**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM F-1**  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Innate Pharma S.A.  
(Exact name of registrant as specified in its charter)

France  
(State or other jurisdiction of incorporation or organization)  
2836  
(Primary Standard Industrial Classification Code Number)  
Not Applicable  
(I.R.S. Employer Identification Number)

Innate Pharma S.A.  
117 Avenue de Luminy—BP 30191  
13009 Marseille, France  
+ 33 (0) 4 30 30 30 30

(Address, including zip code, and telephone number, including area code, of registrant’s principal executive offices)

Corporation Service Company  
1180 Avenue of the Americas, Suite 210  
New York, New York 10036-8401  
(800) 927-9801

(Name, address, including zip code, and telephone number, including area code, of agent for service)

**Copies of all communications, including communications sent to agent for service, should be sent to:**

<table>
<thead>
<tr>
<th>Richard Segal</th>
<th>Benoit Horsen</th>
<th>Deanna L. Kirkpatrick</th>
<th>Arnaud Duhamel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yvan-Claude Pierre</td>
<td>Yves Olivier</td>
<td>Yasin Keshvar</td>
<td>Theophile Strebel</td>
</tr>
<tr>
<td>Divakar Gupta</td>
<td>Bertrand Sénéchal</td>
<td>Deanna L. Kirkpatrick</td>
<td>Arnaud Duhamel</td>
</tr>
<tr>
<td>Brandon Fenn</td>
<td>Cooley LLP</td>
<td>Davis Polk &amp; Wardwell LLP</td>
<td>Gide Loyrette Nouel A.A.R.P.I.</td>
</tr>
<tr>
<td>Cooley LLP</td>
<td>500 Boylston Street, 14th Floor</td>
<td>25 rue de Marignan</td>
<td>15 rue de Laborde</td>
</tr>
<tr>
<td>Boston, MA 02116</td>
<td>Boston, MA 02116</td>
<td>75008 Paris, France</td>
<td>75008 Paris, France</td>
</tr>
<tr>
<td>+1 617 937 2300</td>
<td>+1 617 937 2300</td>
<td>+33 1 56 43 56 43</td>
<td>+33 1 40 75 60 00</td>
</tr>
</tbody>
</table>

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, please check the following box: ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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 7(a)(2)(B) of the Securities Act. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

**Calculation of Registration Fee**

<table>
<thead>
<tr>
<th>Title of Each Class of Securities to be Registered†(1)</th>
<th>Proposed Maximum Aggregate Offering Price(2)(3)</th>
<th>Amount of Registration Fee(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares, €0.05 nominal value per share</td>
<td>$100,000,000.00</td>
<td>$12,120.00</td>
</tr>
</tbody>
</table>

(1) All ordinary shares in the U.S. offering will be in the form of American Depositary Shares, or ADSs, with each ADS representing one ordinary share. ADSs issuable upon deposit of the ordinary shares registered hereby are being registered pursuant to a separate registration statement on Form F-6.

(2) Includes ordinary shares (which may be in the form of ADSs) that the underwriters have an option to purchase. See “Underwriting.”

(3) Includes ordinary shares that are being offered in a private placement in Europe and other countries outside of the United States, but which may be resold from time to time in the United States in transactions requiring registration under the Securities Act of 1933, as amended, or the Securities Act, or an exemption therefrom. The total number of ordinary shares (including shares in the form of ADSs) in the U.S. offering and the European private placement is subject to reallocation between them to the extent permitted under applicable laws and regulations.

(4) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act based on an estimate of the proposed maximum offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.
We are offering an aggregate of ordinary shares in a global offering.

We are offering ordinary shares in the form of American Depositary Shares, or ADSs, in the United States, referred to herein as the U.S. offering. Each ADS represents the right to receive one ordinary share and the ADSs may be evidenced by American Depositary Receipts, or ADRs.

We are concurrently offering ordinary shares in Europe and countries outside of the United States in a private placement, referred to herein as the European private placement.

This is our initial public offering of our ADSs in the United States. We have applied to list our ADSs on the Nasdaq Global Market under the symbol “IPHA.” Our ordinary shares are listed on Euronext Paris under the symbol “IPH.” The final offering price per ADS in U.S. dollars and the corresponding offering price per ordinary share in euros will be determined through negotiations between us and the representatives of the underwriters for the U.S. offering, and by reference to the prevailing market prices of our ordinary shares on Euronext Paris after taking into account market conditions and other factors. On , 2019, the last reported sale price of our ordinary shares on Euronext Paris was € per ordinary share, equivalent to a price of $ per ADS, assuming an exchange rate of €1.00 = $1.1380, the exchange rate on June 28, 2019.

The closings of the U.S. offering and the European private placement, which are together referred to as the global offering, will occur substantially simultaneously. The number of ordinary shares (including ordinary shares in the form of ADSs) in the U.S. offering and the European private placement is subject to reallocation between these offerings to the extent permitted under applicable laws and regulations.

Investing in our ADSs and ordinary shares involves a high degree of risk. See “Risk Factors” beginning on page 13 of this prospectus.

<table>
<thead>
<tr>
<th>PER ORDINARY SHARE</th>
<th>PER ADS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>€</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>€</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>€</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

(1) See “Underwriting” beginning on page 245 of this prospectus for additional information regarding underwriting compensation.

We have granted an option to the underwriters, exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of additional ordinary shares (which may be in the form of ADSs) at the offering price, less underwriting discounts. If the underwriters exercise this option in full, the total underwriting discounts payable by us will be € ($ ) and the total proceeds to us, before expenses, will be € ($ ).

We are an “emerging growth company” as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements.

Neither the Securities and Exchange Commission, or SEC, nor any U.S. state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs to the purchasers in the U.S. offering on or about , 2019 through the book-entry facilities of The Depository Trust Company. The underwriters expect to deliver the ordinary shares to purchasers in the European private placement on or about , 2019 through the book-entry facilities of Euroclear France.

Citigroup  SVB Leerink  Evercore ISI

The date of this prospectus is , 2019.
TABLE OF CONTENTS

PROSPECTUS SUMMARY ........................................................................................................ 1
THE GLOBAL OFFERING ........................................................................................................ 9
SUMMARY CONSOLIDATED FINANCIAL DATA .................................................................. 11
RISK FACTORS .................................................................................................................... 13
SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS .................................. 72
USE OF PROCEEDS ............................................................................................................... 74
DIVIDEND POLICY ............................................................................................................... 76
CAPITALIZATION .................................................................................................................. 77
DILUTION .............................................................................................................................. 79
SELECTED CONSOLIDATED FINANCIAL DATA .............................................................. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS ................................................................................................. 83
BUSINESS ............................................................................................................................ 115
MANAGEMENT .................................................................................................................. 172
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS ......................... 189
PRINCIPAL SHAREHOLDERS .............................................................................................. 192
DESCRIPTION OF SHARE CAPITAL ................................................................................. 195
LIMITATIONS AFFECTING SHAREHOLDERS OF A FRENCH COMPANY ....................... 219
DESCRIPTION OF AMERICAN DEPOSITARY SHARES .................................................. 220
SHARES AND ADSS ELIGIBLE FOR FUTURE SALE ...................................................... 231
MATERIAL UNITED STATES FEDERAL INCOME AND FRENCH TAX CONSIDERATIONS . 234
ENFORCEMENT OF CIVIL LIABILITIES ......................................................................... 244
UNDERWRITING .................................................................................................................. 245
EXPENSES RELATING TO THE GLOBAL OFFERING ...................................................... 253
LEGAL MATTERS ................................................................................................................ 254
EXPERTS .............................................................................................................................. 255
WHERE YOU CAN FIND MORE INFORMATION ................................................................ 256
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS ................................................. F-1

We are responsible for the information contained in this prospectus and any free-writing prospectus
we prepare or authorize. We and the underwriters have not authorized anyone to provide you with
different information, and we and the underwriters take no responsibility for any other information others
may give you. We are not, and the underwriters are not, making an offer to sell these securities in any
jurisdiction where the offer or sale is not permitted. You should not assume that the information contained
in this prospectus is accurate as of any date other than its date.

For investors outside the United States: neither we nor any of the underwriters have done anything
that would permit this offering or possession or distribution of this prospectus or any free writing
prospectus in any jurisdiction where action for that purpose is required, other than in the United States.
Persons outside the United States who come into possession of this prospectus or any free writing
prospectus must inform themselves about, and observe any restrictions relating to, the global offering of
the ADSs and ordinary shares and the distribution of this prospectus and any free writing prospectus
outside the United States.

We are incorporated in France, and a majority of our outstanding securities are owned by non-U.S.
residents. Under the rules of the U.S. Securities and Exchange Commission, we are currently eligible for
treatment as a “foreign private issuer.” As a foreign private issuer, we will not be required to file periodic reports
and financial statements with the SEC as frequently or as promptly as domestic registrants whose securities are
Our financial statements included in this prospectus are presented in euro and, unless otherwise specified, all monetary amounts are in euro. All references in this prospectus to “$,” “U.S. dollars,” and “dollars” means U.S. dollars and all references to “€” and “euro,” mean euro, unless otherwise noted. Throughout this prospectus, references to ADSs mean ADSs or ordinary shares represented by such ADSs, as the case may be.

Market, Industry and Other Data

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market size estimates, is based on information from independent industry analysts, third-party sources and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from our internal research, and are based on assumptions made by us based on such data and our knowledge of such industry and market, which we believe to be reasonable. In addition, while we believe the market opportunity information included in this prospectus is reliable and is based on reasonable assumptions, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading “Risk Factors.”

Trademarks and Service Marks

“Innate Pharma,” the Innate Pharma logo, Lumoxiti and other trademarks or service marks of Innate Pharma S.A. appearing in this prospectus are the property of Innate Pharma S.A. or its subsidiaries. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus are listed without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their right thereto. All other trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners. We do not intend to use or display other companies’ trademarks and trade names to imply any relationship with, or endorsement or sponsorship of us by, any other companies.
PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider before investing in our ordinary shares (including ordinary shares in the form of ADSs). You should read the entire prospectus carefully, including “Risk Factors,” “Special Note Regarding Forward-Looking Statements,” “Business,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and the related notes appearing elsewhere in this prospectus before making an investment decision. Unless otherwise indicated or the context otherwise requires, “Innate Pharma,” “the company,” “our company,” “we,” “us” and “our” refer to Innate Pharma S.A. and its consolidated subsidiaries, taken as a whole.

Overview

We are a biotechnology company focused on discovering, developing and commercializing first-in-class therapeutic antibodies designed to harness the immune system for the treatment of oncology indications with significant unmet medical need. We have extensive experience in research and development in immuno-oncology, having been pioneers in the understanding of natural killer cell, or NK cell, biology, and later expanding our expertise in the tumor microenvironment, tumor antigens and antibody engineering fields. We have built, internally and through our business development strategy, a broad and diversified portfolio including an approved product, three clinical product candidates and a robust preclinical pipeline. We have entered into collaborations with leaders in the biopharmaceutical industry, such as AstraZeneca and Sanofi, to leverage their development capabilities and expertise, and we have received upfront and milestone payments and equity investments from our collaborations of an aggregate of approximately $550 million over the last ten years. We may be eligible to receive an aggregate of approximately $5.5 billion in future contingent payments from existing collaboration agreements and any license agreements that become effective upon the exercise by our collaborators of options to license future product candidates. We believe our product candidates and clinical development approach are differentiated from current immuno-oncology therapies and have the potential to significantly improve the clinical outcome for patients with cancer.

The immune system is the body’s natural defense against invading organisms and pathogens and is comprised of two arms: the innate immune system and adaptive immune system. Recent immunotherapy developments have focused on generating a tumor antigen-specific T cell response and have led to an unprecedented change in the treatment paradigm of many solid tumor cancers. Despite these successes, the breadth and durability of the clinical benefit achieved has been limited to a subset of patients and tumor types. Our innovative approach to immuno-oncology aims to broaden and amplify anti-tumoral immune responses by leveraging both the adaptive and the innate immune systems.

The innate immune system is comprised of a variety of cells, including NK cells, which are involved in anti-cancer immunosurveillance through a variety of modalities. Activation of the innate immune system also helps trigger the adaptive immune system to elicit a response directed against specific antigens and can provide durable immune memory. Our scientific expertise, strategic collaborations and discovery engine are focused on harnessing the potential of the innate immune system across three pillars.
We are developing a pipeline of innovative immunotherapies that we believe have the potential to provide a significant clinical benefit to cancer patients. The following table summarizes our commercial, clinical and preclinical pipeline.

<table>
<thead>
<tr>
<th>Program</th>
<th>Target</th>
<th>Indication</th>
<th>Phase of Development</th>
<th>Partner</th>
<th>Upcoming Milestone(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monalizumab</td>
<td>NKG2A</td>
<td>SCCHN</td>
<td>Ph. I/II</td>
<td>AstraZeneca</td>
<td>2H 2019: Follow up data from expansion Cohort 1.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Advanced Solid Tumors, including CRC</td>
<td>Ph. I/II</td>
<td>AstraZeneca</td>
<td>1H 2020: Preliminary data from expansion Cohort 2.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ph. I/II</td>
<td>AstraZeneca</td>
<td>2H 2020: Preliminary data from expansion Cohort 3.</td>
</tr>
<tr>
<td>Anti-Siglec-9</td>
<td>Siglec-9</td>
<td>Cancer</td>
<td>PC</td>
<td>AstraZeneca</td>
<td>Safety data from CRC expansion cohorts.</td>
</tr>
<tr>
<td>IPH25</td>
<td>Undisclosed</td>
<td>Cancer</td>
<td>PC</td>
<td>AstraZeneca</td>
<td></td>
</tr>
<tr>
<td>Lamotuzumab</td>
<td>CD22</td>
<td>Hairy Cell Leukemia</td>
<td>FDA Approved</td>
<td>AstraZeneca</td>
<td>2H 2019: EU regulatory submission.</td>
</tr>
<tr>
<td>IPH4102</td>
<td>KIR/CD3L2</td>
<td>Sialic Syndrome</td>
<td>Ph. II (Fast Track designation)</td>
<td>SANOFI</td>
<td>2H 2020: Update from first stage of PTCL and MF. Efficacy data starting in 2021.</td>
</tr>
<tr>
<td>IPH301</td>
<td>NKp46 NKCE</td>
<td>Undisclosed</td>
<td>PC</td>
<td>AstraZeneca</td>
<td></td>
</tr>
<tr>
<td>IPH63</td>
<td>MICA/B</td>
<td>Cancer</td>
<td>PC</td>
<td>AstraZeneca</td>
<td></td>
</tr>
<tr>
<td>IPH5401</td>
<td>C5aR</td>
<td>Solid Tumors, NSCLC, HCC</td>
<td>Phase III</td>
<td>AstraZeneca</td>
<td>2H 2019: Phase I preliminary safety data.</td>
</tr>
<tr>
<td>IPH5201</td>
<td>CD39</td>
<td>Cancer</td>
<td>PC</td>
<td>AstraZeneca</td>
<td>2H 2019: IND filing.</td>
</tr>
<tr>
<td>IPH5301</td>
<td>CD73</td>
<td>Cancer</td>
<td>PC</td>
<td>AstraZeneca</td>
<td>1H 2020 IND filing.</td>
</tr>
</tbody>
</table>

“SCCHN” denotes Squamous Cell Carcinoma of the Head and Neck; “CRC” denotes Colorectal Cancer; “MF” denotes Mycosis Fungoides; “PTCL” denotes Peripheral T-cell Lymphomas; “NSCLC” denotes Non-Small Cell Lung Cancer; and “HCC” denotes Hepatocellular Carcinoma.

Our product development efforts are guided by our three pillars.

- **Broad spectrum immune checkpoint inhibitors.** We are targeting checkpoints expressed on NK cells and myeloid cells, rather than focusing solely on T cells, in order to increase the pool of anti-tumor effector cells and potentially mount a larger anti-tumor response.

- **Tumor antigen targeting.** We are developing antibodies that target tumor antigens in the form of (i) antibody-drug conjugates, or ADCs, (ii) antibody-dependent cellular cytotoxicity, or ADCCs, inducing antibodies and (iii) antibody-based multi-specific NK cell engagers, or NKCEs.

- **Suppressive factors of the TME.** We are developing product candidates that target suppressive pathways of the TME in order to relieve the immunosuppression of the innate and adaptive immune responses. We are developing IPH5401, an anti-C5aR antibody that disrupts the complement pathway. In addition, we are developing product candidates that disrupt the adenosine pathway, including IPH5201, an anti-CD39 antibody, and IPH5301, an anti-CD73 antibody.

**Our Competitive Strengths**

We believe our key competitive strengths are:

- **Our lead product candidate, monalizumab, which we are developing in collaboration with AstraZeneca for the treatment of SCCHN, CRC and other solid tumors, is a novel, dual-targeting checkpoint inhibitor that has shown promising clinical data.** Monalizumab is a humanized antibody that is capable of acting on NK cells and CD8+ T cells in order to activate both innate and adaptive immune responses. We believe these properties may allow monalizumab, in combination with other therapies, to address some of the limitations of current therapies that only target T cells and potentially provide a chemotherapy free therapeutic alternative in earlier lines of treatment. Preliminary data from a Phase II expansion cohort of 40 patients with R/M SCCHN previously treated with chemotherapy alone or chemotherapy followed by PD-1/L1 checkpoint inhibitors,
showed an overall response rate to monalizumab in combination with cetuximab of 27.5%, including one complete response (2.5%) and 10 partial responses (25%), and a disease control rate at 24 weeks of 35%. Median progression-free survival and overall survival were 5.0 months and 10.3 months, respectively. In addition, we observed that there were three (18%) responders among the 17 patients who had been previously treated with PD-1/L1 checkpoint inhibitors. Following these preliminary results, in 2018, AstraZeneca expanded its agreement with us by exercising its option to gain exclusive rights to co-develop and commercialize monalizumab in oncology. Since then we initiated two additional expansion cohorts evaluating monalizumab in combination with cetuximab in immuno-oncology, or IO, pretreated patients (Cohort 2) and monalizumab in combination with cetuximab and an anti-PD-(L)1 in IO naïve patients (Cohort 3). We expect to present follow-up data from the first expansion cohort in the second half of 2019 and preliminary efficacy data from the second expansion cohort in the first half of 2020. AstraZeneca is also evaluating monalizumab in a Phase I/II clinical trial in combination with durvalumab, an anti-PD-L1 immune checkpoint inhibitor, in patients with advanced solid tumors, including colorectal cancer, or CRC. Under our collaboration agreement with AstraZeneca, we are eligible to receive a $100 million milestone payment at the start of the first Phase III clinical trial for monalizumab. On July 31, 2019, we notified AstraZeneca of our decision to co-fund a future monalizumab Phase III clinical development program.

- **Our proprietary product candidate, IPH4102, has shown single agent activity for the treatment of relapsed or refractory Sézary syndrome.** In our Phase I clinical trial evaluating IPH4102 in CTCL, in the subgroup of 35 patients with Sézary syndrome, we observed an objective overall response rate of 42.9%, median duration of response of 13.8 months, median progression-free survival of 11.7 months and that approximately 90% of patients experienced improved quality of life. IPH4102 has also been granted orphan drug designation in the European Union and in the United States for the treatment of CTCL. In January 2019, the FDA granted Fast Track designation to IPH4102 for the treatment of adults with R/R Sézary syndrome who have received two prior systemic therapies. The results of the dedicated Sézary syndrome cohort may support a future Biologics License Application, or BLA, to the FDA.

- **We believe that by targeting C5a receptors, IPH5401 has potential as a novel target in cancer treatment and as a scientifically validated pathway to reduce inflammation.** IPH5401 binds to and blocks C5a receptors expressed on subsets of myeloid derived suppressor cells, or MDSCs, and neutrophils, cells that impair anti-tumor T cell response and chemotherapy efficacy. We are currently conducting a Phase I clinical trial of IPH5401 in combination with durvalumab, initially in patients with select advanced solid tumors, and plan to initiate a subsequent cohort expansion trial to evaluate IPH5401 in combination with durvalumab in patients with NSCLC or HCC. We also plan to explore the potential of IPH5401 in inflammation.

- **Our commercial stage product, Lumoxiti, is the first FDA-approved treatment for hairy cell leukemia in over 20 years.** Lumoxiti was approved by the FDA under priority review in September 2018 based on positive data in a Phase III clinical trial. In this trial, 75% of patients receiving Lumoxiti achieved an overall response, 30% had a complete response and 34% achieved a complete durable response with a negative minimal residual disease. A negative minimal residual disease complete response has been shown to be a surrogate for long-term disease control and potentially survival in several hematological malignancies. Following our in-licensing of Lumoxiti in the United States and the European Union from AstraZeneca, we are leveraging AstraZeneca’s capabilities to advance commercialization efforts through a transition period while we build our commercial organization.

- **We believe that our broad, early stage pipeline of innovative immunotherapies targeting innate immunity pathways provides us with multiple opportunities for future value creation.** Our expertise and leadership in the field of innate immunity has allowed us to create a diversified and differentiated portfolio in immuno-oncology. We have developed a large panel of molecular and cellular assays and in vivo models for assessing the pharmacodynamics, toxicology and the therapeutic activity of product candidates targeted towards the innate immune system. In many cases, our product candidates are among a limited number of therapeutic antibodies in development for a given biological target. As a result, our differentiated approach has allowed us to forge collaborations with the leading academic institutions,
cancer centers and industry partners to evaluate and advance our product candidates either alone or in combination with other investigational or approved therapies.

• **Our diversified business model provides us with a strong financial base and strategic flexibility.** In addition to our internally developed pipeline, we have a track record of acquiring the rights to product candidates at different stages of development, including monalizumab, Lumoxiti, IPH5401 and our IPH52 program assets. We have already derived substantial value from these acquisitions and subsequent business development transactions relating to these assets. Our collaborations have also allowed us to leverage development capabilities and financial resources of leading biopharmaceutical companies, while retaining optionality to co-develop and potentially co-promote certain assets. At the same time, we have retained or acquired exclusive development and commercialization rights to other product candidates. We believe that our strategic collaborations, our current financial position and the proceeds from this offering will position us to continue to develop our proprietary portfolio of assets and build our commercial infrastructure, while maintaining our leadership in the development of novel immunotherapies. As of June 30, 2019, we had €200.3 million in cash, cash equivalents, short term investments and non-current financial assets.

• **Experienced management team with a track record in the development and commercialization of cancer therapeutics.** Our management team and board of directors have substantial experience in the biopharmaceutical industry, including in drug discovery, clinical development and commercialization. Our Chief Executive Officer, Mondher Mahjoubi, MD, has 28 years of oncology development, product strategy and commercial management experience. Previously, he was the Oncology Global Manager at AstraZeneca and had tenures at Genentech and Roche. Pierre Dodion, MD, MBA, Chief Medical Officer, has 30 years of experience in clinical and regulatory development efforts and medical affairs. He previously held positions at ARIAD Pharmaceuticals, Pfizer, Novartis and Aventis. Our Chief Scientific Officer, Eric Vivier, DVM, PhD, has over 25 years of immuno-oncology experience and a substantial track record of publications in key scientific journals. Jennifer Butler, Executive Vice President and General Manager of Innate Pharma U.S., Inc., has over 20 years of experience in strategic marketing and commercial leadership expertise across several therapeutic areas. Ms. Butler has led and built multiple global and US commercial teams, including the product launch of durvalumab, while serving at AstraZeneca.

**Our Strategy**

Our goal is to harness the immune system for the treatment of conditions with serious unmet medical needs in oncology. By leveraging our extensive experience in immuno-oncology research and development, we strive to continue to internally discover, externally identify and develop a broad and diversified portfolio of first and best-in class immunotherapies across various therapeutic modalities. The key elements of our strategy include:

• **Deliver our clinical programs and improve patient outcomes in indications with high unmet medical need by building on our scientific discoveries.**

  • Complete our ongoing clinical trial of monalizumab for the treatment of SCCHN, which, together with the data from the CRC clinical trial, will inform further development and the potential path to market.

  • Execute the clinical development of our wholly owned product candidate, IPH4102, for the treatment of patients with Sézary syndrome, MF and PTCL.

  • Progress the clinical development of our wholly owned product candidate, IPH5401, for the treatment of patients with cancer and explore its potential to treat inflammation.

  • Advance our pipeline of other proprietary product candidates, including IPH5301.
• Build a commercial stage oncology-focused biotechnology company.
  • Build a commercial infrastructure for Lumoxiti in the United States and, if approved, in the European Union.
  • Leverage our commercial infrastructure for future approved products in order to build a hematopoiesis focused commercial franchise.
  • Retain optionality to co-promote product candidates in strategic regions for select partnered assets.
• Continue to invest in our proprietary and partnered portfolio by leveraging our strong financial position and revenue from our existing collaborations.
  • Maximize the value of our partnered product candidates under existing collaborations and any license agreements that become effective upon the exercise by our collaborators of options to license future product candidates, under which we may be eligible to receive up to an aggregate of approximately $5.5 billion in future contingent payments, including up-front option exercise fees and payments upon the achievement of specified development and sales milestones.
  • Continue to explore opportunities to accelerate the development of our proprietary pipeline programs through additional collaborations.
  • Combine our disciplined business development strategy with our immuno-oncology research and development capabilities to further expand our product portfolio.
  • Expand our pipeline of proprietary product candidates that target novel pathways in immuno-oncology using our internal development engine.

Risks Associated with our Business

An investment in our ordinary shares (including ordinary shares in the form of ADSs) involves a high degree of risk. Any of the factors set forth under “Risk Factors” may limit our ability to successfully execute our business strategy. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth under “Risk Factors” in deciding whether to invest in our securities. Among these important risks are the following:

• Biopharmaceutical development involves a high degree of uncertainty and most of our product candidates are in early stages of development, which makes it difficult to evaluate our current business and future prospects and may increase the risk of your investment.
• We depend upon our existing collaboration partners, AstraZeneca, Sanofi and other third parties, and may depend upon future collaboration partners to commit to the research, development, manufacturing and marketing of our drugs.
• We will become fully responsible for the commercialization of Lumoxiti by mid-2020, but we currently have no sales, marketing or commercial product distribution organization and have no experience in marketing or managing the manufacturing of products.
• If we are unable to establish sales, marketing and distribution capabilities for Lumoxiti on a timely basis, we may not be successful in commercializing Lumoxiti.
• The scientific evidence to support the feasibility of developing product candidates is both preliminary and limited.
• We may not be successful in our efforts to develop additional products that receive regulatory approval and are successfully commercialized.
• We have incurred and may in the future incur significant operational losses related to our research and development activities.

• We may need to raise additional funding to complete the development and any commercialization of our product candidates, which may not be available on acceptable terms, or at all, and failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.

• If we do not achieve our product development or commercialization objectives in the timeframes we expect, we may not receive product revenue, milestones or royalty payments and we may not be able to conduct our operations as planned.

• Even if we complete the necessary preclinical studies and clinical trials, the marketing approval process is expensive, time-consuming and uncertain and may prevent us from obtaining approvals for the commercialization of some or all of our product candidates.

• The regulatory processes that will govern the approval of our product candidates are complex and changes in regulatory requirements could result in delays or discontinuation of development or unexpected costs in obtaining regulatory approval.

• We intend to develop monalizumab, IPH5401 and other product candidates in combination with other therapies, which exposes us to additional risks.

• We have no manufacturing capabilities and rely on third-party manufacturers for Lumoxiti and our product candidates.

• We may encounter difficulties in managing our growth, which could disrupt our operations.

• There are material weaknesses and significant deficiencies in our internal controls over financial reporting and if we are unable to maintain effective internal controls over financial reporting, the accuracy and timeliness of our financial reporting may be adversely affected, which could hurt our business, lessen investor confidence and depress the market price of our securities.

• Our ability to compete may be adversely affected if we do not adequately obtain, maintain, protect and enforce our intellectual property or proprietary rights, or if the scope of intellectual property protection we obtain is not sufficiently broad.

• There has been no prior market for our ADSs and an active and liquid market for our securities may fail to develop, which could harm the market price of the ADSs.

• The rights of shareholders in companies subject to French corporate law differ in material respects from the rights of shareholders of corporations incorporated in the United States.

• As a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than a U.S. company.

For additional information about the risks we face, please see the section of this prospectus titled “Risk Factors.”
Implications of Being an Emerging Growth Company

As a company with less than $1.07 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- the ability to present only two years of audited financial statements in addition to any required interim financial statements and correspondingly reduced disclosure in management’s discussion and analysis of financial condition and results of operations in this prospectus;
- exemption from the auditor attestation requirement of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, in the assessment of our internal controls over financial reporting; and
- to the extent that we no longer qualify as a foreign private issuer, (i) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (ii) exemptions from the requirements of holding a non-binding advisory vote on executive compensation, including golden parachute compensation.

We may take advantage of these exemptions until such time that we are no longer an emerging growth company. We will cease to be an emerging growth company upon the earliest to occur of (i) the last day of the fiscal year in which we have more than $1.07 billion in annual revenue; (ii) the date we qualify as a “large accelerated filer” with at least $700 million of equity securities held by non-affiliates; (iii) the issuance, in any three year period, by our company of more than $1.0 billion in non-convertible debt securities held by non-affiliates; and (iv) the last day of the fiscal year ending after the fifth anniversary of our initial public offering of our ADSs.

We may choose to take advantage of some but not all of these reduced burdens. For example, we have presented only two years of audited financial statements and only two years of related “Management’s Discussion and Analysis of Financial Condition and Results of Operations” disclosure in this prospectus, and intend to take advantage of the exemption from auditor attestation on the effectiveness of our internal control over financial reporting. Accordingly, the information that we provide shareholders and holders of our ADSs may be different than you might obtain from other public companies.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Given that we currently report and expect to continue to report under International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, we have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required by the IASB.

Implications of Being a Foreign Private Issuer

We are also considered a “foreign private issuer” under U.S. securities laws. In our capacity as a foreign private issuer, we are exempt from certain rules under the Exchange Act that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, members of our Executive Board and Supervisory Board and our principal shareholders are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our securities. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. In addition, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information.
We may take advantage of these exemptions until such time as we are no longer a foreign private issuer. We will remain a foreign private issuer until such time that more than 50% of our outstanding voting securities are held by U.S. residents and any of the following three circumstances applies: (i) the majority of our members of the Executive Board or Supervisory Board are U.S. citizens or residents; (ii) more than 50% of our assets are located in the United States; or (iii) our business is administered principally in the United States.

We have taken advantage of certain reduced reporting and other requirements in this prospectus. Accordingly, the information contained herein may be different from the information you receive from other public companies.

Corporate Information

We were incorporated on September 23, 1999 as a société par actions simplifiée and converted into a société anonyme, or S.A., on June 13, 2005. Our principal executive offices are located at 117, Avenue de Luminy, 13009 Marseille, France. We are registered at the Marseille Business and Company Registry (Registre du commerce et des sociétés) under the number SIREN 424 365 336 RCS Marseille. Our telephone number at our principal executive offices is +33 4 30 30 30 30. We have two wholly owned subsidiaries—Innate Pharma, Inc., a Delaware corporation created in 2008, and Innate Pharma France SAS, a French société par actions simplifiée created in 2018.

Our agent for service of process in the United States is Corporation Service Company. Our website address is www.innate-pharma.com. The reference to our website is an inactive textual reference only and information contained in, or that can be assessed through, our website is not part of this prospectus.

We intend to make our reports and other information filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus. The SEC maintains an internet site at http://www.sec.gov that contains reports and other information regarding issuers that file electronically with the SEC.
# THE GLOBAL OFFERING

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Innate Pharma S.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global offering</td>
<td>ordinary shares offered by us, consisting of ordinary shares in the form of ADSs offered in the U.S. offering and ordinary shares offered in the European private placement. The closings of the U.S. offering and the European private placement will occur substantially simultaneously. The total number of ordinary shares (including ordinary shares in the form of ADSs) in the U.S. offering and the European private placement is subject to reallocation between these offerings to the extent permitted under applicable laws and regulations.</td>
</tr>
<tr>
<td>U.S. offering</td>
<td>ADSs, each representing one ordinary share</td>
</tr>
<tr>
<td>European private placement</td>
<td>ordinary shares</td>
</tr>
<tr>
<td>Ordinary shares (including ordinary shares in the form of ADSs) to be outstanding after the global offering</td>
<td>ordinary shares (or ordinary shares if the underwriters exercise their option to purchase additional shares in full)</td>
</tr>
<tr>
<td>Option to purchase additional ordinary shares (including ordinary shares in the form of ADSs) in the global offering</td>
<td>We have agreed to issue, at the option of the underwriters, within 30 days from the date of this prospectus, up to an aggregate of additional ordinary shares (which may be in the form of ADSs).</td>
</tr>
<tr>
<td>American Depositary Shares</td>
<td>Each ADS represents one ordinary share, nominal value €0.05 per share. You will have the rights of an ADS holder as provided in the deposit agreement among us, the depositary and all holders and beneficial owners of ADSs issued thereunder. To better understand the terms of the ADSs, you should carefully read the section in this prospectus titled “Description of American Depositary Shares.” We also encourage you to read the deposit agreement, which is filed as an exhibit to the Registration Statement that includes this prospectus.</td>
</tr>
<tr>
<td>Depositary</td>
<td>Citibank, N.A.</td>
</tr>
<tr>
<td>Use of proceeds</td>
<td>We estimate that we will receive net proceeds from the global offering of approximately $ million (€ million), based on an assumed offering price of $ per ADS, or € per ordinary share, the closing price of our ordinary shares on Euronext Paris on , 2019, after deducting estimated underwriting discounts and estimated offering expenses payable by us. We intend to use the net proceeds from the global offering, together with our existing resources, to (i) advance the clinical development of our lead product candidate, monalizumab, in collaboration with AstraZeneca, (ii) advance the clinical development of IPH4102 for the treatment of Sézary syndrome, MF and PTCL, (iii) advance the clinical...</td>
</tr>
</tbody>
</table>
development of IPH5401 for the treatment of solid tumors, including NSCLC and HCC, (iv) build our commercial capabilities for Lumoxiti; (v) expand and advance our preclinical programs pipeline and (vi) the remainder for working capital and other general corporate purposes. See “Use of Proceeds” for more information.

Dividend policy

We do not expect to pay any dividends on the ordinary shares or ADSs in the foreseeable future.

Risk factors

You should read the “Risk Factors” section of this prospectus for a discussion of factors to consider carefully before deciding to invest in the ordinary shares or ADSs.

Proposed Nasdaq Global Market symbol for our ADSs

“IPHA”.

Euronext Paris trading symbol for our ordinary shares

“IPH”.

The number of ordinary shares (including ordinary shares in the form of ADSs) that will be outstanding after the global offering is based on 64,043,905 ordinary shares outstanding as of June 30, 2019 and excludes:

- 334,500 ordinary shares issuable upon the exercise of share warrants (BSA) outstanding as of June 30, 2019 at a weighted average exercise price of €6.57 per ordinary share;
- 1,362,322 ordinary shares issuable upon the exercise of redeemable share warrants (BSAAR) outstanding as of June 30, 2019 at a weighted average exercise price of €6.00 per ordinary share;
- 758,100 ordinary shares issuable upon conversion of 7,581 free preferred shares (AGAP 2017) outstanding as of June 30, 2019, assuming all related performance and presence conditions are met;
- 1,037,059 ordinary shares issuable upon the vesting of free shares (AGA) outstanding as of June 30, 2019;
- 1,348,000 ordinary shares issuable upon conversion of 6,740 free preferred shares (AGAP 2016) as of June 30, 2019, assuming all performance and presence conditions are met; and
- 393,242 ordinary shares reserved for future issuance under our share-based compensation plans and other delegations of authority from our shareholders.

Except as otherwise noted, the information in this prospectus assumes no exercise by the underwriters of their option to purchase additional ordinary shares (which may be in the form of ADSs).
SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize our historical consolidated financial data. We derived the summary consolidated statement of income (loss) data for the years ended December 31, 2018 and 2017 from our audited consolidated financial statements included elsewhere in this prospectus. Our audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, as of and for the years ended December 31, 2018 and 2017.

We derived the summary condensed consolidated statement of income (loss) data for the six months ended June 30, 2019 and 2018 and the summary condensed statement of financial position data as of June 30, 2019 from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. Our unaudited interim condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2019 and 2018 were prepared in accordance with IAS 34, Interim Financial Reporting, the standard of IFRS applicable to interim financial statements.

Our historical results are not necessarily indicative of the results that may be expected in the future and our results for the six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. The following summary financial data for the periods and as of the dates indicated are qualified by reference to, and should be read in conjunction with, our consolidated financial statements and related notes beginning on page F-1 of this prospectus, as well as the section of this prospectus titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Consolidated Statement of Income (Loss) Data:

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31, 2018</th>
<th>Year ended December 31, 2017</th>
<th>Six months ended June 30, 2019</th>
<th>Six months ended June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands, except per share data)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue and other income</td>
<td>€ 93,952</td>
<td>€ 44,033</td>
<td>€ 59,155</td>
<td>€ 22,996</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>(69,555)</td>
<td>(67,000)</td>
<td>(36,584)</td>
<td>(32,322)</td>
</tr>
<tr>
<td>General and administrative</td>
<td>(18,142)</td>
<td>(17,015)</td>
<td>(9,295)</td>
<td>(5,576)</td>
</tr>
<tr>
<td>Net income (loss) from distribution agreements</td>
<td>(1,109)</td>
<td>—</td>
<td>(3,820)</td>
<td>—</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>€ 5,146</td>
<td>(39,983)</td>
<td>9,456</td>
<td>(14,902)</td>
</tr>
<tr>
<td>Net financial income (loss)</td>
<td>(2,427)</td>
<td>(8,034)</td>
<td>3,784</td>
<td>(550)</td>
</tr>
<tr>
<td>Income tax benefit (expense)</td>
<td>333</td>
<td>(368)</td>
<td>—</td>
<td>333</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>€ 3,049</td>
<td>(48,385)</td>
<td>€ 13,240</td>
<td>(15,118)</td>
</tr>
<tr>
<td>Net income (loss) per share attributable to equity holders</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>€ 0.05</td>
<td>€ (0.89)</td>
<td>€ 0.21</td>
<td>€ (0.26)</td>
</tr>
<tr>
<td>Diluted</td>
<td>€ 0.05</td>
<td>€ (0.89)</td>
<td>€ 0.20</td>
<td>€ (0.26)</td>
</tr>
<tr>
<td>Number of ordinary shares outstanding used for computing basic net income (loss) per share</td>
<td>58,776,712</td>
<td>54,351,967</td>
<td>63,987,582</td>
<td>57,600,100</td>
</tr>
<tr>
<td>Number of ordinary shares outstanding used for computing diluted net income (loss) per share</td>
<td>58,777,282</td>
<td>54,351,967</td>
<td>65,356,182</td>
<td>57,600,100</td>
</tr>
</tbody>
</table>

(1) The consolidated financial statements as of and for the year ended December 31, 2018 reflect the impacts of the adoption of IFRS 9 and IFRS 15 that became applicable on January 1, 2018. The comparative consolidated financial statements as of and for the year ended December 31, 2017 have not been restated.
The impact on the consolidated statement of income (loss) of the adoption of IFRS 9 is not material and the impact of the adoption of IFRS 15 and transition measures are presented in Note 2.a to our consolidated financial statements appearing elsewhere in this prospectus.

(2) The unaudited interim condensed consolidated statement of income (loss) for the six months ended June 30, 2019 reflects the impact of the adoption of IFRS 16 that became applicable on January 1, 2019. The comparative consolidated financial statements as of June 30, 2018 have not been restated. The details on the impact of the transition are presented in Note 2.d to our consolidated financial statements appearing elsewhere in this prospectus.

Consolidated Statement of Financial Position Data:

<table>
<thead>
<tr>
<th></th>
<th>Actual (in thousands)</th>
<th>As Adjusted(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents, short-term investments and non-current financial assets(2)</td>
<td>€200,274</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>352,555</td>
</tr>
<tr>
<td>Total financial debt and defined benefit obligations</td>
<td></td>
<td>9,768</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td></td>
<td>181,266</td>
</tr>
</tbody>
</table>

(1) As adjusted to give effect to the issuance and sale of ordinary shares (including ordinary shares in the form of ADSs) in the global offering at the assumed initial offering price of € per ordinary share ($ per ADS), the last reported closing price of our ordinary shares on Euronext Paris on , 2019, after deducting estimated underwriting commissions and estimated offering expenses payable by us. The as adjusted information presented above is illustrative only and will adjust based on the actual offering price, the actual number of ordinary shares (including ordinary shares in the form of ADSs) offered by us, and the other terms of the global offering determined at pricing. Each €1.00 ($ ) increase or decrease in the assumed initial offering price of € per ordinary share ($ per ADS), the last reported closing price of our ordinary shares on Euronext Paris on , 2019, would increase or decrease each of as adjusted cash and cash equivalents, total assets and total shareholders’ equity by approximately € million ($ million), assuming that the number of ordinary shares (including ordinary shares in the form of ADSs) offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and estimated offering expenses payable by us. We may also increase or decrease the number of ordinary shares (including ordinary shares in the form of ADSs) we are offering. Each increase or decrease of 1,000,000 in the number of ordinary shares (including ordinary shares in the form of ADSs) offered by us would increase or decrease each of as adjusted cash and cash equivalents, total assets and total shareholders’ equity by approximately € million ($ million), assuming that the initial offering price remains the same, and after deducting estimated underwriting discounts and estimated offering expenses payable by us.

(2) Non-current financial assets account for €35.3 million.
RISK FACTORS

Investing in our ordinary shares and ADSs involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including our consolidated financial statements and related notes, before deciding whether to purchase our ordinary shares or ADSs. If any of the following risks are realized, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the market price of our ordinary shares and ADSs could decline, and you could lose part or all of your investment. Please also see “Special Note Regarding Forward-Looking Statements.”

Risks Related to the Development and Commercialization of Lumoxiti and Our Product Candidates

Biopharmaceutical development involves a high degree of uncertainty and most of our product candidates are in early stages of development, which makes it difficult to evaluate our current business and future prospects and may increase the risk of your investment.

We are a biopharmaceutical company with one commercial product, Lumoxiti, which we recently acquired from AstraZeneca and which we have not yet begun to commercialize on our own. The rest of our portfolio consists of product candidates, some of which we are co-developing, in the early stages of clinical development and preclinical programs. Although we have generated limited revenue from product sales from our only product approved by regulatory authorities, Lumoxiti, we do not expect to have any other significant product sales or related revenue unless our additional product candidates or any future product candidates are approved for sale and successfully commercialized. Accordingly, our ability to predict our future operating results or business prospects is more limited than if we had a longer history of approved products on the market or later-stage clinical product candidates. Although Lumoxiti has been approved by the U.S. Food and Drug Administration, or the FDA, it has only been marketed for a short period of time and, to date, AstraZeneca has been responsible for its commercialization.

Aside from our acquisition of Lumoxiti, our operations to date have been limited to developing our product candidates and undertaking preclinical studies and clinical trials of our product candidates, including monalizumab, through our partnership with AstraZeneca, IPH4102 and IPH5401, our most advanced product candidates. The success in development of our current and future product candidates by us or our collaborators will depend on many factors, including:

• obtaining positive results in clinical trials including by demonstrating efficacy, safety and durability of effect of such product candidates;
• completing preclinical studies and receiving regulatory approvals or clearance for conducting clinical trials for our preclinical programs;
• receiving and maintaining approvals for commercialization of such product candidates from regulatory authorities;
• manufacturing or overseeing the manufacturing of our product candidates in acceptable quantities and at an acceptable cost;
• negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter, and performing our obligations pursuant to such arrangements;

• maintaining, protecting, enforcing and expanding our portfolio of intellectual property rights, including patents, trade secrets and know-how;

• avoiding and defending against third-party interference, infringement or other intellectual property claims; and

• maintaining and growing an organization of scientists, medical professionals, marketing, distribution and sales personnel and executives who can develop our product candidates and commercialize any approved products.

In addition, if we are unable to reduce our dependence on Lumoxiti and our current clinical and preclinical product candidates, either by in-licensing or acquiring new product candidates, developing our other product candidates or discovering new product candidates, we may be similarly adversely affected.

We will become fully responsible for the commercialization of Lumoxiti by mid-2020 but we currently have no sales, marketing or commercial product distribution organization and have no experience in marketing or managing the manufacturing of products.

We are a biopharmaceutical company with one commercial product, Lumoxiti, which we recently acquired and have not yet begun to commercialize on our own. AstraZeneca is currently responsible for all aspects of the commercialization and manufacturing of Lumoxiti in the United States, and we will begin transitioning these activities in the United States in the second half of 2019 and thereafter be fully responsible for its commercialization and manufacturing by mid-2020. We currently have no sales, marketing or commercial product distribution capabilities and have no experience in managing the manufacturing of or marketing products. We plan to develop in-house marketing and sales capabilities and infrastructure, which will require significant expenses, management resources and time. If we are able to achieve this goal, we will compete with other pharmaceutical and biotechnology companies to recruit, hire, train and retain marketing, sales and distribution personnel.

If we are unable or decide not to establish or expand internal sales, marketing and commercial distribution capabilities for Lumoxiti or any of the products we may develop, we will likely pursue contractual arrangements for the sale, marketing and distribution of such products. However, there can be no assurance that we will be able to establish or maintain such arrangements, and if we do, we may have little or no control over the sales, marketing and commercial distribution efforts of such third parties. Any revenue we receive will depend upon the efforts of these third parties, and their efforts may not be successful. Our revenue from product sales may be lower than if we had commercialized Lumoxiti or any future product candidates we may develop, if approved, ourselves. We will also face competition in our search for third parties to assist us with the sales, marketing and distribution efforts of Lumoxiti or any of our product candidates that receive regulatory approval.

There can be no assurance that we will be able to develop in-house sales and commercial distribution capabilities or establish or maintain relationships with third-party partners to successfully commercialize any product in the United States, Europe or elsewhere and, as a result, we may not be able to generate product revenue.

If we are unable to establish sales, marketing and distribution capabilities for Lumoxiti on a timely basis, we may not be successful in commercializing Lumoxiti.

We do not have a sales, marketing or distribution infrastructure and have no experience in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any approved product, including our approved product, Lumoxiti, we must either develop a sales and marketing organization or
outsource these functions to third parties. Lumoxiti has only been commercially available for a very short period of time and, to date, the responsibilities of commercialization have been handled by AstraZeneca. We will begin transitioning activities in the United States in the second half of 2019 and thereafter be fully responsible for its commercialization by mid-2020. We plan to use a combination of focused in-house sales and marketing capabilities and third-party collaboration, licensing and distribution arrangements to sell any of our products that receive marketing approval.

The development of sales, marketing and distribution capabilities will require substantial resources, will be time-consuming, could delay the continued commercialization of Lumoxiti and could delay any other potential product launch. If the commercial launch of a product for which we recruit a sales force and establish marketing and distribution capabilities is delayed or does not occur for any reason, we could have prematurely or unnecessarily incurred these commercialization costs. This may be costly, and our investment could be lost if we cannot retain or reposition our sales and marketing personnel. In addition, we may not be able to hire or retain a sales force that is sufficient in size or has adequate expertise in the medical markets that we plan to target. If we are unable to establish or retain a sales force and marketing and distribution capabilities, our operating results may be adversely affected. If a potential partner has development or commercialization expertise that we believe is particularly relevant to one of our product candidates, we may seek to collaborate with that potential partner even if we believe we could otherwise develop and commercialize the product independently.

The scientific evidence to support the feasibility of developing product candidates is both preliminary and limited.

Our innovative approach to immuno-oncology aims to activate both the innate and adaptive immune systems against abnormal or cancerous cells and restore the body’s ability to disrupt their proliferation, potentially leading to durable responses in patients. This approach is focused on developing checkpoint inhibitors, tumor-targeting antibodies and antibodies that affect the tumor microenvironment, and several of our product candidates rely on novel mechanisms of action for which we have limited scientific evidence and preclinical and clinical data.

We may not ultimately be able to provide the FDA, European Medicines Agency, or EMA, or other regulatory authorities with substantial clinical evidence to support a claim of efficacy and durability of response to enable the applicable regulators to approve our product candidates for any indication. This may occur because later clinical trials fail to reproduce favorable data obtained in earlier clinical trials, because the applicable regulator disagrees with how we interpret the data from these clinical trials or because the applicable regulator does not accept these therapeutic effects as valid endpoints in pivotal clinical trials that are sufficient to grant marketing approval. Additionally, because product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and earlier clinical trials our collaborators in earlier stages of clinical trials may eventually choose to discontinue later stage trials. For example, following initial promising results assessing the safety and efficacy of our product candidate lirilumab for the treatment of various cancer indications, our collaborator decided not to continue development after receiving Phase II clinical trial data.

In addition to the safety and efficacy traits of any product candidate, clinical trial failures may result from a multitude of factors including flaws in trial design, dose selection, placebo effect and patient enrollment criteria. A number of companies in the pharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials, and it is possible that we will as well. Based upon negative or inconclusive results, we or our collaborators may decide, or regulators may require us, to conduct additional clinical trials or preclinical studies. In addition, data obtained from trials and studies are susceptible to varying interpretations, and regulators may not interpret our data as favorably as we do, which may delay, limit or prevent regulatory approval.

We will also need to demonstrate that our product candidates are safe and well tolerated. We do not have significant data on possible harmful long-term effects of our product candidates and do not expect to have this
data in the near future. As a result, our ability to generate clinical safety and efficacy data sufficient to support submission of a marketing application or commercialization of our product candidates is uncertain and is subject to significant risk.

**We intend to develop monalizumab, IPH5401 and other product candidates in combination with other therapies, which exposes us to additional risks.**

We are currently developing monalizumab and IPH5401, and may develop other product candidates, in combination with one or more currently approved cancer therapies. Specifically, with AstraZeneca, we are currently evaluating monalizumab in an ongoing open-label Phase Ib/II trial in combination with cetuximab, an epidermal growth factor receptor, or EGFR, inhibitor. AstraZeneca is also currently evaluating monalizumab in ongoing Phase I and II trials in combination with durvalumab, an anti-PD-L1 immune checkpoint inhibitor. Additionally, we are currently conducting a Phase I clinical trial of IPH5401 in combination with durvalumab, initially in patients with select advanced solid tumors. Patients may not be able to tolerate our product candidates in combination with other therapies. Even if any product candidate we develop were to receive marketing approval or be commercialized for use in combination with other existing therapies, we would continue to be subject to the risks that the FDA, EMA or other comparable foreign regulatory authorities could revoke approval of the therapy used in combination with our product candidate or that safety, efficacy, manufacturing or supply issues could arise with these existing therapies. Combination therapies are commonly used for the treatment of cancer, and we would be subject to similar risks if we develop any of our product candidates for use in combination with other therapies or for indications other than cancer. This could result in our own products, if approved, being removed from the market or being less successful commercially.

We may also evaluate monalizumab, IPH5401 or any other future product candidates in combination with one or more other cancer therapies that have not yet been approved for marketing by the FDA, EMA or comparable foreign regulatory authorities. We will not be able to market and sell monalizumab, IPH5401 or any other product candidate we develop in combination with any such unapproved cancer therapies that do not ultimately obtain marketing approval.

If the FDA, EMA or other comparable foreign regulatory authorities do not approve, revoke their approval of, or if safety, efficacy, manufacturing or supply issues arise with, the products or product candidates we choose to evaluate in combination with monalizumab, IPH5401 or any other product candidate we develop in combination with any such unapproved cancer therapies that do not ultimately obtain marketing approval.

**We and our collaborators rely on third parties to conduct some of our preclinical studies and clinical trials and perform other clinical development tasks. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or comply with regulatory requirements, it may not be possible to obtain regulatory approval for, or commercialize, our product candidates and our business could be substantially harmed.**

We have relied upon and plan to continue to rely upon third parties to conduct clinical trials of our product candidates or product candidates that we have licensed to them. For example, under our license and collaboration agreements with AstraZeneca, AstraZeneca is responsible for a number of clinical trials relating to monalizumab and IPH5201, which are subject to such agreements. In addition, we and our collaborators are responsible for and are supporting several clinical trials that are sponsored by academic or research institutions, known as investigator-sponsored trials. By definition, the financing, design and conduct of an investigator-sponsored trial are the sole responsibility of the sponsor, and we or our collaborators, as applicable, have limited control over these aspects of these clinical trials, or the timing and reporting of the data from these trials. We and our collaborators also depend on independent clinical investigators and Contract Research Organizations, or CROs, to conduct clinical trials. CROs may also assist in the collection and analysis of data. There are a limited number of CROs that have the expertise to run clinical trials of our product candidates. Identifying, qualifying and managing performance of third-party service providers can be difficult and time consuming and can cause delays...
in our development programs. These investigators and CROs are not our employees and we are not able to control, other than by contract, the amount of resources, including the amount of time, that they devote to our product candidates and clinical trials. If the investigators sponsoring trials of our product candidates, independent investigators participating in clinical trials that we or our collaborators are sponsoring or CROs fail to devote sufficient resources to our clinical trials and development of our product candidates or product candidates we have licensed to others, or if their performance is substandard, it may delay or compromise the prospects for approval and commercialization of any product candidates that we or our collaborators develop. In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk that this information will be misappropriated, and we may not be able to obtain adequate remedies for such disclosure or misappropriation. Further, the FDA, EMA and other regulatory authorities require that we comply with standards, commonly referred to as current Good Clinical Practice, or cGCP, and other local legal requirements, including data privacy regulations, for conducting, recording and reporting clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of clinical trial subjects are protected. If clinical investigators or CROs fail to meet their obligations to us or comply with cGCP procedures or other applicable legal requirements, the data generated in these trials may be deemed unreliable and the FDA, EMA or comparable foreign regulatory authorities may require us to perform additional trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that all of our clinical trials comply with cGCP regulations.

In addition, our clinical trials must be conducted with product produced under current Good Manufacturing Practice, or cGMP, regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process. If clinical investigators or CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our protocol or regulatory requirements, or for other reasons, our clinical trials or those of our collaborators may be extended, delayed or terminated, and we or our collaborators may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenue could be delayed.

We are heavily dependent on the success of our current clinical-stage product candidates and we cannot be certain that we or our collaborators will be able to obtain regulatory approval for, or successfully commercialize, these product candidates.

Our business and future success depend on receiving regulatory approval for, and the commercial success of, our proprietary and partnered product candidates. We have agreements with AstraZeneca with respect to the advanced development, clinical trial collaboration and potential future registration and marketing of several of our product candidates, including monalizumab and IPH5201, and with Sanofi for the research and development of IPH61. Our near-term prospects depend heavily on AstraZeneca’s successful clinical development and commercialization of monalizumab as well as the successful clinical development of our other product candidates. The clinical success of these product candidates will depend on a number of factors, including the ability and willingness of AstraZeneca and our other collaborators to complete ongoing clinical trials for monalizumab, our ability to complete the clinical trials for which we are responsible, and the safety, tolerability and efficacy of our product candidates.

We may not be successful in our efforts to develop additional products that receive regulatory approval and are successfully commercialized.

Other than our commercial product, Lumoxiti, our pipeline consists of various product candidates at different phases of preclinical and clinical development. The development of a product candidate is a long, costly and uncertain process, aimed at demonstrating the therapeutic benefit of a product candidate that competes with
existing products or those being developed. There is no guarantee that we or our collaborators will be able to
demonstrate a sufficient degree of clinical efficacy or safety of one or more of our proprietary or licensed product
candidates in order to gain regulatory approval or to become commercially viable. The degree of uncertainty
associated with clinical development and the risks associated with developing new product candidates may make
it difficult to evaluate our current business and our future prospects.

We intend to continue to develop our product candidates that are currently in clinical trials, including
monalizumab, IPH4102 and IPH5401. Monalizumab is currently being investigated in multiple Phase I and
Phase II clinical trials under a co-development agreement with AstraZeneca. IPH4102 is currently being
investigated in an open-label, multi-cohort Phase II clinical trial. IPH5401 is currently being evaluated in Phase I
and Phase II clinical trials. While we believe that we will eventually have the in-house capabilities to complete
the development of monalizumab, IPH4102 and IPH5401, we have not yet completed the clinical trials for these
or other product candidates, and there can be no assurance that these or other product candidates will gain
regulatory approval or become commercially viable.

Delays in the preclinical development of a product candidate could lead to delays in initiating its clinical
development. A failure in the preclinical development of a product candidate could lead to abandoning its
development. Further delays or failures at the various clinical stages for a given indication could result in delay
or halt the development of the product candidate in such indication or in other indications. Moreover,
disappointing results during the initial phases of development are often not a sufficient basis for deciding whether
or not to continue a project. At these early stages, sample sizes, the duration of studies and the parameters
examined may not be sufficient to enable a definitive conclusion to be drawn, in which case further
investigations are required. Conversely, promising results during the initial phases, and even after advanced
clinical trials have been conducted, do not guarantee that a product candidate or an approved drug, such as
Lumoxiti, will be successfully commercialized and marketed.

The risks related to the failure of a product candidate’s development are highly related to the stage of
maturity of the product candidate. Given the relatively early stage of the product candidates in our pipeline, there
is a substantial risk that some or all of our product candidates will not obtain regulatory approval or be
commercialized, which would have an adverse impact on our business, prospects, financial condition and results
of operations.

We may not be successful in our efforts to identify, discover or develop additional product candidates.

We are seeking to develop a broad and innovative pipeline of product candidates in addition to
monalizumab, IPH4102 and IPH5401. We may not be successful in identifying additional product candidates for
clinical development for a number of reasons. For example, our research methodology may be unsuccessful in
identifying potential product candidates or the potential product candidates we identify may have harmful side
effects, lack of efficacy or other characteristics that make them unmarketable or unlikely to receive regulatory
approval.

Research programs to pursue the development of our product candidates for additional indications and to
identify new product candidates and disease targets require substantial technical, financial and human resources.
Our research programs may initially show promise in identifying potential indications or product candidates, yet
fail to yield results for clinical development for a number of reasons, including:

- the research methodology used may not be successful in identifying potential indications or product
candidates;
- potential product candidates may, after further study, be shown to have harmful adverse effects or other
characteristics that indicate they are unlikely to be effective drugs; or
- it may take greater human and financial resources to identify additional therapeutic opportunities for our
product candidates or to develop suitable potential product candidates through internal research programs
than we will possess, thereby limiting our ability to diversify and expand our product portfolio.
Accordingly, there can be no assurance that we will ever be able to identify additional indications for our product candidates or to identify and develop new product candidates through internal research programs. We may focus our efforts and resources on potential product candidates or other potential programs that ultimately prove to be unsuccessful.

**We may encounter substantial delays in our clinical trials, or may be unable to conduct our clinical trials on the timelines we expect.**

Clinical testing is expensive, time consuming, and subject to uncertainty. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. A failure of one or more clinical trials can occur at any stage of testing, and our future clinical studies may not be successful. Events that may prevent successful or timely completion of clinical development include:

- inability to generate sufficient preclinical, toxicology, or other in vivo or in vitro data to support the initiation of clinical trials;
- delays or failure in reaching a consensus with regulatory agencies on clinical trial design;
- delays in reaching agreement on acceptable terms with prospective CROs and investigational sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and investigational sites;
- imposition of a temporary or permanent clinical hold by regulatory agencies, including as a result of a new safety finding that presents unreasonable risk to clinical trial participants, a negative finding from an inspection of our clinical trial operations or investigational sites, developments in trials conducted by competitors for related technology that raise regulators’ concerns about risk to patients of the technology broadly or if a regulatory body finds that the investigational protocol or plan is clearly deficient to meet its stated objectives;
- delays in recruiting suitable patients to participate in our clinical trials;
- difficulty collaborating with patient groups and investigators;
- failure by us, our CROs or other third parties, including our collaborators, to adhere to clinical trial requirements;
- delays in having patients complete participation in a clinical trial or return for post-treatment follow-up;
- patients withdrawing from a clinical trial;
- occurrence of adverse events associated with a product candidate that are viewed to outweigh its potential benefits;
- changes in regulatory requirements and guidance that require amending or submitting new clinical trial protocols;
- regulatory feedback requiring us to amend the protocols of ongoing clinical trials in response to safety considerations, as we have previously been required to;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional clinical trials;
- the cost of clinical trials of our product candidates being greater than we anticipate;
- clinical trials of our product candidates producing negative or inconclusive results, which may result in our deciding, or regulators requiring us, to conduct additional clinical trials or abandon product development programs;
- transfer of manufacturing processes to larger-scale facilities operated by either a contract manufacturing organization, or CMO, or by us, and delays or failure by our CMOs or us to make any necessary changes to such manufacturing process; and
• batch recalls, recalls of manufactured product candidates or delays in manufacturing, testing, releasing, validating, or importing or exporting sufficient stable quantities of our product candidates for use in clinical trials or the inability to do any of the foregoing.

Any inability to successfully complete preclinical and clinical development could result in additional costs to us or impair our ability to generate revenue. In addition, if we make manufacturing or formulation changes to our product candidates, we may be required to or we may elect to conduct additional studies to bridge our modified product candidates to earlier versions. Clinical study delays could also shorten any periods during which our products have patent protection and may allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

**Lumoxiti or our product candidates in development may cause undesirable side effects or have other properties that could halt or delay their clinical development, prevent their regulatory approval, limit their commercialization or result in other negative consequences.**

Use of our approved product, Lumoxiti, or our product candidates in development could be associated with side effects or adverse events which can vary in severity and in frequency. Undesirable side effects or unacceptable toxicities caused by our products or product candidates could cause us or regulatory authorities to interrupt, delay, or halt clinical trials. The FDA or European regulatory authorities could delay or deny approval of our product candidates for any or all targeted indications and negative side effects could result in a more restrictive label for any drug that is approved. Side effects such as toxicity or other safety issues associated with the use of our product candidates could also require us or our collaborators to perform additional studies or halt development of product candidates or sale of approved products.

Treatment-related side effects could also affect patient recruitment or the ability of enrolled subjects to complete the trial, or could result in potential product liability claims. In addition, these side effects may not be appropriately or timely recognized or managed by the treating medical staff, as toxicities resulting from immunotherapy are not normally encountered in the general patient population and by medical personnel. Inadequate training in recognizing or managing the potential side effects of our product candidates or our approved product, Lumoxiti, could result in adverse effects to patients, including death. Any of these occurrences may have an adverse impact on our business, prospects, financial condition and results of operations.

**We face substantial competition from companies with significantly greater resources and experience.**

The biotechnology and pharmaceutical market, and notably the immuno-oncology field, is characterized by rapidly advancing technologies, products protected by intellectual property rights and intense competition and is subject to significant and rapid change as researchers learn more about diseases and develop new technologies and treatments. We face potential competition from many different sources, including major pharmaceutical companies, specialty pharmaceutical and biotechnology companies, academic institutions and governmental agencies and public and private research institutions. Any product candidates that we or our collaborators successfully develop will compete with existing therapies and new therapies that may become available in the future. If competing products are marketed before ours, or at lower prices, or cover a wider therapeutic spectrum, or if they prove to be more effective or better tolerated, our business, prospects, financial condition and results of operations could be affected.

Many of our competitors who are developing immuno-oncology and anti-cancer therapies have considerably greater resources and experience in research, access to patients for clinical trials, drug development, finance, manufacturing, marketing, technology and personnel than we do. In particular, large pharmaceutical companies have substantially more experience than we do in conducting clinical trials and obtaining regulatory authorizations. Mergers and acquisitions in the pharmaceutical, biotechnology and diagnostic industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-
stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors are also likely to compete with us to recruit and retain scientific and management personnel, acquire rights for promising product candidates and other complementary technologies, establish clinical trial sites and patient registration for clinical trials and acquire technologies complementary to, or necessary for, our programs, as well as to enter into collaborations with partners who have access to innovative technologies. If we cannot successfully compete with new or existing products, our marketing and sales will suffer and we may never be profitable. Should any of these risks materialize, our business, prospects, financial condition and results of operations may be adversely affected.

We cannot guarantee that our product candidates or our approved product, Lumoxiti, will:

• obtain regulatory authorizations or become commercially available before those of our competitors;

• remain competitive in the face of other products developed by our competitors, which may prove to be safer, are more effective, have fewer or less severe side effects, are more convenient, have a broader label, have more robust intellectual property protection or are less expensive;

• remain competitive in the face of products of competitors that are more efficient in their manufacturing or more effective in their marketing; and

• not become obsolete or unprofitable due to technological progress or other therapies developed by our competitors.

In addition, while our approved product and any future product candidates that are approved may compete with many existing drugs or other therapies, to the extent they are solely used in combination with these therapies, our product candidates will not be competitive with such therapies but any sales of such products could be limited to sales of the combination therapy. In this case, we would be exposed to the same competitive risks as the product used in combination with our product, such as a product that is marketed before the combination therapy, has lower prices, covers a wider therapeutic spectrum or proves to be more effective or better tolerated. For additional information regarding competition to our business see “Business—Competition.”

We depend on enrollment of patients in our clinical trials for our product candidates.

Successful and timely completion of clinical trials will require that we or our subcontractors enroll a sufficient number of suitable patients. Clinical trials may be subject to delays as a result of patient enrollment taking longer than anticipated or patient withdrawal. Patient enrollment depends on many factors, including the size and nature of the patient population, eligibility criteria for the trial, the proximity of patients to clinical sites, the design of the clinical protocol, the availability of competing clinical trials, the availability of new drugs approved for the indication the clinical trial is investigating, and clinicians’ and patients’ perceptions as to the potential advantages of the drug being studied in relation to other available therapies. For example, we are developing IPH4102 for the treatment of cutaneous T-cell lymphoma, or CTCL. CTCL is an orphan disease, which means that the potential patient population is limited. In addition, there are several other product candidates potentially in development for the indications for which we are developing product candidates, and we may compete for patients with the sponsors of trials for those drugs. These factors may make it difficult for us to enroll enough patients to complete our clinical trials in a timely and cost-effective manner. Delays in the completion of any clinical trial of any of our product candidates will increase our costs, slow down our product candidate development and approval process and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, some of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the inability to obtain regulatory approval of our product candidates.
Coverage and reimbursement may be limited or unavailable in certain market segments for our approved product, Lumoxiti, and product candidates, if approved, which could make it difficult for us to sell our product or product candidates profitably.

Successful sales of Lumoxiti and our product candidates, if approved, will depend, in part, on the availability of adequate coverage and reimbursement from government authorities and third-party payors, such as private health insurers and health maintenance organizations. Patients who are provided medical treatment for their conditions generally rely on third-party payors to reimburse all or part of the costs associated with their treatment. Adequate coverage and reimbursement from governmental healthcare programs, such as Medicare and Medicaid in the United States or the Social Security in France, and commercial payors are critical to new product acceptance.

Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which drugs and treatments they will cover and the amount of reimbursement. Coverage and reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor’s determination that use of a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

Policies for coverage and reimbursement for products vary among third-party payors. No uniform policy of coverage and reimbursement for products exists among third-party payors, and third-party payors are increasingly challenging the price, examining the medical necessity, and reviewing the cost-effectiveness of approved drugs and medical services, in addition to questioning their safety and efficacy. As a result, obtaining coverage and reimbursement approval of a product from a government or other third-party payor is a time-consuming and costly process that could require us or our partners to provide to each payor supporting scientific, clinical and cost-effectiveness data for the use of our products on a payor-by-payor basis, with no assurance that coverage and adequate reimbursement will be obtained. Coverage decisions may depend upon clinical and economic standards that disfavor new drug products when more established or lower cost therapeutic alternatives are already available or subsequently become available. Even if we obtain coverage for a given product, the resulting reimbursement payment rates might not be adequate for us to achieve or sustain profitability or may require co-payments that patients find unacceptably high. Additionally, third-party payors may not cover, or provide adequate reimbursement for, long-term follow-up evaluations required following the use of our product candidates or approved products.

Because our product candidates and our approved product, Lumoxiti, represent new approaches to the treatment of cancer and accordingly, may have a higher cost than conventional therapies and may require long-term follow-up evaluations, the risk that coverage and reimbursement rates may be inadequate for us to achieve profitability may be elevated. There are currently a limited number of immunotherapy products that are designed to treat cancer on the market and, accordingly, there is less experience or precedent for the reimbursement of such treatments by governmental entities or third-party payors.

Government restrictions on pricing and reimbursement and other healthcare cost-containment initiatives may negatively affect our ability to generate revenues for Lumoxiti and other product candidates for which we obtain regulatory approval.

Government authorities and other third-party payors are developing increasingly sophisticated methods of controlling healthcare costs, including by limiting coverage and the amount of reimbursement for particular
medications. Increasingly, third-party payors are requiring that pharmaceutical and biotechnology companies provide them with predetermined discounts from list prices as a condition of coverage, are using restrictive formularies and preferred drug lists to leverage greater discounts in competitive classes and are challenging the prices charged for medical products.

In the United States, the European Union and other foreign jurisdictions, there have been a number of legislative and regulatory changes to the healthcare system that could affect our or our partners’ ability to sell our products profitably. By way of example, in the United States, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, which we collectively refer to as the ACA, was enacted in March 2010 and is having a significant impact on the provision of, and payment for, healthcare in the United States. The ACA was intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for the healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms.

Among the provisions of the ACA of importance to our product candidates are:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents, apportioned among these entities according to their market share in certain government healthcare programs;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program to 23.1% and 13.0% of the average manufacturer price for branded and generic drugs, respectively;
- a new Medicare Part D coverage gap discount program, in which manufacturers must now agree to offer 70% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for a manufacturer’s outpatient drugs to be covered under Medicare Part D;
- extension of a manufacturer’s Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations;
- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals and by adding new mandatory eligibility categories for certain individuals with income at or below 133% of the federal poverty level, thereby potentially increasing a manufacturer’s Medicaid rebate liability;
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program; and
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research.

There have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the Trump administration to repeal and replace certain aspects of the ACA, and we expect such challenges to continue. Since January 2017, President Trump has signed two executive orders designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have been signed into law. The Tax Cuts and Jobs Act of 2017 includes a provision that repealed, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the “individual mandate.” Additionally, on January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the
implementation of certain fees mandated by the ACA, including the so-called “Cadillac” tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. Further, the Bipartisan Budget Act of 2018, or the BBA, among other things, amended the ACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans, commonly referred to as the “donut hole.” In July and December 2018, CMS published final rules with respect to permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under its risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a Texas U.S. District Court Judge ruled that the ACA is unconstitutional in its entirety because the “individual mandate” was repealed by the U.S. Congress as part of the Tax Cuts and Jobs Act of 2017 Act. While the Texas U.S. District Court Judge, as well as the Trump administration and CMS, have stated that the ruling will have no immediate effect pending appeal of the decision, it is unclear how this decision, subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA.

Other legislative changes have been proposed and adopted since the ACA was enacted. These changes include aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect in April 2013 and will remain in effect through 2027 unless additional Congressional action is taken. Both the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012, or ATRA, further reduced Medicare payments to several providers and the ATRA increased the statute of limitations period for the government to recover overpayments to providers from three to five years. Additional legislative proposals to reform healthcare and government insurance programs, along with the trend toward managed healthcare in the United States, could influence the purchase of medicines and reduce demand and prices for our product candidates, if approved. This could harm our or our partners’ ability to market any drugs and generate revenues. Cost containment measures that healthcare payors and providers are instituting and the effect of further healthcare reform could significantly reduce potential revenues from the sale of any of our product candidates approved in the future, and could cause an increase in our compliance, manufacturing, or other operating expenses.

In addition, in the United States, federal programs impose penalties on drug manufacturers in the form of mandatory additional rebates and/or discounts if commercial prices increase at a rate greater than the U.S. Bureau of Labor Statistics consumer price index, and these rebates or discounts, which can be substantial, may affect our ability to raise commercial prices.

Further, there has been increasing legislative and enforcement interest in the United States with respect to drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the cost of drugs under Medicare, and reform government program reimbursement methodologies for drugs. At the federal level, the Trump administration’s budget proposals for fiscal years 2019 and 2020 contain further drug price control measures that could be enacted during the budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid and to eliminate cost sharing for generic drugs for low-income patients. The Trump administration also released a “Blueprint” to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug products paid by consumers. For example, in May 2019, CMS issued a final rule to allow Medicare Advantage Plans the option of using step therapy for Part B drugs beginning January 1, 2020. This final rule codified CMS’s policy change that was effective January 1, 2019. The U.S. Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures are increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.
In some countries, the proposed pricing for a biopharmaceutical product must be approved before it may be lawfully marketed. In addition, in certain foreign markets, the pricing of biopharmaceutical product is subject to government control and reimbursement may in some cases be unavailable. The requirements governing drug pricing vary widely from country to country. For example, the European Union provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. An EU member state may approve a specific price for the medicinal product, it may refuse to reimburse a product at the price set by the manufacturer or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. There can be no assurance that any country that has price controls or reimbursement limitations for biopharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products. Historically, biopharmaceutical products launched in the European Union do not follow price structures of the United States and generally tend to have significantly lower prices.

We believe that pricing pressures will continue and may increase, which may make it difficult for us to sell Lumoxiti or any of our product candidates that may be approved in the future at a price acceptable to us or any of our existing or future collaborators.

**Lumoxiti and any of our other product candidates, if approved and commercialized, may fail to achieve market acceptance by physicians, patients, third-party payors or the medical community to a degree that is necessary for commercial success.**

Even if the medical community accepts a product as safe and efficacious for its indicated use, physicians may choose to restrict the use of the product if we are unable to demonstrate that, based on experience, clinical data, side-effect profiles and other factors, our drug is preferable to any existing drugs or treatments. We cannot predict the degree of market acceptance of Lumoxiti or any product candidate that receives marketing authorization, which will depend on a number of factors, including, but not limited to:

- the demonstration of the clinical efficacy and safety of the drug;
- the approved labeling for the drug and any required warnings;
- prevalence and severity of adverse side effects;
- the advantages and disadvantages of the drug compared to alternative treatments;
- ease of the drug’s use;
- our ability to educate the medical community about the safety and effectiveness of the drug;
- the scope of any approval provided by the FDA or foreign regulatory authorities;
- publicity about our product or about competitive products;
- the coverage and reimbursement policies of government and commercial third-party payors pertaining to the drug; and
- the market price of our drugs relative to competing treatments.

Poor market penetration could have an adverse effect on our business, prospects, financial condition and results of operations.

**Even if some of our other product candidates receive marketing authorization, the terms of such approval, ongoing regulation and potential post-marketing restrictions or withdrawal from the market may limit how the drug may be marketed and may subject us to penalties for failure to comply with regulatory requirements, which could impair our ability to generate revenues.**

Even if any of our other product candidates receives marketing authorization, such approval may carry conditions that limit the market for the drug or put the drug at a competitive disadvantage relative to alternative
therapies. Regulators may limit the marketing of products to particular indications or patient populations. Regulators may require warning labels and drugs with warnings are subject to more restrictive marketing regulations than drugs without such warnings. These restrictions could make it more difficult to market any drug effectively. Marketing restrictions may reduce the revenue that we are able to obtain.

Any of our product candidates for which we obtain marketing authorization, and the manufacturing processes, post-approval studies and measures, labeling, advertising and promotional activities for such products, among other things, will be subject to continual requirements of and review by the FDA, EMA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping. Even if marketing authorization of a product candidate is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, including the FDA requirement to implement a risk evaluation and mitigation strategy to ensure that the benefits of a drug or biological product outweigh its risks.

The FDA, EMA and other national authorities may also impose requirements for costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of a product, such as long-term observational studies on natural exposure. The FDA and other agencies, including the U.S. Department of Justice, closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are manufactured, marketed and distributed only for the approved indications and in accordance with the provisions of the approved labeling. Later discovery of previously unknown problems with our product candidates or with manufacturing processes, including adverse events of unanticipated severity or frequency, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks, or the imposition of distribution or other restrictions including suspension of production and/or distribution and withdrawal of regulatory approvals. Failure to comply with these requirements may lead to financial penalties, compliance expenditures, total or partial suspension of production and/or distribution, product seizure or detention, refusal to permit the import or export of products, suspension of the applicable regulator’s review of a company’s submissions, enforcement actions, product recalls, injunctions and even criminal prosecution, any of which could materially and adversely affect our business, financial condition and results of operations.

*We are exposed to a number of regulatory and commercial risks relating to the United Kingdom’s potential exit from the European Union.*

In June 2016, a majority of the eligible members of the electorate in the U.K. voted to withdraw from the European Union in a national referendum, commonly referred to as “Brexit.” Pursuant to Article 50 of the Treaty on European Union, the U.K. will cease to be an EU Member State either on the effective date of a withdrawal agreement (entry into such a withdrawal agreement will require approval of the U.K. Parliament (“Parliament”)) or, failing that, two years following the U.K.’s notification of its intention to leave the EU (the “Brexit Date”), unless the European Council (together with the U.K.) unanimously decides to extend the two year period. On March 29, 2017, the U.K. formally notified the European Council of its intention to leave the EU. It is unclear how long it will take to negotiate a withdrawal agreement, but it appears likely that Brexit will continue to involve a process of lengthy negotiations between the U.K. and EU Member States to determine the future terms of the U.K.’s relationship with the EU. For example, in March 2018, the U.K. reached a provisional agreement (the “Withdrawal Agreement”) with the EU on transitional arrangements following Brexit (which are intended to enable the U.K. to remain within the EU single market and customs union for a transitional period through 2020), but this Withdrawal Agreement was not approved by Parliament (despite three votes being held to approve it). Given that no formal withdrawal arrangements have been agreed, there have been several extensions to the Brexit Date and the U.K. has yet to formally leave the EU. On April 11, 2019, the EU granted the U.K. a further extension to the Brexit Date until October 31, 2019.

The current U.K. Prime Minister, Boris Johnson, has stated that he is prepared to allow the U.K. to leave the EU with no formal withdrawal agreements in place (a “No-Deal Brexit”) if no agreement is reached with the EU
by October 31, 2019. On September 9, 2019, a bill (known as the “Benn-Bill”) received royal assent, compelling the U.K. Prime Minister to request from the EU an extension to the Brexit Date to January 31, 2020, if no formal withdrawal agreement has been agreed with the EU by October 19, 2019. In order to circumvent the attempt by Parliament to block a No-Deal Brexit, the U.K. Government put forward a motion to hold a general election on October 15, 2019 (which, if re-elected, would allow the current U.K. Prime Minister to repeal the legislation blocking a No-Deal Brexit). However, this motion was rejected by Parliament on September 4, 2019 and again on September 9, 2019. On September 10, 2019, Parliament was prorogued, or suspended, by order of the U.K. Government. The prorogation of Parliament until October 14, 2019 means that a general election will not be possible until late November 2019 at the earliest. The U.K. Government is currently examining ways in which to permit a No-Deal Brexit, notwithstanding the recently enacted legislation to prevent it.

Our clinical trials in the U.K. are subject to the UK Medicines and Healthcare Products Regulatory Agency, or MHRA and EMA regulations. If the U.K. proceeds to leave the EU without any formal withdrawal arrangements, there could be considerable uncertainty as to the continued applicability of such regulations in the U.K. We are currently conducting clinical trials of IPH4102 in the U.K. and we cannot be certain such trials will not be affected if the U.K. leaves the EU without any formal withdrawal arrangements. IPH4102 received an orphan drug designation in the EU, which provides for an exclusive 10-year marketing period during which no similar product may apply for a marketing authorization in the EU for the same indication, as well as an exemption from regulatory fees and other advantages. We may lose this designation and benefits for IPH4102 in the U.K. in the event that the U.K. exits the EU without any formal withdrawal arrangements. Furthermore, if we obtain an MA in the EU, such authorization may not permit us to engage in commercial sales of our product candidates in the U.K. and we may not be able to obtain the required authorization from the U.K. regulator. If we are required to obtain additional authorizations in the U.K., we will incur additional costs to obtain such authorizations, which may be significant.

Risks Related to Our Financial Condition and Capital Requirements

We have incurred and may in the future incur significant operational losses related to our research and development activities.

We have incurred net losses in each year since our inception except for the years ended December 31, 2016 and 2018 and the six months ended June 30, 2019. Our net income (loss) was €3.0 million and €(48.4) million for the years ended December 31, 2018 and 2017, respectively, and €13.2 million and €(15.1) million for the six months ended June 30, 2019 and 2018, respectively. Substantially all of our net losses resulted from costs incurred in connection with our development programs and from general and administrative expenses associated with our ongoing operations. We expect to incur significant expenses and operating losses for the foreseeable future.

We currently only have one product, Lumoxiti, that has received regulatory approval for sale or has generated revenues from commercial sales, and none of our other product candidates have received regulatory approval. Unless this happens, the likelihood and amount of our future operational losses will depend, in part, on the commercialization of our approved product, Lumoxiti, the pace and amount of our future expenditures and our ability to obtain funding through milestone or royalty payments under our license and collaboration agreements, equity or debt financings, strategic collaborations and government grants and tax credits. We expect that our main source of income for the near- and medium-term will be:

• revenue from the commercialization of Lumoxiti;
• payments received under our license and collaboration agreements with third parties, including AstraZeneca and Sanofi; and
• government grants and research tax credits.

The interruption of one of those sources of income could have a material adverse effect on our business, prospects, financial condition and results of operations.
Our ability to be profitable in the future will depend on our ability to generate revenue from sales relating to our sole commercial product, Lumoxiti, and other product candidates, if approved, and our ability to obtain regulatory approval for marketing our product candidates. If our product candidates receive regulatory approval, our future revenues will depend upon the size of any markets in which our product candidates have received approval, and market acceptance, reimbursement from third-party payors and market share. Any of these factors could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may need to raise additional funding to complete the development and any commercialization of our product candidates, which may not be available on acceptable terms, or at all, and failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.

We are currently advancing our product candidates through preclinical and clinical development, and anticipate relying on partners less as we develop into a commercial stage biopharmaceutical company with research, development and commercial capabilities. We currently retain the full development and marketing rights to IPH4102 and IPH5401 and may retain rights to additional proprietary product candidates in the future. The development of immunotherapy product candidates is expensive, and we expect our research and development expenses to increase as we advance our product candidates through clinical trials and regulatory approvals. If clinical trials are successful and obtain regulatory approval for product candidates that we develop, we expect to incur commercialization expenses before these product candidates are marketed and sold.

We anticipate that our expenses will increase substantially if and as we:

- continue our research, preclinical and clinical development of our product candidates if our current collaboration partners cease their collaborations with us;
- expand the scope of our current clinical trials for our product candidates;
- initiate additional preclinical, clinical or other studies for our product candidates;
- further develop manufacturing processes for our product candidates;
- change or add additional manufacturers or suppliers;
- seek regulatory and marketing authorizations for our product candidates that successfully complete clinical studies;
- establish a sales, marketing and distribution infrastructure to commercialize Lumoxiti and any other products for which we may obtain marketing authorization;
- seek to identify and validate additional product candidates that may result in additional preclinical, clinical or other product studies;
- acquire or in-license other product candidates and technologies;
- make milestone or other payments under any in-license agreements;
- maintain, protect, defend and expand our intellectual property portfolio;
- attract and retain new and existing skilled personnel;
- create additional infrastructure to support our operations as a public company in the United States following the completion of this global offering; and
- experience any delays or encounter issues with any of the above.

As of June 30, 2019, we had cash, cash equivalents, short-term investments and non-current financial assets of €200.3 million. We believe our cash, cash equivalents, short-term investments and non-current financial assets, together with the net proceeds of the global offering and our cash flow from operations, will be sufficient to fund our operations for at least months.

However, in order to complete the development process, obtain regulatory approval and, if approved, commercialize our product candidates that we are developing in-house, including IPH4102 and IPH5401,
develop our proprietary technology and develop a pipeline of additional product candidates, we will require additional funding. Our existing resources and the net proceeds from the global offering may not be sufficient to cover any additional financing needs, in which case new funding would be required. The conditions and arrangements for such new financing would depend, among other factors, on economic and market conditions that are beyond our control.

Any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. Under French law, our share capital may be increased only with shareholders’ approval at an extraordinary general shareholders’ meeting on the basis of a report from the Executive Board. In addition, the French Commercial Code imposes certain limitations on our ability to price certain offerings of our share capital without preferential subscription rights (droit préférentiel de souscription), which limitation may prevent us from successfully completing any such offering. See “Description of Share Capital—Key Provisions of Our Bylaws and French Law Affecting Our Ordinary Shares.”

Moreover, the terms of any financing may adversely affect the holdings or the rights of our shareholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our ordinary shares or the ADSs to decline. The sale of additional equity or convertible securities would dilute our shareholders. We may seek funds through arrangements with collaborative partners or otherwise at an earlier stage of product development than otherwise would be desirable and we may be required to relinquish rights to some of our technologies or product candidates or otherwise agree to terms unfavorable to us, any of which may have a material adverse effect on our business, prospects, financial condition and results of operations.

If we need and are unable to obtain funding on a timely basis, we may be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of any product or product candidate or we may be unable to expand our operations or otherwise capitalize on our business opportunities as desired, which could impair our growth prospects. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

The terms of our loan agreement with Société Générale and certain other loan obligations place restrictions on our operating and financial flexibility.

In July 2017, we entered into a loan and security agreement with Société Générale (the “Loan Agreement”) in order to finance the construction of our future headquarters. The Loan Agreement is secured by collateral in the form of financial instruments valued at €15.2 million held at Société Générale. As of June 30, 2019, we had drawn down €1.3 million under the Loan Agreement, and we drew down an additional €13.9 million in August 2019. The Loan Agreement subjects us to a covenant to maintain a minimum balance of our total cash, cash equivalents and current and non-current financial assets as of each fiscal year end at least equal to the amount of outstanding principal under the Loan Agreement. Compliance with this covenant may limit our flexibility in operating our business and our ability to take actions that might be advantageous to us and our shareholders. For example, if we fail to meet our minimum cash covenant and we are unable to raise additional funds or obtain a waiver or other amendment to the Loan Agreement, we may be required to delay, limit, reduce or terminate certain of our clinical development efforts.

Additionally, we may be required to repay the entire amount of outstanding indebtedness under the Loan Agreement in cash if we fail to stay in compliance with our covenant or suffer some other event of default under the Loan Agreement. Under the Loan Agreement, an event of default will occur if, among other things, we fail to make payments under the Loan Agreement or we breach our covenant under the Loan Agreement. We may not have enough available cash or be able to raise additional funds through equity or debt financings to repay such indebtedness at the time any such event of default occurs. In that case, we may be required to delay, limit, reduce or terminate our clinical development efforts or grant to others rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves. Société Générale could also exercise
its rights as collateral agent to take possession and dispose of the collateral securing the loan for its benefit. Our business, financial condition and results of operations could be substantially harmed as a result of any of these events.

We are also subject to a €1.5 million PTZI loan (Prêt à Taux Zéro Innovation—interest-free loan for innovation) from Banque Publique d’Investissement, or BPI France, entered into in 2013. In addition, in 2008 we entered into a finance lease agreement with Sogebail, a subsidiary of Société Générale. The present value of all minimum lease payments under this agreement is €0.9 million at June 30, 2019. Our business, financial condition and results of operations could likewise be substantially harmed if, among other things, we fail to make payments under these agreements, or we breach any of our covenants under these agreements.

If we do not achieve our product development or commercialization objectives in the timeframes we expect, we may not receive product revenue, milestones or royalty payments and we may not be able to conduct our operations as planned.

We have received and expect to continue to receive payments from our collaborators when we satisfy certain pre-specified milestones in our licensing or collaboration agreements. We currently depend to a large degree on these milestone payments from our existing collaborators in order to fund our operations and we may enter into new collaboration agreements that also provide for milestone payments. For example, we have granted options to license or acquire intellectual property rights in certain of our programs to our collaborators which, if exercised, will result in up-front option exercise fees and, assuming we meet all specified development, clinical, regulatory and sales milestones, could result in substantial milestone payments. These milestone payments are generally dependent on the accomplishment of various scientific, clinical, regulatory, sales and other product development objectives, and the successful or timely achievement of many of these milestones is outside of our control, in part because some of these activities are being or will be conducted by our collaborators. If we or our collaborators fail to achieve the applicable milestones, we may not receive such milestone payments. A failure to receive any such milestone payment may cause us to:

• delay, reduce or terminate certain research and development programs;
• reduce headcount;
• raise funds through additional equity or convertible debt financings that could be dilutive to our shareholders and holders of our ADSs;
• obtain funds through collaboration agreements that may require us to assign rights to technologies or products that we would have otherwise retained;
• sign new collaboration or license agreements that may be less favorable than those we would have obtained under different circumstances; and
• consider strategic transactions or engaging in a joint venture with a third party.

In addition, although we may be eligible to receive an aggregate of approximately $5.5 billion in future contingent payments from existing collaboration agreements and any license agreements that become effective upon the exercise by our collaborators of options to license future product candidates, there is no guarantee that we will receive any contingent payments or that our collaborators will exercise any options to license or acquire additional intellectual property rights in any of our programs. If our collaborators decide not to exercise such options with respect to a program, we will not receive the up-front option exercise fee and will not be eligible to receive any of the related commercial, development, royalty or other milestone payments. Even if our collaborators exercise such options with respect to a particular program, we may never achieve the related milestones for any number of reasons. The failure to receive milestone or royalty payments and the occurrence of any of the events above may have a material adverse impact on our business, prospects, financial condition and results of operations.
The revenues generated from our collaboration and license agreements have contributed and are expected to contribute a large portion of our revenue for the foreseeable future.

We have entered into collaboration and license agreements with pharmaceutical companies, including AstraZeneca. The cash payments received from our partners were €40.3 million and €14.0 million for the years ended December 31, 2018 and 2017, respectively. In January 2019, we received $100.0 million and $24.0 million from AstraZeneca related to the monalizumab agreement and IPH5201 agreement, respectively.

We also enhance our research efforts by establishing collaborations with academic or non-profit research institutions and other biopharmaceutical companies. The participation in these collaborations may generate revenue and funding in the form of operating grants or the reimbursement of research and development expenses.

We may not be able to renew or maintain our license agreements or collaborative research contracts or may be unable to sign new agreements with new collaborators on reasonable terms or at all. The early termination of a contract, the non-renewal of a contract or our inability to find new collaborators would adversely affect our business. Should any of these risks materialize, this could have an adverse effect on our business, prospects, financial condition and results of operations.

We benefit from tax credits in France that could be reduced or eliminated.

As a French biopharmaceutical company, we benefit from certain tax advantages, including the Research Tax Credit (Crédit Impôt Recherche), which is a French tax credit aimed at stimulating research and development. The Research Tax Credit is calculated based on our claimed amount of eligible research and development expenditures in France and represented €13.5 million and €11.0 million for the years ended December 31, 2018 and 2017, respectively, and €7.5 million and €6.2 million for the six months ended June 30, 2019 and 2018, respectively. The Research Tax Credit is a source of financing to us that could be reduced or eliminated by the French tax authorities or by changes in French tax law or regulations.

The Research Tax Credit can be offset against French corporate income tax due by the company with respect to the year during which the eligible research and development expenditures have been made. The portion of tax credit in excess which is not being offset, if any, represents a receivable against the French Treasury which can in principle be offset against the French corporate income tax due by the company with respect to the three following years. The remaining portion of tax credit not being offset upon expiry of such a period may then be refunded to the company.

However, since we currently qualify as a small- and medium-size business, the French Treasury refunded each of our 2016, 2017 and 2018 Research Tax Credit claims immediately (meaning that, in practice, we receive the refund during the year following the year in which the eligible research and development expenditures are made). We expect that in the future we will no longer qualify as a small- and medium-size business and therefore would no longer be entitled to the immediate reimbursement of the Research Tax Credit but instead would be reimbursed within the expiry of the period of three years mentioned above.

The French tax authorities, with the assistance of the Higher Education and Research Ministry, may audit each research and development program in respect of which a Research Tax Credit benefit has been claimed and assess whether such program qualifies in their view for the Research Tax Credit benefit. The French tax authorities may challenge our eligibility for, or our calculation of, certain tax reductions or deductions in respect of our research and development activities (and therefore the amount of Research Tax Credit claimed), or the accelerated reimbursement allowed for small- and medium-size businesses and our credits may be reduced, which would have a negative impact on our revenue and future cash flows. Furthermore, the French Parliament may decide to eliminate, or to reduce the scope or the rate of, the Research Tax Credit benefit, either of which it could decide to do at any time. If we fail to receive future Research Tax Credit amounts or if our calculations are challenged, even if we comply with the current requirements in terms of documentation and eligibility of its expenditure, our business, prospects, financial condition and results of operations could be adversely affected.
We may be unable to carry forward existing tax losses.

We have accumulated tax loss carry forwards of €220.1 million as of December 31, 2018. Applicable French law provides that, for fiscal years ending after December 31, 2012, the use of these tax losses is limited to €1.0 million, plus 50% of the portion of net earnings exceeding this amount. The unused balance of the tax losses in application of such rule can be carried forward to future fiscal years, under the same conditions and without time restriction. There can be no assurance that future changes to applicable tax law and regulation will not eliminate or alter these or other provisions in a manner unfavorable to us, which could have an adverse effect on our business, prospects, financial condition, cash flows or results of operations.

Changes to U.S. and non-U.S. tax laws could materially adversely affect our company.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law and significantly revised the Internal Revenue Code of 1986, as amended, or the Code. The Tax Cuts and Jobs Act, among other things, contains significant changes to corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitation of the tax deduction for interest expense to 30% of adjusted taxable income (except for certain small businesses), implementation of a “base erosion anti-abuse tax,” which requires U.S. corporations to make an alternative determination of taxable income without regard to tax deductions for certain payments to affiliates, taxation of certain non-U.S. corporations’ earnings considered to be “global intangible low taxed income,” which is also referred to as GILTI, repeal of the alternative minimum tax, or AMT, for corporations and changes to a taxpayer’s ability to either utilize or refund the AMT credits previously generated, changes to the limitation on deductions for certain executive compensation particularly with respect to the removal of the previously allowed performance based compensation exception, changes in the attribution rules relating to shareholders of certain “controlled foreign corporations,” limitation of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, one-time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of U.S. tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. Notwithstanding the reduction in the U.S. corporate income tax rate, the overall impact of the Tax Cuts and Jobs Act is uncertain and our business and financial condition could be adversely affected. The impact of the Tax Cuts and Jobs Act on holders of our ordinary shares or ADSs is also uncertain and could be adverse. For example, recent changes in U.S. federal income tax law resulting in additional taxes owed by U.S. holders (as described under “Material United States Federal Income Tax and French Tax Considerations—Material U.S. Federal Income Tax Considerations”) under the new GILTI tax rules or related to “controlled foreign corporations” may discourage U.S. investors from owning or acquiring 10% or greater of our outstanding ordinary shares or ADSs, which other shareholders may have viewed as beneficial or may otherwise negatively impact the trading price of our ordinary shares or ADSs. We are unable to predict what federal tax law may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our effective tax rates in the future in countries where we have operations and have an adverse effect on our overall tax rate in the future, along with increasing the complexity, burden and cost of tax compliance. We urge our shareholders and holders of our ADSs to consult with their legal and tax advisors with respect to this legislation and the potential tax consequences of investing in or holding our ordinary shares or ADSs.

Tax authorities may disagree with our positions and conclusions regarding certain tax positions, resulting in unanticipated costs, taxes or non-realization of expected benefits.

A tax authority may disagree with tax positions that we have taken, which could result in increased tax liabilities. For example, the French tax authorities, the U.S. Internal Revenue Service or another tax authority could challenge our allocation of income by tax jurisdiction and the amounts paid between our affiliated companies pursuant to our intercompany arrangements and transfer pricing policies, including amounts paid with respect to our intellectual property development. Similarly, a tax authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a “permanent
establishment” under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions. A tax authority may take the position that material income tax liabilities, interest and penalties are payable by us, in which case, we expect that we might contest such assessment. Contesting such an assessment may be lengthy and costly and if we were unsuccessful in disputing the assessment, the result could increase our anticipated effective tax rate.

Risks Related to Regulatory Approval and Marketing of Our Product Candidates and Legal Compliance Matters

Even if we complete the necessary preclinical studies and clinical trials, the marketing approval process is expensive, time-consuming and uncertain and may prevent us from obtaining approvals for the commercialization of some or all of our product candidates. If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals, in particular in the United States or the European Union, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired.

The research and development of pharmaceutical products is governed by complex regulatory requirements. The regulatory agencies that oversee these requirements have the authority to permit the commencement of clinical trials or to temporarily or permanently halt a study. They are entitled to request additional clinical data before authorizing the commencement or resumption of a study, which could result in delays or changes to our product development plan. As we advance our product candidates, we will be required to consult with these regulatory agencies and comply with all applicable guidelines, rules and regulations. If we fail to do so, we may be required to delay or discontinue development of our product candidates. Delay or failure to obtain, or unexpected costs in obtaining, the regulatory approval necessary to bring a potential product to market could decrease our ability to generate sufficient product revenue to maintain our business.

The clinical trials of our product candidates are, and the manufacturing and marketing of our one approved product, Lumoxiti, and our other product candidates will be, subject to regulation by numerous government authorities in the United States, in the European Union and in other countries where we intend to test and, if approved, market any product candidate. Before obtaining regulatory approvals for the commercial sale of any product candidate, we must demonstrate, with substantial evidence gathered in well-controlled clinical trials, and, with respect to approval in the United States, to the satisfaction of the FDA, with respect to approval in the European Union, to the satisfaction of the EMA or, with respect to approval in other countries, similar regulatory authorities in those countries, that the product candidate is safe and effective for use in each target indication. When we acquired Lumoxiti, AstraZeneca had already obtained marketing approval from the FDA. We have never submitted a product candidate for marketing approval in the United States or elsewhere.

In the United States, we expect that the requisite regulatory submission to seek marketing authorization for our product candidates will be a Biologic License Application, or BLA, and the competent regulatory authority is the FDA. In the European Union, the requisite approval is a Marketing Authorization, or MA, which for products developed by the means of antibody-based therapeutics, gene or cell therapy products as well as tissue engineered products, is issued through a centralized procedure involving the EMA (see “Business—Regulation”). Satisfaction of these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. Failure to comply with the applicable requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include, for example, the FDA’s refusal to approve pending applications, withdrawal of an approval, a clinical hold, untitled or warning letters, product recalls or withdrawals from the market, product seizures, total or partial suspension of production or distribution injunctions, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties.

Data from preclinical and clinical studies are likely to give rise to different interpretations, which could delay regulatory authorization, restrict the scope of any such authorization or force us to repeat trials in order to meet the requirements of the various regulators. Regulatory requirements and processes vary widely among
countries, and we may be unable to obtain authorization within each relevant country in a timely manner. Regulatory authorities may prevent us from starting clinical trials or continuing clinical development if the data were not produced according to applicable regulations or if they consider that the balance between the expected benefits of the product and its possible risks is not sufficient to justify the trial.

Despite our efforts, our product candidates may not:
- offer improvement over existing, comparable products;
- be proven safe and effective in clinical trials; or
- meet applicable regulatory standards.

This process can take many years and may include post-marketing studies and surveillance, which will require the expenditure of substantial resources beyond our existing cash on hand and the net proceeds we expect to raise in this offering. Of the large number of drugs in development globally, only a small percentage successfully complete the regulatory approval process and not all approved drugs are successfully commercialized. Delay or failure to obtain, or unexpected costs in obtaining, the regulatory approval necessary for us or our partners to bring a potential product candidate to market could have a material adverse effect on our business, prospects, financial condition and results of operations.

The regulatory processes that will govern the approval of our product candidates are complex and changes in regulatory requirements could result in delays or discontinuation of development or unexpected costs in obtaining regulatory approval.

Our product candidates are based on new technologies that are constantly evolving and have not been extensively tested on humans. The applicable regulatory requirements vary between jurisdictions and are also complex, potentially difficult to apply and subject to significant modifications. Modifications to regulations during the course of clinical development and regulatory review may lead to delays or the refusal of authorization.

In Europe, the United States and other countries, regulations can potentially:
- significantly delay or increase the cost of development, testing, manufacturing and marketing of our products;
- limit the indications for which we will be authorized to market our products; and
- impose new, more stringent, requirements, suspend marketing authorizations, or request the suspension of clinical trials or the marketing of our products if unexpected results are obtained during trials performed by other researchers on products similar to our products.

Marketing authorization in one jurisdiction does not ensure marketing authorization in another, but a failure or delay in obtaining marketing authorization in one jurisdiction may have a negative effect on the regulatory process in others. Failure to obtain marketing authorization in other countries or any delay or setback in obtaining such approval would impair our ability to develop additional markets for our product, Lumoxiti, or any additional product candidates that are approved. This would reduce our target market and limit the full commercial potential of our product or product candidates. Should any of these risks materialize, this could harm our business.

Our failure to obtain marketing approval in jurisdictions other than the United States and Europe would prevent our product candidates from being marketed in these other jurisdictions, and any approval we are granted for our product candidates in the United States and Europe would not assure approval of product candidates in other jurisdictions.

In order to market and sell our other product candidates in jurisdictions other than the United States and Europe, we must obtain separate marketing approvals and comply with numerous and varying regulatory
requirements. The approval process varies among countries and can involve additional testing. The time required
to obtain approval may differ from that required to obtain FDA approval or approvals from regulatory authorities
in the European Union. The regulatory approval process outside the United States and Europe generally includes
all of the risks associated with obtaining FDA approval or approvals from regulatory authorities in the European
Union. In addition, some countries outside the United States and Europe require approval of the sales price of a
product before it can be marketed. In many countries, separate procedures must be followed to obtain
reimbursement and a product may not be approved for sale in the country until it is also approved for
reimbursement. We may not obtain marketing, pricing or reimbursement approvals outside the United States and
Europe on a timely basis, if at all. Approval by the FDA or regulatory authorities in the European Union does not
ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory
authority outside the United States and Europe does not ensure approval by regulatory authorities in other
countries or jurisdictions or by the FDA or regulatory authorities in the European Union. We may not be able to
file for marketing approvals and may not receive necessary approvals to commercialize our products in any
market. Marketing approvals in countries outside the United States and Europe do not ensure pricing approvals in
those countries or in any other countries, and marketing approvals and pricing approvals do not ensure that
reimbursement will be obtained.

Side effects that appear following the launch of a drug on the market may result in the product being taken
off the market or additional warnings being added to the label despite having obtained all regulatory
approvals.

A drug’s launch in the market may expose a large number of patients to potential risks associated with the
treatment with a new pharmaceutical product. Certain side effects, which may not have been identified during
clinical trials, can subsequently appear. For these reasons, regulatory agencies require companies to implement
post-approval monitoring. Depending on the occurrence of serious undesirable effects, the agencies may require
that we or a collaboration partner of ours take a drug off the market temporarily or permanently, even if it is
effective and has obtained all the necessary marketing authorizations. Such an action would negatively impair
our ability to generate revenue from such product and could more generally negatively affect our ability to
develop, obtain regulatory approval for, and commercialize our other product candidates and our reputation
generally, each of which could have a material adverse effect on our business and results of operations. In
addition, if the product candidates we develop receive marketing authorization and we or others identify
undesirable side effects caused by Lumoxiti or any other products after the approval, a number of potentially
significant negative consequences could result, including that regulatory authorities may require the addition of
labeling statements, such as a “boxed” warning or a contraindication, we may be required to create a medication
guide outlining the risks of such side effects for distribution to patients and our reputation may suffer.

Lumoxiti and any other product candidate for which we obtain marketing approval will be subject to strict
enforcement of post-marketing requirements and we could be subject to substantial penalties, including
withdrawal of our product from the market, if we fail to comply with all regulatory requirements or if we
experience unanticipated problems with our product and product candidates, when and if any of them are
approved.

Lumoxiti and any product candidate for which we obtain marketing approval, will be subject to continual
requirements of and review by the FDA, EMA and other regulatory authorities, including requirements relating
to manufacturing processes, post-approval clinical data, labeling, advertising and promotional activities for such
product. These requirements include, but are not limited to, restrictions governing promotion of an approved
product, submissions of safety and other post-marketing information and reports, registration and listing
requirements, cGMP requirements relating to manufacturing, quality control, quality assurance and
corresponding maintenance of records and documents, and requirements regarding the distribution of samples to
physicians and recordkeeping. In addition, even if marketing approval of a product candidate is granted, the
approval may be subject to limitations on the indicated uses for which the product may be marketed, restrictions
for specified age groups, warnings, precautions or contraindications or to the conditions of approval.
The FDA and other federal and state agencies, including the U.S. Department of Justice, or DOJ, closely regulate compliance with all requirements governing prescription products, including requirements pertaining to marketing and promotion of products in accordance with the provisions of the approved labeling and manufacturing of products in accordance with cGMP requirements. The FDA and DOJ impose stringent restrictions on manufacturers’ communications regarding off-label use and if we do not market our products for their approved indications, we may be subject to enforcement action for off-label marketing. Prescription products may be promoted only for the approved indications and in accordance with the provisions of the approved label. However, companies may also share truthful and not misleading information that is otherwise consistent with the labeling. Violations of such requirements may lead to investigations alleging violations of the Food, Drug and Cosmetic Act and other statutes, including the False Claims Act and other federal and state health care fraud and abuse laws as well as state consumer protection laws. Our failure to comply with all regulatory requirements, and later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, may yield various results, including:

- litigation involving patients taking our products;
- restrictions on such products, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical trials;
- warning letters or untitled letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- damage to relationships with any potential collaborators;
- unfavorable press coverage and damage to our reputation;
- refusal to permit the import or export of our products;
- product seizure; or
- injunctions or the imposition of civil or criminal penalties.

Non-compliance by us or any future collaborator with the FDA, EMA or other regulatory requirements regarding safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population, can also result in significant financial penalties. Similarly, failure to comply with regulatory requirements regarding the protection of personal information can also lead to significant penalties and sanctions.

Our future growth depends, in part, on our ability to penetrate multiple markets, in which we would be subject to additional regulatory burdens and other risks and uncertainties.

Our future profitability will depend, in part, on our ability to commercialize Lumoxiti and our product candidates, if approved, in markets in Europe, the United States and other countries where we maintain commercialization rights. If we commercialize Lumoxiti and any of our product candidates, if approved, in multiple markets, we would be subject to additional risks and uncertainties, including:

- foreign currency exchange rate fluctuations and currency controls;
• economic weakness, including inflation, or political instability in particular economies and markets;
• potentially adverse and/or unexpected tax consequences, including penalties due to the failure of tax planning or due to the challenge by tax authorities on the basis of transfer pricing and liabilities imposed from inconsistent enforcement;
• the burden of complying with complex and changing regulatory, tax, accounting and legal requirements, many of which vary between countries;
• different medical practices and customs in multiple countries affecting acceptance of drugs in the marketplace;
• differing payor reimbursement regimes, governmental payors or patient self-pay systems and price controls;
• tariffs, trade barriers, import or export licensing requirements or other restrictive actions;
• compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
• workforce uncertainty in countries where labor unrest is common;
• reduced or loss of protection of intellectual property rights in some foreign countries, and related prevalence of generic alternatives to therapeutics; and
• becoming subject to the different, complex and changing laws, regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws, treaties and regulations.

These and other risks associated with international operations may adversely affect our ability to attain or maintain profitable operations. Future sales of Lumoxiti or our product candidates, if they are approved, will be dependent on purchasing decisions of and reimbursement from government health administration authorities, distributors and other organizations. As a result of adverse conditions affecting the global economy and credit and financial markets, including disruptions due to political instability or otherwise, these organizations may defer purchases, may be unable to satisfy their purchasing or reimbursement obligations, or may affect milestone payments or royalties for Lumoxiti, monalizumab or any of our product candidates that are approved for commercialization in the future. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

**Even if our product candidates obtain regulatory approval, they will be subject to continuous regulatory review.**

If marketing authorization is obtained for any of our product candidates, the candidate will remain subject to continuous review and therefore authorization could be subsequently withdrawn or restricted. We will be subject to ongoing obligations and oversight by regulatory authorities, including adverse event reporting requirements, marketing restrictions and, potentially, other post-marketing obligations, all of which may result in significant expense and limit our ability to commercialize such products. For example, we will be responsible for the completion of an FDA required post-marketing trial of Lumoxiti.

If there are changes in the application of legislation or regulatory policies, or if problems are discovered with a product or our manufacture of a product, or if we or one of our distributors, licensees or co-marketers fails to comply with regulatory requirements, the regulators could take various actions. These include imposing fines on us, imposing restrictions on the product or its manufacture and requiring us to recall or remove the product from the market. The regulators could also suspend or withdraw our marketing authorizations, requiring us to conduct additional clinical trials, change our product labeling or submit additional applications for marketing authorization. If any of these events occurs, our ability to sell such product may be impaired, and we may incur substantial additional expense to comply with regulatory requirements, which could materially adversely affect our business, financial condition and results of operations.
Even if one of our product candidates has orphan drug designation, we may not be able to obtain any benefit from such designation. Furthermore, if a product is granted orphan drug exclusivity in the same indication for which we are developing IPH4102 or our other product candidates that is granted orphan drug designation, we may not be able to have our product candidate approved by the applicable regulatory authority for a significant period of time.

Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a product candidate as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals in the United States. In the European Union, the European Commission may designate a product candidate as an orphan medicinal product if it is a medicine for the prevention or treatment of serious conditions that affects not more than five in 10,000 persons in the European Union, or it is unlikely that marketing of the medicine would generate sufficient returns to justify the investment needed for its development. Generally, if a product candidate with an orphan drug designation receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which, subject to certain exceptions, precludes the FDA from approving the marketing application of another drug for the same indication for that time period or precludes the EMA, and other national drug regulators in the European Union, from accepting the marketing application for another medicinal product for the same indication. The applicable period is seven years in the United States and ten years in the European Union. The European Union period can be reduced to six years if a product no longer meets the criteria for orphan drug designation or if the product is sufficiently profitable so that market exclusivity is no longer justified. Orphan drug exclusivity may be lost in the United States if the FDA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the product to meet the needs of patients with the rare disease or condition. The granting of a request for orphan drug designation does not alter the standard regulatory requirements and process for obtaining marketing approval.

IPH4102 has been granted orphan drug designation for CTCL in Europe and in the United States and we may pursue orphan drug designation for another product candidate that we may develop in the future in the United States and/or Europe. However, there is no assurance we will be able to receive orphan drug designation for other product candidates that we may develop in the United States and/or Europe or for any other product candidate in any jurisdiction. Even if we are successful in obtaining orphan drug designation, orphan drug status may not ensure that we have market exclusivity in a particular market. Even if we obtain orphan drug exclusivity for any of our product candidates, that exclusivity may not effectively protect the product from competition because exclusivity can be suspended under certain circumstances. In the United States, even after an orphan drug is approved, the FDA can subsequently approve another drug for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care. In the European Union, orphan exclusivity will not prevent a marketing authorization being granted for a similar medicinal product in the same indication if the new product is safer, more effective or otherwise clinically superior to the first product or if the marketing authorization holder of the first product is unable to supply sufficient quantities of the product. In addition, if another product is granted marketing approval and orphan drug exclusivity in the same indication for which we are developing a product candidate with orphan drug designation, we may not be able to have our product candidate approved by the applicable regulatory authority for a significant period of time.

A fast track, breakthrough therapy or other designation by the FDA may not actually lead to a faster development.

We may seek fast track, breakthrough therapy or similar designation for our product candidates. If a product is intended for the treatment of a serious or life threatening condition and the product demonstrates the potential to address unmet medical need for this condition, the sponsor may apply for FDA fast track designation. We have received fast track designation for IPH4102 for the treatment of adult patients with relapsed or refractory Sézary syndrome who have received at least two prior systemic therapies.
Additionally, we may in the future seek a breakthrough therapy designation for some of our product candidates that reach the regulatory review process. A breakthrough therapy is a drug candidate that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and that, as indicated by preliminary clinical evidence, may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Drugs designated as breakthrough therapies by the FDA are eligible for accelerated approval and increased interaction and communication with the FDA designed to expedite the development and review process.

However, these designations do not ensure that we will experience a faster development process, review or approval compared to conventional FDA procedures. In addition, the FDA may withdraw a designation if it believes that the designation is no longer supported by data from our clinical development program. A designation alone does not guarantee qualification for the FDA’s priority review procedures.

**Priority review designation by the FDA may not lead to a faster regulatory review or approval process and, in any event, does not assure FDA approval of our product candidates.**

If the FDA determines that a product candidate offers major advances in treatment or provides a treatment where no adequate therapy exists, the FDA may designate the product candidate for priority review. A priority review designation means that the goal for the FDA to review an application is six months, rather than the standard review period of ten months. We may request priority review for our product candidates. The FDA has broad discretion with respect to whether or not to grant priority review status to a product candidate, so even if we believe a particular product candidate is eligible for such designation or status, the FDA may decide not to grant it. Moreover, a priority review designation does not necessarily mean a faster regulatory review process or necessarily confer any advantage with respect to approval compared to conventional FDA procedures. Receiving priority review from the FDA does not guarantee approval within the six-month review cycle or thereafter.

**We are subject to anti-corruption laws, as well as export control laws, customs laws, sanctions laws and other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures and legal expenses, which could adversely affect our business, results of operations and financial condition**

We are subject to other laws and regulations governing our international operations, including regulations administered by the governments of the United States, and authorities in the European Union, including applicable export control regulations, economic sanctions on countries and persons, customs requirements and currency exchange regulations, collectively referred to as the trade control laws.

The Foreign Corrupt Practices Act, or FCPA, prohibits any U.S. individual or business from paying, offering, authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with certain accounting provisions requiring the company to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations.

Compliance with the FCPA is expensive and difficult, particularly in countries in which corruption is a recognized problem. In addition, the FCPA presents particular challenges in the pharmaceutical industry, because, in many countries, hospitals are operated by the government, and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical trials and other work have been deemed to be improper payments to government officials and have led to FCPA enforcement actions.
French anti-corruption laws also prohibit acts of bribery and influence peddling:

- Articles 433-1 1° and 432-11 1° of the French Criminal Code (bribery of domestic public officials);
- Articles 433-1 2° and 432-11 2° of the French Criminal Code (influence peddling involving domestic public officials);
- Article 434-9 of the French Criminal Code (bribery of domestic judicial staff);
- Article 434-9-1 of the French Criminal Code (influence peddling involving domestic judicial staff);
- Articles 445-1 and 445-2 of the French Criminal Code (bribery of private individuals);
- Article 433-2 of the French Criminal Code (influence peddling involving private individuals);
- Articles 435-1 and 435-3 of the French Criminal Code (bribery of foreign or international public officials);
- Articles 435-7 and 435-9 of the French Criminal Code (bribery of foreign or international judicial staff);
- Articles 435-2, 435-4, 435-8 and 435-10 of the French Criminal Code (active and passive influence peddling involving foreign or international public officials and foreign or international judicial staff); and
- French Law of December 9th, 2017 on Transparency, the Fight Against Corruption and the Modernization of the Economy (Sapin 2 Law).

There is no assurance that we will be effective in ensuring our compliance with all applicable anti-corruption laws, including the FCPA, the French anti-corruption laws or other legal requirements, including trade control laws. If we are not in compliance with the FCPA, the French anti-corruption laws and other anti-corruption laws or trade control laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA, the French anti-corruption laws, other anti-corruption laws or trade control laws by U.S. or other authorities could also have an adverse impact on our reputation, our business, results of operations and financial condition.

We are subject to healthcare laws and regulations which may require substantial compliance efforts and could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings, among other penalties.

Healthcare providers, physicians and others will play a primary role in the recommendation and prescription of our products, if approved. Our arrangements with such persons and third-party payors and our operations will expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we research, market, sell and distribute our products, if we obtain marketing authorization. Restrictions under applicable U.S. federal, state and foreign healthcare laws and regulations include, but are not limited to, the following:

- the U.S. Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, including any kickback, bribe or rebate, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase or lease, order or recommendation of, any item, good, facility or service, for which payment may be made under federal healthcare programs such as Medicare and Medicaid;
- U.S. federal civil and criminal false claims laws and civil monetary penalties laws, including the civil False Claims Act, which impose criminal and civil penalties, including those from civil whistle-blower or qui tam actions, against individuals or entities for, among other things, knowingly presenting, or causing to be presented, claims for payment that are false or fraudulent or making a false statement to avoid, decrease, or conceal an obligation to pay money to the federal government;
• the U.S. Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created additional federal criminal statutes that impose criminal and civil liability for, among other things, executing or attempting to execute a scheme to defraud any healthcare benefit program or knowingly and willingly falsifying, concealing or covering up a material fact or making false statements relating to healthcare matters;

• HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, which impose certain requirements on covered entities and their business associates, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;

• U.S. federal transparency requirements under the Physician Payments Sunshine Act, enacted as part of the ACA, that require applicable manufacturers of covered drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid, or the Children’s Health Insurance Program, with specific exceptions, to track and annually report to CMS payments and other transfers of value provided to physicians and teaching hospitals, and certain ownership and investment interests held by physicians or their immediate family members; and

• analogous state or foreign laws and regulations, such as state anti-kickback and false claims laws, including the French “Bertrand Law”, French Ordinance n°2017-49 of 19 January 2017, and the UK’s Bribery Act 2010, which may apply to items or services reimbursed by any third-party payor, including commercial insurers, state marketing and/or transparency laws applicable to manufacturers that may be broader in scope than the federal requirements, state laws that require biopharmaceutical companies to comply with the biopharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, state laws that require the reporting of information relating to drug and biologic pricing; state and local laws that require the registration of pharmaceutical sales representatives and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect as HIPAA, thus complicating compliance efforts.

Ensuring that our business arrangements with third parties comply with applicable healthcare laws and regulations will likely be costly. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations were found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, possible exclusion from government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could substantially disrupt our operations. If the physicians or other providers or entities with whom we expect to do business are found not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

European data collection is governed by restrictive regulations governing the collection, use, processing and cross-border transfer of personal information.

We may collect, process, use or transfer personal information from individuals located in the European Union in connection with our business, including in connection with conducting clinical trials in the European Union. Additionally, we intend to commercialize Lumoxiti, and any of our product candidates that receive marketing approval, in the European Union. The collection and use of personal health data in the European Union is governed by the provisions of the General Data Protection Regulation ((EU) 2016/679), or the GDPR.
This legislation imposes requirements relating to having legal bases for processing personal information relating to identifiable individuals and transferring such information outside of the European Economic Area, or EEA, including to the United States, providing details to those individuals regarding the processing of their personal information, keeping personal information secure, having data processing agreements with third parties who process personal information, responding to individuals’ requests to exercise their rights in respect of their personal information, reporting security breaches involving personal data to the competent national data protection authority and affected individuals, appointing data protection officers, conducting data protection impact assessments and record-keeping. The GDPR imposes additional responsibilities and liabilities in relation to personal data that we process and we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules. Failure to comply with the requirements of the GDPR and related national data protection laws of the member states of the European Union may result in substantial fines, other administrative penalties and civil claims being brought against us, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

Risks Related to our Reliance on Third Parties

We depend upon our existing collaboration partners, AstraZeneca, Sanofi and other third parties, and may depend upon future collaboration partners to commit to the research, development, manufacturing and marketing of our drugs.

We have significant collaborations with AstraZeneca for the commercialization of Lumoxiti and the development of monalizumab, IPH5201 and other product candidates. We also collaborate with Sanofi for the development of IPH61, and we may enter into additional collaborations for other of our product candidates or technologies in development. We cannot control the timing or quantity of resources that our existing or future collaborators will dedicate to research, preclinical and clinical development, manufacturing or marketing of our products. Our collaborators may not perform their obligations according to our expectations or standards of quality. Our collaborators could terminate our existing agreements for a number of reasons, including that they may have other, higher priority products in development or because our partnered programs may no longer be a priority for them. If any of our collaboration agreements were to be terminated, we could encounter significant delays in developing our product candidates, lose the opportunity to earn any revenues we expected to generate under such agreements, incur unforeseen costs, and suffer damage to the reputation of our product, product candidates and as a company generally.

In order to optimize the launch and market penetration of certain of our future product candidates, we may enter into distribution and marketing agreements with pharmaceutical industry leaders. For these product candidates, we would not market our products alone once they have obtained marketing authorization. The risks inherent in entry into these contracts are as follows:

- the negotiation and execution of these agreements is a long process that may not result in an agreement being signed or that can delay the development or commercialization of the product candidate concerned;
- these agreements are subject to cancellation or non-renewal by our collaborators, or may not be fully complied with by our collaborators;
- in the case of a license granted by us, we lose control of the development of the product candidate licensed; in such cases we would have only limited control over the means and resources allocated by our partner for the commercialization of our product; and
- collaborators may not properly obtain, maintain, enforce, or defend our intellectual property or proprietary rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our proprietary information or expose us to potential litigation.

Should any of these risks materialize, or should we fail to find suitable collaborators, this could have a material adverse effect on our business, prospects, financial condition and results of operations.
The late-stage development and marketing of our product candidates may partially depend on our ability to establish collaborations with major biopharmaceutical companies.

In order to develop and market some of our product candidates, we rely on collaboration, research and license agreements with pharmaceutical companies to assist us in the development of product candidates and the financing of their development. For our most advanced clinical product candidate, monalizumab, we entered into an agreement with AstraZeneca, in part because of their late-stage development and marketing capabilities. As we identify new product candidates, we will determine the appropriate strategy for development and marketing, which may result in the need to establish collaborations with major biopharmaceutical companies. We may also enter into agreements with institutions and universities to participate in our other research programs and to share intellectual property rights.

We may fail to find collaboration partners and to sign new agreements for our other product candidates and programs. The competition for partners is intense, and the negotiation process is time-consuming and complex. Any new collaboration may be on terms that are not optimal for us, and we may not be able to maintain any new collaboration if, for example, development or approval of a product candidate is delayed, sales of an approved product candidate do not meet expectations or the collaborator terminates the collaboration. Any such collaboration, or other strategic transaction, may require us to incur non-recurring or other charges, increase our near- and long-term expenditures and pose significant integration or implementation challenges or disrupt our management or business. These transactions would entail numerous operational and financial risks, including exposure to unknown liabilities, disruption of our business and diversion of our management’s time and attention in order to manage a collaboration or develop acquired products, product candidates or technologies, incurrence of substantial debt or dilutive issuances of equity securities to pay transaction consideration or costs, higher than expected collaboration, acquisition or integration costs, write-downs of assets or goodwill or impairment charges, increased amortization expenses, difficulty and cost in facilitating the collaboration or combining the operations and personnel of any acquired business, impairment of relationships with key suppliers, manufacturers or customers of any acquired business due to changes in management and ownership and the inability to retain key employees of any acquired business. Accordingly, although there can be no assurance that we will undertake or successfully complete any transactions of the nature described above, any transactions that we do complete may be subject to the foregoing or other risks and have a material and adverse effect on our business, financial condition, results of operations and prospects. Conversely, any failure to enter any additional collaboration or other strategic transaction that would be beneficial to us could delay the development and potential commercialization of our product candidates and have a negative impact on the competitiveness of any product candidate that reaches market.

We rely on third parties to supply key materials used in our research and development, to provide services to us and to assist with clinical trials.

We make considerable use of third-party suppliers for the key materials used in our business. The failure of third-party suppliers to comply with regulatory standards could result in the imposition of sanctions on us. These sanctions could include fines, injunctions, civil penalties, refusal by regulatory organizations to grant approval to conduct clinical trials or marketing authorization for our products, delays, suspension or withdrawal of approvals, license revocation, seizure or recalls of our products, operating restrictions and legal proceedings. Furthermore, the presence of non-conformities, as detected in regulatory toxicology studies, could result in delays in the development of one or more of our product candidates and would require further tests to be financed. Although we are involved in establishing the protocols for the production of these materials, we do not control all the stages of production and cannot guarantee that the third parties will fulfil their contractual and regulatory obligations. In particular, a partner’s failure to comply with protocols or regulatory constraints, or repeated delays by a partner, could compromise the development of our products or limit its liability. Such events could also inflate the product development costs incurred by us.

We also use third parties to provide certain services such as scientific, medical or strategic consultancy services. These service providers are generally selected for their specific expertise, as is the case with the
academic partners with whom we collaborate. To build and maintain such a network under acceptable terms, we
face intense competition. Such external collaborators may terminate, at any time, their involvement. We can
exert only limited control over their activities. We may not be able to obtain the intellectual property rights to the
product candidates or technologies developed under collaboration, research and license agreements under
acceptable terms or at all. Moreover, our scientific collaborators may assert intellectual property rights or other
rights beyond the terms of their engagement.

Finally, we use third-party investigators to assist with conducting clinical trials. All clinical trials are subject
to strict regulations and quality standards. Should any of these risks materialize, this could have a material
adverse effect on our business, prospects, financial condition and results of operations.

We do not and will not have access to all information regarding our product candidates that are subject to
collaboration and license agreements. Consequently, our ability to inform our shareholders about the status
of product candidates that are subject to these agreements, and our ability to make business and operational
decisions, may be limited.

We do not and will not have access to all information regarding our product candidates that are subject to
our license and collaboration agreements with AstraZeneca, Sanofi and other third parties, including potentially
material information about clinical trial design, execution and timing, safety and efficacy, clinical trial results,
regulatory affairs, manufacturing, marketing and other areas known by our collaborators. In addition, we have
confidentiality obligations under our collaboration and license agreements. Therefore, our ability to keep our
shareholders informed about the status of product candidates subject to such agreements will be limited by the
degree to which our collaborators keep us informed and allow us to disclose information to the public or provide
such information to the public themselves. If our collaborators do not inform us about our product candidates
subject to agreements with them, we may make operational and investment decisions that we would not have
made had we been fully informed, which may have an adverse impact on our business, prospects, financial
condition and results of operations.

Risks Related to the Manufacture of Lumoxiti and Our Product Candidates

We have no manufacturing capabilities and rely on third-party manufacturers for Lumoxiti and our
product candidates.

Our product candidates that are tested during our preclinical and clinical trials are manufactured by third
parties. We have no production capabilities and rely on third parties to manufacture our products.

This strategy means that we do not directly control certain key aspects of our product development, such as:

• the quality of the product manufactured;
• the delivery times for drugs for a given clinical trial;
• the clinical and commercial quantities that can be supplied; and
• compliance with applicable laws and regulations.

Our reliance on third-party manufacturers creates risks that may not exist if we had our own manufacturing
capabilities. These risks include:

• failure of third-party manufacturers to comply with regulatory and quality-control standards;
• production of insufficient quantities;
• damage during transport and/or storage of our product candidates;
• breach of agreements by third-party manufacturers; and
• termination or non-renewal of the agreements for reasons beyond our control.
Should our third-party manufacturers breach their obligations or should we fail to renew our contracts with them, we cannot guarantee that we will be able to find new suppliers within a timeframe and under conditions that would not be detrimental. We could also be faced with delays or interruptions in our supplies, which could result in a delay in the clinical trials and, ultimately, a delay in the commercialization of the product candidates that we are developing or a loss of product sales. For example, manufacturing issues, leading to out-of-specification product, can occur during a manufacturing campaign at the CMO in charge of the production of our product candidates. Reproducing a batch of product is a lengthy and costly process and sometimes can lead to drug shortage that can in turn lead to a delay in the development of the candidate, or even an early stop of a clinical trial. This happened in the early clinical development of IPH4102 and led to the decision to limit the number of patients in order to ensure drug supply for treated patients. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

**We are reliant upon third parties to manufacture and supply components of certain substances necessary to manufacture Lumoxiti and our product candidates.**

We do not currently independently conduct manufacturing activities for Lumoxiti or our product candidates in development, and we are reliant on several third-party CMOs for the manufacture and supply of components and substances for all of the product candidates we are developing. In addition, certain component materials are currently available from a single supplier, or a small number of suppliers. We cannot be sure that these suppliers will remain in business, or that they will not be purchased by one of our competitors or another company that is not interested in continuing to manufacture these materials for us. We cannot assure you that, if required, we will be able to identify alternate sources with the desired scale and capability and establish relationships with such sources. A loss of any CMO or component supplier and delay in establishing a replacement could delay our clinical development and regulatory approval process.

**Manufacturing facilities and clinical trial sites are subject to significant government regulations and approvals and if our or our partners third-party manufacturers fail to comply with these regulations or maintain these approvals, our business could be materially harmed.**

Our third-party manufacturers are subject to ongoing regulation and periodic inspection by national authorities, including the EMA, FDA and other regulatory bodies to ensure compliance with cGMP, when producing batches of Lumoxiti and our product candidates for clinical trials. CROs and other third-party research organizations must also comply with GLP when carrying out regulatory toxicology studies. Any failure to follow and document our or their adherence to such GMP and GLP regulations or other regulatory requirements may lead to significant delays in the availability of products for commercial sale or clinical trials, may result in the termination of or a hold on a clinical trial, or may delay or prevent filing or approval of marketing applications for our products.

Failure to comply with applicable regulations could also result in national authorities, the EMA, FDA or other applicable regulatory authorities taking various actions, including:

- levying fines and other civil penalties;
- imposing consent decrees or injunctions;
- requiring us to suspend or put on hold one or more of our clinical trials;
- suspending or withdrawing regulatory approvals;
- delaying or refusing to approve pending applications or supplements to approved applications;
- requiring us to suspend manufacturing activities or product sales, imports or exports;
- requiring us to communicate with physicians and other customers about concerns related to actual or potential safety, efficacy, and other issues involving our products;
- mandating product recalls or seizing products;
• imposing operating restrictions; and
• seeking criminal prosecutions.

Any of the foregoing actions could be detrimental to our reputation, business, financial condition or operating results. Furthermore, our key suppliers may not continue to be in compliance with all applicable regulatory requirements, which could result in our failure to produce our products on a timely basis and in the required quantities, if at all. In addition, before any additional products would be considered for marketing authorization in Europe, the United States or elsewhere, our suppliers will have to pass an inspection by the applicable regulatory agencies. We are dependent on our suppliers’ cooperation and ability to pass such inspections, and the inspections and any necessary remediation may be costly. Failure to pass such inspections by us or any of our suppliers would affect our ability to commercialize Lumoxiti or our product candidates in Europe, the United States or elsewhere. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our production costs may be higher than we currently estimate.

Lumoxiti and our product candidates are manufactured according to manufacturing best practices applicable to drugs for clinical trials and to specifications approved by the applicable regulatory authorities. If any of our products were found to be non-compliant, we would be required to manufacture the product again, which would entail additional costs and may prevent delivery of the product to patients on time.

Other risks inherent in the production process may have the same effect, such as:
• contamination of the controlled atmosphere area;
• unusable premises and equipment;
• new regulatory requirements requiring a partial and/or extended stop to the production unit to meet the requirements;
• unavailable qualified personnel;
• power failure of extended duration; and
• logistical error.

Should any of these risks materialize, this could have a material adverse effect our business, prospects, financial condition and results of operations.

We may use hazardous chemicals and biological materials in our business and any claims relating to improper handling, storage or disposal of these materials could be time-consuming and costly.

Our research and development processes involve the controlled use of hazardous materials, including chemicals, biological and radioactive materials. We cannot eliminate the risk of accidental contamination or discharge and any resultant injury from these materials. We also handle genetically recombinant material, genetically modified species and pathological biological samples. Consequently, in France and in the jurisdictions where we conduct clinical trials, we are subject to environment and safety laws and regulations governing the use, storage, handling, discharge and disposal of hazardous materials, including chemical and biological products and radioactive materials. We impose preventative and protective measures for the protection of our workforce and waste control management in accordance with applicable laws, including part four of the French Labor Code, relating to occupational health and safety.

In France, we are required to comply with a number of national, regional and local legislative or regulatory provisions regarding radiation and hazardous materials, including specific regulations regarding the use, handling and storage of radioactive materials and the potential exposure of employees to hazardous materials and radiation. We must also comply with French regulations concerning the use and handling of genetically modified organisms, or GMOs, in confined spaces.
If we fail to comply with applicable regulations, we could be subject to fines and may have to suspend all or part of our operations. Compliance with environmental, health and safety regulations involves additional costs, and we may have to incur significant costs to comply with future laws and regulations in relevant jurisdictions. Compliance with environmental laws and regulations could require us to purchase equipment, modify facilities and undertake considerable expenses. We could be liable for any inadvertent contamination, injury or damage, which could negatively affect its business, although we have subscribed to an insurance policy covering certain risks inherent to its business.

Risks Related to Our Organization and Operations

We may encounter difficulties in managing our growth, which could disrupt our operations.

Our strategy involves continuing to grow our business internally. However, we may also grow externally through selective acquisitions of complementary products and technologies, or of companies with such assets, although no such plan is currently contemplated. As our development progresses, we expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of research, drug development, regulatory affairs and sales, marketing and distribution for our approved product, Lumoxiti. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. This risk is compounded by the fact that we are located in Marseille, France and compete with other locations that potential recruits may find more attractive.

Our management may need to divert a disproportionate amount of its attention away from its day-to-day activities and devote a substantial amount of time to managing internal or external growth. We may not be able to effectively manage the expansion of our operations which may result in weaknesses in our infrastructure, give rise to operational errors, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of existing and additional product candidates. If our management is unable to effectively manage our expected growth, our expenses may increase more than expected, our ability to generate and/or grow revenue could be reduced and we may not be able to implement our business strategy.

If we were to acquire assets or companies, the success of such an acquisition would depend on our capacity to carry out such acquisitions and to integrate such assets or companies into our existing operations. The implementation of such a strategy could impose significant constraints, including:

- human resources: recruiting, integrating, training, managing, motivating and retaining a growing number of employees;
- financial and management system resources: identification and management of appropriate financing and management of our financial reporting systems; and
- infrastructure: expansion or transfer of our laboratories or the development of our information technology system.

If we are unable to manage internal growth or have difficulty integrating any acquisitions, it could have a material adverse effect on our business, prospects, financial condition and results of operations.

We will need to hire new employees and expand our use of service providers.

As of June 30, 2019, we had 208 employees. As our development and commercialization plans and strategies develop, we must add a significant number of additional managerial, operational, sales, marketing, financial and other personnel.
We currently rely, and for the foreseeable future will continue to rely, in part on certain independent organizations, advisors and consultants to provide certain services. There can be no assurance that the services of these independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. In addition, if we are unable to effectively manage our outsourced activities or if the quality or accuracy of the services provided by consultants is compromised for any reason, our clinical trials may be extended, delayed, or terminated, and we may not be able to obtain regulatory approval of our product candidates or otherwise advance our business. There can be no assurance that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, if at all.

