Innate Pharma, this will not require the preparation of a prospectus to be approved by the *Autorité des Marchés Financiers*.



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About Innate Pharma:

Innate Pharma S.A. is a clinical-stage biotechnology company with a focus on discovering and developing first-in-class therapeutic antibodies that harness the innate immune system to improve cancer treatment and clinical outcomes for patients.

Innate Pharma specializes in immuno-oncology, a new therapeutic field that is changing cancer treatment by mobilizing the power of the body's immune system to recognize and kill cancer cells.

The Company's aim is to become a fully-integrated biopharmaceutical company in the area of immunotherapy and focused on serious unmet medical needs in cancer. Innate Pharma has pioneered the discovery and development of checkpoint inhibitors to activate the innate immune system. Innate Pharma's innovative approach has resulted in three first-in-class, clinical-stage antibodies targeting natural killer cell receptors that may address a broad range of solid and hematological cancer indications as well as additional preclinical product candidates and technologies. Targeting receptors involved in innate immunity also creates opportunities for the Company to develop therapies for inflammatory diseases.

The Company's expertise and understanding of natural killer cell biology have enabled it to enter into major alliances with leaders in the biopharmaceutical industry including AstraZeneca, Bristol-Myers Squibb and Sanofi.

Based in Marseille, France, Innate Pharma has more than 170 employees and is listed on Euronext Paris.

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

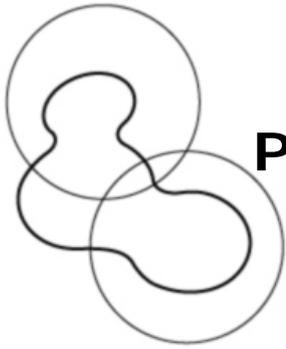
Information about Innate Pharma shares:

ISIN code	FR0010331421
Ticker code	IPH

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 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.



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