If we are not able to effectively expand our organization by hiring new employees and expanding our groups of consultants and contractors, we may not be able to successfully implement the tasks necessary to further develop and commercialize Lumoxiti and our product candidates and, accordingly, may not achieve our research, development and commercialization goals.

We depend on qualified management personnel and our business could be harmed if we lose key personnel and cannot attract new personnel.

Our ability to retain key persons in our organization and to recruit qualified personnel is crucial for our success. In particular, our success depends heavily on its ability to retain key people in our organization, including key scientific and medical personnel.

Should we be unable to retain the individuals who form our team of key managers and key scientific advisors, it could have a material adverse effect on our business and development and could consequently affect our business, prospects, financial condition and results of operations.

We will need to recruit qualified scientific and medical personnel to carry out our clinical trials and expand into new areas that require specialized skills, such as regulatory matters, marketing and manufacturing. We compete with other companies, research organizations and academic institutions in recruiting and retaining highly qualified scientific, technical and management personnel. Competition for such personnel is very intense in the biopharmaceutical field and there can be no assurance that we will be successful in attracting or retaining such personnel and the failure to do so could harm our operations and our growth prospects. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our business may be exposed to foreign exchange risks.

We incur some of our expenses, and derive certain of our revenues, in currencies other than the euro. In particular, as we expand our operations and conduct additional clinical trials in the United States, we will incur additional expenses in U.S. dollars. As a result, we are exposed to foreign currency exchange risk as our results of operations and cash flows are subject to fluctuations in foreign currency exchange rates.

We currently do not engage in hedging transactions to protect against uncertainty in future exchange rates between particular foreign currencies and the euro. Therefore, an unfavorable change in the value of the euro against the U.S. dollar could have a negative impact on our revenue and earnings growth. We cannot predict the impact of foreign currency fluctuations, and foreign currency fluctuations in the future may adversely affect our financial condition, results of operations and cash flows. The ADSs being offered in the U.S. offering will be quoted in U.S. dollars on Nasdaq, while our ordinary shares trade in euro on Euronext Paris. Our financial statements are prepared in euro. Therefore, fluctuations in the exchange rate between the euro and the U.S. dollar will also affect, among other matters, the value of our ordinary shares and ADSs.

Under our license and collaboration agreements with AstraZeneca, the payments we receive are in U.S. dollars. In the future, we could generate part of our sales in the United States and part in Europe and could
therefore be subject to an unfavorable euro/dollar exchange rate. Therefore, for example, an increase in the value of the euro against the U.S. dollar could be expected to have a negative impact on our revenue and earnings growth as U.S. dollar revenue and earnings, if any, would be translated into euro at a reduced value. We could also sign contracts denominated in other currencies, which would increase our exposure to currency risk. In accordance with our business decisions, our exposure to this type of risk could change depending on:

- the currencies in which we receive our revenues;
- the currencies chosen when agreements are signed, such as licensing agreements, or co-marketing or co-development agreements;
- the location of clinical trials on product candidates; and
- our policy for insurance cover.

At present, we have not put any specific hedging arrangements in place to address these risks. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

**Product liability and other lawsuits could divert our resources, result in substantial liabilities, reduce the commercial potential of Lumoxiti or our product candidates and damage our reputation.**

Given that we develop therapeutic products intended to be tested on humans and used to treat humans, the risk that we may be sued on product liability claims is inherent in our business. Side effects of, or manufacturing defects in, products that we develop could result in the deterioration of a patient’s condition, injury or even death. For example, our liability could be sought after by patients participating in the clinical trials in the context of the development of the therapeutic products tested and unexpected side effects resulting from the administration of these products. Once a product is approved for sale and commercialized, the likelihood of product liability lawsuits increases. Criminal or civil proceedings might be filed against us by patients, regulatory authorities, biopharmaceutical companies and any other third party using or marketing our products. These actions could include claims resulting from acts by our partners, licensees and subcontractors, over which we have little or no control. These lawsuits may divert our management from pursuing our business strategy and may be costly to defend. In addition, if we are held liable in any of these lawsuits, we may incur substantial liabilities, may be forced to limit or forgo further commercialization of the affected products and may suffer damage to our reputation.

Although the clinical trial process is designed to identify and assess potential side effects, it is always possible that a drug, even after regulatory approval, may exhibit unforeseen side effects. If any of our product candidates were to cause adverse side effects during clinical trials or after approval of the product candidate, we may be exposed to substantial liabilities. Physicians and patients may not comply with any warnings that identify known potential adverse effects and patients who should not use Lumoxiti or our product candidates.

We have obtained liability insurance coverage for each of our clinical trials in compliance with local legislation and rules. In the United States, our aggregate insurance coverage for our ongoing clinical trials is €10.0 million in the aggregate. Our insurance coverage may not be sufficient to cover any expenses or losses we may suffer. Moreover, insurance coverage is becoming increasingly expensive, and, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. On occasion, large judgments have been awarded in class action lawsuits based on drugs that had unanticipated side effects. The cost of any product liability litigation or other proceedings, even if resolved in our favor, could be substantial. A successful product liability claim, or series of claims, brought against us could cause our share price to decline and, if judgments exceed our insurance coverage, could decrease our cash and adversely affect our business.

To date, we have obtained product liability insurance with a coverage amount of €10 million per year. Our product liability insurance will need to be adjusted in connection with the commercial sales of Lumoxiti and our product candidates, and may be unavailable in meaningful amounts or at a reasonable cost. If we are the subject
of a successful product liability claim that exceeds the limits of any insurance coverage we obtain, we would incur substantial charges that would adversely affect our earnings and require the commitment of capital resources that might otherwise be available for the development and commercial launch of our product programs. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

There are material weaknesses and significant deficiencies in our internal controls over financial reporting and if we are unable to maintain effective internal controls over financial reporting, the accuracy and timeliness of our financial reporting may be adversely affected, which could hurt our business, lessen investor confidence and depress the market price of our securities.

We must maintain effective internal control over financial reporting in order to accurately and timely report our results of operations and financial condition. In addition, as a public company listed in the United States, the Sarbanes-Oxley Act will require, among other things, that we assess the effectiveness of our internal control over financial reporting at the end of each fiscal year starting with the end of the first full fiscal year after the completion of the global offering. However, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting for so long as we are an “emerging growth company,” which may be up to five fiscal years following the date of this global offering. An independent assessment of the effectiveness of our internal controls could detect problems that our management’s assessment might not.

Our management has not completed an assessment of the effectiveness of our internal control over financial reporting, and our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting. In the course of auditing the consolidated financial statements as of and for the year ended December 31, 2018, a material weakness in our internal controls related to the recognition of the revenue from our collaboration and licensing agreement with AstraZeneca on monalizumab was identified. The specific weakness in our internal controls involved insufficient review of the calculation of the transaction price and percentage of completion of costs incurred, leading to an incorrect amount of revenue recognized for the year ended December 31, 2018, which was corrected prior to the issuance of our audited financial statements. In the course of auditing the consolidated financial statements as of and for the year ended December 31, 2017, three material weaknesses in our internal controls were identified. The material weaknesses related to (i) the accounting for subcontracting clinical costs for which there was insufficient control on the input data from clinical studies (termination date of the study and/or number of expected visits), (ii) stock-based compensation with insufficient control surrounding the valuation of AGAP by external valuators, and (iii) a risk of management override of controls on manual journal entries due to insufficient supporting documentation for certain entries. Errors not detected in relation to topics (i) and (ii) have led to incorrect amounts of research and development expenses and personnel expenses for the year ended December 31, 2017, which were corrected prior to the issuance of our audited financial statements. A number of significant deficiencies in our internal controls have also been identified for the years ended December 31, 2018 and December 31, 2017. A number of significant deficiencies in our internal controls have also been identified for the years ended December 31, 2018 and December 31, 2017. Over the course of 2019, we continue to work to remediate these material weaknesses and significant deficiencies and strengthen our controls in these areas.

We have taken and are taking steps to remediate the foregoing weaknesses and deficiencies. However, if we do not successfully remediate these issues or if we fail to design and operate effective internal controls in the future, it could result in material misstatements in our financial statements, result in the loss of investor confidence in the reliability of our financial statements and subject us to regulatory scrutiny and sanctions, which in turn could harm the market value of our ordinary shares and ADSs.

The rules governing the standards that will have to be met for our management to assess our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act are complex and require significant documentation, testing and possible remediation. These stringent standards require that our audit committee be advised and regularly updated on management’s review of internal control over financial reporting. We have
begun the process of designing, implementing, and testing the internal control over financial reporting required to comply with this obligation. This process is time-consuming, costly, and complicated. Our management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements that will be applicable to us as a public company listed in the United States. If we fail to staff our accounting and finance function adequately or maintain internal control over financial reporting adequate to meet the demands that will be placed upon us as a public company listed in the United States, our business and reputation may be harmed and the price of our ordinary shares and ADSs may decline. In addition, undetected material weaknesses in our internal control over financial reporting could lead to restatements of financial statements and require us to incur the expense of remediation. Any of these developments could result in investor perceptions of us being adversely affected, which could cause a decline in the market price of our securities.

Our internal computer systems, or those of our third-party contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product development programs.

We have implemented a security policy intended to secure our data against impermissible access and to preserve the integrity and confidentiality of the data. Despite the implementation of security measures, our internal computer systems and those of our third-party contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war, telecommunication and electrical failures, and other sources. In addition, our research and development facility and headquarters in Luminy, France is located in an area that may be more susceptible to wildfires. If our facility or computer systems are damaged by fire despite the fire prevention and data archiving measures we have put in place, we could suffer financial losses and delays in our operations.

If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our programs. For example, the loss of clinical trial data for our product candidates could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the lost data. To the extent that any disruption or security breach results in a loss of or damage to our data or applications or other data or applications relating to our technology or product candidates, or inappropriate disclosure of confidential or proprietary information, we could incur liabilities, including penalties under data privacy laws such as the GDPR and other regulations, and the further development of our product candidates could be delayed. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our employees may engage in misconduct or other improper activities, including violating applicable regulatory standards and requirements, engaging in insider trading or violate the terms of their confidentiality agreements, which could significantly harm our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with legal requirements or the requirements of national authorities, the EMA, FDA and other government regulators, provide accurate information to applicable government authorities, comply with fraud and abuse and other healthcare laws and regulations in the United States, Europe and elsewhere, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of, including trading on, information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. We have a Code of Ethics that applies to all employees and consultants, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may be ineffective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations.
In order to protect our proprietary technology and processes, we rely in part on confidentiality agreements with our partners, employees, consultants, outside scientific collaborators and sponsored researchers, and other advisors. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may acquire businesses or products in the future and we may not realize the benefits of such acquisitions.

Although our current strategy involves continuing to grow our business internally, we may grow externally through selective acquisitions of complementary products and technologies, or of companies with such assets. If such acquisitions were to become necessary or attractive in the future, we may not be able to identify appropriate targets or make acquisitions under satisfactory conditions, in particular, satisfactory price conditions. In addition, we may be unable to obtain the financing for these acquisitions under favorable conditions, and could be led to finance these acquisitions using cash that could be allocated to other purposes in the context of existing operations. We may encounter numerous difficulties in developing, manufacturing and marketing any new products resulting from an acquisition that delay or prevent us from realizing their expected benefits or enhancing our business. We cannot assure you that, following any such acquisition, we will achieve the expected synergies to justify the transaction, which could have a material adverse effect on our business, financial conditions, earnings and prospects.

Risks Related to Intellectual Property Rights

Our ability to compete may be adversely affected if we do not adequately obtain, maintain, protect and enforce our intellectual property or proprietary rights, or if the scope of intellectual property protection we obtain is not sufficiently broad.

Our success depends, in large part, on our ability to obtain and maintain patent and other intellectual property protection in the United States and other countries with respect to Lumoxiti and our product candidates. However, we may not be able to obtain, maintain or enforce our patents and other intellectual property rights which could affect our ability to compete effectively. For example, we cannot guarantee:

- that we will file all necessary or desirable patent applications or that we will obtain the patents that we have applied for and that are under review;
- that we will be able to develop new patentable product candidates or technologies or obtain patents to protect such new product candidates or technologies;
- that we or our licensing or collaboration partners were the first to make the product candidates or technologies covered by the issued patents or pending patent applications that we license or own;
- that we will be able to obtain sufficient rights to all necessary or desirable patents or other intellectual property rights, whether at all or on reasonable terms;
- that the scope of any issued patents that we own or license will be broad enough to protect Lumoxiti or our product candidates or effectively prevent others from commercializing competitive technologies and product candidates; and
- that there is no risk of our owned and licensed patents being challenged, invalidated or circumvented by a third party.

The patent prosecution process is expensive, time-consuming, and complex, and we may not be able to file, prosecute, maintain, enforce, or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. For example, we do not intend to systematically file, maintain, prosecute and defend patents on
Lumoxiti and our product candidates in all countries. Consequently, we may not be able to prevent third parties from exploiting products that are the same as or similar to our products and product candidates in countries in which we do not obtain patent protection, or from selling or importing such products in and into the countries in which we do have patent protection. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, consultants, CROs, outside scientific collaborators, sponsored researchers, and other advisors, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing product candidates similar or identical to ours. In addition, in some circumstances, we may not have the right to control the preparation, filing, prosecution, maintenance, enforcement and defense of patents and patent applications covering technology that we license to or from third parties. For example, pursuant to our license agreement with AstraZeneca for monalizumab, AstraZeneca retains control of such activities for certain patents that we license to it under the agreement and patents that arise under the collaboration. We cannot be certain that these patents and patent applications will be prepared, filed, prosecuted, maintained, enforced, and defended in a manner consistent with the best interest of our business. If any third party that controls our patents and patent applications fails to maintain our patents or such third party loses rights to our patents or patent applications, our rights to those patents and underlying technology may be reduced or eliminated and our right to develop and commercialize our product candidates that are subject to such rights could be adversely affected.

Moreover, some of our patents and patent applications are, and may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners’ interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. We may also need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability. Even if patent applications we license or own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from circumventing our patents by developing similar or alternative technologies or products in a noninfringing manner, or otherwise provide us with any competitive advantage. Challenges from competitors or other third parties could reduce the scope of our patents or render them invalid or unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and product candidates, or limit the duration of the patent protection for Lumoxiti and our product candidates. The legal proceedings that we may then have to enter into in order to enforce and defend our intellectual property could be very costly and could distract our management and other personnel from their normal responsibilities, notably in the case of lawsuits in the United States. The probability of disputes arising over our intellectual property will increase progressively as patents are granted and as the value and appeal of the inventions protected by these patents are confirmed. The occurrence of any of these events concerning any of our patents or intellectual property rights could have a material adverse effect on our business, prospects, financial condition and results of operations. These risks are even higher for us, because of our limited financial and human resources.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability, and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued which protect our technology or product candidates or which effectively prevent others from commercializing competitive technologies and
product candidates. Furthermore, our owned and in-licensed patents may be subject to a reservation of rights by
one or more third parties. For example, the research resulting in certain of our owned and licensed patent rights
and technology was funded in part by the U.S. government. As a result, the government may have certain rights,
or march-in rights, to such patent rights and technology. When new technologies are developed with government
funding, the government generally obtains certain rights in any resulting patents, including a non-exclusive
license authorizing the government to use the invention for non-commercial purposes. These rights may permit
the government to disclose our confidential information to third parties and to exercise march-in rights to use or
allow third parties to use our licensed technology. The government can exercise its march-in rights if it
determines that action is necessary because we fail to achieve practical application of the government-funded
technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal
regulations, or to give preference to U.S. industry. In addition, our rights in such inventions may be subject to
certain requirements to manufacture products embodying such inventions in the United States. Any exercise by
the government of such rights could harm our competitive position, business, financial condition, results of
operations, and prospects.

Third parties may allege that we or our partners infringe, misappropriate or otherwise violate such third
parties’ intellectual property rights, which could prevent or delay our development efforts, stop us from
commercializing Lumoxiti or our product candidates, or increase the costs of commercializing Lumoxiti or
our product candidates.

Our commercial success depends on our ability and the ability of our partners to develop, manufacture,
market and sell Lumoxiti and our product candidates, and use our proprietary technologies, without infringing,
misappropriating or otherwise violating any intellectual property or proprietary rights of third parties. The field
of biopharmaceuticals involves significant patent and other intellectual property litigation, which can be highly
uncertain and involve complex legal and factual questions. The interpretation and breadth of claims allowed in
some patents covering biopharmaceutical compositions also may be uncertain and difficult to determine.

We may not be aware of all third-party intellectual property rights potentially relating to our product
candidates. In general, in the United States patent applications are not published until 18 months after filing or, in
some cases, not at all. Therefore, we cannot be sure that we were the first to make the inventions claimed in any
owned or licensed patents or pending patent applications, or that we were the first to file for patent protection for
such inventions. If we were not the first to invent such inventions or first to file any patent or patent application
for such inventions, we may be unable to make use of such inventions in connection with our products. We may
need to obtain licenses from third parties (which may not be available under commercially reasonable terms, or at
all), delay the launch of product candidates, or cease the production and sale of certain product candidates or
develop alternative technologies that are the subject of such patents or patent applications, any of which could
have a material adverse effect on our business, prospects, financial condition and results of operations. For
example, third parties may claim that IPH4102 and other product candidates may use technology protected by
their patents. Although we believe that our current activities and our planned development of IPH4102 does not
and will not infringe on such patents, which expire in the near term, third parties may disagree.

Third parties may allege that we or our partners infringe, misappropriate or otherwise violate any such third
party’s patents or other intellectual property rights and assert infringement claims against us, regardless of their
merit. A court of competent jurisdiction could hold that these third party patents are valid, enforceable and
infringed, which could materially and adversely affect our ability to commercialize Lumoxiti and any product
candidates we may develop and any other product candidates or technologies covered by the asserted third-party
patents. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to
overcome a presumption of validity. As this burden is a high one requiring us to present clear and convincing
evidence as to the invalidity of any such U.S. patent claim, there is no assurance that a court of competent
jurisdiction would invalidate the claims of any such U.S. patent. If we are found to infringe a third party’s
intellectual property rights, and we are unsuccessful in demonstrating that such rights are invalid or unenforceable, we could be required to:

- bear the potentially significant costs of proceedings brought against us;
- pay damages, which may include treble damages and attorney’s fees if we are found to have willfully infringed a third party’s patent rights;
- cease developing, manufacturing and commercializing the infringing technology or product candidates; and
- acquire a license to such third-party intellectual property rights, which may not be available on commercially reasonable terms, or at all, and may be non-exclusive thereby giving our competitors and other third parties access to the same technologies licensed to us.

Even if resolved in our favor, litigation or other intellectual property proceedings may cause us to incur significant expenses and could distract our management and other personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our ordinary shares or ADSs. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Should one or more of the foregoing risks materialize, this could have a material adverse effect on our reputation, business, prospects, financial condition and results of operations.

Our patents could be found invalid or unenforceable if challenged and we may not be able to protect our intellectual property.

Our and our licensors’ patents and patent applications, if issued, may be challenged, invalidated or circumvented by third parties. U.S. patents and patent applications may also be subject to interference proceedings, re-examination proceedings, derivation proceedings, post-grant review or inter partes review in the United States Patent and Trademark Office, or USPTO, challenging our or our licensors’ patent rights. Foreign patents may be subject also to opposition or comparable proceedings in the corresponding foreign patent office. For example, two of our European patents with claims directed to a class of anti-NKG2A antibodies defined by characteristics shared with monalizumab have been challenged in oppositions at the European Patent Office, or EPO. Although the Opposition Division of the EPO issued a decision that some claims directed to such class of anti-NKG2A antibodies are valid, the Opposition Division’s decisions for both patents are currently under appeal. We have also received notices that third parties filed oppositions challenging our in-licensed European patents directed to certain of our CD39 technology, and these oppositions are currently pending.

In addition, we may allege that third parties infringe our or our licensors’ patents and the defendant could counterclaim that such patents are invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we or our licensing partners and the patent examiner were unaware during prosecution.

Any such patent litigation or proceeding could result in the loss of our or our licensors’ patents, denial of our or our licensors’ patent applications or loss or reduction in the scope of one or more of the claims of such patents or patent applications. Accordingly, our or our licensors’ rights under any issued patents may not provide
us with sufficient protection against competitive product candidates or processes, we could become unable to manufacture or commercialize Lumoxiti or our product candidates without infringing third-party patent rights, and the duration of the patent protection of Lumoxiti or our product candidates could be limited. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Even if we are successful, such litigation or proceedings may be costly and may distract our management and other personnel from their normal responsibilities. Any of the foregoing could have a material adverse effect on our business, prospects, financial condition and results of operations.

**Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.**

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and/or applications will be due to be paid to the USPTO, and various government patent agencies outside of the United States over the lifetime of our owned and licensed patents and/or patent applications and any patent rights we may own in the future. In certain circumstances, we may rely on our licensing partners to pay these fees. The USPTO and various foreign patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market with similar or identical products or technology, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

**Developments in patent law could have a negative impact on our business.**

Changes in either the patent laws or interpretation of the patent laws could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. For example, from time to time, the U.S. Congress, the USPTO or similar foreign authorities may change the standards of patentability and any such changes could have a negative impact on our business. In addition, the Leahy-Smith America Invents Act, or the America Invents Act, which was signed into law in September 2011, includes a number of significant changes to U.S. patent law. These changes include a transition from a “first-to-invent” system to a “first-to-file” system, changes to the way issued patents are challenged and changes to the way patent applications are disputed during the examination process such as allowing third-party submission of prior art to the USPTO during patent prosecution. These changes may favor larger and more established companies that have greater resources to devote to patent application filing and prosecution. Under a first-to-file system, assuming that other requirements for patentability are met, the first inventor to file a patent application generally will be entitled to the patent on an invention regardless of whether another inventor made the invention earlier. The USPTO has developed new regulations and procedures to govern the full implementation of the America Invents Act, and many of the substantive changes to patent law associated with the America Invents Act, and, in particular, the first-to-file provisions, became effective in March 2013. Substantive changes to patent law associated with the America Invents Act, or any subsequent U.S. legislation regarding patents, may affect our ability to obtain patents, and if obtained, to enforce or defend them. Accordingly, it is not clear what, if any, impact the America Invents Act will have on the cost of prosecuting our U.S. patent applications, our ability to obtain U.S. patents based on our discoveries and our ability to enforce or defend any patents that may issue from our patent applications, all of which could have a material adverse effect on our business.

In addition, changes to or different interpretations of patent laws in the United States and other countries may permit others to use our or our partners’ discoveries or to develop and commercialize our technology and product candidates without providing any compensation to us, or may limit the number of patents or claims we
can obtain. The patent positions of companies in the biotechnology and pharmaceutical market are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of U.S. patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the validity and enforceability of patents, once obtained. Depending on future actions by the U.S. Congress, the federal courts, and the USPTO, as well as similar bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

*If we do not obtain protection under the Hatch-Waxman Amendments and similar non-U.S. legislation for extending the term of patents covering Lumoxiti and each of our product candidates, our business may be materially harmed.*

Depending upon the timing, duration and conditions of FDA marketing authorization of Lumoxiti and our product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Amendments, and similar legislation in the European Union. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended and only those claims covering the approved product, a method for using it or a method for manufacturing it may be extended. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents, fail to exercise due diligence during the testing phase or regulatory review process or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing products sooner. As a result, our revenue from Lumoxiti or an applicable product could be reduced, possibly materially, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

*We will not seek to protect our intellectual property rights in all jurisdictions throughout the world and we may not be able to adequately enforce our intellectual property rights in all jurisdictions where we seek intellectual property protection.*

Filing, maintaining, prosecuting and defending patents on Lumoxiti and our product candidates in all countries and jurisdictions throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States could be less extensive than those in the United States. Consequently, we may not be able to prevent third parties from using our product candidates or technologies in all countries outside the United States, or from selling or importing products made using our product candidates or technologies in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we do not pursue and obtain patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, and enforcement is not as strong as that in the United States. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. Even if we pursue and obtain issued patents in particular jurisdictions, our patent claims or other intellectual property rights may not be effective or sufficient to prevent third parties from so competing.

In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as the federal and state laws in the United States. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual
property protection, especially those relating to biopharmaceuticals or biotechnologies. This could make it difficult for us to stop the infringement of our patents, if obtained, or the misappropriation or other violation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. Accordingly, we may choose not to seek patent protection in certain countries, and we will not have the benefit of patent protection in such countries.

Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. In addition, changes in the law and legal decisions by courts in the United States and other countries may affect our ability to obtain adequate protection for our technology and the enforcement of our intellectual property. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

Third parties may assert ownership or commercial rights to products, product candidates or technologies that we develop.

Third parties have made, and may in the future make, claims challenging the inventorship or ownership of our intellectual property, which may result in the imposition of additional obligations on us, such as development, royalty and milestone payments. We have written agreements with partners or other third parties that provide for the ownership of intellectual property arising from our collaborations and our other work with such third parties. These agreements provide that we must negotiate certain commercial rights with partners and other third parties with respect to joint inventions or inventions made by our partners or such third parties that arise from the results of the collaboration or other work with such third parties. In some instances, there may not be adequate written provisions to address clearly the resolution of intellectual property rights that may arise under our agreements. For example, Orega Biotech SAS, or Orega Biotech, has made claims of joint ownership of certain patents relating to IPH5201, and we and Orega Biotech have agreed to resolve those claims in an arbitration proceeding. If we cannot successfully negotiate sufficient ownership and commercial rights to the inventions that result from our use of a third party’s materials where required, or if disputes otherwise arise with respect to the intellectual property developed with the use of a third party’s samples, we may be limited in our ability to capitalize on the market potential of these inventions. In addition, we may face claims by third parties that our agreements with employees, contractors, or consultants obligating them to assign intellectual property to us are ineffective, or in conflict with prior or competing contractual obligations of assignment, which could result in ownership disputes regarding intellectual property we have developed or will develop and interfere with our ability to capture the commercial value of such inventions. We also may be unsuccessful in executing assignment agreements with each party who, in fact, conceives or develops intellectual property that we regard as our own, or such agreements might not be self-executing or might be breached.

Litigation may be necessary to resolve an ownership dispute, and if we are not successful, we may be precluded from using certain intellectual property, may lose our exclusive rights in such intellectual property or may be required to acquire a license to such intellectual property, which may not be available on commercially reasonable terms or at all. Any of the foregoing could have a material adverse impact on our business.
If we fail to comply with our obligations under license or technology agreements with third parties, we could lose license rights that are critical to our business, and we may not be successful in obtaining necessary intellectual property rights.

We license intellectual property from third parties that is critical to our business through license agreements, including but not limited to licenses related to the manufacture, composition, use and sale of our product candidates, and in the future we may enter into additional agreements that provide us with licenses to valuable intellectual property or technology. For example, we depend on our license agreement with AstraZeneca for the commercialization of Lumoxiti and our license agreement with Novo Nordisk A/S for the development and commercialization of monalizumab. Our license agreements impose various obligations on us, which may include development, royalty and milestone payments. If we fail to comply with any of these obligations, our licensors may have the right to terminate the agreements. If our license agreements with AstraZeneca or Novo Nordisk A/S or any other current or future licensors terminate, we would lose valuable rights and may be required to cease our development, manufacture or commercialization of Lumoxiti or our product candidates, including monalizumab. In addition, our business would suffer if our licensors fail to abide by the terms of the agreements, if our licensors fail to prevent infringement by third parties, or if the licensed patents or other rights are found to be invalid or unenforceable. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

In addition, disputes may arise regarding intellectual property subject to a license agreement, including:

• the scope of rights granted under the license agreement and other interpretation-related issues;
• the extent to which our technology and processes infringe on intellectual property of the counterparty that is not subject to the license agreement;
• our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
• the inventorship or ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our counterparties and us; and
• the priority of invention of patented technology.

The agreements under which we currently license intellectual property from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract dispute that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property, or modify in a manner adverse to us what we believe to be our or our counterpart’s financial or other obligations under the relevant agreement, any of which could have material adverse effect on our business, financial condition, results of operations and prospects. If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current license agreement on acceptable terms, we may be unable to unsuccessfully develop and commercialize the affected product candidates.

Additionally, the growth of our business may depend, in part, on our ability to acquire, in-license or use proprietary rights held by third parties. We may be unable to acquire or in-license intellectual property rights from third parties that we identify as necessary for our product candidates on reasonable terms or at all. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive. These established companies may have a competitive advantage over us due to their size, capital resources, and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment.

As part of our business, we collaborate with non-profit and academic institutions to accelerate our preclinical research or development under agreements with these institutions. Typically, these institutions
provide us with an option to negotiate a license to any of the institution’s or its employees’ rights in technology resulting from the collaboration. Regardless of such option, we may be unable to negotiate a license within the specified timeframe or under terms that are acceptable to us. If we are unable to do so, the institution may offer the intellectual property rights to other parties, potentially blocking our ability to pursue our applicable development or commercialization program. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon the development and commercialization of the relevant program and our business, financial conditions, results of operations and prospects could be adversely affected.

Third parties may assert that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information or misappropriated trade secrets of their current or former employers.

We employ individuals who are currently, or were previously, employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants and independent contractors do not use the proprietary information or know-how of others in their work for us, and no such claims against us are currently pending, we may be subject to claims that we or our employees, consultants or independent contractors have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual’s current or former employer or other third parties. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our management and other employees. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position could be materially harmed.

In addition to patent protection, because we operate in the highly technical field of biopharmaceutical drug development, we rely in part on trade secret protection in order to protect our proprietary technology and processes. However, trade secrets are difficult to protect. We seek to protect our trade secrets, in part, by entering into confidentiality agreements with our employees, consultants, CROs, outside scientific collaborators, sponsored researchers, and other advisors. These agreements generally require that the other party keep confidential and not disclose to third parties all confidential information developed by such party or made known to such party by us during the course of such party’s relationship with us. However, we cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets and confidential information and these agreements may be breached, and we may not have adequate remedies for any breach.

In addition to contractual measures, we try to protect the confidential nature of our proprietary information using physical and technological security measures. Such measures may not, for example, in the case of misappropriation of a trade secret by an employee or third party with authorized access, provide adequate protection for our proprietary information. Our security measures may not prevent an employee or consultant from misappropriating our trade secrets and providing them to a competitor, and recourse we take against such misconduct may not provide an adequate remedy to protect our interests fully. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets. Moreover, trade secrets may be independently developed by others in a manner that could prevent legal recourse by us. If any of our confidential or proprietary information, such as our trade secrets, were to be disclosed to or misappropriated by a third party, or if any such information was independently developed by a third party, our competitive position could be materially harmed.
Our trade and technical secrets include:

- certain unpatented technical expertise that we believe provides us with an advantage in conducting research and development work in our field;
- certain scientific knowledge generated by the work we carry out;
- certain information relating to the product candidates we are currently developing; and
- certain information relating to the agreements signed between us and third parties.

The unauthorized disclosure or misappropriation of certain of these secrets could allow third parties to offer products or services to compete with ours or generally have a material adverse effect on our business.

The structures put in place to protect our trade and technical secrets do not constitute a guarantee that one or more of our trade and technical secrets will not be disclosed or misappropriated. The agreements or other arrangements to protect our trade secrets may fail to provide the protection sought, or are breached, or that our trade secrets are disclosed to, or developed independently by, our competitors. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

Unauthorized use of our trademarks may generate confusion and result in costs and delays to the detriment of our marketing efforts.

Our trademarks are a key component of our identity and our products. Although the key components of our trademarks have been registered, notably in France and the United States, other companies in the pharmaceutical sector might use or attempt to use similar trademarks or components of our trademarks, and thereby create confusion in the minds of third parties. Our registered trademarks may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. In addition, there could be potential trademark infringement claims brought by owners of other trademarks that incorporate variations of our registered or unregistered trademarks.

In the event we develop trademarks for products that conflict with intellectual property rights of third parties, we would then have to redesign or rename our products in order to avoid encroaching on the intellectual property rights of third parties. This could prove to be impossible or costly in terms of time and financial resources and could be detrimental to our marketing efforts. Should any of these risks materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

Intellectual property rights do not necessarily address all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make products that are the same as or similar to Lumoxiti and our product candidates or utilize similar technology but that are not covered by the claims of the patents that we license or may own in the future;
- we, or our license partners or current or future collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or may own in the future;
- we, or our license partners or current or future collaborators, might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our owned or licensed intellectual property rights;
• it is possible that our owned or licensed pending patent applications will not lead to issued patents;
• issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal
  challenges by our competitors;
• our competitors might conduct research and development activities in countries where we do not have
  patent rights and then use the information learned from such activities to develop competitive products for
  sale in our major commercial markets;
• we may not develop additional proprietary technologies that are patentable;
• the patents of others may harm our business; and
• we may choose not to file a patent in order to maintain certain trade secrets or know-how, and a third
  party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial
condition, results of operations, and prospects.

Risks Related to Ownership of Our Ordinary Shares and the ADSs

There has been no prior market for our ADSs and an active and liquid market for our securities may fail to
develop, which could harm the market price of the ADSs.

Prior to this global offering, while our ordinary shares have been listed on Euronext Paris since 2006, there
has been no public market on a U.S. national securities exchange for our ordinary shares or ADSs. Although we
anticipate that the ADSs will be approved for listing on Nasdaq, an active trading market for the ADSs may
never develop or be sustained following this global offering. The initial offering price of the ADSs will be
determined through negotiations between us and the underwriters. This offering price may not be indicative of
the market price of our ordinary shares or ADSs after this global offering. In the absence of an active trading
market for the ADSs, investors may not be able to sell their ADSs at or above the offering price or at the time
that they would like to sell.

The trading price of our equity securities may be volatile, and purchasers of our ordinary shares or ADSs
could incur substantial losses.

It is likely that the price of our ordinary shares and ADSs will be significantly affected by events such as
announcements regarding scientific and clinical results concerning product candidates currently being developed
by us, our collaboration partners or our main competitors, changes in market conditions related to our sector of
activity, announcements of new contracts, technological innovations and collaborations by us or our main
competitors, developments concerning intellectual property rights, as well as the development, regulatory
approval and commercialization of new products by us or our main competitors and changes in our financial
results.

Equity markets are subject to considerable price fluctuations, and often, these movements do not reflect the
operational and financial performance of the listed companies concerned. In particular, biotechnology
companies’ share prices have been highly volatile and may continue to be highly volatile in the future. As we
operate in a single industry, we are especially vulnerable to these factors to the extent that they affect our
industry. Fluctuations in the stock market as well as the macro-economic environment could significantly affect
the price of our ordinary shares. As a result of this volatility, investors may not be able to sell their ordinary
shares or ADSs at or above the price originally paid for the security. The market price for our ordinary shares and
ADSs may be influenced by many factors, including:

• actual or anticipated fluctuations in our financial condition and operating results;
• actual or anticipated changes in our growth rate relative to our competitors;
• competition from existing products or new products that may emerge;
• announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
• adverse results of delays in our or any of our competitors’ preclinical studies or clinical trials;
• adverse regulatory decisions, including failure to receive regulatory approval for any of our product candidates;
• the termination of a strategic alliance or the inability to establish additional strategic alliances;
• failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public;
• issuance of new or updated research or reports by securities analysts;
• fluctuations in the valuation of companies perceived by investors to be comparable to us;
• ordinary share and ADS price and volume fluctuations attributable to inconsistent trading volume levels of our ordinary shares and ADSs;
• price and volume fluctuations in trading of our ordinary shares on Euronext Paris;
• additions or departures of key management or scientific personnel;
• disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain patent and other intellectual property protection for our technologies;
• changes to coverage policies or reimbursement levels by commercial third-party payors and government payors and any announcements relating to coverage policies or reimbursement levels;
• announcement or expectation of additional debt or equity financing efforts;
• sales of our ordinary shares or ADSs by us, our insiders or our other shareholders; and
• general economic and market conditions.

These and other market and industry factors may cause the market price and demand for our ordinary shares and ADSs to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent investors from readily selling their ordinary shares or ADSs and may otherwise negatively affect the liquidity of the trading market for the ordinary shares and ADSs.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the price of the ordinary shares or ADSs and their trading volume could decline.

The trading market for the ADSs and ordinary shares depends in part on the research and reports that securities or industry analysts publish about us or our business. As a public company in France since 2006, our equity securities are currently subject to coverage by a number of analysts. If fewer securities or industry analysts cover our company, the trading price for the ADSs and ordinary shares would be negatively impacted. If one or more of the analysts who covers us downgrades our equity securities or publishes incorrect or unfavorable research about our business, the price of the ordinary shares and ADSs would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, or downgrades our securities, demand for the ordinary shares and ADSs could decrease, which could cause the price of the ordinary shares and ADSs or their trading volume to decline.

We do not currently intend to pay dividends on our securities and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of the ordinary shares and ADSs. In addition, French law may limit the amount of dividends we are able to distribute.

We have never declared or paid any cash dividends on our ordinary shares and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth.
Therefore, you are not likely to receive any dividends on your ADSs for the foreseeable future and the success of an investment in the ADSs will depend upon any future appreciation in its value. Consequently, investors may need to sell all or part of their holdings of the ADSs after price appreciation, which may never occur, as the only way to realize any future gains on their investment. There is no guarantee that the ADSs will appreciate in value or even maintain the price at which our shareholders have purchased them. Investors seeking cash dividends should not purchase the ADSs.

Further, under French law, the determination of whether we have been sufficiently profitable to pay dividends is made on the basis of our statutory financial statements prepared and presented in accordance with accounting standards applicable in France. Moreover, pursuant to French law, we must allocate 5% of our unconsolidated net profit for each year to our legal reserve fund before dividends, should we propose to declare any, may be paid for that year, until the amount in the legal reserve is equal to 10% of the aggregate nominal value of our issued and outstanding share capital. In addition, payment of dividends may subject us to additional taxes under French law. Therefore, we may be more restricted in our ability to declare dividends than companies that are not incorporated in France. See “Description of Share Capital—Key Provisions of Our Bylaws and French Law Affecting Our Ordinary Shares” for further details on the limitations on our ability to declare and pay dividends and the taxes that may become payable by us if we elect to pay a dividend.

In addition, exchange rate fluctuations may affect the amount of euro that we are able to distribute, and the amount in U.S. dollars that our shareholders receive upon the payment of cash dividends or other distributions we declare and pay in euro, if any. These factors could harm the value of the ADSs, and, in turn, the U.S. dollar proceeds that holders receive from the sale of the ADSs.

*If you purchase ADS in this global offering, you will experience substantial and immediate dilution.*

If you purchase ADS in this global offering, you will experience substantial and immediate dilution of € ($ ) per ordinary share in the net tangible book value after giving effect to the global offering at an assumed offering price of $ (based on € per ordinary share, the closing price of our ordinary shares on Euronext Paris on , 2019), because the price that you pay will be substantially greater than the net tangible book value per ordinary share that you acquire. This dilution is due in large part to the fact that our earlier investors paid substantially less than the initial offering price when they purchased their ordinary shares. You will experience additional dilution upon exercise of any outstanding warrants to purchase ordinary shares or if we otherwise issue additional ordinary shares or ADSs below the offering price. For a further description of the dilution that you will experience immediately after this global offering, see “Dilution.”

*We have broad discretion in the use of the net proceeds from this global offering and may not use them effectively.*

We will have broad discretion in the application of the net proceeds that we receive from this offering as well as of our existing cash, cash equivalents short-term investments and non-current financial assets, and we may spend or invest these funds in a way with which our shareholders or holders of our ADSs disagree. Our failure to apply these funds effectively could harm our business and financial condition. Pending their use, we may invest the net proceeds from the offering in a manner that does not produce income or that loses value. These investments may not yield a favorable return to our investors.

*Future sales of ordinary shares or ADSs by existing shareholders could depress the market price of the ordinary shares or ADSs.*

If our existing shareholders sell, or indicate an intent to sell, substantial amounts of ordinary shares or ADSs in the public market after the 90-day contractual lock-up and other legal restrictions on resale discussed in this prospectus lapse, the trading price of the ADSs could decline significantly and could decline below the offering price. Upon completion of the global offering, we will have outstanding ordinary shares, including
ordinary shares represented by ADSs, approximately of which are subject to a contractual restriction on selling for up to 90 days, subject to customary exceptions. As of the date of this prospectus, the exercise of all our instruments convertible into ordinary shares would enable the subscription of new ordinary shares, representing approximately 7.6% of the diluted share capital. Citigroup Global Markets Inc., SVB Leerink LLC and Evercore Group L.L.C. may waive the lock-up agreements entered into in connection with this offering prior to the expiration thereof in their sole discretion. See “Underwriting—Lock-up Agreements.”

After the lock-up agreements pertaining to this offering expire, and based on the number of ordinary shares outstanding upon completion of this global offering, including ordinary shares represented by ADSs, additional ordinary shares will be eligible for sale in the public market, all of which ordinary shares are held by members of the Executive Board and of the Supervisory Board and other affiliates and will be subject to volume limitations under Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. In addition, the ordinary shares subject to subscription under our instruments convertible under shares will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. Sales of a large number of the ordinary shares in the public market could have an adverse effect on the market price of the ADSs. See “Shares and ADSs Eligible for Future Sale” for a more detailed description of sales that may occur in the future. If these additional ordinary shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of the ordinary shares and ADSs could decline substantially.

The dual listing of our ordinary shares and the ADSs following this global offering may adversely affect the liquidity and value of the ADSs.

Following this global offering and after the ADSs begin trading on Nasdaq, our ordinary shares will continue to be listed on Euronext Paris. Trading of the ADSs or ordinary shares in these markets will take place in different currencies (U.S. dollars on Nasdaq and euro on Euronext Paris), and at different times (resulting from different time zones, different trading days and different public holidays in the United States and France). The trading prices of our ordinary shares on these two markets may differ due to these and other factors. Any decrease in the price of our ordinary shares on Euronext Paris could cause a decrease in the trading price of the ADSs on Nasdaq. Investors could seek to sell or buy our ordinary shares to take advantage of any price differences between the markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both our share prices on one exchange, and the ordinary shares available for trading on the other exchange. In addition, holders of ADSs will not be immediately able to surrender their ADSs and withdraw the underlying ordinary shares for trading on the other market without effecting necessary procedures with the depositary. This could result in time delays and additional cost for holders of ADSs. We cannot predict the effect of this dual listing on the value of our ordinary shares and the ADSs. However, the dual listing of our ordinary shares and the ADSs may reduce the liquidity of these securities in one or both markets and may adversely affect the development of an active trading market for the ADSs in the United States.

The rights of shareholders in companies subject to French corporate law differ in material respects from the rights of shareholders of corporations incorporated in the United States.

We are a French company with limited liability. Our corporate affairs are governed by our bylaws and by the laws governing companies incorporated in France. The rights of shareholders and the responsibilities of members of our Executive Board and of our Supervisory Board are in many ways different from the rights and obligations of shareholders in companies governed by the laws of U.S. jurisdictions. For example, in the performance of its duties, our Executive Board is required by French law to consider the interests of our company, its shareholders, its employees and other stakeholders, rather than solely our shareholders and/or creditors. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a shareholder or holder of ADSs. See “Management—Corporate Governance Practices” and “Description of Share Capital.”
U.S. investors may have difficulty enforcing civil liabilities against our company and members of the Executive Board and the Supervisory Board.

Most of the members of our Executive Board and Supervisory Board and the experts named in this prospectus are non-residents of the United States, and all or a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may not be possible to serve process on such persons or us in the United States or to enforce judgments obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States. Additionally, it may be difficult to assert U.S. securities law claims in actions originally instituted outside of the United States. Foreign courts may refuse to hear a U.S. securities law claim because foreign courts may not be the most appropriate forums in which to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the law of the jurisdiction in which the foreign court resides, and not U.S. law, is applicable to the claim. Further, if U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process, and certain matters of procedure would still be governed by the law of the jurisdiction in which the foreign court resides. In particular, there is some doubt as to whether French courts would recognize and enforce certain civil liabilities under U.S. securities laws in original actions or judgments of U.S. courts based upon these civil liability provisions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in France. An award for monetary damages under the U.S. securities laws would be considered punitive if it does not seek to compensate the claimant for loss or damage suffered but is intended to punish the defendant. French law provides that a shareholder, or a group of shareholders, may initiate a legal action to seek indemnification from the directors of a corporation in the corporation’s interest if it fails to bring such legal action itself. If so, any damages awarded by the court are paid to the corporation and any legal fees relating to such action may be borne by the relevant shareholder or the group of shareholders. The enforceability of any judgment in France will depend on the particular facts of the case as well as the laws and treaties in effect at the time. The United States and France do not currently have a treaty providing for recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. See “Enforcement of Civil Liabilities.”

Our bylaws and French corporate law contain provisions that may delay or discourage a takeover attempt.

Provisions contained in our bylaws and French corporate law could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our shareholders. In addition, provisions of our bylaws impose various procedural and other requirements, which could make it more difficult for shareholders to effect certain corporate actions. These provisions include the following:

• under French law, the owner of 90% of the share capital or voting rights of a public company listed on a regulated market in a Member State of the European Union or in a state party to the EEA Agreement, including from the main French stock exchange, has the right to force out minority shareholders following a tender offer made to all shareholders;

• under French law, a non-resident of France as well as any French entity controlled by non-residents of France may have to file a declaration for statistical purposes with the Bank of France (Banque de France) within 20 working days following the date of certain direct foreign investments in us, including any purchase of our ADSs. In particular, such filings are required in connection with investments exceeding €15,000,000 that lead to the acquisition of at least 10% of our share capital or voting rights or cross such 10% threshold. See “Limitations Affecting Shareholders of a French Company”;

• under French law, certain investments in a French company relating to certain strategic industries by individuals or entities not residents in a Member State of the EU are subject to prior authorization of the Ministry of Economy. See “Limitations Affecting Shareholders of a French Company”;

• a merger (i.e., in a French law context, a share for share exchange following which our company would be dissolved into the acquiring entity and our shareholders would become shareholders of the acquiring entity) of our company into a company incorporated in the European Union would require the approval of
our Executive Board as well as a two-thirds majority of the votes held by the shareholders present, represented by proxy or voting by mail at the relevant meeting;

- a merger of our company into a company incorporated outside of the European Union would require 100% of our shareholders to approve it;

- under French law, a cash merger is treated as a share purchase and would require the consent of each participating shareholder;

- our shareholders may in the future grant our Executive Board broad authorizations to increase our share capital or to issue additional ordinary shares or other securities (for example, warrants) to our shareholders, the public or qualified investors, including as a possible defense following the launching of a tender offer for our ordinary shares;

- our shareholders have preferential subscription rights on a pro rata basis on the issuance by us of any additional securities for cash or a set-off of cash debts, which rights may only be waived by the extraordinary general meeting (by a two-thirds majority vote) of our shareholders or on an individual basis by each shareholder;

- our Supervisory Board appoints the members of the Executive Board and shall fill any vacancy within two months;

- our Supervisory Board has the right to appoint members of the Supervisory Board to fill a vacancy created by the resignation or death of a member of the Supervisory Board for the remaining duration of such member’s term of office, and subject to the approval by the shareholders of such appointment at the next shareholders’ meeting, which prevents shareholders from having the sole right to fill vacancies on our Supervisory Board;

- our Executive Board can be convened by the chairman of the Executive Board or other members of the Executive Board delegated for this purpose;

- our Supervisory Board can be convened by the chairman or the vice-chairman of the Supervisory Board. A member of the Executive Board or one-third of the members of the Supervisory Board may send a written request to the chairman to convene the Supervisory Board. If the chairman does not convene the Supervisory Board 15 days following the receipt of such request, the authors of the request may themselves convene the Supervisory Board;

- our Supervisory Board meetings can only be regularly held if at least half of its members attend either physically or by way of videoconference or teleconference enabling the members’ identification and ensuring their effective participation in the Supervisory Board’s decisions;

- approval of at least a majority of the votes held by shareholders present, represented by a proxy, or voting by mail at the relevant ordinary shareholders’ general meeting is required to remove members of the Executive Board and/or members of the Supervisory Board with or without cause;

- the crossing of certain ownership thresholds has to be disclosed and can impose certain obligations; see the section of this prospectus titled “Description of Share Capital—Key Provisions of Our Bylaws and French Law Affecting Our Ordinary Shares”;

- advance notice is required for nominations to the Supervisory Board or for proposing matters to be acted upon at a shareholders’ meeting, except that a vote to remove and replace a member of the Supervisory Board can be proposed at any shareholders’ meeting without notice;

- transfers of shares shall comply with applicable insider trading rules and regulations, and in particular with the Market Abuse Regulation 596/2014 of April 16, 2014; and

- pursuant to French law, our bylaws, including the sections relating to the number of members of the Executive and Supervisory Boards, and election and removal of members of the Executive and Supervisory Boards from office may only be modified by a resolution adopted by two-thirds of the votes of our shareholders present, represented by a proxy or voting by mail at the meeting.
Purchasers of ADSs in the U.S. offering will not be directly holding our ordinary shares.

A holder of ADSs will not be treated as one of our shareholders and will not have direct shareholder rights. French law governs our shareholder rights. The depositary, through the custodian or the custodian’s nominee, will be the holder of the ordinary shares underlying ADSs held by purchasers of ADSs in the U.S. offering. Purchasers of ADSs in the U.S. offering will have ADS holder rights. The deposit agreement among us, the depositary and purchasers of ADSs in the U.S. offering, as an ADS holder, and all other persons directly and indirectly holding ADSs, sets out ADS holder rights, as well as the rights and obligations of us and the depositary.

Your right as a holder of ADSs to participate in any future preferential subscription rights offering or to elect to receive dividends in shares may be limited, which may cause dilution to your holdings.

According to French law, if we issue additional securities for cash, current shareholders will have preferential subscription rights for these securities on a pro rata basis unless they waive those rights at an extraordinary meeting of our shareholders (by a two-thirds majority vote) or individually by each shareholder. However, our ADS holders in the United States will not be entitled to exercise or sell such rights unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. In addition, the deposit agreement provides that the depositary will not make rights available to you unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act or exempted from registration under the Securities Act. Further, if we offer holders of our ordinary shares the option to receive dividends in either cash or shares, under the deposit agreement the depositary may require satisfactory assurances from us that extending the offer to holders of ADSs does not require registration of any securities under the Securities Act before making the option available to holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, ADS holders may be unable to participate in our rights offerings or to elect to receive dividends in shares and may experience dilution in their holdings. In addition, if the depositary is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, it will allow the rights to lapse, in which case you will receive no value for these rights.

You may not be able to exercise your right to vote the ordinary shares underlying your ADSs.

Holders of ADSs may exercise voting rights with respect to the ordinary shares represented by the ADSs only in accordance with the provisions of the deposit agreement. The deposit agreement provides that, upon receipt of notice of any meeting of holders of our ordinary shares, the depositary will fix a record date for the determination of ADS holders who shall be entitled to give instructions for the exercise of voting rights. Upon timely receipt of notice from us, if we so request, the depositary shall distribute to the holders as of the record date (i) the notice of the meeting or solicitation of consent or proxy sent by us and (ii) a statement as to the manner in which instructions may be given by the holders.

You may instruct the depositary of your ADSs to vote the ordinary shares underlying your ADSs. Otherwise, you will not be able to exercise your right to vote, unless you withdraw the ordinary shares underlying the ADSs you hold. However, you may not know about the meeting far enough in advance to withdraw those ordinary shares. If we ask for your instructions, the depositary, upon timely notice from us, will notify you of the upcoming vote and arrange to deliver our voting materials to you. We cannot guarantee you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your ordinary shares or to withdraw your ordinary shares so that you can vote them yourself. If the depositary does not receive timely voting instructions from you, it may give a proxy to a person designated by us to vote the ordinary shares underlying your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote, and there may be nothing you can do if the ordinary shares underlying your ADSs are not voted as you requested.
You may be subject to limitations on the transfer of your ADSs and the withdrawal of the underlying ordinary shares.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may refuse to deliver, transfer or register transfers of your ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, or for any other reason subject to your right to cancel your ADSs and withdraw the underlying ordinary shares. Temporary delays in the cancellation of your ADSs and withdrawal of the underlying ordinary shares may arise because the depositary has closed its transfer books or we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders’ meeting or we are paying a dividend on our ordinary shares. In addition, you may not be able to cancel your ADSs and withdraw the underlying ordinary shares when you owe money for fees, taxes and similar charges and when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities. See the section of this prospectus titled “Description of American Depositary Shares.”

As a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than a U.S. company.

We are a foreign private issuer, as defined in the SEC’s rules and regulations and, consequently, we are not subject to all of the disclosure requirements applicable to public companies organized within the United States. For example, we are exempt from certain rules under the Exchange Act that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act, including the U.S. proxy rules under Section 14 of the Exchange Act. In addition, our Executive Board and Supervisory Board members are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Moreover, while we currently make annual and semi-annual filings with respect to our listing on Euronext Paris and expect to file financial reports on an annual and semi-annual basis, we will not be required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies and will not be required to file quarterly reports on Form 10-Q or current reports on Form 8-K under the Exchange Act. In addition, foreign private issuers are not required to file their annual report on Form 20-F until four months after the end of each fiscal year. Accordingly, there will be less publicly available information concerning our company than there would be if we were not a foreign private issuer.

As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq corporate governance listing standards and these practices may afford less protection to shareholders than they would enjoy if we complied fully with Nasdaq corporate governance listing standards.

As a foreign private issuer listed on Nasdaq, we will be subject to their corporate governance listing standards. However, Nasdaq rules permit foreign private issuers to follow the corporate governance practices of its home country. Some corporate governance practices in France may differ significantly from Nasdaq corporate governance listing standards. For example, neither the corporate laws of France nor our bylaws require a majority of our Supervisory Board members to be independent and although the corporate governance code to which we currently refer (the AFEP/MEDEF code) recommends that, in a widely-held company like ours, a majority of the Supervisory Board members be independent (as construed under such code), this code only applies on a “comply-or-explain” basis and we may in the future either decide not to apply this recommendation or change the corporate code to which we refer. Furthermore, we could include non-independent members of the Supervisory Board as members of our compensation and nomination committee, and our independent Supervisory Board members would not necessarily hold regularly scheduled meetings at which only independent members of the Supervisory Board are present. Currently, we intend to follow home country practice to the
maximum extent possible. Therefore, our shareholders may be afforded less protection than they otherwise
would have under corporate governance listing standards applicable to U.S. domestic issuers. For an overview of
our corporate governance practices, see “Management—Corporate Governance Practices.”

We are an “emerging growth company” under the JOBS Act and will be able to avail ourselves of reduced
disclosure requirements applicable to emerging growth companies, which could make our ordinary shares
ADSs less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and we intend to take advantage of
certain exemptions from various reporting requirements that are applicable to other public companies that are not
“emerging growth companies,” including not being required to comply with the auditor attestation requirements
of Section 404(b) of the Sarbanes-Oxley Act, and exemptions from the requirements of holding a nonbinding
advisory vote on executive compensation and shareholder approval of any golden parachute payments not
previously approved. In addition, Section 107 of the JOBS Act also provides that an emerging growth company
can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act, for
complying with new or revised accounting standards. We will not take advantage of the extended transition
period provided under Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting
standards.

We cannot predict if investors will find the ordinary shares or ADSs less attractive because we may rely on
these exemptions. If some investors find the ordinary shares or ADSs less attractive as a result, there may be a
less active trading market for the ordinary shares or ADSs and the price of the ordinary shares or ADSs may be
more volatile. We may take advantage of these exemptions until such time that we are no longer an emerging
growth company. We would cease to be an emerging growth company upon the earliest to occur of (1) the last
day of the fiscal year in which we have more than $1.07 billion in annual revenue; (2) the date we qualify as a
“large accelerated filer” with at least $700 million of equity securities held by non-affiliates; (3) the issuance, in
any three year period, by our company of more than $1.0 billion in non-convertible debt securities held by
non-affiliates; and (4) the last day of the fiscal year ending after the fifth anniversary of our initial public offering
of the ADSs.

We may lose our foreign private issuer status in the future, which could result in significant additional cost
and expense.

While we currently qualify as a foreign private issuer, the determination of foreign private issuer status is
made annually on the last business day of an issuer’s most recently completed second fiscal quarter and,
accordingly, our next determination will be made on June 30, 2020. In the future, we would lose our foreign
private issuer status if we fail to meet the requirements necessary to maintain our foreign private issuer status
as of the relevant determination date. For example, if more than 50% of our securities are held by U.S. residents
and more than 50% of the members of our Executive Board or Supervisory Board are residents or citizens of the
United States, we could lose our foreign private issuer status. Immediately following the closing of this global
offering, approximately % of our outstanding ordinary shares (including ordinary shares in the form of ADSs)
will likely be held by U.S. residents (assuming that all purchasers in the U.S. offering are residents of the United
States).

The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be
significantly more than costs we incur as a foreign private issuer. If we are not a foreign private issuer, we will be
required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which
are more detailed and extensive in certain respects than the forms available to a foreign private issuer. We would
be required under current SEC rules to prepare our financial statements in accordance with U.S. generally
accepted accounting principles, or U.S. GAAP, rather than IFRS, and modify certain of our policies to comply
with corporate governance practices required of U.S. domestic issuers. Such conversion of our financial
statements to U.S. GAAP would involve significant time and cost. In addition, we may lose our ability to rely
upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers such as the ones described above and exemptions from procedural requirements related to the solicitation of proxies.

**If we are a passive foreign investment company, there could be adverse U.S. federal income tax consequences to U.S. holders**

Based on our analysis of our income, assets, activities and market capitalization for our taxable year ending December 31, 2018, we believe that we were not classified as a passive foreign investment company, or PFIC, for the taxable year ending December 31, 2018. Based on the expected nature and composition of our income, assets, activities and market capitalization for our taxable year ending December 31, 2019, we believe that we will not be classified as a PFIC for the taxable year ending December 31, 2019. However, there can be no assurance that we will not be considered a PFIC in the current year or for any future taxable year. Under the Code, a non-U.S. company will be considered a PFIC for any taxable year in which (1) 75% or more of its gross income consists of passive income or (2) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of these tests, passive income includes dividends, interest, gains from the sale or exchange of investment property and certain rents and royalties. In addition, for purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets and received directly its proportionate share of the income of such other corporation. If we are a PFIC for any taxable year during which a U.S. holder (as defined below under “Material United States Federal Income Tax and French Tax Considerations—Material U.S. Federal Income Tax Considerations”) holds our ordinary shares or ADSs, we will continue to be treated as a PFIC with respect to such U.S. holder in all succeeding years during which the U.S. holder owns the ordinary shares or ADSs, regardless of whether we continue to meet the PFIC test described above, unless the U.S. holder makes a specified election once we cease to be a PFIC. If we are classified as a PFIC for any taxable year during which a U.S. holder holds our ordinary shares or ADSs, the U.S. holder may be subject to adverse tax consequences regardless of whether we continue to qualify as a PFIC, including ineligibility for any preferred tax rates on capital gains or on actual or deemed dividends, interest charges on certain taxes treated as deferred, and additional reporting requirements. For further discussion of the PFIC rules and the adverse U.S. federal income tax consequences in the event we are classified as a PFIC, see the section of this prospectus titled “Material United States Federal Income Tax and French Tax Considerations—Material United States Federal Income Tax Considerations.”

**If a United States person is treated as owning at least 10% of our ordinary shares, such holder may be subject to adverse U.S. federal income tax consequences.**

If a U.S. holder is treated as owning, directly, indirectly or constructively, at least 10% of the value or voting power of our ordinary shares or ADSs, such U.S. holder may be treated as a “United States shareholder” with respect to each “controlled foreign corporation” in our group, if any. Our group currently includes one U.S. subsidiary and, therefore, under current law our current non-U.S. subsidiary and any future newly formed or acquired non-U.S. subsidiaries will be treated as controlled foreign corporations, regardless of whether we are treated as a controlled foreign corporation. A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of “Subpart F income,” “global intangible low-taxed income” and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with controlled foreign corporation reporting obligations may subject a United States shareholder to significant monetary penalties. We cannot provide any assurances that we will furnish to any United States shareholder information that may be necessary to comply with the reporting and tax paying obligations applicable under the controlled foreign corporation rules of the Code. U.S. holders should consult their tax advisors regarding the potential application of these rules to their investment in our ordinary shares or ADSs.
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, particularly the sections of this prospectus titled “Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” contains forward-looking statements. All statements other than present and historical facts and conditions contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy, plans and our objectives for future operations, are forward-looking statements. When used in this prospectus, the words “anticipate,” “believe,” “can,” “could,” “estimate,” “expect,” “intend,” “is designed to,” “may,” “might,” “plan,” “potential,” “predict,” “objective,” “should,” or the negative of these and similar expressions identify forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the prospects of attaining, maintaining and expanding marketing authorization for monalizumab, IPH4102 and our other product candidates;
- the initiation, timing, progress and results of our preclinical studies and clinical trials and those conducted by third parties, including our collaborator AstraZeneca;
- our ability to successfully develop and advance our pipeline of product candidates;
- the timing or likelihood of regulatory filings and approvals;
- our ability to contract with third-party suppliers and manufacturers and their ability to perform adequately;
- our commercialization of Lumoxiti, including the expected transitioning of commercialization activities in the United States from AstraZeneca to us commencing in mid 2019, and any of our product candidates, if approved, for which we retain commercialization rights;
- future agreements with third parties in connection with the commercialization of our product candidates and any other approved product;
- our ability to develop sales and marketing capabilities and transition into a commercial-stage company;
- the pricing and reimbursement of Lumoxiti and our product candidates, if approved;
- the effects of increased competition as well as innovations by new and existing competitors in our industry;
- our ability to obtain funding for our operations;
- our ability to obtain, maintain, protect and enforce our intellectual property rights and proprietary technologies and to operate our business without infringing the intellectual property rights and proprietary technology of third parties;
- regulatory developments in the United States, Europe and other countries;
- costs of compliance and our failure to comply with new and existing governmental regulations including, but not limited to, tax regulations;
- statements regarding future revenue, hiring plans, expenses, capital expenditures, capital requirements and stock performance;
- our expected use of proceeds of the global offering; and
- other risks and uncertainties, including those listed in the section of this prospectus titled “Risk Factors.”

You should refer to the section of this prospectus titled “Risk Factors” for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this prospectus will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the
inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act do not protect any forward-looking statements that we make in connection with the global offering.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this prospectus and the documents that we reference in this prospectus and have filed with the SEC as exhibits to the Registration Statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.
USE OF PROCEEDS

We estimate that we will receive net proceeds from the global offering of approximately $ million (€ million), assuming an offering price of $ per ADS (€ per ordinary share), the last reported closing price of our ordinary shares on Euronext Paris on , 2019, after deducting estimated underwriting discounts and estimated offering expenses payable by us, and assuming no exercise of the underwriters’ option to purchase additional ordinary shares (including ordinary shares in the form of ADSs). If the underwriters exercise their option in full, we estimate that we will receive net proceeds from the global offering of approximately $ million (€ million) after deducting estimated underwriting discounts and estimated offering expenses payable by us.

Each €1.00 ($ ) increase or decrease in the assumed initial offering price of € per ordinary share ($ per ADS) would increase or decrease our net proceeds from the global offering by € million ($ million), assuming the number of ordinary shares (including ordinary shares in the form of ADSs), as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and estimated offering expenses payable by us. We may also increase or decrease the number of ordinary shares (including ordinary shares in the form of ADSs) we are offering. An increase or decrease of 1,000,000 ordinary shares (including ordinary shares in the form of ADSs) offered by us would increase or decrease the net proceeds to us by € million ($ million), assuming that the assumed initial offering price remains the same and after deducting estimated underwriting discounts and estimated offering expenses payable by us. The actual net proceeds payable to us will adjust based on the actual number of ordinary shares (including ordinary shares in the form of ADSs) sold by us, the actual initial offering price and other terms of the global offering determined at pricing.

The principal purposes of the global offering are to increase our financial flexibility in order to advance our proprietary and partnered pipeline and build out our commercial capabilities. We currently expect to use the net proceeds from the offering, together with a portion of our cash, cash equivalents, short-term investments, and non-current financial assets (in aggregate) as follows:

• Approximately $ million to advance the clinical development of our lead product candidate, monalizumab, in collaboration with AstraZeneca, which is currently being evaluated for the treatment of patients with R/M SCCHN and in patients with advanced solid tumors, including CRC;
• Approximately $ million to advance the clinical development of IPH4102 for the treatment of patients with Sézary syndrome, MF and PTCL;
• Approximately $ million to advance the clinical development of IPH5401 in patients with solid tumors, including NSCLC and HCC;
• Approximately $ million to build our commercial capabilities for Lumoxiti in the United States and, if approved, in the European Union; and
• Approximately $ million to expand and advance our preclinical pipeline, including transitioning IPH5301 into clinical development.

We expect to use the remainder of any net proceeds from the global offering, together with a portion of our cash, cash equivalents, short-term investments and non-current financial assets, for general corporate purposes. We may also use a portion of the net proceeds to in-license, acquire or invest in complementary technologies, products, businesses or assets, either alone or in collaboration with a partner. However, we have no current plans, commitments or obligations to do so.

We currently have no specific plans as to how the net proceeds from the global offering will be allocated beyond the uses specified above and therefore management will retain discretion with respect to the use of the net proceeds of the global offering. We may also use a portion of the net proceeds to acquire, license or invest in complementary technologies or businesses. However, we currently have no agreements or commitments to complete any such transaction.
As of June 30, 2019, we had cash, cash equivalents, short-term investments and non-current financial assets of €200.3 million. We believe our cash, cash equivalents, short-term investments and non-current financial assets, together with the net proceeds of the global offering and our cash flow from operations, will be sufficient to fund our operations for at least months.

The expected use of the net proceeds from the global offering and time horizon for the use of our funds represent our intentions based upon our current plans and business conditions. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the net proceeds to be received upon the completion of the global offering or the amounts that we will actually spend on the uses set forth above. The amounts and timing of our actual expenditures and the extent of clinical development may vary significantly depending on numerous factors, including the progress of our development efforts, the status of and results from preclinical studies and any ongoing clinical trials or clinical trials we may commence in the future, as well as any collaborations that we may enter into with third parties for our product candidates and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from the global offering.

Pending our use of the net proceeds from the global offering, we intend to invest the net proceeds in a variety of capital preservation investments, including short-term, investment-grade, interest-bearing instruments.
DIVIDEND POLICY

We have never declared or paid any dividends on our ordinary shares. We do not anticipate paying cash dividends on our equity securities in the foreseeable future and intend to retain all available funds and any future earnings for use in the operation and expansion of our business, given our state of development.

Subject to the requirements of French law and our bylaws, dividends may only be distributed from our distributable profits, plus any amounts held in our available reserves which are reserves other than legal and statutory and revaluation surplus. Dividend distributions, if any in the future, will be made in euro and converted into U.S. dollars with respect to the ADSs, as provided in the deposit agreement. See “Description of Share Capital” for more information.
The following table sets forth our cash, cash equivalents, short-term investments and capitalization as of June 30, 2019 on an actual and on an as adjusted basis to reflect the issuance and sale of ordinary shares (including ordinary shares in the form of ADSs) in the global offering at an assumed initial offering price of € per ordinary share ($ per ADS), the last reported closing price of our ordinary shares on Euronext Paris on , 2019, after deducting estimated underwriting discounts and estimated offering expenses payable by us.

Our capitalization following the global offering will be adjusted based on the actual initial offering price and other terms of the global offering determined at pricing. The table should be read in conjunction with the information contained in “Use of Proceeds,” “Summary Consolidated Financial Data,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” as well as our consolidated financial statements and the related notes included elsewhere in this prospectus.

<table>
<thead>
<tr>
<th></th>
<th>As of June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>€ 149,376</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>15,578</td>
</tr>
<tr>
<td>Total cash and cash equivalents and short-term investments</td>
<td>€ 164,954</td>
</tr>
<tr>
<td>Financial liabilities—current portion</td>
<td>1,722</td>
</tr>
<tr>
<td>Financial liabilities—non-current portion</td>
<td>3,237</td>
</tr>
<tr>
<td>Total financial liabilities(1)</td>
<td>4,959</td>
</tr>
<tr>
<td>Share capital</td>
<td></td>
</tr>
<tr>
<td>Ordinary and preferred shares, €0.05 nominal value: 64,043,905 ordinary shares, 6,931 “2016” preferred shares and 7,581 “2017” preferred shares issued and outstanding, actual; ordinary shares, 6,931 “2016” preferred shares and 7,581 “2017” preferred shares issued and outstanding, as adjusted</td>
<td>3,203</td>
</tr>
<tr>
<td>Share premium</td>
<td>301,629</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(134,911)</td>
</tr>
<tr>
<td>Other reserves</td>
<td>1,895</td>
</tr>
<tr>
<td>Net income</td>
<td>13,240</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>€ 181,266</td>
</tr>
<tr>
<td>Total capitalization</td>
<td>€ 186,225</td>
</tr>
</tbody>
</table>

(1) On August 30, 2019, we drew down the remaining portion of the €15.2 million loan granted in July 2017 by Société Générale, for an amount of €13.9 million. The loan amounted to €1.3 million as of June 30, 2019. The repayment schedule began on August 30, 2019.

Each €1.00 ($ ) increase or decrease in the assumed initial offering price of € per ordinary share ($ per ADS), the last reported closing price of our ordinary shares on Euronext Paris on , 2019, would increase or decrease each of as adjusted cash and cash equivalents, total shareholders’ equity and total capitalization by approximately € million ($ million), assuming that the number of ordinary shares (including ordinary shares in the form of ADSs) offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and estimated offering expenses payable by us. We may also increase or decrease the number of ordinary shares (including ordinary shares in the form of ADSs) we are offering. Each increase or decrease of 1,000,000 ordinary shares (including ordinary shares in the form of ADSs) offered by us would increase or decrease each of as adjusted cash and cash equivalents, total shareholders’ equity and total capitalization by approximately
€ million ($ million), assuming that the assumed offering price remains the same, and after deducting estimated underwriting discounts and estimated offering expenses payable by us.

The number of ordinary shares (including ordinary shares in the form of ADSs) that will be outstanding after the global offering is based on 64,043,905 ordinary shares outstanding as of June 30, 2019 and excludes:

- 334,500 ordinary shares issuable upon the exercise of share warrants (BSA) outstanding as of June 30, 2019 at a weighted average exercise price of €6.57 per ordinary share;
- 1,362,322 ordinary shares issuable upon the exercise of redeemable share warrants (BSAAR) outstanding as of June 30, 2019 at a weighted average exercise price of €6.00 per ordinary share;
- 758,100 ordinary shares issuable upon conversion of 7,581 free preferred shares (AGAP 2017) outstanding as of June 30, 2019 assuming all related performance and presence conditions are met;
- 1,037,059 ordinary shares issuable upon the vesting of free shares (AGA) outstanding as of June 30, 2019;
- 1,348,000 ordinary shares issuable upon conversion of 6,740 free preferred shares (AGAP 2016) as of June 30, 2019 assuming all performance and presence conditions are met; and
- 393,242 ordinary shares reserved for future issuance under our share-based compensation plans and other delegations of authority from our shareholders.
DILUTION

If you invest in the ordinary shares or ADSs in this global offering, your ownership interest will be diluted to the extent of the difference between the offering price per ordinary share or ADS paid by you and the as adjusted net tangible book value per share after the global offering. Our net tangible book value as of June 30, 2019 was €93.4 million ($106.3 million), or €1.46 per ordinary share (equivalent to $1.66 per ADS), based on the exchange rate in effect as of June 28, 2019, the last business day of the six month period ended June 30, 2019. Net tangible book value per share is determined by dividing (i) our total assets less our intangible assets and our total liabilities by (ii) the number of ordinary shares outstanding as of June 30, 2019, or 64,043,905 ordinary shares.

After giving effect to our sale of ordinary shares (including ordinary shares in the form of ADSs) in the global offering, assuming an offering price of € per ordinary share ($ per ADS), the last reported closing price of our ordinary shares on Euronext Paris on , 2019, and after deducting estimated underwriting discounts and estimated offering expenses payable by us, our as adjusted net tangible book value at June 30, 2019 would have been approximately € million ($ million), or € per ordinary share (equivalent to $ per ADS). This amount represents an immediate increase in net tangible book value of € per ordinary share ($ per ADS) to our existing shareholders and an immediate dilution in net tangible book value of € per ordinary share ($ per ADS) to new investors.

The following table illustrates this dilution on a per ordinary share basis:

<table>
<thead>
<tr>
<th></th>
<th>As of June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per Ordinary Share</td>
</tr>
<tr>
<td>Assumed initial offering price</td>
<td>€</td>
</tr>
<tr>
<td>Historical net tangible book</td>
<td>€1.46</td>
</tr>
<tr>
<td>value per ordinary share or ADS</td>
<td></td>
</tr>
<tr>
<td>Increase in net tangible book</td>
<td></td>
</tr>
<tr>
<td>value per ordinary share or ADS</td>
<td></td>
</tr>
<tr>
<td>attributable to new investors</td>
<td></td>
</tr>
<tr>
<td>participating in the global</td>
<td></td>
</tr>
<tr>
<td>offering .</td>
<td></td>
</tr>
<tr>
<td>As adjusted net tangible book</td>
<td></td>
</tr>
<tr>
<td>value per ordinary share or ADS</td>
<td></td>
</tr>
<tr>
<td>after the global offering</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Dilution in as adjusted net</td>
<td></td>
</tr>
<tr>
<td>tangible book value per ordinary</td>
<td></td>
</tr>
<tr>
<td>share or ADS to new investors</td>
<td></td>
</tr>
<tr>
<td>participating in the global</td>
<td></td>
</tr>
<tr>
<td>offering .</td>
<td></td>
</tr>
</tbody>
</table>

Each €1.00 ($ ) increase or decrease in the assumed initial offering price of € per ordinary share ($ per ADS), the last reported closing price of our ordinary shares on Euronext Paris on , 2019, would increase or decrease our as adjusted net tangible book value by approximately € million ($ million), or approximately € per ordinary share ($ per ADS), and the dilution to new investors participating in this global offering would be approximately € per ordinary share ($ per ADS), assuming that the number of ordinary shares (including ordinary shares in the form of ADSs) offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and estimated offering expenses payable by us. We may also increase or decrease the number of ordinary shares (including ordinary shares in the form of ADSs) we are offering. An increase in the number of ordinary shares (including ordinary shares in the form of ADSs) offered by us by 1,000,000 would increase the as adjusted net tangible book value by approximately € million ($ million), or € per ordinary share ($ per ADS), and the dilution to new investors participating in this global offering would be € per ordinary share ($ per ADS), assuming that the initial offering price remains the same, and after deducting estimated underwriting discounts and estimated offering expenses payable by us. Similarly, a decrease in the number of ordinary shares (including ordinary shares in the form of ADSs) offered by us by 1,000,000 would decrease the as adjusted net tangible book value by approximately € million ($ million), or € per ordinary share ($ per ADS), and the dilution to new investors participating in this global offering would be € per ordinary share ($ per ADS).
share ($ per ADS), assuming that the initial offering price remains the same, and after deducting estimated
underwriting discounts and estimated offering expenses payable by us. The as adjusted information discussed
above is illustrative only and will be adjusted based on the actual offering price, the number of ordinary shares
(including ordinary shares in the form of ADSs) offered by us and other terms of this global offering determined
at pricing.

If the underwriters exercise in full their option to purchase additional ordinary shares (which may be in the
form of ADSs), the as adjusted net tangible book value after the global offering would be € per
ordinary share ($ per ADS), the increase in the as adjusted net tangible book value to existing
shareholders would be € per ordinary share ($ per ADS), and the dilution to new investors
participating in this global offering would be € per ordinary share ($ per ADS).

The following table sets forth consideration paid to us in cash for ordinary shares purchased from us by our
existing shareholders (translated into U.S. dollars at an exchange rate of €1.00 = $1.1380) and by new investors
participating in this global offering based on an assumed offering price of € per ordinary share
($ per ADS), the last reported closing price of our ordinary shares on Euronext Paris on ,
2019, and before deducting estimated underwriting discounts and estimated offering expenses payable by us.

<table>
<thead>
<tr>
<th>Ordinary Shares or ADSs Purchased from Us</th>
<th>Total Consideration</th>
<th>Average Price per Ordinary Share/ADS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>Percent</td>
<td>Amount</td>
</tr>
<tr>
<td>Existing shareholders ..................</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New investors ..................................</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total ....................................</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

If the underwriters exercise their option to purchase additional ordinary shares (which may be in the form
of ADSs) in full, the number of ordinary shares held by the existing shareholders after this global offering would be reduced to , or % of the total number of ordinary shares (including ordinary shares in the form of ADSs) outstanding after the global offering, and the number of ordinary shares (including ordinary shares in the form of ADSs) held by new investors participating in this global offering would increase to , or % of the total number of ordinary shares (including ordinary shares in the form of ADSs) outstanding after the global offering.

The number of ordinary shares (including ordinary shares in the form of ADSs) that will be outstanding
after the global offering is based on 64,043,905 ordinary shares outstanding as of June 30, 2019 and excludes:

- 334,500 ordinary shares issuable upon the exercise of share warrants (BSA) outstanding as of June 30,
  2019 at a weighted average exercise price of €6.57 per ordinary share;
- 1,362,322 ordinary shares issuable upon the exercise of redeemable share warrants (BSAAR) outstanding
  as of June 30, 2019 at a weighted average exercise price of €6.00 per ordinary share;
- 758,100 ordinary shares issuable upon conversion of 7,581 free preferred shares (AGAP 2017)
  outstanding as of June 30, 2019 assuming all related performance and presence conditions are met;
- 1,037,059 ordinary shares issuable upon the vesting of free shares (AGA) outstanding as of June 30, 2019;
- 1,348,000 ordinary shares issuable upon conversion of 6,740 free preferred shares (AGAP 2016) as of
  June 30, 2019 assuming all performance and presence conditions are met; and
- 393,242 ordinary shares reserved for future issuance under our share-based compensation plans and other
delegations of authority from our shareholders.

Except as otherwise noted, the information in this prospectus assumes no exercise by the underwriters of
their option to purchase additional ordinary shares (including ordinary shares in the form of ADSs).
SELECTED CONSOLIDATED FINANCIAL DATA

We derived the selected consolidated statement of income (loss) data for the years ended December 31, 2018 and 2017 and the selected consolidated statement of financial position data as of December 31, 2018 and 2017 from our audited consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. We derived the summary condensed consolidated statement of income (loss) data for the six months ended June 30, 2019 and 2018 and the summary condensed statement of financial position data as of June 30, 2019 from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. Our unaudited interim condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2019 and 2018 were prepared in accordance with IAS 34, *Interim Financial Reporting*, the standard of IFRS applicable to interim financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future and our results for the six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. The following selected financial data for the periods and as of the dates indicated are qualified by reference to and should be read in conjunction with our consolidated financial statements and related notes beginning on page F-1 of this prospectus and the section of this prospectus titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.

### Consolidated Statement of Income (Loss) Data:

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31,</th>
<th>Six months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018(1)</td>
<td>2017</td>
</tr>
<tr>
<td><strong>(in thousands, except per share data)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue and other income</td>
<td>€ 93,952</td>
<td>€ 44,033</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>(69,555)</td>
<td>(67,000)</td>
</tr>
<tr>
<td>General and administrative</td>
<td>(18,142)</td>
<td>(17,015)</td>
</tr>
<tr>
<td>Net income (loss) from distribution agreements</td>
<td>(1,109)</td>
<td>—</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>€ 5,146</td>
<td>(39,983)</td>
</tr>
<tr>
<td>Net financial loss</td>
<td>(2,427)</td>
<td>(8,034)</td>
</tr>
<tr>
<td>Income tax benefit (expense)</td>
<td>333</td>
<td>(368)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>€ 3,049</td>
<td>€ (48,385)</td>
</tr>
<tr>
<td>Net income (loss) per share attributable to equity holders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>€ 0.05</td>
<td>€ (0.89)</td>
</tr>
<tr>
<td>Diluted</td>
<td>€ 0.05</td>
<td>€ (0.89)</td>
</tr>
<tr>
<td>Number of ordinary shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>outstanding used for computing basic income (loss) per share</td>
<td>58,776,712</td>
<td>54,351,967</td>
</tr>
<tr>
<td>Number of ordinary shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>outstanding used for computing diluted income (loss) per share</td>
<td>58,777,282</td>
<td>54,351,967</td>
</tr>
</tbody>
</table>

(1) The consolidated financial statements as of and for the year ended December 31, 2018 reflect the impacts of the adoption of IFRS 9 and IFRS 15 that became applicable on January 1, 2018. The comparative consolidated financial statements as of and for the year ended December 31, 2017 have not been restated. The impact on the consolidated statement of income (loss) of the adoption of IFRS 9 is not material and the impact of the adoption of IFRS 15 and transition measures are presented in Note 2.a to our consolidated financial statements appearing elsewhere in this prospectus.

(2) The unaudited interim condensed consolidated statement of income (loss) for the six months ended June 30, 2019 reflects the impact of the adoption of IFRS 16 that became applicable on January 1, 2019.
The comparative consolidated financial statements as of June 30, 2018 have not been restated. The details on the impact of the transition are presented in Note 2.d to our consolidated financial statements appearing elsewhere in this prospectus.

Consolidated Statement of Financial Position Data:

<table>
<thead>
<tr>
<th>Description</th>
<th>As of June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents, short-term investments and non-current financial assets(^{1})</td>
<td>€200,274</td>
</tr>
<tr>
<td>Total assets</td>
<td>352,555</td>
</tr>
<tr>
<td>Total financial debt and defined benefit obligations</td>
<td>9,768</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>181,266</td>
</tr>
</tbody>
</table>

\(^{1}\) Non-current financial assets account for €35.3 million.
You should read the following discussion of our financial condition and results of operations in conjunction with the “Selected Consolidated Financial Data” and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus. In addition to historical information, the following discussion and analysis contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results and the timing of events could differ materially from those anticipated in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in sections titled “Risk Factors” and “Special Note Regarding Forward-Looking Statements.” Our audited consolidated financial statements as of and for the years ended December 31, 2018 and 2017 have been prepared in accordance with IFRS as issued by the IASB, which may differ in material respects from generally accepted accounting principles in other jurisdictions, including the United States. Our unaudited interim condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2019 and 2018 were prepared in accordance with IAS 34, Interim Financial Reporting, the standard of IFRS applicable to interim financial statements.

Overview

We are a biotechnology company focused on discovering, developing and commercializing first-in-class therapeutic antibodies designed to harness the immune system for the treatment of oncology indications with significant unmet medical need. We have extensive experience in research and development in immuno-oncology, having been pioneers in the understanding of natural killer cell, or NK cell, biology, and later expanding our expertise in the tumor microenvironment, tumor antigens and antibody engineering fields. We have built, internally and through our business development strategy, a broad and diversified portfolio including an approved product, three clinical product candidates and a robust preclinical pipeline. We have entered into collaborations with leaders in the biopharmaceutical industry, such as AstraZeneca and Sanofi, to leverage their development capabilities and expertise. We believe our product candidates and clinical development approach are differentiated from current immuno-oncology therapies and have the potential to significantly improve the clinical outcome for patients with cancer.

Since our inception, we have devoted substantially all of our financial resources to research and development efforts, including conducting preclinical studies and clinical trials of our product candidates, providing general and administrative support for our operations and protecting our intellectual property. Our marketed product, Lumoxiti, was approved by the U.S. Food and Drug Administration, or FDA, under priority review in September 2018 and was commercially launched by AstraZeneca AB, or AstraZeneca, in November 2018. We have not yet generated any material revenue from product sales. We have funded our operations to date primarily through private and public offerings of ordinary shares, payments from our collaborators and research tax credits.

As of June 30, 2019, we had €200.3 million in cash, cash equivalents, short-term investments and non-current financial assets. Since our inception, we have raised a total of €240.4 million through the sale of equity securities, including €33.7 million in the initial public offering of our ordinary shares on Euronext Paris in 2006. We have also received $475.0 million (€415.9 million) in payments from our collaborators, including AstraZeneca, since 2011, excluding payments received for purchases of our equity securities by our collaborators.

We have significant agreements with AstraZeneca pursuant to which we have the right to earn milestone and royalty payments. We have other license agreements pursuant to which we have acquired intellectual property and under which we will be required to make payments to the counterparty upon the achievement of certain milestone events and commercial sales related to our product candidates. See “—Our Strategic Collaborations and Licensing Agreements.”

We have incurred net losses in each year since our inception except for the years ended December 31, 2018 and December 31, 2016. Our net results were €3.0 million in net income and €48.4 million in net loss for the years ended December 31, 2018 and 2017, respectively, and €13.2 million in net income and €15.1 million in net
loss for the six months ended June 30, 2019 and 2018, respectively. Substantially all of our net losses have resulted from costs incurred in connection with our research and development programs and from general and administrative expenses associated with our operations. As we continue advancing our product candidates through research and development programs and investing in the commercialization of Lumoxiti, we expect to continue to incur significant expenses and may again incur operating losses in future periods. We anticipate that such expenses will increase substantially if and as we:

- continue the research and development of our product candidates;
- initiate clinical trials for, or additional preclinical development of, our product candidates;
- further develop and refine the manufacturing processes for our product candidates;
- change or add manufacturers or suppliers of biological materials;
- seek regulatory and marketing authorizations for any of our product candidates that successfully complete development;
- establish a sales, marketing and distribution infrastructure to commercialize Lumoxiti and any other products for which we may obtain marketing authorization;
- seek to identify and validate additional product candidates;
- acquire or license other product candidates, technologies or biological materials;
- make milestone, royalty or other payments under any current or future license agreements;
- obtain, maintain, protect and enforce our intellectual property portfolio;
- secure manufacturing arrangements for commercial production;
- seek to attract and retain new and existing skilled personnel;
- create additional infrastructure to support our operations as a U.S. public company and incur increased legal, accounting, investor relations and other expenses; and
- experience delays or encounter issues with any of the above.

We anticipate that we will need to raise additional funding, in addition to the net proceeds of the global offering, prior to completing clinical development of any of our product candidates. Until such time that we can generate revenues from sales of Lumoxiti and our product candidates, if approved, we expect to finance our operating activities through a combination of milestone payments received pursuant to our strategic alliances, equity offerings, debt financings, government or other third-party funding and collaborations, and licensing arrangements. However, we may not receive milestone payments when expected, or at all, and we may be unable to raise additional funds or enter into such arrangements when needed on favorable terms, or at all, which would have a negative impact on our financial condition and could force us to delay, limit, reduce or terminate our development programs or commercialization efforts or grant to others rights to develop or market product candidates that we would otherwise prefer to develop and market ourselves. Failure to receive additional funding could cause us to cease operations, in part or in full.

**Presentation of Financial Information**

Our audited consolidated financial statements included herein as of and for the years ended December 31, 2018 and 2017 have been prepared in accordance with IFRS as issued by the IASB. Our unaudited interim condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2019 and 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the IASB.

Due to the listing of our ordinary shares on Euronext Paris and in accordance with the European Union’s regulation No. 1606/2002 of July 19, 2002, we also prepare and publish our consolidated financial statements in accordance with IFRS as adopted by the European Union, or EU.

All the standards published by the IASB that are mandatorily applicable in the years ended December 31, 2018 and 2017 are endorsed by the EU and are mandatorily applicable in the EU. Therefore, our audited
consolidated financial statements for the years ended December 31, 2018 and 2017 and our unaudited interim condensed consolidated financial statements for the six months ended June 30, 2019 and 2018 are compliant with both IFRS as issued by the IASB and IFRS as adopted by the EU.

The preparation of financial statements in accordance with IFRS requires us to make significant judgments and estimates which are presented below in “—Critical Accounting Policies and Significant Judgments and Estimates.”

Our Principal Collaboration and Licensing Agreements

Agreements related to monalizumab with Novo Nordisk A/S and with AstraZeneca

2014 Novo Nordisk A/S monalizumab agreement. On February 5, 2014, we in-licensed from Novo Nordisk A/S full development and commercialization rights to monalizumab. Novo Nordisk A/S received €2.0 million in cash and 600,000 of our ordinary shares at a price of €8.33 per share (€5.0 million) and is eligible to receive up to €20.0 million in potential regulatory milestone payments and tiered mid-to-high single-digit percentage royalties on net sales. The agreement with Novo Nordisk A/S included a right to additional consideration in the event of an out-licensing agreement. Consequently, following the agreement signed with AstraZeneca in April 2015 as described below, we paid Novo Nordisk A/S additional consideration of €6.5 million. In addition, as a result of AstraZeneca’s exercise of its option under our agreement in October 2018, Novo Nordisk A/S became entitled to a second and final additional payment amounting to $15.0 million (€13.1 million), which is recognized as a liability as of December 31, 2018 and was paid in February 2019. These amounts of additional consideration were added to the net book value of the intangible asset and are amortized according to the same amortization plan as the initial €7.0 million payment recognized in 2014. The net book value of the license amounted to €10.4 million as of June 30, 2019.

2015 AstraZeneca monalizumab agreements. Under co-development and option agreements signed with AstraZeneca in 2015, we granted to AstraZeneca an exclusive license, subject to certain exclusions, to certain of our patents and know-how to develop, manufacture and commercialize licensed products, including monalizumab, in the field of diagnosis, prevention and treatment of oncology diseases and conditions. We further granted to AstraZeneca a worldwide, non-exclusive license to certain of our other patents to develop, manufacture and commercialize licensed products, including monalizumab, in the field of diagnosis, prevention and treatment of oncology diseases and conditions.

We received an initial payment of $250.0 million under these agreements on June 30, 2015, of which $100.0 million was paid to us as an initial payment for the co-development agreement and $150.0 million was paid to us as consideration for the option agreement. In connection with AstraZeneca’s exercise of its option under the option agreement, we received an upfront payment of $100.0 million in January 2019.

Following the option exercise, AstraZeneca is the lead party in developing the licensed products and must use commercially reasonable efforts to develop, obtain regulatory approval for and commercialize each licensed product in certain major markets.

In addition to the initial payment and option exercise payment, AstraZeneca is obligated to pay us up to $925.0 million upon the achievement of certain development and regulatory milestones ($500.0 million) and commercialization milestones ($425.0 million). We are eligible to receive tiered royalties ranging from a low double-digit to mid-teen percentage on net sales of licensed products outside of Europe. We are required for a defined period of time to co-fund 30% of the Phase III clinical trials of licensed products, subject to an aggregate cap, in order to receive 50% of the profits and losses in Europe. On July 31, 2019, we notified AstraZeneca of our decision to co-fund a future monalizumab Phase III clinical development program. Should we elect not to exercise our option to co-promote licensed products in certain European countries, our share of profits in Europe will be reduced by a specified amount of percentage points not to exceed the mid-single digits.
**Agreement related to Lumoxiti with AstraZeneca**

In October 2018, we obtained an exclusive license from AstraZeneca under certain patents and know-how of AstraZeneca to develop, manufacture and commercialize Lumoxiti for all uses in humans and animals in the United States, the European Union and Switzerland. Under this Agreement, AstraZeneca is obligated to provide support for the continued development and commercialization of Lumoxiti in the European Union and Switzerland prior to regulatory submission and approval as well as support for the continued commercialization of Lumoxiti in the United States for a specified period. We are scheduled to transition to full commercialization responsibilities by mid-2020. Under the agreement, we were obligated to pay a $50.0 million initial payment (€43.8 million), which we paid in January 2019, and are obligated to pay conditional payments up to $25.0 million in the aggregate upon the achievement of certain commercial and regulatory milestones. We will reimburse AstraZeneca for the development, production and commercialization costs it incurs during the transition period, subject to certain limitations for the year ending December 31, 2019.

**Agreement related to IPH5201 with AstraZeneca**

In October 2018, we signed a collaboration and option agreement with AstraZeneca for co-development and co-commercialization of IPH5201. Under the agreement, AstraZeneca paid us a $50.0 million upfront payment ($26.0 million paid in October 2018 and $24.0 million paid in January 2019), and is obligated to pay us up to an aggregate of $10.0 million upon the achievement of certain development milestones. Upon exercise of its option under the agreement, AstraZeneca is committed to pay an option exercise fee of $25.0 million and up to $800.0 million in the aggregate upon the achievement of certain development and regulatory milestones ($300.0 million) and commercialization milestones ($500.0 million). The arrangement also provides for a 50% profit share in Europe if we opt into certain co-promoting and late stage co-funding obligations. We would be eligible to receive tiered royalties ranging from a high-single digit to mid-teens percentage on net sales of IPH5201, or from a mid-single digit to low-double digit percentage on net sales of other types of licensed products, outside of Europe. The royalties payable to us under the agreement may be reduced under certain circumstances, including loss of exclusivity or lack of patent protection. We recognized €15.6 million and €22.5 million as revenue from proceeds related to this agreement for the year ended December 31, 2018 and the six months ended June 30, 2019, respectively. In these periods, we were also reimbursed by AstraZeneca for certain research and development expenses related to IPH5201. We have the option to co-fund 30% of the shared development expenses related to the Phase III clinical trials in order to acquire co-promotion rights and to share in 50% of the profits and losses of licensed products in Europe. If we do not opt into the co-funding obligations, among other things, our right to share in 50% of the profits and losses in Europe and right to co-promote in certain European countries will terminate and will be replaced by rights to receive royalties on net sales at the rates applicable to outside of Europe. Additionally, certain milestone payments that may be payable to us would be reduced.

**Agreement related to IPH5201 with Orega**

Pursuant to our licensing agreement with Orega Biotech SAS, or Orega Biotech, we acquired an exclusive license to Orega Biotech’s intellectual property rights relating to its anti-CD39 checkpoint inhibitor program. As of December 31, 2018, we had paid a total amount of €1.8 million to Orega Biotech for the acquisition of these intellectual property rights, and in June 2019 we paid Orega Biotech €7.0 million in relation to the anti-CD39 program as consideration relating to the collaboration and option agreement signed on October 22, 2018 with AstraZeneca for IPH5201. We may also be obligated to pay Orega Biotech up to an additional €51.5 million in the aggregate upon the achievement of development and regulatory milestones, and mid-single digit to low-teen percentage payments, depending on determinations relating to Orega Biotech’s intellectual property rights for certain patents, on sublicensing revenues we receive pursuant to our agreement with AstraZeneca relating to IPH5201.
**Agreement related to additional preclinical molecules with AstraZeneca**

In October 2018, we granted to AstraZeneca four exclusive options that are exercisable until IND approval to obtain a worldwide, royalty-bearing, exclusive license to certain of our patents and know-how relating to certain specified pipeline candidates to develop and commercialize optioned products in all fields of use. Pursuant to the agreement, AstraZeneca paid us a $20.0 million upfront payment (€17.5 million) in October 2018. We recognize this upfront payment in the consolidated statement of financial position as deferred revenue as of December 31, 2018 and June 30, 2019, until the exercise or the termination of each option, at the earliest. Upon exercise of an option, we would be entitled to an option exercise payment of $35 million, as well as development and regulatory milestone payments ($320 million) and commercialization milestone payments ($500 million) and tiered, mid-single digit to mid-teen percentage royalties on net sales of the applicable product. The royalties payable to us may be reduced under certain circumstances, including loss of exclusivity, lack of patent protection or the specific nature of the compound included within the applicable product. Additionally, we would have rights to co-fund certain development costs in order to obtain profit and loss sharing in Europe. So long as we elect to co-fund such development costs, we also will have a right to co-promote optioned products in Europe.

**Agreements related to IPH5401 with Novo Nordisk A/S and with AstraZeneca**

**2017 IPH5401 in-licensing agreement with Novo Nordisk A/S.** In July 2017, we signed an exclusive license agreement with Novo Nordisk A/S relating to IPH5401. Under the agreement, Novo Nordisk A/S granted us a worldwide, exclusive license to develop, manufacture and commercialize pharmaceutical products that contain or comprise an anti-C5aR antibody, including IPH5401. We made an upfront payment of €40.0 million, €37.2 million of which was contributed in new shares and €2.8 million of which in cash. We are obligated to pay up to an aggregate of €370.0 million upon the achievement of development, regulatory and sales milestones and tiered royalties ranging from a low double-digit to low-teen percentage of net sales.

**2018 IPH5401 AstraZeneca agreement.** On January 1, 2018, we entered into a clinical trial collaboration agreement with AstraZeneca to sponsor a Phase I/II clinical trial (STELLAR-001) to evaluate the safety and efficacy of durvalumab, an anti-PD-L1 immune checkpoint inhibitor, in combination with IPH5401, as a treatment for patients with select solid tumors. We are the sponsor of the trial and the costs are equally shared between us and AstraZeneca. This collaboration agreement is a non-exclusive agreement and does not include any licensing rights on IPH5401 to AstraZeneca.

**Bristol-Myers Squibb licensing agreement in relation to lirilumab**

Pursuant to our agreement with Bristol-Myers Squibb Company, or BMS, related to the licensing of lirilumab, a product candidate that we discontinued developing in 2017, we received an upfront payment of $35.3 million (€24.9 million) in July 2011 and were eligible to receive additional payments of up to an aggregate of $430.0 million depending on the achievement of pre-specified milestones during the development and commercialization period. We received a milestone payment of $5.0 million (€4.5 million) in October 2015, which was fully recognized as revenue in the year ended December 31, 2015, and another milestone payment of $15.0 million (€14.0 million) in January 2017, which was fully recognized as revenue in the year ended December 31, 2016. We were also entitled to receive pre-specified tiered, low double-digit to mid-teen percentage royalty payments on worldwide net sales. We do not expect to receive any additional proceeds from this agreement.

**Principal Components of Our Results of Operations**

**Revenue and other income**

Our revenue and other income mainly consists of revenues from collaboration and licensing agreements and government financing for research expenditure in the form of the research tax credits, as well as other grants.
Revenue from collaboration and licensing agreements

We currently derive substantially all our revenues from payments pursuant to our licensing and collaboration agreements with AstraZeneca relating to monalizumab and IPH5201, consisting of (i) upfront payments, (ii) milestone payments based upon the achievement of pre-determined development, regulatory and commercial events and (iii) research and development fees related to charges for full time equivalents, or FTEs, at contracted rates and reimbursement of research and development expenses.

We have not generated any revenue from product sales since our inception, with the exception in 2018 of Lumoxiti sales, which were classified in the net income (loss) from distribution agreements during the transition period with AstraZeneca. Our ability to generate significant product revenue and to become profitable will depend upon our ability to successfully commercialize Lumoxiti and our ability to successfully develop, obtain regulatory approval for and commercialize any other product candidates. Because of the numerous risks and uncertainties associated with product development and regulatory approval, we are unable to predict the amount, timing or whether we will be able to obtain product revenue.

On January 1, 2018, IFRS 15 Revenue from contracts with customers, or IFRS 15, became mandatorily applicable.

IFRS 15 supersedes IAS 11 Construction contracts, IAS 18 Revenue, or IAS 18, and related interpretations, and changes the accounting treatment of the revenue relating to our agreement with AstraZeneca with respect to monalizumab. Under IFRS 15, our co-funding share of research and development expenses incurred by AstraZeneca is no longer recorded as research and development expense, but rather is deducted from the recognition of the upfront payment received by us upon execution of the agreement. The amount of our co-funding obligation is now recognized as a collaboration liability and is no longer recorded as deferred revenue in the consolidated statement of financial position. When the collaboration liability is in a foreign currency, which is the case in the context of this agreement, it is translated at each reporting date using the closing exchange rate, which generates foreign exchange gains or losses in our consolidated statement of income (loss).

We have opted for the modified retrospective approach without any of the practical expedients allowed by IFRS 15. Accordingly, the comparative information is not restated and the cumulative impact of the first application is presented as an adjustment of the opening equity as of January 1, 2018. Consequently, the first application of IFRS 15 may affect the comparability of our revenue and research and development expenses for the years ended December 31, 2018 and 2017.

Since January 1, 2018, agreements are analyzed according to IFRS 15. For our agreements relating to monalizumab and IPH5201, we have concluded that the license is not distinct from the research and development services because those services increase the utility of the license. As a result, the estimated transaction price is spread over the period when we are engaged to deliver services to AstraZeneca based on the percentage of completion of the costs to be incurred, and non-refundable initial payments received are deferred and recognized as revenue over time.

Variable consideration can be included in the estimated transaction price only if it is highly probable that the related revenue will not reversed in the future. According to the level of uncertainty relating to the results of preclinical studies and clinical trials and the decisions relating to regulatory approvals, related payments are excluded from the transaction price as long as the triggering event is not certain. If and when the triggering event occurs, the corresponding milestone is added to the transaction price and revenue is recognized relative to the percentage of completion related to the transaction.

When a collaboration contract grants to the collaborator an option to acquire a license, we exercise judgment to determine the beginning date of transfer of the control of the license. Depending on the situation, the recognition of the revenue begins from the date of the contract, with the payment relating to the exercise of the option being therefore considered as variable consideration, or the recognition is deferred until the exercise or expiration of the option.
In addition, under the agreements with AstraZeneca relating to IPH5201 and IPH5401, we are reimbursed for some of our internal and external costs. We recognize these reimbursements as revenue in our consolidated statement of income (loss) when the related costs are incurred.

Revenue recognition involves significant judgments and estimates by management. See “—Critical Accounting Policies and Significant Judgments and Estimates.”

Prior to 2018, revenue was recognized in accordance with IAS 18, which resulted in a difference in revenue recognition accounting policies used for the audited consolidated financial statements for the years ended December 31, 2018 and 2017.

Government financing for research expenditures

Our government financing for research expenditures consists of research tax credits (crédit d’impôt recherche) and grants.

The research tax credit is granted to companies by the French tax authorities in order to encourage them to conduct technical and scientific research. Companies demonstrating that they have expenses that meet the required criteria, including research expenses located in France or, since January 1, 2005, within the EU or in another state that is a party to the agreement in the European Economic Area that has concluded a tax treaty with France that contains an administrative assistance clause, receive a tax credit which can be used against the payment of the corporate tax due for the fiscal year in which the expenses were incurred and during the next three fiscal years, or, as applicable, can be reimbursed for the excess portion. The expenditures taken into account for the calculation of the research tax credit involve only research expenses.

The main characteristics of the research tax credit are:

- the research tax credit results in a cash inflow to us from the tax authorities, i.e., it is used to offset the payment of corporate tax or is paid directly to us for the portion that remains unused the year after the date of its record as a tax credit in the income statement;
- our corporate income tax liability does not limit the amount of the research tax credit—if we do not pay any corporate income tax, we can request direct cash payment of the research tax credit the year following its record in the income statement; and
- the research tax credit is not included in the determination of the corporate income tax.

When the research tax credit is not deductible from taxes payable by us, it is generally reimbursed by the French government three years after the fiscal year for which it is determined. However, since 2011, companies that meet the definition of small and medium sized enterprises (“SMEs”) according to the European Union criteria are eligible for early reimbursement of their research tax credit receivable. The status of SME is lost when the criteria for eligibility are exceeded during two consecutive years. We expect to lose our status as an SME at the end of the fiscal year 2019.

We have concluded that the research tax credit meets the definition of a government grant as defined in IAS 20 Accounting for government grants and disclosure of government assistance, or IAS 20, and that the classification as “Revenue and other income” in our consolidated statement of income (loss) is appropriate.

We also from time to time receive government grants, which are recognized in our consolidated statement of income (loss) when we comply with the conditions attached to the grants and they are non-repayable grants.
Operating expenses

Since inception, our operating expenses have consisted primarily of research and development expenses and general and administration expenses.

Research and development expenses

We engage in substantial research and development efforts to develop innovative product candidates. Research and development expense consists primarily of:

- personnel costs, including salaries, related benefits and share-based compensation, for our employees engaged in scientific research and development functions;
- cost of third-party contractors and academic institutions involved in preclinical studies or clinical trials that we may conduct, or third-party contractors involved in field trials;
- purchases of biological raw materials, real estate leasing costs as well as conferences and travel costs; and
- certain other expenses, such as expenses for use of laboratories and facilities for our research and development activities as well as depreciation and amortization.

Our research and development efforts are focused on our existing product candidates and preclinical programs, including the advancement of our lead product candidates, monalizumab, IPH4102 and IPH5401. Our direct research and development expenses consist principally of external costs associated with subcontracting of preclinical and clinical operations to third parties, which we track on a program-by-program basis. We also use our employee and infrastructure resources across multiple research and development programs, and do not track these indirect expenses on a program-by-program basis.

Research and development costs are expensed as incurred. Costs for certain activities are recognized based on an evaluation of the progress to completion of specific tasks using data such as information provided to us by our vendors and analyzing the progress of our preclinical studies or other services performed. Significant judgment and estimates are made in determining the accrued expense balances at the end of any reporting period. Non-refundable advance payments for research and development goods or services to be received in the future from third parties are deferred and capitalized. The capitalized amounts are expensed as the related goods are delivered or the services are performed.

Research and development activities are central to our business. As product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials, we expect that our research and development costs will increase in the foreseeable future. Such cost increases are expected to occur as we conduct existing clinical trials and initiate future clinical trials, manufacture pre-commercial clinical trial and preclinical study materials, expand our research and development efforts, seek regulatory approvals for our product candidates that successfully complete clinical trials, access and develop additional technologies and hire additional personnel to support our research and development efforts.

We cannot determine with certainty the duration and total costs of our future clinical trials of our product candidates or if, when, or to what extent we will generate revenues from the commercialization and sale of any of our product candidates, or those of our collaborators, that might obtain regulatory approval. We may never succeed in achieving regulatory approval for any of our product candidates. The duration, costs and timing of clinical trials and development of our product candidates will depend on a variety of factors, including:

- the scope, rate of progress and expense of our ongoing clinical trials as well as any additional preclinical studies, clinical trials conducted by our collaborators and other research and development activities;
- clinical trial and preclinical study results;
• the terms and timing of regulatory approvals;
• the expense of filing, maintaining, prosecuting, defending and enforcing patent claims and other intellectual property rights; and
• the ability to market, commercialize and achieve market acceptance for any products that receive regulatory approval.

A change in the outcome of any of these variables with respect to the development of monalizumab, IPH4102 and IPH5401 or any other product candidate or preclinical program that we are developing or could develop in the future could mean a significant change in the costs and timing associated with the development of such product candidates or preclinical programs. For example, if the FDA, the European Medicines Agency, or EMA, or another regulatory authority were to require us to conduct preclinical studies and clinical trials beyond those that we currently anticipate will be required for the completion of clinical development, or if we experience significant delays in enrollment in any clinical trials, we could be required to spend significant additional financial resources and time on the completion of clinical development. For a discussion of the risks associated with completing the development projects on schedule, see “Risk Factors—Risks Related to the Development and Commercialization of Lumoxiti and Our Product Candidates.”

General and administrative expenses

General and administrative expenses consist primarily of personnel costs and share-based compensation for personnel other than research and development staff. General and administrative expenses also consist of fees for professional services, mainly related to audit, IT, accounting, recruitment and legal services, communication and travel costs, real-estate leasing costs, office furniture and equipment costs, allowance for amortization and depreciation, director’s attendance fees and insurance costs and overhead costs, such as postal and telecommunications expenses.

We anticipate that our general and administrative expense will increase in the future as we grow our support functions for the expected increase in our research and development activities and the commercialization of Lumoxiti. Our share of Lumoxiti operational expenses are included in net income (loss) from distribution agreements because AstraZeneca has been responsible for commercialization activities to date. However, we expect that we will directly incur operational expenses related to Lumoxiti in the fiscal year ending December 31, 2019 and future periods, which will be included in general and administrative expenses. We also anticipate increased expenses associated with being a public company in the United States, including costs related to strengthening our support functions and hiring additional staff as well as our audit, legal, regulatory and tax-related services associated with maintaining compliance with Nasdaq listing and SEC requirements, director and officer insurance premiums and investor relations costs.

On January 1, 2019, IFRS 16 Leases, or IFRS 16, which set out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17, became mandatorily applicable. We have applied IFRS 16 in our interim condensed consolidated financial statements as of and for the six months ended June 30, 2019 using the modified retrospective approach. However, the comparative information for the six months ended June 30, 2018 has not been restated. IFRS 16 primarily impacts the accounting of our rental of premises in our consolidated statement of financial position and does not materially affect the comparability of our general and administrative expenses for the six months ended June 30, 2019 and 2018. The lease expenses related to our premises, which were included in general and administrative expenses for the six months ended June 30, 2018, are no longer included in general and administrative expenses for the six months ended June 30, 2019. They are replaced by a depreciation of the right-of-use asset recorded within general and administrative expenses and an interest expense related to the lease liability recorded within the net financial loss, for the six months ended June 30, 2019.
Net income (loss) from distribution agreements

When commercialization activities related to a product that we own or license are performed by a third party under a collaboration or transition agreement, we must determine if the collaborator acts as an agent or a principal. With respect to our agreement with AstraZeneca related to Lumoxiti, we concluded that AstraZeneca acted as principal during the periods presented because AstraZeneca controls the commercialization activities and is the holder of the applicable regulatory marketing authorization.

As a result, we recognize on a single line the net income (loss) from our Lumoxiti distribution agreement in an amount equal to the sales for the period (which were not material for the year ended December 31, 2018 or the six months ended June 30, 2019), net of the administrative and selling expenses associated with the sales revenue allocated to us.

Net financial income (loss)

Our financial loss primarily consists of realized and unrealized foreign exchange gains and losses primarily related to the purchase of services as well as deposit accounts denominated in U.S. dollars and gains and losses and interest received in relation to cash and cash equivalents that have been deposited in cash accounts, short-term fixed deposits and short-term highly liquid investments with original maturities of three months or less. Our cash and cash equivalents generate a modest amount of interest income. We expect to continue this investment philosophy in the future.

Results of Operations

Comparisons for the six months ended June 30, 2019 and 2018

The following table sets forth a summary of our consolidated statements of income (loss) for the periods presented.

<table>
<thead>
<tr>
<th>Six months ended June 30,</th>
<th>2019(1)</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from collaboration and licensing agreements</td>
<td>€ 51,588</td>
<td>€ 16,209</td>
</tr>
<tr>
<td>Government financing for research expenditures</td>
<td>7,567</td>
<td>6,787</td>
</tr>
<tr>
<td>Revenue and other income</td>
<td>59,155</td>
<td>22,996</td>
</tr>
<tr>
<td>Research and development</td>
<td>(36,584)</td>
<td>(32,322)</td>
</tr>
<tr>
<td>General and administrative</td>
<td>(9,295)</td>
<td>(5,576)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(45,879)</td>
<td>(37,898)</td>
</tr>
<tr>
<td>Net income (loss) from distribution agreements</td>
<td>(3,820)</td>
<td>—</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>9,456</td>
<td>(14,902)</td>
</tr>
<tr>
<td>Financial income</td>
<td>5,717</td>
<td>4,198</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>(1,933)</td>
<td>(4,748)</td>
</tr>
<tr>
<td>Net financial income (loss)</td>
<td>3,784</td>
<td>(550)</td>
</tr>
<tr>
<td>Net income (loss) before tax</td>
<td>13,240</td>
<td>(15,452)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>—</td>
<td>333</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>€ 13,240</td>
<td>€(15,118)</td>
</tr>
</tbody>
</table>

(1) The unaudited interim condensed consolidated statement of income (loss) for the six months ended June 30, 2019 reflects the impact of the adoption of IFRS 16, which became applicable on January 1, 2019. The impact of the adoption of IFRS 16 is not material to the consolidated statements of income (loss). The
Revenue and other income

Revenue and other income resulted from collaboration and licensing agreements and government financing for research expenditure. Revenue and other income increased by €36.2 million, or 157.2%, to €59.2 million for the six months ended June 30, 2019, as compared to revenue and other income of €23.0 million for the six months ended June 30, 2018, primarily as a result of increased revenue from collaboration and licensing agreements.

Revenues from collaboration and licensing agreements

Revenues from collaboration and licensing agreements increased by €35.4 million, or 218.3%, to €51.6 million for the six months ended June 30, 2019, as compared to revenues from collaboration and licensing agreements of €16.2 million for the six months ended June 30, 2018. These revenues were principally derived from our agreements with AstraZeneca and are set forth in the table below.

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 2019 (in thousands)</th>
<th>Six months ended June 2018 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from collaboration and licensing agreements:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monalizumab agreement</td>
<td>€24,293</td>
<td>€16,055</td>
</tr>
<tr>
<td>IPH5201 agreement</td>
<td>22,478</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from collaboration and licensing agreements</td>
<td>46,770</td>
<td>16,055</td>
</tr>
<tr>
<td>Invoicing of research and development costs (pursuant to IPH5201 and IPH5401 agreements)</td>
<td>4,418</td>
<td>154</td>
</tr>
<tr>
<td>Exchange gains on collaboration agreement</td>
<td>400</td>
<td>—</td>
</tr>
<tr>
<td>Revenue from collaboration and licensing agreements</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>€51,588</td>
<td>€16,209</td>
</tr>
</tbody>
</table>

Proceeds related to monalizumab. Revenue related to monalizumab increased by €8.2 million, or 51.3%, to €24.3 million for the six months ended June 30, 2019, as compared to €16.1 million for the six months ended June 30, 2018. This change is primarily due to (i) AstraZeneca’s payment to us of $100.0 million for the exercise of its option in October 2018, which resulted in incremental revenue of €2.9 million in the six months ended June 30, 2019 and (ii) an increase of €5.3 million of revenue recognized in the period based on the percentage of completion of development work. As of June 30, 2019, the deferred revenue related to monalizumab was €80.8 million (€36.9 million as “Deferred revenue—Current portion” and €43.9 million as “Deferred revenue—Non-current portion”).

Proceeds related to IPH5201. Revenue related to IPH5201 for the six months ended June 30, 2019 was €22.5 million compared to no revenue for the six months ended June 30, 2018. Revenue related to the partial recognition of the $50.0 million non-refundable upfront payment received from AstraZeneca in October 2018, which has been recognized as revenue based on the percentage development work completed. As of June 30, 2019, the amount not yet recognized in revenue was €5.4 million, which is classified as “Deferred revenue—Current portion.”

Invoicing of research and development costs. Revenue from invoicing of research and development costs for the six months ended June 30, 2019 was €4.4 million compared to €0.2 million for the six months ended June 30, 2018. Pursuant to our agreements with AstraZeneca, clinical costs for the ongoing Phase I trial of IPH5401 are equally shared between us and AstraZeneca and research and development costs related to IPH5201 are fully borne by AstraZeneca, resulting in periodic settlement invoices.
Government financing for research expenditures

Government financing for research expenditures increased by €0.8 million, or 11.5%, to €7.6 million for the six months ended June, 2019, as compared to €6.8 million the six months ended June, 2018. This change is primarily a result of an increase in the research tax credit of €1.3 million, which is mainly due to a rise in amortization of the monalizumab intangible asset following the additional consideration due to Novo Nordisk A/S in 2018 and the amortisation of IPH5201 intangible asset from October 2018. The increase in the research tax credit was partially offset by a decrease of €0.5 million in other revenue from grants.

The table below details government funding for research expenditures for the six months ended June 30, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Research tax credits</td>
<td>€7,494</td>
<td>€6,212</td>
</tr>
<tr>
<td>Grants</td>
<td>73</td>
<td>575</td>
</tr>
<tr>
<td>Government financing for research expenditures</td>
<td>€7,567</td>
<td>€6,787</td>
</tr>
</tbody>
</table>

The research tax credit is calculated as 30% of the amount of research and development expenses, net of grants received, eligible for the research tax credit for the six months ended June 30, 2019 and 2018.

Operating expenses

The table below presents our operating expenses for the six months ended June 30, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Research and development</td>
<td>€36,584</td>
<td>€32,322</td>
</tr>
<tr>
<td>General and administrative</td>
<td>9,295</td>
<td>5,576</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>€45,879</td>
<td>€37,898</td>
</tr>
</tbody>
</table>

Research and development expenses

Our research and development expenses in the periods presented primarily relate to activities for our monalizumab, IPH4102 and IPH5401 programs and, with respect to 2019, our Lumoxiti program. Our research and development expenses are broken down as set forth in the table below.

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Monalizumab</td>
<td>€ 2,192</td>
<td>€ 5,507</td>
</tr>
<tr>
<td>IPH4102</td>
<td>2,918</td>
<td>6,669</td>
</tr>
<tr>
<td>IPH5401</td>
<td>2,805</td>
<td>4,498</td>
</tr>
<tr>
<td>Other preclinical programs</td>
<td>4,835</td>
<td>2,511</td>
</tr>
<tr>
<td>Lumoxiti</td>
<td>6,456</td>
<td>—</td>
</tr>
<tr>
<td>Discovery projects and other</td>
<td>1,939</td>
<td>2,059</td>
</tr>
<tr>
<td>Total direct research and development expenses</td>
<td>€21,145</td>
<td>€21,244</td>
</tr>
<tr>
<td>Personnel expenses (including share-based payments)</td>
<td>7,808</td>
<td>6,891</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>6,348</td>
<td>2,190</td>
</tr>
<tr>
<td>Other expenses</td>
<td>1,283</td>
<td>1,997</td>
</tr>
<tr>
<td>Personnel and other expenses</td>
<td>15,439</td>
<td>11,078</td>
</tr>
<tr>
<td>Total research and development expenses</td>
<td>€36,584</td>
<td>€32,322</td>
</tr>
</tbody>
</table>
Research and development expenses increased by €4.3 million, or 13.2%, to €36.6 million for the six months ended June 30, 2019, as compared to research and development of €32.3 million for the six months ended June 30, 2018. Research and development expenses represented a total of 79.7% and 85.3% of the total operating expenses for the six months ended June 30, 2019 and 2018, respectively. As of June 30, 2019, we had 157 employees in research and development functions, compared to 150 employees as of June 30, 2018.

The increase is mainly the result of (i) expenses of €6.5 million in the 2019 period in relation to the generation of additional data on Lumoxiti for regulatory purposes, including for the anticipated regulatory filing in Europe, (ii) an increase of €2.3 million in relation to development work on other preclinical programs, (iii) an increase in depreciation and amortization of €4.2 million mainly related to the additional consideration due to Novo Nordisk A/S for monalizumab and the amortization of IPH5201 and Lumoxiti intangible assets from October 2018, (iv) increases in wages and salaries (€0.5 million due to the increase in headcount and pay raises) and share-based compensation (€0.4 million), partially offset by (v) decreases of €3.8 million, €3.3 million and €1.7 million in expenses related to our IPH4102, monalizumab and IPH5401 programs, respectively, due to certain clinical trials coming to an end.

**General and administrative expenses**

General and administrative expenses increased by €3.7 million, or 66.7%, to €9.3 million for the six months ended June 30, 2019, as compared to general and administrative expenses of €5.6 million for the six months ended June 30, 2018. General and administrative expenses represented a total of 20.3% and 14.7% of our total operating expenses for the six months ended June 30, 2019 and 2018, respectively. The table below presents our general and administrative expenses by category for the six months ended June 30, 2019 and 2018:

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 (in thousands)</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>€4,111</td>
</tr>
<tr>
<td>(including shared-based</td>
<td></td>
</tr>
<tr>
<td>payments)</td>
<td>€3,049</td>
</tr>
<tr>
<td>Non-scientific advisory</td>
<td>2,332</td>
</tr>
<tr>
<td>and consulting</td>
<td>1,082</td>
</tr>
<tr>
<td>Other expenses(1)</td>
<td>2,852</td>
</tr>
<tr>
<td></td>
<td>1,445</td>
</tr>
<tr>
<td>Total general and</td>
<td>€9,295</td>
</tr>
<tr>
<td>administrative</td>
<td>€5,576</td>
</tr>
</tbody>
</table>

(1) Other expenses are related to intellectual property, maintenance costs for laboratory equipment and our headquarters, depreciation and amortization and other general and administrative expenses.

Personnel expenses includes the compensation paid to our employees and consultants, which increased by €1.1 million, or 34.8%, to €4.1 million for the six months ended June 30, 2019, as compared to personnel expenses of €3.0 million for the six months ended June, 2018. This increase resulted from an increase of €0.5 million in share-based payments and an increase of €0.5 million in wages and salaries. As of June 30, 2019, we had 43 employees in general and administrative functions, compared to 39 employees in general and administrative functions as of June 30, 2018.

Non-scientific advisory and consulting expenses mostly consist of auditing, accounting, taxation and legal fees as well as consulting fees in relation to business strategy and operations and hiring services. Non-scientific advisory and consulting expenses increased by €1.3 million, or 115.6%, to €2.3 million for the six months ended June 30, 2019 as compared to €1.1 million for the six months ended June 30, 2018, primarily resulting from fees incurred in connection with potential capital raising activities and recruitment and other fees.

**Net income (loss) from distribution agreements**

We recognized a net loss of €3.8 million from the Lumoxiti distribution agreement in the six months ended June 30, 2019, which reflected modest revenue from sales of Lumoxiti in the period, offset by administrative and selling expenses associated with the sales revenue allocated to us.
Financial income (loss), net

We recognized a net financial income of €3.8 million in the six months ended June 30, 2019 as compared to a net financial loss of €0.6 million in the six months ended June 30, 2018. The table below presents the components of our net financial loss for the six months ended June 30, 2019 and 2018:

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2019 (in thousands)</th>
<th>Six months ended June 30, 2018 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on financial assets</td>
<td>€ 893</td>
<td>€ 720</td>
</tr>
<tr>
<td>Change in valuation allowance on financial instruments</td>
<td>2,309</td>
<td>161</td>
</tr>
<tr>
<td>Foreign exchange gains</td>
<td>2,511</td>
<td>3,116</td>
</tr>
<tr>
<td>Other financial income</td>
<td>5</td>
<td>201</td>
</tr>
<tr>
<td><strong>Financial income</strong></td>
<td><strong>5,717</strong></td>
<td><strong>4,198</strong></td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>(1,888)</td>
<td>(2,920)</td>
</tr>
<tr>
<td>Unrealized losses on financial assets</td>
<td>—</td>
<td>(1,498)</td>
</tr>
<tr>
<td>Interest on financial liabilities</td>
<td>(45)</td>
<td>(55)</td>
</tr>
<tr>
<td>Other financial expenses</td>
<td>—</td>
<td>(275)</td>
</tr>
<tr>
<td><strong>Financial expenses</strong></td>
<td><strong>(1,933)</strong></td>
<td><strong>(4,748)</strong></td>
</tr>
<tr>
<td><strong>Net financial income (loss)</strong></td>
<td><strong>€ 3,784</strong></td>
<td><strong>€ (550)</strong></td>
</tr>
</tbody>
</table>

For the six months ended June 30, 2019 and 2018, the foreign exchange gains and losses mainly result from the variance of the exchange rate between the Euro and the U.S. dollar on U.S. dollar-denominated cash and cash equivalents and financial assets. Unrealized losses on financial assets relate to unquoted instruments.

Comparisons for the years ended December 31, 2018 and 2017

The following table sets forth a summary of our consolidated statements of income (loss) for the periods presented.

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31, 2018 (in thousands)</th>
<th>Year ended December 31, 2017 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from collaboration and licensing agreements</td>
<td>€ 79,892</td>
<td>€ 32,631</td>
</tr>
<tr>
<td>Government financing for research expenditures</td>
<td>14,060</td>
<td>11,402</td>
</tr>
<tr>
<td><strong>Revenue and other income</strong></td>
<td><strong>93,952</strong></td>
<td><strong>44,033</strong></td>
</tr>
<tr>
<td>Research and development</td>
<td>(69,555)</td>
<td>(67,000)</td>
</tr>
<tr>
<td>General and administrative</td>
<td>(18,142)</td>
<td>(17,015)</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td><strong>(87,697)</strong></td>
<td><strong>(84,015)</strong></td>
</tr>
<tr>
<td>Net income (loss) from distribution agreements</td>
<td>(1,109)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td><strong>5,146</strong></td>
<td><strong>(39,983)</strong></td>
</tr>
<tr>
<td>Financial income</td>
<td>6,002</td>
<td>2,501</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>(8,429)</td>
<td>(10,535)</td>
</tr>
<tr>
<td><strong>Net financial loss</strong></td>
<td><strong>(2,427)</strong></td>
<td><strong>(8,034)</strong></td>
</tr>
<tr>
<td><strong>Net income (loss) before tax</strong></td>
<td><strong>2,718</strong></td>
<td><strong>(48,016)</strong></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>333</td>
<td>(368)</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td><strong>€ 3,049</strong></td>
<td><strong>€ (48,385)</strong></td>
</tr>
</tbody>
</table>

96
The consolidated financial statements as of and for the year ended December 31, 2018 reflect the impacts of the adoption of IFRS 9 and IFRS 15 that became applicable on January 1, 2018. The comparative consolidated financial statements as of and for the year ended December 31, 2017 have not been restated. The impact on the consolidated statement of income (loss) of the adoption of IFRS 9 is not material and the impact of the adoption of IFRS 15 is presented in “Principal Components of Our Results of Operations—Revenue from Collaboration and Licensing Agreements.” See Note 2.a to our consolidated financial statements appearing elsewhere in this prospectus for more details on transition measures.

The table below provides a reconciliation of our consolidated statement of income (loss) as published for the year ended December 31, 2018 and our consolidated statement of income (loss) without the application of IFRS 15, which reflects the application of the same accounting principles as for the year ended December 31, 2017:

<table>
<thead>
<tr>
<th>Year ended December 31, 2018</th>
<th>As Published</th>
<th>IFRS 15 Impact</th>
<th>Excluding IFRS 15 Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from collaboration and licensing agreements</td>
<td>€ 79,892</td>
<td>€ 21,033</td>
<td>€ 100,925</td>
</tr>
<tr>
<td>Government financing for research expenditures</td>
<td>14,060</td>
<td>—</td>
<td>14,060</td>
</tr>
<tr>
<td><strong>Revenue and other income</strong></td>
<td><strong>93,952</strong></td>
<td><strong>21,033</strong></td>
<td><strong>114,985</strong></td>
</tr>
<tr>
<td>Research and development</td>
<td>(69,555)</td>
<td>(15,542)</td>
<td>(85,097)</td>
</tr>
<tr>
<td>General and administrative</td>
<td>(18,142)</td>
<td>—</td>
<td>(18,142)</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td><strong>(87,697)</strong></td>
<td><strong>(15,542)</strong></td>
<td><strong>(103,239)</strong></td>
</tr>
<tr>
<td>Net income (loss) from distribution agreements</td>
<td>(1,109)</td>
<td>—</td>
<td>(1,109)</td>
</tr>
<tr>
<td><strong>Operating income/(loss)</strong></td>
<td><strong>5,146</strong></td>
<td><strong>5,491</strong></td>
<td><strong>10,637</strong></td>
</tr>
<tr>
<td>Financial income</td>
<td>6,002</td>
<td>—</td>
<td>6,002</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>(8,429)</td>
<td>1,858</td>
<td>(6,571)</td>
</tr>
<tr>
<td><strong>Net financial loss</strong></td>
<td><strong>(2,427)</strong></td>
<td><strong>1,858</strong></td>
<td><strong>(569)</strong></td>
</tr>
<tr>
<td><strong>Net income (loss) before tax</strong></td>
<td><strong>2,718</strong></td>
<td><strong>7,349</strong></td>
<td><strong>10,067</strong></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>333</td>
<td>—</td>
<td>333</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td><strong>€ 3,049</strong></td>
<td><strong>€ 7,349</strong></td>
<td><strong>€ 10,397</strong></td>
</tr>
</tbody>
</table>

**Revenue and other income**

Revenue and other income resulted from collaboration and licensing agreements and government financing for research expenditure. Revenue and other income increased by €49.9 million, or 113.4%, to €94.0 million for the year ended December 31, 2018, as compared to revenue and other income of €44.0 million for the year ended December 31, 2017.

<table>
<thead>
<tr>
<th>Year ended December 31,</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from collaboration and licensing agreements</td>
<td>€79,892</td>
<td>€32,631</td>
</tr>
<tr>
<td>Government financing for research expenditures</td>
<td>14,060</td>
<td>11,402</td>
</tr>
<tr>
<td><strong>Revenue and other income</strong></td>
<td><strong>€93,952</strong></td>
<td><strong>€44,033</strong></td>
</tr>
</tbody>
</table>
Revenues from collaboration and licensing agreements

Revenues from collaboration and licensing agreements increased by €47.3 million, or 144.8%, to €79.9 million for the year ended December 31, 2018, as compared to revenues from collaboration and licensing agreements of €32.6 million for the year ended December 31, 2017. These revenues were derived principally under our agreements with AstraZeneca and are set forth in the table below.

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from collaboration and licensing agreements:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monalizumab agreement</td>
<td>61,546</td>
<td>32,346</td>
</tr>
<tr>
<td>IPH5201 agreement</td>
<td>15,632</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from collaboration and licensing agreements</td>
<td>77,178</td>
<td>32,346</td>
</tr>
<tr>
<td>Invoicing of research and development (IPH5201 and IPH5401 agreements)</td>
<td>2,242</td>
<td>—</td>
</tr>
<tr>
<td>Exchange gains on collaboration and licensing agreements</td>
<td>465</td>
<td>272</td>
</tr>
<tr>
<td>Others</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td><strong>Revenue from collaboration and licensing agreements</strong></td>
<td><strong>79,892</strong></td>
<td><strong>32,631</strong></td>
</tr>
</tbody>
</table>

Proceeds related to monalizumab. Revenue related to monalizumab increased by €29.2 million, or 90.3%, to €61.5 million for the year ended December 31, 2018, as compared to €32.3 million for the year ended December 31, 2017. This change is primarily due to (i) the exercise of the option by AstraZeneca in October 2018, which resulted in revenue of €32.0 million in the year ended December 31, 2018 and (ii) an increase of €18.3 million in revenue recognized in the period based on the percentage of completion of development work, partially offset by (iii) the impact of the adoption of IFRS 15, which had a negative impact of €21.0 million on revenue for the year ended December 31, 2018. As of December 31, 2018, the deferred revenue related to monalizumab is €104.9 million (€54.2 million as “Deferred revenue—Current portion” and €50.7 million as “Deferred revenue—Non-current portion”).

Proceeds related to IPH5201. Revenue related to IPH5201 for the year ended December 31, 2018 was €15.6 million compared to nil for the year ended December 31, 2017. Revenue related to the partial recognition of the $50.0 million non-refundable upfront payment received from AstraZeneca in 2018, which has been recognized as revenue based on the percentage of completion of the development work. As of December 31, 2018, the amount not yet recognized in revenue amounted to €27.9 million, classified as “Deferred revenue—Current portion.”

Invoicing of research and development costs. Revenue from invoicing of research and development costs for the year ended December 31, 2018 was €2.2 million compared to nil for the year ended December 31, 2017. Pursuant to our agreements with AstraZeneca, research and development costs related to IPH5401 are equally shared between us and AstraZeneca and research and development costs related to IPH5201 are fully borne by AstraZeneca, resulting in periodic settlement invoices.
**Government financing for research expenditures**

Government financing for research expenditures increased by €2.7 million, or 23.3%, to €14.1 million for the year ended December 31, 2018, as compared to €11.4 million for the year ended December 31, 2017. This change is primarily a result of an increase in the research tax credit of €2.5 million, which is mainly due to an increase in eligible research and development personnel expenses and an increase in amortization of the monalizumab intangible asset following the additional consideration due to Novo Nordisk A/S in 2018. The table below details government funding for research expenditures for the years ended December 31, 2018 and 2017.

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Research tax credits</td>
<td>€13,527</td>
</tr>
<tr>
<td>Grants</td>
<td></td>
</tr>
<tr>
<td>Government financing for research expenditures</td>
<td>€14,060</td>
</tr>
</tbody>
</table>

The research tax credit is calculated as 30% of the amount of research and development expenses, net of grants received, eligible for the research tax credit for the years ended December 31, 2018 and 2017.

**Operating expenses**

The table below presents our operating expenses for the years ended December 31, 2018 and 2017.

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Research and development</td>
<td>€69,555</td>
</tr>
<tr>
<td>General and administrative</td>
<td>18,142</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>€87,697</strong></td>
</tr>
</tbody>
</table>
**Research and development expenses**

Our research and development expenses in the periods presented primarily relate to activities for our monalizumab, IPH4102 and IPH5401 programs.

Our research and development expenses are broken down as set forth in the table below:

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31, 2018</th>
<th>Year ended December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Monalizumab(^{(1)})</td>
<td>€8,794</td>
<td>€15,992</td>
</tr>
<tr>
<td>IPH4102</td>
<td>15,019</td>
<td>14,750</td>
</tr>
<tr>
<td>IPH5401</td>
<td>9,883</td>
<td>333</td>
</tr>
<tr>
<td>Other preclinical programs</td>
<td>7,713</td>
<td>7,295</td>
</tr>
<tr>
<td>Lumoxiti(^{(2)})</td>
<td>1,094</td>
<td>—</td>
</tr>
<tr>
<td>Discovery projects and other</td>
<td>3,643</td>
<td>3,912</td>
</tr>
<tr>
<td><strong>Total direct research and development expenses</strong></td>
<td><strong>46,146</strong></td>
<td><strong>42,282</strong></td>
</tr>
<tr>
<td>Personnel expenses (including share-based payments)</td>
<td>14,226</td>
<td>14,692</td>
</tr>
<tr>
<td>Other expenses</td>
<td>9,183</td>
<td>10,026</td>
</tr>
<tr>
<td><strong>Personnel and other expenses</strong></td>
<td><strong>23,409</strong></td>
<td><strong>24,718</strong></td>
</tr>
<tr>
<td><strong>Total research and development expenses</strong></td>
<td><strong>€69,555</strong></td>
<td><strong>€67,000</strong></td>
</tr>
</tbody>
</table>

(1) As a result of the adoption of IFRS 15 as of January 1, 2018, monalizumab expenses do not include our co-funding share of research and development work performed by AstraZeneca, which amounted to €15.5 million and is recorded as a reduction to the transaction price, which is to be recorded as a revenue based on the percentage of completion. See the table appearing on Page 97 of this Prospectus for reconciliation to IFRS 15.

(2) Lumoxiti research and development expenses mainly relate to the generation of additional data for regulatory purposes.

Research and development increased by €2.6 million, or 3.8%, to €69.6 million for the year ended December 31, 2018, as compared to research and development of €67.0 million for the year ended December 31, 2017. The increase is mainly explained by: (i) an increase of €9.6 million in expenses related to IPH5401 following our acquisition of the related rights from Novo Nordisk in June 2017, (ii) an increase of €8.3 million in expenses related to the progress of our monalizumab program (excluding the IFRS 15 impact), partially offset by (iii) a decrease of €15.5 million related to the impact of IFRS 15.

Personnel expenses including share-based compensation to our employees and consultants decreased by €0.5 million, or 3.2%, to €14.2 million for the year ended December 31, 2018, as compared to €14.7 million for the year ended December 31, 2017. This decrease is the cumulative impact of (i) the decrease of €3.0 million in share-based payments partially offset by (ii) the increase in wages and salaries of €2.5 million due to increases in employee headcount and bonuses paid. As of December 31, 2018 and 2017, we had 154 and 147 employees engaged in research and development activities, respectively.

**General and administrative expenses**

General and administrative expenses increased by €1.1 million, or 6.6%, to €18.1 million for the year ended December 31, 2018, as compared to general and administrative expenses of €17.0 million for the year ended December 31, 2017. General and administrative expenses represented a total of 20.7% and 20.3% of the total operating expenses for the years ended December 31, 2018 and 2017, respectively.
The table below presents our general and administrative expenses by nature for the years ended December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Personnel expenses (including share-based payments)</td>
<td>€ 7,601</td>
</tr>
<tr>
<td>Non scientific advisory and consulting</td>
<td>5,301</td>
</tr>
<tr>
<td>Other expenses(1)</td>
<td>5,240</td>
</tr>
<tr>
<td><strong>Total general and administrative</strong></td>
<td><strong>€18,142</strong></td>
</tr>
</tbody>
</table>

(1) Other expenses are related to intellectual property, maintenance costs for laboratory equipment and our headquarters, depreciation and amortization and other general and administrative expenses.

Personnel expenses includes the compensation paid to our employees and consultants, and decreased by €2.9 million, or 27.3%, to €7.6 million for the year ended December 31, 2018, as compared to personnel expenses of €10.5 million for the year ended December 31, 2017. This decrease results from a decrease in share-based payments of €4.3 million, partially offset by the increase in wages and salaries of €1.4 million. As of December 31, 2018, we had 41 employees in general and administrative functions, which was stable compared to December 31, 2017.

Non-scientific advisory and consulting expenses mostly consist of auditing, accounting, taxation and legal fees as well as consulting fees in relation to business strategy and operations and hiring services. Non-scientific advisory and consulting expenses increased by €1.5 million, or 39.7%, to €5.3 million for the year ended December 31, 2018 as compared to €3.8 million for the year ended December 31, 2017, primarily as a result of our agreement with AstraZeneca entered into in October 2018.

**Net income (loss) from distribution agreements**

We recognized a net loss of €1.1 million from the Lumoxiti distribution agreement in the year ended December 31, 2018, which reflected immaterial revenue from sales of Lumoxiti in the period, less administrative and selling expenses associated with the sales revenue allocated to us.

**Financial income (loss), net**

Net financial loss decreased by €5.6 million, or 69.8%, to €2.4 million for the year ended December 31, 2018, as compared to €8.0 million for the year ended December 31, 2017.
The table below presents the components of our net financial loss for the years ended December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Component</th>
<th>Year ended December 31, 2018 (in thousands)</th>
<th>Year ended December 31, 2017 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gains on financial assets</td>
<td>€ 1,582</td>
<td>€ 1,254</td>
</tr>
<tr>
<td>Foreign exchange gains</td>
<td>4,068</td>
<td>784</td>
</tr>
<tr>
<td>Other financial income</td>
<td>352</td>
<td>463</td>
</tr>
<tr>
<td><strong>Financial income</strong></td>
<td><strong>6,002</strong></td>
<td><strong>2,501</strong></td>
</tr>
<tr>
<td>Unrealized losses on financial assets</td>
<td>(3,942)</td>
<td>(3,238)</td>
</tr>
<tr>
<td>Interest on financial liabilities</td>
<td>(102)</td>
<td>(113)</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>(3,851)</td>
<td>(6,661)</td>
</tr>
<tr>
<td>Other financial expenses</td>
<td>(534)</td>
<td>(523)</td>
</tr>
<tr>
<td><strong>Financial expenses</strong></td>
<td><strong>(8,429)</strong></td>
<td><strong>(10,535)</strong></td>
</tr>
<tr>
<td><strong>Net financial loss</strong></td>
<td><strong>€(2,427)</strong></td>
<td><strong>€(8,034)</strong></td>
</tr>
</tbody>
</table>

For the years ended December 31, 2018 and 2017, the foreign exchange gains and losses mainly result from the variance of the exchange rate between the Euro and the U.S. dollar on U.S. dollar-denominated cash and cash equivalents and financial assets.

Unrealized losses on financial assets relate to unquoted instruments.

**Liquidity and Capital Resources**

The liquidity and capital resources discussion that follows contains certain estimates as of the date of this prospectus of our estimated future sources and uses of liquidity (including estimated future capital resources and capital expenditures) and future financial and operating results. These estimates reflect numerous assumptions made by us with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, and matters specific to our businesses, all of which are difficult or impossible to predict and many of which are beyond our control.

**Sources and uses of liquidity**

We have primarily financed our operations through our receipt of $475.0 million (€415.9 million) in payments from our collaborators, including AstraZeneca, since 2011, excluding payments received for purchases of our equity securities by our collaborators.

We have also financed our operations since our inception through several rounds of public and private financings. Since our inception, we have raised a total of €240.4 million through the sale of equity securities, including €33.7 million in the initial public offering of our ordinary shares on Euronext Paris in 2006.

In addition, we have received an aggregate of €67.1 million in research tax credits through June 30, 2019. In July 2019, we received an additional €13.5 million the research tax credit for the year ended December 31, 2018. As a French biopharmaceutical company, we have benefited from certain tax advantages, including, for example, the research tax credit. The research tax credit can be offset against French corporate income tax due and the portion in excess, if any, may be refunded. The research tax credit is calculated based on our claimed amount of eligible research and development expenditures in France. The research tax credit increased by €2.5 million, or 22.5%, to €13.5 million for the year ended December 31, 2018, as compared to a research tax credit of €11.0 million for the year ended December 31, 2017. The research tax credit increased by €1.3 million, or 20.6%, to €7.5 million for the six month ended June 30, 2019, compared to €6.2 million for the six months ended June 30, 2018.
We currently qualify as a small or medium size business. Therefore, the French Treasury refunded our 2016 and 2017 research tax credit claims during 2017 and 2018, respectively, and we received reimbursement of the 2018 research tax credit in compliance with the applicable regulatory rules in July 2019. We expect our status as a small or medium size business to be lost at the end of the fiscal year 2019 and, therefore, we would no longer be entitled to the immediate reimbursement of the Research Tax Credit but instead would be reimbursed within the expiry of a three-year period.

We are potentially eligible to earn a significant amount of milestone payments and royalties under our agreements with AstraZeneca in the event that we satisfy certain pre-specified milestones. We may enter into new collaboration agreements that also provide milestone payments. These milestone payments are dependent on the accomplishment of various development, regulatory and commercialization objectives, and the achievement of many of these milestones is outside of our control. However, our ability to earn these payments and their timing will, in part, be dependent upon the outcome of our research activities which is uncertain at this time.

On July 3, 2017, we borrowed from the bank Société Générale in order to finance the construction of our future headquarters. This loan, amounting to a maximum of €15.2 million, can be drawn down during the period of the construction in order to pay supplier payments as they become due, but in any event no later than August 30, 2019. We have decided to postpone this construction. Until this construction begins, the proceeds of the loan will be used to finance several projects, such as extension of our current building, improvement of our information systems and development of our commercial infrastructure. Repayment of any amounts drawn down are payable over a 12-year term beginning on August 30, 2019 and ending on August 30, 2031. As security for the loan, we pledged collateral in the form of financial instruments held at Société Générale amounting to €15.2 million. The security interest on the pledged financial instruments will be released in accordance with the following schedule: €4.2 million in July 2024, €5.0 million in July 2027 and €6.0 million in July 2031. We had drawn down €1.3 million under the loan as of June 30, 2019, and we drew down the remaining €13.9 million available in August 2019. The loan bears a fixed interest rate of 2.01%. Under the loan, we are subject to a covenant that our total cash, cash equivalents and current and non-current financial assets as of each fiscal year end will be at least equal to the amount of outstanding principal under the loan. The repayment period started August 30, 2019.

We lease our headquarters in Luminy, Marseille, France under a finance lease agreement. The present value of the minimum lease payments until June 2020, which is the term of the lease, is recognized as a financial liability of €0.9 million at June 30, 2019. In addition, we obtained a €1.5 million PTZI loan (Prêt à Taux Zéro Innovation—interest-free loan for innovation) from Banque Publique d’Investissement, or BPI France, in 2013. The loan is repayable beginning in September 2016 over five years and amounted to €0.7 million as of June 30, 2019. Lastly, during the years ended December 31, 2016 and 2017, we also used lease-financing and bank loans to finance the acquisition of laboratory equipment and to set up new laboratories. The debt related to these loans amounts to €1.2 million at June 30, 2019.

Liquidity position

Cash, cash equivalents and short-term investments decreased by €2.6 million, or 1.5%, to €165.0 million at June 30, 2019, as compared to cash, cash equivalents and short-term investments of €167.5 million at December 31, 2018. The cash assets that we hold consist of current accounts and fixed term accounts. Short-term investments primarily consist of shares of money market funds and mutual funds. Their purpose is to finance our activities, including our research and development costs.
We have received a total of €240.4 million from capital increases, before deducting the costs associated with capital increases, and after excluding proceeds from share compensation instruments, between 1999 and June 30, 2019. The table below summarizes the main capital increases between 1999 and June 30, 2019.

<table>
<thead>
<tr>
<th>Date</th>
<th>Gross Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2000</td>
<td>€1.2 million</td>
</tr>
<tr>
<td>March 2001</td>
<td>€3.3 million</td>
</tr>
<tr>
<td>July 2002</td>
<td>€20.0 million</td>
</tr>
<tr>
<td>March 2004</td>
<td>€5.0 million</td>
</tr>
<tr>
<td>July 2004</td>
<td>€10.0 million</td>
</tr>
<tr>
<td>March 2006</td>
<td>€10.0 million</td>
</tr>
<tr>
<td>November 2006</td>
<td>€33.7 million</td>
</tr>
<tr>
<td>December 2009</td>
<td>€24.3 million</td>
</tr>
<tr>
<td>November 2013</td>
<td>€20.3 million</td>
</tr>
<tr>
<td>June 2014</td>
<td>€50.0 million</td>
</tr>
<tr>
<td>October 2018</td>
<td>€62.6 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>€240.4 million</strong></td>
</tr>
</tbody>
</table>

**Cash flows**

**Comparisons for the six months ended June 30, 2019 and 2018**

The following table sets forth cash flow data for the six months ended June 30, 2019 and 2018:

<table>
<thead>
<tr>
<th>Six months ended June 30,</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from / (used in) operating activities</td>
<td>€59,635</td>
<td>€33,927</td>
</tr>
<tr>
<td>Cash flows from / (used in) investing activities</td>
<td>(61,798)</td>
<td>14,764</td>
</tr>
<tr>
<td>Cash flows from / (used in) financing activities</td>
<td>(772)</td>
<td>685</td>
</tr>
<tr>
<td>Effect of the exchange rate changes</td>
<td>(3)</td>
<td>(17)</td>
</tr>
<tr>
<td><strong>Net increase / (decrease) in cash and cash equivalents</strong></td>
<td><strong>€(2,938)</strong></td>
<td><strong>€(19,865)</strong></td>
</tr>
</tbody>
</table>

(1) The unaudited interim condensed consolidated statement of cash flows for the six months ended June 30, 2019 reflects the impacts of the adoption of IFRS 16 standard that became applicable on January 1, 2019, which are not material. The comparative condensed consolidated statement of cash flows for the six months ended June 30, 2018 has not been restated. The details on the impact of the transition are presented in Note 2.d to our consolidated financial statements appearing elsewhere in this prospectus.

**Cash flows from / (used in) operating activities**

Our net cash flow from operations increased by €93.6 million to a net cash generation of €59.6 million for the six months ended June 30, 2019 as compared to net cash used in operations of €33.9 million for the six months ended June 30, 2018. This improvement is primarily related to payments of €87.7 million and €21.1 million received in January 2019 from AstraZeneca in relation to the monalizumab and IPH5201 agreements, respectively, partially offset by an increase of outflows in relation to our research and development activities.

**Cash flows from / (used in) investing activities**

Our net cash flows used in investing activities for the six months ended June 30, 2019 were €61.8 million, primarily comprised of our acquisition of intangible assets of €64.1 million. This amount mainly consisted of (i) the payment to AstraZeneca for Lumoxiti rights ($50.0 million or €43.8 million), (ii) additional consideration paid to Novo Nordisk A/S for monalizumab rights ($15.0 million or €13.1 million) and (iii) the payment made to Orega Biotech in relation to the anti-CD39 program as consideration following the collaboration and option agreement signed on October 22, 2018 with AstraZeneca regarding IPH5201 (€7.0 million).
Our net cash flows generated from investing activities for the six months ended June 30, 2018 were €14.8 million and mainly consisted of (i) disposal of net non-current financial assets for €14.9 million, (ii) interest received on financial assets for €0.9 million, less (iii) acquisitions of intangible assets for €0.3 million and (iv) acquisitions of property and equipment for €0.7 million.

**Cash flows from / (used in) financing activities**

Our net cash flows used in financing activities for the six months ended June 30, 2019 increased by €0.1 million to €0.8 million as compared to net cash flows used in financing activities of €0.7 million for the six months ended June 30, 2018. The net cash flows used in financing activities in each period primarily consisted of repayments of borrowings.

The following table sets forth cash flow data for the years ended December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Year ended December 31, 2018</th>
<th>Year ended December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Cash flows from / (used in) operating activities</td>
<td>€(32,531)</td>
</tr>
<tr>
<td>Cash flows from / (used in) investing activities</td>
<td>24,279</td>
</tr>
<tr>
<td>Cash flows from / (used in) financing activities</td>
<td>61,222</td>
</tr>
<tr>
<td>Effect of the exchange rate changes</td>
<td>(26)</td>
</tr>
<tr>
<td><strong>Net increase / (decrease) in cash and cash equivalents</strong></td>
<td><strong>€ 52,947</strong></td>
</tr>
</tbody>
</table>

**Cash flows from / (used in) operating activities**

Our net cash flow used in operations decreased by €15.5 million to €32.5 million for the year ended December 31, 2018 as compared net cash flows used in operations of €48.1 million for the year ended December 31, 2017. This improvement of our operating cash flows results from the collection of €40.3 million of proceeds relating to the agreements signed with AstraZeneca in October 2018, partially offset by an increase of outflows in relation to our research and development activities.

**Cash flows from / (used in) investing activities**

Our net cash flows from investing activities for the year ended December 31, 2018 were €24.3 million and mainly consisted of (i) disposal of net financial assets for €24.2 million, (ii) interest received on financial assets for €1.4 million, less (iii) acquisitions of property and equipment for €0.9 million and (iv) acquisition of intangible assets for €0.6 million.

Our net cash flows used in investing activities for the year ended December 31, 2017 were €29.5 million and mainly consisted of (i) acquisitions of net financial assets for €25.7 million, (ii) the IPH5401 acquired rights from Novo Nordisk A/S resulting in a cash out flows of €2.8 million, as the remaining part of the upfront payment of €40.0 million was contributed in kind through a capital increase of €37.2 million, (iii) acquisitions of property and equipment for €3.0 million (mainly related to the acquisition of the land attached to our headquarters and certain pieces of laboratory equipment), less (iv) interest received on financial assets for €1.4 million.

The acquisitions of current financial assets consist of purchases of current marketable securities that do not meet the conditions under IAS 7 Statement of cash flows to be considered as cash equivalents. See Note 4 to our consolidated financial statements for the year ended December 31, 2018 appearing elsewhere in this prospectus.
**Cash flows from / (used in) financing activities**

Our net cash flows from financing activities for the year ended December 31, 2018 increased by €60.3 million to €61.2 million as compared to net cash flows from financing activities of €0.9 million for the year ended December 31, 2017. On October 22, 2018, AstraZeneca acquired 9.8% of our capital through the issuance of 6,260,500 new shares at €10 per share, generating a €62.6 million cash inflow.

**Funding requirements**

We believe that the net proceeds of this global offering, together with our existing cash, cash equivalents, short-term investments and non-current financial assets, will enable us to fund our operating expenses and capital expenditure requirements for at least months. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect.

Until we can generate a sufficient amount of revenue from sale of approved products, if ever, we expect to finance our operating activities through our existing liquidity, the proceeds of this global offering and expected milestone payments from collaborators.

Our present and future funding requirements will depend on many factors, including, among other things:

- the size, progress, timing and completion of our clinical trials and preclinical studies for any current or future product candidates, including our lead product candidates, monalizumab and IPH4102, IPH5401;
- the number of potential new product candidates we identify and decide to develop;
- costs associated with our payment obligations to third parties in connection with our development and potential commercialization of certain of our product candidates;
- costs associated with expanding our organization;
- the costs involved in filing patent applications and maintaining and enforcing patents or defending against claims of infringement raised by third parties;
- the time and costs involved in obtaining regulatory approval for our product candidates and any delays we may encounter as a result of evolving regulatory requirements or adverse results with respect to any of these product candidates;
- selling and marketing activities undertaken in connection with the commercialization of Lumoxiti and any other current or future product candidates, including monalizumab, IPH4102, IPH5401 and IPH5201 and other product candidates, together with the costs involved in the creation of a sales and marketing organization; and
- the amount of revenues, if any, we may derive either directly, or in the form of milestone or royalty payments from any future potential partnership agreements, from monalizumab, IPH5201, or relating to our other product candidates.

For more information as to the risks associated with our future funding needs, see “Risk Factors—We may need to raise additional funding to complete the development and any commercialization of our product candidates, which may not be available on acceptable terms, or at all, and failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.”

**Capital expenditures**

Our operations mainly require investment in intangible assets. We acquired the rights of IPH5401 from Novo Nordisk A/S in 2017. We paid an upfront of €40.0 million, of which €37.2 million was contributed in new ordinary shares and €2.8 million in cash.
In January 2019, we paid to AstraZeneca an initial payment for the license related to Lumoxiti ($50.0 million, or €43.8 million, using the foreign exchange rate of 1.1422 at the date of payment), and in February 2019, we paid to Novo Nordisk A/S additional consideration relating to monalizumab ($15.0 million, or €13.1 million as of December 31, 2018). In June 2019, we paid €7.0 million to Orega Biotech in relation to the anti-CD39 program as consideration following the collaboration and option agreement signed on October 22, 2018 with AstraZeneca regarding IPH5201.

Our operations generally require little investment in tangible assets because we outsource most of the manufacturing and research activities to third parties. We lease some of our computer equipment under operating lease agreements. We account for our payments for these items as operating expenses in the consolidated statement of income.

Our capital expenditures in the years ended December 31, 2018 and 2017 and for the six months ended June 30, 2019 and 2018 primarily related to laboratory equipment. Clinical research and development costs are not capitalized until marketing authorizations are obtained.

Our corporate office in Luminy, Marseille, France is leased under a finance lease agreement signed in 2008 with Sogebail, a subsidiary of Société Générale, for an aggregate of €6.6 million. The lease-financing agreement has a 12-year term. We have a purchase option for all of the buildings and land for the lump sum of €1 at the end of the term of the contract in June 2020.

Since July 2017, we also rent office space in Marseille, France under a commercial lease.

**Contractual Obligations**

The following table summarizes our contractual obligations at June 30, 2019.

<table>
<thead>
<tr>
<th>Description</th>
<th>Less than 1 year (in thousands)</th>
<th>1 to 3 years</th>
<th>3 to 5 years</th>
<th>More than 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPI France PTZI interest-free loan</td>
<td>€ 375</td>
<td>€ 300</td>
<td>€ ---</td>
<td>€ ---</td>
<td>€ 675</td>
</tr>
<tr>
<td>Lease finance obligations—real estate(1)</td>
<td>895</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>895</td>
</tr>
<tr>
<td>Down payment—real estate(2)</td>
<td>(154)</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>(154)</td>
</tr>
<tr>
<td>Lease finance obligations—Equipment</td>
<td>179</td>
<td>358</td>
<td>340</td>
<td>26</td>
<td>903</td>
</tr>
<tr>
<td>Loans—Equipment</td>
<td>57</td>
<td>114</td>
<td>114</td>
<td>71</td>
<td>356</td>
</tr>
<tr>
<td>Loans—Building</td>
<td>102</td>
<td>244</td>
<td>244</td>
<td>874</td>
<td>1,464</td>
</tr>
<tr>
<td>Lease—Building “Le Virage”</td>
<td>306</td>
<td>613</td>
<td>76</td>
<td>---</td>
<td>995</td>
</tr>
<tr>
<td>Lease—Vehicles</td>
<td>22</td>
<td>24</td>
<td>4</td>
<td>---</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>€1,782</strong></td>
<td><strong>€1,653</strong></td>
<td><strong>€778</strong></td>
<td><strong>€971</strong></td>
<td><strong>€5,184</strong></td>
</tr>
</tbody>
</table>

(1) Lease finance obligations—real estate relate primarily to real estate property in relation to our acquisition of our headquarters and main laboratories.

(2) We paid a guarantee to Sogebail for our real estate lease in the form of a down payment. This down payment amounted to €0.2 million at June 30, 2019.

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the actions under the contracts. The table does not include obligations under agreements that we can cancel without a significant penalty as well as obligations under our employment benefit plans, which amounted to €4.8 million as of June 30, 2019. Also, this table does not include the undrawn part of the building loan amounting to €13.9 million that was subsequently drawn in August 2019.
As of June 30, 2019, we have non-cancellable purchase commitments for a total of €3.3 million with various CMOs.

As part of a supply of scientific equipment, we were committed towards a supplier to minimum annual purchases of consumables. As of June 30, 2019, the overall commitment amounted to €0.2 million for the period from July 2019 to June 2020.

In addition, we have certain obligations under the terms of research, collaboration and licensing agreements which usually require us to bear all expenses relating to the procurement, examination and extension procedures of patents, as well as to uphold and defend the patents and will require, according to certain milestones, the payment of lump sums and royalties on sales to the licensor. The timing of the obligations depends on when related milestones are reached, which cannot be anticipated.

We also signed option agreements which require us to (i) bear all expenses relating to the procurement, examination and extension procedures of patents, as well as to uphold and defend the patents, (ii) pay a lump sum of money as option payment and (iii) if we decide to later opt-in, to pay to the licensor of lump sums (milestone payments) and royalties on sales.

Lastly, we signed certain agreements with collaborators, which defined the rules of joint-ownership and the granting of rights regarding certain aspects of intellectual property. Under these contracts, we usually bear all expenses relating to the procurement, examination and extension procedures of the patents and to any procedure required to uphold and defend the patents. These agreements also usually require, in exchange for a license over the share of rights owned by the co-owner, and according to certain milestones, the payment of lump sums and royalties on sales to the co-owner. For example, we may be obligated to pay Novo Nordisk A/S up to €20.0 million in potential regulatory milestones relating to monalizumab and tiered mid-to-high single-digit percentage royalties on net sales of monalizumab products, and up to an aggregate of €370.0 million upon the achievement of development, regulatory and sales milestones relating to IPH5401 and tiered royalties ranging from a low double-digit to low-teen percentage of net sales of IPH5401. We may also be obligated to pay Orega Biotech up to an additional €51.5 million in the aggregate upon the achievement of development and regulatory milestones, and mid-single digit to low-teen percentage payments, depending on determinations relating to Orega Biotech’s intellectual property rights for certain patents, on sublicensing revenues we receive pursuant to our agreement with AstraZeneca relating to IPH5201. Finally, we are obligated to pay up to $25.0 million to AstraZeneca in the aggregate upon the achievement of certain regulatory and commercial milestones relating to Lumoxiti, and low single digit percentage royalties on our net sales of Lumoxiti, and are obligated to pay Selseis SA, for each of IPH4102, IPH5201 and IPH5301, up to 1.6 million Swiss francs in development and regulatory milestones and either up to 50.0 million Swiss francs in commercial milestones or low single digit percentage royalties on net sales.

Off-Balance Sheet Arrangements

During the periods presented, we did not, and we do not currently, engage in off-balance sheet financing arrangements as defined under SEC rules, such as relationships with other entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our consolidated statement of financial position. In addition, we do not engage in trading activities involving non-exchange traded contracts. We therefore believe that we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we did engage in these relationships.

Internal Control Over Financial Reporting

Our management has not completed an assessment of the effectiveness of our internal control over financial reporting, and our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting.
During the audit of our consolidated financial statements as of and for the years ended December 31, 2018 and 2017, we identified material weaknesses in our internal control over financial reporting. A company’s internal control over financial reporting is a process designed by, or under the supervision of, a company’s principal executive and principal financial officers, or persons performing similar functions, and effected by a company’s executive board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Under standards established by the Public Company Accounting Oversight Board, a material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement in our annual or interim financial statements will not be prevented or detected and corrected on a timely basis.

In the course of auditing the consolidated financial statements as of and for the year ended December 31, 2018, a material weakness in our internal controls related to the recognition of the revenue from our collaboration and licensing agreement with AstraZeneca on monalizumab was identified. The specific weakness in our internal controls involved insufficient review of the calculation of the transaction price and percentage of completion of costs incurred, leading to an incorrect amount of revenue recognized for the year ended December 31, 2018, which was corrected prior to the issuance of our audited financial statements. In the course of auditing the consolidated financial statements as of and for the year ended December 31, 2017, three material weaknesses in our internal controls were identified. The material weaknesses related to (i) the accounting for subcontracting clinical costs for which there was insufficient control on the input data from clinical studies (termination date of the study and/or number of expected visits), (ii) stock-based compensation with insufficient control surrounding the valuation of AGAP by external valuators, and (iii) a risk of management override of controls on manual journal entries due to insufficient supporting documentation for certain entries. Errors not detected in relation to topics (i) and (ii) have led to incorrect amounts of R&D expenses and personnel expenses for the year ended December 31, 2017, which were subsequently corrected prior to the issuance of our audited financial statements. A number of significant deficiencies in our internal controls have also been identified for the years ended December 31, 2018 and December 31, 2017. Over the course of 2019, we continue to work to remediate these material weaknesses and strengthen our controls in these areas.

We were not required to perform an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act. Accordingly, we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses. Material weaknesses may still exist when we report on the effectiveness of our internal control over financial reporting as required by reporting requirements under Section 404 after the completion of this global offering. See “Risk factors—There are material weaknesses and significant deficiencies in our internal controls over financial reporting and if we are unable to maintain effective controls over financial reporting, the accuracy and timeliness of our financial reporting may be adversely affected, which could hurt our business, lessen investor confidence and depress the market price of our securities.”

Critical Accounting Policies and Significant Judgments and Estimates

Our consolidated financial statements are prepared in accordance with IFRS. Some of the accounting methods and policies used in preparing the financial statements under IFRS are based on complex and subjective assessments by our management or on estimates based on past experience and assumptions deemed realistic and reasonable based on the facts and circumstances. The actual value of our assets, liabilities and shareholders’ equity as well as our income and expenses could differ from the value derived from these estimates if conditions changed and these changes had an impact on the assumptions adopted. See Note 2 to our consolidated financial statements appearing elsewhere in this prospectus.

We believe that the most significant management judgments and assumptions in the preparation of our consolidated financial statements are described below.
Accounting for collaboration and licensing arrangements

To date, our revenue has been generated primarily from payments received in relation to research, collaboration and licensing agreements signed with pharmaceutical companies. These contracts generally provide for components such as upfront payments, milestone payments upon reaching certain predetermined development objectives, research and development funding, as well as payment of royalties on future sales of products.

Non-refundable upfront payments are deferred and recognized as revenue over the period we are engaged to deliver services to the third party. Revenue is recognized based on completion of the underlying work.

Milestone payments represent amounts received from our collaborators, the receipt of which is dependent upon the achievement of certain scientific, regulatory, or commercial milestones. We recognize milestone payments when the triggering event has occurred, there are no further contingencies or services to be provided with respect to that event, and the counterparty has no right to refund of the payment. The triggering event may be scientific results achieved by us or another party to the arrangement, regulatory approvals, or the marketing of products developed under the arrangement.

Measurement of the subcontracting costs relating to clinical trial costs

Our expense accruals for clinical trials are based on estimates of the fees associated with services provided by clinical trial investigational sites and clinical research organizations. Payments under some of the contracts we have with such parties depend on factors such as successful enrollment of patients, site initiation and the completion of clinical trial milestones. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If possible, we obtain information regarding unbilled services directly from these service providers. However, we may be required to estimate these services based on other information available to us. If we underestimate or overestimate the activity or fees associated with a study or service at a given point in time, adjustments to research and development expenses may be necessary in future periods. Historically, our estimated accrued expenses have approximated actual expense incurred. However, due to the nature of such estimates, we cannot assure you that we will not make changes to our estimates in the future as we become aware of additional information about the status or conduct of our clinical trials and other research activities.

Measurement of AstraZeneca invoices under the monalizumab and Lumoxiti agreements

The quarterly invoices submitted under these agreements are based on estimates made by AstraZeneca on the basis of its accounting work, which requires AstraZeneca to make estimates regarding the advancement of clinical programs and associated costs. AstraZeneca provides us with an update on their budgets, which provides us with visibility into variations and allows us to identify potential deviations. These invoices have a significant impact on our operating expenses and trade payables.
Measurement of the fair value of free shares

Since January 1, 2018, we have granted share-based compensation under several plans to certain employees and members of our executive and supervisory boards in the form of free shares (Attributions gratuites d’actions, or AGA), free preferred shares convertible into ordinary shares (Attributions gratuites d’actions de préférence convertibles en actions ordinaires, or AGAP) and free performance shares (Attributions gratuites d’actions de performance, or AGA Perf) as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Types</th>
<th>Date</th>
<th>Types</th>
<th>Number of warrants issued as of June 30, 2019</th>
<th>Number of warrants outstanding as of June 30, 2019</th>
<th>Maximum number of shares to be issued as of June 30, 2019</th>
<th>Exercise price per share</th>
<th>Grant date share fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 3, 2018</td>
<td>AGAP Employees 2017</td>
<td>April 3, 2018</td>
<td>AGAP Management 2017</td>
<td>5,725</td>
<td>5,581</td>
<td>558,100</td>
<td>—</td>
<td>€5.52</td>
</tr>
<tr>
<td>April 3, 2018</td>
<td>AGAP Employees 2017</td>
<td>April 3, 2018</td>
<td>AGAP Management 2017</td>
<td>2,400</td>
<td>2,000</td>
<td>200,000</td>
<td>—</td>
<td>€5.52</td>
</tr>
<tr>
<td>April 3, 2018</td>
<td>AGAP Employees 2017</td>
<td>April 3, 2018</td>
<td>AGAP Management 2017</td>
<td>114,500</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>€5.52</td>
</tr>
<tr>
<td>November 20, 2018</td>
<td>AGA Perf Employees 2018</td>
<td>November 20, 2018</td>
<td>AGA Perf Management 2018</td>
<td>327,500</td>
<td>327,500</td>
<td>327,500</td>
<td>—</td>
<td>€8.00</td>
</tr>
<tr>
<td>January 14, 2019</td>
<td>AGA Employees 2018</td>
<td>January 14, 2019</td>
<td>AGA Employees 2018</td>
<td>260,000</td>
<td>230,000</td>
<td>230,000</td>
<td>—</td>
<td>€8.00</td>
</tr>
<tr>
<td>April 29, 2019</td>
<td>AGA New Members 2017-1</td>
<td>April 29, 2019</td>
<td>AGA New Members 2017-1</td>
<td>90,650</td>
<td>88,000</td>
<td>88,000</td>
<td>—</td>
<td>€7.31</td>
</tr>
<tr>
<td>April 29, 2019</td>
<td>AGA New Members 2017-1</td>
<td>April 29, 2019</td>
<td>AGA New Members 2017-1</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
<td>—</td>
<td>€5.74</td>
</tr>
</tbody>
</table>

In addition, on July 3, 2019, the Executive Board granted 57,376 free shares to members of management (“AGA Bonus Management 2019-1”).

We account for share-based compensation in accordance with the authoritative guidance on share-based compensation, IFRS 2 Share-based payment, or IFRS 2. Pursuant to IFRS 2, the awards are measured at their fair value on the date of grant. The fair value is calculated with the most relevant formula regarding the conditions and the settlement of each plan.

Determining the fair value of share-based awards at the grant date requires judgment. We use the Black-Scholes option and Monte Carlo approach pricing models to determine the fair value of share-based compensation. Free preference shares plans includes performance conditions that are based on the market price of our ordinary shares. Holders of free preference shares may also benefit from accelerated vesting triggered by the achievement of internal goals.

The determination of the grant date fair value of warrants and free shares is affected by assumptions regarding a number of complex and subjective variables. These variables include the fair value of our ordinary shares on the date of grant, the expected term of the awards, our share price volatility, the employee turnover weighted average probability, risk-free interest rates, expected dividends, and performance conditions when applicable. We estimate these items as follows:

**Fair value of our ordinary shares.** As our ordinary shares are publicly traded on Euronext Paris, for purposes of determining the fair value of our ordinary shares we have established a policy of using the closing sales price per ordinary share as quoted on Euronext Paris on the date of the grant by the management board.

**Expected Volatility.** We use the historical volatility of our ordinary shares on Euronext Paris, made on the basis of a Capital Asset Pricing model of the share price using a Monte Carlo approach.

**Employee turnover weighted average probability.** This rate is based on the historical data from our company.

**Risk-Free Interest Rate.** The risk-free interest rate is based on the Euribor swap.

**Dividend Yield.** We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we have used an expected dividend yield of zero.
If any of the assumptions used in the Black-Scholes and Monte-Carlo models change significantly, share-based compensation for future awards may differ materially compared to the awards granted previously.

**Measurement of employee-benefit obligations**

The amount of defined benefit obligation is measured according to actuarial valuations. Inherent in these valuations are key actuarial assumptions such as the discount rate, mortality tables and rates of turnover in employee personnel. These assumptions are provided in Note 10 to our consolidated financial statements appearing elsewhere in this prospectus. Any change in these actuarial assumptions could have a significant impact on our consolidated financial statements.

**Measurement of contingencies and loss provision**

As part of our activities, we may be exposed to contractual commitment risk. Management exercises its judgment to estimate the probability and amount of cash outflows, as well as the information to disclose regarding contingent liabilities.

**Estimate of the recoverable amount of the acquired and under progress licenses**

Impairment tests are performed on a yearly basis for the intangible assets which are not amortized (such as intangible assets in progress). We test amortizable intangible assets for impairment when there is an indicator of impairment. Impairment tests involve comparing the recoverable amount of the licenses to their net book value. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the carrying amount of any asset is below its recoverable amount, we recognize an impairment loss to reduce the carrying amount to the recoverable amount. The main assumptions used for the impairment test include (a) the amount of cash flows that are set on the basis of the development and commercialization plans and budgets approved by Management, (b) assumptions related to the achievement of the clinical trials and the launch of the commercialization, (c) the discount rate, (d) assumptions on risk related to the development and (e) for the commercialization, selling price and volume of sales, and are provided in Note 6 to our consolidated financial statements which are included elsewhere in this prospectus. Any change in these assumptions could lead to the recognition of an impairment charge that could have a significant impact on our consolidated financial statements.

In case of failure of the clinical trials in progress, we may have to fully depreciate the intangible asset.

**Estimate of the useful life of the acquired licenses**

Intangible assets are amortized on a straight line basis over their anticipated useful life. The estimated useful life is the period over which the asset provides future economic benefits. It is estimated by management and is regularly revised by taking into consideration the period of development over which it expects to receive economic benefits such as collaboration revenues, royalties and product of sales. However, given the uncertainty surrounding the duration of the research and development activities for the programs in development and their likelihood to generate future economic benefits to the company, the estimated useful life of the rights related to these programs is rarely longer than the actual development phase of the product candidate. When a program is in commercialization phases, the useful life takes into account the protection of the exclusivity rights and the anticipated period of commercialization without taking into account any extension or additional patents.

**Quantitative and Qualitative Disclosures about Market Risk**

Our activities are exposed to liquidity risk, foreign currency exchange risk, interest rate risk and credit risk.

**Liquidity risk**

We do not believe that we are exposed to short-term liquidity risk, considering our cash and cash equivalents of €149.4 million as of June 30, 2019, which consist primarily of cash and money market funds and term deposits that are convertible into cash immediately without penalty.
**Foreign currency exchange rate risk**

We are exposed to foreign exchange risk inherent in certain subcontracting activities related to our operations in the United States, which are invoiced in U.S. dollars. We do not currently have material recurring revenues in euro, dollars or in any other currency. As we further increase our business, particularly in the United States, we expect to face greater exposure to exchange rate risk.

Our revenue denominated in U.S. dollars has represented approximately 100% of revenue in the years ended December 31, 2018 and 2017 and in the six months ended June 30, 2019. Our payments in U.S. dollars represented approximately 31.9% and 15.1% of our payments in the years ended December 31, 2018 and 2017, respectively and 67.7% of our payments in the six months ended June 30, 2019. In order to cover this foreign currency exchange rate risk in part, we kept in U.S. dollars a part of the consideration received from AstraZeneca in June 2015 and January 2019. We do not use hedging instruments.

**Interest rate risk**

We have limited exposure to interest rate risk. Our exposure primarily relates to money market funds and time deposit accounts. Changes in interest rates have a direct impact on the rate of return on these investments and the cash flows generated. We do not have any credit facilities bearing variable interest rates. The repayment of the advances from BPI France is not subject to interest rate risk. The effect of an increase or decrease in interest rates would have an immaterial effect on profit or loss.

**Credit risk**

The credit risk related to our cash equivalents, short-term investments and non-current financial assets is not significant in light of the quality of the issuers. We deemed that no instrument of its portfolio is exposed to credit risk.

**Recent Accounting Pronouncements**

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our consolidated financial statements appearing elsewhere in this prospectus.

There are no standards that are issued and not yet effective, that are expected to have a material impact on our consolidated financial statements.

**JOBS Act Exemptions and Foreign Private Issuer Status**

**JOBS Act**

As a company with an annual revenue under $1.07 billion, we qualify as an “emerging growth company” as defined in the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- the ability to present only two years of audited financial statements in addition to any required interim financial statements and correspondingly reduced disclosure in management’s discussion and analysis of financial condition and results of operations in this prospectus;
- exemption from the auditor attestation requirement of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, in the assessment of our internal controls over financial reporting; and
- to the extent that we no longer qualify as a foreign private issuer, (i) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (ii) exemptions from the requirements of holding a non-binding advisory vote on executive compensation, including golden parachute compensation.
We may take advantage of these exemptions for up to five years or until such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company upon the earliest to occur of (i) the last day of the fiscal year in which we have more than $1.07 billion in annual revenue, (ii) the date we qualify as a “large accelerated filer” with at least $700 million of equity securities held by non-affiliates; (iii) the issuance, in any three-year period, by our company of more than $1.0 billion in non-convertible debt securities held by non-affiliates; and (iv) the last day of the fiscal year ending after the fifth anniversary of our initial public offering of our ADSs.

We may choose to take advantage of some but not all of these reduced burdens. For example, we have presented only two years of audited financial statements and only two years of related “Management’s Discussion and Analysis of Financial Condition and Results of Operations” disclosure in this prospectus, and intend to take advantage of the exemption from auditor attestation on the effectiveness of our internal control over financial reporting. Accordingly, the information that we provide stockholders may be different than you might obtain from other public companies.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Given that we currently report and expect to continue to report under IFRS as issued by the IASB, we have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required by the IASB. Since IFRS makes no distinction between public and private companies for purposes of compliance with new or revised accounting standards, the requirements for our compliance as a private company and as a public company are the same.

**Foreign Private Issuer**

Upon consummation of this global offering, we will report under the Exchange Act as a non-U.S. company with foreign private issuer status. Even after we no longer qualify as an emerging growth company, as long as we qualify as a foreign private issuer under the Exchange Act, we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time;
- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events; and
- Regulation FD, which regulates selective disclosures of material information by issuers.
Overview

We are a biotechnology company focused on discovering, developing and commercializing first-in-class therapeutic antibodies designed to harness the immune system for the treatment of oncology indications with significant unmet medical need. We have extensive experience in research and development in immuno-oncology, having been pioneers in the understanding of natural killer cell, or NK cell, biology, and later expanding our expertise in the tumor microenvironment, tumor antigens and antibody engineering fields. We have built, internally and through our business development strategy, a broad and diversified portfolio including an approved product, three clinical product candidates and a robust preclinical pipeline. We have entered into collaborations with leaders in the biopharmaceutical industry, such as AstraZeneca and Sanofi, to leverage their development capabilities and expertise, and we have received upfront and milestone payments and equity investments from our collaborations of an aggregate of approximately $550 million over the last ten years. We believe our product candidates and clinical development approach are differentiated from current immuno-oncology therapies and have the potential to significantly improve the clinical outcome for patients with cancer.

The immune system is the body’s natural defense against invading organisms and pathogens and is comprised of two arms: the innate immune system and adaptive immune system. Recent immunotherapy developments have focused on generating a tumor antigen-specific T cell response and have led to an unprecedented change in the treatment paradigm of many solid tumor cancers. Despite these successes, the breadth and durability of the clinical benefit achieved has been limited to a subset of patients and tumor types. Our innovative approach to immuno-oncology aims to broaden and amplify anti-tumoral immune responses by leveraging both the adaptive and the innate immune systems.

The innate immune system is comprised of a variety of cells, including NK cells, which are involved in anti-cancer immunosurveillance through a variety of modalities. Activation of the innate immune system also helps trigger the adaptive immune system to elicit a response directed against specific antigens and can provide durable immune memory. Our scientific expertise, strategic collaborations and discovery engine are focused on harnessing the potential of the innate immune system across three pillars.
We are developing a pipeline of innovative immunotherapies that we believe have the potential to provide a significant clinical benefit to cancer patients. The following table summarizes our commercial, clinical and preclinical pipeline.

<table>
<thead>
<tr>
<th>Program</th>
<th>Target</th>
<th>Indication</th>
<th>Phase of Development</th>
<th>Partner</th>
<th>Upcoming Milestone(s)</th>
</tr>
</thead>
</table>
| Monalizumab | NKG2A | SCCHN | Phase Ib/II | AstraZeneca | • 2H 2019: Follow up data from expansion Cohort 1  
• 1H 2020: Preliminary data from expansion Cohort 2  
• 2H 2020: Preliminary data from expansion Cohort 3  
• Safety data from CRC expansion cohorts |
| Anti-Siglec-9 | Siglec-9 | Cancer | Phase II | AstraZeneca | |
| IPH25 | Undisclosed | Cancer | Phase II | AstraZeneca | |
| Lamosite | CD22 | Hairy Cell Leukemia | FDA Approved | – | 2H 2019: EU regulatory submission |
| IPH4102 | KIR3DL2 | Sezary Syndrome | Phase II (Fast Track Designation) | – | Potential for Phase II trial to be pivotal  
Efficacy data starting in 2021 |
| IPH60/ (NKG2A | Undisclosed | Cancer | Phase II | – | 2H 2020: Update from first stage of PTCL and MF  
Efficacy data starting in 2021 |
| IPH43 | MICA/B | Cancer | – | SANOFI | |
| IPH5201 | CD39 | Cancer | – | AstraZeneca | |
| IPH5401 | C5aR | Solid Tumors, NSCLC, HCC | Phase II | AstraZeneca | |
| IPH5201 | CD39 | Cancer | – | AstraZeneca | |
| IPH5101 | CD73 | Cancer | – | AstraZeneca | |

“SCCHN” denotes Squamous Cell Carcinoma of the Head and Neck; “CRC” denotes Colorectal Cancer; “MF” denotes Mycosis Fungoides; “PTCL” denotes Peripheral T-cell Lymphomas; “NSCLC” denotes Non-Small Cell Lung Cancer; and “HCC” denotes Hepatocellular Carcinoma.

In addition to these product candidates, we have an active development pipeline with programs in the discovery and preclinical stages.

Our product development efforts are guided by our three pillars.

- **Broad spectrum immune checkpoint inhibitors.** We are targeting checkpoints expressed on NK cells and myeloid cells, rather than focusing solely on T cells, in order to increase the pool of anti-tumor effector cells and potentially mount a larger anti-tumor response. Our most advanced checkpoint inhibitor product candidate, monalizumab, is a dual checkpoint inhibitor designed to activate both tumor-infiltrating NK cells and CD8+ T cells, potentially resulting in increased effector functions and greater killing of tumor cells by the immune system. By activating NK cells, which are potent producers of cytokines, monalizumab may also favor dendritic cell maturation, which may in turn increase the generation of a T cell response against the tumor. We believe monalizumab has the potential to be a first-in-class treatment for various cancer indications, which we define as the ability to target a receptor that has not previously been targeted to treat cancer indications, given that no approved products or, to our knowledge, product candidates in clinical development by third parties target the NKG2A receptor.

We and AstraZeneca AB, or AstraZeneca, are currently evaluating monalizumab in an open-label Phase Ib/II clinical trial in combination with cetuximab, an epidermal growth factor receptor, or EGFR, inhibitor in patients with relapsed or metastatic squamous cell carcinoma of the head and neck, or R/M SCCHN. In addition to unleashing tumor-infiltrating NK and CD8+ T cells, the combination of cetuximab and monalizumab may activate NK cells through the recognition of cetuximab-coated tumor cells via the CD16 activating receptor. In 2018, we presented data from a first expansion cohort from this trial, including efficacy data and have since then expanded to two additional expansion cohorts evaluating monalizumab in combination with cetuximab in patients who had been previously treated with chemotherapy alone or in patients who had been treated with chemotherapy followed by checkpoint inhibitors. We expect to present follow-up data from the first expansion cohort in the second half of 2019 and preliminary efficacy data from the second expansion cohort in the first half of 2020.
AstraZeneca is also evaluating monalizumab in a Phase I/II clinical trial in combination with durvalumab, an anti-PD-L1 immune checkpoint inhibitor, in patients with advanced solid tumors, including colorectal cancer, or CRC.

We are also exploring the possibility of developing an antibody designed to reduce the effects of Siglec-9 receptors, expressed on NK cells and myeloid cells, for the treatment of cancer.

• **Tumor antigen targeting.** We are developing antibodies that target tumor antigens in the form of (i) antibody-drug conjugates, or ADCs, (ii) antibody-dependent cellular cytotoxicity, or ADCCs, inducing antibodies and (iii) antibody-based multi-specific NK cell engagers, or NKCEs.

• **ADCs.** One approach is to directly kill tumor cells using either an ADC, such as with our IPH43 program, or an immunotoxin, such as with our commercial-stage product Lumoxiti. Lumoxiti is a marketed, first-in-class CD22-directed immunotoxin, which was approved by the FDA under priority review in September 2018 for the treatment of adult patients with relapsed or refractory, or R/R, hairy cell leukemia, or HCL, who have received at least two prior systemic therapies, including treatment with a purine nucleoside analog, or PNA. Lumoxiti is the first FDA-approved treatment for HCL in over 20 years. IPH43 is as an ADC targeting MICA/B that we are developing for the treatment of oncology indications.

• **ADCCs.** Another approach is to develop antibodies that activate cells of the innate immune system, such as NK cells, in order to induce ADCC. Our most advanced product candidate utilizing this approach is IPH4102, an antibody targeting KIR3DL2, a receptor not expressed on healthy tissues except on a subset of NK cells and T cells. We believe that IPH4102 has the potential to be a first-in-class treatment for various cancer indications, given that no approved products or, to our knowledge, product candidates in clinical development by third parties target KIR3DL2. We are developing IPH4102 for the treatment of various forms of T cell lymphomas, or TCL, including cutaneous T cell lymphoma, or CTCL, and peripheral T cell lymphoma, or PTCL. Mycosis fungoides, or MF, is the most common form of CTCL, and Sézary syndrome is an aggressive form of CTCL. In January 2019, the FDA granted IPH4102 Fast Track designation for the treatment of adults with R/R, Sézary syndrome who have received at least two prior systemic therapies. IPH4102 has also been granted orphan drug designation in the European Union and in the United States for the treatment of CTCL. In May 2019, we initiated a Phase II clinical trial evaluating IPH4102 in different subtypes of TCL. We expect to announce the outcome of the first stage of the MF and PTCL cohorts in the second half of 2020 and report first efficacy data for the different cohorts beginning in 2021.

• **Antibody-based multi-specific NKCEs.** We are also developing a pipeline of multi-specific NKCEs that engage an activating checkpoint, NKp46, on NK cells, in order to direct NK cells to the tumor. We believe this innovative approach may allow for immuno-oncology treatments with a more favorable safety profile than T cell engagers.

• **Suppressive factors of the TME:** We are developing product candidates that target suppressive pathways of the TME in order to relieve the immunosuppression of the innate and adaptive immune responses. We are developing IPH5401, an anti-C5aR antibody that disrupts the complement pathway. In January 2018, we entered into a non-exclusive clinical trial collaboration with AstraZeneca for IPH5401. As part of this collaboration, we are conducting a Phase I/II clinical trial to evaluate the safety and efficacy of IPH5401 in combination with durvalumab as a treatment for patients with solid tumors, including NSCLC and HCC. We expect to report preliminary safety data from this dose-escalation clinical trial in the second half of 2019. In addition, we are developing product candidates that disrupt the adenosine pathway, including IPH5201, an anti-CD39 antibody, and IPH5301, an anti-CD73 antibody. In October 2018, we entered into a collaboration and option agreement for IPH5201 with AstraZeneca. We expect to file INDs for IPH5201 and IPH5301 in the second half of 2019 and the first half of 2020, respectively.

Our collaborations allow us to leverage the expertise and resources of large pharmaceutical companies and research institutions with the goal of accelerating the development of several of our product candidates while providing financing to expand the development of our proprietary product candidates. Over the last ten years we
We have received an aggregate of approximately $550 million in upfront and milestone payments and equity investments from our collaborations. Under our existing collaboration agreements and any license agreements that become effective upon the exercise by our collaborators of options to license future product candidates, we may be eligible to receive an aggregate of approximately $5.5 billion in future contingent payments. With respect to the programs for which we have an existing collaboration or similar agreement, future contingent payments are dependent upon our achievement of specified development and sales milestones. With respect to the programs for which our collaborators have been granted an option, future contingent payments are dependent upon our collaborators exercising such options, which would result in up-front option exercise fees, and upon our achievement of specified development and sales milestones in those particular programs. The aggregate $5.5 billion in future contingent payments assumes that our collaborators exercise all of the options we have granted to them and that we achieve all related development, clinical, regulatory and sales milestones. In April 2015, we entered into a collaboration with AstraZeneca relating to monalizumab, and in October 2018, AstraZeneca expanded this collaboration to gain full oncology rights for monalizumab and options to acquire development rights to IPH5201 and four of our other preclinical programs. Concurrently, we acquired U.S. and EU commercial rights to Lumoxiti, and AstraZeneca acquired a 9.8% equity stake in our company. We have also entered into a collaboration agreement with Sanofi Aventis Recherche & Développement, or Sanofi, which includes two programs based on our multi-specific, NKCE technology.

Our Competitive Strengths

We believe our key competitive strengths are:

• **Our lead product candidate, monalizumab, which we are developing in collaboration with AstraZeneca for the treatment of SCCHN, CRC and other solid tumors, is a novel, dual-targeting checkpoint inhibitor that has shown promising clinical data.** Monalizumab is a humanized antibody that is capable of acting on NK cells and CD8+ T cells in order to activate both innate and adaptive immune responses. We believe these properties may allow monalizumab, in combination with other therapies, to address some of the limitations of current therapies that only target T cells and potentially provide a chemotherapy free therapeutic alternative in earlier lines of treatment. Preliminary data from a Phase II expansion cohort of 40 patients with R/M SCCHN previously treated with chemotherapy alone or chemotherapy followed by PD-1/L1 checkpoint inhibitors, showed an overall response rate to monalizumab in combination with cetuximab of 27.5%, including one complete response (2.5%) and 10 partial responses (25%), and a disease control rate at 24 weeks of 35%. Median progression-free survival and overall survival were 5.0 months and 10.3 months, respectively. In addition, we observed that there were three (18%) responders among the 17 patients who had been previously treated with PD-1/L1 checkpoint inhibitors. Following these preliminary results, in 2018, AstraZeneca expanded its agreement with us by exercising its option to gain exclusive rights to co-develop and commercialize monalizumab in oncology. Under our collaboration agreement with AstraZeneca, we are eligible to receive a $100 million milestone payment at the start of the first Phase III clinical trial for monalizumab.

• **Our proprietary product candidate, IPH4102, has shown single agent activity for the treatment of relapsed or refractory Sézary syndrome.** In our Phase I clinical trial evaluating IPH4102 in CTCL, in the subgroup of 35 patients with Sézary syndrome, we observed an objective overall response rate of 42.9%, median duration of response of 13.8 months, median progression-free survival of 11.7 months and that approximately 90% of patients experienced improved quality of life. IPH4102 has also been granted orphan drug designation in the European Union and in the United States for the treatment of CTCL. In January 2019, the FDA granted Fast Track designation to IPH4102 for the treatment of adults with R/R Sézary syndrome who have received two prior systemic therapies. The results of the dedicated Sézary syndrome cohort may support a future Biologics License Application, or BLA, submission to the FDA.

• **We believe that by targeting C5a receptors, IPH5401 has potential as a novel target in cancer treatment and as a scientifically validated pathway to reduce inflammation.** IPH5401 binds to and blocks C5a receptors expressed on subsets of myeloid derived suppressor cells, or MDSCs, and neutrophils. Part of the innate immune system, these types of cells promote tumor growth by secreting inflammatory and angiogenic...
factors. They potently suppress T and NK cells and hamper the activities of PD-1 checkpoint inhibitors and chemotherapy. We are currently conducting a Phase I clinical trial of IPH5401 in combination with durvalumab, initially in patients with select advanced solid tumors, and plan to initiate a subsequent cohort expansion trial to evaluate IPH5401 in combination with durvalumab in patients with NSCLC or HCC. We also plan to explore the potential of IPH5401 in inflammation.

- **Our commercial stage product, Lumoxiti, is the first FDA-approved treatment for HCL in over 20 years.** Lumoxiti was approved by the FDA under priority review in September 2018 based on positive data in a Phase III clinical trial. In this trial, 75% of patients receiving Lumoxiti achieved an overall response, 30% had a complete response and 34% achieved a complete durable response with a negative minimal residual disease. A negative minimal residual disease complete response has been shown to be a surrogate for long-term disease control and potentially survival in several hematological malignancies. Following our in-licensing of Lumoxiti in the United States and the European Union from AstraZeneca, we are leveraging AstraZeneca’s capabilities to advance commercialization efforts through a transition period while we build our commercial organization.

- **We believe that our broad, early stage pipeline of innovative immunotherapies targeting innate immunity pathways provides us with multiple opportunities for future value creation.** Our expertise and leadership in the field of innate immunity has allowed us to create a diversified and differentiated portfolio in immuno-oncology. We have developed a large panel of molecular and cellular assays and in vivo models for assessing the pharmacodynamics, toxicology and the therapeutic activity of product candidates targeted towards the innate immune system. In many cases, our product candidates are among a limited number of therapeutic antibodies in development for a given biological target. As a result, our differentiated approach has allowed us to forge collaborations with the leading academic institutions, cancer centers and industry partners to evaluate and advance our product candidates either alone or in combination with other investigational or approved therapies.

- **Our diversified business model provides us with a strong financial base and strategic flexibility.** In addition to our internally developed pipeline, we have a track record of acquiring the rights to product candidates at different stages of development, including monalizumab, Lumoxiti, IPH5401 and our IPH52 program. We have already derived substantial value from these acquisitions and subsequent business development transactions relating to these assets. Our collaborations have also allowed us to leverage development capabilities and financial resources of leading biopharmaceutical companies, while retaining optionality to co-develop and potentially co-promote certain assets. At the same time, we have retained or acquired exclusive development and commercialization rights to other product candidates. We believe that our strategic collaborations, our current financial position and the proceeds from this global offering will position us to continue to develop our proprietary portfolio of assets and build our commercial infrastructure, while maintaining our leadership in the development of novel immunotherapies. As of June 30, 2019, we had €200.3 million in cash, cash equivalents, short term investments and non-current financial assets.

- **Experienced management team with a track record in the development and commercialization of cancer therapeutics.** Our management team and board of directors have substantial experience in the biopharmaceutical industry, including in drug discovery, clinical development and commercialization. Our Chief Executive Officer, Mondher Mahjoubi, MD, has 28 years of oncology development, product strategy and commercial management experience. Previously, he was the Oncology Global Manager at AstraZeneca and had tenures at Genentech and Roche. Pierre Dodion, MD, MBA, Chief Medical Officer, has 30 years of experience in clinical and regulatory development efforts and medical affairs. He previously held positions at ARIAD Pharmaceuticals, Pfizer, Novartis and Aventis. Our Chief Scientific Officer, Eric Vivier, DVM, PhD, has over 25 years of immuno-oncology experience and a substantial track record of publications in key scientific journals. Jennifer Butler, Executive Vice President and General Manager of Innate Pharma U.S., Inc., has over 20 years of experience in strategic marketing and commercial leadership expertise across several therapeutic areas. Ms. Butler has led and built multiple global and US commercial teams, including the product launch of durvalumab, while serving at AstraZeneca.
Our Strategy

Our goal is to harness the immune system for the treatment of conditions with serious unmet medical needs in oncology. By leveraging our extensive experience in immuno-oncology research and development, we strive to continue to internally discover, externally identify and develop a broad and diversified portfolio of first and best-in-class immunotherapies across various therapeutic modalities. The key elements of our strategy include:

- **Deliver our clinical programs and improve patient outcomes in indications with high unmet medical need by building on our scientific discoveries.**
  - Complete our ongoing clinical trial of monalizumab for the treatment of SCCHN, which, together with the data from the CRC clinical trial, will inform further development and the potential path to market.
  - Execute the clinical development of our wholly owned product candidate, IPH4102, for the treatment of patients with Sézary syndrome, MF and PTCL.
  - Progress the clinical development of our wholly owned product candidate, IPH5401, for the treatment of patients with cancer and explore its potential to treat inflammation.
  - Advance our pipeline of other proprietary product candidates, including IPH5301.

- **Build a commercial stage oncology-focused biotechnology company.**
  - Build a commercial infrastructure for Lumoxiti in the United States and, if approved, in the European Union.
  - Leverage our commercial infrastructure for future approved products in order to build a hemato-oncology focused commercial franchise.
  - Retain optionality to co-promote product candidates in strategic regions for select partnered assets.

- **Continue to invest in our proprietary and partnered portfolio by leveraging our strong financial position and revenue from our existing collaborations.**
  - Maximize the value of our partnered product candidates under existing collaborations, under which we may be eligible to receive up to an aggregate of approximately $5.5 billion in future contingent payments, including up-front option exercise fees and payments upon the achievement of specified development and sales milestones.
  - Continue to explore opportunities to accelerate the development of our proprietary pipeline programs through additional collaborations.
  - Combine our disciplined business development strategy with our immuno-oncology research and development capabilities to further expand our product portfolio.
  - Expand our pipeline of proprietary product candidates that target novel pathways in immuno-oncology using our internal development engine.

Activating Innate Immunity: Harnessing the Power of Immunotherapy to Treat Cancer

*The Innate Immune System: Gatekeeper of the Adaptive Immune System*

The immune system is the body’s defense against invading organisms and pathogens and is comprised of two arms: the innate immune system and adaptive immune system.

The innate immune system represents the first barrier of immune defense because it reacts almost immediately against threats and serves as a catalyst to mobilize other components of the immune system. The innate immune system functions to identify, attack and kill pathogens or cancer cells, produce cytokines and activate the complement cascade and the adaptive immune system through antigen presentation. These functions involve a variety of cells, including NK cells, dendritic cells, monocytes, macrophages and neutrophils. These cells then launch adaptive immune responses while also mounting their own effector responses. Throughout the body, cells of the innate immune system play a critical role in the immunosurveillance and detection of the formation of cancer cells.
Once activated, the adaptive immune system responds with large numbers of effector cells directed against specific antigens and can provide durable immune memory. An adaptive immune response is highly specific to particular antigens expressed by pathogens or cancer cells, but it requires time to develop in a process known as priming. Key components of the adaptive immune system include antibodies, which are produced by B cells and that bind to antigens and mark them for destruction by other immune cells, and T cells, which recognize antigens on diseased cells and then attack and eliminate them. The adaptive immune response is targeted and potent and has the potential to provide a long-lasting immune memory.

The immune system

INNATE IMMUNITY

- Hours
- Whole body

ADAPTIVE IMMUNITY

- Days
- From lymphoid organs

The graphic above shows the interaction of the cells in the innate immune system and adaptive immune system in the presence of microbial infections and tumors. The various cells in the innate immune system rapidly launch their own effector response to fight the infection or tumor while also activating the B cells and T cells in the adaptive immune system. Once activated, the adaptive immune system launches a slower but more targeted effector response against the infection or tumor.

Key Elements to Modulating the Activity of Immune Cells to Treat Cancer

Cells implicated in innate and adaptive immunity can have different impacts on the treatment of cancer. While cytotoxic CD8+ T cells and NK cells help eliminate tumors, subsets of T cells, such as regulatory T cells, and subsets of myeloid cells, such as myeloid-derived suppressor cells (MDSCs), can be harmful to the host by contributing to an immunosuppressive environment and promoting tumor growth.

Immune cell activity is controlled by many activating and inhibitory factors, including activating receptors and inhibitory receptors, called checkpoints, which are expressed at the surface of these cells. PD-1, LAG-3, TIGIT and NKG2A are examples of inhibitory checkpoints while OX-40, CD137, NKG2D and NKp46 are examples of activating checkpoints. When engaged, the inhibitory checkpoints can impair anti-tumor immunity of adaptive and innate immune cells such as CD8+ T cells or NK cells, thereby contributing to tumor escape from immune control. Inhibitory checkpoints are potential therapeutic targets for restoring anti-cancer immunosurveillance.
The Role of the Innate Immune System as a Modality for Cancer Therapies with Significant Potential

Cancer has historically been treated with surgery, radiation therapy, chemotherapy, targeted therapy, hormone therapy or a combination of these treatments that are directed at the tumor itself. More recently, advances in the understanding of the immune system’s role in cancer have led to immunotherapy becoming an important therapeutic modality, shifting the therapeutic target from the tumor to the host and focusing on the immune system and the TME in order to reactivate its immunosurveillance against cancer.

Cancer immunotherapy began with treatments that nonspecifically activated the immune system, such as IL-2 and IFNα cytokines therapies, which had limited efficacy, significant toxicity or both. More recent immunotherapy developments have instead focused on the generation of a tumor antigen-specific T cell response, in particular by modulating the activity of inhibitory receptors expressed by T cells. This modulation can limit T cells expansion, such as with anti-CTLA-4 therapy, or limit their effector properties, such as with anti-PD-1 or anti-PD-L1 therapies. The therapeutic targeting of inhibitory receptors controlling T cell function has led to an unprecedented change in the treatment paradigm of many cancers in solid tumors, such as melanoma, non-small cell lung cancer and renal cell carcinoma, and in hematopoietic malignancies, such as Hodgkin lymphoma. Despite these successes, the breadth and durability of clinical benefit achieved has been limited to a subset of patients and tumor types.

The onset, maintenance and development of long-lasting, protective T cell responses are dependent on innate immune cells and NK cells in particular.

Harnessing Innate Immunity in Cancer: NK Cells as a Key Player in the Anti-Tumor Immune Response

NK cells are part of the innate immune system and represent a significant fraction of the total number of cytotoxic cells in the body. They are active in many hematological and solid tumors and play a key role in the initiation of the T cell response.

Checkpoints expressed on NK cells include inhibitory cell surface receptors, such as NKG2A, and activating NK cell receptors, such as NKp46. NKp46 is the most specific NK cell marker identified to date across organs and species. Other receptors, such as NKG2A, are more prevalent in certain subsets of NK cells, including NK cells infiltrating the tumor, and are also present on tumor infiltrating CD8+ T cells.

NK cells are involved in the anti-cancer immunosurveillance through a variety of direct and indirect effects. The figure below provides an illustration of anti-cancer functions of NK cells.

| 1 | NK cells are able to directly and selectively kill cells undergoing stress caused by a cancerous transformation or pathogen infection, a process called natural cytotoxicity. |
| 2 | NK cells can also kill target cells when they are coated by antibodies in a process called antibody-dependent cellular cytotoxicity (ADCC). |
| 3 | NK cells are also potent producers of cytokines, which are soluble molecules that recruit and activate an adaptive immune response by T cells through dendritic or other antigen-presenting cells, which in turn may enable the generation of immune memory against tumor cells. |

By providing the initial catalyst for the multilayered immune response, the activation of the innate immune system through the targeting of NK cells could potentially result in an enhanced anti-tumoral T cell response.
The Tumor and its Host: The Immune System and the Tumor Microenvironment

In recent years, the pursuit of understanding the resistance to immune checkpoint inhibitors has led to an increased focus on the TME, which plays an important role in the inhibition of both the innate and adaptive immune system. The TME contains a complex interplay of immunosuppressive biological pathways, cells and other components surrounding the tumor that often act together to profoundly suppress the body’s anticancer immune response, thereby allowing tumors to evade the immune system. More specifically, the TME can inhibit immune responses through the following means:

- controlling oxygen availability to cells, resulting in hypoxia;
- producing or degrading key metabolites regulating cell survival or activation, such as PGE2, adenosine, tryptophan and L-Arginine;
- producing immunosuppressive cytokines, such as TGF-β; and
- recruiting suppressive cells such as MDSCs and regulatory T cells.

Our preclinical data has shown that targeting the TME and neutralizing its immunosuppressive, cancer-promoting effects could play a key role in the fight against cancer in combination with other immunotherapies.

Our Differentiated Approach: Three Pillars to Harness the Potential of the Innate Immune System

Anti-tumor immune response results from complex interactions between many different cells, including innate immune cells, adaptive immune cells and cancer cells. While T cells, particularly CD8+ T cells, are critical to many protective anti-tumor immune responses, they do not act autonomously and require the activation of innate immune cells to achieve full potential. More specifically, T cells expand upon the presentation of antigens by activated dendritic cells, a process that can be enhanced by the activation of NK cells through the production of development factors, chemokines or cytokines. In addition, innate immune cells can also have anti-tumor activity independent of their impact on T cells and other adaptive immune cells, including for example, the cytotoxic activity of NK cells.

Our scientific expertise, strategic collaborations and discovery engine allow us to harness the potential of the innate immune system across three pillars:

- **Broad spectrum immune checkpoint inhibitors.** We are targeting checkpoints expressed on several immune system cell types including NK cells and myeloid cells, rather than focusing solely on T cells, in order to increase the pool of anti-tumor effector cells and potentially mount a larger anti-tumor response.
- **Tumor antigen targeting.** We are developing antibodies designed to target tumor antigens, in either ADCC-inducing or ADC formats, and unique antibody-based multi-specific NKCEs, with the goal of combining the direct effect of tumor cell killing with the indirect priming and amplification of the T cell response by releasing tumor antigens and mobilizing innate immune cells such as NK cells.
• **Suppressive factors of the TME.** We are developing product candidates that relieve the immunosuppression of the innate and adaptive immune responses.

<table>
<thead>
<tr>
<th>Immune Checkpoint Inhibitors (ICI)</th>
<th>Tumor Antigen Targeting (TAG)</th>
<th>Tumor Microenvironment (TME)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNLEASH “natural” immune killing</strong></td>
<td><strong>TARGET tumor cells</strong></td>
<td><strong>RELIEVE immune suppression</strong></td>
</tr>
<tr>
<td>Monalizumab Anti-NKG2A Anti-Siglec 9</td>
<td>Lumoxiti Anti-CD22 immunotoxin</td>
<td>IPH5401 Anti-C5aR</td>
</tr>
<tr>
<td></td>
<td>IPH4102 Anti-KIR3DL2</td>
<td>IPH5301 Anti-CD73</td>
</tr>
<tr>
<td></td>
<td>IPH43 Anti-MICA ADC</td>
<td></td>
</tr>
<tr>
<td></td>
<td>NKp46 NKCE</td>
<td></td>
</tr>
</tbody>
</table>

Our pipeline is balanced between these three pillars and each pillar is designed to harness the potential of the innate immune system. More specifically, for each of these pillars, we are advancing the following innovative approaches:

The targeting of inhibitory checkpoints includes the generation of broad-spectrum immune checkpoint inhibitors, such as monalizumab, that have been designed to unleash several immune cell types such as NK cells and CD8+ T cells. By unleashing both types of cells, broad spectrum immune checkpoint inhibitors may provide a more effective anti-tumor response when combined with other therapies.

One of the greatest advances in immuno-oncology has been the development of antibodies that target T cell checkpoints, most notably the CTLA-4 and PD-1/PD-L1 pathways. These treatments have shown an ability to activate T cells, shrink tumors and improve patient survival in a broad range of tumors. In 2011, Yervoy (ipilimumab, anti-CTLA4) became the first checkpoint inhibitor approved by the FDA, followed by Opdivo (nivolumab, anti-PD-1) in 2014 and Keytruda (pembrolizumab, anti-PD-1) in 2015. Other recently approved checkpoint inhibitors include Tecentriq (atezolizumab, anti-PD-L1), Bavencio (avelumab, anti-PD-L1), Imfinzi (durvalumab, anti-PD-L1) and Libtayo (cemiplimab, anti-PD-1). However, the breadth and durability of clinical benefit achieved has been limited to a subset of patients and tumor types.

We are developing broad spectrum checkpoint inhibitors targeting inhibitory checkpoints expressed on several cell types in order to potentially increase the breadth and quality of anti-tumor response. Our most advanced checkpoint inhibitor product candidate, monalizumab, is a potentially first-in-class, dual checkpoint inhibitor designed to activate both tumor-infiltrating NK cells and CD8+ T cells, potentially resulting in increased effector functions and greater killing of the tumor by the immune system. Our preclinical data provide evidence for this dual mechanism of action, the potential of this approach to induce long-lasting anti-tumoral immunity when combined with PD-(L)1 blockers and the ability to increase the activity of ADCC inducing tumor-targeting antibodies such as cetuximab. Our preclinical checkpoint inhibitor programs include a program targeting Siglec-9 receptors, which is expressed on tumor-infiltrating T cells, NK cells and innate myeloid cells. We also plan to continue to discover and explore the potential of developing other novel broad spectrum checkpoint inhibitors.
Targeting tumor antigens, including innovative first-in-class antibody-derived drug candidates such as NKCEs, to harness the anti-tumor activity of NK cells.

Antigen-targeting antibody development is highly dependent upon several factors, including the pattern of expression of the target and the intended mechanism of action. For example, to be effective through ADCC, antibodies should be used in an immunocompetent setting, whereas to be effective by disrupting a signal, antibodies should target a driver of the oncogenic process. We are targeting tumor antigens that are generally highly-expressed in tumor tissues but poorly-expressed in healthy tissues in order to develop product candidates through three approaches:

- The first approach is to directly kill tumor cells using either an ADC, such as with our IPH43 program or an immunotoxin, such as our commercial-stage product Lumoxiti. This approach is particularly well suited when the tumor bed is not sufficiently infiltrated by immune cells.

- The second approach is to develop antibodies that activate cells of the innate immune system, such as NK cells, that favor an immune-mediated mechanism of action. Our most advanced product candidate that utilizes this approach is IPH4102, a potentially first-in-class antibody targeting KIR3DL2. IPH4102 seeks to induce tumor killing through ADCC, and we are developing IPH4102 for the treatment of various forms of TCL, such as CTCL, including its aggressive subtype, Sézary syndrome, and PTCL.

- The third approach is to develop multi-specific antibodies that leverage an activating checkpoint, NKp46. Our multi-specific antibodies co-engage both NKp46, with or without CD16, and the tumor antigen. This approach has the potential to more effectively mobilize NK cells because, in the TME of many solid tumors, CD16, the receptor mediating the ADCC of antibodies, can be downregulated on NK cells and whereas NKp46 expression is conserved on tumor-infiltrating NK cells. We are currently pursuing this innovative approach for two undisclosed targets with Sanofi and for one undisclosed target with AstraZeneca. We believe that bridging innate effector cells with the tumor antigen through a multi-specific molecule has the potential to overcome limitations of current strategies focused on artificially redirecting T cells towards the tumors, either with chimeric antigen receptor (CAR) T cells or T cell engagers. Although these current strategies have had significant success in certain hematologic malignancy indications, they are often associated with serious adverse events including cytokine release syndrome and neurologic complications. Data from our preclinical studies suggest that NKCEs are not associated with inflammatory cytokine release and exhibit anti-tumoral activity in solid tumor mouse models, providing a rationale to investigate the impact of NKCE in patients beyond hematologic malignancies.

Targeting the immunosuppressive TME to render it more immuno-competent through the disruption of the adenosine pathway, such as with IPH5201, an anti-CD39, and with IPH5301, an anti-CD73, and the complement pathway, such as with IPH5401, an anti-C5aR.

We are also focusing our development on the role of the TME in suppressing anti-tumoral immunity. The TME can inhibit both innate and adaptive immune responses by producing or degrading key metabolites or by recruiting suppressive cells, or both.

Adenosine is one of the components of the TME that most broadly affects immune response. It is produced by the sequential degradation of extracellular adenosine triphosphate, or ATP, by two enzymes: first CD39, which degrades the ATP into adenosine monophosphate, or AMP, and then CD73, which impairs the AMP into adenosine. For this reason, this pathway has attracted significant development efforts that have been focused primarily on the downstream part of the adenosine degradation cascade, CD73 and the adenosine receptors. We are developing a potentially best-in-class anti-CD73 antibody, and have also focused on the upstream part of the cascade, CD39, in order to block the production of immunosuppressive adenosine and increase the pool of immuno-stimulatory extracellular ATP. We believe this approach is also potentially mechanistically synergistic with many therapies, particularly with our checkpoint inhibitor and tumor-targeting product candidates and programs.
One of the most abundant cell populations within the TME is the myeloid cell subset. Increasing evidence shows that MDSCs accumulate in most individuals with cancer, where they promote tumor progression, inhibit anti-tumor immunity and are an obstacle to many cancer immunotherapies. Additionally, data from mouse models suggests that chronic inflammation and complement pathway activation eventually promotes an immuno-suppressive TME through MDSCs that impair anti-tumor T cell response and chemotherapy efficacy. In particular, one of the complement proteins, referred to as C5a, can be produced at the tumor bed where it attracts and activates MDSCs. Our anti-C5aR program, designed to block the migration and activation of MDSCs, is an opportunity to test a differentiated approach targeting this cell population in cancer. In inflammation, the role of the C5a/C5aR pathway is well established and other companies are currently exploring the efficacy of blockers in several rare, inflammatory diseases. Other neutrophil-driven more frequent diseases such as sepsis, acute lung injury, ischemia-reperfusion injury and asthma, offer the possibility of exploring a scientifically validated pathway in these conditions.

Our Product Pipeline

_Monalizumab, a Dual Checkpoint Inhibitor Targeting T Cells and NK Cells_

**Overview and Mechanism of Action**

We are developing monalizumab, a humanized IgG4 monoclonal antibody targeting NKG2A, in collaboration with AstraZeneca. Monalizumab is being investigated for the treatment of SCCHN, CRC and other tumor types. NKG2A is an inhibitory receptor that is expressed on a subset of peripheral and tumor-infiltrating NK cells and tumor-infiltrating cytotoxic CD8+ T cells. Monalizumab acts to block the binding of NKG2A to its ligand, HLA-E, which is overexpressed in many tumors and is often associated with a poor prognosis. Monalizumab enables NK cells and CD8+ T cells to kill cancer cells despite expression of HLA-E, thereby promoting effector T cell responses in combination with an anti-PD-(L)1 antibody and enhancing NK cell effector functions and ADCC. The following illustration provides an overview of monalizumab’s mechanism of action:

As depicted above, in the absence of a blockade by monalizumab, the inhibitory receptor NKG2A recognizes its ligand, HLA-E, on the tumor cell. This recognition inhibits or diminishes the activity of the NK cell and CD8+ T cell against the tumor cell because the inhibitory signal from the NKG2A receptor counterbalances the signal of the activating receptors, shown in green in the illustration above. When NKG2A is blocked from recognizing its ligand by monalizumab, the signal from the activating receptors can prevail and thereby trigger the NK cell and CD8+ T cell to eliminate the cancerous cells. Activation of NK cells at the tumor site appears to initiate the sequence of immune events that allows tumors to be detected and killed by CD8+ T cells through a combination of direct cytotoxicity and the promotion of adaptive responses by inducing recruitment of dendritic cells that present tumor antigens via MHC-I on the surface of those cells.
Development Strategy and Opportunity

The expression of HLA-E in several cancer types suggests that it plays a key role in suppressing or inhibiting an immune response to the tumor, thereby allowing tumor progression. HLA-E is expressed in 70-90% of patients with SCCHN, CRC, cancers of the ovary, endometrium, cervix and lung, and various types of leukemia and lymphoma, as well as in up to 50% of all cases of melanoma and esophageal cancers. We are evaluating monalizumab in clinical trials in collaboration with AstraZeneca in multiple advanced solid tumors. Currently, the most advanced clinical programs are for the treatment of SCCHN and CRC.

SCCHN accounts for approximately 4% of all cancers in the United States. The American Cancer Society estimates that in 2019, over 65,000 Americans will develop head and neck cancer and over 14,500 will die from the disease. The survival rate in patients with SCCHN varies greatly depending on the stage of the cancer at diagnosis. Among patients with more advanced disease (stages III and IV), up to 50% develop locoregional relapses and/or distant metastases. Once this occurs, the five-year survival rate drops significantly. Cetuximab (marketed as Erbitux), an EGFR inhibitor, and anti-PD-1 checkpoint inhibitors, including nivolumab (marketed as Opdivo) and pembrolizumab (marketed as Keytruda), have been approved by the FDA for the treatment of SCCHN in the second line setting. However, many patients continue to fail to respond to these treatments and patients with SCCHN who have received prior immuno-oncology treatments have few treatment options and represent a group with a significant unmet medical need.

CRC is the third most common cancer in men and the second most common cancer in women globally. The American Cancer Society estimates that in 2019, over 145,000 Americans will develop CRC and over 51,000 will die from the disease. The five-year survival rate varies greatly depending on the stage of the cancer: for localized colorectal cancer, the five-year survival rate is as high as 90%, but if the cancer has metastasized, the five-year survival rate drops to 14%. Patients with metastatic CRC typically receive multi-agent chemotherapy with or without antiangiogenic therapy. Approximately 50% of CRC patients have a mutation of the KRAS oncogene. Patients without this mutation typically receive an EGFR inhibitor. With these regimens, median overall survival reaches 30 months, but the five-year survival rate is less than 15%. If these treatments fail, patients may receive third and later lines of treatment, such as regorafenib (marketed as Stivarga) and the trifluridine/tipiracil combination (marketed as Lonsurf). While both of these drugs have been approved by the FDA, their response rate is less than 15% and overall survival was observed to be longer than placebo by less than two months. More substantial activity has been reported for checkpoint inhibitors in patients with the microsatellite instable, or MSI, subtype of CRC, referred to as MSI-CRC. However, the MSI subtype comprises only 5-15% of all CRC cases. Among the 85-95% of CRC patients with the microsatellite stable, or MSS, subtype of CRC, referred to as MSS-CRC, patients in the third and later lines of treatment represent a significant unmet medical need.

We are primarily focused on investigating monalizumab in combination with other approved anti-cancer agents, including:

- **Cetuximab**, an antibody directed against EGFR, is used for the treatment of metastatic CRC and SCCHN. In preclinical models, cetuximab has been observed to bind to EGFR on tumor cells and thereby trigger ADCC by NK cells. However, the efficacy of ADCC is inhibited by NKG2A engagement with HLA-E. Our preclinical data support our hypothesis that monalizumab, by blocking the binding of NKG2A to HLA-E, could enhance the therapeutic activity of cetuximab.

- **Durvalumab** is an antibody directed against PD-L1. PD-L1 and HLA-E are both up-regulated on many cancer cells, and they have both been observed to suppress tumor immune response and contribute to tumor progression. Our preclinical data support our hypothesis that a monalizumab and durvalumab combination therapy may result in a greater anti-tumor immune response than durvalumab alone by blocking both the PD-1/PD-L1 and the NKG2A/HLA-E inhibitory pathways.
The specificity of the combination of cetuximab and monalizumab is produced by the dual targeting of both activating receptors and inhibitory receptors. Immune checkpoint inhibitors unleash lymphocytes by blocking inhibitory receptors and rely on endogenous activating receptors expressed on these lymphocytes to mediate the attack of the tumor cells. In contrast, we believe the combination of cetuximab and monalizumab will not only unleash NK cells by blocking the inhibitory function of NKG2A, but also trigger NK cell cytotoxicity via the recognition of cetuximab-coated tumor cells through the CD16 receptor. The following illustration depicts the way in which monalizumab, in combination with cetuximab or durvalumab, is designed to result in greater anti-tumor activity.

![Diagram of immune checkpoint pathways](image)

The rationale for these combinations is further supported by the favorable tolerability profile of monalizumab that we observed in preclinical studies and earlier clinical trials, suggesting that monalizumab is generally not expected to negatively impact the safety profile of the combination partner drugs.

The safety of monalizumab was investigated by Novo Nordisk in two Phase I trials in patients with rheumatoid arthritis and one Phase I/II dose-ranging monotherapy trial in advanced, heavily pretreated ovarian cancer patients. Although short in duration and in a different patient population, the rheumatoid arthritis trial provided valuable dose escalation data that we were able to leverage in order to accelerate development of monalizumab in oncology indications. In the ovarian cancer dose-ranging trial, 18 patients were randomized to three monalizumab treatments groups: 1 mg/kg, 4 mg/kg and 10 mg/kg. Monalizumab was well tolerated in each of the three groups with no dose limiting toxicities, or DLTs, and no serious adverse events, or SAEs, reported. The most frequent adverse events, or AEs, were headache, fatigue, dry mouth, nausea/vomiting, hot flashes and arthromyalgia. In a dose-ranging trial performed by NCIC in patients with ovarian cancer, the only AEs equal or above grade 3 were two cases of fatigue, three cases of nausea/vomiting and one case of dehydration. There was no observed dose relationship between AEs and dosage of monalizumab.
**Clinical Development of Monalizumab**

Below is a summary of the ongoing clinical trials that we or our collaborator, AstraZeneca, are conducting, as well as investigator-sponsored trials evaluating monalizumab.

<table>
<thead>
<tr>
<th>Trial</th>
<th>Status</th>
<th>Sponsor</th>
<th>Number of Patients Receiving Monalizumab</th>
<th>Indication(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase Ib/II clinical trial in combination with cetuximab</td>
<td>Ongoing</td>
<td>Innate Pharma</td>
<td>up to 140</td>
<td>R/M SCCHN</td>
</tr>
<tr>
<td>Phase I/II clinical trial in combination with durvalumab</td>
<td>Ongoing</td>
<td>AstraZeneca</td>
<td>up to 501</td>
<td>Advanced Solid Tumors, including CRC</td>
</tr>
<tr>
<td>Phase II clinical trial in combination with durvalumab</td>
<td>Ongoing</td>
<td>AstraZeneca</td>
<td>up to 60</td>
<td>Unresectable, Stage III NSCLC</td>
</tr>
<tr>
<td>Phase II clinical trial in combination with durvalumab</td>
<td>Ongoing</td>
<td>AstraZeneca</td>
<td>up to 40</td>
<td>Resectable, Early-Stage NSCLC</td>
</tr>
<tr>
<td>PIONeeR Phase II clinical trial in combination with durvalumab</td>
<td>Not yet recruiting</td>
<td>Marseille Public University Hospital System</td>
<td>up to 30</td>
<td>NSCLC with PD-1 Resistance</td>
</tr>
<tr>
<td>Phase II clinical trial in combination with durvalumab</td>
<td>Ongoing</td>
<td>European Organisation for Research and Treatment of Cancer</td>
<td>up to 76</td>
<td>R/M SCCHN</td>
</tr>
<tr>
<td>Phase I clinical trial</td>
<td>Ongoing</td>
<td>Innate Pharma and Institut Paoli-Calmettes</td>
<td>up to 18</td>
<td>Post-Allogenic Stem Cell Transplantation</td>
</tr>
<tr>
<td>Phase II clinical trial</td>
<td>Recruitment completed; ongoing follow-up</td>
<td>European Organisation for Research and Treatment of Cancer</td>
<td>up to 34</td>
<td>R/M SCCHN</td>
</tr>
</tbody>
</table>

Under our collaboration agreement with AstraZeneca, we are eligible to receive a $100 million milestone payment at the start of a Phase III clinical trial for monalizumab.
Phase Ib/II Clinical Trial in Relapsed/Metastatic SCCHN (in combination with cetuximab)

We and AstraZeneca are currently evaluating monalizumab in an open-label, Phase Ib/II clinical trial in combination with cetuximab in patients with R/M SCCHN. The trial is currently being conducted at five sites in the United States pursuant to an investigational new drug application, or IND, that was accepted by the FDA in August 2015, and in nine sites in France, where it was approved by the Agence Nationale de la Sécurité du Médicament et des Produits de Santé, or ANSM, in September 2015. The trial is expected to enroll up to 140 patients. The following graphic shows the trial design:

In the Phase Ib dose-escalation portion of the clinical trial, 17 patients with R/M SCCHN were evaluated across five dose levels of monalizumab (0.4, 1.0, 2.0, 4.0 and 10.0 mg/kg), administered every two weeks, in combination with cetuximab, administered intravenously with an initial dose of 400 mg/m² and subsequent doses of 250 mg/m². For the Phase Ib dose-escalation portion of the trial, the primary endpoint was to assess the occurrence of DLTs in order to determine the recommended dose level of monalizumab for the Phase II portion of the trial. The secondary endpoint was objective response rate, which is measured as the rate of patients who had a complete or partial response according to RECIST 1.1, a widely used guideline to measure anti-tumor response in oncology. The response categories defined under RECIST 1.1 are summarized in the table below.

<table>
<thead>
<tr>
<th>Response category</th>
<th>Definition according to RECIST 1.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitions of measurable and non-measurable disease; numbers and site of target disease</td>
<td>Measurable lesions are 10 mm or more in long diameter (15 mm for nodal lesions); maximum of 5 lesions (2 per organ). All other disease considered non-target (must be 10 mm or longer in short axis for nodal disease).</td>
</tr>
<tr>
<td>CR, PR or SD</td>
<td>Cannot have met criteria for PD prior to CR, PR or SD.</td>
</tr>
<tr>
<td>Confirmation of CR, PR</td>
<td>Only required for non-randomized trials.</td>
</tr>
<tr>
<td>Confirmation of SD</td>
<td>Not required.</td>
</tr>
<tr>
<td>New lesions</td>
<td>Results in PD. Recorded but not measured.</td>
</tr>
<tr>
<td>Confirmation of PD</td>
<td>Not required (unless equivocal).</td>
</tr>
</tbody>
</table>

CR = complete response; PR = partial response; SD = stable disease; PD = progressive disease

Seventeen patients were enrolled in the dose escalation portion of the Phase Ib trial. Two patients were not evaluable for DLTs as they withdrew from the trial within three weeks of first treatment for reasons other than DLTs. In the 15 evaluable patients, no DLTs, infusion-related reactions or immune-related disorders were observed,
and no discontinuations from the trial attributable to treatment-related AEs or treatment-related deaths occurred. The combination was reported to be well tolerated with no AEs beyond those observed with monalizumab or cetuximab administered as monotherapies. The most common treatment-related AEs were asthenia/fatigue (24%) and headache (18%). All AEs related to treatment with monalizumab were grade 1 or 2 except for one case of grade 3 fatigue experienced by a patient in the 0.4 mg/kg treatment group. Based on the results observed in the Phase Ib dose-escalation portion of the trial, the recommended Phase II dose of monalizumab, in combination with cetuximab, was established as 10 mg/kg, administered intravenously every two weeks.

The primary endpoint for the Phase II portion of the trial is objective response rate, which is measured as the rate of patients who had a complete or partial response according to RECIST 1.1. Secondary endpoints for the Phase II portion of the trial include duration of response, progression-free survival and overall survival. The Phase II portion of the trial is comprised of three expansion cohorts:

- Expansion Cohort 1, which enrolled 40 patients, evaluated the combination of monalizumab and cetuximab in patients with R/M SCCHN who had been previously treated with chemotherapy alone or chemotherapy followed by checkpoint inhibitors;
- Expansion Cohort 2, which is expected to enroll 40 patients, began recruiting in September 2018 and is evaluating the combination of monalizumab and cetuximab in patients with R/M SCCHN who have received a maximum of two prior systemic regimens in the R/M setting and with prior exposure to a PD-(L)1 inhibitor (who we refer to as IO-pretreated patients); and
- Expansion Cohort 3, which is expected to enroll up to 40 patients, began recruiting in April 2019 and is evaluating the combination of monalizumab, cetuximab and a PD-(L)1 inhibitor in patients with R/M SCCHN who have not received prior systemic regimens in the R/M setting and without prior exposure to PD-(L)1 inhibitors (who we refer to as IO-naïve patients).

Preliminary clinical efficacy data from the first expansion cohort was presented at the American Association for Cancer Research, or AACR, 2018 annual meeting and at the European Society for Medical Oncology, or ESMO, 2018 annual meeting. Further subset analyses were presented at the 2018 annual meeting of the Society for Immunotherapy of Cancer. As of August 31, 2018, a total of 40 patients with R/M SCCHN were evaluable for safety. Thirty-nine patients were evaluable for efficacy, while one patient was not evaluable for efficacy because of fatal tumor progression.

The following tables summarize the efficacy results as of August 31, 2018.

<table>
<thead>
<tr>
<th>Best overall response</th>
<th>n=40, n (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete Response</td>
<td>1 (2.5%)</td>
</tr>
<tr>
<td>Partial Response</td>
<td>10 (25.0%)</td>
</tr>
<tr>
<td>Stable Disease</td>
<td>22 (55.0%)</td>
</tr>
<tr>
<td>Progressive Disease</td>
<td>6 (15.0%)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>39 (97.5%)</td>
</tr>
<tr>
<td>Early death from progression</td>
<td>1 (2.5%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outcome Measure</th>
<th>All Patients (n=40)</th>
<th>IO-Naïve Patients (n=23)</th>
<th>IO-Pretreated Patients (n=17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Response Rate</td>
<td>27.5%</td>
<td>35.0%</td>
<td>18.0%</td>
</tr>
<tr>
<td>Median Progression-Free Survival</td>
<td>5.0 months</td>
<td>4.0 months</td>
<td>5.0 months</td>
</tr>
<tr>
<td>Median Overall Survival</td>
<td>10.3 months</td>
<td>10.3 months</td>
<td>12.8 months</td>
</tr>
<tr>
<td>Disease Control Rate at 24 Weeks</td>
<td>35%</td>
<td>39%</td>
<td>29%</td>
</tr>
<tr>
<td>Median Time to Response</td>
<td>1.6 months</td>
<td>1.7 months</td>
<td>1.6 months</td>
</tr>
<tr>
<td>Median Duration of Response</td>
<td>5.6 months</td>
<td>5.3 months</td>
<td>5.6 months</td>
</tr>
</tbody>
</table>
Progression-Free Survival (PFS) and Overall Survival (OS)

Although preliminary, the activity of the monalizumab and cetuximab combination appears to occur across Human Papillomavirus, or HPV, status, tumor burden and PD-(L)1 expression. We believe our preliminary results of the monalizumab and cetuximab combination are encouraging when viewed in light of the clinical results of currently approved treatment options for R/M SCCHN:

- Cetuximab was approved by the FDA for patients previously treated with platinum-based chemotherapy on the basis of a single-arm Phase II clinical trial in which patients treated with cetuximab achieved an overall response rate of 12.6%, median time to progression of 2.3 months and overall survival of 5.8 months.

- Pembrolizumab was approved by the FDA for the treatment of patients previously treated with platinum-based chemotherapy on the basis of a single-arm Phase II clinical trial (KEYNOTE-012) in which patients treated with pembrolizumab achieved an overall response rate of 16%. The median follow-up time was 8.9 months. Among the 28 responding patients, the median duration of response had not been reached (range: 2.4+ to 27.7+ months), with 23 patients having responses of six months or longer.

- Nivolumab was approved by the FDA for the treatment of patients previously treated with platinum-based chemotherapy on the basis of a randomized, active-controlled, open-label clinical trial (CHECKMATE-141). Patients were randomized to receive nivolumab or the investigator’s choice of cetuximab, methotrexate or docetaxel. Patients treated with nivolumab achieved an overall response rate of 13.3%. Median overall survival was 7.5 and 5.1 months in the nivolumab and investigator’s choice arms, respectively.

Although we believe the preliminary results of this trial are promising, no definitive conclusions regarding safety or effectiveness can be drawn between this trial and those of the approved drugs discussed above due to the development stage of monalizumab, differences in trial designs and other factors.

Of the 40 patients evaluable for safety in the first expansion cohort of our Phase II trial, all experienced one or more treatment-emergent adverse events, or TEAEs, of which half were grade 3 or 4. Thirty (75%) of TEAEs were deemed to be related to treatment with monalizumab, and of these, seven (18%) were grade 3 or 4. Of the 40 evaluable patients, 16 (40%) patients experienced SAEs, 12 (30%) of which were grade 3-4. Of these SAEs,
three (8%) were deemed to be related to treatment with monalizumab and were grade 3 or 4. These SAEs consisted of colitis, interstitial lung disease and hypophosphatemia, each experienced by one separate patient. Only one patient discontinued participation in the trial due to an AE. Cetuximab monotherapy is associated with significant toxicity. In the pivotal clinical trial of cetuximab in SCCHN, AEs were reported for 99% of the patients and SAEs, mostly grade 3 or 4, were reported in 46% of the 47 patients. The most common cetuximab-related AEs were rash, acne and asthenia. In our trial investigating the monalizumab and cetuximab combination, there has been no indication to date that the addition of monalizumab has a negative impact on the tolerability of cetuximab or vice-versa, consistent with the favorable tolerability profile of monotherapy observed in prior preclinical studies and clinical trials to date.

We expect to report preliminary data from the second cohort expansion in the first half of 2020. We believe that data from the second cohort expansion testing monalizumab in combination with cetuximab in patients having been treated by a previous line of PD-(L)1 will inform the next steps of the development of the combination. We estimate that there are approximately 15,000 patients that have received at least two prior lines of treatment in the United States, Europe, Japan and China. We also believe that there will be a paradigm shift in the frequency and stage of use for anti-PD-(L)1 treatments, which we believe will be utilized more frequently in earlier lines of treatment.

The third expansion cohort was initiated in April 2019 and will provide initial data in IO-naïve patients. We expect to have preliminary data for the third expansion cohort in the second half of 2020. We believe these data will inform the design of potential future clinical trials in early settings, such as the first line or locally advanced setting. We estimate that in the United States, Europe, Japan and China, there are approximately 65,000 and 40,000 patients in the first line and locally advanced settings, respectively.

**Phase I/II Clinical Trial in Solid Tumors, including Colorectal Cancer (in combination with durvalumab)**

AstraZeneca is evaluating monalizumab in a Phase I/II, multi-center, single-arm, 3+3 dose-escalation and cohort expansion clinical trial in combination with durvalumab in up to 501 adults with advanced solid tumor malignancies, including CRC. This trial, which commenced in February 2016, is being conducted at 28 sites in the United States pursuant to an IND that was accepted by the FDA in January 2016, as well as over 40 sites in Australia, Belgium, Brazil, Canada, France, Hungary, Italy, South Korea, New Zealand, Spain and the United Kingdom. The primary endpoint of the trial is safety, with anti-tumor efficacy being a key secondary endpoint. Other secondary endpoints include response duration, progression-free survival, overall survival, pharmacokinetics, pharmacodynamics, and immunogenicity of a monalizumab and durvalumab combination.

In June 2018, at the annual meeting of the American Society of Clinical Oncology, or ASCO, the trial investigators presented clinical data showing preliminary anti-tumor activity in patients with R/M MSS-CRC, a population historically unresponsive to PD-(L)1 blockade. At the most recent measurement date in April of 2018, 40 patients were evaluable for safety and 39 were evaluable for efficacy. Thirty-five (88%) patients had two or more prior lines of therapy. The key efficacy data from this Phase I/II clinical trial are summarized in the table below.

<table>
<thead>
<tr>
<th>Efficacy parameter</th>
<th>Number of patients (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of patients</td>
<td>39 (100%)</td>
</tr>
<tr>
<td>Complete response</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Partial response</td>
<td>3 (8%)</td>
</tr>
<tr>
<td>Stable disease</td>
<td>11 (28%)</td>
</tr>
<tr>
<td>Progression</td>
<td>22 (56%)</td>
</tr>
<tr>
<td>Not evaluable</td>
<td>3 (8%)</td>
</tr>
<tr>
<td>Overall response rate (95% Confidence interval)</td>
<td>3 (8%) (2-22)</td>
</tr>
<tr>
<td>Disease control rate at 16 weeks (95% Confidence interval)</td>
<td>12 (31%) (17-48)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Efficacy parameter</th>
<th>Weeks (range)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median duration of response</td>
<td>16.1 weeks (15.9-not estimable)</td>
</tr>
</tbody>
</table>
Clinical results of the currently approved treatment options for R/M MSS-CRC, regorafenib and trifluridine, are as follows:

- Regorafenib (marketed as Stivarga) was approved by the FDA for the treatment of patients who have been previously treated with chemotherapy, an anti-vascular endothelial growth factor, or VEGF, therapy and, if KRAS wild type, an anti-EGFR therapy, based on a randomized, placebo-controlled Phase III clinical trial. In this trial, patients with metastatic CRC who were treated with regorafenib achieved an overall response rate of 1%. Median overall survival was 6.4 months in the regorafenib group versus 5.0 months in the placebo group. Progression-free survival was 2.0 months in the regorafenib group versus 1.7 months in the placebo group, and 41% of patients in the regorafenib group achieved disease control compared to 15% in the placebo group.

- Trifluridine/tipiracil combination (marketed as Lonsurf) was approved by the FDA for the treatment of patients who have been previously treated with the same prior treatments as regorafenib, based on a randomized, placebo-controlled Phase III clinical trial. Patients treated with trifluridine/tipiracil combination achieved an overall response rate of 1.6%. Median overall survival was 7.2 months in the trifluridine/tipiracil combination group versus 5.2 months in the placebo group. Progression-free survival was 2.0 months in the trifluridine/tipiracil combination group compared to 1.7 months in the placebo group.

These data indicate that there remains a significant medical need for metastatic CRC in the third or later line setting with response rates to available treatments of less than 5% and median overall survival only minimally exceeding that seen with placebo.

The safety results of the monalizumab and durvalumab combination from this trial have been consistent with the monotherapy profiles of each agent. Dose-escalation was completed with no DLTs and the maximum tolerated dose was not reached. No fatal AEs or AEs leading to treatment discontinuation were reported. In the MSS-CRC expansion cohort, the most common treatment-related AEs included arthralgia (7.5%), increased levels of alkaline phosphatase, or AST (7.5%), hypothyroidism (7.5%), pruritus (7.5%) and rash (7.5%). Grade 3 or 4 AEs that occurred in three patients were limited to one case each of sepsis (grade 4) and increased lipase (grade 3), that both were resolved, and increased AST (grade 3).

Based in part on the clinical trial results observed to date, AstraZeneca has decided to pursue additional expansion cohorts to assess the safety and efficacy of monalizumab in combination with durvalumab in first and third line settings in treating metastatic CRC. These additional expansion cohorts are ongoing.

We expect AstraZeneca will use clinical trial data observed to date to inform the design of potential future clinical trials in CRC.

**Additional Exploratory Clinical Trials**

Monalizumab is also being evaluated by us, AstraZeneca and investigator sponsors in several exploratory trials:

- **AstraZeneca’s two clinical trials in NSCLC.** AstraZeneca is conducting two separate Phase II clinical trials assessing the efficacy and safety of durvalumab monotherapy as compared to durvalumab in combination with various novel agents, including monalizumab, in NSCLC. The first trial is expected to enroll up 60 patients with unresectable, stage III NSCLC and the second trial is expected to enroll 40 patients with resectable NSCLC. The primary endpoint of the first trial is objective response rate at 16 weeks according to RECIST 1.1, and secondary endpoints include incidence of AEs, duration of response, disease control and progression-free survival. The primary endpoint of the second trial is major pathological response rate and key secondary endpoints include safety and pathological complete response rate. These trials began in January 2019 and are being conducted in the United States, Canada, France, Hong Kong, Italy, Poland, Portugal, Spain, Switzerland and Taiwan.
• The PIONeeR clinical trial, a Phase II clinical trial sponsored by Marseille Public University Hospital System. The purpose of this trial is to assess how to overcome resistance to immune checkpoint inhibitor monotherapies with experimental precision immunotherapies combined with durvalumab in third or fourth line treatment, in patients with advanced NSCLC. The PIONeeR trial includes multiple trial arms, each testing a different therapy in combination with durvalumab. In the monalizumab arm, up to 30 patients will receive durvalumab in combination with 750 mg of monalizumab every four weeks. The 12-week disease control rate is the primary endpoint, and there are multiple key secondary endpoints including overall response rate, progression-free survival, overall survival and duration of response. The trial is being conducted in France.

• Phase I clinical trial evaluating monalizumab as a single agent in patients with hematological malignancies in a post-transplantation setting sponsored by Institut Paoli-Calmettes. The objective of this trial is to identify the maximum tolerated dose, if any, and to select a recommended Phase II dose in this particular population. The trial will enroll up to 18 patients and will include patients who have received allogenic hematopoietic stem cell transplantation. Four sequential cohorts of patients will receive a single escalating dose of monalizumab 75 to 100 days after stem cell transplantation. The primary endpoint is the occurrence ratio of DLTs within four weeks of treatment. Secondary endpoints include incidence of acute and chronic graft-versus-host disease, probabilities of non-relapse mortality, cumulative incidence of relapse, probability of disease-free survival and probability of overall survival, each measured at one year after administration of monalizumab. This trial began in December 2016 and is being conducted in France.

• Phase II clinical trial evaluating monalizumab in patients with R/M SCCHN sponsored by the European Organisation for Research and Treatment for Cancer. The objective of this trial is to evaluate biomarker-based treatment of patients with R/M SCCHN. The trial groups patients into different biomarker-driven cohorts, each receiving a different study drug. Monalizumab will be evaluated in a single arm Phase II cohort of approximately 40 patients who are anti-PD-(L)1 naïve or resistant. The primary endpoints of the trial are progression-free survival at 16 weeks and objective response rate at six months. Secondary endpoints include progression-free survival, response duration, overall survival and toxicity, each measured at 54 months after first patient in, as well as objective response rate measured at 48 months after first patient in. The trial began in March 2017 and is being conducted in Belgium, France, Italy and the United Kingdom.

Lumoxiti, a First-in-Class, Marketed Product In-Licensed from AstraZeneca for the Treatment of Hairy Cell Leukemia

Lumoxiti (moxetumomab pasudotox-tdfk) is a marketed, first-in-class CD22-directed cytotoxin for the treatment of HCL which was approved by the FDA under priority review in September 2018 as a treatment for adult patients with R/R HCL who have received at least two prior systemic therapies, including treatment with a purine nucleoside analog, or PNA. Lumoxiti has been granted orphan drug designation by the FDA for the treatment of HCL.

HCL is a rare, chronic and slow-growing leukemia in which the bone marrow over-produces abnormal B cell lymphocytes. Untreated, HCL can result in serious conditions, including infections, bleeding, anemia and potentially may lead to death. Approximately 1,000 people are diagnosed with HCL in the United States each year. HCL accounts for up to 3% of all adult leukemias. While many patients initially respond to treatment, approximately 30-40% will relapse within five to ten years after their first treatment.

PNAs, such as cladribine and pentostatin, are the established first line treatments for patients with HCL. Up to 90% of the patients treated with PNAs achieve a complete remission. However, PNAs are associated with AEs linked to myelosuppression, which is a condition in which bone marrow activity is decreased, resulting in fewer red blood cells, and immunosuppression. Most patients who relapse more than two years after their initial treatments receive a second course of PNAs with a similar overall response rate to initial therapy but with a
shorter duration. Patients who relapse earlier often receive PNAs combined with rituximab. When a patient relapses a second time, reaching the third line setting, PNAs are less effective, with a significantly lower response rate and shortened duration of response. The third and later line setting represents a significant medical challenge, with no established standard of care and very few treatment options available. The National Comprehensive Cancer Network, or NCCN, guidelines for HCL, updated in January 2019, recommend that patients who are third line or later in treatment be considered for Lumoxiti or participate in clinical trials of vemurafenib, with or without rituxan, or ibrutinib. Vemurafenib and ibrutinib have shown limited activity. The third and later line setting represents a significant medical challenge, with no established standard of care and very few treatment options available. To date, Lumoxiti is the only approved drug in the United States for those patients in third line or later treatment.

The approval of Lumoxiti was based on data from the open-label ‘1053’ trial, which was a single-arm, multi-center Phase III clinical trial assessing the efficacy, safety, immunogenicity and pharmacokinetics of Lumoxiti monotherapy in patients with R/R HCL who had received at least two prior therapies, including one PNA. The trial enrolled 80 patients and was conducted at 34 sites in 14 countries. The primary endpoint was durable complete response, defined as complete response with hematologic remission (blood count normalization) for more than 180 days. Secondary endpoints included overall response rate, relapse-free survival, progression-free survival, time to response, safety, pharmacokinetics and immunogenic potential. In this trial, of the patients treated with Lumoxiti, 75% achieved an overall response, 30% had a durable complete response and 34% achieved a complete response with no minimal residual disease. The following table summarizes initial efficacy results of the trial at the primary readout:

<table>
<thead>
<tr>
<th>Efficacy measure</th>
<th>Result %, (95% CI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durable complete response rate(^a,b)</td>
<td>30% (20, 41)</td>
</tr>
<tr>
<td>Overall response rate(^c)</td>
<td>75% (64, 84)</td>
</tr>
<tr>
<td>Complete response rate(^d)</td>
<td>41% (30, 53)</td>
</tr>
<tr>
<td>Partial response rate(^e)</td>
<td>34% (24, 45)</td>
</tr>
<tr>
<td>Haematologic remission rate(^b)</td>
<td>80%</td>
</tr>
</tbody>
</table>

\(^a\) Durable complete response is defined as patients who achieved complete response with haematologic remission for a duration of more than 180 days

\(^b\) Haematologic remission is defined as haemoglobin > 11g/dL, neutrophils > 1500/mm\(^3\), platelets > 100,000/mm\(^3\) without transfusions or growth factor for at least 4 weeks

\(^c\) Overall response rate is defined as best overall response of complete response or partial response

\(^d\) Complete response is defined as clearing of the bone marrow of hairy cells by routine haematoxylin and eosin stain, radiologic resolution of pre-existing lymphadenopathy and/or organomegaly, and haematologic remission

\(^e\) Partial response is defined as ≥ 50% decrease or normalisation (< 500/mm\(^3\)) in peripheral blood lymphocyte count, reduction of pre-existing lymphadenopathy and/or organomegaly, and haematologic remission

In this trial, Lumoxiti had an acceptable tolerability profile, with low rates of treatment-related AEs leading to discontinuation. Grade 3 and 4 capillary leak syndrome and hemolytic uremic syndrome were seen in 5% and 2.5% of the patients, respectively. These AEs were reported to be manageable and reversible with close monitoring and best supportive care. We expect additional follow-up data to be available in the second half of 2019 and to be presented at an upcoming conference.

We in-licensed commercial rights to Lumoxiti in the United States and European Union from AstraZeneca in 2018. As part of our agreement with AstraZeneca, we have a collaborative and staged transition for the Lumoxiti program. AstraZeneca is currently conducting all aspects of the distribution, sales and marketing in the United States on our behalf. We are establishing a specialized medical and commercial teams in the United States.
and will transition to full commercialization responsibilities by mid-2020. We plan to leverage the commercial infrastructure that we are developing for Lumoxiti to commercialize our other product candidates targeting rare cancers, including IPH4102 in Sézary syndrome, MF and PTCL, if approved.

We, in collaboration with AstraZeneca, plan to file for regulatory approval of Lumoxiti for the treatment of patients R/R HCL in the European Union in the second half of 2019.

IPH4102, A Tumor Targeting Anti-KIR3DL2 Antibody
Overview and Mechanism of Action

We are developing our wholly owned product candidate IPH4102 for the treatment of certain subtypes of TCLs, including CTCL and PTCL. IPH4102 is designed to bind to the KIR3DL2 receptor and to kill cancer cells by ADCC, as illustrated in the following figure.

KIR3DL2 is a receptor of the KIR family. In our preclinical studies, we have observed that KIR3DL2 is not expressed on healthy tissues, except on a subset of NK cells and T cells. In addition, KIR3DL2 is expressed in T-cell lymphoma. In particular, 65% of CTCL patients express KIR3DL2 and KIR3DL2 is also expressed in approximately 50% of patients with MF, the most common type of CTCL. This frequency increases to 85% for the most aggressive CTCL subtypes, including Sézary syndrome. KIR3DL2 is also expressed by approximately 50% of patients with PTCL.

In January 2019, the FDA granted IPH4102 Fast Track Designation for the treatment of adults with R/R Sézary syndrome who have received at least two prior systemic therapies. IPH4102 has also been granted orphan drug designation in the European Union and in the United States for the treatment of CTCL. In May 2019, we initiated a Phase II clinical trial evaluating IPH4102 in different subtypes of TCL.

Cutaneous T Cell Lymphoma

CTCL is a heterogeneous group of non-Hodgkin’s lymphomas that are characterized by the abnormal accumulation of malignant T cells, primarily in the skin. CTCL accounts for approximately 4% of all non-Hodgkin’s lymphomas and has a median age at diagnosis of 55 to 65 years. There are approximately 6,000 new CTCL cases diagnosed per year in Europe and the United States combined. The most common type of CTCL is mycosis fungoides, or MF, accounting for approximately half of all CTCLs. Sézary syndrome, characterized by the presence of lymphoma cells in the blood, is a CTCL subtype with a particularly poor
prognosis. The following table outlines the most common CTCL types, their frequency as a percentage of all cases of CTCL, and prognosis.

<table>
<thead>
<tr>
<th>CTCL Type</th>
<th>Frequency (%)</th>
<th>5-year disease-specific survival (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mycosis fungoides</td>
<td>39</td>
<td>88</td>
</tr>
<tr>
<td>Primary cutaneous CD30+ lympho-proliferative disorders</td>
<td>20</td>
<td>95-99</td>
</tr>
<tr>
<td>Primary cutaneous CD4+ small/medium T-cell lymphoproliferative disorder</td>
<td>6</td>
<td>100</td>
</tr>
<tr>
<td>Mycosis fungoides variants</td>
<td>5</td>
<td>75</td>
</tr>
<tr>
<td>Sézary syndrome</td>
<td>2</td>
<td>36</td>
</tr>
</tbody>
</table>

Patients with advanced CTCL have a poor prognosis with few therapeutic options and no standard of care. Treatment generally includes skin-directed therapies, such as topical corticosteroids, and systemic treatments, such as steroid drugs and interferon, for patients with more advanced disease or for whom skin-directed therapies failed.

Two new drugs have recently been approved for the treatment of CTCL:

- Brentuximab vedotin (marketed as Adcetris), has been approved by the FDA for treatment of patients with primary cutaneous anaplastic large cell lymphoma, or pcALCL, or CD30-expressing MF who have received prior systemic therapy. In Europe, brentuximab vedotin is indicated for the treatment of adult patients with R/R CD30+ CTCL who require systemic therapy. The response rate to brentuximab vedotin was 67% compared to 20% in the control group (physician’s choice of either methotrexate or bexarotene) and the median progression-free survival was 16.7 months compared to 3.5 months for the control group. Brentuximab vedotin was associated with a 45% risk of peripheral neuropathy, which led to treatment discontinuation in 12% of the patients and inclusion of a boxed warning on the label. Brentuximab vedotin is not approved in Sézary syndrome.

- Mogamulizumab, marketed as Poteligeo, has been approved by the FDA and the EMA for the treatment of adult patients with R/R MF or Sézary syndrome after at least one prior systemic therapy. The response rate to mogamulizumab was 28%, compared to 5% in the control group (vorinostat), and the median progression-free survival was 7.6 months compared to 3.1 months for the control group. The most common AEs were rash, infusion-related reactions, fatigue, diarrhea, upper respiratory tract infection and musculoskeletal pain.

Although these new treatments represent progress in the treatment of CTCL, they are still associated with the safety and efficacy limitations observed in their respective clinical trials. Further, even with these options, the vast majority of these treated patients eventually relapse and overall survival remains poor.

Peripheral T-Cell Lymphoma

PTCL is a diverse group of aggressive non-Hodgkin’s lymphomas that develop from mature T cells and NK cells. PTCL arises in the lymphoid tissues outside of the bone marrow, such as in the lymph nodes, spleen, gastrointestinal tract and skin. The various PTCL types, their frequency as a percentage of all TCL cases, and prognosis are shown in the following table.

<table>
<thead>
<tr>
<th>PTCL Type</th>
<th>Frequency (%)</th>
<th>5-year overall survival (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PTCL not otherwise specified</td>
<td>34</td>
<td>32</td>
</tr>
<tr>
<td>Angioimmunoblastic</td>
<td>16-28</td>
<td>32</td>
</tr>
<tr>
<td>Anaplastic large cell lymphoma, or ALCL, ALK positive</td>
<td>6-16</td>
<td>70</td>
</tr>
<tr>
<td>Anaplastic large cell lymphoma, ALK negative</td>
<td>8-9</td>
<td>49</td>
</tr>
</tbody>
</table>
Irrespective of the specific regimen used (single agent chemotherapy or combination chemotherapy including GemOx), patients with R/R PTCL typically experience a poor outcome, with a median progression-free survival and overall survival of 3.1 months and 5.5 months, respectively.

Multi-agent chemotherapy is the recommended first line treatment for the majority of patients with PTCL. Brentuximab vedotin is approved in combination with first line chemotherapy for patients with CD30-positive PTCL. For patients who are eligible, subsequent stem cell transplantation is a potentially curative option but it is limited to a minority of patients. Despite these treatments, a high proportion of patients need second line therapy. Belinostat (marketed as Beleodaq), pralatrexate (marketed as Folotyn) and romidepsin (marketed as Istodax) have each been approved by the FDA in this setting, but efficacy is generally limited. In the respective non-randomized clinical registration trials, the response rate to belinostat, pralatrexate and romidepsin were each less than 30%, and the median duration of response was approximately 10 months for belinostat and pralatrexate. None of these treatments have been approved by the EMA.

In fact, despite these approvals, current treatment guidelines recommend participation in a clinical trial as a preferred option for patients with relapsed PTCL after first line. If clinical trials are not available, a chemotherapy combination of gemcitabine and oxaliplatin, or GemOx, is listed as one of the preferred treatment combinations. Several studies have been published on the role of GemOx in patients with relapsed lymphoma and it is one of the most widely used regimens for this patient population in the United States, Europe and Asia.

**Clinical Development of IPH4102**

Below is a summary of our ongoing clinical trials of IPH4102.

<table>
<thead>
<tr>
<th>Trial</th>
<th>Status</th>
<th>Sponsor</th>
<th>Number of Patients in Trial</th>
<th>Indication(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase II clinical trial</td>
<td>Ongoing</td>
<td>Innate Pharma</td>
<td>up to 250</td>
<td>Sézary syndrome, MF and PTCL</td>
</tr>
<tr>
<td>(TELLOMAK)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase I clinical trial</td>
<td>Recruitment completed, initial data reported and follow-up ongoing</td>
<td>Innate Pharma</td>
<td>44</td>
<td>CTCL (including 35 patients with Sézary syndrome)</td>
</tr>
</tbody>
</table>
**Phase II Clinical Trial (TELLOMAK)**

In May 2019, we initiated a global, open-label, multi-cohort Phase II clinical trial, known as TELLOMAK. This clinical trial is being conducted at more than 10 sites in the United States, pursuant to an IND accepted by the FDA in January 2019, and at 11 sites in France, pursuant to approval by ANSM in February 2019, and in Germany, Italy and the United Kingdom. In this trial, we are evaluating IPH4102 alone and in combination with GemOx in patients with advanced TCL. We expect to recruit up to 250 patients, with IPH4102 evaluated as a single agent in approximately 60 patients with Sézary syndrome who have received at least two prior treatments, including mogamulizumab, as a single agent in approximately 90 patients with MF who have received at least two prior systemic therapies, and as combination with standard chemotherapy (GemOx) in approximately 100 patients with PTCL who have received at least one prior treatment. The MF and PTCL arms will be comprised of two cohorts each, testing IPH4102 in KIR3DL2 expressing and non-expressing patients. These cohorts will follow a Simon 2-stage design that will terminate if treatment is considered futile. The following graphic depicts the trial design:

The primary endpoint of the trial is objective response rate, measured using the 2011 Olsen criteria for CTCL or the Lugano criteria for PTCL, respectively. Key secondary measures include incidence of treatment-emergent AEs, the effect of skin disease on quality of life as measured by the Skindex29 questionnaire, pruritus as measured by the Visual Analog Scale, progression-free survival and overall survival. We expect to announce the outcome of the first stage of the MF and PTCL cohorts in the second half of 2020 and report first data from the different cohorts beginning in 2021. The results of the dedicated Sézary syndrome cohort may support a future BLA submission to the FDA.

**Phase I Clinical Trial**

In November 2015, we began a Phase I dose-escalating and cohort expansion clinical trial to evaluate IPH4102 for the treatment of advanced CTCL. The trial enrolled 44 patients, including 35 patients with Sézary syndrome. The primary objective of the trial was to evaluate IPH4102 safety, and to identify DLTs and the maximum tolerated dose. Data from this trial were presented at the 2018 meeting of the American Society of Hematology. We reported clinical activity in the subgroup of 35 Sézary syndrome patients, including an observed overall response rate of 42.9%, median duration of response of 13.8 months, median progression-free survival of 11.7 months and that approximately 90% of patients experienced improved quality of life. The overall response rate appeared to be higher (53.6%) in the 28 patients with no histologic evidence of large cell transformation. Clinical activity was associated with a substantial improvement in quality of life as assessed by the Skindex29 and Pruritus Visual Analog Scale scores. IPH4102 was generally well tolerated. The most common AEs were
peripheral edema (29%), asthenia (26%) and fatigue (23%), all of which were grade 1 or 2. Possibly treatment-related, grade 3 or above adverse events were observed in four patients (11%) and only three patients (9%) stopped treatment as a result of an adverse event. One patient stopped treatment because of peripheral neuropathy, one patient stopped treatment because of general malaise and one patient stopped treatment because of several adverse events, including renal injury, respiratory failure, dysphagia and sepsis.

Recent preclinical data presented in June 2019 further support the rationale of evaluating the potential of IPH4102 in larger subsets of patients with TCL. The findings demonstrate that KIR3DL2 is expressed in multiple subtypes of PTCL and that the incubation of TCL cell lines with a combination chemotherapy regimen consisting of gemcitabine and oxaliplatin, or GemOx, enhanced KIR3DL2 expression. Moreover, we observed that the combination of IPH4102 and GemOx improved anti-tumor activity against a KIR3DL2-positive T-cell line in vitro.

Additionally, we believe this preclinical data supports the potential expansion of the IPH4102 development program into Adult T-cell leukemia/lymphoma, or ATLL, which is mostly prevalent in Asia, particularly in Japan. The data demonstrates that KIR3DL2 expression is mainly associated with the ATLL acute subtype, a subtype that is the most frequent and associated with the poorest prognosis.

**IPH5401, An Anti-C5aR Antibody Acting on Immunosuppressive Cells in the Tumor Microenvironment**

**Overview and Mechanism of Action**

Our most advanced antibody targeting the tumor microenvironment is IPH5401, which is designed to bind to and block the C5a receptor, or C5aR, a receptor that is expressed on MDSCs and neutrophils. Part of the innate immune system, these types of cells promote tumor growth by secreting inflammatory and angiogenic factors that promote blood vessel growth, potentely suppress T cells and NK cells and hamper the activities of PD-1 checkpoint inhibitors. C5a, a factor in the complement cascade, is often overexpressed in tumors, where it attracts and activates MDSCs and neutrophils in the tumor microenvironment, promoting an immunosuppressive environment at the tumor bed.

The image below depicts the mechanism of action of IPH5401. IPH5401 is designed to bind to C5aR, thereby blocking its ability to bind to C5a. This blocking allows the CD8+ or CD4 T cells and NK cells, which would otherwise be suppressed by MDSC and neutrophils, to target and kill the tumor.

Our preclinical studies support development of IPH5401 in combination with PD-1 checkpoint inhibitors or other immunotherapies in cancer.
Clinical Development of IPH5401

<table>
<thead>
<tr>
<th>Trial</th>
<th>Status</th>
<th>Sponsor</th>
<th>Number of Patients</th>
<th>Indication(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I/II clinical trial (STELLAR-001)</td>
<td>Ongoing</td>
<td>Innate Pharma</td>
<td>up to 100</td>
<td>Solid Tumors, NSCLC, HCC</td>
</tr>
</tbody>
</table>

In January 2018, we entered into a non-exclusive clinical trial collaboration with AstraZeneca with respect to IPH5401. As part of this collaboration, we are conducting a multi-center, open label, dose-escalation and dose-expansion Phase I/II clinical trial (STELLAR-001) to evaluate the safety and efficacy of IPH5401 in combination with durvalumab, an anti-PD-L1 immune checkpoint inhibitor, as a treatment for patients with solid tumors, including non-small-cell lung carcinoma, or NSCLC, with secondary resistance to prior immuno-oncology treatment and IO-naïve hepatocellular carcinoma, or HCC. The trial is being conducted at two sites in the United States pursuant to an IND accepted by the FDA in May 2018 and at two sites in France pursuant to approval by ANSM. The first patient in this clinical trial was enrolled in September 2018, and we expect to enroll up to 100 patients in total.

This trial consists of a dose-escalation part and two expansion cohorts. In the dose-escalation part, patients receive IPH5401 in combination with 1,500 mg of durvalumab every 4 weeks. The first expansion cohort will evaluate the IPH5401 and durvalumab combination in patients with NSCLC who are IO-pretreated and the second expansion cohort will evaluate the IPH5401 and durvalumab combination in patients with HCC who are IO-naïve. The primary endpoints of this trial are assessment of DLTs for up to six weeks after treatment and AEs from screening through up to 30 days after the last dose of trial medication. Secondary endpoints include objective response rate according to RECIST 1.1, duration of response and progression-free survival. The graphic below depicts the trial design:

We expect to report preliminary safety data from this clinical trial at a scientific conference in the second half of 2019. We expect to initiate the expansion cohort to evaluate IPH5401 in combination with durvalumab in IO-pretreated NSCLC patients and the second expansion cohort in IO-naïve HCC patients. Pursuant to our agreement, we and AstraZeneca are sharing the costs of this clinical trial on a 50/50 basis.

IPH5401 for the Treatment of Inflammation

The complement system consists of a network of more than 50 different plasma and membrane associated proteins. It is a part of the innate immune system and plays a key role in host defense against pathogens as well as in tissue homeostasis. The anaphylatoxin C5a is formed upon cleavage of C5 during the process of complement activation. C5a is the most potent chemoattractant and induces recruitment and activation of different immune cells to inflamed tissue, among which are neutrophils, eosinophils, monocytes, basophils, and mast cells. In addition, release of C5a increases blood vessel permeability, chemokine release from neutrophils, and expression of adhesion molecules on endothelial cells. All of these processes facilitate further immune cell recruitment into inflamed tissue and local inflammation. Unsuitable activation of the complement cascade and production of C5a are associated with inflammatory conditions including several types of vasculitis, systemic lupus erythematos, rheumatoid arthritis, ischemia/reperfusion injury, hydradenitis suppurativa, psoriasis, acne, and urticaria.
IPH5201, An Anti-CD39 Antibody Targeting the Immunosuppressive Adenosine Pathway

We are developing a CD39-blocking monoclonal antibody known as IPH5201. In preclinical models using both primary human cells and tumor mouse models, we observed that the blockade of CD39 could stimulate anti-tumor immunity across a wide range of tumors by preventing the production of adenosine and by promoting the accumulation of extracellular adenosine triphosphate, or ATP, in the tumor microenvironment. CD39 is a membrane-bound extracellular enzyme that is expressed on the surface of regulatory T cells, B cells, myeloid cells and endothelial cells, and is upregulated on immune cells in tumor tissue. CD39 inhibits the immune system by degrading ATP into adenosine monophosphate, or AMP, that is then further degraded into adenosine by CD73. Within the tumor microenvironment, ATP promotes immune-cell mediated killing of cancer cells, and accumulation of ATP is beneficial for enhancing anti-tumor immune responses. However, ATP degradation and adenosine accumulation causes immune suppression and dysregulation of immune cells, which results in the spreading of tumors. By promoting the accumulation of immune-stimulating ATP, and preventing the production of immune-suppressive adenosine, we believe that the blockade of CD39 may stimulate anti-tumor activity across a wide range of tumors.

This rationale is supported by our preclinical data for IPH5201 in mouse tumor models and by the analysis of anti-tumor immune responses in tumor-challenged CD39 knock-out mice. In this model, significant tumor responses were observed in response to treatment with PD-1 inhibitors and ADCC-inducing antibodies, as well as with immunogenic chemotherapy, compared to responses to these agents in wild-type mice. The following images show the results of human CD39 knock-in mouse tumor model. The four graphs on the left show changes in tumor volume over time depending on the type of treatment group, which included a control group (gray), an IPH5201 (mouse version) group (blue), an oxaliplatin group (orange) and an oxaliplatin and IPH5201 combination group (purple). The diagram below outlines survival among these four treatment groups.

Other preclinical data showed that, in human tumors, CD39 is strongly upregulated on the tumor infiltrating lymphocytes, or TILS, which could contribute to immunosuppression. In in vitro preclinical models with human immune cells, IPH5201 restored T cell proliferation by blocking ATP-degradation into adenosine. Additionally, IPH5201 enhanced ATP-mediated dendritic cell activation in preclinical models, resulting in T-cell proliferation.

These data were presented at the AACR 2018 annual meeting and were published in May 2019. We expect to file an IND for IPH5201 in the second half of 2019.
IPH5301, An Anti-CD73 Antibody Targeting the Immunosuppressive Adenosine Pathway

We are developing a CD73 blocking antibody for immuno-oncology known as IPH5301. CD73 plays a significant role in promoting immunosuppression through the pathway degrading ADP into adenosine. CD73 blockade promotes anti-tumor immunity by reducing adenosine accumulation. We have generated a panel of novel anti-CD73 antibodies and, in the first half of 2018, selected a lead product candidate from this program, IPH5301, due to a combination of parameters including affinity for CD73, inhibition of CD73 enzymatic activity and its chemistry, manufacturing and control profile. We presented preclinical data further supporting the rationale of developing IPH5301, including in combination with IPH5201, at the AACR 2018 annual meeting. These data were also published in May 2019. IPH5301 has been observed to have a differentiated and superior activity compared to benchmark antibodies that are currently in clinical development.

**IPH5301 is more potent in restoring CD4+ and CD8+ T cell proliferation in an ATP-suppression assay, than the most advanced clinical candidates**

![Graph showing proliferation rate of CD4+ and CD8+ T cells]

We plan to file an IND for IPH5301 in the first half of 2020.

**Additional Preclinical Programs**

We have a robust pipeline of additional preclinical product candidates across our three development pillars. Within our preclinical pipeline, four programs are being developed under an option agreement with AstraZeneca including IPH43, an anti-MICA/B anti-body conjugate, the anti-Siglec-9 anti-body program, and two other programs with undisclosed targets: a multi-specific NKp46 NKCE program and IPH25, a checkpoint inhibitor. Another NKCE program, IPH61, is being developed in collaboration with Sanofi.

**IPH43: Anti-MICA/B Antibody and Tumor Targeting Antibody Program**

We are developing IPH43 as an antibody-drug conjugate targeting MICA/B for the treatment of oncology indications. MICA/B molecules bind to the NKG2D activating receptor and are specifically expressed on several highly prevalent solid tumors types including in the breast, colon and lung. We believe an antibody that kills MICA/B-expressing tumor cells could potentially treat these cancers by eliminating tumor cells. Because MICA/B molecules are highly polymorphic and therefore frequently subject to genetic variation, we have generated a series of high affinity antibodies recognizing equivalently the most frequent genetic variants of MICA/B. We chose to target MICA/B using an ADC format because it allows the elimination of tumor cells in the condition in which the tumor is not infiltrated by immune cells, known as an immune desert. This program is in preclinical development.

**Anti-Siglec-9 – Checkpoint Inhibitor Program**

We are exploring the possibility of developing an antibody designed to reduce the effects of the Siglec-9 receptor for the treatment of cancer. Siglec-9 is an inhibitory checkpoint that is expressed on a broad range of immune cells, including NK cells and myeloid cells such as dendritic cells, monocytes and neutrophils. Siglec-9 can interact with sialic acids expressed by tumors, leading to a reduced immune cell function that allows tumors to proliferate. In our preclinical studies, we observed that antibodies designed to block Siglec-9’s interaction with its ligands enhanced NK cell cytotoxicity. We have also observed in our preclinical studies that Siglec-9 is highly expressed on monocytes and dendritic cells and upregulated on T cells in cancer patients, suggesting a potential additional role as an inhibitory checkpoint agent. This program is in preclinical development.
**NKp46 NK Cell Engagers**

Multispecific monoclonal antibodies, or multispecifics, are antibody-derived formats that can simultaneously bind to two or more different types of molecules. A number of studies of bispecific antibodies are currently underway, such as those assessing the safety and efficacy of bispecific T cell engagers, such as BiTEs, which engage T cells via the antigen receptor on one-side of the bispecific T cell engager, and a tumor antigen on the other side of the BiTE. These molecules have demonstrated the ability to reduce or slow the growth of tumors in cancer patients, but also carry a significant toxicity risk. This toxicity risk occurs by engaging all T cells, irrespective of their specificity and development status, potentially leading to an overt production of cytokines by these T cells, referred to as a cytokine storm. In parallel, bispecific killer cell engagers, or BiKEs, that engage CD16 receptors found on NK cells, and trispecific killer cell engagers, or TriKEs, that engage CD16 receptors and contain IL-15, a cytokine that promotes NK cell activation and survival, have also been developed to target antigens expressed on solid tumors. BiKEs and TriKEs can be effective both in vitro and in vivo preclinical models. These multifunctional molecules that engage NK cells could reduce the risks associated with toxicity, as NK cell counts only represent approximately 10% of T cell counts, thereby potentially limiting the likelihood of inducing a cytokine storm. However, it remains unclear whether these multifunctional CD16 engager antibodies can activate NK cells in solid tumors since they often express low levels of CD16.

We have developed trifunctional NKCEs to co-engage NKp46 and CD16 on NK cells together with a tumor antigen. In our preclinical studies, we observed that NKp46 NKCEs have stronger anti-tumor activity as compared to preclinical findings from other approved anti-tumor therapeutic antibodies, such as rituximab, Fc-enhanced obinutuzumab and cetuximab. Additionally, preclinical results indicate that trifunctional NKCEs promoting NKp46 and CD16 receptors simultaneously with the same molecule are more potent than a mixture of bispecific reagents activating NKP46 and CD16 separately, and can efficiently promote NK cell mediated tumor cell lysis without inducing potentially toxic off-target effects. We believe these results support the clinical development of NKCEs for cancer immunotherapy, as a complement to existing immuno-oncology approaches. The following images depict the mechanism of action of these multifunctional NK cell engagers and our preclinical results.

IPH61 is a NKp46 NKCE developed as part of our research collaboration and licensing agreement with Sanofi for the generation and evaluation of up to two NKp46 NKCEs, using Sanofi’s technology and tumor targets and our NK cell engager technology. Under the terms of the agreement, Sanofi is responsible for the development, manufacturing and commercialization of products resulting from the research collaboration. We are eligible to receive payments of up to €400.0 million primarily upon the achievement of development and commercial milestone as well as royalties ranging from a mid to high single-digit percentage on net sales.

**IPH25 - Checkpoint Inhibitor Program**

We are conducting preclinical studies to explore the possibility of developing an antibody designed to block an undisclosed receptor for the treatment of cancer. The target for IPH25 is an inhibitory checkpoint that is
expressed on a broad range of immune cells, including NK cells, CD8+ T cells, B cells and mononuclear myeloid cells such as dendritic cells and monocytes. The target’s receptor has been observed on various tumor types and on tumor-infiltrating immune cells such as tumor-promoting M2 macrophages and it is mostly associated with poor disease outcome. In preclinical models, blocking antibodies directed against the IPH25 target reversed immune suppression, promoted an antitumor immune response and enhanced the potency of other cancer therapies.

**Competition**

The biotechnology and pharmaceutical industry, and notably the cancer field, is characterized by rapidly advancing technologies, products protected by intellectual property rights and intense competition and is subject to significant and rapid changes as researchers learn more about diseases and develop new technologies and treatments. While we believe that our technology, knowledge, experience, collaborations and scientific resources provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions and governmental agencies and public and private research institutions. Any approved product that we commercialize will compete with existing therapies and new therapies that may become available in the future.

There are a large number of companies developing or marketing treatments for cancer, including many major pharmaceutical and biotechnology companies. Many of our competitors have significantly greater experience, personnel and resources as it relates to research, drug development, manufacturing and marketing. In particular, large pharmaceutical laboratories have substantially more experience than we do in conducting clinical trials and obtaining regulatory authorizations. Mergers and acquisitions in the pharmaceutical, biotechnology and diagnostic industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors are also likely to compete with us to recruit and retain top qualified scientific and management personnel, acquire rights for promising product candidates and technologies, establish clinical trial sites and patient registration for clinical trials, acquire technologies complementary to, or necessary for, our programs and enter into collaborations with potential partners who have access to innovative technologies.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are more effective, have a better safety profile, are more convenient, have a broader label, have more robust intellectual property protection or are less expensive than any products that we may develop. Our competitors also may obtain regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our competitors could be more efficient in manufacturing or more effective in marketing their own products than we or our partners may be in the future.

With respect to our lead product candidate, monalizumab, a novel dual-targeting checkpoint inhibitor, there are several pharmaceutical companies marketing and developing treatments for either SCCHN or MSS-CRC. For SCCHN, Erbitux (cetuximab), marketed by Eli Lilly, and checkpoint inhibitors Opdivo (nivolumab) and Keytruda (pembrolizumab), marketed by Bristol-Myers Squibb and Merck, respectively, have all been approved in the second line setting. For CRC, Stivarga (regorafenib), marketed by Bayer, and Lonsurf (trifluridine/tipiracil), marketed by Taiho Oncology, are both approved in the third line or later setting.

With respect to Lumoxiti, our marketed product for the treatment of HCL, there is currently no established standard of care and very few treatment options available in the third line and later setting. The National Comprehensive Cancer Network, or NCCN, guidelines for HCL, updated in January 2019, recommend that patients who are third line or later in treatment be considered for Lumoxiti as well as participation in clinical trials of vemurafenib, with or without rituxan, or ibrutinib. Vemurafenib, rituxan and ibrutinib have not been approved by the FDA for the treatment of HCL.

With respect to IPH4102, our monoclonal antibody product candidate targeting KIR3DL2, we are aware of several pharmaceutical companies marketing and developing products for the treatment of patients with CTCL,
including MF and Sézary syndrome, and PTCL. Two new drugs have been recently approved by the FDA for CTCL: Adcetris (brentuximab vedotin), marketed by Seattle Genetics and approved in combination with chemotherapy for treatment of patients with primary cutaneous anaplastic large cell lymphoma (pcALCL) or CD30-expressing MF who have received prior systemic therapy, and Poteligeo (mogamulizumab), marketed by Kyowa Kirin and approved for the treatment of adult patients with R/R MF or Sézary syndrome after at least one prior systemic therapy. Zolinza (vorinostat) is the only drug approved by the FDA for CTCL patients after two prior failures. In the second line setting of PTCL, Beleodaq (belinostat), Folotyn (pralatrexate) and Istodax (romidepsin) have all been approved by the FDA; however, none of these treatments have been approved by the EMA.

There are also several pharmaceutical and biotechnology companies that are focused on the tumor microenvironment, including the complement and the adenosine pathways. The C5a and C5aR pathways have attracted efforts mainly in inflammation, but we are aware of some companies targeting C5a or C5aR in the oncology settings as well, such as MorphoSys AG and InflaRx N.V. Many companies are active in the adenosine pathway, targeting CD73, CD39 or the adenosine receptors. For example, Bristol-Myers Squibb and AstraZeneca each have anti-CD73 product candidates in clinical development, and several other biotechnology companies are active in the adenosine pathway area, including Tizona Therapeutics, Inc., AbbVie Inc., Corvus Pharmaceuticals, Inc., Arcus Biosciences, Inc. and Surface Oncology, Inc.

NK cells have been increasingly researched and we are aware of many companies addressing NK cells through different approaches such as cell therapies (Fate Therapeutics, Inc., NantKwest, Inc.) and multispecifics (Affimed N.V., Dragonfly Therapeutics, Inc.)

Our Strategic Collaborations and License Agreements

AstraZeneca

2015 Agreements

In April 2015, we entered into two agreements with MedImmune, a wholly owned subsidiary of AstraZeneca, which we refer to as AstraZeneca. The first agreement was a co-development and license agreement relating to certain combination products containing monalizumab, or the Original Co-Development Agreement, and the second agreement was a development and option agreement for products containing monalizumab, including products using monalizumab as a monotherapy, or the 2015 Option Agreement. We received an initial payment of $250 million under these agreements on June 30, 2015, of which $100 million was paid to us as an initial payment for the Original Co-Development Agreement and $150 million was paid to us as consideration for the 2015 Option Agreement described below. In October 2018, AstraZeneca exercised its option under the 2015 Option Agreement, which resulted in the automatic termination of both the Original Co-Development Agreement and the 2015 Option Agreement, and a new co-development and license agreement relating to all products containing monalizumab, or the 2015 Co-Development Agreement, automatically came into effect. In connection with AstraZeneca's exercise of its option under the 2015 Option Agreement, an upfront payment of $100 million was due under the 2015 Co-Development Agreement, which it paid in January 2019.

2015 Co-Development Agreement

Under the 2015 Co-Development Agreement, we granted to AstraZeneca a worldwide, exclusive license, subject to certain exclusions, to certain of our patents and know-how to develop, manufacture and commercialize licensed products, including monalizumab, in the field of diagnosis, prevention and treatment of oncology diseases and conditions. We further granted to AstraZeneca a worldwide, non-exclusive license to certain of our other patents to develop, manufacture and commercialize licensed products, including monalizumab, in the field of diagnosis, prevention and treatment of oncology diseases and conditions. We retain the rights under the licensed patents and know-how to, among other things, co-promote licensed products in certain European countries, pursuant to our option to co-promote, and exploit the licensed patents and know-how to research, develop and commercialize the licensed products outside of the field of diagnosis, prevention and treatment of oncology diseases and conditions.
Under the 2015 Co-Development Agreement, we are required to collaborate with AstraZeneca to develop and commercialize licensed products. AstraZeneca will be the lead party in developing the licensed products and must use commercially reasonable efforts to develop, obtain regulatory approval for and commercialize each licensed product in certain major markets. Each party will have to use commercially reasonable efforts to complete certain development activities in accordance with a specified development plan.

We are required for a defined period of time to co-fund 30% of the Phase III clinical trials of licensed products, subject to an aggregate cap, in order to receive 50% of the profits in Europe. On July 31, 2019, we notified AstraZeneca of our decision to co-fund a future monalizumab Phase III clinical development program. AstraZeneca will be responsible for the promotion of licensed products worldwide, subject to our option to co-promote the licensed products in certain European countries. Should we elect not to co-promote, our share of profits in Europe will be reduced by a specified amount of percentage points not to exceed the mid-single digits.

The development by AstraZeneca of a licensed product under the 2015 Co-Development Agreement is subject to certain reciprocal non-compete obligations.

AstraZeneca is obligated to pay us up to $925 million in the aggregate upon the achievement of certain development and regulatory milestones ($500 million) and commercialization milestones ($425 million). As described above, the arrangement also provides for a 50% profit share and, subject to certain deferrals of reimbursement, loss share of licensed products in Europe if we do not opt out of our co-funding and co-promoting obligations. In addition, we will be eligible to receive tiered royalties ranging from a low double-digit to mid-teen percentage on net sales of licensed products outside of Europe. The royalties payable to us under the 2015 Co-Development Agreement may be reduced under certain circumstances, including loss of exclusivity or lack of patent protection.

Our right to receive royalties under the 2015 Co-Development Agreement expires, on a licensed product-by-licensed product and country-by-country basis, on the latest of: (i) the tenth anniversary of the first commercial sale of such licensed product in such country, or in the case of European countries, in any European country, (ii) the expiration of regulatory exclusivity for such licensed product in such country and (iii) the expiration of the last-to-expire valid licensed patent claim subject to the agreement that covers such licensed product in such country.

Unless earlier terminated, the term of the 2015 Co-Development Agreement will expire on the date on which all of AstraZeneca’s payment obligations have expired. We may terminate the 2015 Co-Development Agreement if AstraZeneca challenges any patent licensed to it under the agreement. AstraZeneca may terminate the 2015 Co-Development Agreement in its entirety for convenience at any time effective upon 120 days’ prior written notice to us. Either party may terminate the 2015 Co-Development Agreement in the event of an uncured material breach by the other party or for certain bankruptcy or insolvency events involving the other party.

If the 2015 Co-Development Agreement is terminated by AstraZeneca for convenience or by us for AstraZeneca’s material breach, insolvency or a patent challenge by AstraZeneca, all licenses and rights granted under the agreement terminate, however, upon any such termination, AstraZeneca would grant us an exclusive, worldwide, royalty-bearing right and license, with the right to grant sublicenses, under technology developed by AstraZeneca and incorporated into or necessary for the exploitation of licensed products, except for certain manufacturing technology that would require a separate agreement. If the 2015 Co-Development Agreement is terminated by AstraZeneca for our material breach or insolvency, AstraZeneca has the right to continue the agreement by providing written notice to us. If AstraZeneca provides us with such written notice, among other things, our rights under the co-promote option will terminate and we must cease any development, manufacture or commercialization activities under the agreement.

2018 Agreements

In October 2018, we entered into three additional agreements with AstraZeneca. The first agreement is a collaboration and option agreement relating to IPH5201, or the 2018 CD39 Option Agreement. We received an
initial payment of $50 million under this agreement, $26 million of which was received in October 2018 and $24 million of which was received in January 2019. The second agreement is an option agreement relating to four pre-clinical programs, which we refer to as the 2018 Future Programs Option Agreement. We received an initial payment of $20 million under this agreement in October 2018. The third agreement is a license agreement with AstraZeneca relating to Lumoxiti, or the Lumoxiti Agreement. We made an initial payment to AstraZeneca of $50 million under this agreement in January 2019.

2018 CD39 Option Agreement

Pursuant to the 2018 CD39 Option Agreement, we granted to AstraZeneca an exclusive option to obtain an exclusive license to certain of our patents and know-how to develop and commercialize licensed products, including IPH5201 in the field of the diagnosis, prevention and treatment of all diseases and conditions in humans or animals, subject to certain limitations.

Under the 2018 CD39 Option Agreement, we must collaborate with AstraZeneca to develop CD39 option products. Prior to the expiration of the option period, we and AstraZeneca are subject to certain non-compete obligations.

AstraZeneca is responsible for funding the research and development costs of CD39 option products contemplated in the joint development plan. Additionally, we may conduct certain exploratory clinical studies at our own cost, subject to reimbursement by AstraZeneca with a premium under certain circumstances related to subsequent development by AstraZeneca.

Pursuant to the 2018 CD39 Option Agreement, AstraZeneca is obligated to pay us up to $10 million in the aggregate upon the achievement of certain development milestones.

Unless earlier terminated, the term of the 2018 CD39 Option Agreement will expire on the earlier of exercise of the option or expiration of the option period in the event that AstraZeneca does not exercise the option. We may terminate the 2018 CD39 Option Agreement if AstraZeneca challenges any option patent. AstraZeneca may terminate the 2018 CD39 Option Agreement in its entirety for convenience at any time effective upon three months’ prior written notice to us. Either party may terminate the 2018 CD39 Option Agreement in the event of an uncured material breach by the other party or for certain bankruptcy or insolvency events involving the other party.

CD39 Co-Development and License Agreement Upon Option Exercise by AstraZeneca

Upon exercise of the option under the 2018 CD39 Option Agreement, we would enter into a co-development and license agreement with AstraZeneca, or the CD39 Potential License Agreement. Under the CD39 Potential License Agreement, we would grant to AstraZeneca a worldwide, exclusive license, subject to certain exclusions, to certain of our patents and know-how regarding, among other things, our IPH5201 candidate, to develop, manufacture and commercialize licensed products in the field of diagnosis, prevention and treatment of diseases and conditions in humans and in animals, subject to certain limitations. We would retain certain rights under the licensed patents and know-how to, among other things, co-promote licensed products in certain European countries, pursuant to our option to co-promote.

The CD39 Potential License Agreement provides for a payment of $25 million upon exercise. Additionally, AstraZeneca would be obligated to pay us up to $800 million in the aggregate upon the achievement of certain development and regulatory milestones ($300 million) and commercialization milestones ($500 million). The arrangement also provides for a 50% profit share in Europe if we opt into certain co-promoting and late stage co-funding obligations. In addition, we would be eligible to receive tiered royalties ranging from a high-single digit to mid-teen percentage on net sales of IPH5201, or from a mid-single digit to low-double digit percentage on net sales of other types of licensed products, outside of Europe. The royalties payable to us under the CD39 Potential License Agreement may be reduced under certain circumstances, including loss of exclusivity or lack of patent protection.
Under the CD39 Potential License Agreement, unless we have elected not to co-fund, we would be required to collaborate with AstraZeneca to develop and commercialize licensed products. AstraZeneca would be the lead party in developing and commercializing the licensed products and each party must use commercially reasonable efforts to develop, obtain regulatory approval and commercialize at least one licensed product in certain major markets. Each party would have to use commercially reasonable efforts to complete its development activities in accordance with a specified development plan.

We would have the option to co-fund 30% of the Phase III clinical trials of licensed products in order to share in 50% of the profits and losses of licensed products in Europe. If we do not exercise this co-funding option, among other things, our right to share in 50% of the profits and losses in Europe and right to co-promote in certain European countries will terminate and will be replaced by rights to receive royalties on net sales at the rates applicable to outside of Europe. Additionally, certain milestone payments that may be payable to us would be reduced. AstraZeneca would be responsible for the promotion of licensed products worldwide, subject to our option to co-promote the licensed products in certain European countries if we elect to co-fund. Additionally, we would have a right of first negotiation in the event that AstraZeneca wishes to grant a third party the right to commercialize licensed products in Europe or the United States.

The development by AstraZeneca of a licensed product under the Potential License Agreement is subject to certain reciprocal non-compete obligations.

Our right to receive royalties under the CD39 Potential License Agreement expires, on a licensed product-by-licensed product and country-by-country basis, on the latest of: (i) the tenth anniversary of the first commercial sale of such licensed product in such country, or, in the case of European countries, in any European country, (ii) the expiration of regulatory exclusivity for such licensed product in such country and (iii) the expiration of the last-to-expire valid licensed patent claim subject to the agreement that covers such licensed product in such country.

Unless earlier terminated, the term of the CD39 Potential License Agreement would expire on the date on which all of AstraZeneca’s payment obligations have expired. We may terminate the CD39 Potential License Agreement if AstraZeneca challenges any patent licensed to it under the agreement. AstraZeneca may terminate the CD39 Potential License Agreement in its entirety for convenience at any time effective upon 120 days’ prior written notice to us. Either party may terminate the CD39 Potential License Agreement in the event of an uncured material breach by the other party or for certain bankruptcy or insolvency events involving the other party.

2018 Future Programs Option Agreement

Pursuant to the 2018 Future Programs Option Agreement, we granted to AstraZeneca four exclusive options that are exercisable until IND approval to obtain a worldwide, royalty-bearing, exclusive license to certain of our patents and know-how relating to certain specified pipeline candidates to develop and commercialize optioned products in all fields of use. The relevant programs are IPH43, IPH25, the anti-Siglec-9 antibody program and a multi-specific NKp46 NKCE program. Upon exercise of an option, we would be entitled to an option exercise payment of $35 million, as well as development and regulatory milestone payments ($320 million) and commercialization milestone payments ($500 million) and tiered, mid-single digit to mid-teen percentage royalties on net sales of the applicable product. The royalties payable to us may be reduced under certain circumstances, including loss of exclusivity, lack of patent protection or the specific nature of the compound included within the applicable product. Additionally, we would have rights to co-fund certain development costs in order to obtain profit and loss sharing in Europe. So long as we elect to co-fund such development costs, we also will have a right to co-promote optioned products in Europe.

License Agreement for Lumoxiti

Pursuant to the Lumoxiti Agreement, we obtained an exclusive license under certain patents and know-how of AstraZeneca to develop, manufacture and commercialize Lumoxiti for all uses in humans and animals
We are obligated to pay AstraZeneca up to $25 million in the aggregate upon the achievement of certain regulatory and commercial milestones. In connection with the Lumoxiti Agreement, we also obtained an exclusive sublicense from AstraZeneca under certain third-party intellectual property rights. In consideration for such sublicense we are obligated to pay a low single digit royalty on our net sales of Lumoxiti, as well as milestone payments up to approximately $1 million in the aggregate.

Under the Lumoxiti Agreement, AstraZeneca is obligated to provide support for the continued development and commercialization of Lumoxiti in the European Union and Switzerland prior to regulatory submission and approval as well as support for the continued commercialization of Lumoxiti in the United States for a specified period. We will reimburse AstraZeneca for the development, production and commercialization costs it will incur during the transition period, subject to certain limitations for the year ending December 31, 2019. In addition, pursuant to the Lumoxiti Agreement we will enter into a supply agreement with AstraZeneca for the continued supply of Lumoxiti for sale in the United States, the European Union and Switzerland. Under the Lumoxiti Agreement, each party is obligated to use commercially reasonable efforts to conduct a number of activities under the agreement.

Under the Lumoxiti Agreement, we have a right of first negotiation in the event that AstraZeneca intends to grant rights to commercialize Lumoxiti outside of the United States, the European Union and Switzerland.

The Lumoxiti Agreement will expire on a country-by-country basis upon the latest of (i) the expiry of the last exclusively licensed patent in such country, (ii) expiration of any regulatory exclusivity in such country, and (iii) the fifteenth anniversary of the first commercial sale of Lumoxiti in such country. Either party may terminate the Lumoxiti Agreement upon any uncured material breach of such party’s obligations under the agreement or upon a bankruptcy or insolvency of the other party. Additionally, AstraZeneca may terminate the agreement in the event we challenge any patent exclusively licensed under the agreement or cease to perform all commercial activities with respect to Lumoxiti in the United States or the European Union for a specified period of time. We may terminate the Lumoxiti Agreement upon certain prior notice to AstraZeneca.

**Additional agreements related to Monalizumab**

**Novo Nordisk A/S**

On February 5, 2014, we in-licensed the full development and commercialization rights to monalizumab relating to the modulation of the activity of isolated NK cells from Novo Nordisk A/S. In consideration for these rights, we paid Novo Nordisk A/S €2 million in cash and 600,000 of our ordinary shares at a price of €8.33 per share. Novo Nordisk A/S is eligible to receive a total of €20 million in potential regulatory milestones and tiered mid-to-high single-digit percentage royalties on future net sales. The agreement with Novo Nordisk A/S included a right to additional consideration in the event of an out-licensing agreement. Consequently, following the agreement signed with AstraZeneca in April 2015, we paid Novo Nordisk A/S an additional consideration amount of €6.5 million.

In October 2018 AstraZeneca exercised its option under the 2015 Option Agreement to acquire an exclusive license to monalizumab. Pursuant to this option exercise, AstraZeneca paid $100 million to us and, as a result, Novo Nordisk A/S became entitled to a second and final payment amounting to $15.0 million (€13.1 million). If the AstraZeneca agreement is terminated for any reason, we will pay to Novo Nordisk A/S a portion of any amounts that have been budgeted but have not been spent or will not be spent under the initial research and development budget. In light of current development plans and research and development costs incurred to date, we do not currently expect any amounts to be paid pursuant to this provision.

**License Agreement with Novo Nordisk for IPH5401**

In July of 2017 we entered into an exclusive license agreement with Novo Nordisk A/S relating to IPH5401, or the 2017 Novo Agreement, pursuant to which we obtained a worldwide, exclusive license under certain
patents and know-how of Novo Nordisk A/S to develop, manufacture and commercialize pharmaceutical products that contain or comprise an Anti-C5aR antibody. We made an initial payment to Novo Nordisk A/S of €40.0 million under the 2017 Novo Agreement which was offset against Novo Nordisk A/S’s subscription in new shares. We are obligated to pay Novo Nordisk A/S in the aggregate up to €370.0 million upon achievement of certain development, regulatory and sales milestones and tiered royalties ranging from a low double-digit to low teen percentage on net sales. Our royalty payment obligations are subject to certain reductions and expire on a product-by-product and country-by-country basis upon the later of the date the exploitation of a licensed product is no longer covered by a claim of a licensed patent in such country, loss of data or regulatory exclusivity in such country, and the twelfth anniversary of the first commercial sale of such product in such country. In connection with the 2017 Novo Agreement, we obtained an exclusive sublicense from Novo Nordisk A/S under certain third-party intellectual property rights. In consideration for such sublicense we may be obligated to pay a mid-single digit royalty on our net sales of a licensed product, however, we will be entitled to offset such payments against royalties payable to Novo Nordisk A/S.

Under the 2017 Novo Agreement, we are obligated to use commercially reasonable efforts to develop and seek regulatory approval for a licensed product.

The 2017 Novo Agreement shall expire upon expiration of the last royalty payment obligation under the agreement. Either party may terminate the 2017 Novo Agreement upon any uncured material breach of the agreement by the other party or upon a bankruptcy or insolvency of the other party. Additionally, Novo Nordisk A/S may terminate the agreement in the event we challenge any patent licensed under the agreement. We may terminate the 2017 Novo Agreement upon prior notice to Novo Nordisk A/S.

Collaboration and licensing agreement with Sanofi

We entered into a research collaboration and licensing agreement with Sanofi in January 2016 to apply our proprietary technology to the development of bispecific antibody formats engaging NK cells to kill tumor cells through the activating receptor NKp46. We granted to Sanofi under certain of our intellectual property a non-exclusive, worldwide, royalty-free research license, as well as an exclusive, worldwide license to research, develop and commercialize products directed against two specified targets, for all therapeutic, prophylactic and diagnostic indications and uses.

We will work together with Sanofi on the generation and evaluation of up to two bispecific NK cell engagers, using our technology and Sanofi’s tumor targets. Under the terms of the license agreement, Sanofi will be responsible for the development, manufacturing and commercialization of products resulting from the research collaboration. We will be eligible for up to €400.0 million in payments, primarily upon the achievement of development and commercial milestones, as well as royalties ranging from a mid to high single-digit percentage on net sales.

Orega License Agreement

Pursuant to our licensing agreement with Orega Biotech, we acquired an exclusive license to Orega Biotech’s intellectual property rights relating to its anti-CD39 checkpoint inhibitor program. As of December 31, 2018, we had paid a total amount of €1.8 million to Orega Biotech for the acquisition of these intellectual property rights, and in June of 2019 we paid Orega Biotech €7.0 million in relation to the anti-CD39 program as consideration relating to the collaboration and option agreement signed on October 22, 2018 with AstraZeneca for IPH5201. We may also be obligated to pay Orega Biotech up to an additional €51.5 million in the aggregate upon the achievement of development and regulatory milestones, and mid-single digit to low-teen percentage payments, depending on determinations relating to Orega Biotech’s intellectual property rights for certain patents, on sublicensing revenues we receive pursuant to our agreement with AstraZeneca relating to IPH5201.
Intellectual Property

Our commercial success depends in part on obtaining and maintaining patent, trade secret and other intellectual property and proprietary protection of our technology, current and future products and product candidates and methods used to develop and manufacture them. We cannot be sure that patents will be granted with respect to any of our pending patent applications or to any patent applications filed by us in the future, nor can we be sure that any of our existing patents or any patents that may be granted to us in the future will be sufficient to protect our technology or will not be challenged, invalidated or circumvented. Our success also depends on our ability to operate our business without infringing, misappropriating or otherwise violating any patents and other intellectual property or proprietary rights of third parties.

We rely, in some circumstances, on trade secrets to protect our technology. However, trade secrets can be difficult to protect. We seek to protect our trade secrets, in part, by confidentiality agreements with our employees, consultants, scientific advisors and contractors. These agreements may not provide meaningful protection or may be breached, and we may not have an adequate remedy for any such breach. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Notwithstanding these measures, these agreements and systems may be breached, and we may not have adequate remedies for any such breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to copy aspects of our products or drug candidates or obtain or use information that we regard as proprietary. As a result, we may be unable to meaningfully protect our trade secrets and proprietary information. To the extent that our employees, consultants, contractors or partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. For more information regarding the risks related to intellectual property, please see “Risk Factors—Risks Related to Intellectual Property Rights.”

Patents

We file patent applications to protect our product candidates, technical processes and the processes used to prepare our product candidates, the compounds or molecules contained in these product candidates and medical treatment methods. We also license rights to patents owned by third parties, academic partners or other companies in our field.

**Moxetumab pasudotox-tdfk (Lumoxiti)**

As of June 30, 2019, the principal intellectual property rights related to Lumoxiti are in-licensed from AstraZeneca and include U.S. Patent No. 10,072,083, which is directed to the composition of matter of Lumoxiti, and its counterpart European patent EP 2 613 857 B1, which is directed to the manufacture of Lumoxiti. These patents have a statutory expiration date in 2031, not including patent term adjustment or any potential patent term extension.

**Monalizumab/IPH22**

As of June 30, 2019, the principal intellectual property rights related to the monalizumab compound are in-licensed from Novo Nordisk A/S and include U.S. Patent Nos. 8,206,709 and 8,901,283, European patents EP 2 038 306 B1 and EP 2 426 150 B1 and counterpart patents in certain other countries. These patents are directed to the composition of matter of monalizumab and have a statutory expiration date in 2027, not including patent term adjustment or any potential patent term extension.

**IPH4102/Anti-KIR3DL2**

As of June 30, 2019, the principal intellectual property rights related to IPH4102 are wholly owned by us and include U.S. Patent No. 10,280,222, European patent EP 3 116 908 B1 and counterpart patent applications in
certain other countries. These patents and patent applications are directed to the composition of matter of IPH4102, and such patents have, and any patents that issue from such applications would have, a statutory expiration date in 2035, not including patent term adjustment or any potential patent term extension.

**IPH5401/Anti-C5aR**

As of June 30, 2019, the principal intellectual property rights related to IPH5401 are in-licensed from Novo Nordisk A/S and include U.S. Patent Nos. 8,613,926, 8,846,045 and 10,323,097, European patent EP 2 718 322 B1 and counterpart patents and patent applications in certain other countries. These patents and patent applications are directed to the composition of matter of IPH5401, and such patents have, and any patents that issue from such applications would have, a statutory expiration date in 2032, not including patent term adjustment or any potential patent term extension.

**IPH5201/Anti-CD39**

As of June 30, 2019, the principal intellectual property rights related to IPH5201 are wholly owned by us and include one U.S. non-provisional patent application. If a patent directed to IPH5201 issues from such U.S. patent application, it would have a statutory expiration date in 2039, not including patent term adjustment or any potential patent term extension.

The term of individual patents depends upon the legal term of patents in the countries in which they are obtained. In most countries, including the United States, the patent term is 20 years from the earliest claimed filing date of a non-provisional patent application or its foreign equivalent in the applicable country. In the United States, a patent’s term may, in certain cases, be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the USPTO in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over a commonly owned patent or a patent naming a common inventor and having an earlier expiration date. In the United States, a patent may also be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, or Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent extension term of up to five years as compensation for patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent applicable to each regulatory review period may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended.

**Trademarks**

We own the mark INNATE PHARMA in the United States, Australia and Europe (EU community trademark), and INNATE in Europe (EU community trademark) as well as the mark LUMOXITI and a figurative mark associated with the Lumoxiti product in the United States, Europe (EU community trademark) and other countries throughout the world.

**Regulation**

Research and development work, preclinical tests, clinical studies, facilities, and the manufacture and sale of our products are and will continue to be subject to the complex legislative and regulatory provisions implemented by the various public authorities in Europe, the United States and other countries.

The EMA, FDA and the various national regulatory authorities impose considerable constraints on the development, manufacture and sale of products that we develop and clinical trials we conduct. In case of non-compliance with these regulations, the regulatory authorities may impose fines, seize or remove products from the market or even partially or totally suspend their production. They may also revoke previously granted marketing authorizations, reject authorization applications. These regulatory constraints are important in considering whether an active ingredient can ultimately become a drug, as well as for recognizing the time and investments necessary for such development.
Although there are differences from one country to another, the development of therapeutic products for human use is subject to similar procedures and must comply with the same types of regulations in all ICH countries (countries part of the International Council for Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use). In order to obtain marketing authorization for a product, proof of its efficacy and safety should be provided by the applicant, along with detailed information on its composition and manufacturing process. This entails significant pharmaceutical and preclinical developments, clinical trials and laboratory tests. The development of a new drug from fundamental research to marketing comprises five steps: (i) research, (ii) preclinical trials, (iii) clinical trials in humans, (iv) marketing authorization and (v) marketing.

Preclinical studies

Preclinical studies include laboratory evaluation of the purity and stability of the manufactured substance or active pharmaceutical ingredient and the formulated product, as well as in vitro and animal studies to assess the safety and activity of the product candidate for initial testing in humans and to establish a rationale for therapeutic use. The conduct of preclinical studies is subject to federal regulations and requirements, including GLP regulations. The results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and plans for clinical studies, among other things, are submitted to the applicable regulatory agency in connection with the application to begin human testing. Some long-term preclinical testing, such as animal tests of reproductive adverse events and carcinogenicity, and long-term toxicity studies, may continue after submission of the application.

Regulation of clinical trials

In humans, clinical trials are usually carried out in three phases that are generally sequential, but under unique circumstances phases of trials can overlap or even be skipped, following a specific review and determination by regulatory agencies. Clinical trials are sometimes necessary after marketing authorization to explain certain side-effects, investigate a specific pharmacological effect, obtain more accurate or additional data. Additional trials are also commonly conducted to explore new indications. Regulatory authorization is needed to carry out clinical trials. The regulatory authorities may block, suspend or require significant modifications to the clinical study protocols submitted by companies seeking to test products.

Clinical trial authorization in the European Union

The current regulation relating to clinical trials is governed by European Directive 2001/20/EC of 4 April 2001 on clinical trials, which has been transposed into national legislation by all European Union Member States.

The 2001 Directive cited above has been revised and replaced by the Clinical Trials Regulation EU No. 536/2014 of 16 April 2014, which aims at harmonizing and streamlining the clinical trials authorization process. The Clinical Trial Regulation EU No. 536/2014 of 16 April 2014 entered into force on 16 June 2014. However, the regulation will not become applicable until the publicly available EU database and EU portal are fully functional and have been confirmed through an independent audit. The new regulation will become applicable six months after the European Commission publishes notice of this confirmation. Due to technical difficulties with the development of the IT systems, the portal’s go-live date had to be postponed and therefore the Clinical Trials Regulation will come into application in the course of 2020 instead of October 2018, as previously scheduled.

When it will become applicable, the Clinical Trials Regulation will be directly applicable (for instance under French law). Some national provisions specifying the national rules will remain applicable. It will apply to interventional clinical trials on medicinal products and to clinical trials authorized under the current 2001 Directive still ongoing three years after the Clinical Trial Regulation has come into operation.
The Clinical Trial Regulation will allow better consistency throughout EU Member States:

- Single submission of the clinical trial application dossier through the EU Portal (Article 5) including a common part assessed jointly by all participating EU Member States, and a national part covering the ethical and operational aspects of the trial assessed by each EU Member State independently.

- A clinical trial authorization will be issued in the form of a single decision by each EU Member State concerned (Article 4).

This new regulation will also increase transparency of authorized clinical trials in the European Union: the European Union database will serve as the source of public information, without prejudice of personal data protection, commercially confidential information protection, and protection of confidential communication between Member State and trial supervision between Member States. Public information will include clinical trial authorization information, protocol data, and a summary of the results 12 months after the end of the trial (or six months in case of pediatric clinical trials). The regulation will apply in the Member States without the requirement for separate implementing legislation by each Member State.

**Clinical trial authorization in the United States**

In the United States, an Investigational New Drug application, or IND, must be submitted to the FDA and accepted before clinical trials can start on humans. An IND is an exemption from the Federal Food, Drug, and Cosmetic Act, or FDCA, that allows an unapproved product candidate to be shipped in interstate commerce for use in an investigational clinical trial and a request for FDA authorization to administer an investigational product to humans. This application contains early research data as well as the pharmaceutical dossier, preclinical and clinical data (if any) and includes the clinical protocol. If there is no objection from the FDA, the IND application becomes valid 30 days after it is received by the FDA. This waiting period is designed to allow the FDA to review the IND to determine whether human research subjects will be exposed to unreasonable health risks. At any time during or subsequent to this 30-day period, the FDA may request the suspension of clinical trials, whether such trials are planned or in progress, and request additional information. This temporary suspension continues until the FDA receives the information it has requested.

In addition to the foregoing IND requirements, an independent institutional review board, or IRB, representing each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution, and the IRB must conduct continuing review and reapprove the study at least annually. The IRB must review and approve, among other things, the study protocol and informed consent information to be provided to study subjects. An IRB must operate in compliance with FDA regulations. An IRB can suspend or terminate approval of a clinical trial at its institution, or an institution it represents, if the clinical trial is not being conducted in accordance with the IRB’s requirements or if the product candidate has been associated with unexpected serious harm to patients.

The FDA’s primary objectives in reviewing an IND are to assure the safety and rights of patients and to help assure that the quality of the investigation will be adequate to permit an evaluation of the biological product’s safety, purity and potency. The decision to terminate development of an investigational biological product may be made by either a health authority body such as the FDA, an IRB or ethics committee, or by us for various reasons. Additionally, some trials are overseen by an independent group of qualified experts organized by the trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated check points based on access that only the group maintains to available data from the study. Suspension or termination of development during any phase of clinical trials can occur if it is determined that the participants or patients are being exposed to an unacceptable health risk. Other reasons for suspension or termination may be made by us based on evolving business objectives and/or competitive climate.
Good clinical practices

In most countries, clinical trials must comply with the cGCP standards as defined by the International Council for Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use, or ICH. Directive 2005/28/EC dated 8 April 2005 adopted the cGCP principles in the context of strengthening the regulatory structure specified by Directive 2001/20/EC. The competent authority designated in each Member Country to authorize clinical trials must take into consideration, among other factors, the scientific value of the study, the safety of the participants and the possible responsibility of the clinical site.

Conducting clinical trials

Clinical trials must be carried out in compliance with complex regulations throughout the various phases of the process, based on the principle of informed consent by the patient to whom the products will be administered.

Clinical trial phases

Clinical trials may be conducted in the United States, in Europe or in other parts of the world as long as such trials have been approved by health authorities and ethics committees in each country where the trial is conducted. There are three well-established and internationally-recognized clinical phases: Phase I, II and III. This classification is used by the FDA and the EMA as well as other regulatory agencies. Each of these clinical phases is described below.

- **Phase I:** The product candidate is initially introduced into healthy human subjects and tested for safety, dosage tolerance, absorption, metabolism, distribution and excretion. In the case of some products for severe or life-threatening diseases, such as cancer, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients. Sponsors sometimes designate their Phase I trials as Phase Ia or Phase Ib. Phase Ib trials are typically aimed at confirming dosing, pharmacokinetics and safety in larger number of patients. Some Phase Ib studies evaluate biomarkers or surrogate markers that may be associated with efficacy in patients with specific types of diseases.

- **Phase II:** This phase involves clinical trials in a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance and appropriate dosage.

- **Phase III:** Clinical trials are undertaken to further evaluate dosage, clinical efficacy and safety in an expanded patient population at geographically dispersed clinical study sites. These clinical trials are intended to establish the overall risk-benefit ratio of the product candidate and provide, if appropriate, an adequate basis for product labeling.

Post-approval trials, sometimes referred to as Phase IV studies, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, the applicable regulator may mandate the performance of Phase IV clinical trials as a condition of approval.

In specific situations, certain phases of development can be merged or even skipped when clear signs of efficacy emerge in the early phases of development and the product candidate is designed for patients with major unmet medical needs. However, these deviations from the standard pattern of development must be discussed and approved by health authorities. Given the high unmet medical need for certain cancer patients, deviations from the typical phases of development are frequent in oncology and in particular, in the field of immunotherapy.

Disclosure of clinical trial information

Sponsors of clinical trials of FDA-regulated drugs are required to register and disclose certain clinical trial information, which is publicly available at www.clinicaltrials.gov. Information related to the product, patient
population, phase of investigation, study sites and investigators, and other aspects of the clinical trial is then made public as part of the registration. Sponsors are also obligated to disclose the results of their clinical trials after completion. Disclosure of the results of these trials can be delayed until the new product or new indication being studied has been approved. Competitors may use this publicly available information to gain knowledge regarding the progress of development programs.

**Regulations concerning marketing authorizations**

In order to be marketed, a drug product must have regulatory authorization (known as approval of a New Drug Application, or NDA, or a Biologics License Application, or BLA, in the United States and a Marketing Authorization, or MA, in the European Union). The competent authorities are the FDA in the United States and the EMA in Europe. Companies apply for an NDA/BLA or an MA based on quality, safety and efficacy. In Europe, the United States and Japan, the dossier is a standard dossier referred to as a CTD, or Common Technical Document. The file relating to the NDA/MA describes the manufacturing of the active substance, the manufacturing of the final product and the clinical and non-clinical studies.

**United States review and approval process for biological products**

In the United States, the FDA approves complex biological products under the Public Health Service Act, or PHSA. In order to obtain approval to market a biological product in the United States, a marketing application must be submitted to the FDA that provides data establishing the safety, purity and potency of the proposed biological product for its intended indication. The application includes all relevant data available from pertinent preclinical and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product’s chemistry, manufacturing, controls and proposed labeling, among other things. Data can come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety, purity and potency of the biological product to the satisfaction of the FDA.

The BLA is thus a vehicle through which applicants formally propose that the FDA approve a new product for marketing and sale in the United States for one or more indications. Every new product candidate must be the subject of an approved BLA before it may be commercialized in the United States. Under federal law, the submission of most BLAs is subject to an application user fee and the sponsor of an approved BLA is also subject to annual program user fees. These fees are typically increased annually. Certain exceptions and waivers are available for some of these fees, such as an exception from the application fee for products with orphan designation and a waiver for certain small businesses, an exception from the establishment fee when the establishment does not engage in manufacturing the product during a particular fiscal year, and an exception from the product fee for a product that is the same as another product approved under an abbreviated pathway.

Following submission of a BLA, the FDA conducts a preliminary review of the application generally within 60 calendar days of its receipt and strives to inform the sponsor by the 74th day after the FDA’s receipt of the submission to determine whether the application is sufficiently complete to permit substantive review. The FDA may request additional information rather than accept the application for filing. In this event, the application must be resubmitted with the additional information. The resubmitted application is also subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review. The FDA has agreed to specified performance goals in the review process of BLAs. Under that agreement, 90% of applications seeking approval of New Molecular Entities, or NMEs, are meant to be reviewed within ten months from the date on which FDA accepts the application for filing, and 90% of applications for NMEs that have been designated for “priority review” are meant to be reviewed within six months of the filing date. For applications seeking approval of products that are not NMEs, the ten-month and six-month review periods run from the date that FDA receives the application. The review process and the Prescription Drug User Fee Act goal date may be extended by the FDA for three additional months to consider new information or
clarification provided by the applicant to address an outstanding deficiency identified by the FDA following the original submission.

Before approving an application, the FDA typically will inspect the facility or facilities where the product is or will be manufactured. These pre-approval inspections may cover all facilities associated with a BLA submission, including component manufacturing, finished product manufacturing, and control testing laboratories. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving a BLA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. In addition, as a condition of approval, the FDA may require an applicant to develop a Risk Evaluation and Mitigation Strategy, or REMS. REMS use risk minimization strategies beyond the professional labeling to ensure that the benefits of the product outweigh the potential risks. To determine whether a REMS is needed, the FDA will consider the size of the population likely to use the product, seriousness of the disease, expected benefit of the product, expected duration of treatment, seriousness of known or potential adverse events, and whether the product is a new molecular entity.

The FDA may refer an application for a novel product to an advisory committee or explain why such referral was not made. Typically, an advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

On the basis of the FDA’s evaluation of the application and accompanying information, including the results of the inspection of the manufacturing facilities, the FDA may issue an approval letter or a complete response letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional testing or information in order for the FDA to reconsider the application. If and when those deficiencies have been addressed to the FDA’s satisfaction in a resubmission of the BLA, the FDA will issue an approval letter. The FDA has committed to reviewing such resubmissions in two or six months depending on the type of information included. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

If the FDA approves a product, it may limit the approved indications for use for the product, require that contraindications, warnings or precautions be included in the product labeling, require that post-approval studies, including Phase 4 clinical trials, be conducted to further assess the product’s safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution restrictions or other risk management mechanisms, including REMS, which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programs.

Registration procedures in Europe

To access the European markets through community procedures, drug products must be submitted through the Centralized Procedure, the Mutual Recognition Procedure or the Decentralized Procedure. The process for doing this depends, among other things, on the nature of the medicinal product.

Regulation (EC) No 726/2004 of the European Parliament and of the Council of 31 March 2014 provides for the Centralized Procedure. The Centralized Procedure results in a single marketing authorization (MA), granted by the European Commission that is valid across the European Economic Area or EEA (i.e., the European Union as well as Iceland, Liechtenstein and Norway). The Centralized Procedure is compulsory for human drugs that are: (i) derived from biotechnology processes, such as genetic engineering, (ii) contain a new active substance indicated for the treatment of certain diseases, such as HIV/AIDS, cancer, diabetes, neurodegenerative diseases,
autoimmune and other immune dysfunctions and viral diseases, (iii) officially designated orphan medicines and (iv) advanced-therapy medicines, or ATMPs, such as gene therapy, somatic cell therapy or tissue-engineered medicines.

Under Article 3 of the Regulation (EC) No 726/2004, the Centralized Procedure is optional for any medicinal product not appearing in the Annex if: (1) the medicinal product contains a new active substance which, on the date of entry into force of this Regulation, was not authorized in the EU; or (2) the applicant shows that the medicinal product constitutes a significant therapeutic, scientific or technical innovation or that the granting of authorization in accordance with this Regulation is in the interests of patients or animal health at EU level.

Under the Centralized Procedure in the European Union, the European Medicines Agency, or EMA, shall ensure that the opinion of the Committee for Medicinal Products for Human Use, or CHMP, is given within 210 days (Article 6.3). This excludes so-called clock stops, during which additional written or oral information is to be provided by the applicant in response to questions asked by the Committee for Medicinal Products for Human Use, or CHMP (Article 7). At the end of the review period, the CHMP provides an opinion to the European Commission. If this is opinion favorable, the Commission may then adopt a decision to grant an MA. When an application is submitted for a MA in respect of medicinal products for human use which are of major interest from the point of view of public health and in particular from the viewpoint of therapeutic innovation, the applicant may request an accelerated assessment procedure. The request shall be duly substantiated. If the CHMP accepts the request, the time-limit laid down in Article 6(3), first subparagraph, shall be reduced to 150 days (Article 14(9)).

National MAs, issued by the competent authorities of the member states of the EEA, are also available; however these only cover their respective territory. National MAs may be applied for through the Mutual Recognition Procedure or Decentralized Procedure in order that multiple competent authorities in different member states of the EEA may each issue a national MA in their territory for the same product on the back of the same application. National MAs are only available for products not falling within the mandatory scope of the Centralized Procedure.

Since 2008, as a consequence of a European directive, a marketing authorization is now renewed only once, five years after the initial registration (Article 14, paragraph 2). The marketing authorization shall be then valid for an unlimited period, unless the Commission decides, on justified grounds, relating to pharmacovigilance, to proceed with one additional five-year renewal in accordance with paragraph 2 (Article 14, paragraph 3).

It is possible for a drug to be withdrawn from the market, upon the request of the health authorities, if a serious problem arises, in particular a safety-related problem. The marketing authorization is then cancelled. There can be various reasons for the withdrawal of drugs from the market, with the main reasons being public health, major undesirable side effects and non-compliance with manufacturing rules.

Non-standard registration procedures

Aside from the standard procedure of granting a marketing authorization, as described above, there are non-standard registration procedures that allow a shorter time-to-market for new medicines.

In Europe, non-standard registration procedures under the Centralized Procedures are as follows:

• Conditional approval: valid only one year instead of five. It is granted only if the benefit / risk ratio is positive, that is if the product responds to unmet medical needs, and if the benefits to public health outweigh the risks associated with uncertainty because of an incomplete evaluation of the drug (for instance, because of clinical trials still ongoing at the time of the evaluation, or when additional clinical trials are needed). This temporary character may be renewed if an appropriate report to support this is provided by the sponsor. Once the pending studies are provided, it can become a “normal” marketing authorization.
• Approval in exceptional circumstances: a marketing authorization may be granted in exceptional cases, reviewed each year to reassess the risk-benefit balance when the initial dossier for assessment of the drug cannot contain all required data, when for instance the condition to be treated is rarely encountered.

• Accelerated approval: the evaluation process is accelerated (150 days instead of 210 days) when a drug is of major interest from the standpoint of public health.

The following expedited approval programs are in place in the United States:

• The Accelerated Approval is a program that is intended to make promising products for life threatening diseases available on the market on the basis of preliminary evidence prior to formal demonstration of patient benefit. The FDA evaluation is performed on the basis of a surrogate marker (a measurement intended to substitute for the clinical measurement of interest) that is considered likely to predict patient benefit. A result of substitution or marker (“surrogate endpoint”) is a result of laboratory or physical sign that is not in itself a direct measure of the patient’s feelings, its functions or survival, but which allows to anticipate a therapeutic benefit. The approval that is granted may be considered as a provisional approval with a written commitment to complete clinical studies that formally demonstrate patient benefit. This procedure is equivalent to the “conditional approval” in Europe.

• The Priority Review is given to drugs that offer major advances in treatment, or provide a treatment where no adequate therapy exists. A Priority Review means that the time it takes FDA to review a new drug application is reduced to six months rather than 10 months. This procedure is equivalent to the “accelerated approval” in Europe.

• The Fast Track Program refers to a process for interacting with FDA to facilitate the development and expedite the review of new drugs that are intended to treat serious or life-threatening conditions and that demonstrate the potential to address unmet medical needs. The advantages of this process include scheduled meetings to seek FDA input into clinical development plans and to collect appropriate data that will be needed to support approval. Fast Track designation does not necessarily lead to a Priority Review or Accelerated Approval.

• The Breakthrough Therapy Designation is aimed at accelerating the development and examination of drugs which are intended to treat serious illnesses and where the preliminary clinical evidence indicates that the drug may exhibit a substantial improvement over the available therapies with regard to clinically significant criterion (criteria).

A drug which is given the designation “Breakthrough Therapy” can benefit from the following:

• All of the features of the designation “Fast Track”;
• Intensive support on a program for the development of effective drugs, from Phase I onwards; and
• Organizational commitment involving “FDA senior managers.”

If research or additional studies show that a product presents a risk when it is marketed, the FDA may require its immediate withdrawal. In addition, FDA may withdraw approval for placing on the market for other reasons, especially if the studies after approval are not made with due care.

**Orphan drugs**

Orphan drugs are drugs used for the prevention or treatment of deadly or serious rare conditions. A special authorization procedure is used for orphan drugs.

In the United States, the 1983 Orphan Drug Act is intended to encourage the development of treatments for orphan diseases. The FDA grants the status of orphan drug to any drug aimed at treating diseases affecting fewer than 200,000 people a year in the United States, or more in cases in which there is no reasonable expectation that
the cost of developing and making a product available in the United States for treatment of the disease or condition will be recovered from sales of the product. The Orphan Drug Act also provides the possibility of obtaining grants from the American government to cover clinical trials, tax credits to cover research costs, a possible exemption from application fees when filing for registration with the FDA, and a seven-year exclusivity if a marketing authorization is granted. If a product with orphan designation receives the first FDA approval for the disease or condition for which it has such designation or for a select indication or use within the rare disease or condition for which it was designated, the product generally will receive orphan drug exclusivity. Orphan drug exclusivity means that the FDA may not approve another sponsor’s marketing application for the same drug for the same indication for seven years, except in certain limited circumstances. Orphan exclusivity does not block the approval of a different product for the same rare disease or condition, nor does it block the approval of the same product for different indications. If a biologic designated as an orphan drug ultimately receives marketing approval for an indication broader than what was designated in its orphan drug application, it may not be entitled to exclusivity. Orphan exclusivity will not bar approval of another product under certain circumstances, including if a subsequent product with the same biologic for the same indication is shown to be clinically superior to the approved product on the basis of greater efficacy or safety, or providing a major contribution to patient care, or if the company with orphan drug exclusivity is not able to meet market demand.

In Europe, equivalent legislation has been adopted to promote treatments for rare diseases. Under Article 8 of the Regulation (EC) No 141/2000, products receiving orphan designation in the European Union can receive ten years of market exclusivity, during which time no similar medicinal product may be placed on the market for the same therapeutic indication. Under Article 37 of the Regulation (EC) No 1901/2006, an orphan product can also obtain an additional two years of market exclusivity in the European Union for pediatric studies (in this case for orphan drugs no extension to any supplementary protection certificate can be granted, see further detail below).

Under the terms of Article 3 of Regulation 141/2000/EC of 16 December 1999, as amended by Regulation 847/2000/EC of 27 April 2000, a medicinal product may be designated as orphan if: (1) (a) it is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than five in 10,000 persons in the European Union when the application is made, or (b) that is intended for the diagnosis, prevention or treatment of a life-threatening, seriously debilitating or serious and chronic condition in the European Union and that without incentives it is unlikely that the marketing of the medicinal product in the European Union would generate sufficient return to justify the necessary investment; and (2) for either of these conditions, the applicant must demonstrate that there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorized in the EU or, if such method exists, the medicinal product will be of significant benefit to those affected by that condition. Orphan medicinal products are eligible for financial incentives such as reduction of fees or fee waivers and scientific assistance for study proposals (Articles 6 and 9 of the above-mentioned regulation). The application for orphan drug designation must be submitted before the application for marketing authorization (Article 5). The applicant will receive a fee reduction for the marketing authorization application if the orphan drug designation has been granted, but not if the designation is still pending at the time the marketing authorization is submitted. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

If the product obtains orphan drug status, it is granted an exclusive 10-year marketing period during which no similar product may apply for a marketing authorization in the European Union for the same indication, as well as an exemption from regulatory fees and other advantages. The 10-year market exclusivity may be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for orphan designation, for example, if the product is sufficiently profitable not to justify maintenance of market exclusivity (Article 8).
However, marketing authorization may be granted to a similar medicinal product for the same indication at any time if:

- the holder of the MA for the original orphan medicinal product has given its consent to the second applicant;
- the holder of the MA for the original orphan medicinal product cannot supply sufficient quantities of the orphan medicinal product; or
- the second applicant can establish in the application that its product, although similar to the orphan medicinal product already authorized, is safer, more effective or otherwise clinically superior.

Marketing authorization may also be granted to a similar medicinal product with the same orphan indication if the product is safer, more effective or otherwise clinically superior to the original orphan medicinal product. The period of market exclusivity may, in addition, be reduced to six years if it can be demonstrated on the basis of available evidence that the original orphan medicinal product is sufficiently profitable not to justify maintenance of market exclusivity.

Registration procedures outside of Europe and the United States

In addition to regulation in the United States and Europe, a variety of foreign regulations govern clinical trials, commercial sales and distribution of drugs. Pharmaceutical firms who wish to market their medicinal drugs outside the European Union and the United States must submit marketing authorization application to the national authorities of the concerned countries, such as the Pharmaceutical and Medical Device Agency, or PMDA in Japan. The approval process varies from jurisdiction to jurisdiction and the time to approval may be longer or shorter than that required by the FDA or European Commission.

Post-approval regulations

Post-approval regulation in the United States

Biologics manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing, annual user fee requirements for any marketed products and the establishments at which such products are manufactured, as well as new application fees for supplemental applications with clinical data.

In addition, manufacturers and other entities involved in the manufacture and distribution of approved products are required to register their establishments with the FDA and state agencies, and are subject to periodic unannounced inspections by the FDA and these state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon the sponsor and any third-party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical

163
trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, suspension of the approval, or complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending applications or supplements to approved BLAs, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Products may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Prescription products may be promoted only for the approved indications and in accordance with the provisions of the approved label. However, companies may also share truthful and not misleading information that is otherwise consistent with the labeling. A company that is found to have improperly promoted off-label uses may be subject to significant liability.

In addition, the distribution of prescription pharmaceutical products is subject to the Prescription Drug Marketing Act, or PDMA, and its implementing regulations, as well as the Drug Supply Chain Security Act, or DSCA, which regulate the distribution and tracing of prescription drug samples at the federal level, and set minimum standards for the regulation of distributors by the states. The PDMA, its implementing regulations and state laws limit the distribution of prescription pharmaceutical product samples, and the DSCA imposes requirements to ensure accountability in distribution and to identify and remove counterfeit and other illegitimate products from the market.

Patent term restoration and extension in the United States

A patent claiming a new biologic product may be eligible for a limited patent term extension under the Hatch-Waxman Act, which permits a patent restoration of up to five years for patent term lost during product development and the FDA regulatory review. The restoration period granted on a patent covering a product is typically one-half the time between the effective date a clinical investigation involving human beings is begun and the submission date of an application, plus the time between the submission date of an application and the ultimate approval date. Patent term extension cannot be used to extend the remaining term of a patent past a total of 14 years from the product’s approval date. Only one patent applicable to an approved product is eligible for the extension, the application for the extension must be submitted prior to the expiration of the patent in question, and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. A patent that covers multiple products for which approval is sought can only be extended in connection with one of the approvals. The USPTO reviews and approves the application for any patent term extension or restoration in consultation with the FDA. For more information regarding the risks related to patent term restoration and extension, please see “Risk Factors—Risks Related to Intellectual Property Rights—If we do not obtain protection under the Hatch-Waxman Amendments and similar non-U.S. legislation for extending the term of patents covering Lumoxiti and each of our product candidates, our business may be materially harmed.”

Healthcare law and regulation in the United States

Healthcare providers and third-party payors play a primary role in the recommendation and prescription of biologic products that are granted marketing approval. Arrangements with providers, consultants, third-party payors and customers are subject to broadly applicable fraud and abuse, anti-kickback, false claims laws,
transparency laws and patient data privacy laws and regulations and other healthcare laws and regulations that
could constrain business and/or financial arrangements. Restrictions under applicable federal and state healthcare
laws and regulations, include the following:

- the U.S. Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly
  and willfully soliciting, offering, paying, receiving or providing remuneration, directly or indirectly, in
  cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or
  recommendation of, any good or service, for which payment may be made, in whole or in part, under a
  federal healthcare program such as Medicare and Medicaid;

- the U.S. civil and criminal false claims laws, including the civil False Claims Act, and civil monetary
  penalties laws, which prohibit individuals or entities from, among other things, knowingly presenting, or
  causing to be presented, to the federal government, claims for payment that are false, fictitious or
  fraudulent or knowingly making, using or causing to made or used a false record or statement to avoid,
  decrease or conceal an obligation to pay money to the federal government.

- the U.S. Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created additional
  federal criminal laws that prohibit, among other things, knowingly and willfully executing, or attempting
  to execute, a scheme to defraud any healthcare benefit program or making false statements relating to
  healthcare matters;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, and
  their respective implementing regulations, including the Final Omnibus Rule published in January 2013,
  which impose obligations on covered entities and their business associates, including mandatory
  contractual terms, with respect to safeguarding the privacy, security and transmission of individually
  identifiable health information;

- the federal transparency requirements known as the federal Physician Payments Sunshine Act, under the
  Patient Protection and Affordable Care Act, as amended by the Health Care Education Reconciliation Act,
  or the ACA, which requires certain manufacturers of drugs, devices, biologics and medical supplies to
  report annually to the Centers for Medicare & Medicaid Services, or CMS, within the United States
  Department of Health and Human Services, information related to payments and other transfers of value
  made by that entity to physicians and teaching hospitals, as well as ownership and investment interests
  held by physicians and their immediate family members; and

- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which
  may apply to healthcare items or services that are reimbursed by non-governmental third-party payors,
  including private insurers.

Some state laws require pharmaceutical companies to comply with the pharmaceutical industry’s voluntary
compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition
to requiring manufacturers to report information related to payments to physicians and other health care
providers or marketing expenditures. Certain state laws require the reporting of information relating to drug and
biologic pricing; and some state and local laws require the registration of pharmaceutical sales representatives.
State and foreign laws also govern the privacy and security of health information in some circumstances, many of
which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating
compliance efforts.

Failure to comply with these laws or any other governmental regulations as applicable, could result in the
imposition of significant civil, criminal and administrative penalties, damages, fines, disgorgement,
imprisonment, possible exclusion from government funded healthcare programs, such as Medicare and Medicaid,
additional integrity reporting requirements and oversight, as well as contractual damages, reputational harm,
diminished profits and future earnings, and curtailment of operations.
Healthcare reform in the United States

A primary trend in the United States healthcare industry and elsewhere is cost containment. There have been a number of federal and state proposals during the last few years regarding the pricing of pharmaceutical and biopharmaceutical products, limiting coverage and reimbursement for biologics and other medical products, government control and other changes to the healthcare system in the United States.

By way of example, the United States and state governments continue to propose and pass legislation designed to reduce the cost of healthcare. In March 2010, the United States Congress enacted the ACA, which, among other things, includes changes to the coverage and payment for products under government health care programs. Among the provisions of the ACA of importance to potential product candidates are:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription biologic agents, apportioned among these entities according to their market share in certain government healthcare programs, although this fee would not apply to sales of certain products approved exclusively for orphan indications;
- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to certain individuals with income at or below 133% of the federal poverty level, thereby potentially increasing a manufacturer’s Medicaid rebate liability;
- expanded manufacturers’ rebate liability under the Medicaid Drug Rebate Program by increasing the minimum rebate for both branded and generic products and revising the definition of “average manufacturer price,” or AMP, for calculating and reporting Medicaid rebates on outpatient prescription product prices and extending rebate liability to prescriptions for individuals enrolled in Medicare Advantage plans;
- addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for products that are inhaled, infused, instilled, implanted or injected;
- expanded the types of entities eligible for the 340B drug discount program;
- established the Medicare Part D coverage gap discount program by requiring manufacturers to now provide a 70% point-of-sale-discount off the negotiated price of applicable brand products to eligible beneficiaries during their coverage gap period as a condition for the manufacturers’ outpatient products to be covered under Medicare Part D;
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; and
- established the Center for Medicare and Medicaid Innovation within CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription product spending.

There have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the Trump administration to repeal and replace certain aspects of the ACA, and we expect such challenges to continue. Since January 2017, President Trump has signed two executive orders designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have been signed into law. The Tax Cuts and Jobs Act of 2017 includes a provision that repealed, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the “individual mandate.” Additionally, on January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain fees mandated by the ACA, including the so-called “Cadillac” tax on certain high cost

166
employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on
market share, and the medical device excise tax on non-exempt medical devices. Further, the Bipartisan Budget
Act of 2018, or the BBA, among other things, amended the ACA, effective January 1, 2019, to close the
coverage gap in most Medicare drug plans, commonly referred to as the “donut hole.” In July and December
2018, CMS published final rules with respect to permitting further collections and payments to and from certain
ACA qualified health plans and health insurance issuers under its risk adjustment program in response to the
outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On
December 14, 2018, a Texas U.S. District Court Judge ruled that the ACA is unconstitutional in its entirety
because the “individual mandate” was repealed by the U.S. Congress as part of the Tax Cuts and Jobs Act of
2017 Act. While the Texas U.S. District Court Judge, as well as the Trump administration and CMS, have stated
that the ruling will have no immediate effect pending appeal of the decision, it is unclear how this decision,
subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted.
For example, in August 2011, the Budget Control Act of 2011, among other things, created measures for
spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a
targeted deficit reduction of at least $1.2 trillion for the years 2012 through 2021, was unable to reach required
goals, thereby triggering the legislation’s automatic reduction to several government programs. This includes
aggregate reductions of Medicare payments to providers of up to 2% per fiscal year, which went into effect in
April 2013 and will remain in effect through 2027 unless additional Congressional action is taken. In January
2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things,
further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer
treatment centers, and increased the statute of limitations period for the government to recover overpayments to
providers from three to five years.

Further, there has been increasing legislative and enforcement interest in the United States with respect to
drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed
and enacted federal and state legislation designed to, among other things, bring more transparency to drug
pricing, review the relationship between pricing and manufacturer patient programs, reduce the cost of drugs
under Medicare, and reform government program reimbursement methodologies for drugs. At the federal level,
the Trump administration’s budget proposals for fiscal years 2019 and 2020 contain further drug price control
measures that could be enacted during the budget process or in other future legislation, including, for example,
measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow
some states to negotiate drug prices under Medicaid and to eliminate cost sharing for generic drugs for
low-income patients. The Trump administration also released a “Blueprint” to lower drug prices and reduce out
of pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the
negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their
products and reduce the out of pocket costs of drug products paid by consumers. For example, in May 2019,
CMS issued a final rule to allow Medicare Advantage Plans the option of using step therapy for Part B drugs
beginning January 1, 2020. This final rule codified CMS’s policy change that was effective January 1, 2019. The
U.S. Congress and the Trump administration have each indicated that it will continue to seek new legislative and/
or administrative measures to control drug costs. At the state level, legislatures are increasingly passing
legislation and implementing regulations designed to control pharmaceutical and biological product pricing,
including price or patient reimbursement constraints, discounts, restrictions on certain product access and
marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation
from other countries and bulk purchasing.

**Pharmacovigilance system in Europe**

The holder of a European MA must establish and maintain a pharmacovigilance system and appoint an
individual qualified person for pharmacovigilance, or QPPV, who is responsible for oversight of that system.
Key obligations include expedited reporting of suspected serious adverse reactions and submission of periodic
safety update reports, or PSURs.
All new European MA applications must include a risk management plan, or RMP, describing the risk management system that the company will put in place and documenting measures to prevent or minimize the risks associated with the product. The regulatory authorities may also impose specific obligations as a condition of the MA. Such risk-minimization measures or post-authorization obligations may include additional safety monitoring, more frequent submission of PSURs, or the conduct of additional clinical trials or post-authorization safety studies. RMPs and PSURs are routinely available to third parties requesting access, subject to limited redactions.

Advertising regulation in Europe

All advertising and promotional activities for the product must be consistent with the approved summary of product characteristics, and therefore all off-label promotion is prohibited. Direct-to-consumer advertising of prescription medicines is also prohibited in the European Union. Although general requirements for advertising and promotion of medicinal products are established under European Union directives, the details are governed by regulations in each European Union Member State and can differ from one country to another.

If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Pharmaceutical coverage, pricing and reimbursement

European Union

In the European Union, pricing and reimbursement schemes vary widely from country to country. Some countries may require the completion of additional studies that compare the cost-effectiveness of a particular product candidate to currently available therapies or so called health technology assessments, in order to obtain reimbursement or pricing approval. For example, the European Union provides options for its member states to restrict the range of products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. European Union member states may approve a specific price for a product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the product on the market. Other member states allow companies to fix their own prices for products, but monitor and control prescription volumes and issue guidance to physicians to limit prescriptions. Recently, many countries in the European Union have increased the amount of discounts required on pharmaceuticals and these efforts could continue as countries attempt to manage healthcare expenditures, especially in light of the severe fiscal and debt crises experienced by many countries in the European Union. The downward pressure on health care costs in general, particularly prescription products, has become intense. As a result, increasingly high barriers are being erected to the entry of new products. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various European Union member states, and parallel trade, i.e., arbitrage between low-priced and high-priced member states, can further reduce prices. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any products, if approved in those countries.

United States

In the United States, patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Significant uncertainty exists as to the coverage and reimbursement status of products approved by the FDA and other government authorities. Thus, even if a product candidate is approved, sales of the product will
depend, in part, on the extent to which third-party payors, including government health programs in the United States such as Medicare and Medicaid, commercial health insurers and managed care organizations, provide coverage, and establish adequate reimbursement levels for the product. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors are increasingly challenging the prices charged, examining the medical necessity, and reviewing the cost-effectiveness of medical products and services and imposing controls to manage costs. Third-party payors may limit coverage to specific products on an approved list, also known as a formulary, which might not include all of the approved products for a particular indication.

In order to secure coverage and reimbursement for any product that might be approved for sale, a company may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the product, in addition to the costs required to obtain FDA or other comparable marketing approvals. Nonetheless, product candidates may not be considered medically necessary or cost effective. A decision by a third-party payor not to cover a product candidate could reduce physician utilization once the product is approved and have a material adverse effect on sales, results of operations and financial condition. Additionally, a payor’s decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Further, one payor’s determination to provide coverage for a product does not assure that other payors will also provide coverage and reimbursement for the product, and the level of coverage and reimbursement can differ significantly from payor to payor.

The containment of healthcare costs also has become a priority of federal, state and foreign governments and the prices of products have been a focus in this effort. Governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit a company’s revenue generated from the sale of any approved products. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which a company or its collaborators receive marketing approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

**Anti-corruption, anti-kickback and transparency regulations**

Arrangements with healthcare providers, physicians, third-party payors and customers can expose pharmaceutical manufacturers to broadly applicable anti-bribery, fraud and abuse and other healthcare laws and regulations, which may constrain the business or financial arrangements and relationships through which such companies sell, market and distribute pharmaceutical products.

More specifically, each of the above-mentioned steps of the development of therapeutic products for human use is heavily regulated and therefore involves significant interaction with public officials which is likely to cause a risk of corruption or bribery. For instance, in many countries, hospitals are operated by the government, and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical trials and other work have been deemed to be improper payments to government officials and have led to enforcement actions. That is why business activity may be subject to anti-bribery or anti-corruption laws, regulations or rules of other countries in which we operate, including without limitation the Foreign Corrupt Practices Act, the U.K. Bribery Act or the French Sapin 2 Law.

All these statutes generally prohibit offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a government or a foreign government official or employees of public international organizations in order to influence official action, or otherwise obtain or retain business.
The implementation of these statutes may also impose the development of internal compliance programs, procedures and guidelines to detect and report any suspicious activities and to mitigate any risks of noncompliance which may occur.

In addition, we may be subject to specific healthcare regulations, including, without limitation:

- the French “transparency” provisions, or “French Sunshine Act” (Articles L. 1453-1 and D. 1453-1 and seq. of the French Public Health Code or PHC), which contains provisions regarding transparency of fees received by some healthcare professionals from industries, i.e. companies manufacturing or marketing healthcare products (medicinal products, medical devices, etc.) in France. According to the provisions, these companies shall publicly disclose (on a specific public website available at www.entreprises-transparence.sante.gouv.fr) the advantages and fees paid to healthcare professionals amounting to €10 or above, as well as the agreements concluded with the latter, along with detailed information about each agreement (the precise subject matter of the agreement, the date of signature of the agreement, its end date, the total amount paid to the healthcare professional, etc.); and

- the French “anti-gift” provisions (Articles L.1453-3 to L.1453-12 PHC), setting out a general prohibition of payments and rewards from industries, i.e. companies manufacturing or marketing health products, to healthcare professionals, with limited exceptions and strictly defines the conditions under which such payments or awards are lawful.

**Data protection rules**

The Regulation 2016/679, known as the General Data Protection Regulation, or GDPR, as well as EU Member State implementing legislations, apply to the collection and processing of personal data, including health-related information, by companies located in the EU, or in certain circumstances, by companies located outside of the EU and processing personal information of individuals located in the EU.

These laws impose strict obligations on the ability to process personal data, including health-related information, in particular in relation to their collection, use, disclosure and transfer.

Also, in certain countries, in particular France, the conduct of clinical trials is subject to compliance with specific provisions of the Act No. 78-17 of 6 January 1978 on Information Technology, Data Files and Civil Liberties, as amended, and in particular Chapter IX relating to the processing of personal data in the health sector. These provisions require, among others, the filing of compliance undertakings with “standard methodologies” adopted by the French Data Protection Authority (the CNIL), or, if not complying, obtaining a specific authorization from the CNIL.

The most common standard methodologies are the following:

- Decision No. 2018-154 of May 3, 2018 concerning the approval of a standard methodology for processing personal data in the context of research in the field of health, which does not require the express consent of the person involved (methodology MR-003); and

- Decision No. 2018-153 of May 3, 2018 concerning the approval of a standard methodology for the processing of personal data carried out within the context of research in the field of clinical trials, which requires the express consent of the person involved (standard methodology MR-001).

In certain specific cases, entities processing health personal data may have to comply with article L1111-8 of the French Public Health Code which imposes certain certifications for the hosting service providers.

**Raw Materials and Supplies**

We are dependent on specialized third parties, who are subject to cGMP requirements and regulations, for the supply and control of various biological materials. We do not have any internal manufacturing and control.
capabilities. We source the materials for our product candidates and preclinical programs on a purchase order basis but will also have long-term supply contracts in place for one commercial-stage product and for one clinical-stage product candidate, in preparation for the supply we will need for a clinical pivotal trial. However, we believe that competitive pricing is achieved because there are a number of potential long-term replacements for each of our suppliers. Generally, the prices of the principal biological raw materials that we purchase are stable. To the extent that we are exposed to price fluctuations, we generally do not expect, in the near term, to be able to pass on cost increases because of the early development stage of our product candidates and because our commercial product is marketed for a rare disease.

Employees

As of June 30, 2019, we had 208 full-time employees. None of our employees are represented by collective bargaining agreements. We believe that we maintain good relations with our employees. As of June 30, 2019, of our 208 full-time employees, 206 were based in France and two were based in the United States. The following chart shows the number of employees as of June 30, 2019 broken out by department:

<table>
<thead>
<tr>
<th>Full-time equivalent employees</th>
<th>As of June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and development</td>
<td>161</td>
</tr>
<tr>
<td>General and administrative</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>208</strong></td>
</tr>
</tbody>
</table>

Facilities

Our corporate offices and laboratories are located in Luminy, near Marseille, France. In 2008, we signed a lease-financing agreement with SOGEBAIL, a subsidiary of Société Générale, for €6.6 million to finance the acquisition of our offices. The lease-financing agreement has a 12-year term. We have a purchase option for all of the buildings and land for the lump sum of €1 at the end of the term of the contract. We believe that our existing facilities are adequate to meet our current needs and that suitable additional alternative facilities will be available in the future on commercially reasonable terms to meet our future needs.

Legal Proceedings

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. We are not currently a party to any legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.
Directors and Officers

The following table sets forth information concerning the members of our Executive Board and Supervisory Board and our other executive officers as of September 1, 2019.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Board Members</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mondher Mahjoubi, M.D.</td>
<td>60</td>
<td>Chairman of the Executive Board, Chief Executive Officer, Member of the Executive Committee</td>
</tr>
<tr>
<td>Yannis Morel, Ph.D.</td>
<td>45</td>
<td>Member of the Executive Board, EVP, Product Portfolio Strategy &amp; Business Development, Member of the Executive Committee</td>
</tr>
<tr>
<td>Laure-Hélène Mercier</td>
<td>41</td>
<td>Member of the Executive Board, EVP, Chief Financial Officer, Member of the Executive Committee</td>
</tr>
<tr>
<td><strong>Supervisory Board Members</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hervé Brailly, Ph.D.</td>
<td>57</td>
<td>Chairman of the Supervisory Board</td>
</tr>
<tr>
<td>Irina Staatz-Granzer, Ph.D.</td>
<td>59</td>
<td>Member and Vice Chairman of the Supervisory Board</td>
</tr>
<tr>
<td>Jean-Yves Blay, Ph.D.</td>
<td>56</td>
<td>Member of the Supervisory Board</td>
</tr>
<tr>
<td>Gilles Brisson</td>
<td>67</td>
<td>Member of the Supervisory Board</td>
</tr>
<tr>
<td>Véronique Chabernaud, M.D.</td>
<td>57</td>
<td>Member of the Supervisory Board</td>
</tr>
<tr>
<td>Maïlys Ferrere(1)</td>
<td>57</td>
<td>Member of the Supervisory Board</td>
</tr>
<tr>
<td>Patrick Langlois, Ph.D.</td>
<td>73</td>
<td>Member of the Supervisory Board</td>
</tr>
<tr>
<td>Marcus Schindler, Ph.D.(2)</td>
<td>52</td>
<td>Member of the Supervisory Board</td>
</tr>
<tr>
<td><strong>Other Executive Officers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pierre Dodion, M.D.</td>
<td>65</td>
<td>Member of the Executive Committee, EVP, Chief Medical Officer</td>
</tr>
<tr>
<td>Odile Belzunce</td>
<td>38</td>
<td>Member of the Executive Committee, VP Compliance, IT and Portfolio Management</td>
</tr>
<tr>
<td>Jennifer Butler</td>
<td>43</td>
<td>Member of the Executive Committee, EVP, U.S. General Manager of Innate Pharma US Inc.</td>
</tr>
<tr>
<td>Frédérique Brune</td>
<td>53</td>
<td>Member of the Executive Committee, VP Development, CMC and Supply Chain</td>
</tr>
<tr>
<td>Eric Vivier, D.V.M., Ph.D.</td>
<td>55</td>
<td>Permanent Guest to the Executive Committee, SVP, Chief Scientific Officer</td>
</tr>
<tr>
<td>Tracy Rossin</td>
<td>43</td>
<td>Member of the Executive Committee, VP, Global Head of Communications</td>
</tr>
</tbody>
</table>

(1) As representative of Bpifrance Participations, the legal entity that holds this Supervisory Board seat.
(2) As representative of Novo Nordisk A/S, the legal entity that holds this Supervisory Board seat.

Executive Board

Mondher Mahjoubi, M.D., Chief Executive Officer and Chairman of our Executive Board, was appointed as our Chief Executive Officer and Chairman of our Executive Board on December 30, 2016. Prior to joining us, Dr. Mahjoubi led the Oncology area at AstraZeneca beginning in November 2013 where he focused on the cancer pipeline and global strategy before becoming AstraZeneca’s Oncology Global Manager in August 2016. In that role, he had direct responsibility for oncology global medical affairs and United States medical affairs. Prior to AstraZeneca, he was the Senior Vice President of Global Product Strategy in Oncology at Genentech and he previously held positions in marketing and medical affairs for Sanofi-Aventis. Dr. Mahjoubi holds a M.D. from the University of Tunis (Tunisia) and certifications in Medical Oncology from the University of Tunis and
University of Paris Sud (France) and in Clinical Research and Methodology from the University of Lariboisiere-Saint Louis (France). He is trained as a medical oncologist and is a member of the American Society of Clinical Oncology and European Society of Medical Oncology.

Yannis Morel, Ph.D., member of the Executive Board and EVP, Product Portfolio Strategy and Business Development, joined us in 2001 and has held his current position since 2007 and was appointed as a member of our Executive Board on May 25, 2015. He was employed in various positions in our Research and Development Department, including immunology researcher and program manager, from 2001 to 2007. He received a Ph.D. in Oncology from Aix-Marseille University (France) and a B.S. in Molecular Physical Chemistry from Ecole Normale Supérieure de Cachan (France).

Laure-Hélène Mercier, member of the Executive Board and Chief Financial Officer, joined us in 2007, was appointed Chief Financial Officer on December 30, 2016 and was appointed as a member of our Executive Board on January 31, 2019. Prior to her current position, Ms. Mercier served as Executive Vice President Finance and was previously our Director of Investor Relations. Prior to joining us, Ms. Mercier held positions as an equity analyst at Oddo Securities and Natexis Bleichroeder. She has a MSc. (DEA) in Neurosciences from Université Aix-Marseille (France) and a M.B.A. from ESSEC Business School (France).

Supervisory Board

Hervé Brailly, Ph.D., Chairman of the Supervisory Board, is our co-founder and chaired our Executive Committee from the time of our founding in 1999 until we were converted into a société anonyme with an executive board and supervisory board on June 13, 2005. Dr. Brailly served as our Chief Executive Officer until December 30, 2016. Prior to joining us, he spent his entire career at Immunotech SA, a biotechnology company acquired in 1995 by Beckman-Coulter, where he held various leadership positions. Dr. Brailly also serves as a member of the bureau and as the treasurer of EuroBioMed association and is a co-founder and Partner of Asajes Ventures (Tokyo). Dr. Brailly has served on the boards of directors of Deinove SA (ALDEI) since May 2017. Dr. Brailly received a Ph.D. in Immunology, with a specialization in immuno-pharmacology, from the Ecole des Mines de Paris (France).

Irina Staatz-Granzer, Ph.D., Vice Chairman and member of the Supervisory Board, has served on our Supervisory Board since 2009. Dr. Staatz-Granzer has held business development positions at Hermal, Boots Healthcare International, Knoll, Scil Biomedicals and was CEO of Scil Technology Gmbh and U3 Pharma AG. She founded and is currently CEO of Staatz Business Development & Strategy. Dr. Staatz-Granzer also serves as Chairman of Talix Therapeutics NV and Blink Biomedicals SAS and as President of PLC (German Pharma Licensing Club). Dr. Staatz-Granzer received a degree in pharmacy from Philipps-Universität Marburg (Germany) and a Ph.D. from the University of Tübingen (Germany).

Jean-Yves Blay, Ph.D., member of the Supervisory Board, has served on our Supervisory Board since 2017. Prof. Blay has held the post of General Director of the Centre Léon Bérard in Lyon, France, since 2014 and in 2016 became Secretary of the Oncology Commission of the French Academy of Medicine. Previously, he held the position of the European Organization for Research and Treatment of Cancer. Prof. Blay is a trained medical oncologist and received a Ph.D. from the University Claude Bernard in Lyon (France).

Gilles Brisson, member of the Supervisory Board, has served on our Supervisory Board since 2007 and was the Chairman until December 30, 2016. Mr. Brisson has worked in management positions at Rhône-Poulenc and then at Aventis Pharma, where he served as Chairman of the Executive Board, Chairman of the Supervisory Board and Europe Manager. Until July 2018, Mr. Brisson also served as Chairman of the Supervisory Board of Ethypharm SA and Financiere Verdi III. He currently serves as a member of the Supervisory Board of Ethypharm SA and Financiere Verdi III, and is a member of the Board of Directors of LFB SA.

Véronique Chabernaud, M.D., member of the Supervisory Board, has served on our Supervisory Board since 2015. Dr. Chabernaud is an oncologist and has worked for 20 years in the pharmaceutical industry. In
particular, she was the Director of the French Oncological Operational Unit at Sanofi Aventis, a Vice President of Marketing and Sales at Aventis Intercontinental and Europe, and Director of Oncology Global Medical Affairs at Rhône Poulenc Rorer. She has also consulted with companies in France and abroad. Such companies include Genomic Health, BioSystems International, MaunaKea Technologies and Ariana Pharma. In 2007, Dr. Chabernaud founded Créer la Vitalité, which helps companies and organizations in the development of a global health approach. Dr. Chabernaud also founded the association “Enfance et Vitalité” which offers health workshops to children. She is a graduate of ESSEC Business School (France) and has a M.D. in Medicine, Oncology and Cancer Biology from Faculté Xavier Bichat in Paris (France).

Maïlys Ferrere, member of the Supervisory Board, has served on our Supervisory Board since 2017 when she was appointed after being proposed by our shareholder Bpifrance. Ms. Ferrere has been Director of the Large Venture Investment team, Innovation Division of Bpifrance since 2012. Previously, Ms. Ferrere was an Investment Director at the Strategic Investment Fund between 2009 and 2012 and served as a member of the Board of Pixium Vision and Gensight Biologics. Ms. Ferrere also serves as member of the supervisory board of Valneva SE and member of the Board of DBV Technologies SA, Sequans Communications SA and Euronext Paris. She received a Bachelor degree in Business Law from Pantheon-Sorbonne University, Paris (France) and graduated from IEP (School of Higher Education for Political Studies), France and the French Society for Financial Analysts.

Patrick Langlois, Ph.D., member of the Supervisory Board, has served on our Supervisory Board since 2010. Dr. Langlois has been Associate Managing Director of PJL Conseils since 2005. Dr. Langlois worked for the Rhône-Poulenc group starting in 1975 and was appointed the Financial Director in 1997, where he served until 1999. From 2000 through 2004, he worked at Aventis. Dr. Langlois also serves as the chairman of the board of directors of French company Sensonor SA and also serves as a director of Newron (Italy). He received a Ph.D. in Economics from the University of Rennes (France).

Marcus Schindler, Ph.D., member of the Supervisory Board, has served on our Supervisory Board since 2018 when he was appointed after being proposed by our shareholder Novo Nordisk A/S. Dr. Schindler has been Senior Vice President and Head of Global Drug Discovery at Novo Nordisk A/S since April 2018. Dr. Schindler has close to 20 years of experience in leadership roles in the pharmaceutical industry, working both in international large pharma and biotechnology companies, including Astra Zeneca (Sweden), Boehringer Ingelheim (Germany) and (OSI) Prosidion (UK). He received a Ph.D. in Pharmacology from the University of Cambridge.

Other Executive Officers

Pierre Dodion, M.D., Member of the Executive Committee, Executive Vice President and Chief Medical Officer, joined us in that role in 2014. Prior to joining us, Dr. Dodion served as Senior Vice President, Chief Medical Officer and later as Senior Vice President of Corporate Development and Operations at Nasdaq-listed ARIAD Pharmaceuticals from 2007 until 2013. He previously held positions at Pfizer, Novartis and Aventis. Dr. Dodion received a M.D. from Free University of Brussels (Belgium) and a M.B.A. from Saint Joseph University in Philadelphia.

Odile Belzunce, Member of the Executive Committee, Senior Vice President, Compliance, IT and Portfolio Management, was appointed as a member of our Executive Committee on January 31, 2019. During the ten years prior to Ms. Belzunce joining our Executive Committee, Ms. Belzunce served as our Quality Manager and Head of Compliance. Ms. Belzunce received a DESS “Analyse & Qualité” from Aix-Marseille University (France).

Jennifer Butler, Member of the Executive Committee, Executive Vice President and U.S. General Manager, joined us in that role in 2019. Prior to joining us, Ms. Butler served as Chief Business Officer, Chief Commercial Officer and Head of U.S. Operations at Tessa Therapeutics from July 2017 until March 2019. Prior to Tessa Therapeutics, Ms. Butler served for more than ten years in various commercial roles with increasing
responsibility at AstraZeneca and MedImmune. Ms. Butler received a B.A. Biological Basis of Behavior with a concentration in the Physiology of Neural Systems from University of Pennsylvania.

Frédérique Brune, Member of the Executive Committee, Vice President Development, CMC and Supply Chain, was appointed as a member of our Executive Committee on July 1, 2019 after previously serving as our Senior Director of Development, CMC and Pharmaceutical Operations since March 2017. Prior to joining us, Ms. Brune served as Quality Director of Bioproduction at LFB-Biotechnologies from March 2016 to March 2017. From September 2007 to March 2016, she worked as Director of Development programs as well as Interim Head Pharmacist at LFB-Biotechnologies. Prior to LFB-Biotechnologies, Ms. Brune served in various roles and responsibilities from 2001 to 2007 at Pierre Fabre Research Institute, including as Analytical Development and Quality Control Director, Pharmacist delegate and Program Director. Ms. Brune graduated from the faculty of Pharmacy Paris XI and holds a Master of Science in Experimental and Clinical Pharmacology from University Paris VI.

Eric Vivier, D.V.M., Ph.D., Permanent guest to the Executive Committee, Senior Vice President, Chief Scientific Officer, joined us in that role in 2018. Prior to joining us, Dr. Vivier joined the Center of Immunology at Marseille-Luminy (CIML) in 1993, becoming its Director in 2008 until 2017. Dr. Vivier received a Doctor of Veterinary Medicine from Ecole Nationale Vétérinaire de Maisons-Alfort (France) and holds a Ph.D. in Immunology from the Paris University (Paris XI) (France).

Tracy Rossin, Member of the Executive Committee, Vice President, Global Head of Communications, joined us in September 2019. Prior to this, she served as Head of Corporate Affairs at MedImmune from November 2015 to September 2019 and as Director, External Communications from July 2012 to October 2015. From 2006 to 2012, Ms. Rossin served as Global Brand Communications Director at AstraZeneca. Ms. Rossin received a Bachelor of Arts degree in Communications and Political Science from Miami University.

Supervisory Board

The Supervisory Board is made up of a minimum of three members and a maximum of eighteen. The members of the Supervisory Board are appointed for a renewable term of two years at the general meeting of shareholders. The general meeting of shareholders may revoke the appointments of the members of the Supervisory Board at any time during the meeting by a simple majority vote. The appointees are selected by the shareholders and may be individuals or companies. Each member must own at least one of our ordinary shares for the entire term of the appointment.

The age limit for being a member of the Supervisory Board and the limitations on holding such an appointment concurrently with an appointment in another company are subject to the applicable legal and regulatory provisions.

Role of the Supervisory Board in Risk Oversight

Our Supervisory Board is primarily responsible for the oversight of our risk management activities and has delegated to the audit committee the responsibility to assist our Supervisory Board in this task. While our Supervisory Board oversees our risk management, our management, through the Executive Board is responsible for day-to-day risk management processes. Our Supervisory Board expects our management to consider risk and risk management in each business decision, to proactively develop and monitor risk management strategies and processes for day-to-day activities and to effectively implement risk management strategies adopted by the Supervisory Board. We believe this division of responsibilities is the most effective approach for addressing the risks we face.

Supervisory Board Committees

The Supervisory Board has established an audit committee, a compensation and nomination committee and a transactions committee, which operate pursuant to rules of procedure adopted by our Supervisory Board.
Subject to available exemptions, the composition and functioning of all of our committees will comply with all applicable requirements of the French Commercial Code, the Exchange Act, the Nasdaq listing rules and SEC rules and regulations.

In accordance with French law, committees of our Supervisory Board will only have an advisory role and can only make recommendations to our Supervisory Board. As a result, decisions will be made by our Supervisory Board taking into account non-binding recommendations of the relevant Supervisory Board committee.

**Audit Committee**

Our audit committee assists our Supervisory Board in its oversight of our corporate accounting and financial reporting and oversees the selection of our auditors, their remuneration and independence and keeps the Supervisory Board informed on control systems, key processes and procedures, security and risks. From the Supervisory Board of May 22, 2019, the members of the audit committee as of the date of this prospectus are Patrick Langlois, Irina Staatz-Granzer and Mailys Ferrere as representative of Bpifrance Participations. Dr. Langlois is the Chairman of the audit committee.

Our Supervisory Board has determined that Dr. Langlois and Dr. Staatz-Granzer are independent within the meaning of the applicable listing rules and the independence requirements contemplated by Rule 10A-3 under the Exchange Act. Our Supervisory Board has further determined that Dr. Langlois is an “audit committee financial expert” as defined by the Nasdaq listing rules and that each of the members qualifies as financially sophisticated under the Nasdaq listing rules.

The principal responsibility of our audit committee is to monitor the existence and efficacy of our financial audit and risk control procedures on an ongoing basis.

Our Supervisory Board has specifically assigned the following duties to the audit committee:

- legal control of the half-year and annual accounts;
- evaluating internal control practices, risk analysis;
- supervising the creation of the financial statements published by us;
- assessing accounting methods; and
- selecting statutory auditors, negotiating their fees, reviewing of their conclusions and reviewing their independence.

The audit committee reviews and approves the report from the Chairman of the Supervisory Board on internal control.

**Compensation and Nomination Committee**

Our compensation and nomination committee assists our Supervisory Board in reviewing and making recommendations to our Supervisory Board with respect to the appointment and the compensation of the members of our Executive Board, Supervisory Board and Executive Committee and other key employees. In accordance with operating rules adopted by the Supervisory Board, the nomination and compensation committee is composed of at least two members appointed by the Supervisory Board. Following the Supervisory Board on May 22, 2019, the members of the committee are Patrick Langlois, Hervé Brailly and Véronique Chabernaud. Currently, Dr. Langlois and Dr. Chabernaud are independent members of the compensation and nomination committee. Dr. Chabernaud is the Chairman of the committee.

Our Supervisory Board has specifically assigned the following duties to the compensation and nomination committee: reviewing our remuneration policy, in particular the description of our collective objectives
Transactions Committee

Our transactions committee assists our Supervisory Board in examining the business and corporate development opportunities available to us, which may include the acquisition of rights to products or the acquisition of other companies as well as out-licensing opportunities. The members of this committee are Irina Staatz-Granzer, Hervé Brailly, Gilles Brisson and Marcus Schindler. Currently, Dr. Staatz-Granzer is an independent member and Chairman of the transactions committee. Our Supervisory Board has specifically assigned the following duties to the transactions committee: to analyze the fundamentals of the products and/or companies targeted by us, the feasibility of targeted acquisitions and to participate in the selection of investment bankers and/or consultants.

Observer to the Supervisory Board

Dr. Olivier Martinez is an observer to the Supervisory Board. Dr. Martinez is a Senior Investments Director for Bpifrance Participations.

Other Committees

The Strategic Advisory Board

We also have a Strategic Advisory Board composed of six external consultants, consisting of three individuals from the medical community and three individuals from the scientific community. The Strategic Advisory Board is not a committee of the Supervisory Board within the meaning of Article R.225-29 of the French Commercial Code; its members are chosen by the Executive Board. This kind of advisory committee is common in French companies in the biotechnology sector.

The Strategic Advisory Board’s role is to assist us in our strategic choices in scientific and technical fields. Its main missions are to evaluate the relevance of our choices in terms of product development and to propose, if necessary, changes to strategic or technical approaches; to advise management and guide our scientific direction in identifying strategies and selecting product candidates, based, in particular, on the scientific results obtained by us, including new targets and new compounds and to promote and advise us in our alliance strategies, such as external growth supporting synergies, including acquisition of new competences, purchase of operating rights, product candidates and innovative technologies. The Strategic Advisory Board is comprised of Sebastian Amigorena, Aurélien Marabelle, Ruslan Medzhitov, Miriam Merad, Tanguy Seiwert and Mario Sznol. Dr. Merad is the Chairman of the Strategic Advisory Board.

Sebastian Amigorena, Ph.D., is the “Directeur de Recherche de Classe Exceptionnelle” at the Centre National de la Recherche Scientifique. He also leads the Immunology Department and the newly created Cancer Immunotherapy Center at Institut Curie in Paris (France). Dr. Amigorena has made significant contributions to immunology and cell biology at every stage of his career. His findings have helped advance the understanding of antigen presentation and T cell priming by dendritic cells, with applications in the fields of cancer immunotherapy and vaccination. Dr. Amigorena has received numerous national and international prizes and awards, including the prestigious senior European Research Council award in 2008 and in 2014.
Aurélien Marabelle, MD, Ph.D., is the Clinical Director of the Cancer Immunotherapy Program at Gustave Roussy Cancer Center in Villejuif, France. Dr. Marabelle’s clinical practice is dedicated to early phase clinical trials in cancer immunotherapy and his translational research is focused on mechanisms of action of immune checkpoint monoclonal antibodies. He works as a senior medical oncologist and an investigator in the Drug Development Department. He is coordinating a team focused on cancer immunotherapy translational research projects at INSERM.

Ruslan Medzhitov, Ph.D., is a Sterling Professor at Yale University School of Medicine in New Haven, Connecticut and an Investigator of the Howard Hughes Medical Institute. His research interests include biology of inflammation, biological bases of diseases and evolutionary design of biological systems. Dr. Medzhitov is a member of the National Academy of Sciences, National Academy of Medicine and European Molecular Biology Organization. He is a fellow of the American Academy of Microbiology and a foreign member of the Russian Academy of Sciences.

Miriam Merad, M.D., Ph.D., is the Mount Sinai Chair professor in Cancer Immunology and the Director of the Precision Immunology Institute at Mount Sinai School of Medicine in New York. Dr. Merad’s laboratory studies the contribution of macrophages and dendritic cells to Cancer and Inflammatory diseases in mice and humans. She has shown that tissue macrophages have unique functional attributes that contribute to tumor outcome and response to treatment. Dr. Merad pioneered mapping the regulatory network of dendritic cells resulting in the identification of a lineage of dendritic cells, the CD103+ DC, that is now considered to be a key target to improve antiviral and antitumor immunity. Dr. Merad receives generous funding from the National Institutes of Health, or NIH, for her research on innate immunity and their contribution to human disease and belongs to several NIH consortia.

Tanguy Seiwert, M.D., is Assistant Professor of Medicine, Section of Hematology and Oncology in the Department of Medicine at the University of Chicago. Dr. Seiwert’s research focuses on the biology of head and neck cancer and lung cancer. In the laboratory, he studies targeted therapies that disrupt specific pathways vital to cancer growth and metastasis. More specifically, he focuses on which novel drugs appear most promising, which individual tumors are more likely to respond to these treatments and how to successfully combine therapies. Dr. Seiwert uses this preclinical knowledge to develop new treatments for use in clinical trials, and to ultimately improve patient care.

Mario Sznol, M.D., is a Professor of Medicine, Leader, Melanoma/RCC Disease-Associated Research Team, and co-leader, Cancer Immunology Program at the Yale Cancer Center in New Haven, Connecticut. Recently, he was appointed the incoming President of the Society for Immunotherapy of Cancer. Dr. Sznol’s interests include cancer immunotherapy, drug development for cancer and treatment of patients with melanoma and renal cell carcinoma. After completing a fellowship in medical oncology at Mount Sinai College of Medicine in New York in 1987, he joined the National Cancer Institute, or NCI, as a Senior Investigator in the Investigational Drug Branch, or IDB, Cancer Therapy Evaluation Program, or CTEP. He was Head of the Biologics Evaluation Program, IDB, CTEP, from 1994 to 1999, and in 1999, was appointed Vice President of Clinical Development for Vion Pharmaceuticals in New Haven, Connecticut. He joined the Yale faculty in medical oncology in 2004.

Executive Committee

We also have an Executive Committee composed of members with significant experience in strategy, financial management, medical research, research and development project management, the negotiation of industrial and commercial agreements in the field of innovative companies, including biotechnology companies, compliance and regulations and in business development. The Executive Committee meets at least once a month and deals with all subject regarding the activities and the management of the company.
The current members of the Executive Committee are Mondher Majoubi, Yannis Morel, Laure-Héléne Mercier, Pierre Dodion, Odile Belzunce, Jennifer Butler, Frédérique Brune and Tracy Rossin. Eric Vivier, our Senior Vice President, Chief Scientific Officer, is a permanent guest to the meetings of the Executive Committee.

Corporate Governance Practices

As a French société anonyme, we are subject to various corporate governance requirements under French law. We are a “foreign private issuer” under the U.S. federal securities laws and the Nasdaq listing rules. The foreign private issuer exemption will permit us to follow home country corporate governance practices instead of certain Nasdaq listing requirements. A foreign private issuer that elects to follow a home country practice instead of Nasdaq listing requirements must submit to Nasdaq a written statement from an independent counsel in such issuer’s home country certifying that the issuer’s practices are not prohibited by the home country’s laws.

We apply the AFEP/MEDEF code, which recommends that a majority of the members of the Supervisory Board be independent (as such term is defined under the code). Neither the corporate laws of France nor our bylaws requires that (i) our compensation committee include only independent members of the Supervisory Board, (ii) each committee of the Supervisory Board have a formal written charter or (iii) our independent members of the Supervisory Board hold regularly scheduled meetings at which only independent members of the Supervisory Board are present. We intend to follow French corporate governance practices in lieu of Nasdaq listing requirements for each of the foregoing.

These exemptions do not modify the independence requirements for the audit committee, and we intend to comply with the requirements of the Sarbanes-Oxley Act and the Nasdaq listing rules, which require that our audit committee be composed of at least three independent members. Rule 10A-3 under the Exchange Act provides that the audit committee must have direct responsibility for the nomination, compensation and choice of our auditors, as well as control over the performance of their duties, management of complaints made, and selection of consultants. Under Rule 10A-3, if the laws of a foreign private issuer’s home country require that any such matter be approved by the board of directors or the shareholders of the Company, the audit committee’s responsibilities or powers with respect to such matter may instead be advisory. Under French law, the audit committee may only have an advisory role and appointment of our statutory auditors, in particular, must be decided by our shareholders at our annual meeting.

In addition, Nasdaq rules require that a listed company specify that the quorum for any meeting of the holders of share capital be at least 33 1/3% of the outstanding shares of the company’s ordinary voting shares. We intend to follow our French home country practice, rather than complying with this Nasdaq rule. Consistent with French Law, our bylaws provide that when first convened, general meetings of shareholders may validly convene only if the shareholders present or represented hold at least (1) 20% of the voting shares in the case of an ordinary general meeting or of an extraordinary general meeting where shareholders are voting on a capital increase by capitalization of reserves, profits or share premium, or (2) 25% of the voting shares in the case of any other extraordinary general meeting. If such quorum required by French law is not met, the meeting is adjourned. There is no quorum requirement under French law when an ordinary general meeting or an extraordinary general meeting is reconvened where shareholders are voting on a capital increase by capitalization of reserves, profits or share premium, but the reconvened meeting may consider only questions that were on the agenda of the adjourned meeting. When any other extraordinary general meeting is reconvened, the required quorum under French law is 20% of the shares entitled to vote. If a quorum is not met at a reconvened meeting requiring a quorum, then the meeting may be adjourned for a maximum of two months.

Code of Ethics

We have adopted a Code of Ethics applicable to all of our employees and members of our Executive Board and Supervisory Board. Following the completion of this global offering, the Code of Ethics will be available on our website. We expect that any amendments to the Code of Ethics, or any waivers of its requirements, will be disclosed on our website.
Family Relationships

There are no family relationships among any of the members of our Executive Board and Supervisory Board.

Compensation of Members of the Executive and Supervisory Boards

Following the entry into force of the Sapin 2 Law (French law no. 2016-1691 of December 9, 2016), the payment of any variable or exceptional compensation attributed for a financial year to the Chairman of the Supervisory Board, the Chairman of the Executive Board and members of the Executive Board, is subject to approval at the next ordinary general meeting (ex-post vote). The payments of the below variable compensations, for the year ending December 31, 2018, were approved by the ordinary and extraordinary shareholder meeting held on May 22, 2019.

Compensation of Members of the Supervisory Board

Attendance Fees

We pay attendance fees to the members of the Supervisory Board, except for the permanent representatives of Novo Nordisk A/S and Bpifrance Participations and the Chairman of the Supervisory Board. At our general meeting of shareholders held on May 29, 2018, shareholders set the total attendance fees to be distributed among the members of the Supervisory Board at €200,000. The attendance fees consist of a fixed portion and a variable portion based on attendance at meetings of the Supervisory Board and its committees. The following table shows the framework for our attendance fees for the year ended December 31, 2018:

<table>
<thead>
<tr>
<th>Member Role</th>
<th>Attendance Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Portion (annual fee)</td>
<td></td>
</tr>
<tr>
<td>Supervisory Board Chairman</td>
<td>€20,000</td>
</tr>
<tr>
<td>Supervisory Board Member</td>
<td>€15,000</td>
</tr>
<tr>
<td>Variable Portion (attendance fee at each meeting of the Supervisory Board)</td>
<td></td>
</tr>
<tr>
<td>Committee Chairman</td>
<td>€ 3,000</td>
</tr>
<tr>
<td>Other Members of the Supervisory Board</td>
<td>€ 1,500</td>
</tr>
<tr>
<td>Variable Portion (attendance fee at each meeting of a committee of the Supervisory Board)</td>
<td></td>
</tr>
<tr>
<td>Committee Chairman</td>
<td>€ 1,500</td>
</tr>
<tr>
<td>Other Committee Members</td>
<td>€ 1,000</td>
</tr>
</tbody>
</table>

The following table sets forth information regarding the attendance fees earned by members of the Supervisory Board during the year ended December 31, 2018:

<table>
<thead>
<tr>
<th>Member</th>
<th>Attendance Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gilles Brisson</td>
<td>€43,750</td>
</tr>
<tr>
<td>Patrick Langlois</td>
<td>€43,500</td>
</tr>
<tr>
<td>Irina Staatz-Granzer</td>
<td>€28,750</td>
</tr>
<tr>
<td>Véronique Chabernaud</td>
<td>€28,500</td>
</tr>
<tr>
<td>Jean-Yves Blay</td>
<td>€21,000</td>
</tr>
</tbody>
</table>
At our general meeting of shareholders held on May 22, 2019, shareholders set the total attendance fees to be distributed among the members of the Supervisory Board at €240,000. The following table shows the framework for our attendance fees for the year ending December 31, 2019:

<table>
<thead>
<tr>
<th>Member Role</th>
<th>Attendance Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Portion (annual fee)</td>
<td></td>
</tr>
<tr>
<td>Supervisory Board Member</td>
<td>€15,000</td>
</tr>
<tr>
<td>Variable Portion (attendance fee at each meeting of the Supervisory Board)</td>
<td></td>
</tr>
<tr>
<td>Chairman and Committee</td>
<td>€3,500</td>
</tr>
<tr>
<td>Other Members of the Supervisory Board</td>
<td>€2,000</td>
</tr>
<tr>
<td>Variable Portion (attendance fee at each meeting of a committee of the Supervisory Board)</td>
<td></td>
</tr>
<tr>
<td>Committee Chairman</td>
<td>€2,000</td>
</tr>
<tr>
<td>Other Committee Members</td>
<td>€1,300</td>
</tr>
</tbody>
</table>

**Chairman Compensation**

On December 14, 2016, the Supervisory Board decided that Hervé Brailly, the Chairman of the Supervisory Board, would receive specific compensation pursuant to article L.225-84 of the French Commercial Code for his duties as Chairman of the Supervisory Board. During the year ended December 31, 2018, we paid Mr. Brailly €50,000 as specific compensation for his performance of these duties. The Supervisory Board of January 31, 2019 decided to increase the fixed compensation of Mr. Brailly by €50,000 to a total of €100,000.

In addition, on December 14, 2016, we entrusted Mr. Brailly with a specific mission pursuant to article L.225-84 of the French Commercial Code. This mission, renewed by the Supervisory Board on December 13, 2017, consists of ensuring the transition to our new executive team and providing strategic advice. This agreement expired on December 31, 2018. During the year ended December 31, 2018, we paid Mr. Brailly €100,000 for his performance of these additional duties.

**Agreement with Jean-Yves Blay**

On September 14, 2018, we entrusted Jean-Yves Blay, a member of our Supervisory Board, with a specific mission pursuant to article L.225-84 of the French Commercial Code. Based on Mr. Blay’s scientific and medical qualifications, we have agreed that he will attend meetings of our Strategic Advisory Board consisting of at least one meeting that he attends in-person and approximately two conference calls per year. Mr. Blay will participate in these Strategic Advisory Board meetings and then present a report to the Supervisory Board, at least once a year, on his opinions of the Strategic Advisory Board’s proceedings. This agreement will remain in place for the duration of Mr. Blay’s term of office as a member of the Supervisory Board, including any renewal terms. We have agreed to pay Mr. Blay €10,000 in compensation for his performance of these additional duties.

**Framework for Executive Board Compensation**

During the year ended December 31, 2018, the Executive Board consisted of Mondher Mahjoubi and Yannis Morel. Dr. Mahjoubi served as Chairman of the Executive Board.

The compensation of members of the Executive Board is decided by the Supervisory Board upon recommendation by the compensation and nomination committee. The compensation of Dr. Mahjoubi, the Chairman of the Executive Board, is paid under his social mandate, whereas the compensation of Dr. Morel is paid under his employment contract.

The compensation of members of the Executive Board includes the following components:

- Fixed Compensation. The members of the Executive Board receive fixed compensation pursuant to their employment agreement or, in the case of the Chairman, his social mandate.
• **Annual Variable Compensation.** The members of the Executive Board are eligible to receive annual variable compensation upon the recommendation of the compensation and nomination committee based on the achievement of pre-specified objectives. For the year ended December 31, 2018, such objectives were Scientific Leadership, Financial Discipline, Organization Readiness and Great Place to Work, which were divided for each member of the Executive Board into sub-criteria with an achievement percentage. The members of the Executive Board are able to opt to receive a portion of their annual variable compensation in the form of free shares, increased by a 30% premium.

• **Performance Free Shares.** The members of the Executive Board are able to receive, upon authorization of the Supervisory Board and upon recommendation of the compensation and nomination committee, equity compensation in the form of performance free shares.

• **Other Benefits.** The members of the Executive Board receive other benefits consisting of a supplementary pension plan, in-kind benefits and, for the Chairman of the Executive Board, unemployment insurance.

### 2018 Compensation of Mondher Mahjoubi

The following table sets forth the compensation earned by Dr. Mahjoubi during the year ended December 31, 2018:

<table>
<thead>
<tr>
<th>Type of Compensation</th>
<th>Amount of Compensation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Compensation</td>
<td>€ 470,000</td>
<td>Gross fixed compensation pursuant to Dr. Mahjoubi’s social mandate.</td>
</tr>
<tr>
<td>Annual Variable Compensation—</td>
<td></td>
<td>This amount represents 50% of Dr. Mahjoubi’s annual variable compensation, based on his achievement of 100% of the annual objectives increased by 5% over-performance. Dr. Mahjoubi elected to receive the other 50% of his variable compensation in the form of free shares.</td>
</tr>
<tr>
<td>Cash</td>
<td>€ 155,100</td>
<td>Dr. Mahjoubi opted for the payment of 50% of his annual variable compensation in free shares, increased by a 30% premium. The Executive Board of July 3, 2018 attributed 36,225 free shares (AGA Bonus 2018) to Dr. Mahjoubi. The number of free shares was calculated on the basis of the weighted-average price per ordinary share for the 20 trading days preceding July 3, 2018, amounting to €5.06 per share. These 36,225 free shares are valued at €269,152 on the basis of the stock price on December 31, 2018, or €7.43 per ordinary share.</td>
</tr>
<tr>
<td>Free Shares</td>
<td>€ 269,152</td>
<td></td>
</tr>
<tr>
<td>Annual Variable Compensation—</td>
<td></td>
<td>The Supervisory Board granted this amount as an exceptional premium to Dr. Mahjoubi based on his crucial role during the company’s development collaboration with AstraZeneca in October 2018.</td>
</tr>
<tr>
<td>Exceptional Premium</td>
<td>€ 116,129</td>
<td></td>
</tr>
<tr>
<td>Compensation for 2017 Multi-Year</td>
<td>€ 57,400</td>
<td>This amount was calculated in accordance with the IFRS 2 valuation of the grant to Dr. Mahjoubi of 700 free preferred shares.</td>
</tr>
<tr>
<td>Performance—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Preferred Shares</td>
<td>€ 233,100</td>
<td>This amount was calculated in accordance with the IFRS 2 valuation of the grant to Dr. Mahjoubi of 70,000 performance free shares.</td>
</tr>
<tr>
<td>Performance Free Shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits in Kind</td>
<td>€ 21,302</td>
<td>Primarily represents amounts paid for unemployment insurance and use of a company car, among other benefits.</td>
</tr>
<tr>
<td>Total Compensation</td>
<td>€1,322,183</td>
<td></td>
</tr>
</tbody>
</table>
2018 Compensation of Yannis Morel

The following table sets forth the compensation earned by Dr. Morel during the year ended December 31, 2018:

<table>
<thead>
<tr>
<th>Type of Compensation</th>
<th>Amount of Compensation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Compensation</td>
<td>€216,000</td>
<td>Gross fixed compensation pursuant to Dr. Morel’s employment contract.</td>
</tr>
<tr>
<td>Annual Variable Compensation—</td>
<td></td>
<td>This amount represents 50% of Dr. Morel’s annual variable compensation, based on his achievement of 100% of the annual objectives increased by 4.8% over-performance. Dr. Morel elected to receive the other 50% of his variable compensation in the form of free shares.</td>
</tr>
<tr>
<td>Cash</td>
<td>€35,510</td>
<td></td>
</tr>
<tr>
<td>Annual Variable Compensation—</td>
<td></td>
<td>Dr. Morel opted for the payment of 50% of his annual variable compensation in free shares, increased by a 30% premium. The Executive Board of July 3, 2018 attributed 8,324 free shares (AGA Bonus 2018) to Dr. Morel. The number of free shares was calculated on the basis of the weighted-average price per ordinary share for the 20 trading days preceding July 3, 2018, amounting to €5.06 per share. These 8,324 free shares are valued at €61,847 on the basis of the stock price on December 31, 2018, or €7.43 per ordinary share.</td>
</tr>
<tr>
<td>Free Shares</td>
<td>€61,847</td>
<td></td>
</tr>
<tr>
<td>Annual Variable Compensation—</td>
<td></td>
<td>The Supervisory Board granted this amount as an exceptional premium to Dr. Morel based on his crucial role during the company’s development collaboration with AstraZeneca in October 2018.</td>
</tr>
<tr>
<td>Exceptional Premium</td>
<td>€27,450</td>
<td></td>
</tr>
<tr>
<td>Compensation for 2017 Multi-Year</td>
<td></td>
<td>This amount was calculated in accordance with the IFRS 2 valuation of the grant to Dr. Morel of 500 free preferred shares.</td>
</tr>
<tr>
<td>Performance—</td>
<td></td>
<td>This amount was calculated in accordance with the IFRS 2 valuation of the grant to Dr. Morel of 50,000 performance free shares.</td>
</tr>
<tr>
<td>Free Preferred Shares</td>
<td>€41,000</td>
<td>Primarily represents amounts paid for use of a company car, among other benefits.</td>
</tr>
<tr>
<td>Performance Free Shares</td>
<td>€166,500</td>
<td></td>
</tr>
<tr>
<td>Benefits in Kind</td>
<td>€3,922</td>
<td></td>
</tr>
<tr>
<td>Total Compensation</td>
<td>€552,229</td>
<td></td>
</tr>
</tbody>
</table>

2019 Executive Board Compensation

At our general meeting of shareholders held on May 22, 2019, shareholders approved the compensation of the members of the Executive Board set forth in the following table for the year ending December 31, 2019:

<table>
<thead>
<tr>
<th>Type of Compensation</th>
<th>Mondher Mahjoubi</th>
<th>Yannis Morel</th>
<th>Laure-Hélène Mercier(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Compensation</td>
<td>€470,000</td>
<td>€216,000</td>
<td>€180,000</td>
</tr>
<tr>
<td>Maximum Annual Variable Compensation if 100% of the objectives are reached</td>
<td>€282,000</td>
<td>€64,800</td>
<td>€54,000</td>
</tr>
<tr>
<td>Maximum Annual Variable Compensation if case of over-performance</td>
<td>€352,500</td>
<td>€82,080</td>
<td>€68,400</td>
</tr>
</tbody>
</table>

(1) Laure-Hélène Mercier was appointed as a member of the Executive Board on January 31, 2019.

The variable compensation for the year ending December 31, 2019 is based on the achievement of the following pre-specified objectives, which are divided for each member of the Executive Board into sub-criteria
with an achievement percentage: Scientific Leadership, Finance, Commercial Performance, Preparation and Adequacy of the Organization and Great Place to Work. Members of the Executive Board may opt for the payment of 50% of their annual variable compensation in free shares, in which case it will be increased by a 30% premium.

At our general meeting of shareholders held on May 22, 2019, shareholders also approved the allocation of free performance shares subject to stock market value and internal conditions.

Limitations on Liability and Indemnification Matters

Under French law, provisions of bylaws that limit the liability of the members of Executive and Supervisory Boards are prohibited. However, French law allows sociétés anonymes to contract for and maintain liability insurance against civil liabilities incurred by members of Executive and Supervisory Boards involved in a third-party action, provided that they acted in good faith and within their capacities as members of such board of the company. Criminal liability cannot be indemnified under French law, whether directly by the company or through liability insurance.

We have liability insurance for our Executive and Supervisory Board members, and intend to obtain insurance coverage for liability under the Securities Act. We also intend to enter into agreements with our Executive and Supervisory Board members to provide contractual indemnification. With certain exceptions and subject to limitations on indemnification under French law, these agreements will provide for indemnification for damages and expenses including, among other things, attorneys’ fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding arising out of his or her actions in that capacity. We believe that this insurance and these agreements are necessary to attract qualified Executive and Supervisory Board members.

These agreements may discourage shareholders from bringing a lawsuit against our Executive and Supervisory Board members for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against our Executive and Supervisory Board members, even though such an action, if successful, might otherwise benefit us and our shareholders. Furthermore, a shareholder’s investment may be adversely affected to the extent we pay the costs of settlement and damage awards against our Executive and Supervisory Board members pursuant to these insurance agreements.

Equity Incentives

We believe our ability to grant equity incentives is a valuable and necessary compensation tool that allows us to attract and retain the best personnel for positions of substantial responsibility, provides additional incentives to employees and promotes the success of our business. Due to French corporate law and tax considerations, we have historically granted several different equity incentive instruments to our Executive Board and Supervisory Board members, employees and consultants, including (i) BSAs, which have historically only been granted to independent members of the Supervisory Board and consultants, (ii) BSAARs and (iii) free shares.

Our Executive Board’s authority to grant these warrants and free shares and the aggregate amount authorized to be granted must be approved by two-thirds of the shareholders present at the relevant extraordinary shareholders’ meeting. Once approved by our shareholders, our Executive Board can continue to grant such awards for a specified period upon prior authorization of the Supervisory Board.

We have various compensation plans for our Executive Board members, Supervisory Board members, employees and consultants that have been approved by our shareholders. The last allocation in 2015 of BSAARs no longer continue to vest following termination of the employment, office or service of the holder within the first two years and all vested warrants must be exercised within post-termination exercise periods set forth in the grant documents. In the event of certain changes in our share capital structure, such as a consolidation or share split or dividend, French law and applicable grant documentation provides for appropriate adjustments of the numbers of ordinary shares issuable and/or the exercise price of the outstanding warrants.
As of June 30, 2019, we had the following equity awards, warrants and free shares outstanding:

- 334,500 ordinary shares issuable upon the exercise of share warrants (BSA) outstanding as of June 30, 2019 at a weighted average exercise price of €6.57 per ordinary share;
- 1,362,322 ordinary shares issuable upon the exercise of redeemable share warrants (BSAAR) outstanding as of June 30, 2019 at a weighted average exercise price of €6.00 per ordinary share;
- 758,100 ordinary shares issuable upon conversion of 7,581 free preferred shares (AGAP 2017) outstanding as of June 30, 2019 assuming all related performance and presence conditions are met;
- 1,037,059 ordinary shares issuable upon the vesting of free shares (AGA) outstanding as of June 30, 2019; and
- 1,348,000 ordinary shares issuable upon conversion of 6,740 free preferred shares (AGAP 2016) as of June 30, 2019, assuming all performance and presence conditions are met.

### Equity Warrants and Redeemable Share Subscription Warrants

#### Share Warrants (BSA)

Share warrants, or BSA, are granted at a de minimis price and entitle the holder of one BSA to exercise the warrant for one underlying share, at an exercise price per share determined by our Executive Board at the time of grant by reference to the then prevailing share price. We have granted BSA to Supervisory Board members and certain consultants of the Company. Our share warrants plans include provisions that allow for the adjustment of the one-for-one exercise ratio to compensate for certain modifications of our share capital, such as rights issues, stock splits, mergers and other events affecting all existing shareholders. None of those events have occurred yet. Our BSA have an exercise period of 10 years – BSA not exercised after that time lapse and are automatically cancelled. Our share warrants cannot be sold.

The following table shows the BSA outstanding as of June 30, 2019:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of BSA authorized</td>
<td>350,000</td>
<td>300,000</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Total number of BSA granted</td>
<td>225,000</td>
<td>237,500</td>
<td>150,000</td>
<td>70,000</td>
<td>14,200</td>
<td>37,000</td>
</tr>
<tr>
<td>End date of the exercise period</td>
<td>July 29, 2021</td>
<td>July 17, 2023</td>
<td>July 16, 2024</td>
<td>April 26, 2025</td>
<td>June 30, 2025</td>
<td>September 20, 2027</td>
</tr>
<tr>
<td>Exercise price per BSA/share</td>
<td>€1.77</td>
<td>€2.36</td>
<td>€8.65</td>
<td>€9.59</td>
<td>€14.05</td>
<td>€11</td>
</tr>
<tr>
<td>Number of BSA exercised as of June 30, 2019</td>
<td>133,060</td>
<td>191,140</td>
<td>75,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>BSA cancelled or lapsed as of June 30, 2019</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>BSA remaining as of June 30, 2019</td>
<td>91,940</td>
<td>46,360</td>
<td>75,000</td>
<td>70,000</td>
<td>14,200</td>
<td>37,000</td>
</tr>
</tbody>
</table>

#### Redeemable Share Warrants (BSAAR)

Redeemable share warrants, or BSAAR, are identical to our share warrants of BSA (including the one-for-one exercise ratio, its potential adjustment for certain modifications of our share capital and the exercise period of 10 years), except for the following features:

- the BSAAR are initially purchased by the beneficiary at their fair value, as determined by an expert, and
• the BSAAR plans include a “forcing” clause making it possible to encourage holders to exercise their
BSAAR when the market price exceeds the exercise price and reaches a threshold defined in the BSAAR
plan. We can then, subject to a time period for notifying the holders that will permit them to exercise their
BSAAR, decide to purchase the unexercised BSAAR at a unit price equal to the BSAAR acquisition price
initially paid by its holder.

Our redeemable share warrants cannot be sold. Our BSAAR have been granted to certain of our executive
officers and employees.

The following table shows the BSAAR outstanding as of June 30, 2019:

<table>
<thead>
<tr>
<th>Plan title</th>
<th>BSAAR 2011</th>
<th>BSAAR 2012</th>
<th>BSAAR 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>General assembly meeting date</td>
<td>June 29, 2011</td>
<td>June 28, 2012</td>
<td>April 27, 2015</td>
</tr>
<tr>
<td>Date of grant</td>
<td>September 9, 2011</td>
<td>May 27, 2013</td>
<td>July 1, 2015</td>
</tr>
<tr>
<td>Total number of BSAAR granted</td>
<td>650,000</td>
<td>146,050</td>
<td>1,050,382</td>
</tr>
<tr>
<td>Start date of the exercise period</td>
<td>September 9, 2011</td>
<td>May 27, 2013</td>
<td>July 1, 2015</td>
</tr>
<tr>
<td>End date of the exercise period</td>
<td>September 9, 2021</td>
<td>May 27, 2023</td>
<td>June 30, 2025</td>
</tr>
<tr>
<td>BSAAR initial purchase price</td>
<td>€0.05</td>
<td>€0.11</td>
<td>€1.15</td>
</tr>
<tr>
<td>Exercise price per BSAAR/share</td>
<td>€2.04</td>
<td>€2.04</td>
<td>€7.20</td>
</tr>
<tr>
<td>Number of BSAAR exercised as of June 30, 2019</td>
<td>395,000</td>
<td>84,450</td>
<td>1,940</td>
</tr>
<tr>
<td>BSAAR cancelled or lapsed as of June 30, 2019</td>
<td>—</td>
<td>—</td>
<td>2,720</td>
</tr>
<tr>
<td>BSAAR remaining as of June 30, 2019</td>
<td>255,000</td>
<td>61,600</td>
<td>1,045,722</td>
</tr>
</tbody>
</table>

**Free Shares (AGA)**

Free shares, or AGA, are employee equity incentive instruments pursuant to which the beneficiaries are
granted, for free, the possibility to receive our ordinary shares under certain conditions. Upon grant by our
Executive Board, the AGA are subject to an acquisition, or vesting, period of at least one year. At the end of this
period, the free shares vest and the beneficiary becomes a full shareholder. However, if the vesting period is less
than a certain period set by law of currently two years (but three years under previous law), it must be followed
by a lock-up period, so that the sum of the two periods is equal to a minimum total period also set by law of
currently two years (but three years under previous law). Vesting can be conditional or not. The vesting of all or
our AGA is subject to a presence condition at the end of the vesting period. Some of our AGA are also subject to
performance conditions. Over the years, we have established several AGA plans, for all of our employees or for
management only, sometimes as a “welcome package” (with no performance conditions). Our free share plans
include provisions that allow for the adjustment of the number of ordinary shares to which a beneficiary is
entitled at the end of the vesting period to compensate for certain modifications of our share capital, such as
rights issues, stock splits, mergers and other events affecting all existing shareholders, during the vesting period.
Certain of our plans also provide for an accelerated vesting in case of a tender offer on the Company during the
vesting period.

One particular AGA plan, the “AGA Bonus,” entitles our management to opt for the payment of up to 50%
of their annual variable compensation in free shares. Those who take this option benefit from a matching
compensation equal to 30% of the corresponding portion of the annual variable compensation, also payable in
free shares. The AGA Bonus are subject to the same performance conditions, after a one-year vesting period, as
the annual variable compensation. The number of AGA Bonus is determined by dividing the euro amount of the
annual variable compensation for which the election is made and of the matching contribution, by an average of
the trading price of our shares. Once vested, the AGA Bonus are subject to the minimum one-year lock-up period.

The following table shows the AGAs outstanding as of June 30, 2019:

<table>
<thead>
<tr>
<th>Plan title</th>
<th>AGA Management 2016-1</th>
<th>AGA Employees 2016-1</th>
<th>AGA Management 2016-2</th>
<th>AGA Employees 2016-2</th>
<th>AGA Bonus 2017-1</th>
<th>AGA Employees 2017-1</th>
<th>AGA New Members 2017-1</th>
<th>AGA Bonus 2018-1</th>
<th>AGA Employees 2018-1</th>
<th>AGA Perf Employees 2018</th>
<th>AGA Perf Management 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vesting Period . . .</td>
<td>3 years</td>
<td>1 year</td>
<td>3 years</td>
<td>1 year</td>
<td>1 year</td>
<td>3 years</td>
<td>1 year</td>
<td>1 year</td>
<td>1 year</td>
<td>1 year</td>
<td>3 years</td>
</tr>
<tr>
<td>Lock-up period . . .</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Performance Conditions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of AGA granted . .</td>
<td>50,000</td>
<td>99,932</td>
<td>250,000</td>
<td>149,943</td>
<td>28,556</td>
<td>114,500</td>
<td>25,000</td>
<td>67,028</td>
<td>90,650</td>
<td>327,500</td>
<td>260,000</td>
</tr>
<tr>
<td>Number of AGA vested as</td>
<td>—</td>
<td>98,770</td>
<td>—</td>
<td>144,978</td>
<td>22,055</td>
<td>110,500</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>of June 30, 2019 . . .</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of AGA lapsed as</td>
<td>—</td>
<td>1,162</td>
<td>—</td>
<td>4,965</td>
<td>4,000</td>
<td>—</td>
<td>469</td>
<td>2,650</td>
<td>—</td>
<td>—</td>
<td>30,000</td>
</tr>
<tr>
<td>of June 30, 2019(2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of AGA remaining</td>
<td>50,000</td>
<td>—</td>
<td>250,000</td>
<td>—</td>
<td>—</td>
<td>25,000</td>
<td>60,559</td>
<td>88,000</td>
<td>327,500</td>
<td>230,000</td>
<td></td>
</tr>
<tr>
<td>to be vested as of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 2019 . . .</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) The annual variable compensation performance conditions are determined on or about the beginning of the fiscal year and executives make their election at that time. However, because we need the shareholders’ vote on the total number of free shares available for granting AGA Bonus (like all other free shares), we wait until our annual shareholders meeting (generally during the second half of the second quarter of the year) to grant the AGA Bonus – hence a granting, vesting and lock-up calendar different from that of the payment of the annual variable compensation, which takes place towards the end of the fiscal year or at the beginning of the next fiscal year.

(2) Usually after the end of the vesting period, the Executive Board will convene and acknowledge the number of free shares that have vested and the number of those that have not because the presence condition and, as applicable, the performance conditions, have not been met. For the purpose of computing the amount of share-based compensation in our consolidated financial statements, AGA that have lapsed because the presence condition has not been met, are excluded from the computation, even though the Executive Board has not met yet and formally acknowledged this fact. As a result, certain of the numbers above are different from those in our consolidated financial statements.

The general assembly held on May 22, 2019 authorized the allocation of (i) up to 50,000 free shares without performance conditions to the benefit of new executives (employees and/or executive officers), (ii) up to 75,000 free shares to the benefit of employed members of the Executive Committee, employed senior executives and/or corporate officers (AGA Bonus), (iii) up to 400,000 free shares with performance conditions to the benefit of executive officers, employed members of the Executive Committee, employed senior executives and/or corporate officers and (iv) up to 675,000 free shares with performance conditions to the benefit of employees.

**Free Preferred Shares (AGAP)**

Free preferred shares, or AGAP, are another employee equity incentive instrument similar to the free shares or AGA, except that, after a one-year vesting period, the beneficiaries receive a preferred shares (shares B) which will become convertible into ordinary shares following a lock-up period of two additional years, if the
performance conditions (and a presence condition) are met at the end of this lock-up period. Each free preferred share is convertible into a number of our ordinary shares – which number depends upon the degree of fulfilment of the performance conditions. The free preferred shares remain convertible into ordinary shares for a period of six years and six months. Free preferred shares not converted at the end of this conversion period can be repurchased by us and cancelled. Our AGAP cannot be sold.

We have established several AGAP plans in 2016 and 2017 for all of our employees or for management only.

During the acquisition and lock-up periods, beneficiaries of the 2016 AGAP are not entitled to vote at our shareholders’ meetings, to dividends or to preferential subscription rights. On the contrary, during the lock-up period, beneficiaries of the 2017 AGAP are entitled to vote at our shareholders’ meetings, to dividends and to preferential subscription rights, as if they held the same number of ordinary shares as their number of vested AGAP. After the end of the lock-up period, holders of all of our AGAP that have not yet converted them into our ordinary shares, are entitled to vote at our shareholders’ meetings, to dividends and to preferential subscription rights, on the basis of the number of ordinary shares to which they are entitled if they convert their AGAP.

Our free preferred share plans include provisions that allow for the adjustment of the number of ordinary shares to which a beneficiary is entitled upon conversion of his or her AGAP at the end of the lock-up period, to compensate for certain modifications of our share capital, such as rights issues, stock splits, mergers and other events affecting all existing shareholders. The 2017 AGAP plan provides for an accelerated vesting with a waiver of the performance conditions in case of a tender offer on the Company during the vesting period.

The following table shows the AGAPs outstanding as of June 30, 2019:

<table>
<thead>
<tr>
<th>Plan title</th>
<th>AGAP Management 2016-1</th>
<th>AGAP Management 2016-2</th>
<th>AGAP Employees 2016-1</th>
<th>AGAP Management 2017-1</th>
<th>AGAP Employees 2017-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of grant</td>
<td>October 21, 2016</td>
<td>December 30, 2016</td>
<td>October 21, 2016</td>
<td>April 3, 2018</td>
<td>April 3, 2018</td>
</tr>
<tr>
<td>Number of AGAP granted</td>
<td>2,000</td>
<td>3,000</td>
<td>2,486</td>
<td>2,400</td>
<td>5,725</td>
</tr>
<tr>
<td>Maximum number of ordinary shares into which each AGAP can be converted</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Number of AGAP lapsed during the vesting period</td>
<td>450</td>
<td>—</td>
<td>105</td>
<td>400</td>
<td>144</td>
</tr>
<tr>
<td>Number of AGAP vested</td>
<td>1,550</td>
<td>3,000</td>
<td>2,381</td>
<td>2,000</td>
<td>5,581</td>
</tr>
<tr>
<td>Number of AGAP lapsed during the lock up period</td>
<td>100</td>
<td>—</td>
<td>91</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Number of outstanding AGAP</td>
<td>1,450</td>
<td>3,000</td>
<td>2,290</td>
<td>2,000</td>
<td>5,581</td>
</tr>
</tbody>
</table>
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Since January 1, 2016, we have engaged in the following transactions with members of our Executive and Supervisory Boards and holders of more than 5% of our outstanding voting securities, and their respective affiliates, which we refer to as our related parties.

Transactions With Our Principal Shareholders

AstraZeneca

In April 2015, we entered into two agreements with MedImmune, a wholly owned subsidiary of AstraZeneca, which we refer to as AstraZeneca. The first agreement was a co-development and license agreement relating to certain combination products containing monalizumab, or the Original Co-Development Agreement, and the second agreement was a development and option agreement for products containing monalizumab, including products using monalizumab as a monotherapy, or the 2015 Option Agreement. In October 2018, AstraZeneca exercised its option under the 2015 Option Agreement, which resulted in the automatic termination of both of the Original Co-Development Agreement and the 2015 Option Agreement, and a new co-development and license agreement relating to all products containing monalizumab, or the 2015 Co-Development Agreement, automatically came into effect.

In October 2018, we entered into additional agreements with AstraZeneca. The first agreement is a collaboration and option agreement relating to IPH5201, or the 2018 CD39 Option Agreement. The second agreement is an option agreement relating to four preclinical programs, which we refer to as the 2018 Future Programs Option Agreement. On October 25, 2018, we issued an aggregate of 6,260,500 ordinary shares to MedImmune Limited, at a purchase price of €10.00 per share, pursuant to an equity investment agreement. As in connection with this agreement, AstraZeneca agreed to a five-year standstill, which can be waived by us.

See “Business—Our Strategic Collaborations and License Agreements—AstraZeneca” for more detailed information about our agreements with AstraZeneca.

Novo Nordisk A/S

Since our inception, we have entered into several agreements with Novo Nordisk A/S, including as described in detail in “Business—Our Strategic Collaborations and License Agreements—Additional agreements related to Monalizumab—Novo Nordisk A/S” and “Business—Our Strategic Collaborations and License Agreements—License Agreement with Novo Nordisk for IPHS401.”

AstraZeneca Co-Development Agreement Payment Resolution

In March 2016, we and Novo Nordisk A/S agreed on the amounts owed by us to Novo Nordisk A/S as a result of the co-development agreement entered into with AstraZeneca in April 2015. Under such agreement, we paid to Novo Nordisk A/S €6,500,000. In addition, we agreed that if AstraZeneca pays us the $100,000,000 pursuant to the exercise of its licensing option, we would pay an additional $15,000,000 to Novo Nordisk A/S. This $15,000,000 was paid to Novo Nordisk A/S in February 2019.

Contribution In Kind Agreement

In June 2017, we entered into a contribution in kind agreement with Novo Nordisk A/S under which Novo Nordisk A/S agreed to transfer shares to us by way of contribution, which contribution relates to all the shares held by Novo Nordisk A/S in a company named NN C5aR S.A.S, set up for the purpose of acquiring the exclusive development and commercial rights in the anti-C5aR antibody by us.
In connection with the transaction described above, we entered into the following agreements with Novo Nordisk A/S:

- Exclusive license agreement dated July 4, 2017;
- Side letter dated June 23, 2017 pursuant to which we and Novo Nordisk A/S agreed on the transaction terms and the payment by us of specified external advisory costs and other costs relating to the manufacturing of a first batch; and
- An indemnity agreement dated July 13, 2017, relating to the reimbursement of certain tax credits.

Arrangements with the Members of our Executive and Supervisory Boards

**Director and Executive Officer Compensation**

See “Management—Compensation of Members of the Executive and Supervisory Boards” for information regarding compensation of the members of our Supervisory and Executive Boards.

**Agreement with Jean-Yves Blay**

On September 14, 2018, we entrusted Jean-Yves Blay, a member of our Supervisory Board, with a specific mission pursuant to article L.225-84 of the French Commercial Code. Based on Mr. Blay’s scientific and medical qualifications, we have agreed that he will attend meetings of our Strategic Advisory Board consisting of at least one meeting that he attends in-person and approximately two conference calls per year. Mr. Blay will participate in these Strategic Advisory Board meetings and then present a report to the Supervisory Board, at least once a year, on his opinions of the Strategic Advisory Board’s proceedings. This agreement will remain in place for the duration of Mr. Blay’s term of office as a member of the Supervisory Board, including any renewal terms. We have agreed to pay Mr. Blay €10,000 in compensation for his performance of these additional duties.

**Agreement with Hervé Brailly**

On December 14, 2016, we entrusted Mr. Brailly with a specific mission pursuant to article L.225-84 of the French Commercial Code. This mission, renewed by the Supervisory Board on December 13, 2017, consists of ensuring the transition to our new executive team and providing strategic advice. This agreement expired on December 31, 2018. During the year ended December 31, 2018, we paid Mr. Brailly €100,000 for his performance of these additional duties.

**Indemnification Agreements**

In connection with this global offering, we intend to enter into indemnification agreements with each of our Executive Board and Supervisory Board members. See the section of this prospectus titled “Management—Limitations on Liability and Indemnification Matters.”

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Transaction with Related Companies**

From time to time, in the ordinary course of our business, we may contract for services from companies or institutions in which certain members of our Executive Board or Supervisory Board may serve as a director or advisor. The cost and provision of these services are negotiated on an arms-length basis and none of these
Related Person Transaction Policy

We comply with French law regarding approval of transactions with related parties. Prior to the closing of this global offering, we expect that the Supervisory Board will adopt a related person transaction policy that sets forth our procedures for the identification, review, consideration and approval or ratification of related person transactions. The policy will become effective immediately upon the execution of the underwriting agreement for this offering. For purposes of our policy only, a related person transaction is a transaction, arrangement or similar contractual relationship, or any series of similar transactions, arrangements or relationships, in which we and any related person are, were or will be participants and the amount involved in the transaction exceeds $120,000, with the exception of usual transactions concluded under normal conditions. A related person is any member of the Executive Board or Supervisory Board or beneficial owner of more than 5% of any class of our voting securities, including any of their immediate family members and any entity owned or controlled by such persons.

Under the policy, if a transaction has been identified as a related person transaction, including any transaction that was not a related person transaction when originally consummated or any transaction that was not initially identified as a related person transaction prior to consummation, our management must present information regarding the related person transaction to the Supervisory Board for review, consideration and approval or ratification. The presentation must include a description of, among other things, the material facts, the interests, direct and indirect, of the related persons, the benefits to us of the transaction and whether the transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to or from employees generally. Under the policy, we will collect information that we deem reasonably necessary from each member of our Executive Board and Supervisory Board and, to the extent feasible, significant shareholder to enable us to identify any existing or potential related-person transactions and to effectuate the terms of the policy.

In addition, under our Code of Business Conduct and Ethics, which we intend to adopt in connection with this global offering, our employees and Executive and Supervisory Board members have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest.

In considering related person transactions, the Supervisory Board, will take into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to us;
- the impact on the independence of a member of the Executive Board or Supervisory Board in the event that the related person is a member of the Executive Board or Supervisory Board, immediate family member of a member of the Executive Board or Supervisory Board or an entity with which a member of Executive Board or Supervisory Board is affiliated;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties or to or from employees generally.

The policy requires that, in determining whether to approve, ratify or reject a related person transaction, the Supervisory Board must consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, our best interests and those of our shareholders, as the Supervisory Board determines in the good faith exercise of its discretion.

All of the transactions described above were entered into prior to the adoption of the written policy, but our Supervisory Board evaluated and approved all transactions that were considered to be related party transactions under French law at the time at which they were consummated.
PRINCIPAL SHAREHOLDERS

The following table and accompanying footnotes sets forth, as of August 31, 2019 and following the completion of the global offering, information regarding beneficial ownership of our ordinary shares by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our ordinary shares;
- each of our Executive Board and Supervisory Board members individually; and
- all of our Executive Board and Supervisory Board members as a group.

To our knowledge, as of March 31, 2019, approximately 8,746,000 shares, or 14% of our ordinary shares were held of record by 22 residents of the United States.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including free shares that vest within 60 days of August 31, 2019 and options and warrants that are currently exercisable or exercisable within 60 days of August 31, 2019. Ordinary shares subject to free shares, options and warrants currently exercisable or exercisable within 60 days of August 31, 2019 are deemed to be outstanding for computing the percentage ownership of the person holding these free shares, options or warrants and the percentage ownership of any group of which the holder is a member, but are not deemed outstanding for computing the percentage of any other person.

The percentage ownership information shown in the table prior to the global offering is based upon 64,135,464 ordinary shares outstanding as of August 31, 2019. The percentage ownership information shown in the table after the global offering is based on ordinary shares outstanding, assuming the sale of ordinary shares (including ordinary shares in the form of ADSs) by us in the global offering and no exercise of the underwriters’ option to purchase additional ordinary shares (including ordinary shares in the form of ADSs).

Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all ordinary shares shown that they beneficially own, subject to community property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose, including for purposes of Sections 13(d) and 13(g) of the Securities Act.
Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Innate Pharma S.A., 117, Avenue de Luminy – BP 30191, 13009 Marseille, France.

<table>
<thead>
<tr>
<th>5% Shareholders:</th>
<th>Number of Ordinary Shares Beneficially Owned Before Global Offering</th>
<th>Percentage of Ordinary Shares Beneficially Owned Before Global Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novo Nordisk A/S(1)</td>
<td>8,908,456</td>
<td>13.9%</td>
</tr>
<tr>
<td>MedImmune Limited(2)</td>
<td>6,260,500</td>
<td>9.8</td>
</tr>
<tr>
<td>Bpifrance Participations(3)</td>
<td>4,396,682</td>
<td>6.9</td>
</tr>
</tbody>
</table>

Executive Board and Supervisory Board members and other executive officers:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Ordinary Shares Beneficially Owned Before Global Offering</th>
<th>Percentage of Ordinary Shares Beneficially Owned Before Global Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mondher Mahjoubi, M.D.(4)</td>
<td>51,443</td>
<td>*%</td>
</tr>
<tr>
<td>Yannis Morel, Ph.D.(5)</td>
<td>153,917</td>
<td>*</td>
</tr>
<tr>
<td>Laure-Hélène Mercier(6)</td>
<td>58,379</td>
<td>*</td>
</tr>
<tr>
<td>Hervé Brailly, Ph.D.(7)</td>
<td>1,329,784</td>
<td>2.1</td>
</tr>
<tr>
<td>Irina Staatz-Granzer(8)</td>
<td>45,100</td>
<td>*</td>
</tr>
<tr>
<td>Jean-Yves Blay(9)</td>
<td>50</td>
<td>*</td>
</tr>
<tr>
<td>Gilles Brisson(10)</td>
<td>98,059</td>
<td>*</td>
</tr>
<tr>
<td>Véronique Chabernaud(11)</td>
<td>24,210</td>
<td>*</td>
</tr>
<tr>
<td>Maïlys Ferrere(12)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Patrick Langlois(13)</td>
<td>15,141</td>
<td>*</td>
</tr>
<tr>
<td>Marcus Schindler(14)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Pierre Dodion, M.D.(15)</td>
<td>57,372</td>
<td>*</td>
</tr>
<tr>
<td>Odile Belzunce(16)</td>
<td>20,275</td>
<td>*</td>
</tr>
<tr>
<td>Jennifer Butler</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Frédérique Brune</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Eric Vivier, D.V.M.(17)</td>
<td>72,672</td>
<td>*</td>
</tr>
<tr>
<td>Tracy Rossin</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

All members of our Executive Board and Supervisory Board and other executive officers as a group(18) .......................... 1,926,402 3.0%

* Represents beneficial ownership of less than 1%.

(1) Consists of 8,908,456 ordinary shares. The principal business address for Novo Nordisk A/S is Novo Allé, 2880 Bagsvaerd, Danemark.
(2) Consists of 6,260,500 ordinary shares. The principal business address for MedImmune Limited is Milstein Building, Granta Park, Cambridge, CB21 6GH, United Kingdom.
(3) Consists of 4,396,682 ordinary shares. The principal business address for Bpifrance Participations is 27-31, avenue du Général Leclerc, 94 710 Maisons Alfort Cedex.
(4) Consists of 51,443 ordinary shares.
(5) Consists of 65,917 ordinary shares and 88,000 ordinary shares issuable upon the exercise of redeemable share warrants (BSAAR) that are exercisable within 60 days of August 31, 2019.
(6) Consists of 13,879 ordinary shares and 44,500 ordinary shares issuable upon the exercise of redeemable share warrants (BSAAR) that are exercisable within 60 days of August 31, 2019.
(7) Consists of 979,784 ordinary shares and 350,000 ordinary shares issuable upon the exercise of redeemable share warrants (BSAAR) that are exercisable within 60 days of August 31, 2019.
(8) Consists of 25,100 ordinary shares and 20,000 ordinary shares issuable upon the exercise of share warrants (BSA) that are exercisable within 60 days of August 31, 2019.
(9) Consists of 50 ordinary shares.
(10) Consists of 48,059 ordinary shares and 50,000 ordinary shares issuable upon the exercise of share warrants (BSA) that are exercisable within 60 days of August 31, 2019.
(11) Consists of 10 ordinary shares and 24,200 ordinary shares issuable upon the exercise of share warrants (BSA) that are exercisable within 60 days of August 31, 2019.
(12) As representative of Bpifrance Participations, the legal entity that holds this Supervisory Board seat.
(13) Consists of 8,141 ordinary shares and 7,000 ordinary shares issuable upon the exercise of share warrants (BSA) that are exercisable within 60 days of August 31, 2019.
(14) As representative of Novo Nordisk A/S, the legal entity that holds this Supervisory Board seat.
(15) Consists of 372 ordinary shares and 57,000 ordinary shares issuable upon the exercise of redeemable share warrants (BSAAR) that are exercisable within 60 days of August 31, 2019.
(16) Consists of 5,275 ordinary shares and 15,000 ordinary shares issuable upon the exercise of redeemable share warrants (BSAAR) that are exercisable within 60 days of August 31, 2019.
(17) Consists of 72,672 ordinary shares.
(18) Consists of (i) 1,270,702 ordinary shares, (ii) 101,200 ordinary shares issuable upon the exercise of share warrants (BSA) that are exercisable within 60 days of August 31, 2019 and (iii) 554,500 ordinary shares issuable upon the exercise of redeemable share warrants (BSAAR) that are exercisable within 60 days of August 31, 2019.
DESCRIPTION OF SHARE CAPITAL

General

The following description of our share capital summarizes certain provisions of our bylaws. Such summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of our bylaws, a copy of which has been filed as an exhibit to the Registration Statement of which this prospectus forms a part.

As of June 30, 2019, our outstanding share capital consisted of a total of 64,043,905 ordinary shares with a nominal value of €0.05 per share and 14,512 preferred shares (6,931 “2016” free preferred shares and 7,581 “2017” free preferred shares) with a nominal value of €0.05 per share. As of June 30, 2019, we had the following equity warrants, redeemable share subscription warrants, and free shares and convertible preferred shares outstanding:

• 334,500 ordinary shares issuable upon the exercise of share warrants (BSA) outstanding as of June 30, 2019 at a weighted average exercise price of €6.57 per ordinary share;
• 1,362,322 ordinary shares issuable upon the exercise of redeemable share warrants (BSAAR) outstanding as of June 30, 2019 at a weighted average exercise price of €6.00 per ordinary share;
• 758,100 ordinary shares issuable upon conversion of 7,581 free preferred shares (AGAP 2017) outstanding as of June 30, 2019 assuming all related performance and presence conditions are met;
• 1,037,059 ordinary shares issuable upon the vesting of free shares (AGA) outstanding as of June 30, 2019; and
• 1,348,000 ordinary shares issuable upon conversion of 6,740 free preferred shares (AGAP 2016) as of June 30, 2019 assuming all performance and presence conditions are met.

Under French law, our bylaws set forth only our issued and outstanding share capital as of the date of the bylaws. Our fully diluted share capital represents all issued and outstanding ordinary shares, as well as all potential ordinary shares which may be issued upon exercise of outstanding equity warrants and redeemable share subscription warrants and following the vesting of free shares, as approved by our shareholders and granted by our Executive Board.

As of June 30, 2019, our share capital as set forth in our bylaws is €3,202,920.85, representing 64,043,905 ordinary shares with a nominal value of €0.05 per share and 14,512 preferred shares (6,931 “2016” free preferred shares and 7,581 “2017” free preferred shares) with a nominal value of €0.05. An increase of our share capital may only be approved by an extraordinary meeting of shareholders or as delegated to the Executive Board by an extraordinary meeting of shareholders. At an extraordinary meeting of shareholders held May 22, 2019, our shareholders delegated authority to our Executive Board, subject to certain conditions and approvals of the Supervisory Board, to authorize an increase of our share capital of up to 23,620,445 ordinary shares. This authorization includes a global authorization for an issuance of up to 22,420,445 ordinary shares and issuance of up to 1,200,000 ordinary shares as free shares.

Upon closing of the global offering, our outstanding share capital will consist of ordinary shares, nominal value €0.05 per share (or if the underwriters exercise their option to purchase in full).
Reconciliation of the Ordinary Shares Outstanding Prior to This Global Offering

The following table shows the reconciliation of the number of ordinary shares issued and outstanding as of December 31, 2016, 2017 and 2018 and as of July 31, 2019:

<table>
<thead>
<tr>
<th>Ordinary Shares outstanding at December 31, 2016</th>
<th>53,921,304</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of ordinary shares issued in connection with the exercise of warrants</td>
<td>91,300</td>
</tr>
<tr>
<td>Number of ordinary shares issued in connection with purchase by Novo Nordisk A/S</td>
<td>3,343,748</td>
</tr>
<tr>
<td>Number of ordinary shares issued in connection with the vesting of free shares</td>
<td>243,748</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ordinary Shares outstanding at December 31, 2017</th>
<th>57,600,100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of ordinary shares issued in connection with the exercise of warrants</td>
<td>50,000</td>
</tr>
<tr>
<td>Number of ordinary shares issued in connection with the vesting of free shares</td>
<td>22,055</td>
</tr>
<tr>
<td>Number of ordinary shares issued in connection with purchase by MedImmune Limited</td>
<td>6,260,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ordinary Shares outstanding at December 31, 2018</th>
<th>63,932,655</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of ordinary shares issued in connection with the exercise of warrants and vesting of free shares</td>
<td>202,809</td>
</tr>
</tbody>
</table>

| Ordinary Shares outstanding at July 31, 2019 | 64,135,464 |

History of Securities Issuances

From January 1, 2016 through July 31, 2019, the following events have changed the number of our issued and outstanding ordinary shares:

- On January 6, 2016, we issued an aggregate of 2,700 ordinary shares to employees in connection with the exercise of redeemable share warrants, for aggregate gross proceeds of €5,508.
- On May 30, 2016, we issued an aggregate of 58,940 ordinary shares to employees and executive managers in connection with the exercise of redeemable share warrants and share warrants, for aggregate gross proceeds of €138,248.
- On October 21, 2016, we issued an aggregate of 4,486 free preferred shares (AGAP 2016-1) to employees and executive managers, convertible into 897,200 ordinary shares.
- On October 21, 2016, we issued an aggregate of 99,932 free shares (AGA 2016-1) to employees.
- On October 21, 2016, we issued an aggregate of 50,000 free shares (AGA 2016-1) to executive managers.
- On November 3, 2016, we issued an aggregate of 25,650 ordinary shares to employees in connection with the exercise of redeemable share warrants, for aggregate gross proceeds of €52,326.
- On December 30, 2016, we issued an aggregate of 250,000 free shares (AGA 2016-2) to an executive manager.
- On December 30, 2016, we issued an aggregate of 149,943 free shares (AGA 2016-2) to employees.
- On December 30, 2016, we issued an aggregate of 3,000 free preferred shares (AGAP 2016-2) to an executive manager, convertible into 600,000 ordinary shares.
- On January 24, 2017, we issued an aggregate of 38,950 ordinary shares to executive managers in connection with the exercise of redeemable share warrants and share warrants, for aggregate gross proceeds of €327,144.
- On February 10, 2017, we issued an aggregate of 50,500 ordinary shares to employees and executive managers in connection with the exercise of redeemable share warrants and share warrants, for aggregate gross proceeds of €119,020.
- On June 14, 2017, we issued an aggregate of 1,850 ordinary shares to employees in connection with the exercise of redeemable share warrants, for aggregate gross proceeds of €3,774.
• On July 13, 2017, we issued an aggregate of 3,343,748 ordinary shares to Novo Nordisk A/S, at a purchase price of €11.12 per share.
• On September 20, 2017, we allocated an aggregate of 28,556 bonus free shares (AGA Bonus 2017-1) to executive managers.
• On September 20, 2017, we issued an aggregate of 37,000 share warrants (BSA 2017-1) to members of the Supervisory Board, convertible into 37,000 ordinary shares.
• On October 21, 2017, we issued an aggregate of 98,770 ordinary shares and 3,931 free preferred shares to employees and executive managers in connection with the vesting of free shares (AGA 2016-1 and AGAP 2016-1), for aggregate gross proceeds of €5,135.05.
• On December 30, 2017, we issued an aggregate of 144,978 ordinary shares and 3,000 free preferred shares to employees and executive managers in connection with the vesting of free shares (AGA 2016-2 and AGAP 2016-2), for aggregate gross proceeds of €7,398.90.
• On April 3, 2018, we issued an aggregate of 5,725 free preferred shares (AGAP 2017-1) to employees convertible into 572,500 ordinary shares.
• On April 3, 2018, we issued an aggregate of 2,400 free preferred shares (AGAP 2017-1) to executive managers convertible into 240,000 ordinary shares.
• On April 3, 2018, we issued an aggregate of 114,500 free shares (AGA 2017-1) to employees.
• On November 20, 2018, we issued an aggregate of 144,978 ordinary shares and 3,000 free preferred shares to employees and executive managers in connection with the vesting of free shares (AGA 2016-2 and AGAP 2016-2), for aggregate gross proceeds of €7,398.90.
• On April 3, 2018, we issued an aggregate of 5,725 free preferred shares (AGAP 2017-1) to employees convertible into 572,500 ordinary shares.
• On April 3, 2018, we issued an aggregate of 240,000 ordinary shares to MedImmune Limited, at a purchase price of €10.00 per share.
• On November 29, 2018, we issued an aggregate of 50,000 ordinary shares to employees and executive managers in connection with the exercise of share warrants, for aggregate gross proceeds of €2,500.
• On April 18, 2019, we issued an aggregate of 111,250 ordinary shares and 7,581 preferred shares to employees and executive managers in connection with the vesting of free shares (AGA 2017-1 and AGAP 2017-1), for aggregate gross proceeds of €3,941.55.
• On July 3, 2019, we allocated an aggregate of 57,376 bonus free shares (AGA Bonus 2018-1) to executive managers.
• On July 17, 2019, we issued an aggregate of 66,559 ordinary shares to executive managers in connection with the vesting of free shares (AGA Bonus 2018-1) for aggregate gross proceeds of €3,327.95.
• On July 17, 2019, we issued an aggregate of 25,000 ordinary shares to a supervisory board member in connection with the exercise of share warrants (BSA), for aggregate gross proceeds of €44,250.00.
• From January 1, 2016 through July 31, 2019, an aggregate of 66,140 redeemable share warrants (BSAAR) were exercised at prices ranging from €2.04 to €7.20 per ordinary share. Pursuant to these exercises, we issued an aggregate of 66,140 ordinary shares.
• From January 1, 2016 through July 31, 2019, an aggregate of 188,200 share warrants (BSA) were exercised at prices ranging from €1.77 to €8.65 per ordinary share. Pursuant to these exercises, we issued an aggregate of 188,200 ordinary shares.
• From January 1, 2016 through July 31, 2019, an aggregate of 14,512 free preferred shares (AGAP) were vested. Pursuant to these free preferred shares vesting, we issued an aggregate of 6,931 preferred shares 2016 and 7,581 preferred shares 2017.

• From January 1, 2016 through July 31, 2019, an aggregate of 442,862 free shares (AGA) were vested. Pursuant to these free shares vesting, we issued an aggregate of 442,862 ordinary shares.

Key Provisions of Our Bylaws and French Law Affecting Our Ordinary Shares

The description below reflects the terms of our bylaws and summarizes the material rights of holders of our ordinary shares under French law. Please note that this is only a summary and is not intended to be exhaustive. For further information, please refer to the full text of our bylaws, a copy of which has been filed as an exhibit to the Registration Statement of which this prospectus forms a part.

Business Purpose (Article 4 of the Bylaws)

Our business purpose, directly or indirectly, in France or other countries is to:

• perform, for our self or on behalf of third parties, any and all operations involving research, development, studies, perfecting of production processes and marketing products of pharmaceutical interest;

• register or grant any patents or licenses relating directly or indirectly to our business; and

• more generally, perform any operation of any kind, whether economic, legal, financial, civil or commercial, which may be directly or indirectly related to our business purpose or any similar, associated or complementary purpose.

Executive Board (Articles 14 to 16 of the Bylaws)

The Executive Board is responsible for our management and is composed of a minimum of two members and a maximum of five members who perform their duties under the supervision of the Supervisory Board.

Members of the Executive Board

The members of the Executive Board are appointed or have their appointments renewed by the Supervisory Board. The members of the Executive Board must be individuals. They are not required to be shareholders. They may be French citizens or citizens of other countries. Members of the Executive Board cannot be members of the Supervisory Board.

The maximum age for being a member of the Executive Board and the limitations on having such an appointment concurrently with an appointment in another company are subject to the applicable legal and regulatory provisions.

The term of office for the members of the Executive Board is three years and may be renewed. If there is a vacancy, the Supervisory Board must fill the vacancy within two months. The replacement is appointed for the time remaining until the Executive Board is up for renewal.

The members of the Executive Board may be removed from office, with or without cause and without notice, by the Supervisory Board or at any General Meeting of shareholders, by a simple majority vote of the shareholders present and voting at the meeting in person or by proxy.

Chairman of the Executive Board

The Supervisory Board elects a Chairman from among the members of the Executive Board to serve for the duration of his appointment as a member of the Executive Board. The Chairman of the Executive Board represents us in our relations with third parties.
The Supervisory Board may assign this power of representation to one or more other members of the Executive Board. Assignees have the title of General Manager.

Meetings and Powers of the Executive Board

The Executive Board meets as often as is in our interest, but at least once per quarter. Meetings are called by the Chairman or a member of the Executive Board appointed for this purpose.

At least half of the members of the Executive Board must be present to constitute a quorum and decisions are made by a majority of the members of the Executive Board present or represented.

The Executive Board has broad power to act under all circumstances on our behalf. It exercises this power within the limits of our business purpose and subject to any powers expressly given to the Supervisory Board and Shareholders' Meetings by law and according to our bylaws, and abiding by any restrictions on powers decided by the Supervisory Board. There are currently no limits imposed on the amounts of loans or borrowings that the Executive Board may approve.

Compensation of the Executive Board

The method and amount of compensation for each member of the Executive Board is determined by the Supervisory Board when appointing such member.

Supervisory Board (Articles 17 to 21 of the Bylaws)

Members of the Supervisory Board

The Executive Board is supervised by a Supervisory Board made up of a minimum of three members and a maximum of eighteen. The members of the Supervisory Board are appointed for a renewable term of two years at the General Meeting of shareholders, which may revoke their appointments at any time. The appointees are selected from among the shareholders and may be individuals or companies. Each member must own at least one of our ordinary shares for the entire term of the appointment. Members of the Supervisory Board cannot be members of the Executive Board.

The number of members of the Supervisory Board who have reached the age of seventy years cannot be higher than a third of the members of the Supervisory Board. If the age limitation is exceeded, the eldest member is deemed to have resigned automatically.

Chairman of the Supervisory Board

The Supervisory Board appoints from its members who are individuals a Chairman and a Vice-Chairman, who are in charge of convening the Supervisory Board and leading the debates.

In a report to the General Meeting of shareholders attached to the Executive Board’s Management Report, the Chairman of the Supervisory Board reports on the conditions for preparing and organizing the work of the Supervisory Board as well as the internal control procedures set up by us.

Meetings and Powers of the Supervisory Board

The Supervisory Board meets as often as is in our interests but least once per quarter. Meetings are called by the Chairman or Vice-Chairman, or by a member of the Executive Board or one-third of the members of the Supervisory Board, under the circumstances and according to the conditions set forth in the bylaws.

At least half of the members of the Supervisory Board must be present to constitute a quorum and decisions are made by a majority of the members of the Supervisory Board present or represented, it being specified that in a case of a split-vote, the Chairman of the Supervisory Board shall have the deciding vote.
The Supervisory Board exercises permanent control over our management by the Executive Board and the powers explicitly conferred on it by the French laws. It alone has the authority to authorize certain significant transactions.

Under French law, any agreement entered into, directly or through an intermediary, between us and one of the members of the Executive Board or Supervisory Board, or a shareholder that holds over 10% of the voting rights, or, if such shareholder is a company, the controlling company thereof, must be subject to prior authorization from the Supervisory Board. The interested member cannot vote on such decision. The same applies to agreements in which a person referred above has an indirect interest. Such prior authorization also applies to agreements between us and another company if one of the members of our Executive Board or Supervisory Board is the owner, a partner with unlimited liability, manager, director, managing director, member of the Executive Board or of the Supervisory Board, or, in a general manner is in a position of responsibility within the other company. These provisions are not applicable to agreements concerning day-to-day operations entered into under normal conditions.

**Compensation of the Supervisory Board**

Compensation for attendance at board meetings (jetons de présence) is determined at the annual ordinary General Meeting. The General Meeting of shareholders may allocate an annual fixed sum and our Supervisory Board allocates this sum among its members as it sees fit. In addition, the Supervisory Board may allocate exceptional compensation (rémunération exceptionnelle) for missions or mandates entrusted to its members; in this case, this remuneration is subject to the provisions regarding related-parties agreements.

**Committees**

The Supervisory Board may decide to establish committees responsible for reviewing matters which the Supervisory Board or its Chairman wish to submit to them for examination and advice.

**Shareholders’ Observers (Article 23 of the Bylaws)**

At the General Meeting of shareholders, one or more shareholders’ observers may be appointed, at the discretion of the shareholders for a term of office expiring at the shareholders meeting convened to decide on the financial statements for the preceding financial year after the first anniversary date of their appointment. Shareholders’ observers may be individuals or companies and are not required to be shareholders.

The observers attend all Supervisory Board meetings, with the right to speak but not to vote. They hold the same information and communication rights than the Supervisory Board’s members and they are bound to the same confidentiality obligations.

**Rights and Obligations Attached to Ordinary Shares (Articles 12 and 41 of the Bylaws)**

Each of our ordinary shares gives the right to a share of the profits and assets in proportion to the amount of capital it represents. It also gives the right to vote and be represented in the General Meeting of shareholders under the conditions set forth by the law and the bylaws.

If we are liquidated, any assets remaining after payment of the debts, liquidation expenses and all of the remaining obligations will first be used to repay in full the par value of our ordinary shares. Any surplus will be distributed pro rata among shareholders in proportion to the number of ordinary shares respectively held by them, taking into account, where applicable, of the rights attached to ordinary shares of different classes.

Shareholders are liable for corporate liabilities only up to the par value of the ordinary shares they hold; they are not liable to further capital calls.
We have not issued any ordinary shares giving holders privileged rights compared to those attached to other ordinary shares. See the section of this prospectus titled “Management—Equity Incentives” for a description of the Free Preferred Shares (AGAP) granted to the Company’s management and employees.

Shareholders’ rights may be modified as allowed by French law. Only the extraordinary shareholders’ meeting is authorized to amend any and all provisions of our bylaws. It may not, however, increase shareholder commitments without the prior approval of each shareholder.

**Voting Rights (Article 12 of the Bylaws)**

The voting rights attached to the ordinary shares are in proportion to the amount of capital they represent and each share gives the right to one vote. There is no double voting right attached to the ordinary shares. The ownership of a share implies, ipso facto, the acceptance of our bylaws and any decision of our shareholders.

Under French law, treasury shares or ordinary shares held by entities controlled by us are not entitled to voting rights and do not count for quorum purposes.

They is no limitation on voting rights in our bylaws nor limit the right of non-residents of France or non-French persons to own or, where applicable, to vote our securities.

Under French law, the holders of warrants of the same class (i.e., warrants that were issued at the same time and with the same rights), including founders’ warrants, are entitled to vote as a separate class at a general meeting of that class of warrant holders under certain circumstances, principally in connection with any proposed modification of the terms and conditions of the class of warrants or any proposed issuance of preferred shares or any modification of the rights of any outstanding class or series of preferred shares.

**Dividends (Article 41 of the Bylaws)**

We may only distribute dividends out of our distributable profits, plus any amounts held in our reserves that the shareholders decide to make available for distribution, other than those reserves that are specifically required by law. The conditions for payment of dividends in cash shall be set at the shareholders’ meeting.

“Distributable Profits” consist of our statutory net profit in each fiscal year, calculated in accordance with accounting standards applicable in France, as increased or reduced by any profit or loss carried forward from prior years, less any contributions to the reserve accounts. Pursuant to French law, we must allocate at least 5% of our statutory net profit for each year to our legal reserve fund before dividends may be paid with respect to that year. Such allocation is compulsory until the amount in the legal reserve is equal to 10% of the aggregate par value of our issued and outstanding share capital.

Dividends are distributed to shareholders pro rata according to their respective holdings of ordinary shares. In the case of interim dividends, distributions are made to shareholders on the date set by our Executive Board during the meeting in which the distribution of interim dividends is approved. The actual dividend payment date is decided by the shareholders at an ordinary general shareholders’ meeting or by our Executive Board in the absence of such a decision by the shareholders. Shareholders that own ordinary shares on the actual payment date are entitled to the dividend.

Pursuant to French law, dividends must be paid within a maximum of nine months after the close of the relevant fiscal year, unless extended by court order. Dividends not claimed within five years after the payment date shall be deemed to expire and revert to the French state.

Shareholders may be granted an option to receive dividends in cash or in ordinary shares, in accordance with legal conditions.
Change in Share Capital (Article 7 of the Bylaws)

Any change to the capital or the rights attached to the ordinary shares is subject to legal provisions, as our bylaws do not set forth any particular requirements.

Increase in Share Capital

Pursuant to French law, our share capital may be increased only with shareholders’ approval at an extraordinary general shareholders’ meeting following the recommendation of our Executive Board. The shareholders may delegate to our Executive Board either the authority (délégation de compétence) or the power (délégation de pouvoir) to carry out any increase in share capital.

Increases in our share capital may be effected by:

- issuing additional shares;
- increasing the nominal value of existing shares;
- creating a new class of equity securities (preference shares); and
- exercising the rights attached to securities giving access to the share capital.

Increases in share capital by issuing additional securities may be effected through one or a combination of the following issuances:

- in consideration for cash;
- in consideration for assets contributed in kind;
- through an exchange offer or merger;
- by conversion of previously issued debt instruments;
- by exercise of the rights attached to securities giving access to the share capital;
- by capitalization of profits, reserves or share premium; and
- subject to certain conditions, by way of offset against debt incurred by us.

Decisions to increase the share capital through the capitalization of reserves, profits and/or share premium require shareholders’ approval at an extraordinary general shareholders’ meeting, acting under the quorum and majority requirements applicable to ordinary shareholders’ meetings. Increases effected by an increase in the nominal value of shares require unanimous approval of the shareholders, unless effected by capitalization of reserves, profits or share premium. All other capital increases require shareholders’ approval at an extraordinary general shareholders’ meeting acting under the regular quorum and majority requirements for such meetings.

Reduction in Share Capital

Pursuant to French law, any reduction in our share capital requires shareholders’ approval at an extraordinary general shareholders’ meeting following the recommendation of our Executive Board. The share capital may be reduced either by decreasing the nominal value of the outstanding shares or by reducing the number of outstanding shares. The number of outstanding shares may be reduced by the repurchase and cancellation of shares. Holders of each class of shares must be treated equally unless each affected shareholder agrees otherwise, depending on the contemplated operations.

Preferential Subscription Rights

According to French law, if we issue additional securities for cash, current shareholders will have preferential subscription rights to these securities on a pro rata basis. Preferential subscription rights entitle the
individual or entity that holds them to subscribe pro rata based on the number of shares held by them to the issuance of any securities increasing, or that may result in an increase of, our share capital by means of a cash payment or a set-off of cash debts. Pursuant to French law, the preferential subscription rights are transferable during a period equivalent to the subscription period relating to a particular offering but starting two days prior to the opening of the subscription period and ending two days prior to the closing of the subscription period.

The preferential subscription rights with respect to any particular offering may be waived at an extraordinary general meeting by a two-thirds vote of our shareholders or individually by each shareholder.

Our Executive Board and our independent auditors are required by French law to present reports to the shareholders’ meeting that specifically address any proposal to waive the preferential subscription rights.

Our current shareholders waived their preferential subscription rights with respect to this global offering at an extraordinary general shareholders’ general meeting held on May 22, 2019.

Form, Holding and Transfer of Shares (Articles 9 and 10 of the Bylaws)

**Form of Shares**

The ordinary shares are nominative or bearer, if the legislation so permits, according to the shareholder’s choice. The Free Preferred Shares (AGAP) are nominative.

Further, in accordance with applicable laws, we may request at any time from the central depository responsible for holding our Shares, the information referred to in Article L. 228-2 of the French Commercial Code. Thus, we are, in particular and at any time, entitled to request the name and year of birth or, in the case of a legal entity, the name and the year of incorporation, nationality and address of holders of securities conferring immediate or long-term voting rights at its shareholders’ meeting and the amount of securities owned by each of them and, where applicable, the restrictions that the securities could be affected by.

**Holding of Shares**

In accordance with French law concerning the “dematerialization” of securities, the ownership rights of shareholders are represented by book entries instead of share certificates. Shares issued are registered in individual accounts opened by us or any authorized intermediary, in the name of each shareholder and kept according to the terms and conditions laid down by the legal and regulatory provisions.

**Ownership of Shares by Non-French Persons**

See “Limitations Affecting Shareholders of a French Company.”

**Assignment and Transfer of Shares**

Shares are freely negotiable, subject to applicable legal and regulatory provisions. French law notably provides for standstill obligations and prohibition of insider trading.

**Repurchase and Redemption of Ordinary Shares**

Under French law, we may acquire our own ordinary shares. Such acquisition may be challenged on the ground of market abuse regulations. However, Market Abuse Regulation 596/2014 of April 16, 2014 and its delegated regulations, or MAR, provides for safe harbor exemptions when the acquisition is made (i) under a buy-back program to be authorized by the shareholders in accordance with the provisions of Article L. 225-209.
of the French Commercial Code and with the General Regulations of the French Financial Markets Authority, or AMF and (ii) for the following purposes:

- to decrease our share capital, with the approval of the shareholders at an extraordinary general meeting; in this case, the ordinary shares repurchased must be cancelled within one month from the expiry of the purchase offer;
- to meet obligations arising from debt securities that are exchangeable into equity instruments;
- to provide ordinary shares for distribution to employees or managers under a profit-sharing, free share or share option plan; or
- we benefit from a simple exemption when the acquisition is made under a liquidity contract complying with the General Regulations of, and market practices accepted by, the AMF.

All other purposes, and especially share buy-backs made for external growth operations in pursuance of Article L. 225-209 of the French Commercial Code, while not forbidden, must be pursued in strict compliance of market manipulation and insider dealing rules.

Under MAR and in accordance with the General Regulations of the AMF, a corporation shall report to the competent authority of the trading value on which the shares have been admitted to trading or are traded, no later than by the end of the seventh daily market session following the date of the execution of the transaction, all the transactions relating to the buy-back program, in a detailed form and in an aggregated form.

No such repurchase of ordinary shares may result in us holding, directly or through a person acting on our behalf, more than 10% of our issued share capital. Ordinary shares repurchased by us continue to be deemed “issued” under French law but are not entitled to dividends or voting rights so long as we hold them directly or indirectly, and we may not exercise the preemptive rights attached to them.

Sinking Fund Provisions

Our bylaws do not provide for any sinking fund provisions.

General Meeting of Shareholders (Articles 26 to 37 of the Bylaws)

Calling Meetings and Conditions for Admission (Articles 27 to 30 of the Bylaws)

General Meetings of shareholders are called by the Executive Board, or failing that, by the Supervisory Board. They can also be called by the auditor(s) or an officer appointed by a court upon request, by any interested party or by the Works Council in an emergency, by one or more shareholders holding at least five percent of the ordinary shares or by an association of our shareholders. Meetings are held at our registered offices or at any other location indicated in the convening notice.

The meeting is published in the French Bulletin of Mandatory Legal Notices (Bulletin des Annonces Légales Obligatoires or BALO) at least 35 days prior to the date of a General Meeting of shareholders. In addition to the information concerning us, the notice indicates in particular the agenda of the General Meeting of shareholders and the draft resolutions that will be presented.

In the 21 days preceding the meeting, we will publish the information and documents relating to the meeting on our web site.

The General Meeting of shareholders must be announced at least 15 days beforehand, by a notice placed in a journal that publishes legal announcements in the department where the headquarters are located, and in the BALO. Holders of registered ordinary shares who have owned them for at least one month as of the date on
which the latest notice is published receive individual notices. When a General Meeting of shareholders is unable to take action because the requisite quorum is not present, a second meeting is called at least ten days in advance using the same procedure as the first one.

The General Meeting of shareholders may only take action on items on the agenda. However, it may dismiss and replace one or more members of the Supervisory Boards at any time. The General Meeting may also dismiss the members of the Executive Board. One or more shareholders representing at least the percentage of share capital fixed by law, and acting according to the legally required conditions and deadlines, are allowed to request that items and/or draft resolutions be added to the agenda of the General Meeting of shareholders.

Each shareholder has the right to attend the meetings and take part in deliberation (i) personally; (ii) by granting proxy to another shareholder, his or her spouse or partner in a civil union or any other natural or legal person of his or her choice; (iii) by sending a proxy to the company without indication of the beneficiary; (iv) by voting by correspondence; or (v) by videoconference or another means of telecommunication, including internet, in accordance with applicable laws and regulations that allow identification; by presenting proof of identity and ownership of ordinary shares, subject to:

- for holders of registered ordinary shares, an entry in the shareholder registry at least two business days before the General Meeting of shareholders; and
- for holders of bearer ordinary shares, filing, under the conditions provided by law, of a certificate of participation issued by an authorized intermediary two days before the date of the General Meeting of shareholders.

The final date for returning voting ballots by correspondence is set by the Executive Board and disclosed in the notice of meeting published in the BALO. This date cannot be earlier than three days prior to the meeting as provided in the bylaws.

A shareholder who has voted by correspondence will no longer be able to participate directly in the meeting or to be represented. In the case of returning the proxy form and the voting by correspondence form, the proxy form is taken into account, subject to the votes cast in the voting by correspondence form.

A shareholder may be represented at meetings by any individual or legal entity by means of a proxy form which we send to such shareholder either at the shareholder’s request or at our initiative. A shareholder’s request for a proxy form must be received at the registered office at least five days before the date of the meeting. The proxy is only valid for a single meeting, for two meetings (an ordinary and an extraordinary meeting convened for the same day or within 15 days) or for successive meetings convened with the same agenda.

A shareholder may vote by correspondence by means of a voting form, which we send to such shareholder either at the shareholder’s request or at our initiative, or which we include in an appendix to a proxy voting form under the conditions provided for by current laws and requirements. A shareholder’s request for a voting form must be received at the registered office at least six days before the date of the meeting. The voting form is also available on our website at least 21 days before the date of the meeting. The voting by correspondence form addressed by a shareholder is only valid for a single meeting or for successive meetings convened with the same agenda.

**Our Bylaws and French Corporate Law Contain Provisions that May Delay or Discourage a Takeover Attempt**

Provisions contained in our bylaws and French corporate law could make it more difficult for a third-party to acquire us, even if doing so might be beneficial to our shareholders. In addition, provisions of our bylaws
impose various procedural and other requirements, which could make it more difficult for shareholders to effect certain corporate actions. These provisions include the following:

- under French law, the owner of 90% of the share capital or voting rights of a public company listed on a regulated market in a Member State of the European Union or in a state party to the European Economic Area, or EEA, Agreement, including from the main French stock exchange, has the right to force out minority shareholders following a tender offer made to all shareholders;

- under French law, a non-resident of France as well as any French entity controlled by non-residents of France may have to file a declaration for statistical purposes with the Bank of France (Banque de France) within 20 working days following the date of certain direct foreign investments in us, including any purchase of our ADSs. In particular, such filings are required in connection with investments exceeding €15,000,000 that lead to the acquisition of at least 10% of our share capital or voting rights or cross such 10% threshold. See “Limitations Affecting Shareholders of a French Company’’;

- under French law, certain investments in a French company relating to certain strategic industries by individuals or entities not residents in a Member State of the EU are subject to prior authorization of the Ministry of Economy. See “Limitations Affecting Shareholders of a French Company’’;

- a merger (i.e., in a French law context, a share for share exchange following which our company would be dissolved into the acquiring entity and our shareholders would become shareholders of the acquiring entity) of our company into a company incorporated in the European Union would require the approval of our Executive Board as well as a two-thirds majority of the votes held by the shareholders present, represented by proxy or voting by mail at the relevant meeting;

- a merger of our company into a company incorporated outside of the European Union would require 100% of our shareholders to approve it;

- under French law, a cash merger is treated as a share purchase and would require the consent of each participating shareholder;

- our shareholders may grant in the future our Executive Board broad authorizations to increase our share capital or to issue additional ordinary shares or other securities (for example, warrants) to our shareholders, the public or qualified investors, including as a possible defense following the launching of a tender offer for our ordinary shares;

- our shareholders have preferential subscription rights on a pro rata basis on the issuance by us of any additional securities for cash or a set-off of cash debts, which rights may only be waived by the extraordinary general meeting (by a two-thirds majority vote) of our shareholders or on an individual basis by each shareholder;

- our Supervisory Board appoints the members of the Executive Board and shall fill any vacancy within two months;

- our Supervisory Board has the right to appoint members of the Supervisory Board to fill a vacancy created by the resignation or death of a member of the Supervisory Board for the remaining duration of such member’s term of office, and subject to the approval by the shareholders of such appointment at the next shareholders’ meeting, which prevents shareholders from having the sole right to fill vacancies on our Supervisory Board;

- our Executive Board can be convened by the chairman of the Executive Board or other members of the Executive Board delegated for this purpose;

- our Supervisory Board can be convened by the chairman or the vice-chairman of the Supervisory Board. A member of the Executive Board or one-third of the members of the Supervisory Board may send a written request to the chairman to convene the Supervisory Board. If the chairman does not convene the Supervisory Board 15 days following the receipt of such request, the authors of the request may themselves convene the Supervisory Board;
our Supervisory Board meetings can only be regularly held if at least half of its members attend either physically or by way of videoconference or teleconference enabling the members’ identification and ensuring their effective participation in the Supervisory Board’s decisions;

approval of at least a majority of the votes held by shareholders present, represented by a proxy, or voting by mail at the relevant ordinary shareholders’ general meeting is required to remove members of the Executive Board and/or members of the Supervisory Board with or without cause;

the crossing of certain ownership thresholds has to be disclosed and can impose certain obligations; see the section of this prospectus titled “Description of Share Capital–Key Provisions of Our Bylaws and French Law Affecting Our Ordinary Shares;”

advance notice is required for nominations to the Supervisory Board or for proposing matters to be acted upon at a shareholders’ meeting, except that a vote to remove and replace a member of the Supervisory Board can be proposed at any shareholders’ meeting without notice;

transfers of shares shall comply with applicable insider trading rules and regulations, and in particular with the Market Abuse Regulation 596/2014 of April 16, 2014; and

pursuant to French law, our bylaws, including the sections relating to the number of members of the Executive and Supervisory Boards, and election and removal of members of the Executive and Supervisory Boards from office may only be modified by a resolution adopted by two-thirds of the votes of our shareholders present, represented by a proxy or voting by mail at the meeting.

Shareholder Identification (Article 9 of the Bylaws)

Ordinary Shares may be registered or bearer ordinary shares, at the option of the shareholder, subject to the applicable legal requirements.

To identify the holders of bearer ordinary shares, we are authorized to ask in accordance with current legal and regulatory requirements, the central depository that maintains the records of the issue of these ordinary shares, in exchange for a fee, for the holders’ name or business name, year of birth or year of incorporation, address and nationality, e-mail address, number of securities held giving immediate or future access to the capital and any restrictions to which the securities are subject.

Modification of the Bylaws (Article 36 of the Bylaws)

Our bylaws may only be amended by approval at an extraordinary shareholders’ meeting. Our bylaws may not, however, be amended to increase shareholder commitments without the approval of each shareholder. Decisions are made by a two-thirds majority of the votes held by the shareholders present, represented by proxy, or voting by mail.

Crossing the Threshold Set in the Bylaws (Article 11 of the Bylaws)

Without prejudice to the legal or regulatory stipulations, any natural person or legal entity who goes above or below, directly or indirectly, acting alone or in concert (de concert), a percentage of the share capital or voting rights equal to or higher than 1% or a multiple of this percentage, must inform us of the total number of ordinary shares, voting rights and securities giving access to capital or voting rights that it, he or she owns immediately or eventually, within five trading days of the date on which such ownership threshold is crossed.

If shareholders fail to comply with these obligations, shares or voting rights exceeding the fraction that should have been declared are deprived of voting rights at General Meetings of Shareholders for any meeting that would be held until the expiry of a period of two years from the date of regularization of the notification in accordance with Article L. 233-14 of the Commercial Code, if the failure to declare has been determined and one or several shareholders holding at least 5% of the capital make a request thereof, as recorded in the minutes of the General Meeting.
These requirements are without prejudice to the threshold crossing declarations provided for under French law in Articles L. 233-7, L. 233-9 and L. 233-10 of the French Commercial Code, which impose a declaration to us and to the French Financial Markets Authority (AMF) upon crossing of the following thresholds in share capital or voting rights no later than the fourth trading day following the crossing: 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% and 95%.

Furthermore, any shareholder crossing, alone or acting in concert, these 10%, 15%, 20% or 25% thresholds shall file a declaration pursuant to which it shall set out its intention for the following 6 months, including notably whether it intends to continue acquiring shares of the company or to acquire control over the company and its intended strategy for the company.

In addition, and subject to certain exemptions, any shareholder crossing, alone or acting in concert, the 30% threshold shall file a mandatory public tender offer. Also, any shareholder holding directly or indirectly a number between 30% and 50% of the capital or voting rights and who, in less than 12 consecutive months, increases their holding of capital or voting rights by at least 1% of the company’s capital or voting rights, shall file a mandatory public tender offer.

Securities Exercisable for Ordinary Shares

Equity Incentives

See the section of this prospectus titled “Management—Equity Incentives” for a description of securities granted by our Executive Board to our members of Executive Board and of Supervisory Board, employees and consultants.

Differences in Corporate Law

We are a société anonyme à directoire et conseil de surveillance, or S.A., incorporated under the laws of France. The laws applicable to French S.A.s differ from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain differences between the provisions of the French Commercial Code applicable to us and the Delaware General Corporation Law, the law under which many public companies in the United States are incorporated. This summary is not intended to be a complete discussion of the respective rights.

<table>
<thead>
<tr>
<th>Number of the members of the Executive Board and of the Supervisory Board</th>
<th>France</th>
<th>Delaware</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under French law, a société anonyme à directoire et conseil de surveillance must have at least three and may have up to eighteen members of the Supervisory Board. The number of members of the Executive Board can be raised to seven if the Company is listed on a regulated exchange. Otherwise, such number cannot be greater than five. In addition, the composition of the Executive Board endeavors to seek a balanced representation of women and men. The number of members of the Executive Board and of the Supervisory Board is fixed by or in the manner provided in the bylaws. Since January 1, 2017, the number of members of</td>
<td>Under Delaware law, a corporation must have at least one director and the number of directors shall be fixed by or in the manner provided in the certificate of incorporation or, if the certificate is silent, in the bylaws.</td>
<td></td>
</tr>
<tr>
<td><strong>France</strong></td>
<td><strong>Delaware</strong></td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>the Supervisory Board of each gender may not be less than 40%. Any appointment made in violation of this limit that is not remedied will be null and void as well as the deliberations taken by the Supervisory Board member irregularly appointed. The members of the Supervisory Board are appointed at the shareholders’ general meetings.</td>
<td>Under Delaware law, a corporation may prescribe qualifications for directors under its certificate of incorporation or bylaws.</td>
<td></td>
</tr>
<tr>
<td><strong>Members of the Executive Board and of the Supervisory Board Qualifications</strong></td>
<td>Under French law, a corporation may prescribe qualifications for the members of the Executive Board and of the Supervisory Board under its bylaws. In addition, under French law, members of a supervisory board of a corporation may be legal entities (with the exception of the chairman of the supervisory board), and such legal entities may designate an individual to represent them and to act on their behalf at meetings of the supervisory board.</td>
<td></td>
</tr>
<tr>
<td><strong>Removal of members of the Executive Board and of the Supervisory Board</strong></td>
<td>Under French law, the members of the Executive Board and of the Supervisory Board may be removed from office, with or without cause and without notice, at any shareholders’ meeting, by a simple majority vote of the shareholders present and voting at the meeting in person or by proxy. In addition, the members of the Executive Board may be removed by the Supervisory Board if provided in the bylaws. Our bylaws provide this possibility.</td>
<td></td>
</tr>
<tr>
<td><strong>Vacancies on the Executive Board and on the Supervisory Board</strong></td>
<td>Under French law, vacancies on the Executive Board resulting from death or a resignation have to be filled by the Supervisory Board within two months. Vacancies on the Supervisory Board resulting from death or a resignation, may be filled by the remaining members of the Supervisory Board pending ratification by the shareholders by the next shareholders’ meeting.</td>
<td></td>
</tr>
<tr>
<td><strong>Annual General Meeting</strong></td>
<td>Under Delaware law, vacancies on a corporation’s board of directors, including those caused by an increase in the number of directors, unless otherwise provided in the certificate of incorporation, may be filled by a majority of the remaining directors.</td>
<td></td>
</tr>
</tbody>
</table>

209
France

each year by the Executive Board and notified to the shareholders in the convening notice of the annual meeting, within six months after the close of the relevant fiscal year unless such period is extended by court order.

General Meeting

Under French law, general meetings of the shareholders may be called by the Executive Board or, failing that, by the statutory auditors, or by a court appointed agent (mandataire ad hoc) or liquidator in certain circumstances, or by the majority shareholder in capital or voting rights following a public tender offer or exchange offer or the transfer of a controlling block on the date decided by the Executive Board or the relevant person. General meetings of the shareholders may also be called by the Supervisory Board.

Notice of General Meetings

A first convening notice is published in the French Bulletin of Mandatory Legal Notices (BALO) at least 35 days prior to a meeting and made available on the website of the company at least 21 days prior to the meeting. Subject to special legal provisions, the meeting notice is sent out at least 15 days prior to the date of the meeting, by means of a notice inserted both in a legal announcement bulletin (journal d'annonces légales) of the registered office department and in the BALO. Further, the holders of registered ordinary shares for at least a month at the time of the latest of the insertions of the notice of meeting shall be summoned individually, by regular letter (or by registered letter if they request it and include an advance of expenses) sent to their last known address. This notice to registered shareholders may also be transmitted by electronic means of telecommunication, in lieu of any such mailing, to any shareholder requesting it beforehand by registered letter with acknowledgment of receipt in

Delaware

the certificate of incorporation or by the bylaws, or by the board of directors if neither the certificate of incorporation or the bylaws so provide.

Under Delaware law, special meetings of the stockholders may be called by the board of directors or by such person or persons as may be authorized by the certificate of incorporation or by the bylaws.

Notice of General Meetings

Under Delaware law, unless otherwise provided in the certificate of incorporation or bylaws, written notice of any meeting of the stockholders must be given to each stockholder entitled to vote at the meeting not less than 10 nor more than 60 days before the date of the meeting and shall specify the place, date, hour, means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote, the record date for voting if it is different from the record date determining notice and, in the case of a special meeting, purpose or purposes for which the meeting is called.
France

accordance with legal and regulatory requirements, specifying his e-mail address. When the shareholders’ meeting cannot deliberate due to lack of required quorum, the second meeting must be called at least ten calendar days in advance in the same manner as used for the first notice. The convening notice shall specify the name of the company, its legal form, share capital, registered office address, registration number with the French Registry of Commerce and Companies (registre du commerce et des sociétés), the place, date, hour and agenda of the meeting and its nature (ordinary and/or extraordinary meeting). The convening notice must also indicate the conditions under which the shareholders may vote by correspondence and the places and conditions in which they can obtain voting forms by mail.

Proxy

Each shareholder has the right to attend the meetings and participate in the discussions (i) personally, or (ii) by granting proxy to another shareholder, his/her spouse, his/her partner with whom he/she has entered into a civil union or to any natural or legal person of his/her choice; or (iii) by sending a proxy to the company without indication of the beneficiary (in which case, such proxy shall be cast in favor of the resolutions supported by the Executive Board), or (iv) by voting by correspondence, or (v) by video conference or another means of telecommunication in accordance with applicable laws that allow identification. The proxy is only valid for a single meeting, for two meetings (an ordinary and an extraordinary meeting convened for the same day or within 15 days) or for successive meetings convened with the same agenda.

Delaware

Under Delaware law, at any meeting of stockholders, a stockholder may designate another person to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Shareholder action by written consent

Under French law, shareholders’ action by written consent is not permitted in a société anonyme.

Under Delaware law, a corporation’s certificate of incorporation (1) may permit
<table>
<thead>
<tr>
<th>France</th>
<th>Delaware</th>
</tr>
</thead>
<tbody>
<tr>
<td>stockholders to act by written consent if such action is signed by</td>
<td>stockholders to act by written consent if such action is signed by all</td>
</tr>
<tr>
<td>all stockholders, (2) may permit stockholders to act by written</td>
<td>stockholders to act by written consent signed by stockholders having the</td>
</tr>
<tr>
<td>consent signed by stockholders having the minimum number of votes that</td>
<td>minimum number of votes that would be necessary to take such action at a</td>
</tr>
<tr>
<td>would be necessary to take such action at a meeting or (3) may</td>
<td>meeting or (3) may prohibit actions by written consent.</td>
</tr>
<tr>
<td>prohibit actions by written consent.</td>
<td></td>
</tr>
<tr>
<td><strong>Preemptive Rights</strong></td>
<td></td>
</tr>
<tr>
<td>Under French law, in case of issuance of additional ordinary shares or</td>
<td>Under Delaware law, unless otherwise provided in a corporation’s</td>
</tr>
<tr>
<td>other securities for cash or set-off against cash debts, the existing</td>
<td>certificate of incorporation, a stockholder does not, by operation of</td>
</tr>
<tr>
<td>shareholders have preferential subscription rights to these securities</td>
<td>law, possess preemptive rights to subscribe to additional issuances of</td>
</tr>
<tr>
<td>on a pro rata basis unless such rights are waived by a two-thirds</td>
<td>the corporation’s stock.</td>
</tr>
<tr>
<td>majority of the votes held by the shareholders present at the</td>
<td></td>
</tr>
<tr>
<td>extraordinary meeting deciding or authorizing the capital increase,</td>
<td></td>
</tr>
<tr>
<td>voting in person or represented by proxy or voting by mail. In case</td>
<td></td>
</tr>
<tr>
<td>such rights are not waived by the extraordinary general meeting, each</td>
<td></td>
</tr>
<tr>
<td>shareholder may individually either exercise, assign or not exercise</td>
<td></td>
</tr>
<tr>
<td>its preferential subscription rights. Preferential subscription rights</td>
<td></td>
</tr>
<tr>
<td>may only be exercised during the subscription period. In accordance</td>
<td></td>
</tr>
<tr>
<td>with French law, the exercise period shall not be less than five</td>
<td></td>
</tr>
<tr>
<td>trading days. Preferential subscription rights are transferable</td>
<td></td>
</tr>
<tr>
<td>during a period equivalent to the subscription period but starting</td>
<td></td>
</tr>
<tr>
<td>two business days prior to the opening of the subscription period and</td>
<td></td>
</tr>
<tr>
<td>ending two business days prior to the closing of the subscription</td>
<td></td>
</tr>
<tr>
<td>period.</td>
<td></td>
</tr>
<tr>
<td><strong>Sources of Dividends</strong></td>
<td></td>
</tr>
<tr>
<td>Under French law, dividends may only be paid by a French société</td>
<td>Under Delaware law, dividends may be paid by a Delaware corporation</td>
</tr>
<tr>
<td>anonyme out of “distributable profits,” plus any distributable</td>
<td>either out of (1) surplus as defined in and computed in accordance with</td>
</tr>
<tr>
<td>reserves and “distributable premium” that the shareholders decide to</td>
<td>Delaware law or (2) in case there is no such surplus, out of its net</td>
</tr>
<tr>
<td>make available for distribution, other than those reserves that are</td>
<td>profits for the fiscal year in which the dividend is declared and/or the</td>
</tr>
<tr>
<td>specifically required by law. “Distributable profits” consist of the</td>
<td>preceding fiscal year, except when the capital is diminished by</td>
</tr>
<tr>
<td></td>
<td>depreciation in the</td>
</tr>
</tbody>
</table>
unconsolidated net profits of the relevant corporation for each fiscal year, as increased or reduced by any profit or loss carried forward from prior years.

“Distributable premium” refers to the contribution paid by the shareholders in addition to the par value of their ordinary shares for their subscription that the shareholders decide to make available for distribution.

Except in case of a share capital reduction, no distribution can be made to the shareholders when the net equity is, or would become, lower than the amount of the share capital plus the reserves which cannot be distributed in accordance with the law or the bylaws.

Repurchase of Ordinary Shares

Under French law, a corporation may acquire its own ordinary shares. Such acquisition may be challenged on the ground of market abuse regulations. However, Market Abuse Regulation 596/2014 of April 16, 2014 provides for safe harbor exemptions when the acquisition is made for the following purposes:

• to decrease its share capital, with the approval of the shareholders at the extraordinary general meeting;

• to meet obligations arising from debt securities that are exchangeable into equity instruments; or

• with a view to distributing the relevant shares to employees or managers under a profit-sharing, restricted free share or share option plan.

All other purposes, and especially share buy-backs made for external growth operations in pursuance of Article L. 225-209 of the French Commercial Code, while not forbidden, must be pursued in strict compliance of market manipulation and insider dealing rules.

Under Delaware law, a corporation may generally redeem or repurchase shares of its stock unless the capital of the corporation is impaired or such redemption or repurchase would impair the capital of the corporation.

delaware

value of its property, or by losses, or otherwise, to an amount less than the aggregate amount of capital represented by issued and outstanding stock having a preference on the distribution of assets.
France

Under the Market Abuse Regulation 596/2014 of April 16, 2014 (MAR) and in accordance with the General Regulations of the AMF, a corporation shall report to the competent authority of the trading value on which the shares have been admitted to trading or are traded, no later than by the end of the seventh daily market session following the date of the execution of the transaction, all the transactions relating to the buy-back program, in a detailed form and in an aggregated form.

No such repurchase of ordinary shares may result in the company holding, directly or through a person acting on its behalf, more than 10% of its issued share capital.

Liability of members of the Executive Board and of the Supervisory Board

Under French law, the bylaws may not include any provisions limiting the liability of members of the Executive Board. Civil liabilities of the members of the Executive Board and of the Supervisory Board may be sought for (1) an infringement of laws and regulations applicable to a company, (2) breach of the bylaws and (3) management failure. Civil liabilities of the members of the Supervisory Board may be sought for the infractions committed by the members of the Executive Board if, by knowing it, they did not reveal it to the shareholders’ meeting.

Delaware

Under Delaware law, a corporation’s certificate of incorporation may include a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for damages arising from a breach of fiduciary duty as a director. However, no provision can limit the liability of a director for:

- any breach of the director’s duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- intentional or negligent payment of unlawful dividends or stock purchases or redemptions; or
- any transaction from which the director derives an improper personal benefit.

Voting Rights

French law provides that, unless otherwise provided in the bylaws, each shareholder is entitled to one vote for each share of capital stock held by such shareholder. As from April 2016, double voting rights are automatically granted to the shares held in registered form for more than 10% of the issued capital.

Delaware law provides that, unless otherwise provided in the certificate of incorporation, each stockholder is entitled to one vote for each share of capital stock held by such stockholder.
<table>
<thead>
<tr>
<th>Shareholder Vote on Certain Transactions</th>
<th>France</th>
<th>Delaware</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generally, under French law, completion of merger, dissolution, sale, lease or exchange of all or substantially all of a corporation’s assets requires:</td>
<td>• the approval of the Executive Board; and</td>
<td>• the approval of the board of directors; and</td>
</tr>
<tr>
<td>• approval by a two-thirds majority of the votes held by the shareholders present, represented by proxy or voting by mail at the relevant meeting or, in the case of a merger with a non-European Union company, approval of all shareholders of the corporation (by exception, the extraordinary general meeting of the acquiring company may delegate to the Executive Board authority to decide a merger-absorption or to determine the terms and conditions of the merger plan).</td>
<td>• approval by the vote of the holders of a majority of the outstanding stock or, if the certificate of incorporation provides for more or less than one vote per share, a majority of the votes of the outstanding stock of a corporation entitled to vote on the matter.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dissent or Dissenters’ Appraisal Rights</th>
<th>France</th>
<th>Delaware</th>
</tr>
</thead>
<tbody>
<tr>
<td>French law does not provide for any such right but provides that a merger is subject to shareholders’ approval by a two-thirds majority vote as stated above.</td>
<td>Under Delaware law, a holder of shares of any class or series has the right, in specified circumstances, to dissent from a merger or consolidation by demanding payment in cash for the stockholder’s shares equal to the fair value of those shares, as determined by the Delaware Chancery Court in an action timely brought by the corporation or a dissenting stockholder. Delaware law grants these appraisal rights only in the case of mergers or consolidations and not in the case of a sale or transfer of assets or a purchase of assets for stock. Further, no appraisal rights are available for shares of any class or series that is listed on a national securities exchange or held of record by more than 2,000 stockholders, unless the agreement of a merger or consolidation</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>Delaware</td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>----------</td>
<td></td>
</tr>
<tr>
<td>requires the holders to accept for their shares anything other than:</td>
<td>requires the holders to accept for their shares anything other than:</td>
<td></td>
</tr>
<tr>
<td>• shares of stock of the surviving corporation;</td>
<td>• shares of stock of the surviving corporation;</td>
<td></td>
</tr>
<tr>
<td>• shares of stock of another corporation that are either listed on a national securities exchange or held of record by more than 2,000 stockholders;</td>
<td>• shares of stock of another corporation that are either listed on a national securities exchange or held of record by more than 2,000 stockholders;</td>
<td></td>
</tr>
<tr>
<td>• cash in lieu of fractional shares of the stock described in the two preceding bullet points; or</td>
<td>• cash in lieu of fractional shares of the stock described in the two preceding bullet points; or</td>
<td></td>
</tr>
<tr>
<td>• any combination of the above.</td>
<td>• any combination of the above.</td>
<td></td>
</tr>
<tr>
<td>• In addition, appraisal rights are not available to holders of shares of the surviving corporation in specified mergers that do not require the vote of the stockholders of the surviving corporation.</td>
<td>• In addition, appraisal rights are not available to holders of shares of the surviving corporation in specified mergers that do not require the vote of the stockholders of the surviving corporation.</td>
<td></td>
</tr>
</tbody>
</table>

**Standard of Conduct for members of the Executive Board and of the Supervisory Board**

French law does not contain specific provisions setting forth the standard of conduct of a member of the Executive Board and of the Supervisory Board. However, members of the Executive Board and of the Supervisory Board have a duty to act without self-interest, on a well informed basis and they cannot make any decision against a corporation’s corporate interest (intérêt social). In addition, members of the Executive Board shall take into account social and environmental issues arising out of the Company’s activity.

Delaware law does not contain specific provisions setting forth the standard of conduct of a director. The scope of the fiduciary duties of directors is generally determined by the courts of the State of Delaware. In general, directors have a duty to act without self-interest, on a well informed basis and in a manner they reasonably believe to be in the best interest of the stockholders.

**Shareholder Suits**

French law provides that a shareholder, or a group of shareholders, may initiate a legal action to seek indemnification from the Executive Board (but not from the Supervisory Board) of a corporation in the corporation’s interest if it fails to bring such legal action itself. If so, any damages awarded by the court are paid to the corporation and any legal fees relating to such action are borne by the relevant shareholder or the group of shareholders.

Under Delaware law, a stockholder may initiate a derivative action to enforce a right of a corporation if the corporation fails to enforce the right itself. The complaint must:

- state that the plaintiff was a stockholder at the time of the transaction of which the plaintiff complains or that the plaintiff’s shares thereafter devolved on the plaintiff by operation of law; and allege with particularity the efforts made by the plaintiff to obtain the action the plaintiff desires from the directors and the
Amendment of Certificate of Incorporation

Under French law, corporations are not required to file a certificate of incorporation with the French Registry of Commerce and Companies (registre du commerce et des sociétés) and only have bylaws (statuts) as organizational documents.

Amendment of Bylaws

Under French law, only the extraordinary shareholders’ meeting is authorized to adopt or amend the bylaws.

Under Delaware law, generally a corporation may amend its certificate of incorporation if:

- its board of directors has adopted a resolution setting forth the amendment proposed and declared its advisability; and
- the amendment is adopted by the affirmative votes of a majority (or greater percentage as may be specified by the corporation) of the outstanding shares entitled to vote on the amendment and a majority (or greater percentage as may be specified by the corporation) of the outstanding shares of each class or series of stock, if any, entitled to vote on the amendment as a class or series.

Legal Name; Formation; Registered Office

Our legal name and commercial name is Innate Pharma S.A. We were incorporated on September 23, 1999 as a société par actions simplifiée and converted into a société anonyme, or S.A., on June 13, 2005. Our headquarters are located at 117, Avenue de Luminy, 13009 Marseille, France. We are registered at the Marseille Business and Company Registry (Registre du commerce et des sociétés) under the number SIREN 424 365 336
RCS Marseille. Our telephone number at our principal executive offices is +33 4 30 30 30 30. Our agent for service of process in the United States is Corporation Service Company. Our website address is www.innate-pharma.com. The reference to our website is an inactive textual reference only and information contained in, or that can be assessed through, our website is not part of this prospectus.

Listing

We have applied to have our ADSs listed on the Nasdaq Global Market under the symbol “IPHA.” Our ordinary shares are currently listed on Euronext Paris under the symbol “IPH.”

Transfer Agent and Registrar

Upon the completion of this global offering, the transfer agent and registrar for our ADSs will be Citibank, N.A. Société Générale Securities Services is our transfer agent and registrar for our ordinary shares and currently maintains our share register for our ordinary shares. The share register reflects only record owners of our ordinary shares. Holders of our ADSs will not be treated as one of our shareholders and their names will therefore not be entered in our share register. The depositary, the custodian or their nominees will be the holder of the shares underlying the ADSs. Holders of our ADSs have a right to receive the ordinary shares underlying their ADSs. For discussion on our ADSs and ADS holder rights, see “Description of American Depositary Shares” in this prospectus.
LIMITATIONS AFFECTING SHAREHOLDERS OF A FRENCH COMPANY

Ownership of ADSs by Non-French Residents

Neither the French Commercial Code nor our bylaws currently impose any restrictions on the right of non-French residents or non-French shareholders to own and vote shares. However, non-French residents must file a declaration for statistical purposes with the Bank of France (Banque de France) within 20 working days following the date of certain direct foreign investments in us, including any purchase of our ADSs. In particular, such filings are required in connection with investments exceeding €15,000,000 that lead to the acquisition of at least 10% of our share capital or voting rights or cross such 10% threshold. Violation of this filing requirement may be sanctioned by five years of imprisonment and a fine of up to twice the amount of the relevant investment. This amount may be increased fivefold if the violation is made by a legal entity.

Moreover, certain foreign investments in companies incorporated under French laws are subject to the prior authorization from the French Minister of the Economy, where all or part of the target’s business and activity relate to a strategic sector, such as energy, transportation, public health, telecommunications, etc.

Foreign Exchange Controls

Under current French foreign exchange control regulations there are no limitations on the amount of cash payments that we may remit to residents of foreign countries. Laws and regulations concerning foreign exchange controls do, however, require that all payments or transfers of funds made by a French resident to a non-resident such as dividend payments be handled by an accredited intermediary. All registered banks and substantially all credit institutions in France are accredited intermediaries.

Availability of Preferential Subscription Rights

While our current shareholders waived their preferential subscription rights with respect to this global offering at a shareholders’ general meeting held on May 22, 2019, in the future our shareholders will have preferential subscription rights. Under French law, shareholders have preferential rights to subscribe for cash issues of new ordinary shares or other securities giving rights to acquire additional ordinary shares on a pro rata basis. Holders of our securities in the United States (which may be in the form of ordinary shares or ADSs) may not be able to exercise preferential subscription rights for their securities unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements imposed by the Securities Act is available. We may, from time to time, issue new ordinary shares or other securities giving rights to acquire additional ordinary shares (such as warrants) at a time when no registration statement is in effect and no Securities Act exemption is available. If so, holders of our securities in the United States will be unable to exercise any preferential subscription rights and their interests will be diluted. We are under no obligation to file any registration statement in connection with any issuance of new ordinary shares or other securities. We intend to evaluate at the time of any rights offering the costs and potential liabilities associated with registering the rights, as well as the indirect benefits to us of enabling the exercise by holders of ADSs in the United States of the subscription rights, and any other factors we consider appropriate at the time, and then to make a decision as to whether to register the rights. We cannot assure you that we will file a registration statement.

For holders of our ordinary shares in the form of ADSs, the depositary may make these rights or other distributions available to ADS holders. If the depositary does not make the rights available to ADS holders and determines that it is impractical to sell the rights, it may allow these rights to lapse. In that case the holders will receive no value for them. The section of this prospectus titled “Description of American Depositary Shares” explains in detail the depositary’s responsibility in connection with a rights offering. See also “Risk Factors—Risks Related to Ownership of Our Ordinary Shares and the ADSs.”
DESCRIPTION OF AMERICAN DEPOSITARY SHARES

Citibank, N.A. has agreed to act as the depositary bank for the ADSs. Citibank’s depositary offices are located at 388 Greenwich Street, New York, New York 10013. ADSs represent ownership interests in securities that are on deposit with the depositary bank. ADSs may be represented by certificates that are commonly known as American Depositary Receipts, or ADRs. The depositary bank typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank N.A., Milan Branch, via dei Mercanti, 12, 20121 Milan, Italy.

We will appoint Citibank as depositary bank pursuant to a deposit agreement. A copy of the deposit agreement will be filed with the SEC under cover of a Registration Statement on Form F-6 (Registration No. 333- ). You may obtain a copy of the deposit agreement from the SEC’s website at www.sec.gov.

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety. The portions of this summary description that are italicized describe matters that may be relevant to the ownership of ADSs but that may not be contained in the deposit agreement.

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in, one ordinary share that is on deposit with the depositary bank and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depositary bank or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depositary bank may agree to change the ADS-to-Share ratio by amending the deposit agreement. This amendment may give rise to, or change, the depositary fees payable by ADS owners. The custodian, the depositary bank and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depositary bank, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depositary bank, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depositary bank, and the depositary bank (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the depositary bank. As an ADS holder you appoint the depositary bank to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of ordinary shares will continue to be governed by the laws of France, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depositary bank, the custodian, us or any of their or our respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

220
As an owner of ADSs, we will not treat you as one of our shareholders and you will not have direct shareholder rights. The depositary bank will hold on your behalf the shareholder rights attached to the ordinary shares underlying your ADSs. As an owner of ADSs you will be able to exercise the shareholders rights for the ordinary shares represented by your ADSs through the depositary bank only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement you will, as an ADS owner, need to arrange for the cancellation of your ADSs and become a direct shareholder.

The manner in which you own the ADSs (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depositary bank’s services are made available to you. As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary bank in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary bank (commonly referred to as the “direct registration system” or “DRS”). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary bank. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary bank to the holders of the ADSs. The direct registration system includes automated transfers between the depositary bank and The Depository Trust Company (“DTC”), the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the “holder.” When we refer to “you,” we assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the ordinary shares in the name of the depositary bank or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary bank or the custodian the record ownership in the applicable ordinary shares with the beneficial ownership rights and interests in such ordinary shares being at all times vested with the beneficial owners of the ADSs representing the ordinary shares. The depositary bank or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Dividends and Distributions

As a holder of ADSs, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of the specified record date, after deduction of the applicable fees, taxes and expenses.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary bank will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to French laws and regulations.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary bank will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.
The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary bank will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary bank holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

**Distributions of Shares**

Whenever we make a free distribution of ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depositary bank will either distribute to holders new ADSs representing the ordinary shares deposited or modify the ADS-to-ordinary shares ratio, in which case each ADS you hold will represent rights and interests in the additional ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-ordinary shares ratio upon a distribution of ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary bank may sell all or a portion of the new ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (e.g., the U.S. securities laws) or if it is not operationally practicable. If the depositary bank does not distribute new ADSs as described above, it may sell the ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

**Distributions of Rights**

Whenever we intend to distribute rights to subscribe for additional ordinary shares, we will give prior notice to the depositary bank and we will assist the depositary bank in determining whether it is lawful and reasonably practicable to distribute rights to subscribe for additional ADSs to holders.

The depositary bank will establish procedures to distribute rights to subscribe for additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary bank is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to subscribe for new ordinary shares other than in the form of ADSs.

The depositary bank will not distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- We fail to deliver satisfactory documents to the depositary bank; or
- It is not reasonably practicable to distribute the rights.

The depositary bank will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary bank is unable to sell the rights, it will allow the rights to lapse.

**Elective Distributions**

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary bank and will indicate whether we wish the
elective distribution to be made available to you. In such case, we will assist the depositary bank in determining whether such distribution is lawful and reasonably practicable.

The depositary bank will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary bank will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in France would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever we intend to distribute property other than cash, ordinary shares or rights to subscribe for additional ordinary shares, we will notify the depositary bank in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary bank in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we provide to the depositary bank all of the documentation contemplated in the deposit agreement, the depositary bank will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary bank may sell all or a portion of the property received.

The depositary bank will not distribute the property to you and will sell the property if:

• We do not request that the property be distributed to you or if we request that the property not be distributed to you; or

• We do not deliver satisfactory documents to the depositary bank; or

• The depositary bank determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary bank in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary bank will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary bank will convert into U.S. dollars upon the terms of the deposit agreement the redemption funds received in a currency other than U.S. dollars and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary bank. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary bank may determine.
Changes Affecting Ordinary Shares

The ordinary shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of such ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets of the Company.

If any such change were to occur, your ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the ordinary shares held on deposit. The depositary bank may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the Shares. If the depositary bank may not lawfully distribute such property to you, the depositary bank may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs upon Deposit of Ordinary Shares

Upon completion of the global offering, the ordinary shares being offered pursuant to the prospectus will be deposited by us with the custodian. Upon receipt of confirmation of such deposit, the depositary bank will issue ADSs to the underwriters named in the prospectus. After the completion of the global offering, the ordinary shares that are being offered for sale pursuant to the prospectus will be deposited by us with the custodian. Upon receipt of confirmation of such deposit, the depositary bank will issue ADSs to the underwriters named in the prospectus.

After the closing of the offer, the depositary bank may create ADSs on your behalf if you or your broker deposit ordinary shares with the custodian. The depositary bank will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the ordinary shares to the custodian. Your ability to deposit ordinary shares and receive ADSs may be limited by U.S. and French legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary bank or the custodian receives confirmation that all required approvals have been given and that the ordinary shares have been duly transferred to the custodian. The depositary bank will only issue ADSs in whole numbers.

When you make a deposit of ordinary shares, you will be responsible for transferring good and valid title to the depositary bank. As such, you will be deemed to represent and warrant that:

• The ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
• All preemptive (and similar) rights, if any, with respect to such ordinary shares have been validly waived or exercised.
• You are duly authorized to deposit the ordinary shares.
• The ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, “restricted securities” (as defined in the deposit agreement).
• The ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary bank may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.
Transfer, Combination and Split Up of ADRs

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary bank and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depositary bank deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary bank with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Ordinary shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary bank for cancellation and then receive the corresponding number of underlying ordinary shares at the custodian’s offices. Your ability to withdraw the ordinary shares held in respect of the ADSs may be limited by U.S. and French law considerations applicable at the time of withdrawal. In order to withdraw the ordinary shares represented by your ADSs, you will be required to pay to the depositary bank the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the ordinary shares. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary bank may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary bank may deem appropriate before it will cancel your ADSs. The withdrawal of the ordinary shares represented by your ADSs may be delayed until the depositary bank receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary bank will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the ordinary shares or ADSs are closed, or (ii) ordinary shares are immobilized on account of a shareholders’ meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depositary bank to exercise the voting rights for the ordinary shares represented by your ADSs. The voting rights of holders of ordinary shares are described in the section of this prospectus entitled “Description of Share Capital—Voting Rights (Article 12 of the Bylaws).”
At our request, the depositary bank will distribute to you any notice of shareholders’ meeting received from us together with information explaining how to instruct the depositary bank to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depositary bank may distribute to holders of ADSs instructions on how to retrieve such materials upon request.

If the depositary bank timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities (in person or by proxy) represented by the holder’s ADSs in accordance with such voting instructions.

If the depositary receives voting instructions from a holder of ADSs that fail to specify the manner in which the depositary is to vote, the depositary will deem such holder (unless otherwise specified in the notice distributed to holders) to have instructed the depositary to vote in favor of all resolutions endorsed by our board of directors. With respect to securities represented by ADSs for which no timely voting instructions are received by the depositary from the holder, the depositary will (unless otherwise specified in the notice distributed to holders) deem such holder to have instructed the depositary to give a discretionary proxy to a person designated by us to vote the securities. However, no such discretionary proxy will be given by the depositary with respect to any matter to be voted upon as to which we inform the depositary that we do not wish such proxy to be given, substantial opposition exists, or the rights of holders of securities may be materially adversely affected. Please note that the ability of the depositary bank to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary bank in a timely manner.

### Fees and Charges

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

<table>
<thead>
<tr>
<th>Service</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of ADSs (e.g., an issuance of ADS upon a deposit of ordinary shares, upon a change in the ADSs-to-ordinary shares ratio, or for any other reason), excluding ADS issuances as a result of distributions of ordinary shares</td>
<td>Up to U.S. 5¢ per ADS issued</td>
</tr>
<tr>
<td>Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property, upon a change in the ADSs-to ordinary shares ratio, or for any other reason)</td>
<td>Up to U.S. 5¢ per ADS cancelled</td>
</tr>
<tr>
<td>Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)</td>
<td>Up to U.S. 5¢ per ADS held</td>
</tr>
<tr>
<td>Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs</td>
<td>Up to U.S. 5¢ per ADS held</td>
</tr>
<tr>
<td>Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)</td>
<td>Up to U.S. 5¢ per ADS held</td>
</tr>
<tr>
<td>ADS Services</td>
<td>Up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depositary bank transferred</td>
</tr>
<tr>
<td>Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)</td>
<td>Up to U.S. 5¢ per ADS (or fraction thereof)</td>
</tr>
<tr>
<td>Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and vice versa)</td>
<td>Up to U.S. 5¢ per ADS (or fraction thereof) converted</td>
</tr>
</tbody>
</table>
As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of ordinary shares on the share register and applicable to transfers of ordinary shares to or from the name of the custodian, the depositary bank or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary bank and/or service providers (which may be a division, branch or affiliate of the depositary bank) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary bank in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs and ADRs; and
- the fees, charges, costs and expenses incurred by the depositary bank, the custodian, or any nominee in connection with the ADR program.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary bank into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary bank fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary bank fees from any distribution to be made to the ADS holder. Certain depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary bank. You will receive prior notice of such changes. The depositary bank may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time.

Amendments and Termination

We may agree with the depositary bank to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days’ prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and
charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary bank to terminate the deposit agreement. Similarly, the depositary bank may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary bank must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary bank will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depositary bank will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary bank will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

In connection with any termination of the deposit agreement, the depositary bank may make available to owners of ADSs a means to withdraw the ordinary shares represented by ADSs and to direct the depositary of such ordinary shares into an unsponsored American depositary share program established by the depositary bank. The ability to receive unsponsored American depositary shares upon termination of the deposit agreement would be subject to satisfaction of certain U.S. regulatory requirements applicable to the creation of unsponsored American depositary shares and the payment of applicable depositary fees.

**Books of Depositary**

The depositary bank will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary bank will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

**Limitations on Obligations and Liabilities**

The deposit agreement limits our obligations and the depositary bank’s obligations to you. Please note the following:

- We and the depositary bank are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depositary bank disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The depositary bank disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in ordinary shares, for the validity or worth of the ordinary shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.
- We and the depositary bank will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
• We and the depositary bank disclaim any liability if we or the depositary bank are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our Articles of Incorporation, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.

• We and the depositary bank disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our Articles of Incorporation or in any provisions of or governing the securities on deposit.

• We and the depositary bank further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting Shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.

• We and the depositary bank also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of ordinary shares but is not, under the terms of the deposit agreement, made available to you.

• We and the depositary bank may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.

• We and the depositary bank also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.

• No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.

• Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary bank and you as ADS holder.

• Nothing in the deposit agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary bank and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary bank may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary bank and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary bank and to the custodian proof of taxpayer status and residence and such other information as the depositary bank and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary bank and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary bank will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit
agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary bank may take the following actions in its discretion:

• Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.
• Distribute the foreign currency to holders for whom the distribution is lawful and practical.
• Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law/Waiver of Jury Trial

The deposit agreement, the ADRs and the ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of ordinary shares (including ordinary shares represented by ADSs) is governed by the laws of France.

AS A PARTY TO THE DEPOSIT AGREEMENT, YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, YOUR RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THE DEPOSIT AGREEMENT OR THE ADRs AGAINST US AND/OR THE DEPOSITARY BANK.

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our ordinary shares, the ADSs or the deposit agreement, including any claim under U.S. federal securities laws. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary’s compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.
SHARES AND ADSs ELIGIBLE FOR FUTURE SALE

Prior to the global offering, while our ordinary shares have been listed on Euronext Paris since 2006, there has been no public market on a U.S. national securities exchange for our ordinary shares or ADSs and we cannot assure you that a significant public market in the United States for the ordinary shares or ADSs will be sustained after this global offering.

Future sales of ADSs in the U.S. public market after this global offering, and the availability of ADSs for future sale, could adversely affect the market price of the ADSs prevailing from time to time. As described below, a significant number of currently outstanding ordinary shares will not be available for sale shortly after this global offering due to contractual restrictions on transfers of ordinary shares and ADSs. However, sales of substantial amounts of ADSs or ordinary shares, or the perception that these sales could occur, could adversely affect prevailing market prices for the ADSs and could impair our future ability to raise equity capital.

Based on the number of ordinary shares outstanding on June 30, 2019, upon completion of the global offering, ordinary shares (including ordinary shares in the form of ADSs) will be outstanding (or shares if the underwriters exercise in full their option to purchase up to additional ordinary shares, which may be in the form of ADSs, in connection with the global offering), assuming no outstanding warrants or options are exercised and assuming no free shares become vested. All of the ADSs sold in the U.S. offering will be freely tradable without restrictions or further registration under the Securities Act, except for any ADSs sold to our “affiliates,” as that term is defined under Rule 144 under the Securities Act. The ordinary shares held by existing shareholders are “restricted securities,” as that term is defined in Rule 144 under the Securities Act. Restricted securities may be sold in the United States on the Nasdaq Global Market only if registered or if their resale qualifies for exemption from registration described below under Rule 144 or Rule 701 promulgated under the Securities Act.

Rule 144

In general, a person who has beneficially owned restricted ordinary shares for at least six months would be entitled to sell their securities pursuant to Rule 144 under the Securities Act provided that (1) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale and (2) we have been subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned restricted ordinary shares for at least six months, but who are our affiliates at the time of, or at any time during the 90 days preceding a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of either of the following:

- 1.0% of the number of ordinary shares (including ordinary shares in the form of ADSs) then outstanding, which will equal approximately ordinary shares immediately after the completion of the global offering based on the number of ordinary shares outstanding as of June 30, 2019; and
- the average weekly trading volume of the ADSs on the Nasdaq Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we have been subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144. Non-affiliate resales of restricted shares under Rule 144 also are subject to the availability of current public information about us until a period of one year has elapsed since the securities were acquired from the issuer or an affiliate of the issuer.

Rule 701

Rule 701 under the Securities Act permits resales of shares in reliance upon Rule 144 but without compliance with certain restrictions of Rule 144, including the holding period requirement. Most of our
employees or members of the Supervisory and Executive Boards who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701, but all holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling their shares subject also to French law, as described below.

The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after an issuer becomes subject to the reporting requirements of the Exchange Act.

Lock-up Agreements

We, the members of our Executive and Supervisory Board and certain of our shareholders have agreed that, without the prior written consent of Citigroup Global Markets Inc., SVB Leerink LLC and Evercore Group L.L.C., or, collectively, the Representatives, on behalf of the underwriters, we and they will not, during the period ending 90 days after the date of this prospectus (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for our ordinary shares or ADSs; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs. In addition, we have agreed that, without the prior written consent of the Representatives on behalf of the underwriters, we will not, during the restricted period, file any registration statement with the SEC relating to the offering of any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs. The restrictions described in this paragraph are subject to certain exceptions. See “Underwriting—Lock-up Agreements.”

The Representatives, in their sole discretion, may release the ADSs and other securities subject to the lock-up agreements described above in whole or in part at any time.

We do not currently expect any release of ordinary shares or ADSs subject to lock-up agreements prior to the expiration of the applicable lock-up periods. Upon the expiration of the applicable lock-up periods, substantially all of the ordinary shares and ADSs subject to such lock-up restrictions will become eligible for sale, subject to the limitations described above.

French Law

Under French law, and notably under the General Regulation (Règlement Général) issued by the AMF, as well as under Market Abuse Regulation 596/2014 of 16 April 2014, or MAR, any person that holds inside information shall, until such information is made public, refrain from (1) carrying out any transactions relating to securities issued by the company, (2) recommending that another person engage in insider dealing or induce another person to engage in insider dealing, (3) unlawfully disclosing inside information outside of the normal exercise of an employment, a profession or duties. The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information, shall also be considered to be insider dealing. These rules apply to all persons who hold inside information as a result of (1) their status as board member, executive officer, manager, employee of the company, third parties acting on behalf of the company and having access to privileged information as party of their professional relations with the company during the preparation or the completion of a particular transaction, such as investor services providers, lawyers or public relations agencies, (2) their holding of securities in the share capital of the company, and/or (3) their access to information because of their employment, profession or duties or their participation in the preparation of a financial transaction.

Under MAR and the General Regulation of the AMF, it is also prohibited for a person to engage or attempt to engage in market manipulation.
Prohibited transactions include all transactions related to securities: stocks, securities convertible, options, warrants, bonds, and in particular, (1) transfer of securities, (2) exercise of options, warrants or any securities giving access to the capital, (3) transfer of free shares and (4) acquisition of securities.

Regulation S

Regulation S provides generally that sales made in offshore transactions are not subject to the registration or prospectus delivery requirements of the Securities Act. Accordingly, restricted securities may be sold in offshore transactions in compliance with Regulation S.
Material U.S. Federal Income Tax Considerations

The following describes material U.S. federal income tax considerations relating to the acquisition, ownership and disposition of our ordinary shares or ADSs by a U.S. holder (as defined below). This summary addresses these tax considerations only for U.S. holders that are initial purchasers of our ordinary shares or ADSs pursuant to the global offering and that will hold such ordinary shares or ADSs as capital assets (generally, property held for investment). This summary does not address all U.S. federal income tax matters that may be relevant to a particular U.S. holder. This summary does not address tax considerations applicable to a holder of our ordinary shares or ADSs that may be subject to special tax rules including, without limitation, the following:

- banks, financial institutions or insurance companies;
- brokers, dealers or traders in securities, currencies, commodities, or notional principal contracts;
- tax-exempt entities or organizations, including an “individual retirement account” or “Roth IRA” as defined in Section 408 or 408A of the Code (as defined below), respectively;
- real estate investment trusts, regulated investment companies or grantor trusts;
- persons that hold our ordinary shares or ADSs as part of a “hedging,” “integrated,” “wash sale” or “conversion” transaction or as a position in a “straddle” for U.S. federal income tax purposes;
- S corporations, partnerships, or other entities or arrangements classified as partnerships for U.S. federal income tax purposes;
- certain former citizens or long-term residents of the United States;
- persons that received our ordinary shares or ADSs as compensation for the performance of services;
- persons acquiring our ordinary shares or ADSs in connection with a trade or business conducted outside of the United States, including a permanent establishment or a fixed base in France;
- holders that own directly, indirectly, or through attribution 10% or more of the voting power or value of our ordinary shares or ADSs; and
- holders that have a “functional currency” other than the U.S. dollar.

Holders of our ordinary shares or ADSs who fall within one of the categories above are advised to consult their tax advisor regarding the specific tax consequences which may apply to their particular situation.

For the purposes of this description, a “U.S. holder” is a beneficial owner of our ordinary shares or ADSs that is (or is treated as), for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust, or if such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds our ordinary shares or ADSs, the tax consequences relating to an investment in our ordinary shares or ADSs will depend in part upon the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor regarding the specific tax considerations of acquiring, owning and disposing of our ordinary shares or ADSs in its particular circumstances.
Persons considering an investment in our ordinary shares or ADSs should consult their own tax advisors as to the particular tax consequences applicable to them relating to the acquisition, ownership and disposition of our ordinary shares or ADSs, including the applicability of U.S. federal, state and local tax laws, French tax laws and other non-U.S. tax laws.

This description does not address the U.S. federal estate, gift, or alternative minimum tax considerations, or any U.S. state, local, or non-U.S. tax considerations of the acquisition, ownership and disposition of our ordinary shares or ADSs.

This description is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, existing, proposed and temporary U.S. Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof, in each case as in effect and available on the date hereof. All the foregoing is subject to change, which change could apply retroactively, and to differing interpretations, all of which could affect the tax considerations described below. There can be no assurances that the U.S. Internal Revenue Service, or the IRS, will not take a position concerning the tax consequences of the acquisition, ownership and disposition of our ordinary shares or ADSs or that such a position would not be sustained by a court. We have not obtained, nor do we intend to obtain, a ruling with respect to the U.S. federal income tax considerations in the purchase, ownership or disposition of our ordinary shares or ADSs. Accordingly, holders should consult their own tax advisors concerning the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning and disposing of our ordinary shares or ADSs in their particular circumstances.

As indicated below, this discussion is subject to U.S. federal income tax rules applicable to a “passive foreign investment company,” or a PFIC.

In general, and taking into account the earlier assumptions, for U.S. federal income tax purposes, a U.S. holder holding ADSs will be treated as the owner of the ordinary shares represented by the ADSs. Exchanges of ordinary shares for ADSs, and ADSs for ordinary shares, generally will not be subject to U.S. federal income tax.

**Distributions.** Subject to the discussion under “—Passive Foreign Investment Company Considerations,” below, the gross amount of any distribution (including any amounts withheld in respect of foreign tax) actually or constructively received by a U.S. holder with respect to our ordinary shares or ADSs will generally be taxable to the U.S. holder as a dividend to the extent of the U.S. holder’s pro rata share of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions in excess of earnings and profits will generally be non-taxable to the U.S. holder to the extent of, and will be applied against and reduce, the U.S. holder’s adjusted tax basis in our ordinary shares or ADSs. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the U.S. holder as either long-term or short-term capital gain depending upon whether the U.S. holder has held our ordinary shares or ADSs for more than one year as of the time such distribution is received. However, since we do not calculate our earnings and profits under U.S. federal income tax principles, it is expected that any distribution will be reported as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. Non-corporate U.S. holders may qualify for the preferential rates of taxation with respect to dividends on our ordinary shares or ADSs applicable to long-term capital gains (i.e., gains from the sale of capital assets held for more than one year) and qualified dividend income (as discussed below) if we are a “qualified foreign corporation” and certain other requirements (discussed below) are met. A non-U.S. corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (a) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information provision, or (b) with respect to any dividend it pays on ADSs which are readily tradable on an established securities market in the United States. We have applied to list our ADSs on the Nasdaq Global Market, which is an established securities market in the United States, and we expect the ADSs to be readily tradable on the Nasdaq Global Market. There can be no assurance that the ADSs will be considered readily tradable on an
established securities market in the United States in later years. The Company, which is incorporated under the laws of France, believes that it qualifies as a resident of France for purposes of, and is eligible for the benefits of, the Convention between the Government of the United States of America and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital, signed on August 31, 1994, as amended and currently in force, or the U.S.-France Tax Treaty, although there can be no assurance in this regard. Further, the IRS has determined that the U.S.-France Tax Treaty is satisfactory for purposes of the qualified dividend rules and that it includes an exchange-of-information program. Therefore, subject to the discussion under “—Passive Foreign Investment Company Considerations,” below, such dividends will generally be “qualified dividend income” in the hands of individual U.S. holders, provided that a holding period requirement (more than 60 days of ownership, without protection from the risk of loss, during the 121-day period beginning 60 days before the ex-dividend date) and certain other requirements are met. The dividends will not be eligible for the dividends-received deduction generally allowed to corporate U.S. holders.

A U.S. holder generally may claim the amount of any French withholding tax as either a deduction from gross income or a credit against its U.S. federal income tax liability. The foreign tax credit is subject to numerous complex limitations that must be determined and applied on an individual basis. Generally, the credit cannot exceed the proportionate share of a U.S. holder’s U.S. federal income tax liability that such U.S. holder’s taxable income bears to such U.S. holder’s worldwide taxable income. In applying this limitation, a U.S. holder’s various items of income and deduction must be classified, under complex rules, as either “foreign source” or “U.S. source.” In addition, the creditability of foreign taxes could be affected by actions taken by intermediaries in the chain of ownership between the holders of our ordinary shares or ADSs and our company if, as a result of such actions, the holders of our ordinary shares or ADSs are not properly treated as beneficial owners of the underlying ordinary shares. Each U.S. holder should consult its own tax advisors regarding the foreign tax credit rules.

In general, the amount of a distribution paid to a U.S. holder in a foreign currency will be the U.S. dollar value of the foreign currency calculated by reference to the spot exchange rate on the day the depositary receives the distribution, in the case of the ADSs, or on the day the distribution is received by the U.S. holder, in the case of ordinary shares, regardless of whether the foreign currency is converted into U.S. dollars at that time. Any foreign currency gain or loss a U.S. holder realizes on a subsequent conversion of foreign currency into U.S. dollars will be U.S. source ordinary income or loss. If dividends received in a foreign currency are converted into U.S. dollars on the day they are received, a U.S. holder should not be required to recognize foreign currency gain or loss in respect of the dividend.

Sale, Exchange or Other Taxable Disposition. A U.S. holder will generally recognize gain or loss for U.S. federal income tax purposes upon the sale, exchange or other taxable disposition of our ordinary shares or ADSs in an amount equal to the difference between the U.S. dollar value of the amount realized from such sale or exchange and the U.S. holder’s adjusted tax basis in those ordinary shares or ADSs, determined in U.S. dollars. Subject to the discussion under “—Passive Foreign Investment Company Considerations” below, this gain or loss will generally be a capital gain or loss. The adjusted tax basis in our ordinary shares or ADSs generally will be equal to the cost of such ordinary shares or ADSs. Capital gain from the sale, exchange or other taxable disposition of our ordinary shares or ADSs by a non-corporate U.S. holder is generally eligible for a preferential rate of taxation applicable to capital gains, if the non-corporate U.S. holder’s holding period determined at the time of such sale, exchange or other taxable disposition for such ordinary shares or ADSs exceeds one year (i.e., such gain is long-term taxable gain). The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations. Any such gain or loss that a U.S. holder recognizes generally will be treated as U.S. source gain or loss for foreign tax credit limitation purposes.
For a cash basis taxpayer, units of foreign currency paid or received are translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. In that case, no foreign currency exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of such a purchase or sale. An accrual basis taxpayer, however, may elect the same treatment required of cash basis taxpayers with respect to purchases and sales of our ordinary shares or ADSs that are traded on an established securities market, provided the election is applied consistently from year to year. Such election may not be changed without the consent of the IRS. For an accrual basis taxpayer who does not make such election, units of foreign currency paid or received are translated into U.S. dollars at the spot rate on the trade date of the purchase or sale. Such an accrual basis taxpayer may recognize exchange gain or loss based on currency fluctuations between the trade date and the settlement date. Any foreign currency gain or loss a U.S. holder realizes will be U.S. source ordinary income or loss.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their “net investment income,” which may include all or a portion of their dividend income and net gains from the disposition of our ordinary shares or ADSs. Each U.S. holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its income and gains in respect of its investment in our ordinary shares or ADSs.

Passive Foreign Investment Company Considerations. If we are classified as a PFIC in any taxable year, a U.S. holder will be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

We will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules with respect to the income and assets of our subsidiaries, either: (1) at least 75% of the gross income is “passive income” or (2) at least 50% of the average quarterly value of our total gross assets (which would generally be measured by fair market value of our assets, and for which purpose the total value of our assets may be determined in part by the market value of the ADSs and our ordinary shares, which are subject to change) is attributable to assets that produce “passive income” or are held for the production of “passive income.”

Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions, the excess of gains over losses from the disposition of assets which produce passive income, and includes amounts derived by reason of the temporary investment of funds raised in offerings of our ordinary shares or ADSs. If a non-U.S. corporation owns directly or indirectly at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation’s income. The determination of whether we are a PFIC is a fact-intensive determination made on an annual basis and the applicable law is subject to varying interpretation. If we are classified as a PFIC in any taxable year during which a U.S. holder owns our ordinary shares or ADSs, such U.S. holder will be subject to special tax rules discussed below and could suffer adverse tax consequences.

The market value of our assets may be determined in large part by reference to the market price of the ADSs and our ordinary shares, which is likely to fluctuate after the global offering. Therefore, fluctuations in the market price of our ordinary shares or ADSs may result in our being a PFIC for any taxable year. In addition, the composition of our income and assets will be affected by how, and how quickly, we use the cash proceeds from the global offering in our business. Whether we are a PFIC for any taxable year will depend on income, assets, activities and market capitalization in each year, and because this is a factual determination made annually after the end of each taxable year, there can be no assurance that we will not be considered a PFIC in any taxable year. We do not believe we were characterized as a PFIC in our taxable year ended December 31, 2018. Based on the expected nature and composition of our income, assets, activities and market capitalization for our taxable year ending December 31, 2019, we believe that we will not be classified as a PFIC for our taxable year ending
December 31, 2019; however, there can be no assurance that we will not be considered a PFIC in the current year or for any future taxable year. Our U.S. counsel expresses no opinion regarding our conclusions or our expectations regarding our PFIC status.

If we are classified as a PFIC in any year with respect to which a U.S. holder owns our ordinary shares or ADSs, we will continue to be treated as a PFIC with respect to such U.S. holder in all succeeding years during which the U.S. holder owns the ordinary shares or ADSs, regardless of whether we continue to meet the tests described above unless we cease to be a PFIC and the U.S. holder has made a “deemed sale” election under the PFIC rules or is eligible to make and makes a mark-to-market election (as described below), with respect to all taxable years during which such U.S. holder’s holding period in which we are a PFIC. If the “deemed sale” election is made, a U.S. holder will be deemed to have sold the ordinary shares or ADSs the U.S. holder holds at their fair market value as of the date of such deemed sale and any gain from such deemed sale would be subject to the rules described below. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the U.S. holder’s ordinary shares or ADSs with respect to which such election was made will not be treated as shares in a PFIC and the U.S. holder will not be subject to the rules described below with respect to any “excess distribution” the U.S. holder receives from us or any gain from an actual sale or other disposition of the ordinary shares or ADSs. U.S. holders should consult their tax advisors as to the possibility and consequences of making a deemed sale election if such election becomes available.

If we are a PFIC, and you are a U.S. holder that does not make one of the elections described above (and below in further detail), a special tax regime will apply to both (a) any “excess distribution” by us to you (generally, your ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by you in the shorter of the three preceding years or your holding period for our ordinary shares or ADSs) and (b) any gain realized on the sale or other disposition of our ordinary shares or ADSs. Under this regime, any excess distribution and realized gain will be treated as ordinary income and will be subject to tax as if (a) the excess distribution or gain had been realized ratably over your holding period, (b) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at the U.S. holder’s regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividend distributions made to you will not qualify for the lower rates of taxation applicable to qualified dividends discussed above under “Distributions.”

Certain elections may alleviate some of the adverse consequences of PFIC status and would result in an alternative treatment of our ordinary shares or ADSs. If a U.S. holder makes a mark-to-market election, the U.S. holder generally will recognize as ordinary income any excess of the fair market value of our ordinary shares or ADSs at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of our ordinary shares or ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes the election, the U.S. holder’s tax basis in our ordinary shares or ADSs will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of our ordinary shares or ADSs in a year in which we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). The mark-to-market election is available only if we are a PFIC and our ordinary shares or ADSs are “regularly traded” on a “qualified exchange.” Our ordinary shares or ADSs will be treated as “regularly traded” in any calendar year in which more than a de minimis quantity of our ordinary shares or ADSs are traded on a qualified exchange on at least 15 days during each calendar quarter (subject to the rule that trades that have as one of their principal purposes the meeting of the trading requirement are disregarded). The Nasdaq Global Market is a qualified exchange for this purpose and, consequently, if the ADSs are regularly traded, the mark-to-market election will be available to a U.S. holder. It should be noted that it is intended that only the ADSs and not our ordinary shares will be listed on the Nasdaq Global Market.
Consequently, our ordinary shares may not be marketable if Euronext Paris (where our ordinary shares are listed) does not meet the applicable requirements. U.S. holders should consult their tax advisors regarding the availability of the mark-to-market election for ordinary shares that are not represented by ADSs.

However, a mark-to-market election generally cannot be made for equity interests in any lower-tier PFICs that we own, unless shares of such lower-tier PFIC are themselves “marketable.” As a result, even if a U.S. holder validly makes a mark-to-market election with respect to our ordinary shares or ADSs, the U.S. holder may continue to be subject to the PFIC rules (described above) with respect to its indirect interest in any of our investments that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. U.S. holders should consult their tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

We do not currently intend to provide the information necessary for U.S. holders to make qualified electing fund elections if we were treated as a PFIC for any taxable year. U.S. holders should consult their tax advisors to determine whether any of these elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

If we are determined to be a PFIC, the general tax treatment for U.S. holders described in this section would apply to indirect distributions and gains deemed to be realized by U.S. holders in respect of any of our subsidiaries that also may be determined to be PFICs. U.S. holders should consult their tax advisors regarding the application of the PFIC rules to our subsidiaries.

If a U.S. holder owns our ordinary shares or ADSs during any taxable year in which we are a PFIC, the U.S. holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to the company, generally with the U.S. holder’s federal income tax return for that year. If our company were a PFIC for a given taxable year, then you should consult your tax advisor concerning your annual filing requirements.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. investors are urged to consult their own tax advisors with respect to the acquisition, ownership and disposition of our ordinary shares or ADSs, the consequences to them of an investment in a PFIC, any elections available with respect to our ordinary shares or ADSs and the IRS information reporting obligations with respect to the acquisition, ownership and disposition of our ordinary shares or ADSs.

Backup Withholding and Information Reporting. U.S. holders generally will be subject to information reporting requirements with respect to dividends on our ordinary shares or ADSs and on the proceeds from the sale, exchange or disposition of our ordinary shares or ADSs that are paid within the United States or through U.S.-related financial intermediaries, unless the U.S. holder is an “exempt recipient.” In addition, U.S. holders may be subject to backup withholding on such payments, unless the U.S. holder provides a taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption. Backup withholding is not an additional tax, and the amount of any backup withholding will be allowed as a credit against a U.S. holder’s U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Certain Reporting Requirements With Respect to Payments of Offer Price. U.S. holders paying more than $100,000 for our ordinary shares or ADSs generally may be required to file IRS Form 926 reporting the payment of the offer price for our ordinary shares or ADSs to us. Substantial penalties may be imposed upon a U.S. holder that fails to comply. Each U.S. holder should consult its own tax advisor as to the possible obligation to file IRS Form 926.

Foreign Asset Reporting. Certain individual U.S. holders are required to report information relating to an interest in our ordinary shares or ADSs, subject to certain exceptions (including an exception for shares held in
accounts maintained by U.S. financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. U.S. holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of our ordinary shares or ADSs.

THE DISCUSSION ABOVE IS A SUMMARY OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN OUR ORDINARY SHARES OR ADSs AND IS BASED UPON LAWS AND RELEVANT INTERPRETATIONS THEREOF IN EFFECT AS OF THE DATE OF THIS PROSPECTUS, ALL OF WHICH ARE SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECT. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN OUR ORDINARY SHARES OR ADSs IN LIGHT OF THE INVESTOR’S OWN CIRCUMSTANCES.

Material French Tax Considerations

The following describes the material French income tax consequences to U.S. holders of purchasing, owning and disposing of our ADSs.

This discussion does not purport to be a complete analysis or listing of all potential tax effects of the acquisition, ownership or disposition of our ADSs to any particular investor, and does not discuss tax considerations that arise from rules of general application or that are generally assumed to be known by investors. All of the following is subject to change. Such changes could apply retroactively and could affect the consequences described below.

In 2011, France introduced a comprehensive set of tax rules applicable to French assets that are held by or in foreign trusts. These rules provide inter alia for the inclusion of trust assets in the settlor’s net assets for the purpose of applying the former French wealth tax (replaced by the French real estate wealth tax as from January 1, 2018), for the application of French gift and death duties to French assets held in trust, for a specific tax on capital on the French assets of foreign trusts not already subject to the former French wealth tax (replaced by the French real estate wealth tax as from January 1, 2018) and for a number of French tax reporting and disclosure obligations. The following discussion does not address the French tax consequences applicable to securities (including ADSs) held in trusts. If ADSs are held in trust, the grantor, trustee and beneficiary are advised to consult their own tax advisor regarding the specific tax consequences of acquiring, owning and disposing of such securities.

The description of the French income tax and real estate wealth tax consequences set forth below is based on the double tax treaty entered into between the Government of the United States of America and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital of August 31, 1994 (the “Treaty”), which came into force on December 30, 1995 (as amended by any subsequent protocols, including the protocol of January 13, 2009), and the tax guidelines issued by the French tax authorities in force as of the date of this prospectus, or the Treaty.

This discussion applies only to investors that are entitled to Treaty benefits under the “Limitation on Benefits” provisions contained in the Treaty.

If a partnership holds ADSs, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership is urged to consult its own tax advisor regarding the specific tax consequences of acquiring, owning and disposing of ADSs.

This discussion applies only to investors that hold ADSs as capital assets that are entitled to Treaty benefits under the “Limitation on Benefits” provision contained in the Treaty, and whose ownership of the ADSs is not
effectively connected to a permanent establishment or a fixed base in France. Certain U.S. holders may be subject to special rules not discussed below, and are advised to consult their usual tax advisor regarding the specific tax consequences which may apply to their particular situation.

U.S. holders are advised to consult their own tax advisor regarding the tax consequences of the purchase, ownership and disposition of ADSs in light of their particular circumstances, especially with regard to the “Limitations on Benefits” provision contained in the Treaty.

**Tax on Sale or other Disposals**

As a matter of principles, under French tax law, a U.S. holder should not be subject to any French tax on any capital gain from the sale, exchange, repurchase or redemption by us of ordinary shares or ADSs, provided such U.S. holder is not a French tax resident for French tax purposes and has not held more than 25% of our dividend rights, known as “droits aux benefices sociaux,” at any time during the preceding five years, either directly or indirectly, and, as relates to individuals, alone or with relatives (as an exception, a U.S. holder resident, established or incorporated in certain non-cooperative States or territories as defined in Article 238-0 A of the French tax code (Code général des impôts, the “FTC”) should be subject to a 75% withholding tax in France on any such capital gain, regardless of the fraction of the dividend rights it holds).

Under application of the Treaty, a U.S. holder who is a U.S. resident for purposes of the Treaty and entitled to Treaty benefits will not be subject to French tax on such capital gain unless the ordinary shares or the ADSs form part of the business property of a permanent establishment or fixed base that the U.S. holder has in France. U.S. holders who own ordinary shares or ADSs through U.S. partnerships that are not resident for Treaty purposes are advised to consult their own tax advisor regarding their French tax treatment and their eligibility for Treaty benefits in light of their own particular circumstances. A U.S. holder that is not a U.S. resident for Treaty purposes or is not entitled to Treaty benefits (and in both cases is not resident, established or incorporated in certain non-cooperative States or territories as defined in Article 238-0 A of the FTC) and has held more than 25% of our dividend rights, known as “droits aux benefices sociaux” at any time during the preceding five years, either directly or indirectly, and, as relates to individuals, alone or with relatives will be subject to a levy in France (i) at the rate of 12.8% for individuals, and (ii) a rate corresponding to the standard corporate income tax rate set forth in Article 219-I of the FTC for legal persons. Special rules apply to U.S. holders who are residents of more than one country.

**Financial Transactions Tax and Registration Duties**

Pursuant to Article 235 ter ZD of the FTC, purchases of shares or ADSs of a French company listed on a regulated market of the European Union or on a foreign regulated market formally acknowledged by the AMF are subject to a 0.3% French tax on financial transactions provided that the issuer’s market capitalization exceeds 1 billion euros as of December 1 of the year preceding the taxation year. A list of companies whose market capitalization exceeds 1 billion euros as of December 1 of the year preceding the taxation year, within the meaning of Article 235 ter ZD of the FTC, is published annually by the French tax authorities in their official guidelines. As at 1 December 2018, our market capitalization did not exceed 1 billion euros, pursuant to BOI-ANNX-000467-20181217.

Moreover, Nasdaq Global Market, on which ADSs will be listed, is not currently acknowledged by the AMF but this may change in the future.

As a consequence, neither the ADSs nor the ordinary shares are currently within the scope of the French tax on financial transactions.

Following this global offering, purchases of our ADSs may be subject to such tax in the future provided that our market capitalization exceeds 1 billion euros in the year preceding the taxation year and that the Nasdaq Global Market is acknowledged by the French AMF.
In the case where Article 235 ter ZD of the FTC is not applicable, transfers of shares issued by a French company which are listed on a regulated or organized market within the meaning of the French monetary code (Code monétaire et financier) are subject to uncapped registration duties at the rate of 0.1% if the transfer is evidenced by a written statement ("acte") executed either in France or outside France. As ordinary shares of our company are listed on Euronext Paris, which is an organized market within the meaning of the French monetary code, their transfer should be subject to uncapped registration duties at the rate of 0.1% subject to the existence of a written statement ("acte"), and provided that Article 235 ter ZD of the FTC is not applicable. Although there is no case law or official guidelines published by the French tax authorities on this point, transfer of ADSs should remain outside of the scope of the aforementioned 0.1% registration duties.

**Taxation of Dividends**

Dividends paid by a French corporation to non-residents of France are generally subject to French withholding tax at a rate of (i) 30% (to be aligned on the standard corporate income tax rate set forth in Article 219-I of the FTC for fiscal years beginning as from January 1, 2020) for payment benefiting legal persons which are not French tax residents, and (ii) 12.8% for payment benefiting individuals who are not French tax residents. Dividends paid by a French corporation in certain non-cooperative States or territories, as defined in Article 238-0 A of the FTC, will generally be subject to French withholding tax at a rate of 75%. However, eligible U.S. holders entitled to Treaty benefits under the “Limitation on Benefits” provision contained in the Treaty who are U.S. residents, as defined pursuant to the provisions of the Treaty, will not be subject to this 30% (to be aligned on the standard corporate income tax rate set forth in Article 219-I of the FTC for fiscal years beginning as from January 1, 2020) or 75% withholding tax rate, but may be subject to the withholding tax at a reduced rate (as described below).

Under the Treaty, the rate of French withholding tax on dividends paid to an eligible U.S. holder who is a U.S. resident as defined pursuant to the provisions of the Treaty and whose ownership of the ordinary shares or ADSs is not effectively connected with a permanent establishment or fixed base that such U.S. holder has in France, is generally reduced to 15%, or to 5% if such U.S. holder is a corporation and owns directly or indirectly at least 10% of the share capital of the issuer; such U.S. holder may claim a refund from the French tax authorities of the amount withheld in excess of the Treaty rates of 15% or 5%, if any.

For U.S. holders that are not individuals but are U.S. residents, as defined pursuant to the provisions of the Treaty, the requirements for eligibility for Treaty benefits, including the reduced 5% or 15% withholding tax rates contained in the “Limitation on Benefits” provision of the Treaty, are complex, and certain technical changes were made to these requirements by the protocol of January 13, 2009. U.S. holders are advised to consult their own tax advisor regarding their eligibility for Treaty benefits in light of their own particular circumstances.

Dividends paid to an eligible U.S. holder may immediately be subject to the reduced rates of 5% or 15% provided that:

- such holder establishes before the date of payment that it is a U.S. resident under the Treaty by completing and providing the depositary with a treaty form (Form 5000) in accordance with French guidelines (BOI-INT-DG-20-20-20-20-20120912 dated September 12, 2012); or

- the depositary or other financial institution managing the securities account in the U.S. of such holder provides the French paying agent with a document listing certain information about the U.S. holder and its ordinary shares or ADSs and a certificate whereby the financial institution managing the U.S. holder’s securities account in the United States takes full responsibility for the accuracy of the information provided in the document.

Otherwise, dividends paid to a U.S. holder, if such U.S. holder is a legal person, will be subject to French withholding tax at the rate of 30% (to be aligned on the standard corporate income tax rate set forth in Article
219-I of the FTC for fiscal years beginning as from January 1, 2020), or 75% if paid in certain non-cooperative States or territories (as defined in Article 238-0 A of the FTC), and then reduced at a later date to 5% or 15%, provided that such holder duly completes and provides the French tax authorities with the treaty forms Form 5000 and Form 5001 before December 31 of the second calendar year following the year during which the dividend is paid. Certain qualifying pension funds and certain other tax-exempt entities are subject to the same general filing requirements as other U.S. holders except that they may have to supply additional documentation evidencing their entitlement to these benefits.

Form 5000 and Form 5001, together with instructions, will be provided by the depositary to all U.S. holders registered with the depositary. The depositary will arrange for the filing with the French tax authorities of all such forms properly completed and executed by U.S. holders of ordinary shares or ADSs and returned to the depositary in sufficient time so that they may be filed with the French tax authorities before the distribution in order to immediately obtain a reduced withholding tax rate. Otherwise, the depositary must withhold tax at the full rate of 30% (to be aligned on the standard corporate income tax rate set forth in Article 219-I of the FTC for fiscal years beginning as from January 1, 2020) or 75% as applicable. In that case, the U.S. holders may claim a refund from the French tax authorities of the excess withholding tax.

In any case, individual taxpayers who are not fiscally domiciled in France should not have to comply with these procedures if the French withholding tax applying to them is lower than 15%.

**Estate and Gift Taxes**

In general, a transfer of securities by gift or by reason of death of a U.S. holder that would otherwise be subject to French gift or inheritance tax, respectively, will not be subject to such French tax by reason of the double tax treaty entered into between the Government of the United States of America and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances and Gifts, dated November 24, 1978, unless (i) the donor or the transferor is domiciled in France at the time of making the gift or at the time of his or her death, or (ii) the ADSs were used in, or held for use in, the conduct of a business through a permanent establishment or a fixed base in France.

**Wealth Tax**

As from January 1, 2018, the French wealth tax (impôt de solidarité sur la fortune) is repealed and replaced by the French real estate wealth tax (impôt sur la fortune immobilière). The scope of such new tax is narrowed to real estate assets (and certain assets deemed to be real estate assets) or rights, held directly or indirectly through one or more legal entities and whose net taxable assets amount at least to €1,300,000.

Broadly, subject to provisions of double tax treaties and to certain exceptions, individuals who are not residents of France for tax purposes within the meaning of Article 4 B of the FTC, are subject to real estate wealth tax (impôt sur la fortune immobilière) in France in respect of the portion of the value of their shares of our company representing real estate assets (Article 965, 2° of the FTC). Some exceptions are provided by the FTC. For instance, any participations representing less than 10% of the share capital of an operational company and shares representing real estate for the professional use of the company shall not fall within the scope of the French real estate wealth tax (impôt sur la fortune immobilière).

Under the Treaty (the provisions of which should be applicable to this new real estate wealth tax (impôt sur la fortune immobilière) in France), the French real estate wealth tax (impôt sur la fortune immobilière) will however generally not apply to securities held by an eligible U.S. holder who is a U.S. resident, as defined pursuant to the provisions of the Treaty, provided that such U.S. holder (i) does not own directly or indirectly more than 25% of the issuer’s financial rights and (ii) that the ADSs do not form part of the business property of a permanent establishment or fixed base in France.

U.S. holders are advised to consult their own tax advisor regarding the specific tax consequences which may apply to their particular situation with respect to such French real estate wealth tax (impôt sur la fortune immobilière).
ENFORCEMENT OF CIVIL LIABILITIES

We are a corporation organized under the laws of France. The majority of our members of the Executive Board and Supervisory Board are citizens and residents of countries other than the United States, and the majority of our assets are located outside of the United States. We have appointed an agent for service of process in the United States; however, it may be difficult for investors:

• to obtain jurisdiction over us or our non-U.S. resident members of the Executive Board and Supervisory Board in U.S. courts in actions predicated on the civil liability provisions of the U.S. federal securities laws;
• to enforce judgments obtained in such actions against us or our non-U.S. resident members of the Executive Board and supervisory;
• to bring an original action in a French court to enforce liabilities based upon the U.S. federal securities laws against us or our non-U.S. resident members of the Executive Board and Supervisory Board; and
• to enforce against us or our Executive Board in non-U.S. courts, including French courts, judgments of U.S. courts predicated upon the civil liability provisions of the U.S. federal securities laws.

Nevertheless, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would be recognized and enforced in France provided that a French judge considers that this judgment meets the French legal requirements concerning the recognition and the enforcement of foreign judgments and is capable of being immediately enforced in the United States. A French court is therefore likely to grant the enforcement of a foreign judgment without a review of the merits of the underlying claim, only if (1) that judgment is enforceable in the jurisdiction of the U.S. court which rendered it, (2) that judgment was rendered by a court having jurisdiction over the dispute (the condition will be met if the dispute is clearly connected to the jurisdiction of the U.S. court and French courts did not have exclusive jurisdiction over the matter), (3) that judgment does not contravene French international public order and public policy, including the right to due process, and (4) the U.S. judgment is not tainted with fraud and is not incompatible with a judgment rendered by a French court in the same matter, or with an earlier judgment rendered by a foreign court in the same matter.

In addition, French law guarantees full compensation for the harm suffered but is limited to the actual damages, so that the victim does not suffer or benefit from the situation. Such system excludes damages such as, but not limited to, punitive and exemplary damages.

As a result, the enforcement, by U.S. investors, of any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities law against us or members of our Executive Board and Supervisory Board or certain experts named herein who are residents of France or countries other than the United States would be subject to the above conditions.

Finally, there may be doubt as to whether a French court would impose civil liability on us, the members of our Executive Board and Supervisory Board or certain experts named herein in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in France against us or such members, officers or experts, respectively.
UNDERWRITING

This global offering consists of a total of ordinary shares, consisting of:

• an offering of a total of ordinary shares in the form of ADSs in the United States, referred to as the U.S. offering; and

• a concurrent private offering of a total of ordinary shares in Europe (including France) and countries outside of the United States, referred to as the European private placement.

Citigroup Global Markets Inc., SVB Leerink LLC and Evercore Group L.L.C. are acting as representatives of the underwriters in the U.S. offering. Citigroup Global Markets Limited is acting as a representative in the European private placement. As used herein, with respect to the U.S. offering, the term “underwriters” refers to the underwriters offering ordinary shares in the form of ADSs in the United States and, with respect to the European private placement, the underwriter offering ordinary shares in Europe, as the case may be. The underwriters in the U.S. offering and the underwriter in the European private placement are collectively referred to herein as the “underwriters.” Under the terms and subject to the conditions of an underwriting agreement dated the date of this prospectus, the underwriters named below have severally agreed to purchase, and we have agreed to sell to them, severally, the number of ADSs (including underlying ordinary shares) and/or ordinary shares (exclusive of ordinary shares underlying ADSs), as the case may be, indicated below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of ADSs</th>
<th>Number of Ordinary Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citigroup Global Markets Inc.</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>SVB Leerink LLC</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Evercore Group L.L.C.</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Citigroup Global Markets Limited</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>—</strong></td>
<td><strong>—</strong></td>
</tr>
</tbody>
</table>

The underwriters in each offering are offering the ADSs or ordinary shares, as the case may be, subject to their acceptance of the ADSs and ordinary shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs or ordinary shares, as the case may be, offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the ADSs and ordinary shares offered by this prospectus if any such ADSs or ordinary shares, as the case may be, are taken. However, the underwriters are not required to take or pay for the ADSs and ordinary shares covered by the underwriters’ option to purchase additional ADSs and ordinary shares described below. The total number of ADSs in the U.S. offering and ordinary shares in the European private placement (including any ADSs or ordinary shares purchased pursuant to the underwriters’ option to purchase additional ADSs and ordinary shares described below) is subject to reallocation between these offerings to the extent permitted under applicable law and regulations.

ADSs and ordinary shares sold by the underwriters will be offered at the offering price set forth on the cover of this prospectus. Any ADSs and ordinary shares sold by the underwriters to securities dealers may be sold at a discount from the offering price not to exceed $ per ADS and € per ordinary share.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional ordinary shares (which may be in the form of ADSs) at the offering price listed on the cover page of this prospectus, less underwriting discounts. To the extent the option is exercised, each underwriter must purchase a number of additional ADSs or additional ordinary shares, as the case may be, approximately proportionate to that underwriter’s initial purchase commitment. Any ADSs or ordinary shares issued or sold under the option will be issued and sold on the same terms and conditions as the other ADSs and ordinary shares that are the subject of this global offering.
The following table shows the per ADS, per ordinary share and total offering price, underwriting discounts, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters’ option to purchase up to an additional ADSs and ordinary shares.

<table>
<thead>
<tr>
<th></th>
<th>Per ADS</th>
<th>Per Ordinary Share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Without</td>
<td>With</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Option to Purchase</td>
<td>Option to Purchase</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ADSs</td>
<td>Additional ADSs</td>
<td>Ordinary Shares</td>
</tr>
<tr>
<td>Offering price</td>
<td>$</td>
<td>€</td>
<td>$</td>
</tr>
<tr>
<td>Underwriting discounts to be paid by us</td>
<td>$</td>
<td>€</td>
<td>$</td>
</tr>
<tr>
<td>Proceeds, before expenses, to us</td>
<td>$</td>
<td>€</td>
<td>$</td>
</tr>
</tbody>
</table>

The estimated expenses payable by us in connection with the global offering, exclusive of the underwriting discounts, are approximately $ . We have agreed to reimburse the underwriters for expenses relating to clearance of this global offering with the Financial Industry Regulatory Authority up to $ .

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of ADSs offered by them.

We have applied to list the ADSs on the Nasdaq Global Market under the trading symbol “IPHA.” Our ordinary shares are listed on Euronext Paris under the trading symbol “IPH.”

**Lock-up Agreements**

We have agreed that, without the prior written consent of Citigroup Global Markets Inc., SVB Leerink LLC, Evercore Group L.L.C. and Citigroup Global Markets Limited on behalf of the respective underwriters in the global offering, we will not, during the period ending 90 days after the date of this prospectus (the “restricted period”):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ADSs or ordinary shares;
- file any registration statement with the SEC (or the equivalent thereof in non-U.S., jurisdictions) relating to the global offering of any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ADSs or ordinary shares; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of ADSs or ordinary shares,

whether any such transaction described above is to be settled by delivery of ADSs or ordinary shares, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of Citigroup Global Markets Inc., SVB Leerink LLC, Evercore Group L.L.C. and Citigroup Global Markets Limited, we will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any ADSs or ordinary shares or any security convertible into or exercisable or exchangeable for any ADSs or ordinary shares.

The restrictions contained in the preceding paragraph shall not apply to:

(A) the securities to be issued or sold under the underwriting agreement,

(B) the issuance by us of ordinary shares or ADSs upon the exercise of an option or warrant or the conversion of a security outstanding on the date of the underwriting agreement;
(C) the issuance by us of any options or warrants pursuant to any employee equity incentive plan or share ownership plan described herein; provided that any such options or warrants cannot be vested or exercisable during the restricted period;

(D) the filing by us of a registration statement with the Commission on Form S-8 in respect of any shares issued under or the grant of any award pursuant to an employee equity incentive plan or share ownership plan described herein;

(E) the establishment, amendment or termination by us of a trading plan pursuant to Rule 10b5-1 of the Exchange Act for the transfer of ordinary shares or ADSs; provided that (i) our plan does not provide for the transfer of securities during the restricted period and (ii) no voluntary announcement is made by us, and to the extent a public announcement or filing under the Exchange Act or applicable provisions of the General Regulation of the AMF, if any, is required to be made by any party or on such party’s behalf regarding the establishment, amendment or termination of such plan, such announcement or filing shall include a statement to the effect that no transfer of our securities may be made under such plan during the restricted period; and

(F) the sale or issuance of or entry into an agreement to sell or issue ordinary shares, ADSs or securities convertible into or exercisable for ordinary shares or ADSs in connection with any (i) mergers, (ii) acquisitions of securities, businesses, property, technologies or other assets, (iii) joint ventures, (iv) strategic alliances, commercial relationships or other collaborations, or (v) the assumption of employee benefit plans in connection with mergers or acquisitions; provided that the aggregate number of ordinary shares, ADSs or securities convertible into or exercisable for ordinary shares or ADSs (on an as-converted or as-exercised basis, as the case may be) that we may sell or issue or agree to sell or issue pursuant to this clause (F), shall not exceed 5% of the total number of our ordinary shares, including in the form of ADSs, issued and outstanding immediately following the completion of this offering (determined on a fully-diluted basis and as adjusted for stock splits, stock dividends and other similar events after the date hereof); and provided further, that each recipient of ordinary shares, ADSs or securities convertible into or exercisable for our common stock shall, on or prior to such issuance, execute a lock-up letter substantially similar to those executed by the members of our Supervisory Board and Executive Board who are permitted by applicable rules to hold our securities and certain of our shareholders with respect to the remaining portion of the restricted period.

In addition, each of the members of our Supervisory Board and Executive Board who are permitted by applicable rules to hold our securities and certain of our shareholders have agreed that, without the prior written consent of Citigroup Global Markets Inc., SVB Leerink LLC, Evercore Group L.L.C. and Citigroup Global Markets Limited, on behalf of the respective underwriters in the offerings, they will not, during the restricted period, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any ADSs or ordinary shares beneficially owned (as such term is used in Rule 13d-3 under the Exchange Act), by such person or any other securities so owned that are convertible into or exercisable or exchangeable for ordinary shares or ADSs; or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of ordinary shares, ADSs or such other securities, in cash or otherwise. The foregoing restrictions shall not apply to:

(A) the securities to be sold pursuant to our global offering or other securities acquired in open market transactions after the completion of the global offering;

(B) transfers of ADSs or ordinary shares as a bona fide gift or gifts;

(C) transfers of ADSs or ordinary shares to any immediate family member or any trust for the direct or indirect benefit of the party to the lock-up agreement;

(D) distributions of ADSs or ordinary shares to members or stockholders of the parties;

(E) transfers of ADSs or ordinary shares by will, intestate succession upon the death of the party to the lock-up agreement, by operation of law or by court;
(F) transfers of ADSs or ordinary shares to us to satisfy the exercise price of any option or warrant outstanding granted pursuant to our equity incentive plans; and

(G) transfers of ADSs or ordinary shares solely to us in connection with the termination of an individual providing services to us.

provided that in the case of any transfer or distribution pursuant to clause (B) (C) or (D), each donee or distributee shall execute and deliver a lock-up letter in the form of those executed by the members of the Company’s Supervisory Board and Executive Board who are permitted by applicable rules to hold our securities and certain of its shareholders; and

provided, further, that in the case of any transfer or distribution pursuant to clause (B) (C) or (D), no filing by any party (donor, donee, transferor or transferee) under the Securities Exchange Act of 1934, as amended, or other public announcement shall be required or shall be made voluntarily in connection with such transfer or distribution (other than a filing on a Form 5 made after the expiration of the restricted period).

For purposes of the foregoing paragraph, “Change of Control” means the transfer (whether by tender offer, merger, consolidation or other similar transaction), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter pursuant to this global offering), of our voting securities if, after such transfer, such person or group of affiliated persons would hold more than 50% of our outstanding voting securities (or our surviving entity).

In addition, such person has agreed that, without the prior written consent of Citigroup Global Markets Inc., SVB Leerink LLC, Evercore Group L.L.C. and Citigroup Global Markets Limited, on behalf of the respective underwriters in the offerings, it will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any ADSs, ordinary shares or any security convertible into or exercisable or exchangeable for ADSs or ordinary shares. Such person also agrees and consents to the entry of stop transfer instructions with our transfer agent, registrar and depositary against the transfer of such person’s ADSs or ordinary shares except in compliance with the foregoing restrictions.

Citigroup Global Markets Inc., SVB Leerink LLC, Evercore Group L.L.C. and Citigroup Global Markets Limited, in their sole discretion, may release the ADSs and ordinary shares and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the ADSs and ordinary shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the ADSs and ordinary shares. Specifically, the underwriters may sell more ADSs and ordinary shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of ADSs and ordinary shares available for purchase by the underwriters under the option to purchase additional ADSs and ordinary shares. The underwriters can close out a covered short sale by exercising the option or purchasing ADSs and ordinary shares in the open market. In determining the source of ADSs and ordinary shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of ADSs and ordinary shares compared to the price available under the option. The underwriters may also sell ADSs and ordinary shares in excess of the option, creating a naked short position. The underwriters must close out any naked short position by purchasing ADSs and ordinary shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs and ordinary shares in the open market after pricing that could adversely affect investors who purchase in this global offering. As an additional means of facilitating this global offering, the underwriters may bid for, and purchase, ADSs and ordinary shares in the open market to stabilize the price of the ADSs and ordinary shares. These activities may raise or maintain the market price of the ADS and ordinary shares above independent market levels or prevent or retard a decline in the market price of the ADS and ordinary shares. The underwriters are not required to engage in these activities and may end any of these activities at any time.
We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters participating in this global offering. Citigroup Global Markets Inc., SVB Leerink LLC, Evercore Group L.L.C. and Citigroup Global Markets Limited, on behalf of the respective underwriters in the offerings, may agree to allocate a number of ADSs and ordinary shares to underwriters for sale to their online brokerage account holders. Such Internet distributions will be allocated to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Additionally, Citibank, N.A., an affiliate of Citibank Global Markets Inc. and Citigroup Global Markets Limited, is acting as depositary in this global offering.

Pricing of the Global Offering

Prior to this global offering, there has been no public market for the ADSs. The offering price of the ADSs and ordinary shares was determined by negotiations between us and Citigroup Global Markets Inc., SVB Leerink LLC, Evercore Group L.L.C. and Citigroup Global Markets Limited, on behalf of the respective underwriters in the offerings, and by reference to the prevailing market prices of our ordinary shares on Euronext Paris after taking into account market conditions and other factors.

Selling Restrictions

General

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.
European Economic Area

In relation to each Member State of the European Economic Area (each, a “Member State”) an offer to the public of any ADSs and ordinary shares which are the subject of the global offering contemplated by this prospectus may not be made in that Member State, except that an offer to the public in that Member State of any ADSs and ordinary shares may be made at any time under the following exemptions under the Prospectus Regulation:

• to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
• to fewer than 150 natural or legal persons (other than qualified investor as defined in the Prospectus Regulation), subject to obtaining the prior consent of the underwriters for any such offer; or
• in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of ADSs and ordinary shares shall result in a requirement for the publication by the Company or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplement of a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any ADSs and ordinary shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any ADSs and ordinary shares to be offered so as to enable an investor to decide to purchase any ADSs and ordinary shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

MiFID II Product Governance

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the ADSs and ordinary shares has led to the conclusion that: (i) the target market for the ADSs and ordinary shares is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the ADSs and ordinary shares to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the ADSs and ordinary shares (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the ADSs and ordinary shares (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

France

The ADSs and the ordinary shares have not been and will not be offered or sold to the public in the Republic of France, and no offering or this prospectus or any marketing materials relating to the ADSs and the ordinary shares must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in the Republic of France.

The ADSs and the ordinary shares may only be offered or sold in the Republic of France pursuant to article L. 411-2-II of the French Code monétaire et financier to (i) providers of third party portfolio management investment services, (ii) qualified investors (investisseurs qualifiés) acting for their own account and/or (iii) a limited group of investors (cercle restreint d’investisseurs) acting for their own account, all as defined in and in accordance with articles L. 411-1, L. 411-2 and D. 411-1 to D.411-4, D.744-1 and D. 754-1 and D. 764-1 of the French Code monétaire et financier.

Prospective investors are informed that:

• neither this prospectus nor any other offering materials relating to the ADSs and the ordinary shares described in this prospectus has been submitted for clearance to the French financial market authority (Autorité des marchés financiers);
• neither this prospectus, nor any offering material relating to the ADSs and the ordinary shares has been or
will be released, issued, distributed or caused to be released, issued or distributed to the public in France
or used in connection with any offer for subscription or sale of the ADSs and the ordinary shares to the
public in France within the meaning of article L. 411-1 of the French Code monétaire et financier;
• individuals or entities referred to in article L. 411-2-II of the French Code monétaire et financier may
participate in the global offering, as provided under articles D.411-1, D.411-2, D.744-1, D.754-1 and
D.764-1 of the French Code monétaire et financier; and
• the direct and indirect distribution or sale to the public of the ADSs and the ordinary shares acquired by
them may only be made in compliance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to
L. 621-8-3 of the French Code monétaire et financier.

Hong Kong
The ADSs and ordinary shares may not be offered or sold by means of any document other than (i) in
circumstances that do not constitute an offer to the public within the meaning of the Companies Ordinance
(Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and
Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances
that do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32,
Laws of Hong Kong), and no advertisement, invitation or document relating to the ordinary shares or ADSs may
be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong
or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in
Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ordinary shares
or ADSs that are or are intended to be disposed of only to persons outside Hong Kong or only to “professional
investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any
rules made thereunder.

Japan
The securities have not been and will not be registered under the Financial Instruments and Exchange Law
of Japan, or the Financial Instruments and Exchange Law, and each underwriter has agreed that it will not offer
or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term,
as used in this prospectus means any person resident in Japan, including any corporation or other entity organized
under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of
Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with,
the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial
guidelines of Japan.

Switzerland
The ADSs and ordinary shares may not be publicly offered in Switzerland and will not be listed on the SIX
Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This
document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a
or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff.
of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in
Switzerland. Neither this document, nor any other offering or marketing material relating to the ADSs and
ordinary shares or this global offering, may be publicly distributed or otherwise made publicly available in
Switzerland. Neither this document nor any other offering or marketing material relating to this global offering,
the Company, or the ordinary shares or ADSs has been or will be filed with or approved by any Swiss regulatory
authority. In particular, this document will not be filed with, and the offer of the ADSs and ordinary shares will
not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or FINMA, and the offer of the
ADSs and ordinary shares has not been and will not be authorized under the Swiss Federal Act on Collective
Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of ordinary shares or ADSs.

**United Arab Emirates**

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for this prospectus. The ADSs and ordinary shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the ordinary shares or ADSs offered should conduct their own due diligence on the ADSs and ordinary shares. If you do not understand the contents of this prospectus, you should consult an authorized financial advisor.

**United Kingdom**

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”).

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

**Canada**

The ADSs and ordinary shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the ADSs and ordinary shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this global offering.
# EXPENSES RELATING TO THE GLOBAL OFFERING

The following table sets forth the costs and expenses, other than underwriting discounts, payable in connection with the sale of ordinary shares and ADSs in the global offering. All amounts are estimated except the SEC registration fee, the Nasdaq initial listing fee and the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee. Except as otherwise noted, all the expenses below will be paid by us.

<table>
<thead>
<tr>
<th>Expense</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEC registration fee</td>
<td>$12,120</td>
</tr>
<tr>
<td>FINRA filing fee</td>
<td>15,500</td>
</tr>
<tr>
<td>Nasdaq initial listing fee</td>
<td>150,000</td>
</tr>
<tr>
<td>Legal fees and expenses</td>
<td>*</td>
</tr>
<tr>
<td>Accounting fees and expenses</td>
<td>*</td>
</tr>
<tr>
<td>Printing expenses</td>
<td>*</td>
</tr>
<tr>
<td>Miscellaneous fees and expenses</td>
<td>*</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>**$ *</td>
</tr>
</tbody>
</table>

* To be completed by amendment.
LEGAL MATTERS

Cooley LLP, Boston, Massachusetts, is representing us in connection with this global offering. The validity of the ordinary shares and certain other matters of French law will be passed upon for us by Linklaters LLP. Legal counsel to the underwriters in connection with this global offering are Davis Polk & Wardwell LLP and Gide Loyrette Nouel A.A.R.P.I.
EXPERTS

The consolidated financial statements as of December 31, 2018 and 2017 and for each of the two years in the period ended December 31, 2018 included in this prospectus have been audited by Deloitte & Associés, an independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion on the consolidated financial statements and includes an explanatory paragraph referring to the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial instruments). Such consolidated financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The offices of Deloitte & Associés are located at Les Docks – Atrium 10.4, 10 place de la Joliette, 13002 Marseille, France.
WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a Registration Statement on Form F-1 under the Securities Act with respect to the ordinary shares and ADSs offered in this prospectus. A related registration statement on Form F-6 will be filed with the SEC to register the ADSs. This prospectus, which forms a part of the Registration Statement, does not contain all of the information included in the Registration Statement. Certain information is omitted and you should refer to the Registration Statement and its exhibits for that information. With respect to references made in this prospectus to any contract or other document of Innate Pharma S.A., such references are not necessarily complete and you should refer to the exhibits attached to the Registration Statement for copies of the actual contract or document.

Upon completion of this global offering, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, periodic reports and other information, with the SEC.

We are allowed four months after the end of our fiscal year to file our annual report with the SEC, and we are not required to disclose certain detailed information regarding executive compensation that is required from U.S. domestic issuers. Also, as a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing of proxy statements to shareholders, and the members of our Supervisory Board and Executive Board and our principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

As a foreign private issuer, we are also exempt from the requirements of Regulation FD (Fair Disclosure) which, generally, are meant to ensure that select groups of investors are not privy to specific information about an issuer before other investors. We are, however, still subject to the anti-fraud and anti-manipulation rules of the SEC, such as Rule 10b-5. Since many of the disclosure obligations required of us as a foreign private issuer are different than those required of U.S. domestic reporting companies, our shareholders, potential shareholders and the investing public in general should not expect to receive information about us in the same amount, or at the same time, as information is received from, or provided by, other U.S. domestic reporting companies. We are only liable for violations of the rules and regulations of the SEC that apply to us as a foreign private issuer.

The SEC maintains a website at www.sec.gov that contains reports and information statements and other information regarding registrants like us that file electronically with the SEC. You also can inspect our registration statement, as well as any other information we file with or furnish to the SEC, on this website. This reference to the SEC’s website is an inactive textual reference only and is not a hyperlink.

We expect to make our annual reports and other information filed with or furnished to the SEC available, free of charge, through our website at www.innate-pharma.com as soon as reasonably practicable after those reports and other information are filed with or furnished to the SEC. The information contained on, or that can be accessed through, our website is not part of, and is not incorporated into, this prospectus.
## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

**Consolidated Financial Statements as of and for the Years Ended December 31, 2018 and 2017**

<table>
<thead>
<tr>
<th>Financial Statement</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report of Independent Registered Public Accounting Firm</td>
<td>F-2</td>
</tr>
<tr>
<td>Consolidated Statements of Financial Position as of December 31, 2018 and 2017</td>
<td>F-3</td>
</tr>
<tr>
<td>Consolidated Statements of Income (Loss) for the Years Ended December 31, 2018 and 2017</td>
<td>F-4</td>
</tr>
<tr>
<td>Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2018 and 2017</td>
<td>F-5</td>
</tr>
<tr>
<td>Consolidated Statements of Cash Flows for the Years Ended December 31, 2018 and 2017</td>
<td>F-6</td>
</tr>
<tr>
<td>Consolidated Statements of Changes in Shareholders’ Equity for the Years Ended December 31, 2018 and 2017</td>
<td>F-8</td>
</tr>
<tr>
<td>Notes to the Consolidated Financial Statements</td>
<td>F-9</td>
</tr>
</tbody>
</table>

**Unaudited Interim Condensed Consolidated Financial Statements as of June 30, 2019 and December 31, 2018 and for the Six Months Ended June 30, 2019 and 2018**

<table>
<thead>
<tr>
<th>Financial Statement</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unaudited Interim Condensed Consolidated Statements of Financial Position as of June 30, 2019 and December 31, 2018</td>
<td>F-63</td>
</tr>
<tr>
<td>Unaudited Interim Condensed Consolidated Statements of Income (Loss) for the Six Months Ended June 30, 2019 and 2018</td>
<td>F-64</td>
</tr>
<tr>
<td>Unaudited Interim Condensed Consolidated Statements of Comprehensive Income (Loss) for the Six Months Ended June 30, 2019 and 2018</td>
<td>F-65</td>
</tr>
<tr>
<td>Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders’ Equity for the Six Months Ended June 30, 2019 and 2018</td>
<td>F-68</td>
</tr>
<tr>
<td>Notes to the Unaudited Interim Condensed Consolidated Financial Statements</td>
<td>F-69</td>
</tr>
</tbody>
</table>
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Innate Pharma S.A.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Innate Pharma S.A. and subsidiaries (the “Company”) as of December 31, 2018 and 2017, the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders’ equity, and cash flows, for each of the two years in the period ended December 31, 2018, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Change in Accounting Principle

As discussed in Note 2a to the consolidated financial statements, the company implemented accounting changes relating to the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments, as adopted by the IASB and applicable to periods starting on or after January 1, 2018.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Associés

Marseille, France
June 6, 2019

We have served as the Company’s auditor since 2014.
# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(amounts in thousands of euro)

<table>
<thead>
<tr>
<th>Note</th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018(1)</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>4</td>
</tr>
<tr>
<td>Trade receivables and others</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>6</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>7</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>4</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td></td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Trade payables and others</td>
<td>8</td>
</tr>
<tr>
<td>Collaboration liabilities—current portion</td>
<td>13</td>
</tr>
<tr>
<td>Financial liabilities—current portion</td>
<td>9</td>
</tr>
<tr>
<td>Deferred revenue—current portion</td>
<td>13</td>
</tr>
<tr>
<td>Provisions</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities—non-current portion</td>
<td>9</td>
</tr>
<tr>
<td>Collaboration liabilities—non-current portion</td>
<td>13</td>
</tr>
<tr>
<td>Defined benefit obligations</td>
<td>10</td>
</tr>
<tr>
<td>Deferred revenue—non-current portion</td>
<td>13</td>
</tr>
<tr>
<td>Provisions</td>
<td>18</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>11</td>
</tr>
<tr>
<td>Share premium</td>
<td>11</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
</tr>
<tr>
<td>Other reserves</td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
<td></td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td></td>
</tr>
</tbody>
</table>

(1) The consolidated financial statements as of and for the year ended December 31, 2018 include the impacts of the first application of IFRS 9 and IFRS 15 standards that became applicable on January 1, 2018. The comparative consolidated financial statements as of and for the year ended December 31, 2017 have not been restated. See Note 2.a for more details on transition measures.
## CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(amounts in thousands of euro, except per share amounts)

<table>
<thead>
<tr>
<th>Note</th>
<th>2018(1)</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from collaboration and licensing agreements</td>
<td>79,892</td>
<td>32,631</td>
</tr>
<tr>
<td>Government financing for research expenditures</td>
<td>14,060</td>
<td>11,402</td>
</tr>
<tr>
<td><strong>Revenue and other income</strong></td>
<td><strong>93,952</strong></td>
<td><strong>44,033</strong></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>(69,555)</td>
<td>(67,000)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(18,142)</td>
<td>(17,015)</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td><strong>(87,697)</strong></td>
<td><strong>(84,015)</strong></td>
</tr>
<tr>
<td>Net income (loss) from distribution agreements</td>
<td>(1,109)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td><strong>5,146</strong></td>
<td><strong>(39,983)</strong></td>
</tr>
<tr>
<td>Financial income</td>
<td>6,002</td>
<td>2,501</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>(8,429)</td>
<td>(10,535)</td>
</tr>
<tr>
<td><strong>Net financial loss</strong></td>
<td><strong>(2,427)</strong></td>
<td><strong>(8,034)</strong></td>
</tr>
<tr>
<td>Net income (loss) before tax</td>
<td>2,718</td>
<td>(48,016)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>333</td>
<td>(368)</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td><strong>3,049</strong></td>
<td><strong>(48,385)</strong></td>
</tr>
</tbody>
</table>

**Net income (loss) per share:**

<table>
<thead>
<tr>
<th>(in € per share)</th>
<th>2018(1)</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of shares</td>
<td>58,776,712</td>
<td>54,351,967</td>
</tr>
<tr>
<td>Basic income (loss) per share</td>
<td>0.05</td>
<td>(0.89)</td>
</tr>
<tr>
<td>Diluted income (loss) per share</td>
<td>0.05</td>
<td>(0.89)</td>
</tr>
</tbody>
</table>

(1) The consolidated financial statements as of and for the year ended December 31, 2018 include the impacts of the first application of IFRS 9 and IFRS 15 standards that became applicable on January 1, 2018. The comparative consolidated financial statements as of and for the year ended December 31, 2017 have not been restated. See Note 2.a for more details on transition measures.
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
(amounts in thousands of euro)

<table>
<thead>
<tr>
<th>Net income (loss) for the period</th>
<th>3,049</th>
<th>(48,385)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items which will be reclassified in the consolidated statement of income (loss):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in fair value of short-term investments and non-current financial assets</td>
<td>4</td>
<td>437</td>
</tr>
<tr>
<td>Foreign currency translation gain (loss)</td>
<td>(26)</td>
<td>68</td>
</tr>
</tbody>
</table>

| Items which will not be reclassified in the consolidated statement of income (loss): |       |          |
| Actuarial gains and (losses) related to defined benefit obligations | 10    | (599)    |
| Other comprehensive income (loss) | (625) | 683      |
| Total comprehensive income (loss) | 2,424 | (47,702) |

(1) The consolidated financial statements as of and for the year ended December 31, 2018 include the impacts of the first application of IFRS 9 and IFRS 15 standards that became applicable on January 1, 2018. The comparative consolidated financial statements as of and for the year ended December 31, 2017 have not been restated. See Note 2.a for more details on transition measures.
### CONSOLIDATED STATEMENT OF CASH FLOWS

(amounts in thousands of euro)

<table>
<thead>
<tr>
<th>Notes</th>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net income (loss)</td>
<td>3,049</td>
<td>(48,385)</td>
</tr>
<tr>
<td>6, 7</td>
<td>Depreciation and amortization, net</td>
<td>7,401</td>
<td>4,393</td>
</tr>
<tr>
<td>10</td>
<td>Employee benefit costs</td>
<td>477</td>
<td>381</td>
</tr>
<tr>
<td>18</td>
<td>Change in provisions for charges</td>
<td>322</td>
<td>877</td>
</tr>
<tr>
<td>14</td>
<td>Share-based compensation expense</td>
<td>2,707</td>
<td>9,829</td>
</tr>
<tr>
<td>4</td>
<td>Change in valuation allowance on financial assets</td>
<td>3,786</td>
<td>(26)</td>
</tr>
<tr>
<td>4</td>
<td>Gains (losses) on financial assets</td>
<td>1,341</td>
<td>3,381</td>
</tr>
<tr>
<td>4</td>
<td>Change in valuation allowance on financial instruments</td>
<td>152</td>
<td>(204)</td>
</tr>
<tr>
<td>4</td>
<td>Gains (losses) on assets and other financial assets</td>
<td>1,445</td>
<td>(1,442)</td>
</tr>
<tr>
<td>16</td>
<td>Interest paid</td>
<td>102</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td><strong>Operating cash flow before change in working capital</strong></td>
<td>14,566</td>
<td>(31,080)</td>
</tr>
<tr>
<td></td>
<td>Change in working capital</td>
<td>(47,096)</td>
<td>(16,980)</td>
</tr>
<tr>
<td></td>
<td><strong>Net cash generated from (used in) operating activities</strong></td>
<td>(32,531)</td>
<td>(48,060)</td>
</tr>
<tr>
<td>6, 8</td>
<td>Acquisition of intangible assets, net</td>
<td>(556)</td>
<td>(3,062)</td>
</tr>
<tr>
<td>7, 8</td>
<td>Acquisition of property and equipment, net</td>
<td>(873)</td>
<td>(2,964)</td>
</tr>
<tr>
<td>4</td>
<td>Purchase of current financial instruments</td>
<td>—</td>
<td>(2,543)</td>
</tr>
<tr>
<td>4</td>
<td>Purchase of non-current financial instruments</td>
<td>—</td>
<td>(40,728)</td>
</tr>
<tr>
<td></td>
<td>Disposal of tangible assets</td>
<td>22</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Disposal of other assets</td>
<td>25</td>
<td>—</td>
</tr>
<tr>
<td>4</td>
<td>Disposal of current financial instruments</td>
<td>2,704</td>
<td>5,646</td>
</tr>
<tr>
<td>4</td>
<td>Disposal of non-current financial instruments</td>
<td>21,513</td>
<td>11,895</td>
</tr>
<tr>
<td>16</td>
<td>Interest received on financial assets</td>
<td>1,445</td>
<td>1,442</td>
</tr>
<tr>
<td></td>
<td><strong>Net cash generated from (used in) investing activities</strong></td>
<td>24,279</td>
<td>(29,460)</td>
</tr>
<tr>
<td></td>
<td>Proceeds from the exercise / subscription of equity instruments</td>
<td>111</td>
<td>491</td>
</tr>
<tr>
<td></td>
<td>Increase in capital, net</td>
<td>62,557</td>
<td>—</td>
</tr>
<tr>
<td>9</td>
<td>Proceeds from borrowings</td>
<td>—</td>
<td>1,739</td>
</tr>
<tr>
<td>9</td>
<td>Repayment of borrowings</td>
<td>(1,343)</td>
<td>(1,202)</td>
</tr>
<tr>
<td>16</td>
<td>Interest paid</td>
<td>(102)</td>
<td>(113)</td>
</tr>
<tr>
<td></td>
<td><strong>Net cash generated from financing activities</strong></td>
<td>61,222</td>
<td>915</td>
</tr>
<tr>
<td></td>
<td>Effect of the exchange rate changes</td>
<td>(26)</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>52,947</td>
<td>(76,539)</td>
</tr>
<tr>
<td>4</td>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>99,367</td>
<td>175,906</td>
</tr>
<tr>
<td>4</td>
<td>Cash and cash equivalents at the end of the year</td>
<td>152,314</td>
<td>99,367</td>
</tr>
</tbody>
</table>

(1) The consolidated financial statements as of and for the year ended December 31, 2018 include the impacts of the first application of IFRS 9 and IFRS 15 standards that became applicable on January 1, 2018. The comparative consolidated financial statements as of and for the year ended December 31, 2017 have not been restated. See Note 2.a for more details on transition measures.

F-6
### Change in working capital

<table>
<thead>
<tr>
<th>Note</th>
<th>2018(1)</th>
<th>2017</th>
<th>Variance</th>
<th>IFRS 15 restatements(4)</th>
<th>Variance excluding IFRS 15 restatements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables and others (excluding rebates related to capital expenditures)</td>
<td>5</td>
<td>139,012</td>
<td>21,412</td>
<td>(117,600)</td>
<td>(117,600)</td>
</tr>
<tr>
<td>Trade payables and others (excluding payables related to capital expenditures)</td>
<td>8</td>
<td>(34,662)</td>
<td>(24,583)</td>
<td>10,079</td>
<td>5,156</td>
</tr>
<tr>
<td>Collaboration liabilities—current and non-current portion</td>
<td>13</td>
<td>(31,656)</td>
<td>—</td>
<td>31,656</td>
<td>(44,751)</td>
</tr>
<tr>
<td>Deferred revenue—current and non-current portion</td>
<td>13</td>
<td>(150,195)</td>
<td>(134,914)</td>
<td>15,281</td>
<td>53,083</td>
</tr>
<tr>
<td><strong>Total working capital</strong></td>
<td></td>
<td><strong>(77,501)</strong></td>
<td><strong>(138,085)</strong></td>
<td><strong>(60,584)</strong></td>
<td><strong>13,488</strong></td>
</tr>
</tbody>
</table>

(1) The consolidated financial statements as of and for the year ended December 31, 2018 include the impacts of the first application of IFRS 9 and IFRS 15 standards that became applicable on January 1, 2018. The comparative consolidated financial statements as of and for the year ended December 31, 2017 have not been restated. See Note 2.a for more details on transition measures.

### Change in working capital

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables and others</td>
<td>21,412</td>
<td>32,390</td>
<td>10,978</td>
</tr>
<tr>
<td>Trade payables and others (excluding payables related to capital expenditures)</td>
<td>(24,583)</td>
<td>(20,195)</td>
<td>4,388</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(134,914)</td>
<td>(167,261)</td>
<td>(32,346)</td>
</tr>
<tr>
<td><strong>Change in working capital</strong></td>
<td><strong>(138,085)</strong></td>
<td><strong>(155,066)</strong></td>
<td><strong>(16,980)</strong></td>
</tr>
</tbody>
</table>

### Reconciliation in change in financial liability and equity

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>December 31, 2017</th>
<th>Cash-flows</th>
<th>Non-cash variations</th>
<th>December 31, 2018</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(+)</td>
<td>(-)</td>
<td>Non-cash variations</td>
<td>(+)</td>
<td>(-)</td>
</tr>
<tr>
<td>Borrowing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BPI France -PTZI</td>
<td>1,125</td>
<td>—</td>
<td>(375)</td>
<td>750</td>
<td>—</td>
</tr>
<tr>
<td>IPH41(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasing—Property</td>
<td>2,239</td>
<td>—</td>
<td>(894)</td>
<td>1,345</td>
<td>—</td>
</tr>
<tr>
<td>transaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasing—Property</td>
<td>(386)</td>
<td>—</td>
<td>152</td>
<td>(234)</td>
<td>—</td>
</tr>
<tr>
<td>transaction (down-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>payment)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasing—Equipment</td>
<td>1,160</td>
<td>—</td>
<td>(173)</td>
<td>987</td>
<td>—</td>
</tr>
<tr>
<td>Borrowing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowing—Equipment</td>
<td>426</td>
<td>—</td>
<td>(54)</td>
<td>372</td>
<td>—</td>
</tr>
<tr>
<td>Borrowing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowing—Property</td>
<td>1,300</td>
<td>—</td>
<td>—</td>
<td>1,300</td>
<td>—</td>
</tr>
<tr>
<td>transaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total(2)</strong></td>
<td>5,864</td>
<td>—</td>
<td>(1,343)</td>
<td>4,521</td>
<td>—</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in capital, net</td>
<td>N/A</td>
<td>62,557</td>
<td>—</td>
<td>—</td>
<td>N/A</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription of equity instruments</td>
<td>N/A</td>
<td>111</td>
<td>—</td>
<td>—</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Sub-total(3)</strong></td>
<td>N/A</td>
<td>62,668</td>
<td>—</td>
<td>—</td>
<td>N/A</td>
</tr>
<tr>
<td>Leasing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interests</td>
<td>N/A</td>
<td>—</td>
<td>(102)</td>
<td>N/A</td>
<td>—</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>N/A</td>
<td>—</td>
<td>(102)</td>
<td>N/A</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Interest-free loan.
(2) See Note 9, “Financial liabilities.”
(3) See Consolidated statement of changes in shareholders’ equity.
<table>
<thead>
<tr>
<th>Note</th>
<th>January 1, 2017</th>
<th>Number of shares</th>
<th>Share capital</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Other comprehensive income</th>
<th>Net income (loss)</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>53,921,304</td>
<td>2,696</td>
<td>187,571</td>
<td>(116,235)</td>
<td>(503)</td>
<td>12,640</td>
<td>86,169</td>
</tr>
<tr>
<td></td>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Change in fair value of short-term investments and non-current financial assets</td>
<td>4</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>437</td>
<td>—</td>
<td>437</td>
</tr>
<tr>
<td></td>
<td>Actuarial gains on defined benefit obligations</td>
<td>10</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>178</td>
<td>—</td>
<td>178</td>
</tr>
<tr>
<td></td>
<td>Foreign currency translation gain</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>68</td>
<td>—</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>Total comprehensive loss for the year</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>683</td>
<td>(48,385)</td>
<td>(47,702)</td>
</tr>
<tr>
<td></td>
<td>Allocation of prior period income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>12,640</td>
<td>—</td>
<td>12,640</td>
</tr>
<tr>
<td></td>
<td>Exercise and subscription of equity instruments</td>
<td>11</td>
<td>341,979</td>
<td>17</td>
<td>474</td>
<td>—</td>
<td>—</td>
<td>491</td>
</tr>
<tr>
<td></td>
<td>Shares issued for the acquisition of C5aR intangible asset</td>
<td>11</td>
<td>3,343,748</td>
<td>167</td>
<td>36,999</td>
<td>—</td>
<td>—</td>
<td>37,166</td>
</tr>
<tr>
<td></td>
<td>Share-based payment</td>
<td>11</td>
<td>—</td>
<td>—</td>
<td>9,829</td>
<td>—</td>
<td>—</td>
<td>9,829</td>
</tr>
<tr>
<td></td>
<td>December 31, 2017</td>
<td>57,607,031</td>
<td>2,880</td>
<td>234,874</td>
<td>(103,593)</td>
<td>180</td>
<td>(48,385)</td>
<td>85,956</td>
</tr>
<tr>
<td></td>
<td>Restatement related to the first application of IFRS 9</td>
<td>2.a</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>653</td>
<td>(653)</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Restatement related to the first application of IFRS 15</td>
<td>2.a</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>13,488</td>
<td>—</td>
<td>13,488</td>
</tr>
<tr>
<td></td>
<td>January 1, 2018 (after restatement)</td>
<td>57,607,031</td>
<td>2,880</td>
<td>234,874</td>
<td>(89,454)</td>
<td>(473)</td>
<td>(48,385)</td>
<td>99,444</td>
</tr>
<tr>
<td></td>
<td>Net income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3,049</td>
<td>3,049</td>
</tr>
<tr>
<td></td>
<td>Actuarial losses on defined benefit obligations</td>
<td>10</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(599)</td>
<td>—</td>
<td>(599)</td>
</tr>
<tr>
<td></td>
<td>Foreign currency translation loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(26)</td>
<td>—</td>
<td>(26)</td>
</tr>
<tr>
<td></td>
<td>Total comprehensive income for the year</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(625)</td>
<td>3,049</td>
<td>2,424</td>
</tr>
<tr>
<td></td>
<td>Allocation of prior period loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(48,385)</td>
<td>—</td>
<td>48,385</td>
</tr>
<tr>
<td></td>
<td>Exercise and subscription of equity instruments</td>
<td>11</td>
<td>72,055</td>
<td>4</td>
<td>107</td>
<td>—</td>
<td>—</td>
<td>111</td>
</tr>
<tr>
<td></td>
<td>Increase in capital, net</td>
<td>11</td>
<td>6,260,500</td>
<td>313</td>
<td>62,244</td>
<td>—</td>
<td>—</td>
<td>62,557</td>
</tr>
<tr>
<td></td>
<td>Share-based payment</td>
<td>11</td>
<td>—</td>
<td>—</td>
<td>2,707</td>
<td>—</td>
<td>—</td>
<td>2,707</td>
</tr>
<tr>
<td></td>
<td>December 31, 2018</td>
<td>63,939,586</td>
<td>3,197</td>
<td>299,932</td>
<td>(137,840)</td>
<td>(1,099)</td>
<td>3,049</td>
<td>167,240</td>
</tr>
</tbody>
</table>

(1) The consolidated financial statements as of and for the year ended December 31, 2018 include the impacts of the first application of IFRS 9 and IFRS 15 standards that became applicable on January 1, 2018. The comparative consolidated financial statements as of and for the year ended December 31, 2017 have not been restated. See Note 2.a for more details on transition measures.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) The Company, significant agreements description and key events

Innate Pharma S.A. (the “Company” and together with its subsidiaries, referred to as the “Group”) is a biotechnology company focused on discovering, developing and commercializing first-in-class therapeutic antibodies designed to harness the immune system for the treatment of oncology indications with significant unmet medical need.

The Company has extensive experience in research and development in immuno-oncology, having been pioneers in the understanding of natural killer cell, or NK cell, biology, and later expanding its expertise in the tumor microenvironment, tumor antigens and antibody engineering fields. The Company has built, internally and through its business development strategy, a broad and diversified portfolio including an approved product, three clinical product candidates and a robust preclinical pipeline. The Company has entered into collaborations with leaders in the biopharmaceutical industry, such as AstraZeneca and Sanofi.

From its inception, the Company has incurred losses due to its research and development (“R&D”) activity. The financial year ended December 31, 2018 generated a €3,049 thousand net income. As of December 31, 2018, the shareholders’ equity amounted to €167,240 thousand. Subject to potential new milestone payments related to its collaboration agreements, the Company anticipates incurring additional losses until such time, if ever, that it can generate significant revenue from its product candidates in development.

The Company’s future operations are highly dependent on a combination of factors, including: (i) the success of its R&D; (ii) regulatory approval and market acceptance of the Company’s future product candidates; (iii) the timely and successful completion of additional financing; and (iv) the development of competitive therapies by other biotechnology and pharmaceutical companies. As a result, the Company is and should continue, in the short to mid-term, to be financed through partnership agreements for the development and commercialization of its drug candidates and through the issuance of new equity instruments.

The Company’s activity is not subject to seasonal fluctuations.

As of December 31, 2018, the Company had two wholly owned subsidiaries: Innate Pharma, Inc., incorporated under the laws of Delaware in 2009, and Innate Pharma France SAS, incorporated under the laws of France in 2018.

Neither Innate Pharma, Inc. nor Innate Pharma France SAS had engaged in any material operations as of December 31, 2018. Both of the Company’s subsidiaries are fully consolidated.

1. 1. Significant contracts

The following paragraphs describe the key provisions of significant contracts.

a) Agreements related to monalizumab with Novo Nordisk A/S and with AstraZeneca

2014 Novo Nordisk A/S monalizumab agreement

On February 5, 2014, the Company acquired from Novo Nordisk A/S full development and commercialization rights to monalizumab. Novo Nordisk A/S received €2.0 million in cash and 600,000 ordinary shares at a price of €8.33 per share (€5.0 million). Novo Nordisk A/S is eligible to receive up to €20.0 million in potential regulatory milestones and single-digit tiered royalties on sales of monalizumab products. The agreement with Novo Nordisk A/S included a right to additional consideration in the event of an out-licensing agreement. Consequently, following the agreement signed with AstraZeneca in April 2015 (as described below), the Company paid to Novo Nordisk A/S additional consideration of €6.5 million (paid in April 2016). Following the
exercise of the option by AstraZeneca in October 2018 (as described below), Novo Nordisk A/S became entitled
to a second and final additional payment amounting to $15.0 million (€13.1 million) which was recognized as a
liability as of December 31, 2018 and was paid in February 2019. There are no other potential additional
payments due to Novo Nordisk A/S. These amounts were added to the net book value of the intangible asset and
are amortized according to the same amortization plan as the initial €7.0 million recognized in 2014. The net
book value of the license amounted to €12.7 million as of December 31, 2018.

Refer to Notes 2.g, 2.i and 6 for accounting description.

2015 AstraZeneca monalizumab agreements

Under co-development and option agreements signed with AstraZeneca in 2015, the Company granted to
AstraZeneca an exclusive license, subject to certain exclusions, to certain of its patents and know-how to
develop, manufacture and commercialize licensed products, including monalizumab, in the field of diagnosis,
prevention and treatment of oncology diseases and conditions. The Company further granted to AstraZeneca a
worldwide, non-exclusive license to certain of its other patents to develop, manufacture and commercialize
licensed products, including monalizumab, in the field of diagnosis, prevention and treatment of oncology
diseases and conditions.

The Company received an initial payment of $250 million under these agreements in June 2015, of which
$100 million was paid to the Company as an initial payment for the co-development agreement and $150 million
was paid to the Company as consideration for the option agreement. On October 22, 2018, AstraZeneca exercised
this option, triggering the payment of $100.0 million, which was received by the Company in January 2019.

Following the option exercise, AstraZeneca became the lead party in developing the licensed products and
must use commercially reasonable efforts to develop, obtain regulatory approval for and commercialize each
licensed product in certain major markets.

In addition to the initial payment and option exercise payment, AstraZeneca is obligated to pay the
Company up to $925 million in the aggregate upon the achievement of certain development and regulatory
milestones ($500 million) and commercialization milestones ($425 million). The Company is eligible to receive
tiered royalties ranging from a low double-digit to mid-teen percentage on net sales of licensed products outside
of Europe. The Company is required for a defined period of time to co-fund 30% of the Phase III clinical trials of
licensed products, subject to an aggregate cap, in order to receive 50% of the profits in Europe.

If the Company opts out of its co-funding obligations, it would forfeit the option to co-promote licensed
products under the agreement, and its right to share in 50% of such profits would terminate and sales in Europe
will instead be factored into net sales used to calculate royalty and milestone payments to it. Additionally,
Phase III and regulatory milestone payments that may be payable to the Company will be reduced and
AstraZeneca will be responsible for the promotion of licensed products worldwide, subject to the Company’s
option to co-promote the licensed products in certain European countries. Should the Company elect not to
exercise its option to co-promote licensed products in certain European countries, its share of profits in Europe
will be reduced by a specified amount of percentage points not to exceed the mid-single digits.

Refer to Notes 2.a, 2.o and 13.a for accounting description.

b) Agreement related to Lumoxiti with AstraZeneca

In October 2018, the Company obtained an exclusive license from AstraZeneca under certain patents and
know-how of AstraZeneca to develop, manufacture and commercialize Lumoxiti for all uses in humans and
animals in the United States, the European Union and Switzerland. Under this Agreement, AstraZeneca is
obligated to provide support for the continued development and commercialization of Lumoxiti in the European
Union and Switzerland prior to regulatory submission and approval as well as support for the continued
commercialization of Lumoxiti in the United States for a specified period. The Company is scheduled to transition to full commercialization responsibilities by mid-2020. Under the agreement, the Company was obligated to pay a $50.0 million initial payment (€43.8 million), which it paid in January 2019, and is obligated to pay conditional payments up to $25.0 million in the aggregate upon the achievement of certain commercial and regulatory milestones. The Company will reimburse AstraZeneca for the development, production and commercialization costs it incurs during the transition period, subject to certain limitations for the year ending December 31, 2019.

Refer to Notes 2.p and 15 for accounting description.

c) Agreement related to IPH5201 with AstraZeneca

In October 2018, the Company signed a collaboration and option agreement with AstraZeneca for co-development and co-commercialization of IPH5201. Under the agreement, AstraZeneca paid the Company a $50.0 million upfront payment ($26.0 million paid in October 2018 and $24.0 million paid in January 2019), and is obligated to pay the Company up to an aggregate of $10.0 million upon the achievement of certain development milestones. Upon exercise of its option under the agreement, AstraZeneca is committed to pay an option exercise fee of $25.0 million and up to $800.0 million in the aggregate upon the achievement of certain development and regulatory milestones ($300 million) and commercialization milestones ($500 million). The arrangement also provides for a 50% profit share in Europe if the Company opts into certain co-promoting and late stage co-funding obligations. In addition, we would be eligible to receive tiered royalties ranging from a high-single digit to mid-teens percentage on net sales of IPH5201, or from a mid-single digit to low-double digit percentage on net sales of other types of licensed products, outside of Europe. The royalties payable to us under the agreement may be reduced under certain circumstances, including loss of exclusivity or lack of patent protection. The Company recognized €15.6 million as revenue from proceeds related to this agreement for the year ended December 31, 2018, and was also reimbursed by AstraZeneca for certain research and development expenses related to IPH5201. The Company has the option to co-fund 30% of the shared development expenses related to the Phase III clinical trials in order to acquire co-promotion rights and to share in 50% of the profits and losses of licensed products in Europe. If the Company does not opt into the co-funding obligations, among other things, its right to share in 50% of the profits and losses in Europe and right to co-promote in certain European countries will terminate and will be replaced by rights to receive royalties on net sales at the rates applicable to outside of Europe. Additionally, certain milestone payments that may be payable to the Company would be materially reduced.

Refer to Notes 2.o and 13.b for accounting description.

d) Agreement related to additional preclinical molecules with AstraZeneca

In October 2018, the Company granted to AstraZeneca four exclusive options that are exercisable until IND approval to obtain a worldwide, royalty-bearing, exclusive license to certain of the Company’s patents and know-how relating to certain specified pipeline candidates to develop and commercialize optioned products in all fields of use. Pursuant to the agreement, AstraZeneca paid the Company a $20.0 million upfront payment (€17.5 million) in October 2018. The Company recognizes this upfront payment in the consolidated statement of financial position as deferred revenue as of December 31, 2018, until the exercise or the termination of each option at the earliest. Upon exercise of an option, the Company would be entitled to an option exercise payment of $35 million, as well as development and regulatory milestone payments ($320 million) and commercialization milestone payments ($500 million) and tiered, mid-single digit to mid-teens percentage royalties on net sales of the applicable product. The royalties payable to the Company may be reduced under certain circumstances, including loss of exclusivity, lack of patent protection or the specific nature of the compound included within the applicable product. Additionally, the Company would have rights to co-fund certain development costs in order to obtain profit and
loss sharing in Europe. So long as the Company elects to co-fund such development costs, it will have a right to co-promote optioned products in Europe.

Refer to Notes 2.o and 13.c for accounting description.

e) Agreements related to IPH5401 with Novo Nordisk and with AstraZeneca

2017 IPH5401 in-licensing agreement with Novo Nordisk A/S

In July 2017, the Company signed an exclusive license agreement with Novo Nordisk A/S relating to IPH5401. Under the agreement, Novo Nordisk A/S granted the Company a worldwide, exclusive license to develop, manufacture and commercialize pharmaceutical products that contain or comprise an anti-C5aR antibody, including IPH5401. The Company made an upfront payment of €40.0 million, €37.2 million of which was contributed in new shares and €2.8 million of which in cash. The Company is obligated to pay up to an aggregate of €370.0 million upon the achievement of development, regulatory and sales milestones and tiered royalties ranging from a low double-digit to low-teen percentage of net sales.

Refer to Notes 2.g, 2.i and 6 for accounting description.

2018 IPH5401 AstraZeneca agreement

On January 1, 2018, the Company entered into a clinical trial collaboration agreement with AstraZeneca to sponsor a Phase I/II clinical trial (STELLAR-001) to evaluate the safety and efficacy of durvalumab, an anti-PD-L1 immune checkpoint inhibitor, in combination with IPH5401, as a treatment for patients with select solid tumors. The Company is the sponsor of the trial and the costs are equally shared between the two partners. This collaboration is a non-exclusive agreement and does not include any licensing rights on IPH5401 to AstraZeneca.

Refer to Notes 2.o and 13.d for accounting description.

1.2 Key events

a) Key events for the year ended December 31, 2018

During the year ended December 31, 2018, AstraZeneca exercised its option related to monalizumab. See the description of the agreement related to monalizumab with AstraZeneca as presented in Note 1.1.a.

In addition, several agreements were signed during the year with AstraZeneca. See the description of the agreement related to Lumoxiti, agreement related to IPH5201, agreement related to additional preclinical molecules and agreement related to IPH5401 as presented in Note 1.1.b, Note 1.1.c, Note 1.1.d and Note 1.1.e, respectively.

On October 22, 2018, AstraZeneca acquired 9.8% of the capital of the Company through the issuance by the Company of 6,260,500 new ordinary shares for a total amount of €62,605 thousand, with a nominal value of €0.05 per share and an issue price of €10.00 per share.

This issuance was contingent upon, and concurrent with, the execution of the agreements described above.

b) Key events for the year ended December 31, 2017

See 2017 IPH5401 in-licensing agreement with Novo Nordisk A/S in Note 1.1.c.

On February 6, 2017, the Company announced top-line results from the Effikir trial evaluating the efficacy of lirilumab as a single agent in elderly patients with acute myeloid leukemia. The trial did not meet the primary
efficacy endpoint but confirms the tolerance profile of lirilumab as a monotherapy. On November 22, 2017, the Company published an update on the clinical study program of lirilumab, stating that while lirilumab was shown to be well-tolerated, the assessment of efficacy from the ongoing exploration of doublet combinations did not provide clear evidence of benefit to patients or an obvious development path.

On July 3, 2017, the Company entered into a loan agreement with Société Générale in order to finance the construction of its planned future headquarters. The loan, amounting to a maximum of €15.2 million, will be drawn upon during the period of the construction in order to make payments to suppliers as they become due. This period during which the Company may draw funds ends on August 30, 2019. The repayment of the loan will occur beginning on August 30, 2019 and for a period of 12 years thereafter. In connection with this loan, the Company authorized collateral of its financial Société Générale instruments amounting to €15.2 million. The security interest on the pledge of financial instruments will be released in accordance with the following schedule: €4.2 million in July 2024, €5.0 million in July 2027 and €6.0 million in July 2031.

The Company has not yet begun this construction. Until construction begins, the proceeds of the loan will be used to finance several projects (e.g., extension of the current building, improvement of the Company’s information systems and development of a commercial infrastructure).

2) Accounting policies

a) Basis of preparation

Due to the listing of ordinary shares of the Company on Euronext Paris and in accordance with the European Union’s regulation No. 1606/2002 of July 19, 2002, the consolidated financial statements of the Company for the years ended December 31, 2018 and 2017 (the “Consolidated Financial Statements”) have been prepared in accordance with both International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standard Board (“IASB”) and IFRS as approved by the European Union (“EU”).

Comparative figures are presented as of and for the year ended December 31, 2017.

IFRS includes International Financial Reporting Standards, International Accounting Standards (the “IAS”) and the interpretations issued by the Standing Interpretations Committee (the “SIC”) and the International Financial Reporting Interpretations Committee (“IFRIC”). The main accounting methods used to prepare the Consolidated Financial Statements are described below. These methods were used for the two years presented.

The Consolidated Financial Statements have been prepared under the historical cost convention, with the exception of certain asset and liability categories and in accordance with the provisions set forth in IFRS such as employee benefits measured using the projected unit credit method, borrowings measured at amortized cost and derivative financial instruments measured at fair value.

The assumption of going concern was used given the Company’s financial position and liquidity to meet its financing needs for the 12 months following December 31, 2018.

The preparation of financial statements in accordance with IFRS requires the Company to make certain estimates and assumptions that are detailed in Note 2.v.

Except for share data and per share amounts, the Consolidated Financial Statements are presented in thousands of euro. Amounts are rounded up or down to the nearest whole number for the calculation of certain financial data and other information contained in these accounts. Accordingly, the total amounts presented in certain tables may not be the exact sum of the preceding figures.
Adoption of IFRS 15

IFRS 15 Revenue from contracts with customers, or IFRS 15, which supersedes IAS 11 Construction contracts, or IAS 11, and IAS 18 Revenue, or IAS 18, came into effect on January 1, 2018. The amended accounting policy applied to revenue is presented in Note 2.o.

The Company decided to apply the modified retrospective approach without any of the practical expedients allowed by IFRS 15. According to this approach, the comparative information is not restated and the cumulative impact of the first application is presented as an adjustment of the opening equity of the year of first application. The modified retrospective approach does not present comparative information, but requires a comparison for the first application year of each financial statement line item affected by the application of this standard as compared to IAS 11, IAS 18 and related interpretations that were in effect before the change. This comparison is presented below.

The impact of the adoption of IFRS 15 is limited to the accounting treatment of the contributions paid by the Company pursuant to its co-financing under the collaboration agreement with AstraZeneca related to monalizumab. Until December 31, 2017, under IAS 18, the Company’s co-financing share of R&D expenses incurred by AstraZeneca were recognized as R&D expenses.

In the context of the collaboration agreement with AstraZeneca, the Company and AstraZeneca make quarterly-cost sharing payments to one another to ensure that each party co-finances the R&D performed by AstraZeneca. Consequently, under IFRS 15, amounts due to the partner:

- Are no longer recognized as R&D expenses, but are recorded as a reduction of the transaction price recorded as revenue following the identified performance obligation under the collaboration agreement; and
- Are classified in collaboration liability in the consolidated statement of financial position (instead of a classification in deferred revenue under IAS 18).

When a collaboration liability is denominated in a foreign currency, which is the case in the context of this AstraZeneca agreement, it is translated at each reporting date with the appropriate exchange rate, resulting in foreign exchange gains or losses recorded in the consolidated statement of income (loss).

Application of IFRS 15 generated a deferred tax liability of €3,098 thousand as of January 1, 2018. The Company recorded a deferred tax asset equaling the amount of deferred tax liability as of January 1, 2018 as a result of tax losses carryforward.
The impact of the first adoption of IFRS 15 on the statement of financial position as of January 1, 2018 is presented below:

<table>
<thead>
<tr>
<th>(amounts in thousands of euro)</th>
<th>December 31, 2017 as published</th>
<th>IFRS 15 restatement</th>
<th>January 1, 2018 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td>137,521</td>
<td>—</td>
<td>137,521</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>—</td>
<td>3,098</td>
<td>3,098</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>117,501</td>
<td>3,098</td>
<td>120,599</td>
</tr>
<tr>
<td>Total assets</td>
<td>255,023</td>
<td>3,098</td>
<td>258,121</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables and others</td>
<td>24,657</td>
<td>(5,156)</td>
<td>19,501</td>
</tr>
<tr>
<td>Collaboration liabilities—current portion</td>
<td>—</td>
<td>27,437</td>
<td>27,437</td>
</tr>
<tr>
<td>Deferred revenue—current portion</td>
<td>47,909</td>
<td>(27,837)</td>
<td>20,072</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>73,909</td>
<td>(5,556)</td>
<td>68,353</td>
</tr>
<tr>
<td>Collaboration liabilities—non-current portion</td>
<td>—</td>
<td>17,314</td>
<td>17,314</td>
</tr>
<tr>
<td>Deferred revenue—non-current portion</td>
<td>87,005</td>
<td>(25,246)</td>
<td>61,759</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>—</td>
<td>3,098</td>
<td>3,098</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>95,158</td>
<td>(4,834)</td>
<td>90,324</td>
</tr>
<tr>
<td>Reserves</td>
<td>(103,595)</td>
<td>13,488</td>
<td>(90,107)</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>85,956</td>
<td>13,488</td>
<td>99,444</td>
</tr>
<tr>
<td>Total liabilities and shareholders’ equity</td>
<td>255,023</td>
<td>3,098</td>
<td>258,121</td>
</tr>
</tbody>
</table>
In addition, the tables below provide a comparison between the published Consolidated Financial Statements and the figures as they would have been had the Company continued to apply IAS 18 during the 2018 financial year:

<table>
<thead>
<tr>
<th>(amounts in thousands of euro)</th>
<th>As of December 31, 2018 as published</th>
<th>IFRS 15 impact</th>
<th>As of December 31, 2018, excluding IFRS 15 impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td>319,643</td>
<td>—</td>
<td>319,643</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,561</td>
<td>(1,561)</td>
<td>—</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>131,574</td>
<td>(1,561)</td>
<td>130,013</td>
</tr>
<tr>
<td>Total assets</td>
<td>451,216</td>
<td>(1,561)</td>
<td>449,655</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables and others</td>
<td>91,655</td>
<td>3,382</td>
<td>95,037</td>
</tr>
<tr>
<td>Collaboration liabilities—current portion</td>
<td>20,987</td>
<td>(20,987)</td>
<td>—</td>
</tr>
<tr>
<td>Deferred revenue—current portion</td>
<td>82,096</td>
<td>26,455</td>
<td>108,551</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>196,095</td>
<td>8,850</td>
<td>204,945</td>
</tr>
<tr>
<td>Collaboration liabilities—non-current portion</td>
<td>10,669</td>
<td>(10,669)</td>
<td>—</td>
</tr>
<tr>
<td>Deferred revenue—non-current portion</td>
<td>68,098</td>
<td>7,958</td>
<td>76,056</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>1,561</td>
<td>(1,561)</td>
<td>—</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>87,890</td>
<td>(4,272)</td>
<td>83,618</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(138,939)</td>
<td>(13,488)</td>
<td>(152,427)</td>
</tr>
<tr>
<td>Net result</td>
<td>3,049</td>
<td>7,349</td>
<td>10,398</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>167,240</td>
<td>(6,139)</td>
<td>161,101</td>
</tr>
<tr>
<td>Total liabilities and shareholders’ equity</td>
<td>451,216</td>
<td>(1,561)</td>
<td>449,655</td>
</tr>
</tbody>
</table>
### Year ended December 31, 2018

<table>
<thead>
<tr>
<th>(amounts in thousands of euro)</th>
<th>Year ended December 31, 2018 as published</th>
<th>IFRS 15 impact</th>
<th>Year ended December 31, 2018, excluding IFRS 15 impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from collaboration and licensing agreements ..................</td>
<td>79,892</td>
<td>21,033</td>
<td>100,925</td>
</tr>
<tr>
<td>Government financing for research expenditures ........................</td>
<td>14,060</td>
<td>—</td>
<td>14,060</td>
</tr>
<tr>
<td><strong>Revenue and other income</strong></td>
<td><strong>93,952</strong></td>
<td><strong>21,033</strong></td>
<td><strong>114,985</strong></td>
</tr>
<tr>
<td>Research and development expenses ..........................</td>
<td>(69,555)</td>
<td>(15,542)</td>
<td>(85,097)</td>
</tr>
<tr>
<td>General and administrative expenses ..........................</td>
<td>(18,142)</td>
<td>—</td>
<td>(18,142)</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td><strong>(87,697)</strong></td>
<td><strong>(15,542)</strong></td>
<td><strong>(103,239)</strong></td>
</tr>
<tr>
<td>Net income (loss) from distribution agreements ....................</td>
<td>(1,109)</td>
<td>—</td>
<td>(1,109)</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td><strong>5,146</strong></td>
<td><strong>5,491</strong></td>
<td><strong>10,637</strong></td>
</tr>
<tr>
<td>Financial income ..........................</td>
<td>6,002</td>
<td>—</td>
<td>6,002</td>
</tr>
<tr>
<td>Financial expenses ..........................</td>
<td>(8,429)</td>
<td>1,858</td>
<td>(6,571)</td>
</tr>
<tr>
<td><strong>Net financial income (loss)</strong></td>
<td><strong>(2,427)</strong></td>
<td><strong>1,858</strong></td>
<td><strong>(569)</strong></td>
</tr>
<tr>
<td><strong>Net income before tax</strong></td>
<td><strong>2,718</strong></td>
<td><strong>7,349</strong></td>
<td><strong>10,067</strong></td>
</tr>
<tr>
<td>Income tax ..........................</td>
<td>333</td>
<td>—</td>
<td>333</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td><strong>3,049</strong></td>
<td><strong>7,349</strong></td>
<td><strong>10,397</strong></td>
</tr>
</tbody>
</table>

(in € per share)

| Basic income per share .......................... | 0.05 | 0.18 |
| Diluted income per share .......................... | 0.05 | 0.18 |

### Adoption of IFRS 9

IFRS 9 *Financial instruments*, or IFRS 9, which supersedes IAS 39 *Financial instruments: recognition and measurement*, or IAS 39, came into effect on January 1, 2018. IFRS 9 defines new principles covering the classification and measurement of financial instruments, the recognition of impairment provisions for credit risk on financial assets and hedge accounting. The Company has applied IFRS 9 as of January 1, 2018 by recording the cumulative impact in opening equity at this transition date.

Regarding financial instruments, IFRS 9 requires, for non-derivative financial assets, a change of name of the sub-categories of financial assets without, however, modifying the valuation principles of these assets, which remain either at fair value or amortized cost. The valuation models used by the Company remain unchanged.

The modification of the depreciation principles for financial assets measured at amortized cost, which now consists of adopting an approach based on expected losses, in practice has resulted in the Company not recognizing impairment and mainly impacts trade receivables, which were nil as of January 1, 2018.

The only impact of IFRS 9 on the financial statements of the Company concerns the recognition of the variance in fair value of the mutual funds. Under IAS 39, the variance in fair value of these financial assets was recognized in other comprehensive income. Under IFRS 9, it will be recognized in the statement of income. Following the application of the standard, the impact on the opening statement of financial position is a reclassification from the cumulated comprehensive income to retained earnings in an amount of €653 thousand.

The amended accounting policy applied to financial instruments is presented in Note 2.f.

F-17
b) Recently issued accounting standards and interpretations

The recently issued standards and interpretations whose application is mandatory as of January 1, 2018 are the following:

- IFRS 9, which supersedes IAS 39; and
- IFRS 15, which supersedes IAS 11, IAS 18 and the corresponding interpretations (IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31).

New standards, amendments to existing standards and subsequent interpretations have been published but are not applicable in 2018.

- IFRS 16 Leases, or IFRS 16, mandatory for financial years beginning on or after January 1, 2019. IFRS 16 replaces the IAS 17 Leases, or IAS 17, and the corresponding interpretations (IFRIC 4, SIC 15 and SIC 27); and
- IFRIC 23 Uncertainty over income tax treatments, mandatory for financial years beginning on or after January 1, 2019.

The Company has not early adopted the new accounting standards, amendments and interpretations.

> IFRS 16

IFRS 16 was issued in January 2016 and replaces IAS 17, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees—leases of “low-value” assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee recognizes a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The change in presentation of operating lease expenses results in a corresponding increase in cash flows from operating activities and a decrease in cash flows from financing activities.

According to the new standard, the Company determined the lease term including any lessee’s extension or termination option that is deemed reasonably certain. The assessment of such options was performed at the commencement of a lease and required judgment by the management. Measuring the lease liability at the present value of the remaining lease payments required using an appropriate discount rate in accordance with IFRS 16. The discount rate is the interest rate implicit in the lease or if that cannot be determined, the incremental borrowing rate at the date of the lease commencement. The incremental borrowing rate can have a significant impact on the net present value of the right-of-use asset and lease liability recognized and requires judgment.

Lessees remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Progress of work to estimate the impacts of IFRS 16

The Company has carried out an analysis of the impacts of IFRS 16. The contracts impacted by this new standard mainly relate to the rental of premises.
With respect to the transition method, the Company will opt for the modified retrospective approach to contracts previously reported as leases under IAS 17 or IFRIC 4, and, therefore, will only recognize leases on the balance sheet as of January 1, 2019. Accordingly, comparative information will not be restated and the cumulative effect of initially applying IFRS 16 will be presented as an adjustment to opening reserves. As of January 1, 2019, the right-of-use will be recognized as assets for their net value (as if IFRS 16 had always been applied) and the present value of the remaining payments will be recognized as a liability.

The Company applies the following practical expedients as allowed by IFRS 16:

• apply a single discount rate to assets with similar characteristics;
• exclude lease contracts for which the lease term ends within 12 months of the date of initial application, thus considering them short-term leases; and
• exclude leases of assets with a replacement value of less than approximately €5 thousand.

The Company excludes initial direct costs from the measurement of right-of-use assets at the date of initial application.

The Company estimates that the effect on the opening consolidated statement of financial position as of January 1, 2019 to be between €600 thousand and €900 thousand resulting from the recognition of the lease obligation and the right of use associated with leases contracts. The effect on equity as of January 1, 2019 is not expected to be material.

c) Change in accounting policies

Except for the adoption of IFRS 9 and IFRS 15 as of January 1, 2018, there has been no change in accounting policies for any of the years presented.

d) Translation of transactions denominated in foreign currency

Pursuant to IAS 21 The effects of changes in foreign exchange rates, transactions performed by consolidated entities in currencies other than their functional currency are translated at the prevailing exchange rate on the transaction date.

Trade receivables and payables and liabilities denominated in a currency other than the functional currency are translated at the period-end exchange rate. Unrealized gains and losses arising from translation are recognized in net operating income.

Foreign exchange gains and losses arising from the translation of inter-Group transactions or receivables or payables denominated in currencies other than the functional currency of the entity are recognized in the line “net financial income (loss)” of the consolidated statements of income (loss).

Foreign currency transactions are translated into the presentation currency using the following exchange rates:

| €1 EQUALS TO |
|-----------------
| USD | January 1, 2017 | December 31, 2017 | December 31, 2018 |
|-----------------|
|                | OPENING RATE | AVERAGE RATE | CLOSING RATE | AVERAGE RATE | CLOSING RATE |
| USD | 1.0541 | 1.1297 | 1.1993 | 1.1810 | 1.1450 |

e) Consolidation method

The Group applies IFRS 10 Consolidated financial statements, or IFRS 10. IFRS 10 presents a single consolidation model identifying control as the criteria for consolidating an entity. An investor controls an
investee if it has the power over the entity, is exposed or has rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor’s returns. Subsidiaries are entities over which the Company exercises control. They are fully consolidated from the date the Group obtains control and are deconsolidated from the date the Group ceases to exercise control. Intercompany balances and transactions are eliminated.

**f) Financial instruments**

*Financial assets*

Financial assets are initially measured at fair value plus directly attributable transaction costs in the case of instruments not measured at fair value through profit or loss. Directly attributable transaction costs of financial assets measured at fair value through profit or loss are recorded in the consolidated statement of income (loss).

Under IFRS 9, financial assets are classified in the following three categories:

- Financial assets at amortized cost;
- Financial assets at fair value through other comprehensive income (“FVOCI”); and
- Financial assets at fair value through profit or loss.

The classification of financial assets depends on:

- The characteristics of the contractual cash flows of the financial assets; and
- The business model that the entity follows for the management of the financial asset.

*Financial assets at amortized cost*

Financial assets are measured at amortized cost when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is to hold assets in order to collect contractual cash flows and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI” criterion). They are subsequently measured at amortized cost, determined using the effective interest method (“EIR”), less any expected impairment losses in relation to the credit risk. Interest income, exchange gains and losses, impairment losses and gains and losses arising on derecognition are all recorded in the consolidated statement of income (loss).

This category primarily includes trade receivables, as well as other loans and receivables. Long-term loans and receivables that are not interest-bearing or that bear interest at a below-market rate are discounted when the amounts involved are material.

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income is mainly comprised is composed of debt instruments whose contractual cash flows represent payments of interest or repayments of principal, and which are managed with a view to collecting cash flows and selling the asset. Gains and losses arising from changes in fair value are recognized in equity within the statement of comprehensive income in the period in which they occur. When such assets are derecognized, the cumulative gains and losses previously recognized in equity are reclassified to profit or loss for the period within the line items Financial income or Financial expenses. The Company did not hold this type of instrument as of January 1, 2018 or as of December 31, 2018.
Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss is comprised of:

• instruments whose contractual cash flows represent payments of interest or repayments of principal, but which are managed other than with a view to collecting cash flows and/or selling the asset; and

• instruments that management has designated as “fair value through profit or loss” on initial recognition.

Gains and losses arising from changes in fair value are recognized in profit or loss within the line items financial income or financial expenses.

Impairment of financial assets measured at amortized cost

The main assets involved are trade receivables and others. Trade receivables are recognized when the Company has an unconditional right to payment by the customer. Impairment losses on trade receivables and others are estimated using the expected loss method, in order to take account of the risk of payment default throughout the lifetime of the receivables. The expected credit loss is estimated collectively for all accounts receivable at each reporting date using an average expected loss rate, determined primarily on the basis of historical credit loss rates. However, that average expected loss rate may be adjusted if there are indications of a likely significant increase in credit risk. If a receivable is subject to a known credit risk, a specific impairment loss is recognized for that receivable. The amount of expected losses is recognized in the balance sheet as a reduction in the gross amount of accounts receivable. Impairment losses on accounts receivable are recognized within Operating expenses in the consolidated statement of income (loss).

Financial liabilities

Financial liabilities comprise deferred revenue, collaboration liabilities, loans and trade and other payables.

Financial liabilities are initially recognized on the transaction date, which is the date that the Company becomes a party to the contractual provisions of the instrument. They are derecognized when the Company’s contractual obligations are discharged, cancelled or expire.

Loans are initially measured at fair value of the consideration received, net of directly attributable transaction costs. Subsequently, they are measured at amortized cost using the EIR method. All costs related to the issuance of loans, and all differences between the issuance proceeds net of transaction costs and the value on redemption, are recognized within financial expenses in the consolidated statement of income (loss) over the term of the debt using the EIR method.

Other financial liabilities include trade accounts payable, which are measured at fair value (which in most cases equates to face value) on initial recognition, and subsequently at amortized cost.

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise the cash that is held at the bank and petty cash as well as the short-term fixed deposits for which the maturity is less than three months.

For the purpose of establishing the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits and short fixed-term deposits with banks and short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts.

Cash and cash equivalents are initially recognized at their purchase costs on the transaction date, and are subsequently measured at fair value. Changes in fair value are recognized in profit or loss.
**Fair value of financial instruments**

Under IFRS 13 *Fair value measurement* and IFRS 7 *Financial instruments: disclosures*, or IFRS 7, fair value measurements must be classified using a hierarchy based on the inputs used to measure the fair value of the instrument. This hierarchy has three levels:

- level 1: fair value calculated using quoted prices in an active market for identical assets and liabilities;
- level 2: fair value calculated using valuation techniques based on observable market data such as prices of similar assets and liabilities or parameters quoted in an active market; and
- level 3: fair value calculated using valuation techniques based wholly or partly on unobservable inputs such as prices in an inactive market or a valuation based on multiples for unlisted securities.

**g) Intangible assets**

**Research and development (R&D) expenses**

In accordance with IAS 38 *Intangible assets*, or IAS 38, expenses on research activities are recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Company’s development activities is recognized only if all of the following conditions are met:

- Technically feasible to complete the intangible asset so that it will be available for use or sale;
- The Company has the intention to complete the intangible assets and use or sell it;
- The Company has the ability to use or sell the intangible assets;
- The intangible asset will generate probable future economic benefits, or indicate the existence of a market;
- Adequate technical, financial and other resources to complete the development are available; and
- The Company is able to measure reliably the expenditure attributable to the intangible asset during its development.

Because of the risks and uncertainties related to regulatory approval, the R&D process and the availability of technical, financial and human resources necessary to complete the development phases of the product candidates, the six criteria for capitalization are usually considered not to have been met until the product candidate has obtained marketing approval from the regulatory authorities. Consequently, internally generated development expenses arising before marketing approval has been obtained, mainly the cost of clinical trials, are generally expensed as incurred within Research and development expenses.

However, some clinical trials, for example those undertaken to obtain a geographical extension for a molecule that has already obtained marketing approval in a major market, may in certain circumstances meet the six capitalization criteria under IAS 38, in which case the related expenses are recognized as an intangible asset. These related costs are capitalized when they are incurred and amortized on a straight line basis over their useful lives beginning when marketing approval is obtained.

**Licenses**

Payments for separately acquired research and development are capitalized within “Other intangible assets” provided that they meet the definition of an intangible asset: a resource that is (i) controlled by the Group, (ii) expected to provide future economic benefits for the Group and (iii) identifiable (i.e. it is either separable or arises from contractual or legal rights).
In accordance with paragraph 25 of IAS 38, the first recognition criterion, relating to the likelihood of future economic benefits generated by the intangible asset, is presumed to be achieved for research and development activities when they are acquired separately.

In this context, amounts paid to third parties in the form of initial payments or milestone payments relating to product candidates that have not yet obtained a regulatory approval are recognized as intangible assets. These rights are amortized on a straight-line basis:

(i) after obtaining the regulatory approval, over their useful life; or

(ii) after entering into an out-license collaboration agreement with a third-party partner, over their estimated useful life. This estimated useful life takes into consideration the period of protection of the out-licensed exclusivity rights and the anticipated period over which the Company will receive the economic benefits of the asset.

Unamortized rights (before marketing authorization) are subject to impairment tests in accordance with the method defined in Note 5.

When intangible assets acquired separately are acquired through variable or conditional payments, these payments are recognized as an increase of the carrying amount of the intangible asset when they become due. Royalties due by the Company related to acquired licenses are recognized as operating expenses when the Company recognizes sales subject to royalties.

Other intangible assets

Other intangible assets consist of acquired software. Costs related to the acquisition of software licenses are recognized as assets based on the costs incurred to acquire and set up the related software. Software is amortized using the straight-line method over a period of one to three years depending on the anticipated period of use.

h) Property and equipment

Property and equipment are carried at acquisition cost. Major renewals and improvements are capitalized while repairs and maintenance are expensed as incurred.

Property and equipment are depreciated over their estimated useful lives using the straight-line depreciation method. Leasehold improvements are depreciated over the life of the improvement or the remaining lease term, whichever is shorter.

The headquarters of the Company was split into several components (e.g., foundations, structure, electricity, heating and ventilation systems) which are depreciated over different useful lives according to the anticipated useful life of these elements.

Depreciation periods are as follows:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Depreciation Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and improvements on buildings</td>
<td>20 to 40 years</td>
</tr>
<tr>
<td>Installations</td>
<td>5 to 20 years</td>
</tr>
<tr>
<td>Technical installations and equipment</td>
<td>8 years</td>
</tr>
<tr>
<td>Equipment and office furniture</td>
<td>5 years</td>
</tr>
<tr>
<td>Computers and IT equipment</td>
<td>3 years</td>
</tr>
</tbody>
</table>

i) Impairment of intangible assets, property, and equipment,

The Group assesses at the end of each reporting period whether there is an indication that intangible assets, property and equipment may be impaired. If any indication exists, the Group estimates the recoverable amount of the related asset.
Whether or not there is any indication of impairment, intangible assets not yet available for use are tested for impairment annually by comparing their carrying amount with their recoverable amount.

Pursuant to IAS 36—Impairment of Assets, criteria for assessing indication of loss in value may notably include performance levels lower than forecast, a significant change in market data or the regulatory environment, or obsolescence or physical damage of the asset not included in the amortization/depreciation schedule. The recognition of an impairment loss alters the amortizable/depreciable amount and potentially, the amortization/depreciation schedule of the relevant asset.

Impairment losses on intangible assets, property and equipment shall be reversed subsequently if the impairment loss no longer exists or has decreased. In such case, the recoverable amount of the asset is to be determined again so that the reversal can be quantified. The asset value after reversal of the impairment loss may not exceed the carrying amount net of depreciation/amortization that would have been recognized if no impairment loss had been recognized in prior periods.

The Group does not have any intangible assets with an indefinite useful life. However, as explained in Note 2.g, the Group recognized intangible assets in progress, which will be amortized once marketing authorization is received.

\textit{f) Employee benefits}

\textit{Long-term pension benefits}

Company employees are entitled to pension benefits required by French law:

- Pension benefit, paid by the Company upon retirement (i.e. defined benefit plan); and
- Pension payments from social security entities, financed by contributions from businesses and employees (i.e. defined contribution plan”).

In addition, the Company has implemented an additional, non-mandatory, pension plan (“Article 83”), initially for the benefit of executives only. This plan was extended to the non-executive employees starting on January 1, 2014. This plan meets the definition of defined contribution plan and is financed through a contribution that corresponds to 2.2% of the employee’s annual wage, with the Company paying 1.4% and the employee paying 0.8%.

For the defined benefit plan, the costs of the pension benefit are estimated using the “projected unit credit” method. According to this method, the pension cost is accounted for in the consolidated statement of income (loss), so that it is distributed uniformly over the term of the services of the employees. The pension benefit commitments are valued using the actual present value of estimated future payments, adopting the rate of interest of long-term bonds in the private sector (i.e. Euro zone AA or higher rated corporate bonds + 10 years). The difference between the amount of the provision at the beginning of a period and at the close of that period is recognized in the consolidated statement of income (loss) for the portion representing the costs of services rendered and the net interest costs, and through other comprehensive income for the portion representing the actuarial gains and losses. The Company’s commitments under the defined benefit plan are not covered by any plan assets.

Payments made by the Company for defined contribution plans are accounted for as expenses in the consolidated statement of income (loss) in the period in which they are incurred.

\textit{Other long-term benefits}

The Company pays seniority bonuses to employees reaching 10, 15 and 20 years of seniority. These bonuses represent long-term employee benefits. Under IAS 19R “Employee benefits”, they are recording as a defined benefit obligation in the consolidated statement of financial position, but their remeasurements is not recognized in the consolidated statement of other comprehensive income (loss).
Other short-term benefits

An accrued expense is recorded for the amount the Company expects to pay its eligible employees in relation to services rendered during the reporting period (actual legal or implicit obligation to make to these payments on a short-term basis).

k) Leases

Finance leases

Leases of property and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance lease arrangements under IAS 17—Leases. Property and equipment acquired under finance-leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is divided between principal repayment and interest expense so as to achieve a constant rate on the outstanding amount due. The corresponding rental obligations, net of interest expenses, are classified as financial liabilities in the consolidated statements of financial position. Property and equipment acquired under finance leases are depreciated over the useful life of the asset.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease arrangements under IAS 17. Payments made under operating-leases, net of any incentives received from the lessor, are recognized as expenses on the consolidated statements of income (loss) on a straight-line basis over the period of the lease. When a lease contract includes rent-free periods or when the paid rents are not equal on the contract duration, the minimum payments are deferred on a straight-line basis over the leasing period.

l) Provisions

In the course of its business, the Company could be exposed to certain risks and litigations, notably in relation to contractual arrangements. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that the Company is subject to a release of outflow representatives of economic benefits to settle the obligation and a reliable estimate of the amount of the obligation can be made. Management of the Company estimates the probability and the expected amount of a cash outflow associated with risks, together with the other information to be provided on possible liabilities. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is certain.

m) Capital

Ordinary shares are classified in shareholders’ equity. Costs associated with the issuance of new shares are directly accounted for in shareholders’ equity in diminution of issuance premium.

The Company’s own shares bought in the context of a brokering/liquidity agreement are presented as a reduction in shareholders’ equity until their cancellation, their reissuance or their disposal.

n) Share-based compensation

Since its inception, the Company has established several plans for compensation paid in equity instruments in the form of free shares (“Attributions gratuites d’actions,” or “AGA”), free preferred shares convertible into ordinary shares (“Attributions gratuites d’actions de préférence convertibles en actions ordinaires,” or “AGAP”), free performance shares (“Attributions gratuites d’actions de performance,” or “AGA Perf”), share
subscription warrants (“Bons de souscription d’actions,” or “BSA”), redeemable share subscription warrants (“Bons de Souscription et/ou d’Acquisition d’Actions Remboursables,” or “BSAAR”), granted to its employees, executives, members of the Executive Board and scientific consultants.

Pursuant to IFRS 2—Share-based Payment, these awards are measured at their fair value on the date of grant. The fair value is calculated with the most relevant formula regarding the conditions and the settlement of each plan.

For share-based compensation granted to employees, executives, members of the Executive Board and scientific consultants, the Company uses the Black-Scholes and Monte Carlo approach pricing models to determine the fair value of the share-based compensation. For scientific consultants providing similar services, as the Company cannot estimate reliably the fair value of the goods or services received, it measures the value of share-based compensation and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted also using the Black-Scholes option pricing model. The fair value of free shares included in the model is determined using the value of the shares at the time of their distribution.

In calculating the fair value of share-based compensation, the Company also considers the vesting period and the employee turnover weighted average probability as described in Note 14. Other assumptions used are also detailed in Note 14.

The Company recognizes the fair value of these awards as a share-based compensation expense over the period in which the related services are received with a corresponding increase in shareholders’ equity. Share-based compensation is recognized using the straight-line method. The share compensation expense is based on awards ultimately expected to vest and is reduced by expected forfeitures.

\textit{o) Revenue}

\textit{Revenue from collaboration and license agreements}

To date, the Company’s revenue results primarily from payments received in relation to research, collaboration and licensing agreements signed with pharmaceutical companies. These contracts generally provide for components such as:

- non-refundable upfront payments upon signature;
- payments for the exercise of the option to acquire licenses of drug candidates;
- milestones payments triggered following stages of development (scientific results obtained by the Company or by the partner, obtaining regulatory marketing approvals);
- payments related to the Company’s R&D activities;
- payments triggered by the start of the commercialization of products resulting from development work or by crossing cumulative thresholds of product sales, as well as the allocation of royalties on future sales of products or a sharing of profits on sales.

Under collaboration and license agreements, the Company may promise its partners licenses on intellectual property, as well as research and development services. According to IFRS 15, the Company has to determine if the promises included in the contract are distinct (therefore recognized separately as revenue) or if they have to be combined as a single performance obligation.

When promises in a collaboration and license agreement are considered as a single performance obligation, the Company has to determine if the combined performance obligation is satisfied over time or at point in time. If the combined performance obligation is satisfied over time, revenue recognition is based on the percentage of completion of the costs to be incurred. Non-refundable initial payments are deferred and recognized as revenue during the period the Company is engaged to deliver services to the customer on the basis of the corresponding costs.
When promises in a collaboration and license agreement are considered as separate performance obligations, revenue is allocated to each obligation proportionally to its transaction price, which corresponds to a price each performance obligation would have been sold in the context of a separate transaction.

In accordance with IFRS 15, variable considerations cannot be included in the estimated transaction price as long as it not highly probable that the related revenue will not reversed in the future. According to the level of uncertainty relating to the results of preclinical and clinical trials and the decisions relating to the regulatory approvals, variable considerations depending on these events are excluded from the transaction price as long as the trigger event is not highly probable. When the trigger event occurs, the corresponding milestone is added to the transaction price. Such adjustments are recorded on a cumulative catch-up basis, which would affect revenues and net income (loss) in the period of adjustment.

Revenues based on royalties, completion of commercialization steps or co-sharing profit from sales are recognized when the corresponding sales of products are carried out by the partner.

When a collaboration contract grants a partner an option to acquire a licensed intellectual property (“IP”), the Company determines the date of the transfer of control over the licensed IP. Depending on the Company analysis, revenue related to the option fee will be recognized (i) when control over the licensed IP transfers (payment related to the exercise of the option being therefore considered as a variable consideration), or, (ii) deferred until the exercise of the option or its expiration period.

When an agreement only promises development services, the Company will recognize the related revenue when the costs are incurred.

Up-front and milestones payments and fees are recorded as deferred revenue upon receipt or when due, and may require deferral of revenue recognition to a future period until the Company performs its obligations under these arrangements. Amounts due by the Company in relation to cost-sharing are recorded as collaboration liability. Amounts payable to the Company are recorded as accounts receivable when the Company’s right to consideration is unconditional.

See Note 13 for accounting description of significant agreements.

\[ p \] **Net income (expenses) from distribution agreements**

When product sales are made by a partner in the context of collaboration or transition agreements, the Company must determine if the partner acts as an agent or a principal. A party is recognized as a principal when it has the ability to conduct the use of the products and to obtain all the residual economic benefits previously to the transfer of the control of the products to the customers. If the Company is a principal, sales are recognized as revenue. If the Company is an agent, it recognizes as a gain or a loss, the part of the revenue it is entitled to, which is the case under the agreement with AstraZeneca in relation to Lumoxiti (see Note 15). Therefore, income (loss) under the agreement are recognized in the statement of income (loss) on the line item “Net income (loss) from distribution agreements”.

\[ q \] **Government financing for research expenditures**

**Research tax credit**

The research tax credit (Crédit d’Impôt Recherche) (the “Research Tax Credit” or “CIR”) granted by the French tax authorities in order to encourage Companies to conduct technical and scientific research. Companies that can justify that these expenses meet the required criteria receive such grants in the form of a refundable tax credit that can be used for the payment of taxes due for the period in which the expense was incurred and for the next three years. These grants are presented under other income, in “government financing for research expenditures” line item in the consolidated statements of income (loss), as soon as these eligible expenses were conducted.
The Company has benefited from a Research Tax Credit since its inception.

The Company received the reimbursement of the Research Tax Credit for the year 2017 during the year 2018. It has requested the reimbursement of the 2018 Research Tax Credit in 2019 under the European Community tax rules for small and medium sized enterprises (“SME”) in compliance with the applicable regulations in effect. Only companies that meet the definition of SME according to European Union criteria are eligible for early reimbursement of their CIR. Management ensured that the Company is a SME according to European Union criteria and can therefore benefit from this early reimbursement.

The CIR is presented under other income, in “government financing for research expenditures” line item in the consolidated statements of income (loss) as it meets the definition of government grant as defined in IAS 20 Accounting for government grants and disclosure of government assistance.

**Subsidies**

Government grants are recognized when there is a reasonable assurance that:

- The Company will comply with the conditions attached to the grants; and that
- The grants will be received.

A government grant that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of providing immediate financial support to the Company with no future related costs, is recognized as other income of the period in which it becomes receivable.

Government grants to subsidize capital expenditures are presented in the statement of financial position as deferred income and are recognized as income on a straight line basis over the useful life of those assets that have been financed through the grants.

A non-repayable loan from the government is treated as a government grant when there is a reasonable assurance that the Company will meet the terms for non-repayment of the loan. When there is no such assurance, the loan is recorded as a liability under borrowings.

**r) Income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Main temporary differences are generally associated with the depreciation of property and equipment, provisions for pension benefits and tax losses carried forward and also with the deferred tax liabilities / assets generated by the application of IFRS 15 (see Note 2.a “Adoption of IFRS 15”). Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Due to Company’s early stage of development, it is not probable that future taxable profit will be available against which the unused tax losses can be utilized. As a consequence, deferred tax assets are recognized up to deferred tax liabilities.

**s) Earnings (loss) per share**

In accordance with IAS 33 Earnings per share, basic income (loss) per share is calculated by dividing the income (loss) attributable to equity holders of the Group by the weighted average number of outstanding shares for the period.

F-28
Diluted income (loss) per share is measured by dividing the income (loss) attributable to holders of equity and dilutive instruments by the weighted average number of outstanding shares and dilutive instruments for the period.

If in the calculation of diluted income (loss) per share, instruments giving deferred rights to capital such as warrants generates an antidilutive effect, then these instruments are not taken into account.

**t) Other comprehensive income**

Items of income and expenses for the period that are recognized directly in equity are presented under “other comprehensive income.”

**u) Segment information**

For internal reporting purposes, and in order to comply with IFRS 8 *Operating segments*, the Company performed an analysis of operating segments. Following this analysis, the Company considers that it operates within a single operating segment being the R&D of pharmaceutical products in order to market them in the future. All R&D activities of the Company are located in France. Key decision makers (the executive committee of the Company) monitor the Company’s performance based on the cash consumption of its activities. For these reasons, the Management of the Group considers it not appropriate to set up separate business segments in its internal reporting.

In 2018 and 2017, revenue was entirely generated by one customer.

**v) Critical accounting estimates and assumptions**

The preparation of the consolidated financial statements under IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. The Company bases estimates and assumptions on historical experience when available and on various factors that it believes to be reasonable under the circumstances. The Company’s actual results may differ from these estimates under different assumptions or conditions.

These estimates and judgments involve mainly:

- **the accounting for collaboration and licensing agreements**: the revenue results primarily from payments based on several components (e.g., upfront payments, milestone payments) received in relation to research, collaboration and licensing agreements signed with pharmaceutical or other companies. When the Company is committed to perform R&D services, revenue is spread over the period the Company is engaged to deliver these services, more particularly on the basis of the Company’s inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

  Milestone payments are dependent upon the achievement of certain scientific, regulatory, or commercial milestones. These variable payments are recognized when the triggering event has occurred, there are no further contingencies or services to be provided with respect to that event, and the counterparty has no right to refund of the payment.

  The changes in estimate regarding the completion of the works and the variable consideration relating to the contracts signed with customers are described in Note 13.

- **the measurement of the subcontracting costs relating to the clinical trial costs**: the completion of the subcontracting costs related to clinical trials is based on two allocation keys: (i) time, for the services defined as fixed and linear and/or (ii) the number of visits for services resulting from the recruitment rate. If the Company is not sponsor of the trial, the criteria “visits” is replaced by the criteria “patients.” For
each clinical trial, these allocation keys are applied to the budget of the clinical trial. These allocations keys required three types of estimates: (i) the budget and length of the clinical trial for the allocation key “time”, and (ii) the total number of visits (or “patients”) for the criteria “visit” or (“patient”). These estimated data are defined by the clinical operations department and validated by the management.

- **the estimation of shared development costs and transition costs under the 2015 AstraZeneca monalizumab agreement and the AstraZeneca Lumoxiti in-licensing agreement**: quarterly invoices submitted by AstraZeneca under these agreements are based on estimates made by AstraZeneca management as a result of its accounting work. This implies estimates from AstraZeneca regarding the advancement of their clinical costs. AstraZeneca submits to the Company an update of their budgets which is reviewed by the Company in order to identify potential deviations. These estimates of shared development costs and transition costs have a significant impact on the Company’s operating income (loss), trade payables and collaboration liabilities.

- **the measurement of the fair value of warrants**: the measurement of the fair value of warrants granted to employees, non-employee members of the Executive Board, scientific consultants, determined on the basis of Black-Scholes option and Monte Carlo approach pricing models; these models require the use by the Company of certain calculation assumptions such as the expected volatility of the underlying share or the employee turnover weighted average rate.

- **the measurement of employee benefits obligations**: inherent in these valuations are key actuarial assumptions such as the discount rate, mortality tables and rates of turnover in employee personnel. These assumptions are provided in Note 10 and a change in these actuarial assumptions could have a material impact on the consolidated financial statements.

- **the measurement of provision for risk**: as part of its activities, the Company may be exposed to some risks, in particular those related to contractual commitments. It is required that the Management of the Company to exercise its judgment to estimate the probability of cash outflow and, if applicable, the amount of this cash outflow and the information to provide on the contingent liabilities.

- **the estimate of the recoverable amount of the acquired and under progress licenses**: impairment tests are performed on a yearly basis for the intangible assets which are not amortized (such as intangible assets in progress). Amortizable intangible assets are tested for impairment when there is an indicator of impairment. Impairment tests involve comparing the recoverable amount of the licenses to their net book value. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the carrying amount of any asset is below its recoverable amount, an impairment loss is recognized to reduce the carrying amount to the recoverable amount. The main assumptions used for the impairment test include (a) the amount of cash flows that are set on the basis of the development and commercialization plans and budgets approved by Management, (b) assumptions related to the achievement of the clinical trials and the launch of the commercialization, (c) the discount rate, (d) assumptions on risk related to the development and (e) for the commercialization, selling price and volume of sales, Any change in these assumptions could lead to the recognition of an impairment charge that could have a significant impact on the Company’s consolidated financial statements.

- **the estimate of the useful life of the acquired licenses**: intangible assets are amortized on a straight line basis over their anticipated useful life. The estimated useful life is the period over which the asset provides future economic benefits. It is estimated by management and is regularly revised by taking into consideration the period of development over which it expects to receive economic benefits such as collaboration revenues, royalties, product of sales, etc. However, given the uncertainty surrounding the duration of the R&D activities for the programs in development and their likelihood to generate future economic benefits to the Company, the estimated useful life of the rights related to these programs is rarely longer than the actual development phase of the product candidate. When a program is in commercialization phases, the useful life takes into account the protection of the exclusivity rights and the anticipated period of commercialization without taking into account any extension or additional patents.
The prospective amendment of the amortization plan of the monalizumab intangible asset, which is modified according to the estimate ending date of the Phase II clinical trial is described in Note 6.

3) Management of financial risks and fair value

The principal financial instruments held by the Company are cash, cash equivalents and marketable securities. The purpose of holding these instruments is to finance the ongoing business activities of the Company. It is not the Company’s policy to invest in financial instruments for speculative purposes. The Company does not utilize derivatives.

The principal risks to which the Company is exposed are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk.

_Liquidity risk_

The Company’s cash management is performed by the Finance department, in charge of monitoring the day-to-day financing and the short-term forecast and enabling the Company to face its financial commitments by maintaining an amount of available cash consistent with the maturities of its liabilities. As of December 31, 2018, cash, cash equivalents and short-term investments were €167,531 thousand, which represents more than a year of cash consumption.

The main characteristics of the financial instruments owned by the Company (including liquidity) are presented in Note 4.

_Foreign currency exchange risk_

The Company is exposed to foreign exchange risk inherent in certain subcontracting activities relating to its operations in the United States, which have been invoiced in U.S. dollars. The Company does not currently have recurring revenues in euros, dollars or in any other currency. As the Company further increases its business, particularly in the United States, it is expected to face greater exposure to exchange rate risk.

The revenue denominated in U.S. dollars has represented approximately 100% of revenue in the years ended December 31, 2018 and 2017, respectively. Payments in U.S. dollars represented approximately 31.9% and 15.1% of the payments in the years ended December 31, 2018 and 2017, respectively. In order to cover this risk, the Company kept in U.S. dollars a part of the consideration received from AstraZeneca in June 2015 and January 2019.

The Company’s foreign exchange policy does not include the use of hedging instruments.

_Interest rate risk_

The Company has very low exposure to interest rate risk. Such exposure primarily involves money market funds and time deposit accounts. Changes in interest rates have a direct impact on the rate of return on these investments and the cash flows generated. The Company has no credit facilities. The repayment flows of the advances from Banque Publique d’Investissement (“BPI France”) and the borrowings subscribed in 2017 are not subject to interest rate risk.

_Credit risk_

The credit risk related to the Company’s cash equivalents, short-term investments and non-current financial assets is not significant in light of the quality of the issuers. The Company deemed that none of the instruments in its portfolio are exposed to credit risk.
Fair value

The fair value of financial instruments traded on an active market is based on the market rate as of December 31, 2018. The market prices used for the financial assets owned by the Company are the bid prices in effect on the market as of the valuation date.

4) Cash, cash equivalents and financial assets

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>152,314</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>15,217</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents and short-term investments</strong></td>
<td><strong>167,531</strong></td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>35,181</td>
</tr>
<tr>
<td><strong>Cash, cash equivalents and financial assets</strong></td>
<td><strong>202,712</strong></td>
</tr>
</tbody>
</table>

The variation of short-term investments and non-current financial assets for the periods 2017 and 2018 are the following:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>December 31, 2017</th>
<th>Acquisitions</th>
<th>Disposals</th>
<th>Variation of fair value through the consolidated statement of income (loss)</th>
<th>Variation of fair value by OCI</th>
<th>Variation of accrued interest</th>
<th>Foreign currency effect</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term investments</td>
<td>16,743</td>
<td>—</td>
<td>(2,704)</td>
<td>383</td>
<td>—</td>
<td>—</td>
<td>794</td>
<td>15,217</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>60,469</td>
<td>—</td>
<td>(21,513)</td>
<td>(4,169)</td>
<td>(152)</td>
<td>—</td>
<td>547</td>
<td>35,181</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>77,212</strong></td>
<td><strong>—</strong></td>
<td><strong>(24,217)</strong></td>
<td><strong>(3,786)</strong></td>
<td><strong>—</strong></td>
<td><strong>—</strong></td>
<td><strong>1,341</strong></td>
<td><strong>50,398</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>December 31, 2016</th>
<th>Acquisitions</th>
<th>Disposals</th>
<th>Variation of fair value through the consolidated statement of income (loss)</th>
<th>Variation of fair value by OCI</th>
<th>Variation of accrued interest</th>
<th>Currency translation difference</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term investments</td>
<td>21,782</td>
<td>2,543</td>
<td>(5,646)</td>
<td>—</td>
<td>188</td>
<td>(20)</td>
<td>(2,103)</td>
<td>16,743</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>32,975</td>
<td>40,728</td>
<td>(11,895)</td>
<td>(41)</td>
<td>259</td>
<td>281</td>
<td>(1,840)</td>
<td>60,469</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>54,757</strong></td>
<td><strong>43,271</strong></td>
<td><strong>(17,541)</strong></td>
<td><strong>(41)</strong></td>
<td><strong>447</strong></td>
<td><strong>261</strong></td>
<td><strong>(3,943)</strong></td>
<td><strong>77,212</strong></td>
</tr>
</tbody>
</table>

Cash and cash equivalents

Cash and cash equivalents are mainly composed of current bank accounts, interest-bearing accounts and fixed-term accounts.

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Cash at hand</td>
<td>111,726</td>
</tr>
<tr>
<td>Interest-bearing accounts</td>
<td>19,001</td>
</tr>
<tr>
<td>Fixed-term accounts</td>
<td>17,220</td>
</tr>
<tr>
<td>Shares in mutual funds</td>
<td>4,367</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td><strong>152,314</strong></td>
</tr>
</tbody>
</table>
Interest-bearing accounts, fixed-term accounts and shares in mutual funds meet the criteria to be considered as cash equivalents. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

**Non-current financial assets and short-term investments**

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of December 31, 2018</th>
<th>As of December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares in mutual funds</td>
<td>15,217</td>
<td>16,743</td>
</tr>
<tr>
<td><strong>Short-term investments</strong></td>
<td><strong>15,217</strong></td>
<td><strong>16,743</strong></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>21,644</td>
<td>32,392</td>
</tr>
<tr>
<td>Other non-current financial instruments</td>
<td>11,494</td>
<td>24,433</td>
</tr>
<tr>
<td>Medium-term notes</td>
<td>—</td>
<td>1,598</td>
</tr>
<tr>
<td>Other non-current financial assets</td>
<td>2,043</td>
<td>2,046</td>
</tr>
<tr>
<td><strong>Non-current financial assets</strong></td>
<td><strong>35,181</strong></td>
<td><strong>60,469</strong></td>
</tr>
</tbody>
</table>

In the year ended December 31, 2017, shares in mutual funds are defined by the Company as assets available for sale measured at fair value through other comprehensive income. From January 1, 2018 and the first application of IFRS 9, they are accounted for as financial assets at fair value through profit and loss. The Company only invests into funds with a very low level of risk. As of December 31, 2018, the Company owns shares of four mutual funds. The risk profiles of these funds are rated 1 to 7 by the financial institution who manages and commercializes these funds (1 being the lowest risk profile). When the maturity of shares in mutual funds is longer than one year, they are classified as non-current financial instruments.

Other non-current financial assets generally include a guarantee of capital at the maturity date (which is always longer than one year). These instruments are defined by the Company as financial assets at fair value through profit or loss and classified as non-current due to their maturity.

**Cash, cash equivalents and financial assets per currency**

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of December 31, 2018</th>
<th>As of December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>93,089</td>
<td>62,480</td>
</tr>
<tr>
<td>Short-term investments and other non-current financial assets</td>
<td>35,181</td>
<td>54,751</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>128,270</strong></td>
<td><strong>117,231</strong></td>
</tr>
</tbody>
</table>

The portion of the financial assets held and denominated in U.S. dollars will be used by the Company to pay for services provided in the United States, which will be invoiced in U.S. dollars during the next years.

**Variance in fair value of financial instruments**

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of December 31, 2018</th>
<th>As of December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in fair value through profit or loss(1)</td>
<td>(3,786)</td>
<td>(40)</td>
</tr>
<tr>
<td>Change in fair value through other comprehensive income(2)</td>
<td>—</td>
<td>447</td>
</tr>
</tbody>
</table>

(1) In 2018 and 2017, change in fair value through profit or loss is made of €4,248 thousand (€651 thousand) of unrealized gains, less €462 thousand (€691 thousand) of unrealized losses, respectively, which are recognized in Net financial loss, respectively (see Note 16).
(2) In 2017, financial instruments for which change in fair value is recognized through other comprehensive income are related to mutual funds.

5) Trade receivables and others

Trade receivables and others are analyzed as follows:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Other receivables(1)</td>
<td>108,585</td>
</tr>
<tr>
<td>Accrued receivables excluding rebates</td>
<td>5,539</td>
</tr>
<tr>
<td>CIR(2)</td>
<td>13,503</td>
</tr>
<tr>
<td>Other tax credits (e.g. CICE)</td>
<td>538</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>4,211</td>
</tr>
<tr>
<td>VAT refund</td>
<td>2,807</td>
</tr>
<tr>
<td>Trade account receivables</td>
<td>2,522</td>
</tr>
<tr>
<td>Prepayments made to suppliers</td>
<td>1,264</td>
</tr>
<tr>
<td>Refund to be received (“CVAE”)</td>
<td>43</td>
</tr>
<tr>
<td><strong>Trade receivables and others excluding rebates</strong></td>
<td><strong>139,012</strong></td>
</tr>
<tr>
<td>Rebate related to capital expenditures(3)</td>
<td>13,100</td>
</tr>
<tr>
<td><strong>Trade receivables and others</strong></td>
<td><strong>152,112</strong></td>
</tr>
</tbody>
</table>

(1) “Other receivables” as of December 31, 2018, are mainly related to AstraZeneca as a result of the exercise of the monalizumab exclusive license option ($100,000 thousand or €87,655 thousand) and option granted on IPH5201 ($24,000 thousand or €20,961 thousand). These amounts are due in the first quarter of 2019, see Note 1.1.a and Note 1.1.c for agreements description.

(2) In accordance with the principles described in Note 2.q, the CIR is recognized as other operating income in the year to which the eligible research expenditure relates. The Company obtained the repayment of the CIR for the tax year 2017 in the amount of €11,022 thousand in 2018 and will apply for the refund of the CIR for the tax year 2018 of €13,503 thousand in 2019.

(3) The rebate refers to an estimated rebate of $15.0 million (€13.1 million) granted by AstraZeneca in connection with the acquisition of Lumoxiti rights and that will be paid in 2019, see Note 6.

The net book value of the receivables is considered to be a reasonable approximation of their estimated fair value.

Trade receivables and others have payment terms of less than one year. No valuation allowance was recognized on trade receivables and others as the credit risk of each of debtors was considered as not significant.
6) Intangible assets

Intangible assets can be broken down as follows:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>Purchased licenses</th>
<th>Other intangible assets</th>
<th>In Progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2017</td>
<td>9,022</td>
<td>44</td>
<td>9</td>
<td>9,075</td>
</tr>
<tr>
<td>Acquisitions (amended)(1)</td>
<td>—</td>
<td>227</td>
<td>40,000(1)</td>
<td>40,227</td>
</tr>
<tr>
<td>Disposals</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Transfers</td>
<td>—</td>
<td>9</td>
<td>(9)</td>
<td>—</td>
</tr>
<tr>
<td>Amortization</td>
<td>(3,009)</td>
<td>(101)</td>
<td>—</td>
<td>(3,110)</td>
</tr>
<tr>
<td>December 31, 2017 (amended)(4)</td>
<td>6,013</td>
<td>179</td>
<td>40,000</td>
<td>46,192</td>
</tr>
<tr>
<td>January 1, 2018</td>
<td>6,013</td>
<td>179</td>
<td>40,000</td>
<td>46,192</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>43,801(2)</td>
<td>405</td>
<td>—</td>
<td>44,206</td>
</tr>
<tr>
<td>Disposals</td>
<td>—</td>
<td>(64)</td>
<td>—</td>
<td>(64)</td>
</tr>
<tr>
<td>Amortization</td>
<td>(5,630)</td>
<td>(175)</td>
<td>—</td>
<td>(5,805)</td>
</tr>
<tr>
<td>December 31, 2018</td>
<td>44,184</td>
<td>345</td>
<td>40,000</td>
<td>84,529</td>
</tr>
</tbody>
</table>

(1) This amount is an upfront payment for acquisition of IPH5401 rights under the in-licensing agreement signed in 2017 with Novo Nordisk A/S. The classification of this amount has been amended compared to the 2017 consolidated financial statements since it is in progress and thus not amortized.

(2) This amount mainly includes (i) an upfront payment of €43,501 thousand, less an accrued receivables of €13,050 thousand relating to the rights acquired from AstraZeneca in 2018 under the Lumoxiti in-licensing agreement and (ii) a €13,050 thousand additional consideration to be paid to Novo Nordisk A/S following the exercise of the option by AstraZeneca for the monalizumab rights.

**Monalizumab rights under the 2014 monalizumab (NKG2A) Novo Nordisk agreement**

At the agreement inception, acquired rights were recorded as intangible asset for an amount of €7,000 thousand. The Company recorded an additional consideration of €6,325 thousand in 2015 and a final consideration of $15,000 thousand (€13,050 thousand) due in 2018 (see Note 1.1.a).

Since inception, this asset is amortized on a straight-line basis over the anticipated residual duration of the Phase II trials. As of December 31, 2018, the Company estimated that it would be fully amortized by the end of 2019.

The net book values of the monalizumab rights were €12,733 thousand and €4,513 thousand as of December 31, 2018 and December 31, 2017, respectively.

**IPH5201 (Anti-CD39) rights acquired from Orega Biotech**

On January 4, 2016, the Company and Orega Biotech entered into an exclusive licensing agreement by which Orega Biotech granted the Company full worldwide rights to its program of first-in-class anti-CD39 checkpoint inhibitors. The undisclosed upfront payment paid by the Company to Orega Biotech has been recognized as an intangible asset in the consolidated financial statements for the year ended December 31, 2016. Criteria relating to the first development milestone were reached in December 2016. Consequently, the amount of this milestone was recognized as an intangible asset in addition to the initial payment, for a total of €1.8 million as of December 31, 2018. In June of 2019, the Company also paid Orega Biotech €7.0 million in relation to the anti-CD39 program as consideration following the collaboration and option agreement signed on October 22, 2018 with AstraZeneca regarding IPH5201.
This asset is amortized on a straight-line basis since November 1, 2018 (corresponding to the effective beginning date of the collaboration) until the date the Company expects to fulfill its commitment (submission of an IND expected in 2019).

The Company may also be obligated to pay Orega Biotech up to €51,500 thousand upon the achievement of development and regulatory milestones. In addition, the Company will be obligated to pay mid-single digit to low-teens percentage payments, depending on determinations relating to Orega Biotech’s intellectual property rights for certain patents, on sublicensing revenues the Company receives pursuant to its agreement with AstraZeneca relating to IPH5201.

**IPH5401 (anti-C5aR) rights acquired from Novo Nordisk A/S**

At the agreement inception, an upfront payment of €40 million for acquired rights were recorded as intangible asset. As IPH5401 is still in clinical trial, the acquired rights are classified as intangible asset in progress. They were subject to annual impairment test. No impairment were recorded since inception. These acquired rights will be amortized when the Company obtains economic benefits.

According to the agreement, the Company will pay additional payments according to the reach of specific steps. As of December 31, 2018, according to the uncertainty of these potential payments, no liability was recognized.

Development costs incurred by the Company are recognized as research and development expenses.

The main assumptions used for the impairment test are the following:

- Cash flows are set on the basis of the development and commercialization plans and budgets approved by Management;
- A discount rate of 12%;
- A risk of development is taken into consideration by applying probabilities of success of reaching future phases of development to cash flows related to each development phases. Those average probabilities of success of R&D projects are based on an article published in Nature Biotechnology journal;
- For the commercialization phase, selling price and sales volume are estimated on the basis of the potential market and the observed performances of comparable drugs currently on the market. An attrition rate is applied to anticipated revenue once the related rights fall off-patent.

In case of failure of the clinical trials in progress, the Company may have to fully depreciate the intangible asset corresponding to the IPH5401 rights.

The Company did not identify any reasonable potential variance in the key assumptions that may generate a depreciation.

Sensitivity testing regarding the actuarial assumptions and other assumptions such as: discount rate (+/- 2 points), attrition rate (+/- 2 points) and selling price (-50/+25 points) were performed.

IPH5401 does not generate economic benefits yet for the Company. In accordance with IAS 38, it will be amortized when it generates economic benefits, which can result from:

- The commercialization the drug candidate; or,
- An out-licensed agreement.

If the Company commercialize the drug product on its own, it will have to determine the amortization period of the related capitalized rights. It will have to estimate their useful life, considering the date when they fall off patent. Those capitalized rights will be amortized on a straight line basis during the estimated useful life.
If the Company entered in an out-licensed agreement, the Company will have to perform an analysis to determine if the control of the rights are transferred to a third party, and thus will have to derecognize the capitalized rights. If the Company conclude that it keeps the control of the rights, it will determine their useful life and will amortize them on a straight line basis during this useful life.

**Lumoxiti rights acquired from AstraZeneca under the 2018 AstraZeneca multi-term agreement**

As mentioned above, Lumoxiti rights are capitalized in 2018 for a total amount of €30,451 thousand (see Note 1.1.b for agreement description). The Company will reimburse AstraZeneca for the development, production and commercialization costs incurred by AstraZeneca during the transition period, after deduction of an amount up to €13.1 million ($15 million) accrued receivable. Thus, this accrued receivable is not included the value of capitalized rights and is recorded in trade receivables and others in the consolidated statement of financial position as of December 31, 2018.

The license is amortized on a straight line basis until July 31, 2031, which corresponds to the expiration of the current composition of matter patent, not including any additional patent extensions or patents. The net book value of the asset amounts to €29,987 thousand as of December 31, 2018.

Development costs invoiced by AstraZeneca since the acquisition of the license mainly relate to the generation of additional data for regulatory purposes. These costs are recognized as research and development expenses as incurred (see Note 14).

### 7) Property and equipment

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>Lands and buildings</th>
<th>Laboratory equipment and other</th>
<th>In Progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year ended December 31, 2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net opening balance</td>
<td>3,900</td>
<td>5,164</td>
<td>30</td>
<td>9,094</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>491</td>
<td>2,446</td>
<td>34</td>
<td>2,971</td>
</tr>
<tr>
<td>Disposals</td>
<td>—</td>
<td>(50)</td>
<td>—</td>
<td>(50)</td>
</tr>
<tr>
<td>Transfer</td>
<td>—</td>
<td>30</td>
<td>—</td>
<td>(30)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(297)</td>
<td>(987)</td>
<td>—</td>
<td>(1,284)</td>
</tr>
<tr>
<td><strong>Net closing balance</strong></td>
<td>4,093</td>
<td>6,602</td>
<td>34</td>
<td>10,729</td>
</tr>
<tr>
<td><strong>Year ended December 31, 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net opening balance</td>
<td>4,093</td>
<td>6,602</td>
<td>34</td>
<td>10,729</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>—</td>
<td>725</td>
<td>316</td>
<td>1,041</td>
</tr>
<tr>
<td>Disposals</td>
<td>—</td>
<td>(22)</td>
<td>—</td>
<td>(22)</td>
</tr>
<tr>
<td>Transfer</td>
<td>—</td>
<td>30</td>
<td>—</td>
<td>(30)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(298)</td>
<td>(1,234)</td>
<td>—</td>
<td>(1,532)</td>
</tr>
<tr>
<td><strong>Net closing balance</strong></td>
<td>3,795</td>
<td>6,101</td>
<td>320</td>
<td>10,216</td>
</tr>
</tbody>
</table>

(1) The Company owns two properties. The one on which stands the buildings purchased in 2008 (gross value €772 thousand), and a second one, adjacent to the first one, acquired in December 2017 (gross value €491 thousand). They are not amortized.

(2) Of which €930 thousand financed through loans (€491 thousand for a land and €439 thousand for the acquisition of R&D equipment).
(3) Includes assets under finance-lease agreements as broken down below:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Land and building</td>
<td>6,633</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(3,343)</td>
</tr>
<tr>
<td><strong>Net book value of lands and buildings</strong></td>
<td>3,290</td>
</tr>
<tr>
<td>Equipment</td>
<td>3,675</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(2,035)</td>
</tr>
<tr>
<td><strong>Net book value of equipment</strong></td>
<td>1,640</td>
</tr>
</tbody>
</table>

8) Trade payables and others

This line item is analyzed as follows:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Suppliers (excluding payables related to capital expenditures)</td>
<td>28,576</td>
</tr>
<tr>
<td>Tax and employee-related payables</td>
<td>5,661</td>
</tr>
<tr>
<td>Other payables</td>
<td>425</td>
</tr>
<tr>
<td><strong>Trade payables and others (excluding payables related to capital expenditures)</strong></td>
<td>34,662</td>
</tr>
<tr>
<td>Payables related to capital expenditures</td>
<td>56,993</td>
</tr>
<tr>
<td><strong>Trade payables and others</strong></td>
<td>91,655</td>
</tr>
</tbody>
</table>

The book value of trade payables and others is considered to be a reasonable approximation of their fair value.

9) Financial liabilities

This line item was broken down per maturity and is analyzed as follows:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>December 31, 2017</th>
<th>Proceeds from borrowings</th>
<th>Repayments of borrowings</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPI PTZI IPH41(1)</td>
<td>1,125</td>
<td>—</td>
<td>(375)</td>
<td>750</td>
</tr>
<tr>
<td>Lease finance obligations—Real estate property</td>
<td>2,239</td>
<td>—</td>
<td>(894)</td>
<td>1,345</td>
</tr>
<tr>
<td>Down-payment</td>
<td>(386)</td>
<td>—</td>
<td>152</td>
<td>(234)</td>
</tr>
<tr>
<td>Lease finance obligations—Equipment</td>
<td>1,160</td>
<td>—</td>
<td>(173)</td>
<td>987</td>
</tr>
<tr>
<td>Loan—Equipment</td>
<td>426</td>
<td>—</td>
<td>(54)</td>
<td>372</td>
</tr>
<tr>
<td>Loan—Building</td>
<td>1,300</td>
<td>—</td>
<td>—</td>
<td>1,300</td>
</tr>
<tr>
<td><strong>Total—Financial liabilities</strong></td>
<td>5,864</td>
<td>—</td>
<td>(1,342)</td>
<td>4,522</td>
</tr>
</tbody>
</table>

(1) Interest-free loan
In 2013, the Company was granted an interest-free loan for innovation ("PTZI") by BPI France relating to the program IPH4102 for an amount of €1,500 thousand.

Finance lease obligations relate primarily to real estate property in relation to the acquisition in 2008 of the Company’s headquarters and main laboratories. They are presented in the above table net of the cash collateral paid to Sogebail, the lessor. In the context of this operation, the Company paid a guarantee in the form of a down-payment. This down-payment amounts to €234 thousand as of December 31, 2018 (€386 thousand as of December 31, 2017).

On July 3, 2017, the Company borrowed from the Bank “Société Générale” in order to finance the construction of its future headquarters. This loan amounting to a maximum of €15,200 thousand will be raised during the period of the construction in order to pay the supplier payments as they become due. This period of raising is limited to August 30, 2019. The reimbursement of the capital will begin from August 30, 2019 to August 30, 2031 (12 years). The Company authorized collateral over financial “Société Générale” instruments amounting to €15,200 thousand. The security interest on the pledge financial instruments will be released in accordance with the following schedule: €4,200 thousand in July 2024, €5,000 thousand in July 2027 and €6,000 thousand in July 2031. As of December 31, 2018 the loan was raised at an amount of €1,300 thousand.

This loan bears a fixed interest rate of 2.01%. It is subject to a covenant based on the assumption that the total cash, cash equivalents and current and non-current financial assets are at least equal to principal as of financial year end.
The table below shows the schedule for repayment of financial liabilities (principal only).

<table>
<thead>
<tr>
<th>Repayment schedule (in thousands of euro)</th>
<th>&lt;1 year</th>
<th>2 to 5 years included</th>
<th>&gt; 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPI France—IPH41</td>
<td>300</td>
<td>450</td>
<td>—</td>
<td>750</td>
</tr>
<tr>
<td>Lease finance obligations—Real estate property</td>
<td>927</td>
<td>418</td>
<td>—</td>
<td>1,345</td>
</tr>
<tr>
<td>Down-payment</td>
<td>(160)</td>
<td>(74)</td>
<td>—</td>
<td>(234)</td>
</tr>
<tr>
<td>Lease finance obligations—Equipment</td>
<td>187</td>
<td>705</td>
<td>95</td>
<td>987</td>
</tr>
<tr>
<td>Loans—Equipment</td>
<td>54</td>
<td>219</td>
<td>99</td>
<td>372</td>
</tr>
<tr>
<td>Loan—Building</td>
<td>40</td>
<td>393</td>
<td>867</td>
<td>1,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,347</strong></td>
<td><strong>2,112</strong></td>
<td><strong>1,062</strong></td>
<td><strong>4,522</strong></td>
</tr>
</tbody>
</table>

The table below shows the schedule for the contractual flows (being principal and interest payments):

<table>
<thead>
<tr>
<th>Repayment schedule (in thousands of euro)</th>
<th>&lt;1 year</th>
<th>2 to 5 years included</th>
<th>&gt;5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPI France—PTZI IPH41</td>
<td>300</td>
<td>450</td>
<td>—</td>
<td>750</td>
</tr>
<tr>
<td>Lease finance obligations—Real estate property</td>
<td>927</td>
<td>418</td>
<td>—</td>
<td>1,345</td>
</tr>
<tr>
<td>Down-payment</td>
<td>(167)</td>
<td>(74)</td>
<td></td>
<td>(241)</td>
</tr>
<tr>
<td>Lease finance obligations—Equipment</td>
<td>179</td>
<td>716</td>
<td>97</td>
<td>992</td>
</tr>
<tr>
<td>Loans—Equipment</td>
<td>57</td>
<td>228</td>
<td>100</td>
<td>385</td>
</tr>
<tr>
<td>Loan—Building</td>
<td>40</td>
<td>488</td>
<td>935</td>
<td>1,463</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,365</strong></td>
<td><strong>2,228</strong></td>
<td><strong>1,132</strong></td>
<td><strong>4,725</strong></td>
</tr>
</tbody>
</table>

Fair value of financial liabilities

The fair value of financial liabilities, calculated on the basis of discounted future cash flow, was €4,427 thousand and €5,402 thousand as of December 31, 2018 and 2017, respectively, using level 3 fair value measurements.

10) Employee benefits

**Defined benefit obligations**

<table>
<thead>
<tr>
<th>Defined benefit obligations (in thousands of euro)</th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Allowance for retirement defined benefit</td>
<td>3,282</td>
</tr>
<tr>
<td>Allowance for seniority awards</td>
<td>415</td>
</tr>
<tr>
<td><strong>Total—Defined benefit obligations</strong></td>
<td><strong>3,697</strong></td>
</tr>
</tbody>
</table>

French law requires payment of a lump sum retirement indemnity to employees based on years of service and annual compensation at retirement. Benefits do not vest prior to retirement. The Company pays for this defined benefit plan. It is calculated as the present value of estimated future benefits to be paid, applying the projected unit credit method whereby each period of service is seen as giving rise to an additional unit of benefit entitlement, each unit being measured separately to build up the final.

On March 24, 2016, the Company entered into an internal labor agreement with the employees representatives whereby the Company is committed to paying a seniority award after 15 years and 20 years of employment. This award is paid on the anniversary date. A similar award existed for employees having a seniority of 10 years but was not booked due to its insignificant amount. As such, in 2016 the Company recorded
a provision for seniority awards and a corresponding charge included in “Staff costs other than share-based payments” (see Note 14) other than payments in shares. These awards meet the definition of other long-term benefits under IAS 19. This provision is determined by an external actuary firm based on the assumptions disclosed hereafter and amounts to €415 thousand as of December 31, 2018 (€366 thousand as of December 31, 2017).

The main actuarial assumptions used to evaluate retirement benefits are the following:

<table>
<thead>
<tr>
<th>Economic assumptions</th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Discount rate (iBoxx Corporate AA) for retirement</td>
<td>1.80%</td>
</tr>
<tr>
<td>Annual rate of increase in wages</td>
<td>4.50%</td>
</tr>
</tbody>
</table>

Demographical assumptions

<table>
<thead>
<tr>
<th>Type of retirement</th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Rate of tax and social charges</td>
<td>45.20%</td>
</tr>
<tr>
<td>Age at retirement</td>
<td></td>
</tr>
<tr>
<td>- Executives</td>
<td>64 years</td>
</tr>
<tr>
<td>- Non-executives</td>
<td>62 years</td>
</tr>
<tr>
<td>Mortality table</td>
<td>TH-TF 00-02</td>
</tr>
<tr>
<td>Annual turnover by tranche of age</td>
<td>All personnel</td>
</tr>
<tr>
<td>16-24 years</td>
<td>5.0%</td>
</tr>
<tr>
<td>25-29 years</td>
<td>3.0%</td>
</tr>
<tr>
<td>30-34 years</td>
<td>2.5%</td>
</tr>
<tr>
<td>34-39 years</td>
<td>2.0%</td>
</tr>
<tr>
<td>40-44 years</td>
<td>1.5%</td>
</tr>
<tr>
<td>45-49 years</td>
<td>1.0%</td>
</tr>
<tr>
<td>+50 years</td>
<td>0%</td>
</tr>
</tbody>
</table>

Changes in the projected benefit obligation for the periods presented were as follows (in thousands of euro):

<table>
<thead>
<tr>
<th>As of January 1, 2017</th>
<th>2,418</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>363</td>
</tr>
<tr>
<td>Interest costs</td>
<td>36</td>
</tr>
<tr>
<td>Actuarial (gain) / loss</td>
<td>(196)</td>
</tr>
<tr>
<td>As of December 31, 2017</td>
<td>2,621</td>
</tr>
<tr>
<td>Service cost</td>
<td>434</td>
</tr>
<tr>
<td>Interest costs</td>
<td>43</td>
</tr>
<tr>
<td>Actuarial (gain) / loss</td>
<td>599</td>
</tr>
<tr>
<td>As of December 31, 2018</td>
<td>3,697</td>
</tr>
</tbody>
</table>

There is no asset covering the defined benefit obligations.

An increase/decrease of +/- 50 basis point of the discount rate would result in a decrease/increase of the total benefit obligation of €300 thousand.

The main actuarial assumptions used to evaluate seniority awards at December 31, 2018 are the following:

- Discount rate: 1.14\% (difference with the rate used for pension benefit provision results from the difference of maturity)
- Rate of annual increase in wages: 4.5%
- Rate of contributions: 45.20%
- Rate of wage costs: 23.29%
- Age of retirement: 64 years for executives, 62 years for non-executives
- Mortality Table: TH—TF 00-02
- Annual mobility rate: 2.1% on average

**Defined contribution plan**

In France, pension funds are generally financed by employer and employee contributions and are accounted for as defined contribution plans with the employer contributions recognized as expensed as incurred. They amounted €1,277 thousand and €982 thousand in the years ended December 31, 2018 and 2017, respectively.

**11) Share capital and share base payments**

a) **Share capital**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

As of December 31, 2018, the Company’s share capital amounted to €3,196,979 divided into 63,939,586 shares with a par value of €0.05 each, fully paid up, after taking into account the various capital increases that took place since the inception.

Share capital does not include BSAs, BSAAR, AGAs and AGAPs that have been granted to certain investors or natural persons, both employees and non-employees of the Company, but not yet exercised.

The Group issued preferred shares (share B) which will become convertible into ordinary shares following a vesting period of one year and a retention period of two years if the performance criteria are met at the end of the retention period. The number of ordinary shares to which the conversion of one preferred share will be entitled will be determined according to the fulfillment of the performance criteria. The holders of preferred shares are not entitled to voting rights nor dividend payment until the date at which the preferred shares become convertible into ordinary shares. The preferred shares give no preferential subscription right to any capital increase and are not transferrable.
The table below presents the historical changes in the share capital of the Company as of December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Date</th>
<th>Nature of the Transactions</th>
<th>Share Capital</th>
<th>Share premium</th>
<th>Number of Ordinary shares</th>
<th>Preferred shares</th>
<th>Nominal value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance as of January 1, 2018</td>
<td>€2,880,352</td>
<td>€234,874,392</td>
<td>57,600,100</td>
<td>6,931</td>
<td>€0.05</td>
</tr>
<tr>
<td>September 20, 2018</td>
<td>Capital increase by issuance of ordinary shares (definitive acquisition of free shares)</td>
<td>1,103</td>
<td>(1,103)</td>
<td>22,055</td>
<td>—</td>
<td>0.05</td>
</tr>
<tr>
<td>October 25, 2018</td>
<td>Capital increase by issuance of ordinary shares to AstraZeneca</td>
<td>313,025</td>
<td>62,291,975</td>
<td>6,260,500</td>
<td>—</td>
<td>0.05</td>
</tr>
<tr>
<td>November 29, 2018</td>
<td>Share issuance costs</td>
<td>—</td>
<td>(48,078)</td>
<td>—</td>
<td>—</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>Capital increase by issuance of ordinary shares (Exercise of shares warrants)</td>
<td>2,500</td>
<td>108,125</td>
<td>50,000</td>
<td>—</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>Share based payments</td>
<td>—</td>
<td>2,706,910</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Balance as of December 31, 2018</td>
<td>€3,196,979</td>
<td>€299,932,221</td>
<td>63,932,655</td>
<td>6,931</td>
<td>€0.05</td>
</tr>
<tr>
<td></td>
<td>Balance as of January 1, 2017</td>
<td>€2,696,065</td>
<td>€187,571,429</td>
<td>53,921,304</td>
<td>—</td>
<td>€0.05</td>
</tr>
<tr>
<td>January 24, 2017</td>
<td>Capital increase by issuance of ordinary shares (exercise of share warrants)</td>
<td>1,948</td>
<td>325,197</td>
<td>38,950</td>
<td>—</td>
<td>0.05</td>
</tr>
<tr>
<td>February 10, 2017</td>
<td>Capital increase by issuance of ordinary shares (exercise of share warrants)</td>
<td>2,525</td>
<td>116,495</td>
<td>50,500</td>
<td>—</td>
<td>0.05</td>
</tr>
<tr>
<td>June 14, 2017</td>
<td>Capital increase by issuance of ordinary shares (exercise of share warrants)</td>
<td>93</td>
<td>3,682</td>
<td>1,850</td>
<td>—</td>
<td>0.05</td>
</tr>
<tr>
<td>July 13, 2017</td>
<td>Contribution in kind in the context of the acquisition of C5aR</td>
<td>167,187</td>
<td>36,999,480</td>
<td>3,343,748</td>
<td>—</td>
<td>0.05</td>
</tr>
<tr>
<td>October 21, 2017</td>
<td>Capital increase by issuance of ordinary and preferred shares (definitive acquisition of free shares and free preferred shares)</td>
<td>5,135</td>
<td>(5,135)</td>
<td>98,770</td>
<td>3,931</td>
<td>0.05</td>
</tr>
<tr>
<td>December 30, 2017</td>
<td>Capital increase by issuance of ordinary and preferred shares (definitive acquisition of free shares and free preferred shares)</td>
<td>7,399</td>
<td>(7,399)</td>
<td>144,978</td>
<td>3,000</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>Share based payments</td>
<td>—</td>
<td>9,829,400</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>December 7, 2017</td>
<td>Subscription of share warrants</td>
<td>—</td>
<td>41,243</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Balance as of December 31, 2017</td>
<td>€2,880,352</td>
<td>€234,874,392</td>
<td>57,600,100</td>
<td>6,931</td>
<td>€0.05</td>
</tr>
</tbody>
</table>

**Holding by the Company of its own shares**

The Company held 18,575 of its own shares as of December 31, 2018.

**b) Share based payments**

The Company has issued BSAs, BSAARs, stock options, AGAs and AGAPs as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Types</th>
<th>Number of warrants issued as of 12/31/2018</th>
<th>Number of warrants void as of 12/31/2018</th>
<th>Number of warrants exercised as of 12/31/2018</th>
<th>Number of warrants outstanding as of 12/31/2018</th>
<th>Maximum number of shares to be issued as of 12/31/2018</th>
<th>Exercice price per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept. 9, 2011</td>
<td>BSAAR 2011</td>
<td>650,000</td>
<td>—</td>
<td>395,000</td>
<td>255,000</td>
<td>255,000</td>
<td>€ 2.04</td>
</tr>
<tr>
<td>July 1, 2015</td>
<td>BSAAR 2015</td>
<td>1,050,382</td>
<td>2,720</td>
<td>1,940</td>
<td>1,045,722</td>
<td>1,045,722</td>
<td>€ 7.20</td>
</tr>
<tr>
<td>October 21, 2016</td>
<td>AGAP Management 2016-1</td>
<td>2,000</td>
<td>450</td>
<td>1,550</td>
<td>310,000</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>October 21, 2016</td>
<td>AGAP Employees 2016-1</td>
<td>2,486</td>
<td>179</td>
<td>—</td>
<td>2,307</td>
<td>461,400</td>
<td>—</td>
</tr>
<tr>
<td>October 21, 2016</td>
<td>AGA Management 2016-1</td>
<td>50,000</td>
<td>—</td>
<td>50,000</td>
<td>50,000</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Date</td>
<td>Types</td>
<td>Number of warrants issued as of 12/31/2018</td>
<td>Number of warrants void as of 12/31/2018</td>
<td>Number of warrants exercised as of 12/31/2018</td>
<td>Number of warrants outstanding as of 12/31/2018</td>
<td>Maximum number of shares to be issued as of 12/31/2018</td>
<td>Exercise price per share</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------------------------</td>
<td>--------------------------------------------</td>
<td>------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>------------------------------------------------</td>
<td>------------------------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>October 21, 2016</td>
<td>AGA Employees 2016-1</td>
<td>99,932</td>
<td>1,162</td>
<td>98,770</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>December 30, 2016</td>
<td>AGAP 2016-2</td>
<td>3,000</td>
<td>—</td>
<td>—</td>
<td>3,000</td>
<td>600,000</td>
<td>—</td>
</tr>
<tr>
<td>December 30, 2016</td>
<td>AGA Management 2016-2</td>
<td>250,000</td>
<td>—</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>—</td>
</tr>
<tr>
<td>December 30, 2016</td>
<td>AGA Employees 2016-2</td>
<td>149,943</td>
<td>4,965</td>
<td>144,978</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>September 20, 2017</td>
<td>AGA Bonus 2017</td>
<td>28,556</td>
<td>6,501</td>
<td>22,055</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>April 3, 2018</td>
<td>AGAP Employees 2017</td>
<td>5,725</td>
<td>144</td>
<td>5,581</td>
<td>558,100</td>
<td>558,100</td>
<td>—</td>
</tr>
<tr>
<td>April 3, 2018</td>
<td>AGAP Management 2017</td>
<td>2,400</td>
<td>400</td>
<td>2,000</td>
<td>200,000</td>
<td>200,000</td>
<td>—</td>
</tr>
<tr>
<td>April 3, 2018</td>
<td>AGA Employees 2017</td>
<td>114,500</td>
<td>4,000</td>
<td>110,500</td>
<td>110,500</td>
<td>110,500</td>
<td>—</td>
</tr>
<tr>
<td>November 20, 2018</td>
<td>AGA Perf Employees 2018</td>
<td>327,500</td>
<td>—</td>
<td>327,500</td>
<td>327,500</td>
<td>327,500</td>
<td>—</td>
</tr>
<tr>
<td>November 20, 2018</td>
<td>AGA Perf Management 2018</td>
<td>260,000</td>
<td>30,000</td>
<td>230,000</td>
<td>230,000</td>
<td>230,000</td>
<td>—</td>
</tr>
<tr>
<td>July 29, 2011</td>
<td>BSA 2011</td>
<td>225,000</td>
<td>—</td>
<td>133,060</td>
<td>91,940</td>
<td>91,940</td>
<td>€ 1.77</td>
</tr>
<tr>
<td>July 17, 2013</td>
<td>BSA 2013</td>
<td>237,500</td>
<td>—</td>
<td>191,140</td>
<td>46,360</td>
<td>46,360</td>
<td>€ 2.36</td>
</tr>
<tr>
<td>July 16, 2014</td>
<td>BSA 2014</td>
<td>150,000</td>
<td>—</td>
<td>75,000</td>
<td>75,000</td>
<td>75,000</td>
<td>€ 8.65</td>
</tr>
<tr>
<td>April 27, 2015</td>
<td>BSA 2015-1</td>
<td>70,000</td>
<td>—</td>
<td>70,000</td>
<td>70,000</td>
<td>70,000</td>
<td>€ 9.59</td>
</tr>
<tr>
<td>July 1, 2015</td>
<td>BSA 2015-2</td>
<td>14,200</td>
<td>—</td>
<td>14,200</td>
<td>14,200</td>
<td>14,200</td>
<td>€ 14.05</td>
</tr>
<tr>
<td>September 20, 2017</td>
<td>BSA 2017</td>
<td>37,000</td>
<td>—</td>
<td>37,000</td>
<td>37,000</td>
<td>37,000</td>
<td>€11.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3,943,202</td>
<td>50,521</td>
<td>1,145,643</td>
<td>2,747,038</td>
<td>4,862,100</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Types</th>
<th>Number of warrants issued as of 12/31/2017</th>
<th>Number of warrants void as of 12/31/2017</th>
<th>Number of warrants exercised as of 12/31/2017</th>
<th>Number of warrants outstanding as of 12/31/2017</th>
<th>Maximum number of shares to be issued as of 12/31/2017</th>
<th>Exercise price per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept. 9, 2011</td>
<td>BSAAR 2011</td>
<td>650,000</td>
<td>—</td>
<td>395,000</td>
<td>255,000</td>
<td>255,000</td>
<td>2.04</td>
</tr>
<tr>
<td>July 1, 2015</td>
<td>BSAAR 2015</td>
<td>1,050,382</td>
<td>2,720</td>
<td>1,940</td>
<td>1,045,722</td>
<td>1,045,722</td>
<td>7.20</td>
</tr>
<tr>
<td>October 21, 2016</td>
<td>AGAP Management 2016-1</td>
<td>2,000</td>
<td>450</td>
<td>—</td>
<td>1,550</td>
<td>310,000</td>
<td>—</td>
</tr>
<tr>
<td>October 21, 2016</td>
<td>AGAP Employees 2016-1</td>
<td>2,486</td>
<td>105</td>
<td>—</td>
<td>2,381</td>
<td>476,200</td>
<td>—</td>
</tr>
<tr>
<td>October 21, 2016</td>
<td>AGA Management 2016-1</td>
<td>50,000</td>
<td>—</td>
<td>—</td>
<td>50,000</td>
<td>50,000</td>
<td>—</td>
</tr>
<tr>
<td>October 21, 2016</td>
<td>AGA Employees 2016-1</td>
<td>99,932</td>
<td>1,162</td>
<td>98,770</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>December 30, 2016</td>
<td>AGAP 2016-2</td>
<td>3,000</td>
<td>—</td>
<td>—</td>
<td>3,000</td>
<td>600,000</td>
<td>—</td>
</tr>
<tr>
<td>December 30, 2016</td>
<td>AGAP Management 2016-2</td>
<td>250,000</td>
<td>—</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>—</td>
</tr>
<tr>
<td>December 30, 2016</td>
<td>AGA Employees 2016-2</td>
<td>149,943</td>
<td>4,965</td>
<td>144,978</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>September 20, 2017</td>
<td>AGA Bonus 2017</td>
<td>28,556</td>
<td>3,577</td>
<td>—</td>
<td>24,979</td>
<td>24,979</td>
<td>—</td>
</tr>
<tr>
<td>July 29, 2011</td>
<td>BSA 2011</td>
<td>225,000</td>
<td>—</td>
<td>120,560</td>
<td>104,440</td>
<td>104,440</td>
<td>1.77</td>
</tr>
<tr>
<td>July 17, 2013</td>
<td>BSA 2013</td>
<td>237,500</td>
<td>—</td>
<td>153,640</td>
<td>83,860</td>
<td>83,860</td>
<td>2.36</td>
</tr>
<tr>
<td>July 16, 2014</td>
<td>BSA 2014</td>
<td>150,000</td>
<td>—</td>
<td>75,000</td>
<td>75,000</td>
<td>75,000</td>
<td>8.65</td>
</tr>
<tr>
<td>April 27, 2015</td>
<td>BSA 2015-1</td>
<td>70,000</td>
<td>—</td>
<td>70,000</td>
<td>70,000</td>
<td>70,000</td>
<td>9.59</td>
</tr>
<tr>
<td>July 1, 2015</td>
<td>BSA 2015-2</td>
<td>14,200</td>
<td>—</td>
<td>14,200</td>
<td>14,200</td>
<td>14,200</td>
<td>14.05</td>
</tr>
<tr>
<td>September 20, 2017</td>
<td>BSA 2017</td>
<td>37,000</td>
<td>—</td>
<td>37,000</td>
<td>37,000</td>
<td>37,000</td>
<td>11.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3,288,674</td>
<td>12,979</td>
<td>1,073,588</td>
<td>2,079,482</td>
<td>3,458,751</td>
<td></td>
</tr>
</tbody>
</table>
**AGA**

*Details of AGA*

<table>
<thead>
<tr>
<th></th>
<th>AGA Management 2016-1</th>
<th>AGA Employees 2016-1</th>
<th>AGA Management 2016-1</th>
<th>AGA Employees 2016-1</th>
<th>AGA Management 2016-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of grant (Executive Board)</td>
<td>October 21, 2016</td>
<td>October 21, 2016</td>
<td>October 21, 2016</td>
<td>October 21, 2016</td>
<td>December 30, 2016</td>
</tr>
<tr>
<td>Vesting period (years)</td>
<td>1 year</td>
<td>1 year</td>
<td>3 years</td>
<td>1 year</td>
<td>1 year</td>
</tr>
<tr>
<td>Non-transferability period</td>
<td>2 years after vesting period end</td>
<td>2 years after vesting period end</td>
<td>2 years after vesting period end</td>
<td>2 years after vesting period end</td>
<td>2 years after vesting period end</td>
</tr>
<tr>
<td>Number of AGA granted</td>
<td>2,000</td>
<td>2,486</td>
<td>50,000</td>
<td>99,932</td>
<td>3,000</td>
</tr>
<tr>
<td>Share entitlement per free share</td>
<td>200</td>
<td>200</td>
<td>1</td>
<td>1</td>
<td>200</td>
</tr>
<tr>
<td>Grant date share fair value</td>
<td>€ 10.87</td>
<td>€ 10.87</td>
<td>€ 10.87</td>
<td>€ 10.87</td>
<td>€ 12.73</td>
</tr>
<tr>
<td>Expected dividends</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Performance conditions</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Expected turnover (yearly basis)</td>
<td>5.00%</td>
<td>5.00%</td>
<td>—</td>
<td>5.00%</td>
<td>9.00%</td>
</tr>
<tr>
<td>Volatility</td>
<td>40.00%</td>
<td>40.00%</td>
<td>N/A</td>
<td>N/A</td>
<td>40.00%</td>
</tr>
<tr>
<td>Fair value per AGA at grant date</td>
<td>€ 911</td>
<td>€ 911</td>
<td>€ 10.55</td>
<td>€ 10.55</td>
<td>€ 956</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>AGA Management 2016-2</th>
<th>AGA Employees 2016-2</th>
<th>AGA Bonus 2017</th>
<th>AGA Employees 2017</th>
<th>AGA Management 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of grant (Executive Board)</td>
<td>December 30, 2016</td>
<td>December 30, 2016</td>
<td>September 20, 2017</td>
<td>April 3, 2018</td>
<td>April 3, 2018</td>
</tr>
<tr>
<td>Vesting period (years)</td>
<td>3 years</td>
<td>1 year</td>
<td>1 year</td>
<td>2 years after vesting period end</td>
<td>1 year</td>
</tr>
<tr>
<td>Non-transferability period</td>
<td>—</td>
<td>2 years after vesting period end</td>
<td></td>
<td>2 years after vesting period end</td>
<td></td>
</tr>
<tr>
<td>Number of AGA granted</td>
<td>250,000</td>
<td>149,943</td>
<td>28,556</td>
<td>5,725</td>
<td>2,400</td>
</tr>
<tr>
<td>Share entitlement per free share</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Grant date share fair value</td>
<td>€ 12.73</td>
<td>€ 12.73</td>
<td>€ 10.90</td>
<td>€ 5.52</td>
<td>€ 5.52</td>
</tr>
<tr>
<td>Expected dividends</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Performance conditions</td>
<td>None</td>
<td>None</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Expected turnover (yearly basis)</td>
<td>—</td>
<td>5.00%</td>
<td>N/A</td>
<td>5.00%</td>
<td>11.00%</td>
</tr>
<tr>
<td>Volatility</td>
<td>—</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>55.00%</td>
</tr>
<tr>
<td>Fair value per AGA at grant date</td>
<td>€ 14.61</td>
<td>€ 10.55</td>
<td>€ 10.30</td>
<td>€ 90</td>
<td>€ 90</td>
</tr>
</tbody>
</table>

F-45
<table>
<thead>
<tr>
<th></th>
<th>AGA Employees 2017</th>
<th>AGA Bonus 2018</th>
<th>AGA Perf Employees 2018</th>
<th>AGA Perf Management 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of grant</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Executive Board).........</td>
<td>April 3, 2018</td>
<td>June 3, 2018</td>
<td>November 20, 2018</td>
<td>November 20, 2018</td>
</tr>
<tr>
<td>Vesting period (years)....</td>
<td>1 year</td>
<td>1 year</td>
<td>3 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Non-transferability period</td>
<td>1 years after vesting period end</td>
<td>1 years after vesting period end</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Number of AGA granted</td>
<td>114,500</td>
<td>67,028</td>
<td>327,500</td>
<td>260,000</td>
</tr>
<tr>
<td>Share entitlement per free share</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Grant date share fair value</td>
<td>€ 5.52</td>
<td>€ 5.06</td>
<td>€ 8.00</td>
<td>€ 8.00</td>
</tr>
<tr>
<td>Expected dividends ..........</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Performance conditions.....</td>
<td>None</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Expected turnover (yearly basis)</td>
<td>3.70%</td>
<td>N/A</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>Volatility ...............</td>
<td>55.00%</td>
<td>N/A</td>
<td>45%</td>
<td>45%</td>
</tr>
<tr>
<td>Fair value per AGA at grant date</td>
<td>€ 5.83</td>
<td>€ 4.69</td>
<td>€ 3.81</td>
<td>€ 3.81</td>
</tr>
</tbody>
</table>

**Change in Number of AGAs Outstanding**

<p>| Number of AGAs | Year ended December 31, |</p>
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of period</td>
<td>331,910</td>
<td>557,361</td>
</tr>
<tr>
<td>Granted during the period</td>
<td>777,153</td>
<td>28,556</td>
</tr>
<tr>
<td>Forfeited during the period</td>
<td>(37,542)</td>
<td>(3,577)</td>
</tr>
<tr>
<td>Exercised during the period</td>
<td>(22,055)</td>
<td>(243,748)</td>
</tr>
<tr>
<td>Expired during the period</td>
<td>—</td>
<td>(6,682)</td>
</tr>
<tr>
<td>Balance at end of period</td>
<td>1,049,466</td>
<td>331,910</td>
</tr>
</tbody>
</table>

**Breakdown of the Closing Balance**

<p>| Number of AGAs | Year ended December 31, |</p>
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGAP Management 2016-1</td>
<td>1,550</td>
<td>1,550</td>
</tr>
<tr>
<td>AGAP Employees 2016-1</td>
<td>2,307</td>
<td>2,381</td>
</tr>
<tr>
<td>AGA Management 2016-1</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>AGAP 2016-2</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>AGA Management 2016-2</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>AGA Bonus 2017</td>
<td>—</td>
<td>24,979</td>
</tr>
<tr>
<td>AGAP Employees 2017</td>
<td>5,581</td>
<td>—</td>
</tr>
<tr>
<td>AGAP Management 2017</td>
<td>2,000</td>
<td>—</td>
</tr>
<tr>
<td>AGA Employees 2017</td>
<td>110,500</td>
<td>—</td>
</tr>
<tr>
<td>AGA Bonus 2018</td>
<td>67,028</td>
<td>—</td>
</tr>
<tr>
<td>AGA Perf Employees 2018</td>
<td>327,500</td>
<td>—</td>
</tr>
<tr>
<td>AGA Perf Management 2018-1</td>
<td>230,000</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>1,049,466</td>
<td>331,910</td>
</tr>
</tbody>
</table>
The fair value of granted free shares is based on the closing price of the Company’s share at grant date, reduced when necessary by an estimated turn-over rate. This estimated fair value is recognized as operating expenses on a straight-line basis over the vesting period.


Expenses related to those plans were €1,392 thousand and €4,383 thousand for the financial years ended December 31, 2018 and 2017, respectively.

AGA 2017-1 (Employees)

Expenses were €456 thousand for the financial year ended December 31, 2018.


AGAP Management 2016-1, 2016-2 and AGAP Employees 2016-1 are subject to internal and share price conditions. AGAP Management 2017-1 and AGAP Employees 2017-1 are subject to share value condition.

The fair value of these free preferred shares is based on a third party valuation report. The valuation method used to estimate the fair value of these free preferred shares is presented below:

- Estimation of the expectation of gain associated with internal and share price conditions, made on the basis of a Capital Asset Pricing (“CAPM”) model of the share price using a Monte Carlo approach;
- Adjustment of the estimation by applying expected turnover rates;

Changes in internal conditions are taken into account in the revision of the estimated number of free shares expected to vest during the vesting period.

The Company has recognized an expense over a period of one year on a straight-line basis, this period being the vesting period. Expenses were €567 thousand and €5,327 thousand for the financial year ended December 31, 2018 and 2017, respectively.

AGA Bonus 2017 and AGA Bonus 2018

AGA Bonus 2017 and 2018 were granted to the Executive members Committee who opted for these compensation plans. For each recipient, the number of shares definitely acquired is equal to the cash equivalent of 50% of the annual variable compensation increased by a 30% premium. In the event of an over-performance (i.e. achieved target above 100%), the surplus is paid in cash.

Expenses were €208 thousand and €189 thousand for the financial years ended December 31, 2018 and 2017, respectively.

Free performance shares (AGA Perf Employees 2018 / AGA Perf Management 2018)

Free performance shares granted in 2018 are subject to share price conditions and a vesting kicker triggered by the performance of an internal condition, which is the success of certain clinical trials.

The fair value of these free performance shares is based on a third party valuation report. The valuation method used to estimate the fair value of these free performance shares is presented below:

- Estimation of the expectation of gain associated with internal and share price conditions, made on the basis of a CAPM model of the share price using a Monte Carlo approach;
- Adjustment of the estimation by applying expected turnover rates.
Changes in internal conditions are taken into account in the revision of the estimated number of free performance shares expected to vest during the vesting period.

Expenses were €84.0 thousand the financial year ended 31, 2018.

**BSA**

Details of BSA

<table>
<thead>
<tr>
<th>Date of grant (Executive Board)</th>
<th>BSA 2011</th>
<th>BSA 2013</th>
<th>BSA 2014</th>
<th>BSA 2015-1</th>
<th>BSA 2015-2</th>
<th>BSA 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vesting period (years)</td>
<td>July 29, 2011</td>
<td>2 years</td>
<td>July 17, 2013</td>
<td>2 years</td>
<td>July 16, 2014</td>
<td>2 years</td>
</tr>
<tr>
<td>Plan expiration date</td>
<td>July 29, 2021</td>
<td>2023</td>
<td>July 17, 2023</td>
<td>2024</td>
<td>July 16, 2024</td>
<td>2025</td>
</tr>
<tr>
<td>Number of BSA granted</td>
<td>225,000</td>
<td>237,500</td>
<td>150,000</td>
<td>70,000</td>
<td>14,200</td>
<td>37,000</td>
</tr>
<tr>
<td>Share entitlement per BSA</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Exercise price</td>
<td>€ 1.77</td>
<td>€ 2.36</td>
<td>€ 8.65</td>
<td>€ 9.59</td>
<td>€ 14.05</td>
<td>€ 11.00</td>
</tr>
<tr>
<td>Valuation method used</td>
<td>Black—Scholes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant date share fair value</td>
<td>€ 0.05</td>
<td>€ 2.45</td>
<td>€ 6.85</td>
<td>€ 13.65</td>
<td>€ 13.64</td>
<td>€ 10.41</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>32.50%</td>
<td>31.83%</td>
<td>46.72%</td>
<td>54.08%</td>
<td>47.83%</td>
<td>61.74%</td>
</tr>
<tr>
<td>Average life of BSA</td>
<td>5.5 years</td>
<td>5.5 years</td>
<td>5.5 years</td>
<td>5.5 years</td>
<td>5.5 years</td>
<td>6 years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>3.23%</td>
<td>2.42%</td>
<td>1.00%</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.20%</td>
</tr>
<tr>
<td>Expected dividends</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Performance conditions</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Fair value per BSA</td>
<td>€ 0.62</td>
<td>€ 0.87</td>
<td>€ 2.51</td>
<td>€ 6.59</td>
<td>€ 4.73</td>
<td>€ 0.57</td>
</tr>
</tbody>
</table>

Change in Number of BSA Outstanding

<table>
<thead>
<tr>
<th>Number of BSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of period</td>
</tr>
<tr>
<td>Granted during the period</td>
</tr>
<tr>
<td>Forfeited during the period</td>
</tr>
<tr>
<td>Exercised during the period</td>
</tr>
<tr>
<td>Expired during the period</td>
</tr>
<tr>
<td>Balance at end of period</td>
</tr>
</tbody>
</table>

Breakdown of the Closing Balance

<table>
<thead>
<tr>
<th>Number of BSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>BSA 2011</td>
</tr>
<tr>
<td>BSA 2013</td>
</tr>
<tr>
<td>BSA 2014</td>
</tr>
<tr>
<td>BSA 2015-1</td>
</tr>
<tr>
<td>BSA 2015-2</td>
</tr>
<tr>
<td>BSA 2017</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
**BSAAR**

BSAAR are securities whose subscription price and exercise price are fixed at their fair value as determined by an expert. The BSAAR subscription therefore represents an investment on the part of the beneficiary. At the end of the exercise period, if they have not been exercised, the BSAAR becomes void. The Company benefits from a clause called «forcing» making it possible to encourage holders to exercise their redeemable equity warrants when the market price exceeds the exercise price and reaches a threshold defined in the BSAAR issuance agreement. The Company may, then, subject to a time period for notifying holders that will permit them to exercise the BSAAR, decide to reimburse the warrants not exercised at a unit price equal to the BSAAR acquisition price paid by its holder.

**Details of BSAAR**

BSAAR. The methodology used to estimate the fair value of the BSAAR is similar to the one used to estimate the fair value of the BSA, except for the following:

*Expected Term.* Unlike the BSA, the Company does not have sufficient historical experience for the BSAAR. Consequently, the expected term used for the valuation of the fair value is the legal maturity of the instrument (10 years).

No share-based payment compensation expense was recognized relating to the BSAAR since the amount paid by the beneficiaries is equal to the fair value.

| BSAAR 2015 | July 1, 2015 |
|-----------------------------------------------|
| Date of grant (Executive Board) | |
| Vesting period (years) | 2 years |
| Plan expiration date | June 30, 2025 |
| Number of BSAAR granted | 1,050,382 |
| Share entitlement per BSAAR | 1,050,382 |
| Exercise price | € 7.20 |
| Valuation method used | Black-Scholes |
| Grant date share fair value | € 13.77 |
| Expected volatility | 41% |
| Average life of BSAAR | 10 years |
| Risk-free interest rate | 1.22% |
| Expected dividends | None |
| Performance conditions | None |
| Fair value per BSA | € 1.15 |

**Change in Number of BSAAR Outstanding**

<table>
<thead>
<tr>
<th>Number of BSAAR</th>
<th>Year ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Balance at beginning of period</td>
<td>1,363,072</td>
</tr>
<tr>
<td>Granted during the period</td>
<td>—</td>
</tr>
<tr>
<td>Forfeited during the period</td>
<td>—</td>
</tr>
<tr>
<td>Exercised during the period</td>
<td>—</td>
</tr>
<tr>
<td>Expired during the period</td>
<td>—</td>
</tr>
<tr>
<td>Balance at end of period</td>
<td>1,363,072</td>
</tr>
</tbody>
</table>
### Breakdown of the Closing Balance

<table>
<thead>
<tr>
<th>Number of BSAAR</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exercisable</td>
<td>Outstanding</td>
</tr>
<tr>
<td>BSAAR 2011</td>
<td>255,000</td>
<td>255,000</td>
</tr>
<tr>
<td>BSAAR 2015</td>
<td>1,045,722</td>
<td>1,045,722</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,363,072</strong></td>
<td><strong>1,363,072</strong></td>
</tr>
</tbody>
</table>

### Breakdown of expenses per financial year

The share-based compensation expenses are broken down as follows (in thousands of euro):

<table>
<thead>
<tr>
<th>Year ended December 31,</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSA 2017</td>
<td>—</td>
<td>21</td>
</tr>
<tr>
<td>AGA Employees 2016-1&amp;2</td>
<td>—</td>
<td>2,990</td>
</tr>
<tr>
<td>AGA Management 2016-1&amp;2</td>
<td>1,392</td>
<td>1,393</td>
</tr>
<tr>
<td>AGAP Management 2016-1&amp;2/AGAP Employees 2016-1</td>
<td>—</td>
<td>5,327</td>
</tr>
<tr>
<td>AGA Employees 2017</td>
<td>456</td>
<td>—</td>
</tr>
<tr>
<td>AGA Management 2017/AGAP Employees 2017</td>
<td>567</td>
<td>—</td>
</tr>
<tr>
<td>AGA Bonus 2018/AGA Bonus 2017</td>
<td>208</td>
<td>189</td>
</tr>
<tr>
<td>AGA Perf Management 2018/AGA Perf Employees 2018</td>
<td>84</td>
<td>—</td>
</tr>
<tr>
<td><strong>Share-based compensation</strong></td>
<td><strong>2,707</strong></td>
<td><strong>9,830</strong></td>
</tr>
</tbody>
</table>

As of December 31, 2018, employers’ social security contributions relating to free shares were paid for an amount of €68 thousand (€334 thousand for the year ended December 31, 2017).

### 12) Financial instruments recognized in the statement of financial position and related effect on the income statement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

<table>
<thead>
<tr>
<th>As of December 31, 2018 (in thousands of euro)</th>
<th>Book value on the statement of financial position</th>
<th>Fair value through profit and loss(1)</th>
<th>Fair value through comprehensive income(2)</th>
<th>Receivables(3)</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>35,181</td>
<td>33,138</td>
<td></td>
<td>2,043</td>
<td>35,181</td>
</tr>
<tr>
<td>Trade receivables and others</td>
<td>152,112</td>
<td>—</td>
<td></td>
<td>152,112</td>
<td>152,112</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>15,217</td>
<td>15,217</td>
<td></td>
<td></td>
<td>15,217</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>152,314</td>
<td>152,314</td>
<td></td>
<td></td>
<td>152,314</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>354,824</strong></td>
<td><strong>200,669</strong></td>
<td></td>
<td><strong>154,155</strong></td>
<td><strong>354,824</strong></td>
</tr>
</tbody>
</table>
### As of December 31, 2018 (in thousands of euro)

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>Book value on the statement of financial position</th>
<th>Fair value through profit and loss (1)</th>
<th>Fair value through comprehensive income (2)</th>
<th>Debt at amortized costs (3)</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities—non-current portion</td>
<td>3,173</td>
<td>—</td>
<td>—</td>
<td>3,173</td>
<td>3,173</td>
</tr>
<tr>
<td>Financial liabilities—current portion</td>
<td>1,347</td>
<td>—</td>
<td>—</td>
<td>1,347</td>
<td>1,347</td>
</tr>
<tr>
<td>Trade payables and others</td>
<td>91,655</td>
<td>—</td>
<td>—</td>
<td>91,655</td>
<td>91,655</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td><strong>96,175</strong></td>
<td>—</td>
<td>—</td>
<td><strong>96,175</strong></td>
<td><strong>96,175</strong></td>
</tr>
</tbody>
</table>

### As of December 31, 2017 (in thousands of euro)

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Book value on the statement of financial position</th>
<th>Fair value through profit and loss (1)</th>
<th>Fair value through comprehensive income (2)</th>
<th>Receivables</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current financial assets</td>
<td>60,469</td>
<td>26,030</td>
<td>32,392</td>
<td>2,046</td>
<td>60,469</td>
</tr>
<tr>
<td>Trade receivables and others</td>
<td>21,412</td>
<td>—</td>
<td>—</td>
<td>21,412</td>
<td>21,412</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>16,743</td>
<td>—</td>
<td>16,743</td>
<td>—</td>
<td>16,743</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>99,367</td>
<td>99,367</td>
<td>—</td>
<td>—</td>
<td>99,367</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>197,990</strong></td>
<td><strong>125,397</strong></td>
<td><strong>49,135</strong></td>
<td><strong>23,458</strong></td>
<td><strong>197,990</strong></td>
</tr>
</tbody>
</table>

### Financial liabilities

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>Book value on the statement of financial position</th>
<th>Fair value through profit and loss (1)</th>
<th>Fair value through comprehensive income (2)</th>
<th>Debt at amortized costs (3)</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities—non-current portion</td>
<td>4,521</td>
<td>—</td>
<td>—</td>
<td>4,521</td>
<td>4,521</td>
</tr>
<tr>
<td>Financial liabilities—current portion</td>
<td>1,343</td>
<td>—</td>
<td>—</td>
<td>1,343</td>
<td>1,343</td>
</tr>
<tr>
<td>Trade payables and others</td>
<td>24,657</td>
<td>—</td>
<td>—</td>
<td>24,657</td>
<td>24,657</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td><strong>30,521</strong></td>
<td>—</td>
<td>—</td>
<td><strong>30,521</strong></td>
<td><strong>30,521</strong></td>
</tr>
</tbody>
</table>

(1) The fair value of financial assets classified as fair value through profit and loss corresponds to the market value of the assets, which are primarily determined using level 2 measurements.

(2) The fair value of financial assets classified as fair value through comprehensive income corresponds to the market value of the assets, which are primarily determined using level 1 measurements.

(3) The book amount of financial assets and liabilities measured at amortized cost was deemed to be a reasonable estimation of fair value.

In accordance with the amendments to IFRS 7, financial instruments are presented in three categories based on a hierarchy of methods used to determine fair value:

- **Level 1**: fair value determined based on quoted prices in active markets for assets or liabilities;

- **Level 2**: fair value determined on the observable database for the asset or liability concerned either directly or indirectly;

- **Level 3**: fair value determined on the basis of evaluation techniques based in whole or in part on unobservable data.
13) Revenue and government financing for research expenditures

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from collaboration and licensing agreements</td>
<td>77,178</td>
<td>32,346</td>
</tr>
<tr>
<td>of which monalizumab agreement</td>
<td>61,546</td>
<td>32,346</td>
</tr>
<tr>
<td>of which IPH5201 agreement</td>
<td>15,632</td>
<td>—</td>
</tr>
<tr>
<td>Invoicing of research and development costs (IPH5201 and IPH5401 agreements)</td>
<td>2,242</td>
<td>—</td>
</tr>
<tr>
<td>Exchange gains on collaboration agreement</td>
<td>465</td>
<td>272</td>
</tr>
<tr>
<td>Others</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td><strong>Revenue from collaboration and licensing agreements</strong></td>
<td>79,892</td>
<td>32,631</td>
</tr>
</tbody>
</table>

(1) The impact of the application of the IFRS 15 standard is presented in Note 2.a.

**a) Revenue recognition related to monalizumab AstraZeneca agreements and amendments**

The Company identified the following promises under the monalizumab AstraZeneca agreements and amendments: (1) a non-exclusive license related to monalizumab restricted to two applications, with an option for an exclusive license related to monalizumab including all applications, (2) the performance of certain initial studies related to phases I/II trials, and participation in certain studies of phases I/II trials and phase III clinical trials through a co-financing.

The Company considered the license has a standalone functionality and is capable of being distinct. However, the Company determined that the license is not distinct from the performance of initial studies and participation to phase III clinical trials because they increased the utility of the licensed IP. Thus, the licensed IP, the performance of initial studies and participation to phase III clinical trials are combined into a single performance obligation.

This performance obligation was considered as satisfied over time as AstraZeneca controls the licensed IP which is being enhanced during the agreement. The revenue is recognized over time, based on the input method (costs incurred). As a result, the Company recognizes the price of the transaction as a revenue on the basis of the progress of studies that the Company has undertaken to carry out under the agreement. Progression is assessed following to actual costs incurred relative to the total budgeted costs to fulfill the obligation.

The transaction price was initially estimated to the initial payment of $250,000 thousand, less the amounts that the Company expected to pay to AstraZeneca for co-financing Phase I/II clinical studies. The additional payment of $100,000 thousand triggered by AstraZeneca’s exercise of the exclusivity option was treated as a change in the price estimate of the transaction. In addition, the amendment of the contract, which modified the scope and budget of the studies to be carried out by the Company as well as the arrangements for sharing the cost of the other studies, led to a revision of the degree of progress and the price of the transaction. Thus, the exercise of the option and the amendment of the contract resulted in the recognition of a favorable cumulative adjustment of €31,966 thousand in revenue for the year ended December 31, 2018.

The subsequent milestones and potential royalty payments are excluded from the transaction price due to the uncertainties of clinical trials results.

The Company used the most likely amount to determine variable consideration. Variable consideration for cost-sharing payments related to certain studies of phases I/II trials and phase III clinical trials when applicable are included in the transaction price.

The Company and AstraZeneca make quarterly cost-sharing payments to one another in amounts necessary to ensure that each party bears its contractual share of the overall shared development costs incurred. Costs
incurred by the Company related to agreed-upon services under the agreement are recorded as research and
development expenses in its consolidated statements of financial income (loss). The Company accounts for cost
sharing payments from AstraZeneca as increase in revenue in its consolidated statements of income (loss), while
cost sharing payments to AstraZeneca are recorded as payments to customer which reduce the transaction price
recorded as revenue from the collaboration agreement. As described in Note 2.a, the expected payments to
AstraZeneca are classified as collaboration liability in the consolidated statement of financial position. Quarterly
invoices received from AstraZeneca reduce the collaboration liability and have no impact on the consolidated
statement of income.

Change in monalizumab deferred revenue (in thousands of euro):

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of December 31, 2016</td>
<td>167,260</td>
</tr>
<tr>
<td>Revenue for the 2017 financial year</td>
<td>(32,346)</td>
</tr>
<tr>
<td>As of December 31, 2017, as published</td>
<td>134,914</td>
</tr>
<tr>
<td>Restatement related to the first application of IFRS 15</td>
<td>(53,083)</td>
</tr>
<tr>
<td>As of January 1, 2018 restated</td>
<td>81,831</td>
</tr>
<tr>
<td>Revenue for the 2018 financial year(1)</td>
<td>61,546</td>
</tr>
<tr>
<td>Increase in deferred revenue resulting from the exercise of the $100M option(2)</td>
<td>85,357</td>
</tr>
<tr>
<td>Transfer to collaboration liabilities</td>
<td>(717)</td>
</tr>
<tr>
<td>As of December 31, 2018</td>
<td>104,925</td>
</tr>
</tbody>
</table>

(1) Without exercise of the option, the amount recognized as revenue would have amounted to €29,581 thousand. The impact of the exercise on 2018 revenue amounted to €31,966 thousand.
(2) The exercise of the $100,000 thousand option was converted to €87,002 thousand, of which €85,357 thousand was recognized as deferred revenue and €1,644 thousand recognized in collaboration liabilities.

Change in monalizumab collaboration liabilities (in thousands of euro):

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of December 31, 2017, as published</td>
<td>—</td>
</tr>
<tr>
<td>Restatement related to the first application of IFRS 15</td>
<td>44,751</td>
</tr>
<tr>
<td>As of January 1, 2018 restated</td>
<td>44,751</td>
</tr>
<tr>
<td>Additions</td>
<td>—</td>
</tr>
<tr>
<td>Deductions</td>
<td>(13,095)</td>
</tr>
<tr>
<td>As of December 31, 2018</td>
<td>31,656(1)</td>
</tr>
</tbody>
</table>

(1) Of which €20,987 thousand of current portion and €10,669 of non-current portion.

b) Revenue recognition related to IPH5201 AstraZeneca collaboration and option agreement

The Company determined that IPH5201 AstraZeneca collaboration and option agreement is an enforceable
contract under IFRS 15 as the upfront payment is non-refundable and thus AstraZeneca will incur significant loss
if it doesn’t exercise its licensed option. The Company considered that the exercise price of the option granted to
AstraZeneca for an exclusive license is a variable consideration.

The Company identified the following promises under the IPH5201 AstraZeneca collaboration and option
agreement: (1) an option for an exclusive license related to IPH5201 and (2) the performance of research and
development services in conformity with the defined development plan for preclinical studies. The Company
determined that the option is not distinct from the performance of research and development services because they increased the utility of the licensed IP. Thus, the option and the performance of research and development services are combined into a single performance obligation.

The transaction price was initially estimated to the initial upfront payment of $50,000 thousand (received in October 2018 for $26,000 thousand and in January 2019 for $24,000 thousand) and estimated quarterly payment received in relation to costs incurred by the Company for preclinical studies. Development and commercial milestones and potential royalties payments were excluded from the transaction price due to uncertainties.

The performance obligation was considered as satisfied over time as the IP in development has no alternate use for the Company as it is an exclusive license and that the Company has an enforceable right to payment for completed research and development services.

The Company applied the input method and recognized the price of the transaction as a revenue percentage of completion of the costs of the preclinical studies.

**Change in IPH5201 deferred revenue (in thousands of euro):**

The variance of the deferred revenue relating to this agreement is presented in the following schedule (in thousands of euro):

<table>
<thead>
<tr>
<th>As of December 31, 2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Upfront payment</td>
<td>43,501</td>
</tr>
<tr>
<td>Revenue for the 2018 financial year</td>
<td>(15,632)</td>
</tr>
<tr>
<td>As of December 31, 2018</td>
<td>27,869</td>
</tr>
</tbody>
</table>

**c) Revenue related to collaboration and option agreement related to four to-be-agreed upon molecules (preclinical molecules):**

The Company determined that the option to acquire an exclusive license provides a material right to AstraZeneca that it would not receive without entering into that contract. The Company will recognize revenue when those future goods or services are transferred or when the option expires. Thus, the upfront payment is recorded as a deferred revenue for an amount of €17,400 thousand as of December 31, 2018.

**d) Revenue recognition related to IPH5401 AstraZeneca agreement**

The Company recognized revenue as research and development expenses are incurred (see Note 1.1.c for agreement description).

**e) Schedule of variance of deferred revenue**

The variance of the global deferred revenue is presented in the following schedule:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>December 31, 2017 as published</th>
<th>Impact IFRS 15</th>
<th>December 31, 2017 as restated</th>
<th>Proceeds</th>
<th>Recognition in P&amp;L</th>
<th>Transfer to collaboration liabilities</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monalizumab ..............</td>
<td>134,914</td>
<td>(53,083)</td>
<td>81,831</td>
<td>85,358</td>
<td>(61,548)</td>
<td>(715)</td>
<td>104,925</td>
</tr>
<tr>
<td>IPH5201 ..................</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>43,501</td>
<td>(15,632)</td>
<td>—</td>
<td>27,869</td>
</tr>
<tr>
<td>Preclinical molecules ........</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>17,400</td>
<td>—</td>
<td>—</td>
<td>17,400</td>
</tr>
<tr>
<td>Total .................</td>
<td><strong>134,914</strong>(1)</td>
<td>(53,083)</td>
<td><strong>81,831</strong></td>
<td><strong>146,259</strong></td>
<td>(77,180)</td>
<td>(715)</td>
<td><strong>150,195</strong>(2)</td>
</tr>
</tbody>
</table>

F-54
(1) Of which €47,909 thousand of current deferred revenue and €87,005 thousand of non-current deferred revenue.
(2) Of which €82,096 thousand of current deferred revenue and €68,098 thousand of non-current deferred revenue.

<table>
<thead>
<tr>
<th>Date</th>
<th>Monalizumab</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2016</td>
<td>167,261</td>
</tr>
<tr>
<td>Revenue for the 2017 financial year</td>
<td>(32,346)</td>
</tr>
<tr>
<td>December 31, 2017</td>
<td>134,914</td>
</tr>
</tbody>
</table>

f) Government financing for research expenditures

The Company receives grants from the European Commission and the French government and state organizations in several different forms:

- Investment and operating grants; and
- Research Tax Credits.

The total amount for government financing for research expenditures recorded as other income in the income statement can be analyzed as follows:

<table>
<thead>
<tr>
<th>Year ended December 31, 2018</th>
<th>Year ended December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Tax Credit</td>
<td>13,527</td>
</tr>
<tr>
<td>Grant</td>
<td>533</td>
</tr>
<tr>
<td><strong>Government financing for research expenditures</strong></td>
<td><strong>14,060</strong></td>
</tr>
</tbody>
</table>

14) Operating expenses

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>Year ended December 31, 2018</th>
<th>Year ended December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R&amp;D</td>
<td>G&amp;A</td>
</tr>
<tr>
<td>Subcontracting costs(^{(1)})</td>
<td>(42,327)</td>
<td>—</td>
</tr>
<tr>
<td>Cost of supplies and consumable materials</td>
<td>(3,819)</td>
<td>—</td>
</tr>
<tr>
<td>Personnel expenses other than share-based compensation</td>
<td>(13,520)</td>
<td>(5,601)</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>(706)</td>
<td>(2,000)</td>
</tr>
<tr>
<td><strong>Personnel expenses</strong></td>
<td>(14,226)</td>
<td>(7,601)</td>
</tr>
<tr>
<td>Non-scientific advisory and consulting(^{(2)})</td>
<td>—</td>
<td>(5,301)</td>
</tr>
<tr>
<td>Leasing and maintenance</td>
<td>(887)</td>
<td>(1,081)</td>
</tr>
<tr>
<td>Travel expenses and meeting attendance</td>
<td>(564)</td>
<td>(428)</td>
</tr>
<tr>
<td>Marketing, communication and public relations</td>
<td>(119)</td>
<td>(399)</td>
</tr>
<tr>
<td>Scientific advisory and consulting(^{(3)})</td>
<td>(349)</td>
<td>—</td>
</tr>
<tr>
<td>Other purchases and external expenses</td>
<td>26</td>
<td>(337)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(6,709)</td>
<td>(693)</td>
</tr>
<tr>
<td>Intellectual property expenses</td>
<td>(294)</td>
<td>(1,087)</td>
</tr>
<tr>
<td>Other income and (expenses), net</td>
<td>(287)</td>
<td>(1,215)</td>
</tr>
<tr>
<td><strong>Total net operating expenses</strong></td>
<td>(69,555)</td>
<td>(18,142)</td>
</tr>
</tbody>
</table>
The Company subcontracts a significant part of its preclinical (pharmaceutical development, tolerance studies and other model experiments, etc.) and clinical operations (coordination of trials, hospital costs, etc.) to third parties. Associated costs are recorded in subcontracting on the basis of the level of completion of the clinical trials. The increase between 2017 and 2018 is essentially due to the progress of the preclinical and clinical programs but also for €1,094 thousand of R&D costs related to Lumoxiti following the agreement signed with AstraZeneca in October 2018. In accordance with this agreement, AstraZeneca will invoice the Company development costs during the transition.

Non-scientific advisory and consulting are services performed to support the selling, general and administration activities of the Company, such as legal, accounting and audit fees as well as business development support. The increase results from advisory fees in relation with the Company’s structuring in a context of strong growth. The following schedule presents the breakdown per audit firm of the audit fees.

Scientific advisory and consulting expenses relate to consulting services performed by third parties to support the research and development activities of the Company.

<table>
<thead>
<tr>
<th>Year ended December 31,</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audit Conseil Expertise - PKF</td>
<td>Deloitte &amp; Associés</td>
</tr>
<tr>
<td>Audit fees</td>
<td>201</td>
<td>599</td>
</tr>
<tr>
<td>Non-audit fees*</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>205</strong></td>
<td><strong>605</strong></td>
</tr>
</tbody>
</table>

* Non-audit fees: these fees correspond to services performed by the auditors related to the production of certification in the context of the declaration of expenses for the obtention of grants; to the verification report of social and environmental information, special reports within the framework of operations on the Company’s capital.

**Personnel expenses other than share-based compensation**

The line item amounted to €19,121 thousand and €15,163 thousand for the years ended December 31, 2018 and 2017 respectively. The Company had 195 employees as of December 31, 2018, compared to 188 as of December 31, 2017.

The Company benefited from the “competitiveness and employment tax credit” (CICE) of €180.0 thousand and €233.0 thousand for the financial year ended December 31, 2018 and 2017, respectively. This tax credit will be mainly used to reinforce the research teams. It is deducted from the line item “Personnel expenses other than share-based compensation.”

**Depreciation and amortization**

The line item is mainly composed of the amortization of the monalizumab, IPH5201 and Lumoxiti intangible assets (see Note 6).

**Cost of supplies and consumable materials**

Cost of supplies and consumable materials consists mainly of the cost of procurement of the Company’s drug substance and/or drug product that is manufactured by third-parties. This line item amounts to €3,819 thousand and €4,287 thousand for the years ended December 31, 2018 and 2017, respectively.

**Intellectual property expenses**

Intellectual property expenses amounted to €1,380 thousand and €1,499 thousand for the financial years ended December 31, 2018 and 2017, respectively.
For the acquisition of intellectual property rights from third parties, excluding the acquisitions of patents by way of assignation, the Company has three different types of agreements:

- exclusive option agreements, which correspond to an exclusive period during which the Company evaluates the opportunity to acquire the licensing rights of the intellectual property subject to the option agreement. The Company generally pays an option fee and bears the past and/or present intellectual property expenses related to the invention subject to the option agreement;

- exclusive licensing agreements of which the duration varies according to contractual conditions but which is generally the same as the life of the underlying intellectual property. The Company pays the past and/or present expenses related to the intellectual property and also costs related to access to technology, milestone payments when they are achieved and in the case of marketing of the products/technologies covered by the intellectual property, royalties on sales; and

- exclusive collaboration and licensing agreements including some exclusive collaboration on a specific work program or for a specific area of which the duration is limited in time, and an exclusive license of a varying duration according to contractual conditions but which generally coincides with the life of the underlying intellectual property. The Company agrees to bear research and development expenses for the exclusive collaboration part, and, for the exclusive license part, pays fees to access technology, intellectual property expenses, milestone payments when they are achieved and in the case of marketing of the products/technologies covered by the intellectual property, royalties on sales.

15) Net income / (loss) from distribution agreements

During the transition period, Lumoxiti products are commercialized in the United States by AstraZeneca who is the owner of the regulatory approval. As explained in Note 2.p, the Company concluded that it did not meet the criteria for being principal under IFRS 15. Consequently, the net loss resulting from all Lumoxiti marketing’s operations are disclosed in the item line “Net income / (loss) from distribution agreements.”

The Company recognized a €1,109 thousand net loss, corresponding to production and marketing costs, net of sales proceeds, as invoiced by AstraZeneca in relation to the Lumoxiti distribution agreement for the period. Sales of Lumoxiti products in the year ended December 31, 2018 were not significant considering that the first commercialization in the United States happened in the last quarter of 2018.

16) Net financial loss

Net financial loss can be analyzed as follows:

| (in thousands of euro)                          | Year ended December 31, |
|                                               | 2018       | 2017       |
| Gains on financial assets                     | 1,582      | 1,254      |
| Foreign exchange gains                         | 4,068      | 784        |
| Other financial income                         | 352        | 463        |
| Financial income                              | 6,002      | 2,501      |
| Unrealized losses on financial assets          | (3,942)    | (3,238)    |
| Interest on financial liabilities             | (102)      | (113)      |
| Foreign exchange losses                        | (3,851)    | (6,661)    |
| Other financial expenses                       | (534)      | (523)      |
| Financial expenses                            | (8,429)    | (10,535)   |
| Net financial loss                             | (2,427)    | (8,034)    |
For the financial years ended December 31, 2017 and 2018, the foreign exchange gains and losses mainly result from the variance of the exchange rate between the Euro and the U.S. dollar on U.S. dollars denominated cash and cash equivalent and financial assets accounts.

Unrealized losses on financial assets relate to unquoted instruments, the fair value of which is determined using level 2 measurements.

17) Income Tax

Due to the Company’s early stage of development, it is not probable that future taxable profit will be available against which the unused tax losses can be utilized. As a consequence, deferred tax assets are recognized up to deferred tax liabilities.

Temporary differences mainly result from finance leases, provision for defined benefit obligation and tax losses carryforwards. As of December 31, 2018 and 2017, deferred tax liabilities and deferred tax assets each amounted to €19 thousand and €250 thousand, respectively, resulting in a net amount of zero in the consolidated statements of financial positions.

As of December 31, 2018, the accumulated tax losses carryforwards of Innate Pharma SA were €219,563 thousand with no expiration date (€218,670 thousand as of December 31, 2017). As of December 31, 2018, the accumulated tax losses carryforwards of Innate Pharma Inc. was €493 thousand, or $564 thousand, (€446 thousand, or $535 thousand as of December 31, 2017), with a 20-year period expiration.

For the financial year ended December 31, 2017, the Company recognized a €368 thousand prior period tax adjustment for a tax regime that was no more applicable.

For the financial year 2018, the Company opted for the carry back mechanism which gave rise to a €333 thousand tax credit.

**Tax rate reconciliation**

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>Year ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td><strong>Income before taxes</strong></td>
<td>3,049</td>
</tr>
<tr>
<td><strong>Statutory tax rate</strong></td>
<td>33.33%</td>
</tr>
<tr>
<td><strong>Tax benefit / (loss) calculated at statutory tax rate</strong></td>
<td>(1,016)</td>
</tr>
<tr>
<td><strong>Increase/decrease in tax expense arising from:</strong></td>
<td></td>
</tr>
<tr>
<td>Research Tax Credit</td>
<td>4,500</td>
</tr>
<tr>
<td>Provision for defined benefit obligations</td>
<td>(359)</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>(902)</td>
</tr>
<tr>
<td>Revenue from collaborations with customers</td>
<td>(1,830)</td>
</tr>
<tr>
<td>Non-recognition of deferred tax assets related to tax losses and temporary differences</td>
<td>(214)</td>
</tr>
<tr>
<td>Carry-back</td>
<td>333</td>
</tr>
<tr>
<td>Other differences</td>
<td>(179)</td>
</tr>
<tr>
<td><strong>Effective tax expense (a)</strong></td>
<td>333</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>0.93%</td>
</tr>
<tr>
<td><strong>Deferred tax income / (loss) (b)</strong></td>
<td>—</td>
</tr>
<tr>
<td><strong>Income tax expense (a)+(b)</strong></td>
<td>333</td>
</tr>
</tbody>
</table>

F-58
18) Commitments, contingencies and litigations

**Commitments**

**Consumable purchases**

As part of a supply of scientific equipment, the Company was committed towards a supplier to minimum annual purchases of consumables. As of December 31, 2018, the overall commitment was amounting to €281 thousand for the period from January 2019 to June 2020.

**Operating lease commitments**

Due to the increase of employees, the Company signed on June 30, 2017 a lease to rent a new building. The lease covers a period of nine years with possibility for termination after three and six years. At December 31, 2018, the commitment related to the rent until June 30, 2020 (which is the end of the three-years non-terminable period) amounts to €449 thousand.

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>Less than 1 year</th>
<th>1 to 3 years</th>
<th>3 to 5 years</th>
<th>More than 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease—Building “Le Virage”</td>
<td>308</td>
<td>385</td>
<td>—</td>
<td>—</td>
<td>693</td>
</tr>
<tr>
<td>Lease—Vehicles</td>
<td>32</td>
<td>36</td>
<td>8</td>
<td>—</td>
<td>76</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>340</strong></td>
<td><strong>421</strong></td>
<td><strong>8</strong></td>
<td>—</td>
<td><strong>769</strong></td>
</tr>
</tbody>
</table>

**Loan**

As of July 17, 2017, the Company took out a loan amounting to €15,200 thousand in order to finance the acquisition of a land and the construction of its future headquarters to be fully drawn before August 31, 2019. As of December 31, 2018, the Company has partially drawn an amount of €1,300 thousand, resulting in a remaining amount to be drawn of €13,900 thousand.

**Licensing and collaboration agreements**

Commitments related the Company’s licensing and collaboration agreements are disclosed in Note 1.1.

**Contingencies and litigations**

On April 4, 2012, Platine Pharma Services SAS, the Company’s former subsidiary, received a tax notice suggesting that it should pay a tax on salaries of €91 thousand. The management of Platine Pharma Services does not agree with this position on the ground that the status of Platine Pharma Services is exempt from such tax as it is a commercial company. The period subject to the tax audit was prior to the acquisition by Transgene of an equity interest in Platine Pharma Services which was at the time a wholly-owned subsidiary. Therefore, in accordance with the liabilities guarantee clause, the contingent liability resulting from this adjustment would be borne by the former parent company. Based on an assessment of the technical merits of this position, the Company believes that it is not probable that an outflow of resources embodying economic benefits will be required to settle the contingency and, as a result, has not recognized a provision in the consolidated financial statements. This litigation ended as of December 31, 2018.

The Company is exposed to contingent liabilities relating to legal actions before the labor court or intellectual property issues happening in the ordinary course of its activities. Each pre-litigation, known litigation or procedure in ordinary course the Company is involved in was analyzed at the closing date after consultation of advisors. There is no acknowledged litigation as of December 31, 2018.
Provisions

Provisions amounted to €690 thousand and €1,012 thousand as of December 31, 2018 and 2017, respectively. They consisted solely of the employer contribution in respect of the grants of employee equity instruments. In accordance with IFRS 2, when a Company decides to provide its employees with shares bought back on the market, a provision has to be recognized upon the decision to allocate free shares that are spread over the vesting period when the plan conditions actions for employees when they join the Company at the end of the plan.

19) Related party transactions

Members of the Executive Board and Executive Committee

For each of the periods presented, the following compensation was granted to the members of the Executive Committee of the Company and were recognized as expense:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses and other short-term employee benefits</td>
<td>2,340</td>
<td>1,587</td>
</tr>
<tr>
<td>Extra pension benefits</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>1,856</td>
<td>4,805</td>
</tr>
<tr>
<td><strong>Executive Committee members compensation</strong></td>
<td><strong>4,208</strong></td>
<td><strong>6,584</strong></td>
</tr>
</tbody>
</table>

As of December 31, 2018, two members of the Executive Committee were also members of the Executive Board.

Personnel expenses and other short-term employee benefits correspond to amounts effectively paid during the calendar year to which they relate.

On December 31, 2018, Jérôme Tiollier resigned from his function as a member of the Executive Board.

Calculation of share-based compensation is detailed in Note 11.b.

Members of the Supervisory Board

The Company recognized a provision of €216 thousand for attendance fees (jetons de presence) relating to the year ended December 31, 2018 which should be paid in 2019. This amount includes the compensation for the Chairman of the Supervisory Board.

Related parties

Novo Nordisk A/S is a board member and is related to the Company by three licensing agreements related to the drug-candidates lirilubum, monalizumab and IPH5401. Under the terms of the agreements, Novo Nordisk A/S is eligible to receive milestone payments as well as royalties on future sales.

As of December 31, 2018, the Company has a €13,050 thousand additional consideration to be paid to Novo Nordisk A/S relating to the additional consideration for monalizumab following the exercise of the option by AstraZeneca and a €756 thousand liability relating to a production delivery of IPH5401.

AstraZeneca is a shareholder and is related to the Company through several collaboration and option licensing or license agreements for different drug candidates (monalizumab, IPH5401, IPH5201 and preclinical
molecules) and a license agreement for the rights of the drug Lumoxiti. The payments between the two companies as well as the liabilities and receivables as of 31 December 2018 are as follows:

<table>
<thead>
<tr>
<th>Payments</th>
<th>Assets/Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection (AstraZeneca to the Company) / Receivables</td>
<td>102,874</td>
</tr>
<tr>
<td>Payments (the Company to AstraZeneca) / Liabilities</td>
<td>(17,314)</td>
</tr>
<tr>
<td><strong>Total</strong> (1)</td>
<td><strong>85,560</strong></td>
</tr>
</tbody>
</table>

(1) In addition, the Company recognized in the income statement a net expense of €1,109 thousand as net result from distribution agreements (see Note 15) and an R&D expense of €1.1 million as operating expenses (see Note 14).

BPI France is a board member and has granted the Company a €1,500 thousand interest-free loan (Prêt à Taux Zéro Innovation, or “PTZI”). This loan will be reimbursed starting September 2016 over a 5-year period.

**Subsidiaries**

The business relationships between the Company and its subsidiaries are governed by intra-group agreements, conducted at standard conditions on an arm’s length basis.

**20) Income (loss) per share**

**Basic income (loss) per share**

Basic income (loss) per share is calculated by dividing the net income (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in circulation during the corresponding period.

<table>
<thead>
<tr>
<th>Year ended December 31,</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss)</td>
<td>3,049</td>
<td>(48,385)</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in circulation</td>
<td>58,776,712</td>
<td>54,351,967</td>
</tr>
<tr>
<td><strong>Basic income (loss) per share (€ per share)</strong></td>
<td><strong>0.05</strong></td>
<td><strong>(0.89)</strong></td>
</tr>
</tbody>
</table>

**Diluted income (loss) per share**

Diluted income (loss) per share is calculated by dividing the net income (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in circulation during the corresponding period, increased by all dilutive potential ordinary shares.

<table>
<thead>
<tr>
<th>Year ended December 31,</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss)</td>
<td>3,049</td>
<td>(48,385)</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in circulation</td>
<td>58,776,712</td>
<td>54,351,967</td>
</tr>
<tr>
<td>Adjustments for share warrants</td>
<td>570</td>
<td>—</td>
</tr>
<tr>
<td><strong>Diluted income (loss) per share (€ per share)</strong></td>
<td><strong>0.05</strong></td>
<td><strong>(0.89)</strong></td>
</tr>
</tbody>
</table>

**21) Events after the reporting date**

On January 14, 2019, the Executive Board granted 90,650 free shares to employees of the Company (AGA Employees 2018-1).
On April 18, 2019, subsequent to the definitive acquisitions of (i) 110,500 free shares granted on April 3, 2018 under the “AGA Employees 2017” plan, (ii) 5,581 free preferred shares convertible into ordinary share granted on April 3, 2018 under the “AGAP Employees 2017” plan, (iii) 2,000 free preferred shares convertible into ordinary shares granted on April 3, 2018 under the “AGAP Management 2017” plan and (iv) the exercise of 750 “2012” BSAAR, the Executive Board carried out a capital increase of €7,434 (including share premium). As a result, (i) 110,500 ordinary shares were created, with a nominal value of €0.05, for an issue price of €0.05 per share, (ii) 750 ordinary shares were created, with a nominal value of €0.05, for an issue price of €2.04 per share and (iii) 7,581 “2017” preferred shares were created, with a nominal value of €0.05, for an issue price of €0.05 per share.

On April 29, 2019, the Executive Board granted 25,000 free shares to an employee of the Company’s subsidiary (AGA New Members 2017-1).

Following these transactions, the share capital amounted to €3,202,920 divided into: (i) 64,043,905 ordinary shares, each with a nominal value of €0.05; (ii) 6,931 “2016” free preferred shares, each with a nominal value of €0.05, and (iii) 7,581 “2017” free preferred shares, each with a nominal value of €0.05, respectively, fully paid up.

On June 3, 2019, the Company signed an agreement with Orega Biotech amending the license agreement signed on January 4, 2016. Pursuant to this agreement, the Company was required to pay Orega Biotech an amount of €7,000 thousand in relation to the anti-CD39 program as consideration following the collaboration and option agreement signed on October 22, 2018 with AstraZeneca regarding IPH5201. The payment was made in June 2019 and will be accounted for as an increase of the Company’s intangible asset related to anti-CD39. The agreement also includes potential additional payments in the aggregate of €51,500 thousand by the Company to Orega Biotech in connection with the completion of development and regulatory milestones, as well mid-single digit to low-teen percentage payments, depending on determinations relating to Orega Biotech’s intellectual property rights for certain patents, on sublicensing revenues the Company receives pursuant to its agreement with AstraZeneca relating to IPH5201.
### UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(amounts in thousands of euro)

<table>
<thead>
<tr>
<th>Note</th>
<th>As of June 30, 2019</th>
<th>As of December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4 149,376</td>
<td>152,314</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>4 15,578</td>
<td>15,217</td>
</tr>
<tr>
<td>Trade receivables and others</td>
<td>5 51,724</td>
<td>152,112</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>216,678</strong></td>
<td><strong>319,643</strong></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>6 87,881</td>
<td>84,529</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>7 11,398</td>
<td>10,216</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>4 35,320</td>
<td>35,181</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>87</td>
<td>86</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>17 1,191</td>
<td>1,561</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>135,877</strong></td>
<td><strong>131,574</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>352,555</strong></td>
<td><strong>451,216</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables and others</td>
<td>8 28,183</td>
<td>91,655</td>
</tr>
<tr>
<td>Collaboration liabilities—current portion</td>
<td>13 21,888</td>
<td>20,987</td>
</tr>
<tr>
<td>Financial liabilities—current portion</td>
<td>9 1,722</td>
<td>1,347</td>
</tr>
<tr>
<td>Deferred revenue—current portion</td>
<td>13 42,267</td>
<td>82,096</td>
</tr>
<tr>
<td>Provisions—current portion</td>
<td>18 489</td>
<td>652</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>94,549</strong></td>
<td><strong>196,737</strong></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collaboration liabilities—non-current portion</td>
<td>13 5,950</td>
<td>10,669</td>
</tr>
<tr>
<td>Financial liabilities—non-current portion</td>
<td>9 3,237</td>
<td>3,175</td>
</tr>
<tr>
<td>Defined benefit obligations</td>
<td>10 4,809</td>
<td>3,697</td>
</tr>
<tr>
<td>Deferred revenue—non-current portion</td>
<td>13 61,368</td>
<td>68,098</td>
</tr>
<tr>
<td>Provisions—non-current portion</td>
<td>18 182</td>
<td>38</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>17 1,191</td>
<td>1,561</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>76,739</strong></td>
<td><strong>87,238</strong></td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>11 3,203</td>
<td>3,197</td>
</tr>
<tr>
<td>Share premium</td>
<td>11 301,629</td>
<td>299,932</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(134,911)</td>
<td>(137,840)</td>
</tr>
<tr>
<td>Other reserves</td>
<td>(1,895)</td>
<td>(1,099)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>13,240</td>
<td>3,049</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td><strong>181,266</strong></td>
<td><strong>167,240</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td><strong>352,555</strong></td>
<td><strong>451,216</strong></td>
</tr>
</tbody>
</table>

(1) The unaudited interim condensed consolidated statement of financial position as June 30, 2019 includes impacts of the first-time application of IFRS 16 that became applicable on January 1, 2019. The Company applied the modified retrospective transition method; therefore, 2018 comparative information has not been restated. See Note 2.d for more details on the impact of the transition.
<table>
<thead>
<tr>
<th>Note</th>
<th>Six months ended June 30, 2019(1)</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from collaboration and licensing agreements</td>
<td>13</td>
<td>51,588</td>
</tr>
<tr>
<td>Government financing for research expenditures</td>
<td>13</td>
<td>7,567</td>
</tr>
<tr>
<td><strong>Revenue and other income</strong></td>
<td></td>
<td><strong>59,155</strong></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>14</td>
<td>(36,584)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>14</td>
<td>(9,295)</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td><strong>(45,879)</strong></td>
</tr>
<tr>
<td>Net income (loss) from distribution agreements</td>
<td>15</td>
<td>(3,820)</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td></td>
<td><strong>9,456</strong></td>
</tr>
<tr>
<td>Financial income</td>
<td>16</td>
<td>5,717</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>16</td>
<td>(1,933)</td>
</tr>
<tr>
<td><strong>Net financial income (loss)</strong></td>
<td></td>
<td><strong>3,784</strong></td>
</tr>
<tr>
<td><strong>Net income (loss) before tax</strong></td>
<td></td>
<td><strong>13,240</strong></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>17</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td></td>
<td><strong>13,240</strong></td>
</tr>
</tbody>
</table>

**Net income (loss) per share:**

<table>
<thead>
<tr>
<th></th>
<th>2019(1)</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of shares</td>
<td>63,987,582</td>
<td>57,600,100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019(1)</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic income (loss) per share</strong></td>
<td>0.21</td>
<td>(0.26)</td>
</tr>
<tr>
<td><strong>Diluted income (loss) per share</strong></td>
<td>0.20</td>
<td>(0.26)</td>
</tr>
</tbody>
</table>

(1) The unaudited interim condensed consolidated statement of income (loss) for the six months ended June 30, 2019 includes impacts of the first-time application of IFRS 16 that became applicable on January 1, 2019. The Company applied the modified retrospective transition method; therefore, 2018 comparative information has not been restated. See Note 2.d for more details on the impact of the transition.
### UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(amounts in thousands of euro)

<table>
<thead>
<tr>
<th>Note</th>
<th>Six months ended June 30, 2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2019</td>
</tr>
<tr>
<td><strong>Net income (loss) for the period</strong></td>
<td>13,240</td>
<td>(15,118)</td>
</tr>
<tr>
<td><strong>Items which will be reclassified in the consolidated statement of income (loss):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation gain (loss)</td>
<td>(3)</td>
<td>(17)</td>
</tr>
<tr>
<td><strong>Items which will not be reclassified in the consolidated statement of income (loss):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gains and (losses) related to defined benefit obligations</td>
<td>10</td>
<td>(794)</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td>(797)</td>
<td>(983)</td>
</tr>
<tr>
<td><strong>Total comprehensive income (loss)</strong></td>
<td><strong>12,443</strong></td>
<td><strong>(16,101)</strong></td>
</tr>
</tbody>
</table>

(1) The unaudited interim condensed consolidated statement of comprehensive income (loss) for the six months ended June 30, 2019 includes impacts of the first-time application of IFRS 16 that became applicable on January 1, 2019. The Company applied the modified retrospective transition method; therefore, 2018 comparative information has not been restated. See Note 2.d for more details on the impact of the transition.
### UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands of euro)

<table>
<thead>
<tr>
<th>Notes</th>
<th>Six months ended June 30, 2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019(1)</td>
<td>2018</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>13,240</td>
<td>(15,118)</td>
</tr>
<tr>
<td>Depreciation and amortization, net</td>
<td>6,826</td>
<td>2,439</td>
</tr>
<tr>
<td>Employee benefits costs</td>
<td>318</td>
<td>225</td>
</tr>
<tr>
<td>Change in provisions for charges</td>
<td>(70)</td>
<td>(823)</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>1,975</td>
<td>1,065</td>
</tr>
<tr>
<td>Change in valuation allowance on financial assets</td>
<td>(2,308)</td>
<td>1,432</td>
</tr>
<tr>
<td>Gains (losses) on financial assets</td>
<td>(90)</td>
<td>(1,022)</td>
</tr>
<tr>
<td>Change in valuation allowance on financial instruments</td>
<td>(101)</td>
<td>(186)</td>
</tr>
<tr>
<td>Gains (losses) on assets and other financial assets</td>
<td>(1,069)</td>
<td>(906)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>44</td>
<td>55</td>
</tr>
<tr>
<td>Other profit or loss items with no cash effect</td>
<td>(317)</td>
<td>181</td>
</tr>
<tr>
<td>Operating cash flow before change in working capital</td>
<td>18,448</td>
<td>(12,658)</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>41,187</td>
<td>(21,269)</td>
</tr>
<tr>
<td>Net cash generated from (used in) operating activities</td>
<td>59,635</td>
<td>(33,927)</td>
</tr>
<tr>
<td>Acquisition of intangible assets, net</td>
<td>(64,130)</td>
<td>(343)</td>
</tr>
<tr>
<td>Acquisition of property and equipment, net</td>
<td>(738)</td>
<td>(709)</td>
</tr>
<tr>
<td>Disposal of property and equipment</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Disposal of other assets</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Disposal of non-current financial instruments</td>
<td>2,000</td>
<td>14,874</td>
</tr>
<tr>
<td>Interest received on financial assets</td>
<td>1,069</td>
<td>906</td>
</tr>
<tr>
<td>Net cash generated from (used in) investing activities</td>
<td>(61,798)</td>
<td>14,764</td>
</tr>
<tr>
<td>Proceeds from the exercise / subscription of equity instruments</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(729)</td>
<td>(630)</td>
</tr>
<tr>
<td>Net interest paid</td>
<td>(44)</td>
<td>(55)</td>
</tr>
<tr>
<td>Net cash generated from (used in) financing activities</td>
<td>(772)</td>
<td>(685)</td>
</tr>
<tr>
<td>Effect of the exchange rate changes</td>
<td>(3)</td>
<td>(17)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>(2,938)</td>
<td>(19,865)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>152,314</td>
<td>99,367</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the six-month period</td>
<td>149,376</td>
<td>79,502</td>
</tr>
</tbody>
</table>

(1) The unaudited interim condensed consolidated statement of cash flows for the six months ended June 30, 2019 includes impacts of the first-time application of IFRS 16 that became applicable on January 1, 2019. The Company applied the modified retrospective transition method; therefore, 2018 comparative information has not been restated. See Note 2.d for more details on the impact of the transition.
<table>
<thead>
<tr>
<th>Change in working capital</th>
<th>Note</th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables and others (excluding rebates related to capital expenditures)</td>
<td>5</td>
<td>40,828</td>
<td>139,012</td>
<td>98,184</td>
</tr>
<tr>
<td>Trade payables and others (excluding payables related to capital expenditures)</td>
<td>8</td>
<td>(28,042)</td>
<td>(34,662)</td>
<td>(6,620)</td>
</tr>
<tr>
<td>Collaboration liabilities—current and non-current portion</td>
<td>13</td>
<td>(27,838)</td>
<td>(31,656)</td>
<td>(3,818)</td>
</tr>
<tr>
<td>Deferred revenue—current and non-current portion</td>
<td>13</td>
<td>(103,636)</td>
<td>(150,195)</td>
<td>(46,559)</td>
</tr>
<tr>
<td><strong>Change in working capital</strong></td>
<td></td>
<td><strong>(118,688)</strong></td>
<td><strong>(77,501)</strong></td>
<td><strong>41,187</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in working capital</th>
<th>Note</th>
<th>June 30, 2018</th>
<th>December 31, 2017</th>
<th>Variance</th>
<th>IFRS 15 restatements</th>
<th>Variance excluding IFRS 15 restatements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables and others (excluding rebates related to capital expenditures)</td>
<td>5</td>
<td>25,761</td>
<td>21,412</td>
<td>(4,349)</td>
<td>—</td>
<td>(4,349)</td>
</tr>
<tr>
<td>Trade payables and others (excluding payables related to capital expenditures)</td>
<td>8</td>
<td>(22,809)</td>
<td>(24,583)</td>
<td>(1,774)</td>
<td>5,156</td>
<td>3,382</td>
</tr>
<tr>
<td>Collaboration liabilities—current and non-current portion</td>
<td>13</td>
<td>(40,427)</td>
<td>—</td>
<td>40,427</td>
<td>(44,751)</td>
<td>(4,324)</td>
</tr>
<tr>
<td>Deferred revenue—current and non-current portion</td>
<td>13</td>
<td>(65,853)</td>
<td>(134,914)</td>
<td>(69,061)</td>
<td>53,083</td>
<td>(15,978)</td>
</tr>
<tr>
<td><strong>Change in working capital</strong></td>
<td></td>
<td><strong>(103,328)</strong></td>
<td><strong>(138,085)</strong></td>
<td><strong>(34,757)</strong></td>
<td><strong>13,488</strong></td>
<td><strong>(21,269)</strong></td>
</tr>
</tbody>
</table>

(1) The unaudited interim condensed consolidated statement of cash flows for the six months ended June 30, 2018 include the impacts of the first application of IFRS 9 and IFRS 15 standards that became applicable on January 1, 2018.
## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

(amounts in thousands of euro, except share data)

<table>
<thead>
<tr>
<th>Date</th>
<th>Number of shares</th>
<th>Share capital</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Other reserves</th>
<th>Net income (loss)</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2017</td>
<td>57,607,031</td>
<td>2,880</td>
<td>234,874</td>
<td>(103,593)</td>
<td>180</td>
<td>(48,385)</td>
<td>85,956</td>
</tr>
<tr>
<td>Restatement related to the first application of IFRS 9</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>653</td>
<td>(653)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Restatement related to the first application of IFRS 15</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>January 1, 2018 (after restatement)</td>
<td>57,607,031</td>
<td>2,880</td>
<td>234,874</td>
<td>(89,452)</td>
<td>(473)</td>
<td>(48,385)</td>
<td>13,488</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(15,118)</td>
<td>(15,118)</td>
<td>—</td>
</tr>
<tr>
<td>Actuarial losses on defined benefit obligations</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(966)</td>
<td>—</td>
<td>(966)</td>
</tr>
<tr>
<td>Foreign currency translation loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(17)</td>
<td>—</td>
<td>(17)</td>
</tr>
<tr>
<td>Total comprehensive income (loss)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(983)</td>
<td>(15,118)</td>
<td>(16,102)</td>
</tr>
<tr>
<td>Allocation of prior period loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(48,385)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Share-based payment</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,065</td>
<td>—</td>
<td>—</td>
<td>1,065</td>
</tr>
<tr>
<td>June 30, 2018 restated</td>
<td>57,607,031</td>
<td>2,880</td>
<td>235,939</td>
<td>(137,837)</td>
<td>(1,099)</td>
<td>3,049</td>
<td>84,408</td>
</tr>
<tr>
<td>December 31, 2018</td>
<td>63,939,586</td>
<td>3,197</td>
<td>299,932</td>
<td>(137,961)</td>
<td>(1,099)</td>
<td>3,049</td>
<td>167,240</td>
</tr>
<tr>
<td>Restatement related to the first application of IFRS 16</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(121)</td>
<td>—</td>
<td>(121)</td>
</tr>
<tr>
<td>January 1, 2019 (after restatement)</td>
<td>63,939,586</td>
<td>3,197</td>
<td>299,932</td>
<td>(137,961)</td>
<td>(1,099)</td>
<td>3,049</td>
<td>167,118</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>13,240</td>
</tr>
<tr>
<td>Actuarial gains (losses) on defined benefit obligations</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(794)</td>
<td>—</td>
<td>(794)</td>
</tr>
<tr>
<td>Foreign currency translation gain (loss)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(3)</td>
<td>—</td>
<td>(3)</td>
</tr>
<tr>
<td>Total comprehensive income (loss)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(797)</td>
<td>—</td>
<td>(12,443)</td>
</tr>
<tr>
<td>Allocation of prior period income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3,049</td>
<td>—</td>
<td>(3,049)</td>
</tr>
<tr>
<td>Exercise and subscription of equity instruments</td>
<td>118,831</td>
<td>6</td>
<td>(5)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Potential capital increase costs</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(274)</td>
<td>—</td>
<td>—</td>
<td>(274)</td>
</tr>
<tr>
<td>Share-based payment</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,975</td>
<td>—</td>
<td>—</td>
<td>1,975</td>
</tr>
<tr>
<td>June 30, 2019</td>
<td>64,058,417</td>
<td>3,203</td>
<td>301,629</td>
<td>(134,911)</td>
<td>(1,895)</td>
<td>3,049</td>
<td>181,266</td>
</tr>
</tbody>
</table>

(1) The unaudited interim condensed consolidated statement of changes in shareholder’s equity for the six months ended June 30, 2019 includes impacts of the first-time application of IFRS 16 that became applicable on January 1, 2019. The Company applied the modified retrospective transition method; therefore, 2018 comparative information has not been restated. See Note 2.d for more details on the impact of the transition.
1) The Company and key events

   a) The Company

   Innate Pharma S.A. (the “Company” and together with its subsidiaries, referred to as the “Group”) is a biotechnology company focused on discovering, developing and commercializing first-in-class therapeutic antibodies designed to harness the immune system for the treatment of oncology indications with significant unmet medical need.

   The Company has an extensive experience in research and development in immuno-oncology, having been pioneers in the understanding of natural killer cell, or NK cell, biology, and later expanding its expertise in the tumor microenvironment, tumor antigens and antibody engineering fields. The Company has built, internally and through its business development strategy, a broad and diversified portfolio including an approved product, three clinical product candidates and a robust preclinical pipeline. The Company has entered into collaborations with leaders in the biopharmaceutical industry, such as AstraZeneca and Sanofi.

   From its inception, the Company has incurred losses due to its research and development (“R&D”) activity. The six months ended June 30, 2019 generated a €13,240 thousand net income. As of June 30, 2019, the shareholders’ equity amounted to €181,266 thousand. Subject to potential new milestone payments related to its collaboration agreements, the Company anticipates incurring additional losses until such time, if ever, that it can generate significant revenue from its product candidates in development.

   The Company’s future operations are highly dependent on a combination of factors, including: (i) the success of its R&D; (ii) regulatory approval and market acceptance of the Company’s future product candidates; (iii) the timely and successful completion of additional financing; and (iv) the development of competitive therapies by other biotechnology and pharmaceutical companies. As a result, the Company is and should continue, in the short to mid-term, to be financed through partnership agreements for the development and commercialization of its drug candidates and through the issuance of new equity instruments.

   The Company’s activity is not subject to seasonal fluctuations.

   As of June 30, 2019, the Company had two wholly owned subsidiaries: Innate Pharma, Inc., incorporated under the laws of Delaware in 2009, and Innate Pharma France SAS, incorporated under the laws of France in 2018.

   b) Key events for the six-month period ended June 30, 2019

   In January 2019 and February 2019, the Company paid $50,000 thousand (€43,800 thousand) to AstraZeneca in relation to the Lumoxiti agreement and $15,000 thousand (€13,100 thousand) to Novo Nordisk A/S in relation to the acquisition of monalizumab rights. Both amounts had been recorded as trade payables – payables related to capital expenditures, as of December 31, 2018.

   In January 2019, the Company received $100,000 thousand (€87,700 thousand) from AstraZeneca in relation to the monalizumab agreement and $24,000 thousand (€21,100 thousand) from AstraZeneca in relation to the IPH5201 agreement. Both payments had been recorded as trade receivables as of December 31, 2018.

   On June 3, 2019, the Company signed an agreement with Orega Biotech amending the license agreement signed on January 4, 2016. Pursuant to this amended agreement, the Company was required to pay Orega Biotech €7,000 thousand in relation to the anti-CD39 program as consideration following the collaboration and option agreement signed on October 22, 2018 with AstraZeneca regarding IPH5201. The payment was made in June
2019 and has been accounted for as an increase of the Company’s intangible asset related to IPH5201. The amended agreement also includes potential additional payments in the aggregate of €51,500 thousand by the Company to Orega Biotech in connection with the completion of development and regulatory milestones, as well mid-single digit to low-teens percentage payments, depending on determinations relating to Orega Biotech’s intellectual property rights for certain patents, on sublicensing revenues the Company receives pursuant to its agreement with AstraZeneca relating to IPH5201.

2) Basis of presentation and statement of compliance

   a) Basis of preparation

   The unaudited interim condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2019 and 2018 and the related notes, or the unaudited interim condensed consolidated financial statements, have been prepared under the responsibility of the Company’s management in accordance with the underlying assumptions of going concern as the Company’s loss-making situation is explained by the nature of the products under development, which require multi-year research and development before commercialization.

   The unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” as issued by the International Accounting Standard Board (“IASB”) and were approved and authorized for issuance by the Executive Board on September 12, 2019.

   The general accounting conventions were applied in accordance with the underlying assumptions, namely (i) going concern, (ii) permanence of accounting methods from one year to the next and (iii) independence of financial years, and in conformity with the general rules for the preparation and presentation of consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”). The unaudited interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2018.

   The results of operations for the six months ended June 30, 2019 are not necessarily indicative of the results to be expected for the year ending December 31, 2019 or for any other interim period or for any year in the future.

   Except for number of shares and per share amounts, all amounts are expressed in thousands of euros, unless stated otherwise. Some amounts may be rounded for the calculation of financial information contained in the unaudited interim condensed consolidated financial statements. Accordingly, the totals in some tables may not be the exact sum of the preceding figures.

   b) Use of judgments and estimates

   The preparation of financial statements in accordance with IFRS requires the Company to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.
These estimates can be revised when the circumstances on which they are based change. The actual results may therefore differ from the estimates initially formulated. The use of estimates and judgments relate primarily to:

- accounting for collaboration and licensing agreements (Notes 6 and 13);
- measurement of the subcontracting costs relating to clinical trials (Note 14);
- estimation of shared development costs and transition costs under the 2015 AstraZeneca monalizumab agreement and the AstraZeneca Lumoxiti in-licensing agreement (Notes 5 and 13);
- estimate of the recoverable amount of the acquired and under progress licenses (Note 6); and
- estimate of the useful life of the acquired licenses (Note 6).

c) Recently issued accounting standards and interpretations

Application of the following new and amended standards is mandatory for the first time for the financial period beginning on January 1, 2019 and, as such, they have been adopted by the Company:

- IFRS 16 “Leases”, which supersedes IAS 17 and the corresponding interpretations (IFRIC 4, SIC 15 and SIC 27).
- Amendments to IAS 19 “Employee benefits—Plan Amendment, Curtailment or Settlement”, mandatory for annual periods beginning on or after January 1, 2019.
- Amendments to IAS 28 regarding “Long-term interests in associates and Joint-Ventures”.
- Amendments to IFRS 9 “Financial instruments—Prepayment features with negative compensation”.
- IFRIC 23 “Uncertainty over income tax treatments”.
- Annual improvements of the cycle 2015-2017 (amendments to IAS 12, IAS 23, IFRS 3 and IFRS 11).

Those standards and interpretations have no impact on the unaudited interim condensed financial statements, except as noted below following IFRS 16 application.

d) Impact of IFRS 16 application on June 30, 2019 financial statements

IFRS 16 was issued in January 2016 and it replaces IAS 17—Leases, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases-Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease.” IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees—leases of “low-value” assets (e.g., personal computers) and short-term leases (including leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee recognizes a liability to make lease payments, or the lease liability, and an asset representing the right to use the underlying asset during the lease term, or the right-of-use asset. Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The change in presentation of operating lease expenses results in a corresponding increase in cash flows from operating activities and a decrease in cash flows from financing activities.

According to the new standard, the Company determined the lease term including any lessee’s extension or termination option that is deemed reasonably certain. The assessment of such options was performed at the commencement of a lease and required judgment by the management. Measuring the lease liability at the present value of the remaining lease payments required using an appropriate discount rate in accordance with IFRS 16. The discount rate is the interest rate implicit in the lease or if that cannot be determined, the incremental borrowing rate at the date of the lease commencement. The incremental borrowing rate can have a significant impact on the net present value of the right-of-use asset and lease liability recognized and requires judgement.

F-71
Lessees remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Following analysis carried out by the Company, the contracts impacted by this new standard mainly relate to the rental of premises.

With respect to the transition method, the Company has opted for the modified retrospective approach to contracts previously reported as leases under IAS 17 or IFRIC 4, and, therefore, will only recognize leases on its statement of financial position as of January 1, 2019. Accordingly, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is presented as an adjustment to retained earnings. As of January 1, 2019, the right of use is recognized as assets for their net value (as if IFRS 16 had always been applied) and the present value of the remaining payments is recognized as a liability.

The Company applies the following practical expedients as allowed by IFRS 16:

- Apply a single discount rate to the assets with similar characteristics;
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- Exclude lease contracts for which the lease term ends within 12 months as of the date of initial application, thus considering them short-term lease contracts; and
- Exclude leases of assets with a replacement value of less than approximately €5 thousand.

The impact of the first adoption of IFRS 16 on the statement of financial position as of January 1, 2019 is presented below:

<table>
<thead>
<tr>
<th>(amounts in thousands of euro)</th>
<th>December 31, 2018 as published</th>
<th>IFRS 16 restatement</th>
<th>January 1, 2019 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td>319,643</td>
<td>—</td>
<td>319,643</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>10,216</td>
<td>1,097</td>
<td>11,313</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>131,574</td>
<td>1,097</td>
<td>132,671</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>451,216</td>
<td>1,097</td>
<td>452,313</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities—current portion</td>
<td>1,347</td>
<td>320</td>
<td>1,667</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>196,737</td>
<td>320</td>
<td>197,057</td>
</tr>
<tr>
<td>Financial liabilities—non-current portion</td>
<td>3,175</td>
<td>848</td>
<td>4,023</td>
</tr>
<tr>
<td>Provisions—non-current portion</td>
<td>38</td>
<td>50</td>
<td>88</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>87,238</td>
<td>898</td>
<td>88,136</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(137,840)</td>
<td>(121)</td>
<td>(137,961)</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>167,240</td>
<td>(121)</td>
<td>167,119</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>451,216</td>
<td>1,097</td>
<td>452,313</td>
</tr>
</tbody>
</table>

The weighted average incremental borrowing rate applied by the Company to lease liabilities recognized in the consolidated financial statements as of January 1, 2019 was 2.01%.
The reconciliation between the lease liabilities accounted for at January 1, 2019 and the non-cancellable lease commitments disclosed as of December 31, 2018 is as follows:

Commitments related to operating leases agreements as of December 31, 2018 ................. 769
Lease liabilities related to financial leases as of December 31, 2018 ............................. 2,098
Lease extension (Building “Le Virage”) ................................................................. 445
Discount effect ......................................................................................... (46)
Exemption .............................................................................................. —
Lease liabilities as of January 1, 2019 ................................................................. 3,266

IFRS 16 application has no material impact on the unaudited interim consolidated statements of cash flows and the unaudited interim consolidated statements of income (loss) for the six months ended June 30, 2019.

e) Translation of transactions denominated in foreign currency

Foreign currency transactions are translated into the presentation currency using the following exchange rates:

<table>
<thead>
<tr>
<th>Currency</th>
<th>June 30, 2018 Average Rate</th>
<th>June 30, 2018 Closing Rate</th>
<th>December 31, 2018 Average Rate</th>
<th>December 31, 2018 Closing Rate</th>
<th>June 30, 2019 Average Rate</th>
<th>June 30, 2019 Closing Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>1.1203</td>
<td>1.1658</td>
<td>1.1810</td>
<td>1.1450</td>
<td>1.1299</td>
<td>1.1380</td>
</tr>
</tbody>
</table>

f) Segment information

For internal reporting purposes, and in order to comply with IFRS 8 Operating segments, the Company performed an analysis of operating segments. Following this analysis, the Company considers that it operates within a single operating segment being the R&D of pharmaceutical products in order to market them in the future. All R&D activities of the Company are located in France. Key decision makers (the executive committee of the Company) monitor the Company’s performance based on the cash consumption of its activities. For these reasons, the management of the Group considers it not appropriate to set up separate business segments in its internal reporting. This analysis could evolve if Lumoxiti sales increase after the transition period (see Note 15).

In each of the six months ended June 30, 2019 and 2018, revenue was entirely generated by one customer.

3) Management of financial risks and fair value

The Company did not identify risks other than the ones presented in the consolidated financial statements as of and for the year ended December 31, 2018.

4) Cash, cash equivalents, short-term investments and non-current financial assets

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of June 30, 2019</th>
<th>As of December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>149,376</td>
<td>152,314</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>15,578</td>
<td>15,217</td>
</tr>
<tr>
<td>Cash and cash equivalents and short-term investments</td>
<td>164,954</td>
<td>167,531</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>35,320</td>
<td>35,181</td>
</tr>
<tr>
<td>Cash, cash equivalents and financial assets</td>
<td>200,274</td>
<td>202,712</td>
</tr>
</tbody>
</table>
Changes in short-term investments and non-current financial assets for the six months ended June 30, 2019 and 2018 are the following:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>December 31, 2018</th>
<th>Disposals</th>
<th>Variance of fair value through the consolidated statement of income (loss)</th>
<th>Variance of accrued interests</th>
<th>Foreign currency effect</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term investments</td>
<td>15,217</td>
<td>—</td>
<td>271</td>
<td>—</td>
<td>90</td>
<td>15,578</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>35,181</td>
<td>(2,000)</td>
<td>2,037</td>
<td>101</td>
<td>—</td>
<td>35,320</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50,398</strong></td>
<td><strong>(2,000)</strong></td>
<td><strong>2,308</strong></td>
<td><strong>101</strong></td>
<td><strong>90</strong></td>
<td><strong>50,898</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>December 31, 2017</th>
<th>Disposals</th>
<th>Variance of fair value through the consolidated statement of income (loss)</th>
<th>Variance of accrued interests</th>
<th>Foreign currency effect</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term investments</td>
<td>16,743</td>
<td>—</td>
<td>163</td>
<td>—</td>
<td>472</td>
<td>17,379</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>60,469</td>
<td>(14,874)</td>
<td>(1,595)</td>
<td>186</td>
<td>550</td>
<td>44,734</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>77,212</strong></td>
<td><strong>(14,874)</strong></td>
<td><strong>(1,432)</strong></td>
<td><strong>186</strong></td>
<td><strong>1,022</strong></td>
<td><strong>62,114</strong></td>
</tr>
</tbody>
</table>

In the six months ended June 30, 2019 and 2018, variation of fair value through the consolidated statement of income (loss) is comprised of €2,308 thousand and €163 thousand of unrealized gains, respectively, less nil and €1,595 thousand of unrealized losses, respectively, which are recognized in net financial income (loss) (see Note 16).

**Cash and cash equivalents**

Cash and cash equivalents are mainly composed of current bank accounts, interest-bearing accounts and fixed-term accounts.

<table>
<thead>
<tr>
<th>(in thousands of euros)</th>
<th>As of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
</tr>
<tr>
<td>Cash at hand</td>
<td>81,229</td>
</tr>
<tr>
<td>Interest-bearing accounts</td>
<td>19,015</td>
</tr>
<tr>
<td>Fixed-term accounts</td>
<td>44,682</td>
</tr>
<tr>
<td>Shares in mutual funds</td>
<td>4,450</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td><strong>149,376</strong></td>
</tr>
</tbody>
</table>

**Non-current financial assets and short-term investments**

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
</tr>
<tr>
<td>Shares in mutual funds</td>
<td>15,578</td>
</tr>
<tr>
<td><strong>Short-term investments</strong></td>
<td><strong>15,578</strong></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>22,031</td>
</tr>
<tr>
<td>Other non-current financial instruments</td>
<td>13,289</td>
</tr>
<tr>
<td>Other non-current financial assets</td>
<td>—</td>
</tr>
<tr>
<td><strong>Non-current financial assets</strong></td>
<td><strong>35,320</strong></td>
</tr>
</tbody>
</table>

The Company only invests in funds with a very low level of risk. As of June 30, 2019, the Company owns shares of five mutual funds. The risk profiles of these funds are rated 1 to 7 by the financial institution that
manages and commercializes these funds (1 being the lowest risk profile). When the maturity of shares in mutual funds are not expected to be realized within one year, they are classified as non-current financial instruments.

Other non-current financial instruments and financial assets generally include a guarantee of capital at the maturity date (which is always longer than one year). These instruments are defined by the Company as financial assets at fair value through profit or loss and classified as non-current because they are not expected to be realized within one year.

**Cash, cash equivalents and financial assets per currency**

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of June 30, 2019</th>
<th>As of December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>$</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>86,829</td>
<td>62,547</td>
</tr>
<tr>
<td>Short-term investments and other non-current financial assets</td>
<td>35,320</td>
<td>15,578</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>122,149</strong></td>
<td><strong>78,125</strong></td>
</tr>
</tbody>
</table>

The portion of the financial assets held and denominated in U.S. dollars will be used by the Company to pay for services provided in the United States, which will be invoiced in U.S. dollars during the next years.

5) **Trade receivables and others**

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
</tr>
<tr>
<td>Other receivables(1)</td>
<td>410</td>
</tr>
<tr>
<td>Accrued receivables excluding rebates related to capital expenditures</td>
<td>336</td>
</tr>
<tr>
<td>Research tax credit(2)</td>
<td>20,996</td>
</tr>
<tr>
<td>Other tax credits</td>
<td>514</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>6,769</td>
</tr>
<tr>
<td>VAT refund</td>
<td>5,578</td>
</tr>
<tr>
<td>Trade account receivables</td>
<td>5,518</td>
</tr>
<tr>
<td>Prepayments made to suppliers</td>
<td>707</td>
</tr>
<tr>
<td>Refund to be received</td>
<td>—</td>
</tr>
<tr>
<td><strong>Trade receivables and others excluding rebates related to capital expenditures</strong></td>
<td><strong>40,828</strong></td>
</tr>
<tr>
<td>Rebate related to capital expenditures(3)</td>
<td>10,896</td>
</tr>
<tr>
<td><strong>Receivables and others</strong></td>
<td><strong>51,724</strong></td>
</tr>
</tbody>
</table>

(1) “Other receivables” as of December 31, 2018 mainly related to payments received from AstraZeneca as a result of the exercise of the monalizumab exclusive license option ($100,000 thousand or €87,655 thousand) and option granted on IPH5201 ($24,000 thousand or €20,961 thousand). These amounts were paid in the first quarter of 2019.

(2) The research tax credit (Crédit d’Impôt Recherche, or “CIR”) is recognized as other operating income in the year to which the eligible research expenditure relates. The Company obtained the repayment of the CIR for the tax year 2017 in the amount of €11,022 thousand in 2018 and the repayment of the CIR for the tax year 2018 in the amount of €13,503 thousand in July 2019. The Company recorded as of June 30, 2019 an additional CIR for the six months ended June 30, 2019 of €7,494 thousand.

(3) The rebate refers to an estimated rebate of $12,400 thousand as of June 30, 2019 ($15,000 thousand as of December 31, 2018) granted by AstraZeneca in connection with the acquisition of Lumoxiti rights and that will be paid in 2019. This decrease of $2,600 thousand (€2,260 thousand) is based on updated information received from AstraZeneca and the carrying amount of the intangible asset has been adjusted accordingly (see Note 6).
The net book value of the receivables is considered to be a reasonable approximation of their estimated fair value.

Trade receivables and others have payment terms of less than one year. No valuation allowance was recognized on trade receivables and others as the credit risk of each debtor was considered as not significant.

6) Intangible assets

<table>
<thead>
<tr>
<th>Intangible assets</th>
<th>Purchased licenses</th>
<th>Other intangible assets</th>
<th>In progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2018</td>
<td>6,013</td>
<td>179</td>
<td>40,000</td>
<td>46,192</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>—</td>
<td>300</td>
<td>94</td>
<td>394</td>
</tr>
<tr>
<td>Amortization</td>
<td>(1,593)(1)</td>
<td>(92)</td>
<td>—</td>
<td>(1,685)</td>
</tr>
<tr>
<td>June 30, 2018</td>
<td>4,420</td>
<td>387</td>
<td>40,094</td>
<td>44,903</td>
</tr>
<tr>
<td>January 1, 2019</td>
<td>44,184</td>
<td>345</td>
<td>40,000</td>
<td>84,529</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>—</td>
<td>59</td>
<td>—</td>
<td>59</td>
</tr>
<tr>
<td>Additional considerations</td>
<td>9,260(2)</td>
<td>—</td>
<td>—</td>
<td>9,260</td>
</tr>
<tr>
<td>Amortization</td>
<td>(5,769)(3)</td>
<td>(59)</td>
<td>—</td>
<td>(5,828)</td>
</tr>
<tr>
<td>Transfers</td>
<td>—</td>
<td>(139)</td>
<td>—</td>
<td>(139)</td>
</tr>
<tr>
<td>June 30, 2019</td>
<td>47,675</td>
<td>206</td>
<td>40,000</td>
<td>87,881</td>
</tr>
</tbody>
</table>

(1) This amount includes the amortization of monalizumab rights.
(2) This amount includes (i) an additional consideration of €7,000 thousand paid to Orega Biotech in June 2019 in relation to the anti-CD39 program as consideration following the collaboration and option agreement signed in October 22, 2018 with AstraZeneca regarding IPH5201 (see Note 1.b), and (ii) the decrease of the estimated rebate granted by AstraZeneca in connection with the acquisition of Lumoxiti rights for an amount of €2,260 thousand (see Note 5).
(3) This amount includes the amortization of rights related to monalizumab (€2,341 thousand), IPH5201 (€2,191 thousand) and Lumoxiti (€1,237 thousand).

Monalizumab rights under the 2014 monalizumab (NKG2A) Novo Nordisk agreement

Since their acquisition by the Company, monalizumab rights are amortized on a straight-line basis over the anticipated residual duration of the Phase II trials. The Company has reassessed the anticipated residual duration of the Phase II trials as of June 30, 2019 and estimated that it would be fully amortized by the end of the first half of 2021, compared to end of 2019 as estimated as of December 31, 2018, as a result of the completion of some trials and initiation of new cohorts. The impact of this revision for the six-month period ended June 30, 2019 amounts to €2,332 thousand.

The net book values of the monalizumab rights were €10,393 thousand and €12,733 thousand as of June 30, 2019 and December 31, 2018, respectively.

Lumoxiti rights acquired from AstraZeneca under the 2018 AstraZeneca multi-term agreement

The license by which the Company acquired Lumoxiti rights is amortized on a straight-line basis through July 31, 2031, which corresponds to the expiration of the current composition of matter patent, not including any additional patent extensions or patents. The net book value of the Lumoxiti rights was €31,011 thousand and €29,987 thousand as of June 30, 2019 and December 31, 2018, respectively.

The Company applied IAS 36- Impairment of assets and assessed whether there was any indication that an asset may be impaired. The Company estimated the recoverable amount of Lumoxiti intangible assets using a discounting cash flow model which confirmed that these assets were not impaired. The following assumptions
were used to determine the recoverable amount, based on the cash flows determined from the commercialization plan and the budget approved by Management:

- A discount rate of 12%
- Assumptions related to selling price increase and sales volume based on the potential market and comparable products; and
- Decrease in sales volume applied to the forecasted revenue once the related rights fall off-patent.

Sensitivity testing regarding these actuarial assumptions and other assumptions such as: discount rate (+/- 3%), selling price (+/- 10%) and decrease in sales volume once the related rights fall off-patent (+/- 5%) were performed.

7) Property and equipment

| (in thousands of euro) | Land and buildings | Laboratory equipment and other | In progress | Total | Of which leases
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2018</td>
<td>4,093</td>
<td>6,602</td>
<td>34</td>
<td>10,729</td>
<td>5,478</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>—</td>
<td>504</td>
<td>207</td>
<td>711</td>
<td>—</td>
</tr>
<tr>
<td>Disposals</td>
<td>—</td>
<td>(10)</td>
<td>—</td>
<td>(10)</td>
<td>—</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(149)</td>
<td>(607)</td>
<td>—</td>
<td>(756)</td>
<td>(279)</td>
</tr>
<tr>
<td>Transfers</td>
<td>—</td>
<td>29</td>
<td>(29)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>June 30, 2018</td>
<td>3,944</td>
<td>6,518</td>
<td>212</td>
<td>10,674</td>
<td>5,199</td>
</tr>
</tbody>
</table>

| (in thousands of euro) | Land and buildings | Laboratory equipment and other | In progress | Total | Of which use assets
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2018</td>
<td>3,795</td>
<td>6,101</td>
<td>320</td>
<td>10,216</td>
<td>4,923</td>
</tr>
<tr>
<td>Impact of first application of IFRS 16</td>
<td>1,028</td>
<td>69</td>
<td>—</td>
<td>1,097</td>
<td>1,097</td>
</tr>
<tr>
<td>January 1, 2019</td>
<td>4,823</td>
<td>6,170</td>
<td>320</td>
<td>11,313</td>
<td>6,020</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>—</td>
<td>755</td>
<td>202</td>
<td>957</td>
<td>—</td>
</tr>
<tr>
<td>Disposals</td>
<td>—</td>
<td>(13)</td>
<td>—</td>
<td>(13)</td>
<td>—</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(258)</td>
<td>(740)</td>
<td>—</td>
<td>(998)</td>
<td>(408)</td>
</tr>
<tr>
<td>Transfers</td>
<td>—</td>
<td>256</td>
<td>(117)</td>
<td>139</td>
<td>—</td>
</tr>
<tr>
<td>June 30, 2019</td>
<td>4,565</td>
<td>6,428</td>
<td>405</td>
<td>11,398</td>
<td>5,612</td>
</tr>
</tbody>
</table>

8) Trade payables and others

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of</th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers (excluding payables related to capital expenditures)</td>
<td></td>
<td>23,134</td>
<td>28,576</td>
</tr>
<tr>
<td>Tax and employee-related payables</td>
<td></td>
<td>4,543</td>
<td>5,661</td>
</tr>
<tr>
<td>Other payables</td>
<td></td>
<td>365</td>
<td>425</td>
</tr>
<tr>
<td><strong>Trade payables and others (excluding payables related to capital expenditures)</strong></td>
<td></td>
<td><strong>28,042</strong></td>
<td><strong>34,662</strong></td>
</tr>
<tr>
<td>Payables related to capital expenditures</td>
<td></td>
<td>141</td>
<td>56,993</td>
</tr>
<tr>
<td><strong>Trade payables and others</strong></td>
<td></td>
<td><strong>28,183</strong></td>
<td><strong>91,655</strong></td>
</tr>
</tbody>
</table>

The book value of trade payables and others is considered to be a reasonable approximation of their fair value.
9) Financial liabilities

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>December 31, 2018</th>
<th>Impact of first application of IFRS16</th>
<th>December 31, 2018 (restated)</th>
<th>Repayments of borrowings and lease liabilities</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPI PTZI IPH41(1)</td>
<td>750</td>
<td>—</td>
<td>750</td>
<td>(75)</td>
<td>675</td>
</tr>
<tr>
<td>Lease liabilities—Real estate property</td>
<td>1,345</td>
<td>—</td>
<td>1,345</td>
<td>(459)</td>
<td>886</td>
</tr>
<tr>
<td>Property transaction (down-payment)</td>
<td>(234)</td>
<td>—</td>
<td>(234)</td>
<td>80</td>
<td>(154)</td>
</tr>
<tr>
<td>Lease liabilities—Building “Le Virage”</td>
<td>—</td>
<td>1,099</td>
<td>1,099</td>
<td>(142)</td>
<td>957</td>
</tr>
<tr>
<td>Lease liabilities—Laboratory equipment</td>
<td>987</td>
<td>—</td>
<td>987</td>
<td>(86)</td>
<td>901</td>
</tr>
<tr>
<td>Lease liabilities—Vehicles</td>
<td>—</td>
<td>69</td>
<td>69</td>
<td>(21)</td>
<td>48</td>
</tr>
<tr>
<td>Loans—Equipment</td>
<td>372</td>
<td>—</td>
<td>372</td>
<td>(26)</td>
<td>346</td>
</tr>
<tr>
<td>Loan—Building</td>
<td>1,300</td>
<td>—</td>
<td>1,300</td>
<td>—</td>
<td>1,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,522</strong></td>
<td><strong>1,168</strong></td>
<td><strong>5,690</strong></td>
<td><strong>(729)</strong></td>
<td><strong>4,959</strong></td>
</tr>
</tbody>
</table>

(1) Interest free loan.

The table below shows the schedule for repayment of financial liabilities (principal and accrued interest) as of June 30, 2019

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>&lt;1 year</th>
<th>2 to 5 years included</th>
<th>&gt; 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPI PTZI IPH41</td>
<td>375</td>
<td>300</td>
<td>—</td>
<td>675</td>
</tr>
<tr>
<td>Lease liabilities—Real estate property</td>
<td>886</td>
<td>—</td>
<td>—</td>
<td>886</td>
</tr>
<tr>
<td>Property transaction (down-payment)</td>
<td>(154)</td>
<td>—</td>
<td>—</td>
<td>(154)</td>
</tr>
<tr>
<td>Lease liabilities—Building “Le Virage”</td>
<td>288</td>
<td>669</td>
<td>—</td>
<td>957</td>
</tr>
<tr>
<td>Lease liabilities—Laboratory equipment</td>
<td>174</td>
<td>701</td>
<td>26</td>
<td>901</td>
</tr>
<tr>
<td>Lease liabilities—Vehicles</td>
<td>21</td>
<td>27</td>
<td>—</td>
<td>48</td>
</tr>
<tr>
<td>Loans—Equipment</td>
<td>53</td>
<td>219</td>
<td>74</td>
<td>346</td>
</tr>
<tr>
<td>Loan—Building</td>
<td>80</td>
<td>406</td>
<td>814</td>
<td>1,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,723</strong></td>
<td><strong>2,322</strong></td>
<td><strong>914</strong></td>
<td><strong>4,959</strong></td>
</tr>
</tbody>
</table>

F-78
The table below shows the schedule for the contractual repayment of financial liabilities (being principal and interest payments) as of June 30, 2019:

<table>
<thead>
<tr>
<th>In thousand euros</th>
<th>&gt; 1 year</th>
<th>2 to 5 years included</th>
<th>&gt; 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPI PTZI IPH41</td>
<td>375</td>
<td>300</td>
<td>—</td>
<td>675</td>
</tr>
<tr>
<td>Lease finance obligations—Real estate property</td>
<td>895</td>
<td>—</td>
<td>—</td>
<td>895</td>
</tr>
<tr>
<td>Property transaction (down-payment)</td>
<td>(154)</td>
<td>—</td>
<td>—</td>
<td>(154)</td>
</tr>
<tr>
<td>Lease liabilities—Building “Le Virage”</td>
<td>306</td>
<td>689</td>
<td>—</td>
<td>995</td>
</tr>
<tr>
<td>Lease liabilities—Laboratory equipment</td>
<td>179</td>
<td>698</td>
<td>26</td>
<td>903</td>
</tr>
<tr>
<td>Lease liabilities—Vehicles</td>
<td>22</td>
<td>28</td>
<td>—</td>
<td>50</td>
</tr>
<tr>
<td>Loans—Equipment</td>
<td>57</td>
<td>228</td>
<td>71</td>
<td>356</td>
</tr>
<tr>
<td>Loan—Building</td>
<td>102</td>
<td>488</td>
<td>874</td>
<td>1,464</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,782</strong></td>
<td><strong>2,431</strong></td>
<td><strong>971</strong></td>
<td><strong>5,184</strong></td>
</tr>
</tbody>
</table>

Reconciliation of liabilities arising from financing activities

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>December 31, 2018</th>
<th>Cash flows</th>
<th>Non-cash variation</th>
<th>June 30, 2019</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan</td>
<td>BPI France—PTZI IPH41</td>
<td>750</td>
<td>(75)</td>
<td>675</td>
<td>375</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>Real estate property</td>
<td>1,345</td>
<td>(459)</td>
<td>886</td>
<td>886</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>Property transaction (down-payment)</td>
<td>(234)</td>
<td>80</td>
<td>—</td>
<td>(154)</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>Laboratory equipment</td>
<td>987</td>
<td>(86)</td>
<td>901</td>
<td>174</td>
</tr>
<tr>
<td>Loans</td>
<td>Equipment</td>
<td>372</td>
<td>(26)</td>
<td>346</td>
<td>53</td>
</tr>
<tr>
<td>Loan</td>
<td>Building</td>
<td>1,300</td>
<td>—</td>
<td>1,300</td>
<td>80</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>Building “Le Virage”(1)</td>
<td>—</td>
<td>—</td>
<td>(142)</td>
<td>1,099</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>Vehicles(1)</td>
<td>—</td>
<td>(21)</td>
<td>69</td>
<td>21</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>4,522</strong></td>
<td><strong>80</strong></td>
<td><strong>(809)</strong></td>
<td><strong>4,959</strong></td>
<td><strong>1,722</strong></td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>Interest</td>
<td>N/A</td>
<td>(44)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>N/A</strong></td>
<td><strong>80</strong></td>
<td><strong>(853)</strong></td>
<td><strong>1,168</strong></td>
<td><strong>N/A</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>December 31, 2017</th>
<th>Cash flows</th>
<th>Non-cash variation</th>
<th>June 30, 2018</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan</td>
<td>BPI France—PTZI IPH41</td>
<td>1,125</td>
<td>(150)</td>
<td>975</td>
<td>375</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>Real estate property</td>
<td>2,239</td>
<td>(444)</td>
<td>1,795</td>
<td>910</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>Property transaction (down-payment)</td>
<td>(386)</td>
<td>76</td>
<td>—</td>
<td>(310)</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>Laboratory equipment</td>
<td>1,160</td>
<td>(86)</td>
<td>1,074</td>
<td>173</td>
</tr>
<tr>
<td>Loans</td>
<td>Equipment</td>
<td>426</td>
<td>(27)</td>
<td>399</td>
<td>53</td>
</tr>
<tr>
<td>Loan</td>
<td>Building</td>
<td>1,300</td>
<td>—</td>
<td>1,300</td>
<td>—</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>5,864</strong></td>
<td><strong>76</strong></td>
<td><strong>(707)</strong></td>
<td><strong>5,233</strong></td>
<td><strong>1,355</strong></td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>Interest</td>
<td>N/A</td>
<td>(55)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>N/A</strong></td>
<td><strong>76</strong></td>
<td><strong>(762)</strong></td>
<td><strong>N/A</strong></td>
<td><strong>N/A</strong></td>
</tr>
</tbody>
</table>

(1) Non-cash variations in relation to lease liabilities included impact of first application of IFRS 16. See Note 2.d.
10) Employee benefits

Defined benefit obligations

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>As of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30,</td>
</tr>
<tr>
<td></td>
<td>December 31,</td>
</tr>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Allowance for retirement defined benefit</td>
<td>4,351</td>
</tr>
<tr>
<td>Allowance for seniority awards</td>
<td>458</td>
</tr>
<tr>
<td><strong>Total—Defined benefit obligations</strong></td>
<td><strong>4,809</strong></td>
</tr>
</tbody>
</table>

Changes in the projected benefit obligation for the periods presented were as follows:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of January 1, 2018</strong></td>
<td><strong>2,621</strong></td>
</tr>
<tr>
<td>Service cost</td>
<td>434</td>
</tr>
<tr>
<td>Interest costs</td>
<td>43</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>599</td>
</tr>
<tr>
<td><strong>As of December 31, 2018</strong></td>
<td><strong>3,697</strong></td>
</tr>
<tr>
<td>Service cost</td>
<td>285</td>
</tr>
<tr>
<td>Interest costs</td>
<td>33</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>794</td>
</tr>
<tr>
<td><strong>As of June 30, 2019</strong></td>
<td><strong>4,809</strong></td>
</tr>
</tbody>
</table>

Discount rates used by the Company to evaluate retirement benefits were based on iBox Corporate AA. They amounted to 1.05% and 1.80% as of June 30, 2019 and December 31, 2018, respectively.

11) Share capital and share based payments

a) Share Capital

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

As of June 30, 2019, the Company’s share capital amounted to €3,202,921 divided into (i) 64,043,905 ordinary shares, each with a nominal value of €0.05; (ii) 6,931 “2016” free preferred shares, each with a nominal value of €0.05, and (iii) 7,581 “2017” free preferred shares, each with a nominal value of €0.05, respectively, fully paid up.

Share capital does not include BSAs, BSAAR, AGAs and AGAPs that have been granted to certain investors or natural persons, both employees and non-employees of the Company, but not yet exercised.

The Group issued preferred shares (“2016 free preferred shares” and “2017 free preferred shares”) which will become convertible into ordinary shares following a vesting period of one year and a retention period of two years if the performance criteria and presence are met at the end of the retention period. The number of ordinary shares to which the conversion of one preferred share will entitle will be determined according to the fulfilment of the performance criteria. During the retention period, holders of the 2016 preferred shares are not entitled to vote at the general shareholders’ meetings, to dividends, to preferential subscription rights and to transfer their shares. On the contrary, during the retention period, holders of the 2017 preferred shares are entitled to vote the general shareholders’ meetings, to dividends and to preferential subscription rights, as if they held the same number of ordinary shares as their number of vested AGAP. The 2016 and 2017 preferred shares are not transferrable during the retention period except under certain circumstances. After the end of the retention period,
holders of all of preferred shares that have not yet converted them into our ordinary shares, are entitled to vote at our shareholders’ meetings, to dividends and to preferential subscription rights, on the basis of the number of ordinary shares to which they are entitled if they convert their preferred shares.

In the six months ended June 30, 2019, the capital increase of €5,942 is the result of the Executive Board decision on April 18, 2019, subsequent to the definitive acquisitions of (i) 110,500 free shares granted on April 3, 2018 under the “AGA Employees 2017” plan, (ii) 5,581 free preferred shares convertible into ordinary share granted on April 3, 2018 under the “AGAP Employees 2017” plan, (iii) 2,000 free preferred shares convertible into ordinary shares granted on April 3, 2018 under the “AGAP Management 2017” plan and (iv) the exercise of 750 “2012” BSAAR, to carry out a capital increase of €5,942, and a decrease in share premium of €4,412, broken down as follows: (i) a creation of 110,500 ordinary shares, with a nominal value of €0.05, for an issue price of €0.05 per share, (ii) a creation of 750 ordinary shares, with a nominal value of €0.05, for an issue price of €2.04 per share and (iii) a creation of 7,581 “2017” free preferred shares, with a nominal value of €0.05, for an issue price of €0.05 per share.

Holding by the Company of its own shares

The Company held 18,575 of its own shares as of June 30, 2019 and December 31, 2018, respectively.

Transactions costs

The Company incurred potential capital increase costs for the six months ended June 30, 2019 for a total amount of €274 thousand. This amount remains unpaid as of June 30, 2019.

b) Share based payments

Valuation methods of AGAs granted in the six months ended June 30, 2019

The valuation methods used to estimate the fair value of the free shares granted in the six months ended June 30, 2019 and the main characteristics of each set of grants are presented below:

On January 14, 2019, the Executive Board granted 90,650 free shares to employees of the Company (AGA Employees 2018-1).

On April 29, 2019, the Executive Board granted 25,000 free shares to an employee of the Company’s subsidiary (AGA New Members 2017-1).

<table>
<thead>
<tr>
<th>AGA Employees 2018-1</th>
<th>AGA New Members 2017-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of grant (Executive Board)</td>
<td>January 14, 2019</td>
</tr>
<tr>
<td>Vesting period (years)</td>
<td>1 year</td>
</tr>
<tr>
<td>Non-transferability period</td>
<td>1 year</td>
</tr>
<tr>
<td>Number of AGA granted</td>
<td>90,650</td>
</tr>
<tr>
<td>Share entitlement per free share</td>
<td>1</td>
</tr>
<tr>
<td>Grant date share fair value</td>
<td>€ 7.31</td>
</tr>
<tr>
<td>Expected dividends</td>
<td>None</td>
</tr>
<tr>
<td>Performance conditions</td>
<td>No</td>
</tr>
<tr>
<td>Expected turnover (yearly basis)</td>
<td>4.03%</td>
</tr>
<tr>
<td>Volatility</td>
<td>N/A</td>
</tr>
<tr>
<td>Fair value per AGA at grant date</td>
<td>€ 7.31</td>
</tr>
</tbody>
</table>
The Company has issued BSAs, BSAARs, AGAs and AGAPs as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Types</th>
<th>Number of warrants issued as of 06/30/2019</th>
<th>Number of warrants void as of 06/30/2019</th>
<th>Number of warrants exercised as of 06/30/2019</th>
<th>Number of warrants outstanding as of 06/30/2019</th>
<th>Maximum number of ordinary shares to be issued as of 06/30/2019</th>
<th>Exercise price per share (in €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept. 9, 2011</td>
<td>BSAAR 2011</td>
<td>650,000</td>
<td>—</td>
<td>395,000</td>
<td>255,000</td>
<td>255,000</td>
<td>2.04</td>
</tr>
<tr>
<td>May 27, 2013</td>
<td>BSAAR 2012</td>
<td>146,050</td>
<td>—</td>
<td>84,450</td>
<td>61,600</td>
<td>61,600</td>
<td>2.04</td>
</tr>
<tr>
<td>July 1, 2015</td>
<td>BSAAR 2015</td>
<td>1,050,382</td>
<td>2,720</td>
<td>1,940</td>
<td>1,045,722</td>
<td>1,045,722</td>
<td>7.20</td>
</tr>
<tr>
<td>October 21, 2016</td>
<td>AGAP Management 2016-1</td>
<td>2,000</td>
<td>550</td>
<td>—</td>
<td>1,450</td>
<td>290,000</td>
<td>—</td>
</tr>
<tr>
<td>October 21, 2016</td>
<td>AGAP Employees 2016-1</td>
<td>2,486</td>
<td>196</td>
<td>—</td>
<td>2,290</td>
<td>458,000</td>
<td>—</td>
</tr>
<tr>
<td>October 21, 2016</td>
<td>AGA Management 2016-1</td>
<td>50,000</td>
<td>—</td>
<td>—</td>
<td>50,000</td>
<td>50,000</td>
<td>—</td>
</tr>
<tr>
<td>December 30, 2016</td>
<td>AGAP Management 2016-2</td>
<td>3,000</td>
<td>—</td>
<td>—</td>
<td>3,000</td>
<td>600,000</td>
<td>—</td>
</tr>
<tr>
<td>December 30, 2016</td>
<td>AGA Management 2016-2</td>
<td>250,000</td>
<td>—</td>
<td>—</td>
<td>250,000</td>
<td>250,000</td>
<td>—</td>
</tr>
<tr>
<td>September 20, 2017</td>
<td>AGA Bonus 2017</td>
<td>28,556</td>
<td>6,501</td>
<td>22,055</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>April 3, 2018</td>
<td>AGAP Employees 2017</td>
<td>5,725</td>
<td>144</td>
<td>—</td>
<td>5,581</td>
<td>558,100</td>
<td>—</td>
</tr>
<tr>
<td>April 3, 2018</td>
<td>AGAP Management 2017</td>
<td>2,400</td>
<td>400</td>
<td>—</td>
<td>2,000</td>
<td>200,000</td>
<td>—</td>
</tr>
<tr>
<td>April 3, 2018</td>
<td>AGA Employees 2017</td>
<td>114,500</td>
<td>4,000</td>
<td>110,500</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>July 3, 2018</td>
<td>AGA Bonus Management 2018</td>
<td>67,028</td>
<td>469</td>
<td>—</td>
<td>66,559</td>
<td>66,559</td>
<td>—</td>
</tr>
<tr>
<td>November 20, 2018</td>
<td>AGA Perf Employees 2018</td>
<td>327,500</td>
<td>—</td>
<td>—</td>
<td>327,500</td>
<td>327,500</td>
<td>—</td>
</tr>
<tr>
<td>November 20, 2018</td>
<td>AGA Perf Management 2018</td>
<td>260,000</td>
<td>30,000</td>
<td>—</td>
<td>230,000</td>
<td>230,000</td>
<td>—</td>
</tr>
<tr>
<td>January 14, 2019</td>
<td>AGA Employees 2018</td>
<td>90,650</td>
<td>2,650</td>
<td>—</td>
<td>88,000</td>
<td>88,000</td>
<td>—</td>
</tr>
<tr>
<td>April 29, 2019</td>
<td>AGA New Members 2017-1</td>
<td>25,000</td>
<td>—</td>
<td>—</td>
<td>25,000</td>
<td>25,000</td>
<td>—</td>
</tr>
<tr>
<td>July 29, 2011</td>
<td>BSA 2011-2</td>
<td>225,000</td>
<td>—</td>
<td>133,060</td>
<td>91,940</td>
<td>91,940</td>
<td>1.77</td>
</tr>
<tr>
<td>July 17, 2013</td>
<td>BSA 2013</td>
<td>237,500</td>
<td>—</td>
<td>191,140</td>
<td>46,360</td>
<td>46,360</td>
<td>2.36</td>
</tr>
<tr>
<td>July 16, 2014</td>
<td>BSA 2014</td>
<td>150,000</td>
<td>—</td>
<td>75,000</td>
<td>75,000</td>
<td>75,000</td>
<td>8.65</td>
</tr>
<tr>
<td>April 27, 2015</td>
<td>BSA 2015-1</td>
<td>70,000</td>
<td>—</td>
<td>—</td>
<td>70,000</td>
<td>70,000</td>
<td>9.59</td>
</tr>
<tr>
<td>July 1, 2015</td>
<td>BSA 2015-2</td>
<td>14,200</td>
<td>—</td>
<td>—</td>
<td>14,200</td>
<td>14,200</td>
<td>14.05</td>
</tr>
<tr>
<td>September 20, 2017</td>
<td>BSA 2017</td>
<td>37,000</td>
<td>—</td>
<td>—</td>
<td>37,000</td>
<td>37,000</td>
<td>11.00</td>
</tr>
<tr>
<td><strong>Total as of June 30, 2019</strong></td>
<td></td>
<td><strong>3,780,421</strong></td>
<td><strong>41,129</strong></td>
<td><strong>991,090</strong></td>
<td><strong>2,748,202</strong></td>
<td><strong>4,839,981</strong></td>
<td><strong>—</strong></td>
</tr>
</tbody>
</table>

12) Financial instruments recognized in the statement of financial position and related effect on the income statement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

<table>
<thead>
<tr>
<th>As of June 30, 2019 (in thousands of euro)</th>
<th>Book value on the statement of financial position</th>
<th>Fair value through profit and loss(1)</th>
<th>Receivables(2)</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>35,320</td>
<td>35,320</td>
<td>—</td>
<td>35,320</td>
</tr>
<tr>
<td>Trade receivables and others</td>
<td>51,724</td>
<td>51,724</td>
<td>51,724</td>
<td></td>
</tr>
<tr>
<td>Short-term investments</td>
<td>15,578</td>
<td>15,578</td>
<td>—</td>
<td>15,578</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>149,376</td>
<td>149,376</td>
<td>—</td>
<td>149,376</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>251,998</strong></td>
<td><strong>200,274</strong></td>
<td><strong>51,724</strong></td>
<td><strong>251,998</strong></td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities—non-current portion</td>
<td>3,237</td>
<td>—</td>
<td>3,237</td>
<td>3,237</td>
</tr>
<tr>
<td>Financial liabilities—current portion</td>
<td>1,722</td>
<td>—</td>
<td>1,722</td>
<td>1,722</td>
</tr>
<tr>
<td>Trade payables and others</td>
<td>28,183</td>
<td>28,183</td>
<td>28,183</td>
<td>28,183</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td><strong>33,142</strong></td>
<td></td>
<td><strong>33,142</strong></td>
<td><strong>33,142</strong></td>
</tr>
</tbody>
</table>
As of December 31, 2018
(in thousands of euro)

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Book value on the statement of financial position</th>
<th>Fair value through profit and loss(1)</th>
<th>Receivables(2)</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current financial assets</td>
<td>35,181</td>
<td>33,138</td>
<td>2,043</td>
<td>35,181</td>
</tr>
<tr>
<td>Trade receivables and others</td>
<td>152,112</td>
<td>—</td>
<td>152,112</td>
<td>152,112</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>15,217</td>
<td>15,217</td>
<td>—</td>
<td>15,217</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>152,314</td>
<td>152,314</td>
<td>—</td>
<td>152,314</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>354,824</strong></td>
<td><strong>200,669</strong></td>
<td><strong>154,155</strong></td>
<td><strong>354,824</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>Financial liabilities—non-current portion</th>
<th>—</th>
<th>3,175</th>
<th>3,175</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities—current portion</td>
<td>1,347</td>
<td>—</td>
<td>1,347</td>
<td>1,347</td>
</tr>
<tr>
<td>Trade payables and others</td>
<td>91,655</td>
<td>—</td>
<td>91,655</td>
<td>91,655</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td><strong>96,177</strong></td>
<td>—</td>
<td><strong>96,177</strong></td>
<td><strong>96,177</strong></td>
</tr>
</tbody>
</table>

(1) The fair value of financial assets classified as fair value through profit and loss corresponds to the market value of the assets, which are primarily determined using level 2 measurements.

(2) The book amount of financial assets and liabilities measured at amortized cost was deemed to be a reasonable estimation of fair value.

13) Revenue and government financing for research expenditures

Revenu e from collaboration and licensing agreements

The Company’s revenue from collaboration and licensing agreements amounts to €51,588 thousand and €16,209 thousand for the six-month periods ended June 30, 2019 and 2018, respectively.

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>Six months ended June 30, 2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from collaboration and licensing agreements</td>
<td>46,770</td>
<td>16,055</td>
</tr>
<tr>
<td>of which monalizumab agreement</td>
<td>24,293</td>
<td>16,055</td>
</tr>
<tr>
<td>of which IPH5201 agreement</td>
<td>22,478</td>
<td>—</td>
</tr>
<tr>
<td>Invoicing of research and development costs (IPH5201 and IPH5401 agreements)</td>
<td>4,418</td>
<td>154</td>
</tr>
<tr>
<td>Exchange gains on collaboration agreement</td>
<td>400</td>
<td>—</td>
</tr>
<tr>
<td><strong>Revenue from collaboration and licensing agreements</strong></td>
<td><strong>51,588</strong></td>
<td><strong>16,209</strong></td>
</tr>
</tbody>
</table>
a) Revenue recognition related to monalizumab AstraZeneca agreements and amendments

Change in monalizumab deferred revenue (in thousands of euro):

Variance of the deferred revenue relating to this agreement is presented in the following schedule:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of December 31, 2017</td>
<td>134,914</td>
</tr>
<tr>
<td>Restatement related to the first application of IFRS 15</td>
<td>(53,083)</td>
</tr>
<tr>
<td>As of January 1, 2018 restated</td>
<td>81,831</td>
</tr>
<tr>
<td>Revenue for the six months ended June 30, 2018</td>
<td>(16,055)</td>
</tr>
<tr>
<td>Transfer from collaboration liabilities</td>
<td>77</td>
</tr>
<tr>
<td>As of June 30, 2018</td>
<td>65,853</td>
</tr>
<tr>
<td>As of December 31, 2018</td>
<td>104,925</td>
</tr>
<tr>
<td>Revenue for the six months ended June 30, 2019</td>
<td>(24,293)</td>
</tr>
<tr>
<td>Transfer from collaboration liabilities</td>
<td>210</td>
</tr>
<tr>
<td>As of June 30, 2019</td>
<td>80,844</td>
</tr>
</tbody>
</table>

Change in monalizumab collaboration liabilities (in thousands of euro):

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of December 31, 2017</td>
<td>—</td>
</tr>
<tr>
<td>Restatement related to the first application of IFRS 15</td>
<td>44,751</td>
</tr>
<tr>
<td>As of January 1, 2018 restated</td>
<td>44,751</td>
</tr>
<tr>
<td>Additions</td>
<td>—</td>
</tr>
<tr>
<td>Deductions</td>
<td>(4,324)</td>
</tr>
<tr>
<td>As of June 30, 2018</td>
<td>40,427</td>
</tr>
<tr>
<td>As of December 31, 2018</td>
<td>31,656</td>
</tr>
<tr>
<td>Additions</td>
<td>—</td>
</tr>
<tr>
<td>Deductions</td>
<td>(3,818)</td>
</tr>
<tr>
<td>As of June 30, 2019</td>
<td>27,838</td>
</tr>
</tbody>
</table>

b) Revenue recognition related to IPH5201 AstraZeneca collaboration and option agreement

Change in deferred revenue relating to this agreement is presented in the following schedule (in thousands of euro):

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of June 30, 2018</td>
<td>—</td>
</tr>
<tr>
<td>Upfront payment</td>
<td>43,501</td>
</tr>
<tr>
<td>Revenue for the 2018 financial year</td>
<td>(15,632)</td>
</tr>
<tr>
<td>As of December 31, 2018</td>
<td>27,869</td>
</tr>
<tr>
<td>Revenue for the six months ended June 30, 2019</td>
<td>(22,478)</td>
</tr>
<tr>
<td>As of June 30, 2019</td>
<td>5,391</td>
</tr>
</tbody>
</table>
c) Schedule of variance of deferred revenue

Change in deferred revenue is presented in the following schedules (in thousands of euro):

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th>Recognition in P&amp;L</th>
<th>Transfer from collaboration liabilities</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monalizumab</td>
<td>104,925</td>
<td>(24,293)</td>
<td>210</td>
<td>80,842</td>
</tr>
<tr>
<td>IPH5201</td>
<td>27,869</td>
<td>(22,478)</td>
<td>—</td>
<td>5,392</td>
</tr>
<tr>
<td>Preclinical molecules</td>
<td>17,400</td>
<td>—</td>
<td>—</td>
<td>17,400</td>
</tr>
<tr>
<td>Total</td>
<td>150,195</td>
<td>(46,770)</td>
<td>210</td>
<td>103,636</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2017 as published</th>
<th>Impact IFRS 15</th>
<th>December 31, 2017 as restated</th>
<th>Recognition in P&amp;L</th>
<th>Transfer from collaboration liabilities</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monalizumab</td>
<td>134,914</td>
<td>(53,083)</td>
<td>81,831</td>
<td>(16,055)</td>
<td>77</td>
<td>65,853</td>
</tr>
<tr>
<td>Total</td>
<td>134,914</td>
<td>(53,083)</td>
<td>81,831</td>
<td>(16,055)</td>
<td>77</td>
<td>65,853</td>
</tr>
</tbody>
</table>

d) Government financing for research expenditures

The Company receives grants from the European Commission, French government and state organizations in several different forms:

- Investment and operating grants; and
- Research Tax Credits.

Estimate of the research tax credit for the six months ended June 30, 2019 and 2018 is calculated on the basis of eligible expenses in the period, including the 50% limitation applied to annual eligible subcontracting costs.

The total amount for government financing for research expenditures recorded as other income in the income statement can be analyzed as follows:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>Six months ended June 30, 2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Tax Credit</td>
<td>7,494</td>
<td>6,212</td>
</tr>
<tr>
<td>Grant</td>
<td>73</td>
<td>575</td>
</tr>
<tr>
<td>Government financing for research expenditures</td>
<td>7,567</td>
<td>6,787</td>
</tr>
</tbody>
</table>
### 14) Operating expenses by nature

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R&amp;D</td>
<td>G&amp;A</td>
<td>Total</td>
<td>R&amp;D</td>
</tr>
<tr>
<td>Subcontracting costs(^1)</td>
<td>(19,471)</td>
<td>—</td>
<td>(19,471)</td>
<td>(19,397)</td>
</tr>
<tr>
<td>Cost of supplies and consumable materials</td>
<td>(1,673)</td>
<td>—</td>
<td>(1,673)</td>
<td>(1,847)</td>
</tr>
<tr>
<td>Personnel expenses other than share-based compensation</td>
<td>(7,165) (2,778)</td>
<td>(9,943)</td>
<td>(6,637) (2,238)</td>
<td>(8,875)</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>(643) (1,332)</td>
<td>(1,975)</td>
<td>(254) (811)</td>
<td>(1,065)</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>(7,808) (4,111)</td>
<td>(11,918)</td>
<td>(6,891) (3,049)</td>
<td>(9,940)</td>
</tr>
<tr>
<td>Non-scientific advisory and consulting(^2)</td>
<td>(54) (2,332)</td>
<td>(2,386)</td>
<td>(89) (1,082)</td>
<td>(1,171)</td>
</tr>
<tr>
<td>Leasing and maintenance</td>
<td>(447) (473)</td>
<td>(920)</td>
<td>(522) (556)</td>
<td>(1,078)</td>
</tr>
<tr>
<td>Travel expenses and meeting attendance</td>
<td>(367) (316)</td>
<td>(682)</td>
<td>(315) (210)</td>
<td>(525)</td>
</tr>
<tr>
<td>Marketing, communication and public relations</td>
<td>(47) (259)</td>
<td>(307)</td>
<td>(52) (213)</td>
<td>(265)</td>
</tr>
<tr>
<td>Scientific advisory and consulting(^3)</td>
<td>(256) —</td>
<td>(256)</td>
<td>(220) —</td>
<td>(220)</td>
</tr>
<tr>
<td>Other purchases and external expenses</td>
<td>96 (694)</td>
<td>(597)</td>
<td>175 (73)</td>
<td>(248)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(6,348) (478)</td>
<td>(6,826)</td>
<td>(2,190) (249)</td>
<td>(2,439)</td>
</tr>
<tr>
<td>Intellectual property expenses</td>
<td>(180) (468)</td>
<td>(648)</td>
<td>(607) —</td>
<td>(607)</td>
</tr>
<tr>
<td>Other income and (expenses), net</td>
<td>(30) (164)</td>
<td>(193)</td>
<td>(17) (144)</td>
<td>(161)</td>
</tr>
<tr>
<td><strong>Total net operating expenses</strong></td>
<td>(36,584) (9,295)</td>
<td>(45,879)</td>
<td>(32,322) (5,576)</td>
<td>(37,898)</td>
</tr>
</tbody>
</table>

1) The Company subcontracts a significant part of its preclinical (pharmaceutical development, tolerance studies and other model experiments, etc.) and clinical operations (coordination of trials, hospital costs, etc.) to third parties. Associated costs are recorded in subcontracting on the basis of the level of completion of the clinical trials.

2) Non-scientific advisory and consulting are services performed to support the selling, general and administration activities of the Company, such as legal, accounting and audit fees as well as business development support.

3) Scientific advisory and consulting expenses relate to consulting services performed by third parties to support the research and development activities of the Company.

**Personnel expenses other than share-based compensation**

The line item amounted to €9,943 thousand and €8,875 thousand for the six months ended June 30, 2019 and 2018, respectively. The Company had 206 employees at June 30, 2019, compared to 194 at June 30, 2018.

**Depreciation and amortization**

The line item is mainly composed of the amortization of the monalizumab, IPH5201 and Lumoxiti intangible assets (see Note 6).

**Cost of suppliers and consumable materials**

Cost of supplies and consumable materials consists mainly of the cost of procurement of the Company’s drug substance and/or drug product that is manufactured by third parties.

### 15) Net income / (loss) from distribution agreements

During the transition period, which is scheduled to end mid-2020, Lumoxiti products are commercialized in the United States by AstraZeneca who is the owner of the regulatory approval. The Company concluded that it did not meet the criteria for being principal under IFRS 15. Consequently, the net loss resulting from all Lumoxiti marketing operations are disclosed in the item line “Net income / (loss) from distribution agreements.”
The Company recognized a €3,820 thousand net loss for the six months ended June 30, 2019, corresponding to production and marketing costs, net of sales proceeds, as invoiced by AstraZeneca in relation to Lumoxiti distribution agreement for the period. Sales of Lumoxiti products for the six months ended June 30, 2019 were modest. The first commercialization in the United States happened in the last quarter 2018.

16) Net financial income (loss)

Net financial income (loss) can be analyzed as follows:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>Six months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Interest on financial assets</td>
<td>893</td>
</tr>
<tr>
<td>Change in valuation allowance on financial instruments</td>
<td>2,309</td>
</tr>
<tr>
<td>Foreign exchange gains</td>
<td>2,511</td>
</tr>
<tr>
<td>Other financial income</td>
<td>5</td>
</tr>
<tr>
<td>Financial income</td>
<td>5,717</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>(1,888)</td>
</tr>
<tr>
<td>Unrealized losses on financial assets</td>
<td>—</td>
</tr>
<tr>
<td>Interest on financial liabilities</td>
<td>(45)</td>
</tr>
<tr>
<td>Other financial expenses</td>
<td>—</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>(1,933)</td>
</tr>
<tr>
<td>Net financial income (loss)</td>
<td>3,784</td>
</tr>
</tbody>
</table>

For the six months ended June 30, 2019 and 2018, the foreign exchange gains and losses mainly result from the variance of the exchange rate between the Euro and the US dollar on US dollar-denominated cash and cash equivalent and financial assets accounts.

17) Income tax

The Company did not recognize a current tax expense as at June 30, 2019 based on a projected tax rate of nil as of December 31, 2019.

As of June 30, 2019, the accumulated tax losses carryforwards of Innate Pharma SA were €219,563 thousand with no expiration date (same amount as of December 31, 2018). As of June 30, 2019, the accumulated tax losses carryforwards of Innate Pharma Inc. was €496 thousand, or $564 thousand, (same amount as of December 31, 2018), with a 20-year period expiration.

For the six months ended June 30, 2018, the Company opted for the carry back mechanism which gave rise to a €333 thousand tax credit.

18) Commitments, contingencies and litigations

Commitments

Except the recognition of operating lease agreements existing as of December 31, 2018 as lease liabilities as of January 1, 2019 following the application of IFRS 16, the Company has identified the following changes in off-balance sheet commitments since December 31, 2018:

- non-cancellable purchase commitments as of June 30, 2019 for a total of €3,297 thousand with various CMOs.
• **Consumable purchases**: As part of a supply of scientific equipment, the Company was committed to a supplier to minimum annual purchases of consumables. As of June 30, 2019, the overall commitment amounted to €188 thousand for the period of July 2019 to June 2020.

**Contingencies and litigations**

The Company is exposed to contingent liabilities relating to legal actions before the labor court or intellectual property issues happening in the ordinary course of its activities. Each pre-litigation, known litigation or procedure in ordinary course the Company is involved in is analyzed at each closing date after consultation of legal counsel. There is no acknowledged litigation as of June 30, 2019.

**Provisions**

Provisions amounted to €672 thousand and €690 thousand as of June 30, 2019 and December 31, 2018, respectively. They consisted mainly of the employer contribution in respect of the grants of employee equity instruments. In accordance with IFRS 2, when a company decides to provide its employees with shares bought back on the market, a provision has to be recognized upon the decision to allocate free shares that are spread over the vesting period.

19) **Related party transactions**

**Members of the Executive Board and Executive Committee**

For each of the period presented, the following compensation was granted to the members of the Executive Committee of the Company and were recognized as expense (in thousands of euro):

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Personnel expenses and other short-term employee benefits</td>
<td>1,159</td>
</tr>
<tr>
<td>Extra pension benefits</td>
<td>12</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>1,174</td>
</tr>
<tr>
<td><strong>Executive Committee Members compensation</strong></td>
<td><strong>2,345</strong></td>
</tr>
</tbody>
</table>

Odile Belzunce and Jennifer Butler were appointed as members of the Executive Committee on January 31, 2019 and March 12, 2019, respectively.

Personnel expenses and other short-term employee benefits correspond to amounts included in personnel expenses for the six-month periods ended June 30, 2019 and 2018, respectively.

**Members of the Supervisory Board**

The Company recognized a provision of €155 thousand for attendance fees (*jetons de presence*) relating to the six months ended June 30, 2019. This amount includes the compensation for the Chairman of the Supervisory Board.

**Related parties**

Novo Nordisk A/S is a shareholder and a Supervisory Board member and is related to the Company by three licensing agreements related to the drug-candidates lirilumab, monalizumab and IPH5401. Under the terms of the agreements, Novo Nordisk A/S is eligible to receive milestone payments as well as royalties on future sales. As of June 30, 2019, the Company has no liability to Novo Nordisk A/S.
AstraZeneca is a shareholder and is related to the Company through several collaboration and option licensing or license agreements for different drug candidates (monalizumab, IPH5401, IPH5201 and preclinical molecules) and a license agreement for the rights of the drug Lumoxiti. The payments between the two companies as well as the liabilities and receivables as of June 30, 2019 are as follows:

<table>
<thead>
<tr>
<th>(in thousands of euro)</th>
<th>Payments</th>
<th>Assets/Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection (AstraZeneca to the Company) / Receivables</td>
<td>111,810</td>
<td>16,404</td>
</tr>
<tr>
<td>Payments (the Company to AstraZeneca) / Liabilities</td>
<td>(51,605)</td>
<td>(21,661)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60,205</strong></td>
<td><strong>(5,257)</strong></td>
</tr>
</tbody>
</table>

(1) In addition, the Company recognized in the income statement a net expense of €3,821 thousand as net result from distribution agreements (see Note 15) and an R&D expense of €6,415 thousand as operating expenses.

BPI France is a board member and has granted the Company a €1,500 thousand interest free loan (Prêt à Taux Zéro Innovation, or “PTZI”). This loan will be reimbursed starting September 2016 over a 5-year period.

**Subsidiaries**

The business relationships between the Company and its subsidiary are governed by intra-group agreements, concluded at standard conditions on an arm’s length basis.

**20) Income (loss) per share**

**Basic income (loss) per share**

Basic income (loss) per share is calculated by dividing the net income (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in circulation during the corresponding period.

<table>
<thead>
<tr>
<th>(in thousands of euro, except for share data)</th>
<th>Six months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>13,240</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in circulation</td>
<td>63,987,582</td>
</tr>
<tr>
<td><strong>Basic income (loss) per share (€ per share)</strong></td>
<td><strong>0.21</strong></td>
</tr>
</tbody>
</table>

**Diluted income (loss) per share**

Diluted income (loss) per share is calculated by dividing the net income (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in circulation during the corresponding period, increased by all dilutive potential ordinary shares.

<table>
<thead>
<tr>
<th>(in thousands of euro, except for share data)</th>
<th>Six months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>13,240</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in circulation</td>
<td>63,987,582</td>
</tr>
<tr>
<td>Adjustment for share instruments</td>
<td>1,368,600</td>
</tr>
<tr>
<td><strong>Diluted income (loss) per share (€ per share)</strong></td>
<td><strong>0.20</strong></td>
</tr>
</tbody>
</table>

**21) Events after the reporting date**

On July 3, 2019, the Executive Board granted 57,376 free shares to members of management (“AGA Bonus Management 2019-1”).
On July 17, 2019, subsequent to the definitive acquisitions of 66,559 free shares granted on July 3, 2018 under the “AGA Bonus Management 2018-1” plan and the exercise of 25,000 “2011-2” BSA, to carry out a capital increase of €4,578 and an increase in share premium of €39,672, that can be broken down as follows: (i) a creation of 66,559 ordinary shares, with a nominal value of €0.05, for an issue price of €0.05 per share, and (ii) a creation of 25,000 ordinary shares, with a nominal value of €0.05, for an issue price of €1.77 per share.

On August 30, 2019, the Company drew down the remaining portion of the €15.2 million loan granted in July 2017 by Société Générale, for an amount of €13.9 million. The loan amounted to €1.3 million as of June 30, 2019. The repayment schedule will begin on August 30, 2019.

On July 31, 2019, the Company notified AstraZeneca of its decision to co-fund a future monalizumab Phase III clinical development program.
Until , 2019 (25 days after the date of this prospectus), all dealers that buy, sell, or trade our ordinary shares, whether or not participating in this global offering, may be required to deliver a prospectus. This is in addition to a dealers’ obligation to deliver a prospectus when acting as underwriter and with respect to their unsold allotments or subscriptions.

ORDINARY SHARES
(Including Ordinary Shares in the Form of American Depositary Shares)

$ per American Depositary Share
€ per Ordinary Share

PROSPECTUS
, 2019

Citigroup \hspace{1cm} SVB Leerink \hspace{1cm} Evercore ISI
ITEM 6. Indemnification of Members of the Executive and Supervisory Board.

Under French law, provisions of bylaws that limit the liability of directors are prohibited. However, French law allows sociétés anonymes to contract for and maintain liability insurance against civil liabilities incurred by any of their directors and officers involved in a third-party action, provided that they acted in good faith and within their capacities as directors or officers of the company. Criminal liability cannot be indemnified under French law, whether directly by the company or through liability insurance.

We maintain liability insurance for the members of our Supervisory Board and Executive Board, including insurance against liability under the Securities Act of 1933, as amended, and we intend to enter into agreements with the members of our Supervisory Board and Executive Board to provide contractual indemnification. With certain exceptions and subject to limitations on indemnification under French law, these agreements will provide for indemnification for damages and expenses including, among other things, attorneys’ fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding arising out of his or her actions in that capacity.

Certain of the members of our Supervisory Board may, through their relationships with their employers or partnerships, be insured and/or indemnified against certain liabilities in their capacity as members of our Supervisory Board.

In any underwriting agreement we enter into in connection with the sale of ADSs being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act against certain liabilities.

ITEM 7. Recent Sales of Unregistered Securities.

Set forth below is information regarding share capital issued and options, warrants and free shares granted by us since January 1, 2016. None of the transactions described below involved any underwriters, underwriting discounts or commissions, or any public offering. Some of the transactions described below involved members of our Supervisory Board and Executive Board and 5% shareholders and are more fully described under the section of the prospectus titled “Certain Relationships and Related Party Transactions.”

From January 1, 2016 through July 31, 2019, we have issued securities in the following transactions that were not registered under the Securities Act:

- On January 6, 2016, we issued an aggregate of 2,700 ordinary shares to employees in connection with the exercise of redeemable share warrants, for aggregate gross proceeds of €5,508.
- On May 30, 2016, we issued an aggregate of 58,940 ordinary shares to employees and executive managers in connection with the exercise of redeemable share warrants and share warrants, for aggregate gross proceeds of €138,248.
- On October 21, 2016, we issued an aggregate of 4,486 free preferred shares (AGAP 2016-1) to employees and executive managers, convertible into 897,200 ordinary shares.
- On October 21, 2016, we issued an aggregate of 99,932 free shares (AGA 2016-1) to employees.
- On October 21, 2016, we issued an aggregate of 50,000 free shares (AGA 2016-1) to executive managers.
- On November 3, 2016, we issued an aggregate of 25,650 ordinary shares to employees in connection with the exercise of warrants, for aggregate gross proceeds of €52,326.
- On December 30, 2016, we issued an aggregate of 250,000 free shares (AGA 2016-2) to an executive manager.
- On December 30, 2016, we issued an aggregate of 149,943 free shares (AGA 2016-2) to employees.
- On December 30, 2016, we issued an aggregate of 3,000 free preferred shares (AGAP 2016-2) to an executive manager, convertible into 600,000 ordinary shares.
On January 24, 2017, we issued an aggregate of 38,950 ordinary shares to executive managers in connection with the exercise of redeemable share warrants and share warrants, for aggregate gross proceeds of €327,144.

On February 10, 2017, we issued an aggregate of 50,500 ordinary shares to employees and executive managers in connection with the exercise of redeemable share warrants and share warrants, for aggregate gross proceeds of €119,020.

On June 14, 2017, we issued an aggregate of 1,850 ordinary shares to employees in connection with the exercise of redeemable share warrants, for aggregate gross proceeds of €3,774.

On July 13, 2017, we issued an aggregate of 3,343,748 ordinary shares to Novo Nordisk A/S, at a purchase price of €11.12 per share.

On September 20, 2017, we issued an aggregate of 28,556 bonus free shares (AGA Bonus 2017-1) to executive managers.

On September 20, 2017, we allocated an aggregate of 37,000 share warrants (BSA 2017-1) to members of the Supervisory Board, convertible into 37,000 ordinary shares.

On October 21, 2017, we issued an aggregate of 98,770 ordinary shares and 3,931 free preferred shares to employees and executive managers in connection with the vesting of free shares (AGA 2016-1 and AGAP 2016-1), for aggregate gross proceeds of €5,135.05.

On December 30, 2017, we issued an aggregate of 144,978 ordinary shares and 3,000 free preferred shares to employees and executive managers in connection with the vesting of free shares (AGA 2016-2 and AGAP 2016-2), for aggregate gross proceeds of €7,398.90.

On April 3, 2018, we issued an aggregate of 5,725 free preferred shares (AGAP 2017-1) to employees convertible into 572,500 ordinary shares.

On April 3, 2018, we issued an aggregate of 2,400 free preferred shares (AGAP 2017-1) to executive managers convertible into 240,000 ordinary shares.

On April 3, 2018, we issued an aggregate of 114,500 free shares (AGA 2017-1) to employees.

On November 20, 2018, we issued an aggregate of 22,055 ordinary shares to executive managers in connection with the vesting of free shares (AGA Bonus 2017-1), for aggregate gross proceeds of €1,102.75.

On October 25, 2018, we issued an aggregate of 6,260,500 ordinary shares to MedImmune Limited, at a purchase price of €10.00 per share.

On November 29, 2018, we issued an aggregate of 50,000 ordinary shares to employees and executive managers in connection with the exercise of share warrants, for aggregate gross proceeds of €2,500.

On April 18, 2019, we issued an aggregate of 111,250 ordinary shares and 7,581 preferred shares to employees and executive managers in connection with the exercise of redeemable share warrants and the vesting of free shares (AGA 2017-1 and AGAP 2017-1), for aggregate gross proceeds of €5,941.55.

On July 3, 2019, we allocated an aggregate of 67,028 bonus free shares (AGA Bonus 2018-1) to executive managers.

On July 17, 2019, we issued an aggregate of 66,559 ordinary shares to executive managers in connection with the vesting of free shares (AGA Bonus 2018-1) for aggregate gross proceeds of €3,327.95.

On July 17, 2019, we issued an aggregate of 25,000 ordinary shares to a supervisory board member in connection with the exercise of share warrants (BSA), for aggregate gross proceeds of €44,250.00.
• From January 1, 2016 through July 31, 2019, an aggregate of 66,140 redeemable share warrants (BSAAR) were exercised at prices ranging from €2.04 to €7.20 per ordinary share. Pursuant to these exercises, we issued an aggregate of 66,140 ordinary shares.

• From January 1, 2016 through July 31, 2019, an aggregate of 188,200 share warrants (BSA) were exercised at prices ranging from €1.77 to €8.65 per ordinary share. Pursuant to these exercises, we issued an aggregate of 188,200 ordinary shares.

• From January 1, 2016 through July 31, 2019, an aggregate of 14,512 free preferred shares (AGAP) were vested. Pursuant to these free preferred shares vesting, we issued an aggregate of 6,931 preferred shares 2016 and 7,581 preferred shares 2017.

• From January 1, 2016 through July 31, 2019, an aggregate of 442,862 free shares (AGA) were vested. Pursuant to these free shares vesting, we issued an aggregate of 442,862 ordinary shares.

The offers, sales and issuances of the securities described above were exempt from registration either (a) under Section 4(a)(2) of the Securities Act in that the transactions were between an issuer and sophisticated investors or members of its senior executive management and did not involve any public offering within the meaning of Section 4(a)(2), (b) under Regulation S promulgated under the Securities Act in that offers, sales and issuances were not made to persons in the United States and no directed selling efforts were made in the United States or (c) under Rule 701 promulgated under the Securities Act in that the transactions were under compensatory benefit plans and contracts relating to compensation.


(a) Exhibits

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Exhibit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1*</td>
<td>Form of Underwriting Agreement.</td>
</tr>
<tr>
<td>3.1</td>
<td>Bylaws (statuts) of the Registrant (English translation).</td>
</tr>
<tr>
<td>4.1*</td>
<td>Form of Deposit Agreement.</td>
</tr>
<tr>
<td>4.2*</td>
<td>Form of American Depositary Receipt (included in Exhibit 4.1).</td>
</tr>
<tr>
<td>5.1*</td>
<td>Opinion of Linklaters LLP.</td>
</tr>
<tr>
<td>10.1†</td>
<td>Co-Development and License Agreement between Innate Pharma S.A. and MedImmune Limited, dated April 24, 2015, as amended to date.</td>
</tr>
<tr>
<td>21.1</td>
<td>List of subsidiaries.</td>
</tr>
<tr>
<td>23.1</td>
<td>Consent of Deloitte &amp; Associés.</td>
</tr>
<tr>
<td>23.2*</td>
<td>Consent of Linklaters LLP (included in Exhibit 5.1)</td>
</tr>
<tr>
<td>24.1</td>
<td>Power of Attorney (included on signature page).</td>
</tr>
</tbody>
</table>
(b) Financial Statement Schedules

All schedules have been omitted because the information required to be set forth therein is not applicable or has been included in the consolidated financial statements and notes thereto.

ITEM 9. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities, other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding, is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless, in the opinion of its counsel, the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question, whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness, provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(2) for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement relating to such offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness, provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(3) for the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(4) for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, that in a primary offering of securities of the undersigned registrant
pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.
SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Marseille, France on September 20, 2019.

INNATE PHARMA S.A.

By: /s/ Mondher Mahjoubi

Name: Mondher Mahjoubi
Title: Chief Executive Officer
POWER OF ATTORNEY

We, the undersigned members of the directors, officers and authorized representative of Innate Pharma S.A. hereby severally constitute and appoint Mondher Mahjoubi and Laure-Hélène Mercier, and each of them singly, his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this Registration Statement together with all schedules and exhibits thereto and any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this Registration Statement or any such amendment or any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and (iv) take any and all actions which may be necessary or appropriate to be done, as fully for all intents and purposes as he or she might or could do in person, hereby approving, ratifying and confirming all that such agent, proxy and attorney-in-fact or any of his substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ Mondher Mahjoubi</td>
<td>Chief Executive Officer and Chairman of the Executive Board</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Mondher Mahjoubi</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Laure-Hélène Mercier</td>
<td>Chief Financial Officer and Member of the Executive Board (principal financial officer)</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Laure-Hélène Mercier</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Hervé Brailly</td>
<td>Chairman of the Supervisory Board</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Hervé Brailly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Irina Staatz-Granzer</td>
<td>Vice-Chairman of Supervisory Board</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Irina Staatz-Granzer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Jean-Yves Blay</td>
<td>Member of the Supervisory Board</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Jean-Yves Blay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Gilles Brisson</td>
<td>Member of the Supervisory Board</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Gilles Brisson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Véronique Chabernaud</td>
<td>Member of the Supervisory Board</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Véronique Chabernaud</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Maïlys Ferrere</td>
<td>Member of the Supervisory Board</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Bpifrance Participations, represented by Maïlys Ferrere</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Patrick Langlois</td>
<td>Member of the Supervisory Board</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Patrick Langlois</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signature</td>
<td>Title</td>
<td>Date</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>/s/ Marcus Schindler</td>
<td>Member of the Supervisory Board</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Novo Nordisk A/S, represented by Marcus Schindler</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Mondher Mahjoubi</td>
<td>Authorized Representative in the United States</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Innate Pharma, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By: Mondher Mahjoubi, President</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TRANSLATION FOR INFORMATION PURPOSES

INNATE PHARMA SA
A corporation with executive board and supervisory board with a share capital of EUR 3,202,920.85
Registered Office: 117, avenue de Luminy, 13009 Marseille
424 365 336 Registry of Trade and Companies of Marseille

ARTICLES OF ASSOCIATION (BY-LAWS)

Amended by the Executive Board of April 18, 2019
TITLE I
FORM – NAME – REGISTERED OFFICE – OBJECT – DURATION

ARTICLE 1 – Form
The Company was incorporated in the form of a Simplified Share Company governed by applicable statutory provisions and by these articles of association.

The Company was transformed into a Corporation with a Executive Board and a Supervisory Board by a decision of the Mixed Meeting of Shareholders of 13 June 2005. It is governed by the statutory and regulatory provisions in force and by these articles of association.

ARTICLE 2 – Corporate Name
The name of the Company is INNATE PHARMA.

On any instruments or documents issued by the Company, the name of the Company must be immediately preceded or followed by the words “Corporation with Executive Board and Supervisory Board” and a statement of the share capital.

ARTICLE 3 – Registered Office
The registered office is at 117, avenue de Luminy, 13009 Marseille.

It may be transferred within the same administrative department or to a neighbouring administrative department by a decision of the Supervisory Board subject to ratification by the Ordinary Meeting of Shareholders.

ARTICLE 4 – Purpose
The purpose of the Company is, directly or indirectly, in France and abroad, to:

• carry out, on its own behalf or on behalf of third parties, any research, development, studies and development of manufacturing or marketing procedures for pharmaceutical products;
• register or grant any patent or licence directly or indirectly connected with its activity; and
• more generally, carry out any transactions of any kind whatsoever including economic, legal, financial, civil or commercial transactions which may be directly or indirectly related to the corporate purposes or to any similar, related or complementary objects.

ARTICLE 5 – Duration
Unless it is extended or wound up early, the Company shall have a duration of 99 years which starts from the day of its registration at the Registry of Trade and Companies.

Decisions to extend the duration of the Company or to wind it up early shall be taken collectively by the shareholders.
ARTICLE 6 – Share Capital

The share capital is € 3,202,920.85 (three million two hundred two thousand nine hundred twenty euros and eighty five cents). It is divided into 64,043,905 (sixty four million forty-three thousand nine hundred five) ordinary shares of zero point zero five (0.05) euro each, 6,931 (six thousand nine hundred thirty one) preference shares of zero point zero five (0.05) euro each (herein referred to as “2016 Preference Shares”) and 7,581 (seven thousand five hundred eighty-one) preference shares of zero point zero five (0.05) euro each (herein referred to as “2017 Preference Shares”), fully subscribed and fully paid up in cash.

ARTICLE 7 – Modifications of the Share Capital

I. The share capital may be increased by either the issue of new shares or an increase of the nominal value of existing shares.

New shares are paid up either in cash, by a contribution in kind, by set-off against due and payable receivables, by incorporation of profit, reserves or issue premiums into the share capital, as a result of a merger or demerger, or further to the exercise of a right attached to securities entitling their holder to capital, including, as the case may be, the payment of the corresponding amounts.

New shares are issued at either their nominal amount or at such amount increased by an issue premium.

A share capital increase can only be decided by an Extraordinary Meeting of Shareholders, following a report by the Executive Board containing the information required by law.

An Extraordinary Meeting of Shareholders may, however, delegate such competence to the Executive Board pursuant to the conditions provided by law. Within the limit of the powers so granted by an Extraordinary Meeting of Shareholders, the Executive Board shall have the powers required to increase the share capital in one or several steps, to determine the terms and conditions thereof, to officially acknowledge the completion thereof and to make the corresponding amendments to the articles of association.

If a share capital increase is decided by a Meeting of Shareholders, it may delegate all the powers required for the completion of the operation to the Executive Board.

If the Executive Board is acting by virtue of a delegation of power or competence, it shall prepare a supplementary report to the Ordinary Meeting of Shareholders held following the meeting of the Executive Board at which such action is taken.

If the share capital is increased by the incorporation of profits, reserves or issue premiums, the Extraordinary Meeting of Shareholders shall deliberate pursuant to the conditions of quorum and majority required for Ordinary Meeting of Shareholders. In such case, the Meeting of Shareholders may decide that rights constituting fractional shares shall be neither negotiable nor transferable and that the corresponding securities should be sold. The proceeds of sale shall be allocated to the holders in proportion to their rights.

An increase in share capital by increasing the nominal amount of shares may only be decided by a unanimous decision of the shareholders, unless it is the result of an incorporation of profits, reserves or issue premiums into the share capital.
TRANSLATION FOR INFORMATION PURPOSES

Shareholders have a preferential right of subscription, in proportion to their shareholdings, to shares issued by way of cash contribution in order to increase the share capital. Shares acquired pursuant to the exercise of this right shall be of the same category as that of the share from which the aforesaid right arises. This also applies to shares resulting from the acquisition of securities other than shares.

Shareholders may dispose of all or part of their subscription rights during the subscription period. Such rights are negotiable if they are detached from shares which are themselves negotiable. If this is not the case, then such subscription rights may be disposed of on the same terms as the shares themselves.

Shareholders may waive their preferential right on an individual basis.

The Extraordinary Meeting of Shareholders which decides to increase the share capital may cancel the preferential right to subscription pursuant to the conditions and within the limits set by law, and shall make such decision following the issuance of reports of the Executive Board and the Statutory Auditors, in accordance with the conditions determined by the law and regulations in force.

 Shares which have not been subscribed for on an irreducible basis may be allocated to shareholders who may have subscribed on a reducible basis for a greater number of shares than that to which they could have subscribed on a preferential basis, in proportion to their subscription rights, and in any event, within the limit of their request, if the Extraordinary Meeting of Shareholders, or, in the case of delegation, the Executive Board, expressly so decides.

If the subscriptions have not, in any respect whatsoever, covered the entire share capital increase, the Executive Board may exercise any one or more of the options provided below, in the order it sees fit:

(i) limit the share capital increase to the amount of the subscriptions on the dual condition that such subscriptions cover at least three quarters of the amount of the originally determined increase, and that such option has not been expressly prohibited by the Extraordinary Meeting of Shareholders at the time of issue;

(ii) allocate the remaining shares unless the Extraordinary Meeting of Shareholders has decided otherwise; and

(iii) opening the subscription to the public if this has been expressly authorised by the Extraordinary Meeting of Shareholders.

If the subscriptions have not covered the entire share capital increase, or three quarters of this increase in the case of (i) above, after such options have been exercised, the share capital increase shall not be carried out.

However, the Executive Board may in any case automatically limit the share capital increase to the amount covered by subscriptions, if unsubscribed shares represent less than 3% of the share capital increase.

In the case of a share capital increase with or without a preferential right of subscription, the Extraordinary Meeting of Shareholders may provide that the number of shares may be increased within thirty days of the closure of subscriptions by up to 15% of, and at the same price as for, the original issue.

If the share capital increase produces fractional shares, shareholders with insufficient subscription or allocation rights shall be required personally to acquire or dispose of the subscription rights necessary to obtain delivery of a whole number of new shares.
II. An Extraordinary Meeting of Shareholders (or, in the case of delegation, the Executive Board) may also (subject to the rights of creditors if relevant) authorise or decide upon a reduction of share capital for any reason and by any procedure whatsoever. A reduction in share capital may not, in any event, derogate from the principle of equality between shareholders.

The reduction of share capital to an amount below the legal minimum can only be decided subject to the condition precedent of a share capital increase to at least the statutory minimum, unless the Company is transformed into a company having a different corporate form. In the event that the foregoing principle is not complied with, any interested party may ask the courts to dissolve the Company, provided however that the dissolution of the Company cannot be ordered if, as of the date on which the court rules on the merits, the situation has been rectified.

Subject to the legal and regulatory provisions in force, the Company may not either subscribe to or purchase its own shares. However, if an Extraordinary Meeting of Shareholders has decided on a reduction of share capital for reasons other than due to losses, it can authorise the Executive Board to purchase a fixed number of shares in order to cancel them.

ARTICLE 8 – Paying Up Shares

At least one quarter of the nominal value of shares subscribed for cash must be paid up on subscription together with the full amount of the issue premium, if relevant.

The remainder must be paid up in one or more instalments, upon calls made by the Executive Board, within five years of the day on which the share capital increase was completed.

Subscribers will be informed of calls for funds by registered letter with confirmation of receipt sent at least fifteen days prior to the date set for each payment.

If a shareholder does not pay the amounts due with respect to the shares for which he has subscribed, on the dates determined by the Executive Board, interest will automatically accrue on such amounts in favour of the Company at the statutory rate defined in Article L. 313-2 of the Monetary and Financial Code, as of the expiry of the month following the date on which they fall due and without the need for a court petition or formal notice. Moreover, when due payments in respect of shares have not been made within thirty days of formal notice sent to the defaulting shareholder, such shares will no longer entitle the holder to admission to shareholders’ meeting and the right to vote in shareholders’ meetings, and shall be deducted for the calculation of the quorum. The right to dividends and the preferential right of subscription to share capital increases attached to these shares shall be suspended. These rights shall be regained on payment of the principal and interest due in respect of the amounts due. A shareholder can then request the payment of dividends that are not time-barred and exercise his preferential right of subscription if the exercise period for such right has not expired.

The share capital must be fully paid up prior to any issue of additional shares to be paid up in cash.

ARTICLE 9 – Form of Shares – Administration of the Share Accounts

Ordinary shares are either in registered form or, if allowed by law, in bearer form, at the shareholder’s discretion. Fully paid-up 2016 Preference Shares are in registered form. Fully paid-up 2017 Preference Shares are in registered form.

Ordinary shares, 2016 Preference Shares and 2017 Preference Shares are registered in individual accounts opened by the Company or any authorised intermediary, in the name of each shareholder and kept according to the conditions and procedures provided by legal and regulatory provisions.
The Company is authorised to rely on statutory provisions, in particular Article L. 228-2 of the Commercial Code, with respect to the identification of the holders of bearer shares and for such purpose it may at any time request the central depository who administers the share account, to provide the information referred to in Article L. 228-2 of the Commercial Code, in exchange for payment. The Company is therefore, in particular, entitled at any time to request the name and year of birth, or concerning a legal person, the corporate name and year of incorporation, the nationality and the post address and, if applicable, email address of holders of securities which give the right to vote in Meeting of Shareholders, either immediately or in the future, as well as the number of shares held by each of them and, as the case may be, any restrictions which may apply to the shares.

**ARTICLE 10 – Transfer of Shares**

Registered shares may be transferred by transfer from one account to another.

Ordinary shares paid up in cash are freely transferable as from the completion of the share capital increase. Ordinary shares received in exchange for contribution in kind are freely transferable as from the completion of the share capital increase, i.e. on the date of the Meeting of Shareholders or meeting of the Executive Board, acting under delegation, which approved the contribution, in the case of an in-kind contribution during the life of the company.

Title to ordinary shares is transferred by registration in the buyer’s account, on the date and in accordance with the conditions provided by applicable law and, as the case may be, regulations.

Ordinary shares are freely transferable subject to legislative provisions. 2016 Preference Shares and 2017 Preference Shares are transferable under the conditions set forth in Article 12 of these by-laws.

**ARTICLE 11 – Crossing of Thresholds**

Any natural person or legal entity referred to under Articles L. 233-7, L. 233-9 and L. 223-10 of the Commercial Code who gains possession, directly or indirectly, alone or in concert, of a number of shares which represent a portion of the share capital or voting rights of the Company equal to or greater than 1% or a multiple of such percentage, must inform the Company of the total number of shares, voting rights and securities granting an interest in capital or voting rights which it owns immediately or would own in the future, by registered mail with confirmation of receipt sent to the registered office of the Company within five trading days starting from the date that the aforesaid threshold(s) were crossed.

The obligation of information provided above also applies in the same conditions when the aforesaid thresholds are crossed downwards.

Shares or voting rights in excess of the portion which should have been declared but which have not been declared pursuant to the aforesaid conditions, are stripped of their rights to vote at shareholders’ meetings for any meeting held within two years following the date of the regularisation of the declaration in accordance with Article L. 233-14 of the Commercial Code, if failure to make the declaration has been observed and if one or more shareholders holding an interest of at least 5% of the share capital of the Company make such request, recorded in the minutes of the Meeting of Shareholders.

The foregoing obligations to declare apply in addition to the threshold crossing declarations provided by legal or regulatory provisions in force.

**ARTICLE 12 – Rights and Obligations attached to Shares**

The share capital of the Company is divided between ordinary shares, 2016 Preference Shares and 2017 Preference Shares.
I. Rights attached to ordinary shares, 2016 Preference Shares and 2017 Preference Shares

Without prejudice to the rights attached to 2016 Preference Shares and 2017 Preference Shares, each ordinary share entitles to a portion of the corporate profits and assets in proportion to the portion of share capital that it represents.

In addition, each ordinary share gives the right to vote and be represented at General Meetings of Shareholders pursuant to the conditions provided by law and in these articles of association. Ordinary shares, 2016 Preference Shares and 2017 Preference Shares (including shares of the Company that might be allocated for free in the framework of a capital increase through the incorporation of reserves, issue premiums or profits) do not grant a double voting right pursuant to the last paragraph of Article L. 225-123 of the French Commercial Code.

Shareholders holding ordinary shares, 2016 Preference Shares and 2017 Preference Shares are only liable up to the nominal amount of the shares which they hold and any request for funds beyond that amount is prohibited.

Ownership of ordinary shares, 2016 Preference Shares and 2017 Preference Shares automatically implies agreement to be bound by the Company’s by-laws and the decisions of the General Meeting of Shareholders.

The heirs, creditors, successors or other representatives of the shareholder holding ordinary shares, 2016 Preference Shares or 2017 Preference Shares cannot request seals to be placed on the Company’s assets and securities or request their distribution or sale by public auction, or to interfere with its management. In order to exercise their rights, they should rely on company records and the decisions of the General Meeting of Shareholders.

Whenever it is necessary to hold several ordinary shares, 2016 Preference Shares or 2017 Preference Shares in order to exercise a right of any kind, in the case of an exchange, regrouping or allocation of securities, or further to a share capital increase or decrease, merger or other corporate transaction, holders of single shares or of less than the number of shares so required will only be able to exercise such right if they themselves collect and, as the case may be, purchase or sell, the required number of securities.

However, the Company may, in the case of an exchange of securities further to a merger or demerger, a share capital reduction, the regrouping or division and mandatory conversion of bearer into registered shares, or the distribution of securities deducted from reserves or in connection with a share capital reduction, or the distribution or allocation of free shares, pursuant to a decision of the Executive Board, sell any securities in respect of which the persons entitled thereto have not requested delivery subject to having carried out the publicity formalities provided by regulations at least two years beforehand.

As from the date of such sale, the prior securities or rights to distribution or allocation shall be cancelled as and when required, and their holders shall only be entitled to the allocation of the net proceeds of sale of unclaimed securities.

II. 2016 Preference Shares

A. Rights attached to 2016 Preference Shares

2016 Preference Shares and the rights of holders thereof are governed by the applicable provisions of the French Commercial Code, in particular Articles 228-11 et seq. thereof.

The maximum number of 2016 Preference Shares that may be allocated is 7,500 shares.
Only the 2016 Preference Shares convertible into ordinary shares pursuant to the terms and conditions specified below benefit from a dividend and are entitled to the reserves, applicable only from the date at which they become convertible. The 2016 Preference Shares that have become convertible will bear rights as from the first day of the financial year preceding the financial year during which they become convertible. The amount of the dividend (and, if applicable, of the portion of the reserves) to which each 2016 Preference Shares entitles is equal to the amount due in respect of an ordinary share, multiplied by the number of ordinary share that can be received from the conversion of each 2016 Preference Shares.

2016 Preference Shares give no preferential subscription right to any capital increase or any operation granting a right on ordinary shares.

In the event of an operation taking place before the 2016 Preference Shares are converted pursuant to paragraph II.B below, the conversion ratio will be adjusted pursuant to the provisions of Article L. 228-99, Paragraph 2, 3° and Paragraph 5 of the French Commercial Code.

With regards to the ownership of corporate assets, a 2016 Preference Shares gives right to a portion of the liquidation surplus in proportion to the portion of share capital that it represents.

Only the 2016 Preference Shares convertible into ordinary shares pursuant to the terms and conditions specified below grant the right to vote in the ordinary and extraordinary general meetings of holders of ordinary shares, applicable only from the date at which they become convertible. The number of voting rights granted by each 2016 Preference Share is equal to the number of ordinary shares that can be received from the conversion of each 2016 Preference Share.

2016 Preference Shares grant the right to vote in the special meetings of holders of 2016 Preference Shares. Holders of 2016 Preference Shares are grouped into a special meeting for any proposed modification of the rights attached to 2016 Preference Shares. In addition, pursuant to the provisions of Article L. 228-17 of the French Commercial Code, any proposed merger or demerger of the Company in which 2016 Preference Shares cannot be exchanged for shares with equivalent particular rights will be subject to the approval of any relevant special meeting.

Special meetings can only make valid decisions if the holders of 2016 Preference Shares that are present or represented hold at least, when convened for the first time, one third, and when convened for the second time, one fifth of the 2016 Preference Shares carrying the right to vote. If the capital is modified or adjusted, the rights of holders of 2016 Preference Shares are adjusted so that their rights may be maintained pursuant to Article L. 228-99 of the French Commercial Code. The other rights attached to 2016 Preference Shares are specified in the next paragraph.

B. Conversion of 2016 Preference Shares into ordinary shares

The issuance of 2016 Preference Shares may only be decided in the framework of an allocation of free shares in favour of the employees and/or executive officers of the Company, pursuant to the provisions of Articles L. 225-97-1 of the French Commercial Code.

2016 Preference Shares will be definitively acquired by the beneficiaries after an acquisition period of one year from their allocation by the Executive Board and subject to the beneficiary’s presence in the Company or its consolidated subsidiaries as an employee, executive officer or member of an executive or supervisory body or, if applicable, of the equivalent thereof in foreign law. The “Acquisition Date” is defined as the end of the acquisition period of the Preference Shares.

However, in the event of invalidity of the beneficiary corresponding to classification in the second or third categories set forth by Article L. 341-4 of the French Social Security Code (or the equivalent thereof in an applicable foreign law), the 2016 Preference Shares will be allocated definitively prior to the Acquisition Date.
The 2016 Preference Shares become convertible in ordinary shares, either new or existing at the Company’s option, after the above-mentioned one-year vesting period from their allocation by the Executive Board, followed by a two-year retention period from the definitive allocation (the “Retention Period”), under the conditions set forth in Paragraphs 2 to 10 below. The “Expiration Date of the Retention Period” is defined as the end of the Retention Period.

However, in the event of invalidity of the beneficiary corresponding to classification in the second or third categories set forth by Article L. 341-4 of the French Social Security Code (or the equivalent thereof in an applicable foreign law), the 2016 Preference Shares will be allocated definitively prior to the Acquisition Date.

1. As from the first anniversary date of the Acquisition Date, 2016 Preference Shares will be freely transferable to a credit institution in the framework of a pledge agreement.

   Pursuant to the provisions set forth in the Article L. 225-197-1 I., Paragraph 6 of the French Commercial Code, the 2016 Preference Shares will be freely transferable in the event of invalidity of the beneficiary corresponding to classification in the second or third categories set forth by Article L. 341-4 of the French Social Security Code, regardless of whether such invalidity occurs before or after the Acquisition Date.

2. 2016 Preference Shares may only be converted for a conversion period of six years and six months from the Expiry Date of the Retention Period (the “Conversion Period”).

3. During the Conversion Period, each holder of 2016 Preference Shares will have the right to convert each of his 2016 Preference Shares in ordinary shares, either new or existing (at the Company’s option). The number of ordinary shares to which the conversion of one 2016 Preference Share will entitle will be equal to the sum of (i) a number of ordinary shares determined according to the fulfillment of an internal condition (the “Internal Condition”) and a market condition as defined below (the “Market Condition”) (together the “Performance Criteria”).

   The fulfilment of the Performance Criteria will give the right to convert each 2016 Preference Share in a maximum of 200 ordinary shares, i.e. a maximum of 100 ordinary shares under the Internal Condition and a maximum of 100 ordinary shares under the Market Condition.

   It is specified that this conversion ratio thus determined will be adjusted in order to take into account the shares to be issued to preserve the rights of holders of securities or other rights giving access to the share capital and holders of 2016 Preference Shares under legal and statutory requirements and Paragraph II. above.

4. The Internal Condition in order to calculate the number of 2016 Preference Shares that can be converted will be determined as a function of the highest of the following two alternative criteria:

   a) The first criterion is a function of the consolidated collected turnover of the Company relating to a present or future partnership or licensing agreement, cumulated over the period from 1 July 2016 to 30 June 2019 (the “Cash Revenues”):

      (i) If the Turnover is strictly inferior to 50 million euros, the conversion ratio under the Internal Condition will be equal to 0;

      (ii) If the Turnover is superior or equal to 50 million euros and inferior to 150 million euros, the conversion ratio under the Price Condition will be equal to:

           \[ \frac{(\text{Turnover} - 50)}{100} \times 100 \]
(iii) If the Cash Revenues are equal or superior to 150 million Euros, the conversion ratio under the Internal Condition will be equal to 100;

b) The second criterion is a function of the maturity of the portfolio of drug candidates developed by the Company during the three years before the Expiry Date of the Retention Period. “Drug candidates developed by the Company” mean Lirilumab, Monalizumab and IPH4102. For each of these products:

(i) In the event of the authorization by the competent regulatory authority the United States or in Europe for the Company or one of its partners to carry out a Phase III trial or a clinical trial with a view to register a product, the conversion ratio under the Internal Condition will be equal to 50;

(ii) In the event of the authorization by the competent regulatory authority in the United States or in Europe for the Company or one of its partners to carry out two Phases III trials or clinical trials with a view to register two products and/or two different indications for one product, the conversion ratio under the Internal Condition will be equal to 75;

(iii) In the event of an acceptance from the European Medicines Agency (EMA) in Europe or the Food and Drug Administration (FDA) in the United States to examine a filing by the Company or one of its partners of a marketing authorization request, the conversion ratio under the Internal Condition will be equal to 100.

5. The Market Condition in order to calculate the conversion ratio of 2016 Preference Shares into ordinary shares will be determined depending on the stock market price of the Innate Pharma share:

The terms “Initial Price” mean the average closing price of the Innate Pharma share on Euronext Paris for the sixty trading days prior to the Allocation Date by the Executive Board.

The terms “Final Price” mean the highest average closing price of the Innate Pharma share on Euronext Paris over a period of sixty consecutive days calculated at any time during the three years prior to the Expiry Date of the Retention Period.

The terms “High Price” means the Initial Price multiplied by two.

a) If the Final Price is strictly inferior to the Initial Price, the conversion ratio under the Market Condition will be equal to 0;

b) If the Final Price is between (i) a value equal or superior to the Initial Price and (ii) a value inferior to the High Price, the conversion ratio under the Market Condition will be equal to:

\[
\frac{\text{Final Price}}{\text{Initial Price}} - 1 \times 100
\]

c) If the Final Price is equal or superior to the High Price, the conversion ratio under the Market Condition will be equal to 100.

6. The right to convert 2016 Preference Shares into ordinary shares, as well as the right to vote in the general meetings of ordinary shares holders and the right to the dividend and to a portion of the reserves attached to 2016 Preference Shares that have become convertible pursuant to Paragraph II. above, are subject to the condition of the beneficiary’s presence in the Company or its consolidated subsidiaries as an employee, an executive officer or a member of an executive or supervisory body or, if applicable, of the equivalent thereof in foreign law as at the Expiry Date.
TRANSLATION FOR INFORMATION PURPOSES

of the Retention Period. In the event that such condition ceases to be fulfilled, the Company may proceed at any moment to the redemption of 2016 Preference Shares in the conditions set forth in Paragraph 8. below. It is specified that the provisions of this paragraph do not apply if the presence of the beneficiary in the Company or its consolidated subsidiaries ceases due to death, invalidity or retirement.

7. The fulfilment of the Performance Criteria will be recorded in a meeting of the Executive Board as soon as practicable after the Expiry Date of the Retention Period.

8. 2016 Preference Shares that cannot be converted into ordinary shares depending on the extent to which the Performance Criteria are fulfilled or if the presence condition as at the Expiry Date of the Retention Period is not fulfilled, and 2016 Preference Shares that can be but will not have been converted at the end of the Conversion Period, may be bought at any time by the Company (which is under no obligation to do so) at their nominal value.

9. At the end of the Conversion Period, the Company will have the possibility to proceed, pursuant to applicable legal and regulatory provisions, to the cancellation of 2016 Preference Shares that will have not been converted, including those that it will have bought. The share capital will then be reduced accordingly, and creditors will have the right to oppose such reduction in the conditions set forth in Article L. 225-205 of the French Commercial Code.

10. New ordinary shares resulting from the conversion of 2016 Preference Shares will be assimilated to existing ordinary shares, will bear rights as from the first day of the financial year preceding the financial year during which they become convertible, and will grant to their holders, starting from their delivery, all the rights attached to ordinary shares. They will be subject to a request for listing on the regulated market of Euronext Paris on the same listing line as ordinary shares.

By way of derogation to the above, the allocation of 2016 Preference Shares can take place after the date of their allocation by the Executive Board and prior to the Acquisition Date, in the event of invalidity of the beneficiary corresponding to classification in the second or third categories set forth by Article L. 341-4 of the French Social Security Code, at the beneficiary’s request.

The Executive Board will record the conversion into ordinary shares of the 2016 Preference Shares for which the conversion fulfils the conditions set forth above, as well as the number of ordinary shares resulting from the conversions of 2016 Preference Shares that have taken place, and will modify the by-laws accordingly, in particular with regards to the breakdown of shares by category. This competence may be delegated to the Chairman of the Executive Board under the conditions set forth by law.

If the conversion of 2016 Preference Shares into ordinary shares results in a capital increase, such increase will be fully paid up at issue through the incorporation of reserves, profits or issue premiums for the corresponding amount.

Shareholders will be informed of the conversions having taken place by the reports of the Executive Board and Statutory Auditors pursuant to Article R. 228-18 of the French Commercial Code. These supplementary reports will be made available to the shareholders at the Company’s registered office as from the date on which each meeting is convened.

III. 2017 Preference Shares

A. Rights attached to 2017 Preference Shares

2017 Preference Shares and the rights of holders thereof are governed by the applicable provisions of the French Commercial Code, in particular Articles 228-11 et seq. thereof.
The maximum number of 2017 Preference Shares that may be allocated is 12,500 shares.

From their definitive acquisition until the date at which they become convertible, the 2017 Preference Shares grant the right to vote in the ordinary and extraordinary general meetings of holders of ordinary shares on the basis of one voting right per 2017 Preference Share. As from the date on which they become convertible, the number of voting rights to which each 2017 Preferred Share entitles the holder becomes equal to the number of ordinary shares to which the conversion of each 2017 Preferred Share entitles the holder.

2017 Preference Shares grant the right to vote in the special meetings of holders of 2017 Preference Shares. Holders of 2017 Preference Shares are grouped into a special meeting for any proposed modification of the rights attached to 2017 Preference Shares. In addition, pursuant to the provisions of Article L. 228-17 of the French Commercial Code, any proposed merger or demerger of the Company in which 2017 Preference Shares cannot be exchanged for shares with equivalent particular rights will be subject to the approval of any relevant special meeting.

Special meetings can only make valid decisions if the holders of 2017 Preference Shares that are present or represented hold at least, when convened for the first time, one third, and when convened for the second time, one fifth of the 2017 Preference Shares carrying the right to vote.

From their definitive acquisition until the date at which they become convertible, the 2017 Preference Shares benefit from a dividend and are entitled to the reserves. The amount of the dividend (and, if applicable, of the portion of the reserves) to which each 2017 Preference Shares entitles is equal to the amount due in respect of an ordinary share. To this end, the 2017 Preference Shares will bear rights as from the first day of the financial year preceding the financial year during which they are definitively acquired. As from the date at which they become convertible, the amount of the dividend (and, if applicable, of the portion of the reserves) to which each 2017 Preference Shares entitles is equal to the amount due in respect of an ordinary share, multiplied by the number of ordinary share that can be received from the conversion of each 2017 Preference Shares.

With regards to the ownership of corporate assets, a 2017 Preference Shares gives right to a portion of the liquidation surplus in proportion to the portion of share capital that it represents.

2017 Preference Shares give preferential subscription rights to any capital increase or any operation granting a right on ordinary shares, on the basis of one preferential subscription right per 2017 Preferred Share.

In the event of a capital depreciation or reduction, a change in the distribution of profits, an allocation of free shares, or the incorporation into the capital of reserves, profits or share premiums, distribution of reserves or any issue of capital securities or securities giving the right to the allocation of capital securities with a subscription right reserved for shareholders before the 2017 Preferred Shares are convertible under the conditions provided below, the conversion ratio will be adjusted to take into account this operation pursuant to the provisions of Article L. 228-99, Paragraph 2, 3° and Paragraph 5 of the French Commercial Code.

B. Conversion of 2017 Preference Shares into ordinary shares

The issuance of 2017 Preference Shares may only be decided in the framework of an allocation of free shares in favour of the employees and/or executive officers of the Company, pursuant to the provisions of Articles L. 225-97-1 of the French Commercial Code.

2017 Preference Shares will be definitively acquired by the beneficiaries after an acquisition period of one year from their allocation by the Executive Board and subject to the beneficiary’s presence in the Company or its consolidated subsidiaries as an employee, executive officer or member of an executive or supervisory body or, if applicable, of the equivalent thereof in foreign law. The “Acquisition Date” is defined as the end of the acquisition period of the 2017 Preference Shares.
TRANSLATION FOR INFORMATION PURPOSES

However, in the event of invalidity of the beneficiary corresponding to classification in the second or third categories set forth by Article L. 341-4 of the French Social Security Code (or the equivalent thereof in an applicable foreign law), the 2017 Preference Shares will be allocated definitively prior to the Acquisition Date. In the event of the death of the beneficiary, in accordance with the provisions of Article L. 225-197-3 of the French Commercial Code, the heirs or successors of the beneficiary may, if they so wish, request the definitive allocation of the 2017 Preferred Shares to them within six months of the date of death. In the event of retirement, the beneficiaries will retain their right to the definitive allocation of the 2017 Preferred Shares although they are no longer bound by an employment contract.

1. The 2017 Preference Shares become convertible in ordinary shares, either new or existing at the Company’s option, after the above-mentioned one-year vesting period from their allocation by the Executive Board, followed by a two-year retention period from the definitive allocation (the “Retention Period”), under the conditions set forth in Paragraphs 2 to 13 below. The “Expiry Date of the Retention Period” is defined as the end of the Retention Period.

As an exception to the above, in the event of a public tender or exchange offer, the final results of which are announced no later than the Expiry Date of the Retention Period as defined above, the 2017 Preferred Shares will become convertible no later than (i) the first anniversary of the Definitive Allocation (if such an offer occurs before such anniversary and in such a way that the Retention Period lasts at least one year), or (ii) the date of announcement of the final results of such an offer (if such an offer occurs after the anniversary) (the “Amended Expiry Date of the Retention Period”).

2. As from the first anniversary date of the Acquisition Date, 2017 Preference Shares will be freely transferable to a credit institution in the framework of a pledge agreement.

Pursuant to the provisions set forth in the Article L. 225-197-1 I., Paragraph 6 of the French Commercial Code, the 2017 Preference Shares will be freely transferable in the event of invalidity of the beneficiary corresponding to classification in the second or third categories set forth by Article L. 341-4 of the French Social Security Code, regardless of whether such invalidity occurs before or after the Acquisition Date.

In the event of the beneficiary’s death, whether during the vesting period or the Retention Period, his heirs will no longer be required to comply with this non-transferability commitment, so that the 2017 Preferred Shares for which they have requested the definitive allocation will freely become transferable.

3. 2017 Preference Shares may only be converted for a conversion period of six years and six months from the Expiry Date of the Retention Period (the “Conversion Period”), provided however that in the event of a public tender or exchange offer whose final results are announced no later than the Expiry Date of the Retention Period, the Conversion Period shall commence from the Amended Expiry Date of the Retention Period for such a period that, together with the Retention Period, it represents a total duration of eight years and six months from the Acquisition Date.

4. During the Conversion Period, each holder of 2017 Preference Shares will have the right to convert each of his 2017 Preference Shares in ordinary shares, either new or existing (at the Company’s option). The number of ordinary shares to which the conversion of one 2017 Preference Share will entitle will be equal to a number of ordinary shares determined according to the fulfilment of a market condition as defined below (the “Market Condition”).
5. The Market Condition in order to calculate the conversion ratio of 2017 Preference Shares into ordinary shares will be determined based on the relative performance of the Innate pharma share.

The term “Initial Price” means the average closing price of the Innate Pharma share on Euronext Paris for the sixty trading days prior to the date of the General Meeting.

The term “Final Price” means (i) the highest average closing price of the Innate Pharma share on Euronext Paris over a period of sixty consecutive days, calculated at any time during the twelve months prior to the Expiry Date of the Retention Period, or (ii) in the event of a public tender or exchange offer whose final results are announced no later than the Expiry Date of the Retention Period, the price at which this public tender offer is made (or, in the case of a public exchange offer only, the price by transparency by applying the exchange ratio to the closing price of the bidder’s share on the day before the Amended Expiry Date of the Retention Period).

a) If the Final Price is inferior or equal to the Initial Price, the conversion ratio will be equal to 0;

b) If the Final Price is comprised between the Initial Price and € 30, the conversion ratio will be equal to:
   \[100 \times \frac{(\text{Final Price} - \text{Initial Price})}{(30 - \text{Initial Price})}\], rounded up to the nearest whole number

c) If the Final Price is equal or superior to € 30, the conversion ratio will be equal to 100.

However, if between the date of the General Meeting and the Expiry Date of the Retention Period (or, as the case may be, the Amended Expiry Date of the Retention Period), one of the Reference Indexes (as defined below) were to experience a Significant Variation (as defined below), then the Executive Board will have the possibility to adjust the Initial Price and/or the Final Price to neutralize the exogenous impact of such a Significant Variation. The Executive Board shall, in this case, appoint a recognized independent expert to assist the Executive Board in the determination of such adjustments.

The term “Reference Indexes” means the following stock market indexes: SBF 120, CAC 40, Next Biotech and NBI (NASDAQ Biotechnology Index). If one of these indexes were to be no longer available, the Executive Board can choose a replacement index.

The term “Significant Variation” means one or the other of the following events for the relevant index:

– the average of the closing value for the index over the sixty consecutive trading days prior to the Expiry Date of the Retention Period (or, as the case may be, the Amended Expiry Date of the Retention Period) is inferior or equal to 90% of the average of the closing value for the index over the sixty consecutive trading days prior to the General Meeting;

– the average of the closing value for the index over a sixty consecutive trading days period at any time between the date of the General Meeting and the Expiry Date of the Retention Period (or, as the case may be, the Amended Expiry Date of the Retention Period), is inferior or equal to 80% of the average of the closing value for the index over another sixty consecutive trading days period at any time between the date of the General Meeting and the Expiry Date of the Retention Period (or, as the case may be, the Amended Expiry Date of the Retention Period).

6. The right to convert 2017 Preference Shares into ordinary shares, as well as the right to vote in the general meetings of ordinary shares holders and the right to the dividend and to a portion of the reserves attached to 2017 Preference Shares that have become convertible pursuant to Paragraph III A. above, are subject to the condition of the beneficiary’s presence in the Company or its consolidated subsidiaries as an employee, an executive officer or a member of an executive or
supervisory body or, if applicable, of the equivalent thereof in foreign law as at the Expiry Date of the Retention Period (or, as the case may be, the Amended Expiry Date of the Retention Period). In the event that such condition ceases to be fulfilled, the Company may proceed at any moment to the redemption of 2017 Preference Shares in the conditions set forth in Paragraph 8. below. It is specified that the provisions of this paragraph do not apply if the presence of the beneficiary in the Company or its consolidated subsidiaries ceases due to death, invalidity or retirement.

7. The fulfilment of the Market Condition will be recorded in a meeting of the Executive Board as soon as practicable after the Expiry Date of the Retention Period (or, as the case may be, the Amended Expiry Date of the Retention Period).

8. 2017 Preference Shares that cannot be converted into ordinary shares depending on the extent to which the Market Condition is fulfilled or if the presence condition as at the Expiry Date of the Retention Period (or, as the case may be, the Amended Expiry Date of the Retention Period) is not fulfilled, and 2017 Preference Shares that can be but will not have been converted at the end of the Conversion Period, may be bought at any time by the Company (which is under no obligation to do so) at their nominal value.

9. At the end of the Conversion Period, the Company will have the possibility to proceed, pursuant to applicable legal and regulatory provisions, to the cancellation of 2017 Preference Shares that will have not been converted, including those that it will have bought. The share capital will then be reduced accordingly, and creditors will have the right to oppose such reduction in the conditions set forth in Article L. 225-205 of the French Commercial Code.

10. New ordinary shares resulting from the conversion of 2017 Preference Shares will be assimilated to existing ordinary shares, will bear rights as from the first day of the financial year preceding the financial year during which they will be converted, and will grant to their holders, starting from their delivery, all the rights attached to ordinary shares. They will be subject to a request for listing on the regulated market of Euronext Paris on the same listing line as ordinary shares.

By way of derogation to the above, the allocation of 2017 Preference Shares can take place after the date of their allocation by the Executive Board and prior to the Acquisition Date, in the event of invalidity of the beneficiary corresponding to classification in the second or third categories set forth by Article L. 341-4 of the French Social Security Code, at the beneficiary’s request.

11. The Executive Board will record the conversion into ordinary shares of the 2017 Preference Shares for which the conversion fulfils the conditions set forth above, as well as the number of ordinary shares resulting from the conversions of 2017 Preference Shares that have taken place, and will modify the by-laws accordingly, in particular with regards to the breakdown of shares by category. This competence may be delegated to the Chairman of the Executive Board under the conditions set forth by law.

12. If the conversion of 2017 Preference Shares into ordinary shares results in a capital increase, such increase will be fully paid up at issue through the incorporation of reserves, profits or issue premiums for the corresponding amount.

13. Shareholders will be informed of the conversions having taken place by the reports of the Executive Board and Statutory Auditors pursuant to Article R. 228-18 of the French Commercial Code. These supplementary reports will be made available to the shareholders at the Company’s registered office as from the date on which each general meeting is convened.

**ARTICLE 13 – Usufruct / Bare Ownership**

The shares are not divisible with respect to the Company.
Co-owners of shares must arrange to be represented vis-à-vis the Company by one of them only, who will be considered as the sole holder, or by a sole agent. In the case of disagreement, a sole agent may be appointed by the courts at the request of the most diligent co-owner.

Unless the Company has been notified of an agreement to the contrary, usufruct shareholders validly represent bare owners vis-à-vis the Company. The right to vote is held by the usufruct shareholder in Ordinary Meeting of Shareholders and by the bare owner in Extraordinary Meeting of Shareholders.

Unless otherwise agreed by the parties, where shares are encumbered by a usufruct interest, the preferential right to subscription attached thereto is held by the bare owner.

**TITLE IV**

**COMPANY MANAGEMENT AND SUPERVISION**

**ARTICLE 14 – Management Structure**

The Company is managed by an Executive Board which exercises its duties under the supervision of a Supervisory Board.

**ARTICLE 15 – Composition of the Executive Board**

**I.** The Executive Board consists of at least two members and five members at most.

**II.** Members of the Executive Board are appointed by the Supervisory Board.

The members of the Supervisory Board appoint one of the members of the Executive Board as Chairman of the Executive Board for the duration of his term of office as a member of the Executive Board. The Chairman of the Executive may be dismissed by the Supervisory Board.

Members of the Executive Board must be natural persons, failing which the appointment shall be null and void. They may be chosen from non-shareholders. They may be French nationals or of foreign nationality.

Members of the Executive Board may be dismissed by the Supervisory Board of the Meeting of Shareholders. They may resign at any time.

If a member of the Executive Board has entered into an employment contract with the Company, his dismissal, resignation or the expiry of his term of office as a member of the Executive Board will not cause such contract to be terminated.

The Executive Board is appointed for a term of three years. If a post is vacant, the Supervisory Board must make an appointment to fill the post within two months.

However, the terms of office of the members of the Executive Board who were duly appointed for six years by the Supervisory Board of 13 June 2005, pursuant to the provisions of the articles of association which were then applicable, shall continue to the end of their initial term and be renewed at the annual meeting of shareholders called to decide on the accounts of the financial year closing 31 December 2010.

The replacement is appointed for the remaining term until the renewal of the Executive Board. Members of the Executive Board may be reappointed.

The procedure for and amount of the remuneration of each of the members of the Executive Board is set out in the instrument appointing them.
III. No member of the Executive Board may be a member of the Supervisory Board, the Sole Chief Executive Officer or the Chairman of the Executive Board of more than one other corporation whose registered office is in metropolitan France.

Executive Board membership may only be combined with another corporate office in another company in accordance with the statutory and regulatory restrictions in force.

IV. The Executive Board meets as often as necessary in the interests of the Company and at least once a quarter, convened by its Chairman or an Executive Board member delegated to such effect, at the place decided by the person convening the meeting.

In order for deliberations to be valid, the majority of the members of the Executive Board must be physically present. However, members of the Executive Board who attend Executive Board meetings by video-conference or any other means of telecommunication in compliance with the statutory and regulatory provisions applicable to corporations with a Board of Directors management structure, are deemed to be present.

Any member of the Executive Board may be represented by another member of the Executive Board at the meetings of the Executive Board or take part in an Executive Board meeting by video-conference or any other means of telecommunication as referred to above. Each member of the Executive Board may receive only one proxy.

Decisions are made by a majority of those present and represented. Each member has one vote.

At each meeting, the Executive Board may appoint a secretary who may be chosen from outside the members of the Executive Board.

V. The deliberations of the Executive Board are recorded in minutes placed or bound in a special registry.

The records are signed by the Chairman and by a member of the Executive Board who is present at the meeting, or by two of the members present.

When the Executive Board has to provide evidence of its deliberations, copies of extracts of the minutes to be submitted in evidence shall be certified by the Chairman or by a member of the Executive Board delegated for this purpose. Following dissolution of the Company, they are certified by one of the liquidators or the sole liquidator.

ARTICLE 16 – Powers of the Executive Board

I. The Executive Board has the widest of powers to act in all circumstances in the name of the Company. It exercises its powers within the scope of the corporate purposes, subject to the powers which are expressly granted by law to the Supervisory Board and the Meeting of Shareholders, and, as the case may be, within the limit of the restrictions on powers decided by the Supervisory Board.

In its relations with third parties, the Company is bound by the actions of the Executive Board even where these are outside of the scope of the corporate purposes, unless it proves that the third party was aware that the actions exceeded such purposes or if it could not have failed to be aware of this in view of the circumstances; publication of the articles of association not in itself constituting sufficient evidence thereof.

The Chairman of the Executive Board, or, as the case may be, the Chief Executive Officer, , represents the Company in its relations with third parties. The Supervisory Board may grant the same authority to represent the Company to one or more other Executive Board members, who in that case will be referred to as managing directors. The Chairman of the Executive Board and the managing director (s), if any, may designate any agent which they choose to exercise specific powers.
TRANSLATION FOR INFORMATION PURPOSES

II. The Executive Board presents a report to the Supervisory Board at least once every quarter.

The Executive Board presents the annual financial statements to the Supervisory Board within three months of the end of each financial year, for the purposes of verification and supervision.

It must also provide the Supervisory Board with the management report which it will present to the Annual Meeting of Shareholders.

III. The Chairman of the Executive Board represents the Company in its relations with third parties.

IV. Members of the Executive Board may allocate corporate management tasks among themselves, with the approval of the Supervisory Board. However, such distribution may not, under any circumstances, cause the Executive Board to lose its collegial nature with respect to the management of the Company.

ARTICLE 17 – Composition of the Supervisory Board

I. The Executive Board is supervised by a Supervisory Board composed of a minimum of three members and a maximum of eighteen members, subject to the exceptions provided by law in such respect in the event of a merger.

Members of the Supervisory Board are appointed from among natural persons or legal entities that are shareholders by the Ordinary Meeting of Shareholders, which may dismiss them at any time. However, in the case of a merger or demerger, an Extraordinary Meeting of Shareholders may appoint the members of the Supervisory Board.

No member of the Supervisory Board may be a member of the Executive Board.

The number of the members of the Supervisory Board who have reached seventy (70) years of age may not be greater than one third of the members of the Supervisory Board in office. Where such limitation concerning the age of members of the Supervisory Board is exceeded, the most elderly member of the Supervisory Board is deemed to have automatically resigned.

II. The duration of the terms of office of the members of the Supervisory Board is two years. It expires at the close of the Meeting of Shareholders called to decide on the financial statements for the preceding year and which is held during the year in which their appointment expires.

Members of the Supervisory Board may be reappointed.

They may be dismissed at any time by an Ordinary Meeting of Shareholders.

III. Members of the Supervisory Board may be natural persons or legal entities. Legal entities must, at the time of their appointment, designate a permanent representative who will be subject to the same conditions and obligations and who will incur the same liabilities provided by law as if he were a member of the Council in his own name, without prejudice to the joint and several liability of the legal entity he represents.

If a legal entity dismisses its representative, it must appoint a replacement at the same time. This rule also applies in the case of the death, resignation or long-term prevention of the permanent representative from exercising his duties.
A natural person who accepts an appointment and exercises as a member of the Supervisory Board thereby has the obligation to confirm at any time on oath, that he satisfies the limitation required by law with respect to the combining the post of member of the Supervisory Board and member of the Executive Board of corporations.

IV. Appointments which are made by the Supervisory Board in accordance with the foregoing are subject to ratification by the next following Ordinary Meeting of Shareholders. If such appointments are not ratified, the deliberations made and actions previously carried out by the Supervisory Board nevertheless remain valid.

If the number of the members of the Council becomes less than the statutory minimum, the Executive Board must immediately convene an Ordinary Meeting of Shareholders to appoint members to complete the Council.

A member of the Supervisory Board appointed to replace another member shall only remain in office for the remaining term of office of his predecessor.

V. Each member of the Supervisory Board must own one share in the Company.

If a member of the Supervisory Board does not own the required number of shares on the date of his appointment or if, during his term of office he ceases to own such number, he shall be deemed to have automatically resigned if he has not rectified this situation within six months.

ARTICLE 18 – Chairman and Vice-Chairman of the Supervisory Board

The Supervisory Board appoints, from among its natural person members, a Chairman and a Vice-Chairman, who are responsible for convening the Council and chairing the proceedings of the Council.

The Chairman of Supervisory Board also prepares a report presented during the annual Ordinary Meeting of Shareholders in compliance with the conditions provided by Article L. 225-68 paragraph 7 of the Commercial Code, providing details of the conditions in which the work of the Supervisory Board was prepared and organised, and describing the internal supervision procedures implemented by the Company, which is attached to the Executive Board’ report.

The Chairman and Vice-Chairman exercise their duties during their term of office as members of the Supervisory Board. They may be re-elected.

The Council may also appoint a secretary who may be selected from outside the members of the Council and determine the duration of his term of office.

ARTICLE 19 – Deliberations of the Supervisory Board

I. The Supervisory Board meets as often as necessary in the interests of the Company and at least once every quarter to review the Executive Board’ report. The meeting is convened by its Chairman or Vice-Chairman either at the registered office or at any place indicated in the notice of meeting.

A member of the Executive Board, or at least one third of the members of the Supervisory Board, may submit a reasoned request for a Council meeting to the Chairman of the Supervisory Board by registered mail. The Chairman must convene a Council meeting not later than fifteen days from receipt of such request. If the meeting has not been convened within this time period, the persons who made the request may convene the meeting themselves, indicating the agenda of the meeting.

The Supervisory Board cannot deliberate validly unless at least half its members are present.
Members of the Supervisory Board may participate and vote at Council meetings by video-conference or other means of telecommunication in accordance with the statutory and regulatory provisions applicable thereto. However, voting by video-conference is not allowed for decisions concerning the verification and supervisions of financial statements.

Any member of the Supervisory Board may be represented by another member of the Supervisory Board at Supervisory Board deliberations. Each member of the Supervisory Board may receive only one proxy.

Decisions are made by a majority of those present or represented, and each member has one vote.

In the event of a tie, the Chairman has the tiebreaking vote.

Evidence of the number of members of the Supervisory Board in office and their appointment may be validly provided with respect to third parties on the simple basis of the statement in the minutes of each meeting of the names of the members that are in attendance, represented or absent.

II. The deliberations of the Supervisory Board are recorded in minutes kept in a special register.

Such minutes are signed by the Chairman of the meeting and by at least one member of the Supervisory Board. If the Chairman of the meeting is unable to do so, the minutes are signed by at least two members of the Supervisory Board.

Copies or extracts of such minutes are validly certified by the Chairman of Vice-Chairman of the Supervisory Board, a member of the Executive Board or an agent duly appointed for the purpose thereof.

After the Company is wound up, copies or extracts shall be certified by one of the liquidators of by the sole liquidator.

ARTICLE 20 – Powers of the Supervisory Board

I. The Supervisory Board exercises constant supervision of the management of the Company by the Executive Board.

II. The Supervisory Board may carry out verifications or supervision which it considers suitable at any time during the year, and may request documents to be provided to it which it considers useful for the carrying out of its duties.

It receives a report from the Executive Board at least once every quarter.

The Executive Board presents the annual financial statements and a written management report to the Supervisory Board within three months of the end of each financial year, for the purposes of verification and supervision.

The Supervisory Board presents the Ordinary Annual Meeting of Shareholders with its comments on the report of the Executive Board and the financial statements for the year.

The Supervisory Board also exercises the attributions expressly granted to it by statute.

The Supervisory Board may appoint one or more of its members as special agents for one or more determined purposes.

The Supervisory Board may create committees in charge of reviewing issues on which it or its Chairman wish an opinion.

20.
ARTICLE 21 – Remuneration of Members of the Supervisory Board

I. The Meeting of Shareholders may allocate a fixed annual amount in directors’ fees to members of the Supervisory Board in remuneration for their duties. The Supervisory Board may distribute such remuneration among its members as it sees fit.

II. The Supervisory Board may also allocate exceptional remuneration for missions entrusted to its members. In such case, the remuneration is subject to the provisions of Article 22 hereafter.

III. Members of the Supervisory Board may not receive any other fixed or exceptional remuneration other than those referred to in paragraphs I and II above.

ARTICLE 22 – Regulated Agreements

I. Any agreement entered into between the Company and any of the members of the Executive Board or Supervisory Board, a shareholder with more than 10% of the voting rights or, in the case of a corporate shareholder, the company controlling it within the meaning of Article L. 233-3 of the Commercial Code with more than 10% of the voting rights, is subject to the prior approval of the Supervisory Board.

The same rule applies to agreements in which one of the persons referred to in the previous paragraph has an indirect interest or for which it has dealt with the Company through an intermediary.

Agreements between the Company and an enterprise are also subject to prior approval if one of the members of the Executive Board or the Supervisory Board of the Company is the owner, a partner with unlimited liability, a manager, director, director general, member of the Executive Board or Supervisory Board of such enterprise, or more generally is in charge of managing such enterprise.

The prior approval of the Supervisory Board is substantiated by justifying of the interest of entering the agreement for the Company, in particular by specifying the financial conditions that apply thereto.

The preceding provisions do not apply to agreements entered into in the ordinary course of business and under normal conditions, nor to agreements entered into between two companies, one of which holds, directly or indirectly, the entire share capital of the other company, excluding if applicable the minimum number of shares necessary to comply with the requirements of Article 1832 of the French Civil Code or Articles L. 225-1 and L. 226-1 of the French Commercial Code.

The member of the Executive Board or Supervisory Board concerned must inform the Supervisory Board as soon as be becomes aware of an agreement subject to approval. If he is a member of the Supervisory Board, he cannot take part in the vote of approval.

The Chairman of the Supervisory Board must inform the statutory auditor of all authorised agreements to and submit them for approval to the Meeting of Shareholders.

II. The statutory auditors present a special report on such agreements to the Meeting of Shareholders which will decide on these agreements.

The person concerned cannot take part in the vote and the shares he holds are not included in the calculation of the quorum or the majority.

The agreements entered into and authorized in previous years and which have continued during the last year shall be reviewed annually by our Supervisory Board and must be reported to our statutory auditors for the purpose of establishing their report.
ARTICLE 23 – Panel of Censors

An Ordinary Meeting of Shareholders may appoint one or more censors at its discretion, who may be natural persons or legal entities, and may be shareholders or non-shareholders, for a term of office expiring at the shareholders meeting convened to decide on the financial statements for the preceding financial year after the first anniversary date of their appointment. This appointment may be renewed an unlimited number of times.

Censors that are legal entities are represented by their legal representatives or by any natural person duly authorised for this purpose.

Censors are convened to and take part in all the meetings of the Supervisory Board and have a consultative vote, according to the same methods as those that apply to members of the Supervisory Board. They are entitled to the same information and communication as members of the Supervisory Board and are bound by the same obligations of confidentiality and discretion.

ARTICLE 24 – Obligation of Confidentiality and Liability

I. Members of the Executive Board and the Supervisory Board, as well as any person convened to attend the meetings of these bodies, are bound by complete discretion with respect to confidential information and provided as such by the Chairman of the Executive Board or as the case may be, the Supervisory Board.

II. Members of the Executive Board and the Supervisory Board are liable towards the Company or third parties, in accordance with their respective attributions, for breaches of statutory provisions governing limited liability companies, breaches of these articles of association and faults committed in the exercise of their duties, subject to the conditions and the sanctions provided by the legislation in force.

TITLE V
STATUTORY AUDITORS

ARTICLE 25 – Statutory Auditors

One or more statutory auditors perform an audit of the Company, in the accordance with statutory requirements.

The Statutory Auditors are appointed by the Ordinary Meeting of Shareholders on proposal by the Supervisory Board, for six financial years. They may always be re-appointed. They may be dismissed by the aforesaid Meeting of Shareholders in the event that they commit a fault or are prevented from carrying out their duties.

If the Meeting of Shareholders does not appoint the Statutory Auditor(s) or if one or more appointed Statutory Auditors are prevented or refuse to carry out their duties, they, or their replacement(s), are appointed by an order of the Commercial Court with jurisdiction over the area in which the Company is based on petition of any interested person, with the Executive Board duly convened.

The Statutory Auditor appointed by the Meeting of Shareholders to replace another shall only remain in office for the remaining term of office of his predecessor. If the Meeting of Shareholders appoints several Statutory Auditors, they may act together or separately but they must draft a joint report.

One or more shareholder(s) with a shareholding of at least 5% may apply to the courts to dismiss one or more of the Statutory Auditors appointed by the Meeting of Shareholders and request the appointment of one or more Statutory Auditors who will exercise their duties instead of them. If their request is granted, the Statutory Auditors so appointed shall exercise their duties until the Statutory Auditors appointed by the Meeting of Shareholders take up their posts.
The Statutory Auditors certify that the annual financial statements are in due form and give a true and fair view of the result of the operations of the preceding financial year, and of the financial situation and assets and liabilities of the Company at the end of that financial year.

Their permanent role, without exercising any interference with management, is to verify the company’s worth and financial documents and to ensure that its accounting is in compliance with the rules in force. They also verify that the information contained in Executive Board management report and in the documents provided to shareholders on the financial situation and annual accounts is fair and consistent with the annual accounts. The Statutory Auditors ensure that equality among shareholders has been complied with.

The Statutory Auditors may, at any time during the year, carry out any verification or supervision they consider suitable and collect any information from third parties who have carried out assignments on behalf of the Company.

The Statutory Auditors prepare a report for the Meeting of Shareholders on the performance of their assignment. The Statutory Auditors attach a report to the aforesaid report, presenting their comments on the report referred to in Article L. 225-68 paragraph 7 of the Commercial Code with respect to internal supervision procedures relating to the preparation and treatment of accounting and financial information. They also prepare a special report on the agreements referred to in Article 22 of these Articles of Association.

The Statutory Auditors are invited to attend the Executive Board meeting at which the financial statements for the preceding financial year are approved, as well as to all Meeting of Shareholders. They may convene a Meeting of Shareholders under the conditions provided by statute.

**TITLE VI
SHAREHOLDERS’ MEETINGS**

**A – Provisions Applying to all Meetings of Shareholders**

A duly constituted Meeting of Shareholders represents all the shareholders.

Its deliberations effected in accordance with the law and the articles of association are binding on all the shareholders, even those who were absent, dissenting or without legal standing.

There are three kinds of meeting, depending on the purpose of the proposed resolutions:

- Ordinary Meeting of Shareholders,
- Extraordinary Meeting of Shareholders,
- Special Meeting of Shareholders of holders of a specific category of share.

**ARTICLE 27 – Convening Meetings**

Shareholders’ Meetings are convened by the Executive Board, or failing that, the Supervisory Board. They may also be convened by the Statutory Auditor(s) or by an agent appointed by the court in accordance with the procedures and conditions provided by statute.

During liquidation, Shareholders’ Meetings are convened by the liquidator.
Shareholders’ Meetings are held at the registered office or in any other place indicated in the convocation notice.

Notice of the meeting is published in the Bulletin des Annonces Légales Obligatoires (BALO) (Mandatory Legal Notice Bulletin) at least thirty-five days prior to which a meeting is held. In addition to the information relating to the Company, it also, in particular, sets out the agenda of the Meeting and the draft text of the resolutions which will be proposed. Subject to particular legal requirements, requests for the inclusion of draft resolutions on the agenda must be sent at the latest on the publication date of the notice of the meeting and up to twenty-five days prior to the Shareholders’ Meeting; this deadline is twenty days from the publication date of the notice when the notice is published more than forty-five days prior to the Shareholders’ Meeting.

Shareholders’ meetings are held at the registered office or in any other place indicated in the invitation.

Subject to particular legal requirements, invitations to meetings are made at least fifteen days prior to the date of the meeting by a notice published in both the legal notice journal of the administrative department in which the registered office is located and in the Bulletin des Annonces Légales Obligatoires (BALO).

However, holders of registered shares having held shares for at least one month as at the date of the last of the published notices must be convened individually by ordinary letter (or by registered letter if they have requested this and advanced the costs) sent to their last known address. Such notice may also be sent by electronic communication instead of such postal dispatch, to any shareholder who has so requested beforehand by registered mail return receipt requested, in accordance with statutory and regulatory requirements, indicating his email address. Such shareholder may send a request to the Company at any time by registered letter with acknowledgement of receipt for the aforementioned method of telecommunication to be replaced by postal dispatch in the future.

The invitation should contain the following information:

– the identity of the Company;
– the date, time and place of the meeting;
– the nature of the meeting; and
– the agenda of the meeting.

It must also state the conditions in which shareholders may vote by correspondence and the place and conditions pursuant to which they may procure forms for voting by correspondence.

The invitation may be sent, as the case may be, together with proxy form and a correspondence voting form, pursuant to the conditions set out in Article 30. I of these Articles of Association, or with a correspondence voting form only, pursuant to the conditions set out in Article 30. II of these Articles of Association.

If a Shareholders’ Meeting has not been able to deliberate due to the required quorum not being reached, a second Shareholders’ Meeting is convened with at least ten days’ advance notice, in the same manner as the first meeting. The invitation notice or letters for such second Shareholders’ Meeting state the date and agenda of the first meeting.
ARTICLE 28 – Agenda

The agenda of a Meeting of Shareholders is decided by the person convening the meeting.

One or more shareholders representing at least the percentage of share capital determined by statute and acting pursuant to statutory conditions and within statutory time periods, may request items or draft resolutions to be included on the agenda of the Meeting by registered mail with confirmation of receipt.

The Meeting of Shareholders cannot deliberate on an issue which has not been included on the agenda and such agenda cannot be modified on second convocation of a Meeting of Shareholders. The Meeting of Shareholders may, however, in any circumstances, dismiss one or several members of the Supervisory Board and effect their replacement.

ARTICLE 29 – Participation of Shareholders in Meeting of Shareholders

All shareholders are entitled to attend Shareholders’ Meetings and take part in deliberations:

(i) either personally; or
(ii) by giving a proxy to another shareholder or to his spouse; or
(iii) by sending a blank proxy to the Company; or
(iv) by voting by correspondence; or
(v) by videoconference or by another means of telecommunication in accordance with the applicable statutory and regulatory provisions.

Participation in shareholders’ meetings in any manner is dependent on the registration or inscription of shares under the conditions and within the deadlines set in the current regulations.

The final date for the return of correspondence voting forms is determined by the Executive Board and indicated in the notice of the meeting published in the Bulletin des Annonces Légales et Obligatoires (BALO). This date cannot be prior to three days before the Shareholders’ Meetings.

If a shareholder is present at a Shareholders’ Meeting, any prior vote by correspondence will have no effect for the purposes of the aforesaid Shareholders’ Meeting.

If both a proxy form and a correspondence voting form are returned, the proxy form will be taken into account, subject to the votes expressed in the correspondence voting form.

ARTICLE 30 – Representation of Shareholders

I. Any shareholder may be represented at Meeting of Shareholders by another shareholder, his spouse, his partner in a civil union or any other natural or legal person of his choice through a proxy form sent to the shareholder by the Company:

– either at his request, sent to the Company by any means. This request must have been received at the registered office at least five days prior to the Meeting of Shareholders; or
– at the initiative of the Company.
TRANSLATION FOR INFORMATION PURPOSES

The following must be attached to any proxy form sent to shareholders by the Company, for each Meeting of Shareholders:

– the agenda of the Meeting;
– the draft resolutions presented by the Executive Board and, as the case may be, by shareholders pursuant to statutory conditions;
– a brief summary of the Company’s situation during the preceding financial year together with a table indicating the results of the Company over the past five financial years, presented in accordance with regulatory provisions;
– a form requesting the documents to be sent as provided by the regulations in force; and
– a form for correspondence voting.

A proxy given by a shareholder is only valid for one Meeting of Shareholders or for Meetings of Shareholders convened successively with the same agenda. A proxy may also be given for two Meeting of Shareholders, one Ordinary and the other Extraordinary, which are held on the same day or within fifteen days.

II. Any shareholder may vote by correspondence through a voting form sent to him by the Company:

– at his request, sent to the Company by registered mail with confirmation of receipt. This request must have been received at the registered office at least six days prior to the Meeting of Shareholders; or
– at the initiative of the Company; or
– in an appendix to the proxy form in the conditions set out in Article 30. I above.

The following must be attached to any correspondence voting form sent to shareholders by the Company:

– the draft resolutions proposed together with a summary of the reasons and an indication of the author of the resolutions;
– a form for sending the documents as provided by the regulations in force; and
– a brief summary of the Company’s situation during the preceding financial year together with a table indicating the results of the Company over the past five financial years, presented in accordance with regulatory provisions, in the case of an Ordinary Meeting of Shareholders deciding on the accounts.

A correspondence voting form sent by a shareholder is only valid for one Meeting of Shareholders or for Meeting of Shareholders convened successively with the same agenda.

ARTICLE 31 – Attendance Register

An attendance register is kept for each Meeting of Shareholders containing the information required by law.

This attendance register, duly signed by the shareholders that are present, the agents and shareholders participating by video-conference or by another means of telecommunication in compliance with statutory and regulatory requirements, and to which are attached the powers of attorney granted to each agent and, as the case may be, the correspondence voting forms, is certified by the secretariat of the Meeting of Shareholders.
Meeting of Shareholders are chaired by the Chairman of the Supervisory Board, the Vice-Chairman or a member of the Supervisory Board delegated for such purpose by the aforesaid Council. Failing that, the Meeting of Shareholders elects its Chairman itself.

The two shareholders present with the greatest number of votes both on in their own right and as agents, and who accept such assignment, shall act as vote tellers.

The secretariat composed as such appoints a Secretary, who may be selected from outside of the shareholders.

**ARTICLE 32 – Quorum**

In Ordinary and Extraordinary Meeting of Shareholders, the quorum is calculated on the basis of all the shares making up the share capital and, in Special Meeting of Shareholders, all the shares of the relevant category, less shares stripped of their voting rights pursuant to statutory provisions.

The voting rights attached to shares are proportional to the portion of share capital which they represent. Each share entitling its holder to an interest in the capital or to beneficial enjoyment carries one vote.

In the case of a vote by correspondence, only completed forms received by the Company at least three days prior the Meeting of Shareholders shall be taken into account for the calculation of the quorum.

Forms which do not indicate which way to vote, or which indicate an abstention, are considered as negative votes.

**ARTICLE 33 – Minutes**

The deliberations of the Meeting of Shareholders are recorded in minutes drafted in a special register held at the registered office and signed by the members of the secretariat.

Copies or extracts of such minutes are certified either by the Chairman of Vice-Chairman of the Supervisory Board or by a member of the Executive Board or by the Secretary of the Meeting. If the Company is wound up, they may be validly certified by the liquidator(s).

**ARTICLE 34 – Communication of Documents**

Any shareholder is entitled to receive, and the Executive Board is bound to send or provide him with the documents he requires to come to an informed decision and have an informed judgement on the management and running of the Company.

The nature of these documents and the conditions in which they are sent or provided to shareholders are determined by regulations in force.

In exercising its right to receive documents, each shareholder or his agent may be assisted by a court-registered expert.

The exercise of the right to receive documents includes the right to make copies, except with respect to inventories.
B – Provisions Specific to
Ordinary Meetings of Shareholders

ARTICLE 35 – Ordinary Meeting of Shareholders

An Ordinary Meeting of Shareholders may make any decision other than one which directly or indirectly modifies the Articles of Association.

Ordinary Meetings of Shareholders are held at least once a year, within six months of the end of each financial year, to decide on the financial statements for such financial year, subject to the extension of such period by an order of the President of the Commercial Court on petition from the Executive Board.

They are called on an extraordinary basis every time it may be in interests of the Company to do so.

When convened for the first time, Ordinary Meetings of Shareholders can only make valid decisions if the shareholders that are present, represented or voting by correspondence hold at least one fifth of the shares carrying the right to vote.

When convened for the second time, there is no quorum requirement if the original agenda has not been modified.

Ordinary Meetings of Shareholders make decisions on the basis of the majority of the votes of the shareholders that are present, represented or voting by correspondence.

C – Provisions Specific to
Extraordinary Meetings of Shareholders

ARTICLE 36 – Extraordinary Meetings of Shareholders

An amendment to any provision of the Articles of Association and, in particular, the transformation of the Company into another form of company may only be decided by an Extraordinary Meeting of Shareholders. An Extraordinary Meeting of Shareholders cannot, however, increase the undertakings of shareholders, subject to operations as a result of regrouping shares in a due and proper manner.

When convened for the first time, Extraordinary Meeting of Shareholders can only make valid decisions if the shareholders that are present, represented or voting by correspondence hold at least a quarter of the shares carrying the right to vote, and when convened for the second time, one fifth of the shares carrying the right to vote. If the latter quorum is not obtained, the second Meeting may be adjourned for a maximum of two months from the date at which it was convened.

An Extraordinary Meeting of Shareholders makes decisions on the basis of a majority of two-thirds of the votes held by shareholders that are present, represented or voting by correspondence or participating in the Meeting by video-conference or another method of telecommunication in accordance with statutory and regulatory provisions.

By statutory derogation from the preceding provisions, if the share capital is increased by the incorporation of profits, reserves or issue premiums, the Extraordinary Meeting of Shareholders may make decisions at the quorum and majority required for Ordinary Meeting of Shareholders.

Moreover, where an Extraordinary Meeting of Shareholders is convened to deliberate on the approval of a contribution in kind or the grant of a specific benefit, the shares of the contributing party or beneficiary shall not be taken into account in calculating the majority. The contributing party or beneficiary cannot vote either in his own right or as an agent.
TRANSLATION FOR INFORMATION PURPOSES

D – Provisions Specific to
Special Meetings of Holders of a Category of Shares

ARTICLE 37 – Special Meeting
If there are several categories of shares, the rights attached to shares of any such category cannot be modified in any way without having been duly voted upon by an Extraordinary Meeting of Shareholders open to all shareholders and also having been voted upon by a Special Meeting open only to holders of the relevant category of shares.

When convened for the first time, Special Meetings of Shareholders can only make valid decisions if the shareholders that are present, represented, voting by correspondence or taking part in the Meeting by video-conference or any other means of telecommunication in accordance with statutory or regulatory provisions, hold at least a third of the shares carrying the right to vote, and when convened for the second time, one fifth of the shares carrying the right to vote and for which a modification of the attached rights is being proposed. Failing that, the second meeting may be adjourned by a maximum of two months from the date at which it was convened.

Special Meetings of Shareholders make decisions at a two-thirds majority of the votes of shareholders that are present or represented.

TITLE VII
FINANCIAL YEAR – ANNUAL FINANCIAL STATEMENTS
APPROPRIATION AND DISTRIBUTION OF PROFITS

ARTICLE 38 – Financial Year
The financial year begins on 1st January of each year and ends on 31st December.

ARTICLE 39 – Accounts
Accounts of corporate operations are kept in due form in accordance with the law and usual business practice.

At the end of each financial year, the Executive Board shall draw up an inventory of the various assets and liabilities as at such date. It shall also prepare the balance sheet describing the assets and liabilities, the income statement summarising the income and charges for the financial year and the notes to the financial statements which complete and comment on the information provided in the balance sheet and income statement.

The Executive Board shall present such documents to the Supervisory Board within three months of the end of the financial year, for the purposes of verification and supervision.

It shall prepare the management report on the situation of the Company during the preceding financial year.

All such documents shall be made available to the Statutory Auditors pursuant to the conditions specified by law.

ARTICLE 40 – Appropriation of Profits
The income statement which summarises the income and charges for the financial year, after depreciation and provisions have been deducted, indicates the profit or loss of the financial year by setting forth the difference between these two amounts.

29.
TRANSLATION FOR INFORMATION PURPOSES

Five per cent. of the year’s profit less previous losses, as the case may be, is allocated to the statutory reserve. Such allocation shall no longer be necessary once the aforesaid reserve reaches one tenth of the share capital, but will become necessary again if for any reason whatsoever the reserve falls below one tenth.

Distributable earnings consist of the net income of the financial year, less previous losses and amounts added to the reserve in accordance with the law or the Articles of Association, plus retained earnings.

Moreover, the Meeting of Shareholders may decide to distribute amounts deducted from the reserves which are available to it, expressly indicating the reserves from which the withdrawals are to be made. However, dividend is paid out in priority from the distributable income of the financial year.

Except in the case of a reduction in share capital, no distribution may be made to shareholders if shareholders’ equity is, or would become as a result of such distribution, less than the share capital plus the reserves which the law or the Articles of Incorporation do not allow to be distributed.

After the financial statements have been approved and the existence of distributable income has been acknowledged, the Meeting of Shareholders shall determine the part to be allocated to shareholders as dividends, in proportion to the number of shares held by each.

However, after the allocation of the amounts required by law to the reserve, the Meeting of Shareholders may decide to allocate all or part of the distributable income to a retained earnings account or to any general or special reserve account.

Any losses are deducted from profits from previous years until such losses are extinguished or they are carried over.

The Executive Board may decide to distribute interim dividends prior to the approval of the financial statements of the financial year, pursuant to the conditions determined or authorised by law. The amount of such instalments cannot exceed the amount of earnings as defined by law.

ARTICLE 41 – Dividends

I. The procedure for the payment of dividends is determined by the Meeting of Shareholders or, failing that, by the Executive Board. However, payment must be made within a maximum of nine months after the end of the financial year, unless such period is extended by court decision.

Shareholders may not be required to reimburse any amount of dividends unless the distribution of dividends was in violation of law.

Claims for dividends made more than five years after they have been made available for payment shall time-barred.

II. The Meeting of Shareholders convened to approve the financial statements for the financial year may grant shareholders the option of dividends or interim dividends being paid in cash or in shares issued by Company, in whole or in part, in accordance with the conditions set out or authorised by law.
TITLE VIII
SHAREHOLDERS’ EQUITY FALLING BELOW ONE-HALF OF THE SHARE CAPITAL

ARTICLE 42 – Early Winding Up
If the Company’s shareholders’ equity falls below one-half of the share capital as a result of losses recorded in the financial statements, the Executive Board must convene an Extraordinary Meeting of Shareholders within four months of the approval of the financial statements which recorded such loss to decide whether to wind up the Company.

If it is not decided to wind up the Company, the share capital must be reduced by an amount equal to the recorded losses, within a period determined by law, if shareholders’ equity has not reached at least one-half the amount of the share capital again within such period.

In either case, the decision of the Meeting of Shareholders shall be published according to regulatory conditions.

The reduction of share capital to an amount below the statutory minimum can only be decided subject to the condition precedent of a share capital increase to at least the statutory minimum.

If the provisions of one or more of the foregoing paragraphs are not complied with, any interested party may apply to the courts for the Company to be wound up. This rule also applies if the shareholders are unable to deliberate validly.

However, the court may not wind up the Company if on the day of issue of a judgment on the substance of the matter the situation has been rectified.

TITLE IX
WINDING-UP – LIQUIDATION

ARTICLE 43 – Winding Up
The Company shall be wound up on expiry of the term determined in the Articles of association, unless this is extended, or pursuant to a decision of an Extraordinary Meeting of Shareholders.

The Company may also be wound up at the request of any interested party, where the number of shareholders has dropped to under seven for more than one year. In such case, the court may grant the Company a maximum of six months in which to rectify the situation. It cannot wind up the Company if on the day it issued judgment on the substance of the matter, the situation has been rectified.

The Company shall be in liquidation as from the date on which it is wound up, for any reason whatsoever.

Winding up will cause the terms of office of members of the Executive Board to terminate. The Supervisory Board and Statutory Auditors shall continue to operate.

Meeting of Shareholders shall retain the same powers as during the life of the company.

The Meeting of Shareholders which decides to wind up the company shall determine the procedure for liquidation and appoint one or more liquidators and determine their powers. The liquidator(s) shall exercise their duties in accordance with the law in force.

The Company shall continue to have legal personality for the purposes of and until the completion of its liquidation. However, its corporate name should be followed by the words “Company in liquidation” as well as the name(s) of the liquidator(s) on any instruments or documents issued by the Company to third parties.
 Shares remain negotiable until the completion of liquidation.

After liabilities have been cleared, the net proceeds of liquidation are applied to the full repayment of paid up non-depreciated shares.

Any surplus shall be distributed among the shareholders in proportion to the number of shares held by each of them.

**TITLE X
DISPUTES**

**ARTICLE 44 – Disputes**

Any dispute which may arise during the life or liquidation of the Company, either between shareholders and the Company or between the shareholders themselves, concerning corporate matters, shall be resolved in accordance with the law and submitted to the jurisdiction of the competent courts at the registered office.

To this effect, in the case of a dispute, any shareholder is bound to designate an address for service of process within the area of jurisdiction of the court of the Company’s registered office, any writs or notifications shall be validly issued to that address.

If an address for service of process is not designated, writs or notifications shall be validly issued to the Public Prosecutor of the Court of First Instance in the area of the registered office.
INNATE PHARMA S.A. (1)

and

MEDIMMUNE LIMITED (2)

CO-DEVELOPMENT AND LICENSE AGREEMENT RELATING TO IPH2201
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th></th>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DEFINITIONS</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>CONSTRUCTION; COMPETITION LAW CLEARANCE</td>
<td>25</td>
</tr>
<tr>
<td>3</td>
<td>GRANT OF RIGHTS AND LICENSES; EXCLUSIVITY</td>
<td>27</td>
</tr>
<tr>
<td>4</td>
<td>DEVELOPMENT</td>
<td>34</td>
</tr>
<tr>
<td>5</td>
<td>JOINT PROJECT TEAM AND DEVELOPMENT COLLABORATION COMMITTEE</td>
<td>41</td>
</tr>
<tr>
<td>6</td>
<td>GENERAL PROVISIONS ON DEVELOPMENT AND COMMERCIALIZATION AND REGULATORY MATTERS</td>
<td>45</td>
</tr>
<tr>
<td>7</td>
<td>CO-FUNDING OF DEVELOPMENT</td>
<td>48</td>
</tr>
<tr>
<td>8</td>
<td>COMMERCIALIZATION, CO-PROMOTION IN THE [***] AND SALES COLLABORATION COMMITTEE</td>
<td>51</td>
</tr>
<tr>
<td>9</td>
<td>MANUFACTURE AND SUPPLY</td>
<td>57</td>
</tr>
<tr>
<td>10</td>
<td>CONSIDERATION</td>
<td>59</td>
</tr>
<tr>
<td>11</td>
<td>CONFIDENTIALITY</td>
<td>70</td>
</tr>
<tr>
<td>12</td>
<td>OWNERSHIP OF INTELLECTUAL PROPERTY AND PATENT RIGHTS</td>
<td>73</td>
</tr>
<tr>
<td>13</td>
<td>REPRESENTATIONS, WARRANTIES AND COVENANTS</td>
<td>79</td>
</tr>
<tr>
<td>14</td>
<td>RECORD RETENTION, AUDIT AND USE OF NAME</td>
<td>88</td>
</tr>
<tr>
<td>15</td>
<td>TERM AND TERMINATION</td>
<td>91</td>
</tr>
<tr>
<td>16</td>
<td>INDEMNIFICATION</td>
<td>103</td>
</tr>
<tr>
<td>17</td>
<td>GOVERNING LAW AND ARBITRATION</td>
<td>107</td>
</tr>
<tr>
<td>18</td>
<td>ASSIGNMENT; PERFORMANCE BY AFFILIATES; GENERAL</td>
<td>108</td>
</tr>
<tr>
<td>Schedule</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>---------------</td>
<td>--------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>1.8</td>
<td>Current Back up</td>
<td></td>
</tr>
<tr>
<td>1.66</td>
<td>Formulation Patent</td>
<td></td>
</tr>
<tr>
<td>1.85</td>
<td>Current IPH2201</td>
<td></td>
</tr>
<tr>
<td>1.92</td>
<td>Licensed Shared Patents</td>
<td></td>
</tr>
<tr>
<td>1.95</td>
<td>Listed Patents</td>
<td></td>
</tr>
<tr>
<td>1.109</td>
<td>NKG2A</td>
<td></td>
</tr>
<tr>
<td>1.110</td>
<td>Non-Exclusively Licensed Patents</td>
<td></td>
</tr>
<tr>
<td>1.124</td>
<td>Profit/Loss Reporting Schedule</td>
<td></td>
</tr>
<tr>
<td>1.147</td>
<td>Third Party Agreements</td>
<td></td>
</tr>
<tr>
<td>3.11</td>
<td>Form Confirmatory Patent License</td>
<td></td>
</tr>
<tr>
<td>4.11(a)</td>
<td>Approved Third Parties</td>
<td></td>
</tr>
<tr>
<td>4.11(b)</td>
<td>MedImmune Code of Conduct</td>
<td></td>
</tr>
<tr>
<td>5.3</td>
<td>Parties Representation on JPT</td>
<td></td>
</tr>
<tr>
<td>5.7</td>
<td>Parties Representation on DCC</td>
<td></td>
</tr>
<tr>
<td>7.1</td>
<td>Development Costs Sharing Example</td>
<td></td>
</tr>
<tr>
<td>7.4</td>
<td>Form Development Costs Report</td>
<td></td>
</tr>
<tr>
<td>8.14</td>
<td>Form Commercialization Costs Report</td>
<td></td>
</tr>
<tr>
<td>13.2(a)(i)</td>
<td>Owned Patents</td>
<td></td>
</tr>
<tr>
<td>13.2(a)(ii)</td>
<td>Exclusively Licensed Patents</td>
<td></td>
</tr>
<tr>
<td>13.2(a)(iv)</td>
<td>Listed Know-How</td>
<td></td>
</tr>
<tr>
<td>13.2(m)</td>
<td>Current Manufacturing Specification</td>
<td></td>
</tr>
<tr>
<td>13.2(n)</td>
<td>Current Contract Manufacturing Organisations</td>
<td></td>
</tr>
</tbody>
</table>
This Co-Development and License Agreement (the “Agreement”) is made as of the Signing Date by and between:

(1) INNATE PHARMA S.A., a company incorporated in France and with its principal place of business at 117, Avenue de Luminy – BP 30191 13 009 Marseille, France (“Innate”); and

(2) MEDIMMUNE LIMITED, a company incorporated in England and Wales with company number 2451177 and with its registered office at Milstein Building, Granta Park, Cambridge, CB21 6GH, United Kingdom (“MedImmune”).

Background

(A) Innate is the owner of certain propriety technology relating to IPH2201, its first in class NKG2A monoclonal antibody, and is the owner or exclusive licensee or sublicensee of certain Patents and Know-How associated therewith, including Patents and Know-How exclusively licensed to Innate by Novo Nordisk pursuant to an agreement dated 28 March 2006 (as amended) (capitalised terms are defined below);

(B) Innate has developed and studied IPH2201 for the treatment of cancer, in particular head and neck cancer, chronic lymphocytic leukaemia and ovarian cancer, both alone and in combination with other compounds;

(C) MedImmune is, directly or indirectly, a wholly owned subsidiary of AstraZeneca PLC. MedImmune and its Affiliates have experience in the research, development, manufacturing and commercialisation of pharmaceutical products worldwide, including treatments for cancer both using small molecules and large molecules, some of which, have the potential for use in combination with IPH2201 (capitalised terms are defined below);

(D) Innate granted an exclusive option to MedImmune pursuant to a Development and Option Agreement entered into on the same date as this Agreement (the “Development and Option Agreement”) and MedImmune desires to exercise such option and take such license, under Innate’s rights in and to the Licensed
Antibodies, IPH2201, Back-Up Licensed Antibodies and associated Patents and Intellectual Property Rights to exploit one or several of the Licensed Antibodies for the treatment of cancer or any other indication, in accordance with the terms and conditions set forth below (as such capitalised terms are defined below).

(E) The Parties are interested in co-developing and co-commercialising Licensed Products and in collaborating and sharing certain expenses and revenues, with respect to the Development and Commercialisation of Licensed Products, in accordance with the terms and conditions set forth below (as such capitalised terms are defined below).

(F) The intent of the Parties is that Medimmune will, as needed, involve the resources of its Affiliates in the activities contemplated hereunder.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of Innate and MedImmune, intending to be legally bound, agree as follows:

1 DEFINITIONS

Unless otherwise specifically provided in this Agreement, the following terms shall have the following meanings:

1.1 “Affiliate” means, with respect to a Person, any Person that from time to time directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person. For purposes of the definition in this Section 1.1 only, “control”, and with correlative meanings, the terms “controlled by” and “under common control with” mean (a) to possess, directly or indirectly, the power to direct the management or policies of a Person, whether through ownership of voting securities, by contract relating to voting rights or corporate governance, resolution, regulation or otherwise, or (b) to own, directly or indirectly, more than fifty percent (50%) of the outstanding voting securities or other ownership interest of such Person.
1.2 “Annual Net Sales” means the Net Sales made during any given Calendar Year.

1.3 “Anti-Corruption Laws” means the US Foreign Corrupt Practices Act 1977, the UK Bribery Act 2010 and any other Applicable Laws for the prevention of fraud, corruption, racketeering, money laundering or terrorism.

1.4 “Applicable Laws” means the laws, rules, regulations and guidelines in the world, including any rules, regulations, guidelines or other requirements of the Governmental Bodies that are applicable to the Parties or any particular activity under this Agreement, in each case as may be in effect from time to time, including, without limitation, (i) GCP, (ii) GMP and (iii) the principles that form the basis of the Helsinki Declaration of the World Medical Association, in each case to the extent they apply to a Party’s performance of its obligations under this Agreement.

1.5 “Arising IP” means any Know-How, inventions, Patents or other IPR arising after the Effective Date, as a result of the performance of rights or obligations under this Agreement, including the conduct of the Development Plan.

1.6 “Arising Patent” shall have the meaning assigned in Section 12.3.

1.7 “Assigned Activities” shall have the meaning assigned in Section 3.5.

1.8 “Back-Up Licensed Antibodies” means antibodies (i) described in Schedule 1.8 (the “Current Back up”), (ii) that bind to NGK2A and are within the scope of the claims of the Licensed Patents in any country at any time, or (iii) that bind to NGK2A and are under the Control of Innate or its Affiliates, and including any fragment or derivative of such an antibody, but excluding IPH2201.

1.9 “Bankruptcy Code” means Title 11, United States Code, as amended, or analogous provisions of Applicable Laws outside the United States.

1.10 “Breaching Party” shall have the meaning assigned in Section 15.2(i).

1.11 “Breach Invoking Party” shall have the meaning assigned in Section 15.2(i).
1.12 "Business Day" means a day other than Saturday or Sunday or a public holiday in England or France.

1.13 "Calendar Quarter" means each successive period of three (3) consecutive calendar months commencing on 1st January, 1st April, 1st July and 1st October.

1.14 "Calendar Year" means each successive period of twelve (12) consecutive calendar months commencing on 1st January.

1.15 "Change of Control" means any of the following with respect to Innate:

(a) the sale or disposition of all or substantially all of its assets to an Industrial Competing Party;

(b) the acquisition by an Industrial Competing Party, acting alone or in concert with other Person(s), of more than fifty percent (50%) of the combined voting power of Innate’s outstanding voting securities or otherwise the power to control the appointment of the Board of Directors of Innate; or

(c) a merger, consolidation, share exchange or other similar transaction of Innate and any Industrial Competing Party which results in the holders of the outstanding voting securities of Innate immediately prior to such merger, consolidation, share exchange or other similar transaction ceasing to hold more than fifty percent (50%) of the combined voting power of the surviving, purchasing or continuing entity immediately after such merger, consolidation, share exchange or other similar transaction;

other than, in each case of subsection (a), (b) and (c), where such transaction is to be entered into between Innate and MedImmune or an Affiliate of MedImmune. Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely on account of an (x) initial public or secondary offering, or (y) the acquisition of securities of Innate by one or more institutional investors, or Affiliates thereof, which are not Industrial Competing Parties, that acquire Innate’s securities in a transaction or series of related transactions (i)
primarily for purposes of equity investment, or (ii) as a sale of assets, merger or other transaction effected exclusively
for the purpose of obtaining tax or other fiscal benefit or changing the corporate domicile of Innate.

1.16 "Clinical Trials" means Phase 1 Clinical Trials, Phase 2 Clinical Trials, Phase 3 Clinical Trials, Phase 4 Clinical Trials, or variations of such trials (for example, Phase 2/3 and Phase 2b), and any other clinical study conducted in human subjects in connection with the Development of a Licensed Product.

1.17 "CMC" means optimization of Manufacturing processes to provide reproducible supply of drug substance at commercialization scale, including formulation and development work to ensure stability and purity, and to otherwise meet the requirements under Applicable Law to be approved by a Regulatory Health Authority for marketing, sale and distribution.

1.18 "Co-Funding Withdrawal Notice" shall have the meaning assigned in Section 7.1.

1.19 "Committees" shall mean the DCC, the SCC and the JTC.

1.20 "Competition Law Clearance" means the first date upon which all of the following have been met: (i) the waiting period provided by the HSR Act and all other applicable national legislation has expired or been terminated and all required antitrust clearances have been obtained, (ii) no court or administrative challenges to the transaction contemplated by this Agreement are pending, and (iii) no court or administrative orders are outstanding blocking the completion of the transactions.

1.21 "Co-Promote Agreement" shall have the meaning assigned in Section 8.12.

1.22 "Co-Promote Option" shall have the meaning assigned in Section 8.3.

1.23 "Co-Promote Product" means a Licensed Product marketed and Co-Promoted in [***].

1.24 "Co-Promotion" means the conduct of Promotion with respect to the Licensed
Products in the Field, in [***] by each of the Parties, or their Affiliates, under the same Product trademark in a given country, and “Co-Promote” shall have a corresponding meaning.

1.25 “Co-Promotion Withdrawal” shall have the meaning assigned to it in Section 8.4.

1.26 “Combination” or “Combination Product” means the combination of a Licensed Antibody as an active ingredient with one or more other active ingredients including but not limited to MedImmune Compounds, whether sold or anticipated to be sold as a fixed dose or as separate co-prescribed doses or in a physically co-packaged form.

1.27 “Commercialization” means all activities undertaken relating to the preparation for and conduct of marketing and sale of a Licensed Product, including without limitation Pre-Approval Activities, advertising, education, planning, marketing, promotion, distribution, market and product support, seeking pricing and reimbursement approvals and Phase 4 Clinical Trials anywhere in the Territory.

1.28 “Commercialization Costs” means, with respect to a Licensed Product during any given period, all Costs that are incurred [***]. Subject to the foregoing, Commercialization Costs for a Licensed Product shall consist of Costs with respect to such Licensed Product incurred for:

(a) [***];
(b) [***];
(c) [***].
(d) [***];
(e) [***];
(f) [***].

6
1.29 "Commercialize" means the conduct of Commercialization activities.

1.30 "Commercially Reasonable Efforts" means, with respect to the efforts to be expended by a Party.

1.31 "Competing Product" a small molecule or protein used in the Field, including but not limited to an antibody, that binds, but excluding a Licensed Product.

1.32 "Compulsory License" shall have the meaning assigned in Section 10.17.

1.33 "Confidential Information" means any and all Know-How and Materials, whether oral or in writing or in any other form, disclosed before, on or after the date of this Agreement by one Party to the other Party that is either marked or identified as confidential or proprietary or that is of such a nature that would be considered by a reasonable person to be confidential or proprietary. The Licensed Know-How shall be deemed Innate’s Confidential Information. MedImmune Know-How shall be deemed MedImmune’s Confidential Information.

1.34 "Control" means, with respect to an item of Know-How or a Patent, the ability and authority of a Party or its Affiliates, whether arising by ownership, possession, or pursuant to a license or sublicense, to assign, disclose, grant licenses, sublicenses, or other rights to the other Party under or to such item of Know-How or such Patent as provided for in this Agreement, without breaching the terms of any agreement between such Party and any Third Party and subject to Section 18.2. Notwithstanding the foregoing, with respect to any Patent or item of Know-How in-licensed or otherwise acquired by Innate after the Effective Date, the exercise or use of which would result in a payment obligation to any Third Party, such Patent or item of Know-How shall be deemed to be Controlled by Innate for purposes of this Agreement only if MedImmune agrees in writing to reimburse all amounts owed to such Third Party as a result.
of its exercise of such right, license or sublicense excluding any sums which are payable pursuant to the Third Party Agreements.

1.35 "Controlled Patents" shall have the meaning assigned in Section 12.3.

1.36 "Costs" means both internal and external costs and expenses (including the cost of allocated FTEs at the FTE Rate). Unless otherwise mutually agreed between the Parties, internal costs incurred by a Party shall be determined by multiplying the applicable FTE Rate by the number of FTEs utilized to conduct the applicable activities.

1.37 "Covenant Period 1" shall have the meaning assigned in Section 3.13.

1.38 "Covenant Period 2" shall have the meaning assigned in Section 3.14.

1.39 "Damages" means any and all direct liabilities, claims, actions, damages, losses or expenses, including interest, penalties, and reasonable lawyers’ fees and disbursements. In calculating Damages, the legal duty to mitigate on the part of the Party suffering the loss shall be taken into account.

1.40 "Detail" means a sales presentation or interaction by a professional sales representative to or with a target physician or other professional with prescribing authority involved in prescribing a Co-Promote Product or to other individuals influencing prescription activity with respect to a Co-Promote Product, in any case, in which the primary purpose is to discuss the benefits and features of the Co-Promote Product. The term Detail will be further defined in the Co-Promote Agreement. When used as a verb, "Detail" or "Detailing" means to perform a Detail.

1.41 "Develop" means the conduct of Development activities.

1.42 "Development" means all activities relating to obtaining Regulatory Approval of a Licensed Product, Licensed Product line extensions, alternative delivery systems and new indications therefor, and all activities relating to developing the ability to Manufacture the same, including CMC. This includes, for example, (i) non-clinical testing, toxicology, formulation, clinical studies, regulatory
affairs, and outside counsel regulatory legal services, (ii) manufacturing process development for bulk and finished forms of Licensed Antibodies and Licensed Products, and manufacturing and quality assurance technical support activities prior to the First Commercial Sale of a Licensed Product anywhere in the Territory and (iii) the conduct of advisory boards with relevant experts, e.g. clinical experts or payer representatives. Development shall not include activities associated with Phase 4 Clinical Trials in respect of a Licensed Product commenced after First Commercial Sale of such Licensed Product anywhere in the Territory unless (x) required or requested by a Regulatory Health Authority as a condition of obtaining, maintaining or extending Regulatory Approval or (y) performed to explore additional indications or alternative formulations of such Licensed Products.

1.43 "Development and Option Agreement" means the Development and Option Agreement between the Parties dated 24 April 2015.

1.44 "Development Budget" shall have the meaning set forth in Section 4.5.

1.45 "Development Collaboration Committee" or "DCC" means the committee described in Section 5.5.

1.46 “Development Costs” means, with respect to each Licensed Product [***]:

(i) [***];

(ii) [***];

(iii) [***];

(iv) [***];

(v) [***];

(vi) [***]
Except to the extent included in subsection (ii) above, Development Costs shall not include either Party’s Costs to the extent they solely relate to activities associated with overseeing execution of and compliance with this Agreement.

1.47 Development Plan means the plan for Development of Licensed Product, as mutually agreed by the Parties and approved by the DCC in accordance with Section 4.5.

1.48 Development Term means the period during which Development activities are being performed with respect to any Licensed Product.

1.49 Distributor shall have the meaning assigned in Section 3.3.

1.50 Drug Approval Application means an application for Regulatory Approval required before commercial sale or use of a Licensed Product as a drug in a regulatory jurisdiction, but excluding pricing and reimbursement approvals. Drug Approval Application includes a Marketing Approval Application (MAA) in Europe or an New Drug Application (NDA) in the United States.

1.51 Effective Date means the (i) date of the Competition Law Clearance or (ii) if the Parties agree in accordance with Section 2.2 that no Competition Law Clearance is required, the Signing Date.

1.52 EMA means the European Medicines Agency or any successor thereto.

1.53 Employees shall have the meaning in Section 16.7.

1.54 Employment Liabilities means any Damages resulting from any Unexpected Transferring Employees as well as any other liability, damage or loss and reasonable costs of legal defence due to or in connection with Applicable Laws or the (possible) violation or the termination of the employment of any Unexpected Transferring Employees.

1.55 Exploit means to undertake, or have undertaken, any or all of the following activities: to make, import, use, sell, or offer for sale, Research, study, Develop, register, modify, enhance, improve, Manufacture, Commercialize,
hold or keep (whether for disposal or otherwise), formulate, optimise, use, export, transport, distribute, promote, market or otherwise dispose or offer to dispose of, a product or process.

1.56 "Exploitation" means the act of Exploiting a product or process.

1.57 “Europe” or “EU” means the European Economic Area as it may be constituted from time to time.

1.58 “[***]” means [***].

1.59 “EU Commercialization Budget” shall have the meaning assigned in Section 8.5.

1.60 “EU Commercialization Plans” shall have the meaning assigned in Section 8.5.

1.61 “FDA” means the United States Food and Drug Administration or any successor thereto.


1.63 “Field” means the diagnosis, prevention, and treatment of oncology diseases and conditions in humans or animals.

1.64 “Filing Date” means, with respect to a submission to a Regulatory Health Authority, the date that such submission is confirmed to have been received by the relevant Regulatory Health Authority.

1.65 “First Commercial Sale” means, with respect to any Licensed Product, the first sale of such Licensed Product for value by MedImmune, its Affiliate, or its Sublicensees to a Third Party after Regulatory Approval of such Licensed Product has been obtained by MedImmune, its Affiliates, or its Sublicensees; provided, however, that in no event shall any sale or distribution of a Licensed Product for Pre-Approval Activities or use in a Clinical Trial or otherwise any sales prior to receipt of all Regulatory Approvals necessary to commence
regular commercial sales (including so-called “treatment IND sales” and “compassionate use sales”) be deemed a First Commercial Sale.

1.66 **Formulation Patent** means the Licensed Patent listed in Schedule 1.66.

1.67 **FTE** means a full time equivalent person year of [***] of scientific, technical or operational work (excluding administrative services).

1.68 **FTE Rate** means, for the period commencing on the Signing Date until such time as adjusted pursuant to the following sentence or the Parties agree otherwise, [***] for all activities. The FTE Rate will be increased or decreased on each anniversary of the Signing Date by a percentage equivalent to the change over the preceding twelve month period in the Consumer Price Index for Urban Wage Earners and Clerical Workers with respect to MedImmune and the index of salaries of the pharmaceutical industry published by LEEM with respect to Innate. The FTE Rate shall include costs of salaries, benefits, supplies, travel, other employee costs, and supporting general and administration allocations. For clarity, the FTE Rate will not apply to any employee that performs activities related to manufacturing (excluding pharmaceutical development activities conducted in accordance with the Development Plan), and any costs related to such employee will be included only to the extent consistent with the definition of Transfer Price.

1.69 **GCP** or **Good Clinical Practices** means, to the extent applicable in the country where Regulatory Approval is sought, the current standards for good clinical practices relating to clinical trials for pharmaceuticals, as set forth in the United States Code of Federal Regulations or ICH guidelines and applicable regulations, laws or rules as promulgated thereunder, in each case as amended from time to time, and all other standards of good clinical practice as are required by any Regulatory Health Authority.

1.70 **Generic Product** means with respect to a Licensed Product in a particular country any product (i) that is sold in such particular country by a Third Party who is not a Sublicensee or a Distributor selling such product under authorization from MedImmune or its Affiliates, (ii) that has received Regulatory Approval necessary for sale in such country, (iii) that (a) is
substantially the same as the Licensed Product in dosage form, strength, route of administration, quality and performance characteristics, and intended use or (b) has received Regulatory Approval based on a reference to a Regulatory Approval of the Licensed Product held by MedImmune, its Affiliates, or Sublicensees, and (iv) that contains as an active ingredient the same compound or substantially the same compound (such as a biosimilar) (or, solely for products that are described by subsection (iii)(b), an equivalent or biosimilar thereof), as is contained in such Licensed Product.

1.71 “Global Commercialization Plan” shall have the meaning assigned in Section 8.2.

1.72 “GLP” or “Good Laboratory Practices” means good laboratory practices required under the regulations set forth in 21 C.F.R. Part 58, as in effect during the Term, and the requirements thereunder imposed by the FDA, and the equivalent thereof in any jurisdiction.

1.73 “GMP” or “Good Manufacturing Practice” means the principle of good manufacturing practice in respect of medicinal products for human use and investigational medicinal products for human use as required by Applicable Laws and Requirements, including the laws of the European Community and Directive 2003/94/EC as well as any national legislation implementing the aforesaid Directive and any relevant guidance relating thereto.

1.74 “Governmental Body” means any: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign or other government; (iii) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or entity and any court or other tribunal); or (iv) self-regulatory organization (including the NASDAQ Global Market and the NASDAQ Global Select Market). For the avoidance of doubt, Governmental Bodies includes Regulatory Health Authorities.

1.75 “Government Official” means any Person employed by or acting on behalf of a
Governmental Body, government-controlled entity or public international organization.

1.76 “HSR Act” means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, including all rules promulgated thereunder.

1.77 “ICH” means the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.

1.78 “IFRS” means International Financial Reporting Standards, or the future equivalent of such reporting standards, as consistently applied by the applicable Party in the manner used for external reporting.

1.79 “IND” means an Investigational New Drug Application (as defined in the FFDCA and applicable regulations promulgated thereunder by the FDA) or an equivalent application filed with or submitted to any Regulatory Health Authority, the filing of which is required for authorization to commence human clinical trials.

1.80 “Indirect Taxes” means value added taxes, sales taxes, consumption taxes and other similar taxes.

1.81 “Industrial Competing Party” means a Person that is in the top [***] pharmaceutical companies in the world measured by global sales of prescription drugs based on readily available data from an independent data source such as IMS and which clinically Develops or Commercialize a Competing Product or any product in the specifically directed to components of the immune checkpoint targets and cell-based therapies supplementing the immune system.

1.82 “Initial Study” shall have the meaning given in the Development and Option Agreement.

1.83 “Initial Supply” shall have the meaning assigned in Section 9.1.

1.84 “Intellectual Property Rights” or “IPR” means Patents, trademarks, service marks, trade secrets (including patentable inventions), trade names, registered
designs, design rights, copyrights (including rights in computer software), domain names, database rights and any rights or property similar to any of the foregoing in any part of the world, whether registered or not, together with the right to apply for the registration of any such rights.

1.85 "IPH2201" means the monoclonal antibody to NKG2A (i) as particularised in Schedule 1.85 (the "Current IPH2201"), or (ii) a molecule that binds to NKG2A containing the CDRs (Complimentary Determining Regions) of IPH2201 as noted in Schedule 1.85 and any derivative or fragment thereof and any formulation of the foregoing.

1.86 "Know-How" means all inventions, discoveries, data, information (including scientific, technical or regulatory information), trade secrets, processes, means, methods, practices, formulae, instructions, procedures, techniques, materials, technology, results, analyses, designs, drawings, computer programs, apparatuses, specifications, technical assistance, laboratory, pre-clinical and clinical data (including laboratory notes and notebooks), and other material or know-how, in written, electronic or any other form, whether or not confidential, proprietary or patentable, including without limitation: development technology; biology, chemistry, pharmacology, toxicology, drug stability, Manufacturing and formulation, test procedures, synthesis, purification and isolation techniques, quality control data and information, methodologies and techniques; information regarding clinical and non-clinical safety and efficacy studies, including study designs and protocols, marketing studies, absorption, distribution, metabolism and excretion studies; assays and biological methodology.

1.87 "knowledge" means the good faith understanding of the officers of Innate and its Affiliates, with respect to relevant facts and information after performing a commercially reasonable inquiry of the employees having responsibilities in Innate’s organisation with respect to the relevant subject matters and external patent agents of Innate and its Affiliates with respect to such facts and information relating to the Licensed Patents, that the patent agent is responsible for prosecuting and maintaining. For purposes of the foregoing, Innate will not be deemed to have knowledge of any given fact or information, which (i) was known or should have been known by any external patent agents
of Innate and its Affiliates but was not disclosed to Innate’s officers or (ii) was not known by the employees of Innate and its Affiliates.

1.88 "Legal Proceeding" means any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Body or any arbitrator or arbitration panel.

1.89 "Licensed Antibodies" means IPH2201 and all Back-Up Licensed Antibodies.

1.90 "Licensed Know-How" means all Know-How which is Controlled by Innate or its Affiliates, as of the Effective Date or at any time during the term of this Agreement, that may be necessary or useful for the Research, Development, Commercialization and/or Exploitation of any Licensed Antibody, Licensed Product or Combinations, including Study Results, but excluding in each case, any Know-How related to any active ingredient within a Combination other than the Licensed Antibody.

1.91 "Licensed Patents" means all of the Patents which are Controlled by Innate or its Affiliates, as of the Effective Date or at any time during the Term, that (a) claim any Licensed Antibody, Licensed Product or Licensed Know-How or (b) claim any invention that is necessary or useful for the Research, Development, Commercialization or Exploitation of any Licensed Antibody, Licensed Product or Combination, but excluding in each case, any (x) Patent related to any active ingredient within a Combination other than the Licensed Antibody and (y) the Non-Exclusively Licensed Patents. For the avoidance of doubt, Licensed Patents includes the Listed Patents, the Novo Nordisk Patents and the Patents within the Arising IP when such Patents are owned or co-owned by Innate pursuant to Section 12.2.

1.92 "Licensed Shared Patents" means those listed Patents listed in Schedule 1.92, which refer to NKG2A but also to other targets, as such schedule may be updated from time to time by agreement of the Parties.

1.93 "Licensed Product" shall mean any and all pharmaceutical products including
a Licensed Antibody as an active ingredient, including Combinations.

1.94 "Licensed Technology" means all Licensed Patents and Licensed Know-How.

1.95 "Listed Patents" means the Patents listed in Schedule 1.95, and any Patents filed after the Signing Date claiming priority to the Patents listed on Schedule 1.95, as such schedule may be updated from time to time by agreement of the Parties.

1.96 "Major Market" means [***].

1.97 "Manufacture" or "Manufacturing" means activities in connection with the synthesis, manufacture, processing, formulating, testing (including, without limitation quality control, quality assurance and lot release testing), bulk packaging, labeling or storage and delivery of Licensed Antibody or Licensed Product (including any component thereof).

1.98 "Manufacturing Costs" means the fully-burdened aggregate Costs incurred and recorded by a Party (in accordance with IFRS) as a result of Manufacturing a Licensed Product or component thereof consisting solely of:

(i) [***];

(ii) [***];

(iii) [***];

(iv) [***];

(v) [***];

(vi) [***];

(vii) [***];

(viii) [***]; and
1.99  "Material Anti-Corruption Law Violation" means a violation of an Anti-Corruption Law relating to the subject matter of this Agreement which would, if it were publicly known, be reasonably expected to have an adverse effect on the Party committing such violation or on the reputation of the other Party because of its relationship with the Party committing such violation.

1.100  "Materials" means compounds, compositions of matter, assays, and biological materials useful for the Exploitation of Licensed Antibodies or Licensed Products.

1.101  "MedImmune Compound" means any small molecule, large molecule, antibody or other molecule or compound that is Controlled by MedImmune or any of its Affiliates.

1.102  "MedImmune Compound Arising IP" means any IPR arising after the Effective Date to the extent solely relating to the MedImmune Compounds.

1.103  "MedImmune Know-How" means Know-How Controlled by MedImmune or its Affiliates at any time during the Term that may be necessary or useful for the Exploitation of any Licensed Antibody, Licensed Product or Combinations, including any such MedImmune Compound Arising IP and Study Results.

1.104  "MedImmune Patents" means all Patents (i) that are Controlled by MedImmune or its Affiliates as of the Effective Date or that come into the Control of MedImmune or its Affiliates at any time during the Term, including Patents claiming MedImmune Compound Arising IP, and (ii) that claim any MedImmune Compound or any other inventions that are necessary or useful for the Exploitation of any Licensed Antibody, Licensed Product or Combination, or that claim any Licensed Antibody, Licensed Product, Combination or Study Result.

1.105  "MedImmune Technology" means MedImmune Know-How and MedImmune
1.106 "MedImmune Product Data" shall have the meaning assigned in Section 15.3(viii).

1.107 “MedImmune Triggered Termination” shall have the meaning assigned in Section 15.3.

1.108 "Net Sales" [***].

1.109 "NKG2A" means the human NKG2-A-type II integral membrane protein (also known as CD159 antigen-like family member A, NK cell receptor A, NKG2-A-activating NK receptor, or CD159a) and all isoforms, fragments or derivatives thereof (including homologs and orthologs of the human sequence) including the protein described in Schedule 1.109.

1.110 "Non-Exclusively Licensed Patents" means the Licensed Patents listed in Schedule 1.110.

1.111 “Novo Nordisk Patents” shall mean those patents licensed to Innate under an agreement with Novo Nordisk A/S dated 28 March 2006 (as amended), being those patents owned by Novo Nordisk as listed in Schedule 1.95.

1.112 "Other Promotional Activities" means both off line and online activities including but not limited to, sales activities, other than Detailing, such as sales training, sales meetings; marketing activities such as advertising and promotion; and medical or scientific affairs activities such as conferences, speakers bureaus, and continuing medical education activities; provided that all such activities shall be in accordance with the USFDA Office of Prescription Drug Promotion.

1.113 "Patents" means (a) all national, regional and international patents and patent applications, including provisional patent applications, (b) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority from either of these, including divisionals, continuations, continuations-in-part, non-provisional
applications, and continued prosecution patent applications, (c) any and all patents that have issued or in the future issue from the foregoing patent applications ((a) and (b)), including utility models, petty patents and design patents and certificates of invention, (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates, patent term extensions and the like) of the foregoing patents or patent applications (a), (b) and (c)), and (e) any similar rights, including so-called pipeline protection, or any importation, revalidation, confirmation or introduction patent or registration patent or patent of additions to any such foregoing patent applications and patents.

1.114 “Payments” shall have the meaning assigned in Section 10.26.

1.115 “Person” means any individual, sole proprietorship, corporation, partnership, association, joint-stock company, trust, unincorporated organization, joint venture or other similar entity or organization, including a government or political subdivision, department or agency of a government.

1.116 “Phase 1 Clinical Trial” means any clinical study conducted on human subjects [***].

1.117 “Phase 2 Clinical Trial” means any clinical study that is not intended to be used as a pivotal study for purposes of seeking Regulatory Approval in any country within the Territory that is conducted on human patients [***].

1.118 “Phase 3 Clinical Trial” means any clinical study used as a pivotal study for purposes of seeking Regulatory Approval, [***].

1.119 “Phase 4 Clinical Trial” means any clinical study of a pharmaceutical product on human subjects commenced [***].

1.120 “Pre-Approval Activities” means all activities undertaken with respect to a Licensed Product prior to First Commercial Sale and in preparation for the launch of such Licensed Product in the EU. Pre-Approval Activities shall include without limitation advertising, education, product-related public relations,
health care economic studies, governmental affairs activities for reimbursement and formulary acceptance, sales force training, trademark selection, filing, prosecution, and enforcement, and other activities included within the Global Commercialization Plan or (as applicable) EU Commercialization Plan prior to the First Commercial Sale of a Licensed Product.

1.121 "Principal Investigator" means the person responsible for the conduct of a Clinical Trial at a Clinical Trial site.

1.122 "Product Information" shall have the meaning assigned in Section 11.2.

1.123 "Product Trademark" shall have the meaning assigned in Section 12.16(i).

1.124 “Profit/Loss” means the Net Sales of the Licensed Product in Europe less [***].

1.125 "Promotion" means solely for the purposes of this Agreement and notwithstanding any more general meaning of the word “promote” in common parlance or as an industry term, means:

(i) the conduct of activities of the Parties to promote the use, prescription, dispensing, administration or sale of the Licensed Products under the Licensed Product trademark in the Field in the Territory, for commercial purposes, all in accordance with the approved Licensed Product labelling information, including Detailing; and

(ii) Medical science liaison and Medical Education Activities related to the Licensed Products in the Field in the Territory,

in each case in accordance with the applicable EU Commercialization Plan and having such activities undertaken by an Affiliate or, to the extent permitted under this Agreement and in accordance with the terms of this Agreement, a Third Party.

"Promote" shall have a corresponding meaning. For the avoidance of doubt,
Promotion shall not include any Development activities.

1.126 "Promotion Proposal" shall have the meaning assigned in Section 8.11.

1.127 "Regulatory Approval" means any and all approvals (including without limitation pricing and reimbursement approvals), product or establishment licenses, registrations, or authorizations of any regional, federal, state, or local Regulatory Health Authority, department, bureau, or other governmental entity, necessary to commercially distribute, sell or market a Licensed Product in a regulatory jurisdiction, including, where applicable, (a) pricing or reimbursement approval in such jurisdiction if necessary or desirable, (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto), and (c) labelling approval.

1.128 "Regulations" means The Transfer of Undertakings (Protection of Employment) Regulations 2006 or any equivalent laws in the applicable country.

1.129 "Regulatory Documentation" means all applications, registrations, licenses, authorizations and approvals, all correspondence submitted to or received from Regulatory Health Authorities (including minutes and official contact reports relating to any communications with any Regulatory Health Authority) and all supporting documents, including documentation arising in the course of all Clinical Trials, in each case relating to obtaining or maintaining Regulatory Approval of Licensed Products, including all INDs, regulatory drug lists, advertising and promotion documents, adverse event files and complaint files.

1.130 "Regulatory Exclusivity" shall mean any exclusive marketing rights or data exclusivity rights conferred by any applicable Regulatory Health Authority, other than an issued and unexpired Patent, including any regulatory data protection exclusivity (including, where applicable, pediatric exclusivity or orphan drug exclusivity) or any other exclusivity afforded by restrictions which restrict the granting by a Regulatory Health Authority of Regulatory Approval to market a Generic Product.

1.131 "Regulatory Health Authority" means any applicable national (for example,
FDA or Japan’s Pharmaceuticals and Medical Devices Agency), supranational (for example, the EMA), regional, state, provincial or local regulatory health authority, department, bureau, commission, council, or other government entity regulating or otherwise exercising authority with respect to the Exploitation of Licensed Antibodies or Licensed Products in the Territory, including any such entity involved in the granting of Regulatory Approval for pharmaceutical products.

1.132 "Research" means the discovery, identification, research, characterisation, modification, derivatisation, optimisation and preclinical testing of pharmaceutical products.

1.133 "Safety Agreement" shall have the meaning assigned in Section 4.24.

1.134 “Sales Collaboration Committee” or “SCC” means the committee described in Section 8.6.

1.135 "Senior Executives" means (i) [***] and (ii) [***]. A Party shall be entitled, effective upon written notice thereof to the other Party, to designate one of its other representatives having equivalent seniority and experience to replace such foregoing representative as that Party’s Senior Executive for the purpose of this Agreement.

1.136 "Serious Adverse Event" means any untoward medical occurrence that at any dose results in death, is life-threatening, requires inpatient hospitalization or prolongation of existing hospitalization, results in persistent or significant disability/incapacity or is a congenital anomaly/birth defect (CPMP/ICH/377/95). Serious Adverse Event includes any event affecting patient safety that Applicable Law requires reporting to a Regulatory Health Authority.

1.137 "Signing Date" means the date of the exercise of the Option by MedImmune pursuant to the Development and Option Agreement.

1.138 "Specification" means the specification applicable to the Manufacture, packaging, labelling and storage of any Licensed Antibody or Licensed Products, in effect at a given time.
1.139 “Statistical Analysis Plan” shall have the meaning assigned in Section 4.11.

1.140 “Study Results” means any data and information generated as a result of the Clinical Trials performed as part of the Development Plan.

1.141 “Sublicensee” shall have the meaning assigned in Section 3.2.

1.142 “Tax” or “Taxation” means any form of tax or taxation, levy, duty, charge, social security charge, contribution or withholding of whatever nature (including any related fine, penalty, surcharge or interest) imposed by, or payable to, a Tax Authority.

1.143 “Tax Authority” means any Governmental Body authorized to levy Tax.

1.144 “Term” shall have the meaning assigned in Section 15.1.

1.145 “Territory” means the world.

1.146 “Third Party” means any Person other than Innate or MedImmune, or their respective Affiliates.

1.147 “Third Party Agreements” shall mean those agreements listed in Schedule 1.147.

1.148 “Third Party Claims” shall have the meaning assigned in Section 16.2.

1.149 “Third Party Payments” shall have the meaning assigned in Section 10.20.

1.150 “Transfer Price” means the Manufacturing Cost of the transferred Licensed Antibody or Licensed Product.

1.151 “Triggered Termination” means, as the context requires, either a MedImmune Triggered Termination or (ii) termination by MedImmune for Innate’s uncured material breach pursuant to Section 15.1(i) or Innate’s insolvency pursuant to Section 15.2(iii).
1.152 “Unexpected Transfer Employee” shall have the meaning set out in Section 16.7.

1.153 “Valid Claim” means a claim of an issued and unexpired patent or pending patent application within the Licensed Patents that has not been held unpatentable, invalid, or unenforceable by a court or other government agency of competent jurisdiction in an unappealed or unappealable decision or has not been admitted to be invalid or unenforceable through reissue, re-examination, disclaimer, or otherwise. Notwithstanding the foregoing, if a claim of a pending patent application has not issued as a claim of a patent within [***] after the filing date, such claim shall not be a Valid Claim for the purposes of this Agreement, unless and until such claim issues as a claim of any issued patent (from and after which time the same would be deemed a Valid Claim subject to the first sentence of the definition above).

1.154 “Written Disclosure” shall have the meaning assigned in Section 14.3.

2 CONSTRUCTION; COMPETITION LAW CLEARANCE

2.1 Except where the context requires otherwise, whenever used the singular includes the plural, the plural includes the singular, the use of any gender is applicable to all genders and the word “or” has the inclusive meaning represented by the phrase “and/or”. Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The headings of this Agreement are for convenience only and do not define, describe, extend or limit the scope or intent of any provision in this Agreement. The term “including” or “includes” as used in this Agreement means including, without limiting the generality of any description preceding such term. The wording of this Agreement shall be deemed to be the wording mutually chosen by the Parties and no rule of strict construction shall be applied against any Party.

2.2 No later than five (5) Business Days following the Signing Date or such later date as the Parties may agree, the Signing Date, the Parties shall jointly determine whether a filing under the HSR Act or any equivalent competition law statute or regulation (a “Competition Law Filing”) is required for the performance of
this Agreement. Upon a joint determination that one or more Competition Law Filings are required, the Parties shall prepare and submit the required notification forms as soon as reasonably practicable (and for any filing under the HSR Act within ten (10) Business Days after such determination) and use reasonable efforts to obtain clearance for the transactions contemplated hereunder as soon as practicable. Subject to Applicable Law relating to the exchange of information, MedImmune shall have the right to direct all matters with respect to Competition Law Filings hereunder, consistent with its obligations hereunder, after consultation with Innate. Each Party will consult with the other on, and consider in good faith the views of the other Party in connection with, all of the information relating to such other Party that appears in any Competition Law Filing. MedImmune shall bear all fees in connection with any Competition Law Filing and each Party shall bear their respective attorneys’ fees in connection therewith. This Agreement shall bind the Parties upon execution and continue in full force and effect unless and until the termination or expiration of the Agreement by its terms, provided, however, that each Party’s grant of license rights hereunder, MedImmune’s obligation to make the payments hereunder, and the Parties’ other rights and obligations hereunder in connection with the Development and Commercialization of the Licensed Antibodies and Licensed Products shall not become effective unless and until the date of either: 1) the receipt of all Competition Law Clearances or 2) the conclusion by the Parties pursuant to this Section 2.2 that no Competition Law Clearance is necessary for the implementation of this Agreement. Nothing in this Agreement shall require or be deemed to require either Party (or their Affiliates) to commit to any divestitures or licenses or agree to hold separate any assets or agree to any similar arrangements or commit to conduct its business in a specified manner, or to submit and respond to a formal discovery procedure initiated by the FTC or DOJ (i.e., a “Request for Additional Information and Documentary Materials” also known as a “second request”, or Civil Investigative Demand if a filing is not required under the HSR Act), in each case as a condition to obtaining antitrust clearance for the transactions contemplated hereunder. If Competition Law Clearance is not received in relation to both this Agreement and the Development and Option Agreement on or before ninety (90) days after the date on which both Parties have submitted to the FTC and DOJ their respective initial filings to request Competition Law Clearance of the transactions hereunder, then either Party
shall have the right to terminate this Agreement without liability therefor at any time thereafter, but prior to receipt of Competition Law Clearance of the transactions contemplated hereunder, by written notice to the other Party. If Competition Law Clearance is obtained by the Parties in relation to this Agreement prior to the Signing Date this Section 2.2 shall have no effect and the Signing Date and Effective Date shall be the same date.

3

**GRANT OF RIGHTS AND LICENSES; EXCLUSIVITY**

3.1 **Exclusive License to MedImmune.** Subject to the terms of this Agreement, Innate grants to MedImmune and its Affiliates:

(a) an exclusive (including with regard to Innate and its Affiliates, except with respect to the retained rights set forth in Section 3.5 below) right and license under the Licensed Technology to Develop, Manufacture and Commercialize Licensed Antibodies and Licensed Products in the Field in the Territory;

(b) a non-exclusive right and sublicense, under the Non-Exclusively Licensed Patents, to the extent necessary to Develop, Manufacture and Commercialize Licensed Antibodies and Licensed Products in the Field in the Territory; and

(c) an exclusive (including with regard to Innate and its Affiliates, except with respect to the retained rights set forth in Section 3.5 below), right and license and right of reference in the Territory under Innate’s and its Affiliates’ rights, titles and interests in and to the Regulatory Documentation, INDs and Regulatory Approvals, to all other clinical and preclinical data and results contained in the Licensed Know-How, to Develop, Manufacture and Commercialize the Licensed Antibodies and Licensed Products in the Field in the Territory.

MedImmune shall be responsible for its Affiliates compliance with the terms of this Agreement as if MedImmune hereunder.

3.2 **Sublicenses.** Subject to Section 3.4, MedImmune and its Affiliates shall have
the right to grant sublicenses, through multiple tiers of sublicenses, under the licenses granted under Section 3.1, to any other Person other than a Person Exploiting a Competing Product, provided that, in the event of a sublicense to anyone other than a MedImmune Affiliate, MedImmune shall provide Innate with at least [***] prior written notice and any such sublicense shall be consistent with the provisions of this Agreement. Where MedImmune or its Affiliates grants such sublicense to a Person that is not an Affiliate of MedImmune, and such Person is not a Distributor, such Person shall be a "Sublicensee" for the purposes of this Agreement, and any Person to which a Sublicensee grants a further sublicense shall also be a Sublicensee; provided, however, that any Person that (i) is granted a sublicense under the license granted to MedImmune and its Affiliates pursuant to Section 3.1 solely to enable such Person to provide contract research or development services or contract manufacturing services for MedImmune, its Affiliates or Sublicensees, and (ii) does not have the right to distribute, market or sell the Licensed Products, shall not be a "Sublicensee" for purposes of this Agreement. MedImmune, its Affiliates and its Sublicensees shall ensure that all Persons to which they grant sublicenses comply with all relevant terms and conditions of this Agreement.

3.3 Distributorships. Subject to Innate's rights under the Co-Promote Option, MedImmune and its Sublicensees shall have the right, in their sole discretion, to appoint any other Persons, in the Territory or in any country of the Territory, to distribute, market and sell the Licensed Products, with or without packaging rights. In circumstances where such appointed Person purchases its requirements of Licensed Products from MedImmune, its Affiliates or its Sublicensees, but does not otherwise make any royalty or other payment to MedImmune, its Affiliates or its Sublicensees with respect to Intellectual Property Rights, and where such Person is not an Affiliate of MedImmune and neither MedImmune nor any of its Affiliates or Sublicensees shares in the profits from, or has an equivalent interest in the proceeds from, the sale of Licensed Products by such Person, that Person shall be a "Distributor" for purposes of this Agreement. The term "packaging rights" in this Section 3.3 means the right for the Distributor to package Licensed Products supplied in unpackaged bulk form into individual ready-for-sale packs. MedImmune shall remain liable for any action or failure to act by the Distributor that would constitute a breach of this Agreement as if such action or failure were committed by MedImmune.
3.4 **Co-Promotion Rights.** MedImmune and its Affiliates shall have the right, in their sole discretion, to co-promote the Licensed Products with any other Person(s), or to appoint one or more Third Parties to promote the Licensed Products without MedImmune in all or any part of the Territory outside of [***] for which Section 8 shall apply.

3.5 **Rights Retained by Innate.** Notwithstanding the foregoing, Innate retains the right under the Licensed Technology to (i) conduct the Development activities that may be assigned to be performed by Innate under the Development Plan; (ii) Manufacture or have Manufactured the Licensed Product in satisfaction of its obligations under Section 9; (iii) following the exercise of the Co-Promote Option, promote the Co-Promote Product in [***] subject to Section 8; (iv) conduct any other activities expressly assigned to Innate by the DCC under this Agreement or as the Parties may otherwise mutually agree (collectively, the activities referred to in (i) to (iv) are the "**Assigned Activities**"); and (v) to Exploit the Licensed Technology to Research, Develop and Commercialize Licensed Products outside the Field, subject to the provisions of Section 3.17. Furthermore, Innate retains all rights under the Licensed Shared Patents with respect to all activities not related to Research, Development, Commercialisation or Exploitation of Licensed Products or any Competing Product, and/or all activities related to antibodies that bind KIR2DL1, -2 and/or -3.

3.6 **Covenant not to Sue.** MedImmune shall not, and shall procure that its Affiliates and Sublicensees shall not, anywhere in the world, institute or prosecute (or in any way aid any Third Party in instituting or prosecuting), at law or in equity, any claim, demand, action or cause of action for damages, costs, expenses or compensation, or for an enjoinderment, injunction, or any other equitable remedy, against Innate alleging the infringement of any MedImmune Technology by Innate due to Innate’s performance of the Assigned Activities or its rights in compliance with this Agreement. For the avoidance of doubt, the covenant not to sue set forth in this Section 3.6 shall not apply in respect of any activities conducted by or on behalf of Innate or its Affiliates in conflict with this Agreement.

3.7 **No Implied Rights.** This Agreement confers no right, license, or interest by
implication, estoppel, or otherwise under any Patents, Know-How, or other Intellectual Property Rights of either Party except as expressly set forth in this Agreement. Each Party hereby expressly retains and reserves all rights and interests with respect to Patents, Know-How, or other Intellectual Property Rights not expressly granted to the other Party hereunder.

3.8 **No Encumbrance.** During the Term, Innate shall not assign, transfer, convey or otherwise encumber its rights to the Licensed Technology, or Regulatory Approvals, and shall not use any of the foregoing itself or grant any right, title or interest therein with respect to the Licensed Product in the Field to any Person, in all cases in a manner that is inconsistent with the exclusive licenses or other rights granted to MedImmune under this Agreement.

3.9 **Exclusivity Term.** MedImmune’s exclusive licenses granted under Section 3.1, shall expire [***]. Upon expiry of MedImmune’s exclusive licenses [***].

3.10 **Assignment of Regulatory Documentation.** MedImmune or its nominated Affiliate shall be the lead regulatory party and hold all Regulatory Documentation and Regulatory Approvals relating to Licensed Products. Innate hereby assigns to MedImmune all of its rights, titles and interests in and to all Regulatory Documentation, including, to the extent permitted by Applicable Laws, all INDs and Regulatory Approvals Controlled by Innate or its Affiliates as of the Effective Date and from time to time during the Term that relate to the Licensed Antibodies or Licensed Products. Innate shall duly execute and deliver, or cause to be duly executed and delivered such instruments and shall do and cause to be done such acts and things, including the filing of such assignments, agreements, documents and instruments, as may be necessary to complete such assignment, or as MedImmune may reasonably request in connection therewith, or to carry out more effectively the purpose thereof, or to better assure and confirm to MedImmune its rights under this Section 3.10, at MedImmune’s cost and expense.

3.11 **Confirmatory Patent Licenses.** Innate shall, if requested to do so by MedImmune, immediately enter into short form confirmatory license agreement(s) in the form or substantially the form set out in Schedule 3.11 for purposes of (i) recording the licenses granted under this Agreement with such
Patent authorities in the Territory as MedImmune considers appropriate or (ii) otherwise being able to demonstrate the existence of the licenses granted to MedImmune under this Agreement to relevant authorities, including courts and other bodies, where required without having to disclose this Agreement in its entirety. Until the execution of any such confirmatory licenses, so far as may be legally possible, Innate and MedImmune shall have the same rights in respect of the licenses granted under this Agreement and be under the same obligations to each other in all respects as if such confirmatory licenses had been executed.

Non-compete and Restrictive Covenants

3.12 The words “Develop” and “Commercialize” and all variations thereof included in the below Sections 3.13 to 3.16 with reference to Competing Products shall include the activities described in the definitions of such words in Section 1, but with such activities being with respect to Competing Products rather than with respect to Licensed Product as set forth in the definition.

3.13 During the period starting on the Effective Date and continuing until the earlier to occur of (i) [***] and (ii) [***](such period, “Covenant Period 1”), neither Party nor any of its Affiliates (each, a “Restricted Party”) shall, either by itself or through a Third Party, except as otherwise expressly permitted in this Agreement, conduct any research or Development in respect of any Competing Product.

3.14 During the period starting on the Effective Date and continuing until [***] (such period, “Covenant Period 2”), no Restricted Party shall, either by itself or through a Third Party, except as otherwise expressly permitted in this Agreement, Commercialize any Competing Product in the Territory; provided that if this Agreement is terminated as a result of such Restricted Party’s Triggered Termination, then for the purpose of this Section 3.14, Covenant Period 2 shall expire on the first to occur of (i) [***] and (ii) [***].

3.15 Notwithstanding the foregoing, a Restricted Party’s direct or indirect acquisition by/of, or merger with, in whole or in part, a Person (or group of companies) or the business of a Person (or group of companies) having any activity contravening the covenants set forth above in Sections 3.13 and 3.14,
shall not constitute a breach of such covenants, if:

(a) within [***] following the closing of such acquisition or merger transaction, the Restricted Party shall provide the other Party with written notice of such transaction and the nature and stage of development of the Competing Product. The Parties will discuss in good faith whether it will be mutually beneficial that the Competing Product be included in their collaboration and the related terms.

(b) If the Restricted Party is Medimmune, if the Competing Product has [***], and the Parties cannot reach an agreement pursuant to sub-Section (a) within [***] of the closing of the acquisition or merger transaction, then Medimmune shall notify Innate of its intention to either to either (i) divest of the relevant part of the Competing Product business or (b) terminate this Agreement. In such event, if Medimmune has elected to divest the Competing Product business, Medimmune (or, as the case may be, Medimmune shall cause its relevant Affiliate to) diligently pursues the sale or transfer to a Third Party of such business, and enter into (or, as the case may be, cause its relevant Affiliate to enter into) a binding definitive agreement with a Third Party for such sale or transfer no later than [***] after the closing of the acquisition or merger transaction under which the relevant business was acquired. If the Competing Product has [***], then, the provisions of this subclause (b) shall apply, mutatis mutandis, from the day on which Medimmune or its Affiliates decides to [***] with respect to such Competing Product and the reference date for computing the [***] and the [***] timelines shall be the date of such decision. Until consummation of the sale of transfer of the business relating to a Competing Product, for purposes of determining Medimmune’s diligence obligations under Sections 4.12 - 4.17, Medimmune’s Commercially Reasonable Efforts shall not take into account the existence of another MedImmune development program for a Competing Product, the Licensed Product’s competitive position with respect to such Competing Product, the relative profitability of the Competing Product or any other factors relating to such Competing Product.
If the Restricted Party is Innate, the DCC and other committees should be dismantled and, if MedImmune so requests, Innate shall cease to have an active role in the Development and Co-Promotion of the Licensed Product, provided that Innate shall retain its right to co-fund the Development of the Licensed Product and, if Innate does not provide its Co-Funding Withdrawal Notice, to share the Profit in accordance with Section 10.21.

The Restricted Party shall take appropriate steps and actions necessary (including by following commercially reasonable policies and procedures that are no less stringent than those customarily followed in the pharmaceutical industry when establishing firewalls) to ensure that, as applicable, there is no, direct or indirect, as applicable, disclosure, sharing or other use of any information obtained or discussed in connection with the Licensed Product and the Competing Product program.

The Parties agree that the restrictions contained in these Sections 3.13 to 3.15 are reasonable and necessary for the protection of the other Party’s and its’ Affiliates’ respective Confidential Information and business and investment in the Licensed Products, that such restrictions are reasonable in all the circumstances and that the Parties would not have entered into this Agreement without the protections afforded to them under these Sections 3.13 to 3.15.

Innate grants to MedImmune a first right to negotiate terms pursuant to which MedImmune’s rights under this Agreement could be expanded to include all fields of use in humans and animals outside the Field. MedImmune shall be entitled to exercise this right of first negotiation at any time during the term of this Agreement by written notice to Innate (“ROFN Notice”). If MedImmune serves an ROFN Notice the Parties will negotiate in good faith for a period of [***] following the date of the ROFN Notice the terms of such and expanded agreement. Innate shall not, and shall ensure that its Affiliates shall not, sell, transfer, assign, out-license, encumber or otherwise grant or offer any rights to (in whole or in part) the Licensed Technology in any field outside the Field without first offering to MedImmune the right to negotiate terms in accordance with this Section 3.17.
DEVELOPMENT

4.1 The purpose of the collaboration undertaken by the Parties under this Agreement (“Collaboration”) is for the Parties to collaborate in the development of Licensed Products in the Field in the Territory and for the Parties to share in certain costs and revenues related to the Licensed Products, as described in more detail herein. The Parties desire to establish the following committees to oversee the Collaboration and to provide a forum for discussion of matters relating to the Collaboration: Joint Project Team, Development Collaboration Committee and Sales Collaboration Committee.

Initial Studies under the Development and Option Agreement

4.2 Notwithstanding Section 4.1, if MedImmune exercises the Option before the final Initial Study has been completed (i.e., before the final study report for such Clinical Trial is completed and approved in accordance with Innate’s quality assurance procedures), Innate shall use Commercially Reasonable Efforts, at its cost in accordance with the Development Plan (as such terms are defined in the Option Agreement), regardless of its receipt of an Option Notice within the Option Period, continue or commence, as applicable, all of the Initial Studies or any part of them, in accordance with the provisions of Section 3 of the Development and Option Agreement as if the Option had not been exercised, provided that MedImmune may, subject to Applicable Law, elect to assume the responsibilities and obligations of Innate in relation to the Initial Studies in which case the provisions of Section 4.4 will apply.

4.3 In the event that MedImmune exercises the Option as a result an S/R Notice, except to the extent, and for as long as, otherwise required under Applicable Laws or otherwise to protect the safety, health or well-being of any patient, upon its receipt of an Option Notice within the Option Period in accordance with the Development and Option Agreement, Innate shall discontinue any then remaining Initial Studies and any part of them at MedImmune’s request. MedImmune may elect to assume the responsibilities and obligations of Innate in relation to the Initial Studies, and any such Initial Studies shall be conducted at Innate’s cost in accordance with the Development Plan (as such term is defined in the Option Agreement).
4.4 In the event that, following exercise of its Option before the final Initial Study has been completed, MedImmune makes an election to take control of the Initial Studies, (i) the Parties will agree in good faith a detailed plan for transitioning such responsibilities and obligations from Innate to MedImmune, including estimated timelines for such activities, and shall use Commercially Reasonable Efforts in carrying out such transition plan, (ii) MedImmune will keep Innate regularly informed about the progress and results of the Initial Studies through the DCC, (iii) both Parties shall take such actions as may be reasonably required or useful to ensure a smooth and orderly transition of the Initial Studies to MedImmune, and (iv) the Parties shall cooperate in good faith to prepare as promptly as possible after the Effective Date all filings and other actions required by Applicable Laws to be made and taken in order to commence and conduct the Development of Option Products. All such filings and actions shall be approved in advance by MedImmune and be made and taken by or on behalf of MedImmune.

Development Plan and Development Budget

4.5 The Development of the Licensed Products shall be governed by a global Development Plan, which includes development plans approved by the DCC as set forth in this Section 4, and costs and expenses relating to the Development of Licensed Products shall be governed by a development budget approved by the DCC and set forth in the Development Plan ("Development Budget"). The Development Budget shall be broken down by Clinical Trials or other activities and by Calendar Quarter. Within [***] after the Effective Date, the parties, acting through the DCC, shall review and approve a Development Plan and Development Budget. The Development Plan will include, among other things, (i) the initial indication(s) for which the Licensed Product is planned to be Developed, (ii) other indications for which the Licensed Product may be developed, (iii) the proposed overall program of Development for the Licensed Product for any indications elected by MedImmune in each applicable Major Market, and any other applicable countries, including without limitation all material nonclinical studies, toxicology, pharmacology studies, formulation, process development, CMC, clinical studies, and regulatory plans and other main elements of obtaining Regulatory Approval in each applicable Major Market, and any other applicable country, (iv) critical activities anticipated to
be undertaken, estimated timelines, decision points and relevant decision criteria, and (v) allocation of responsibilities between the Parties for the various activities to be undertaken under the Development Plan and estimated timelines; all based on what can reasonably be foreseen and planned at the time of preparation of the Development Plan. MedImmune shall review and submit an updated Development Plan and Development Budget to the DCC for approval at least annually during the Development Term.

4.6 The Development Plan and Development Budget shall also include the (i) allocation of Development and regulatory activities between the Parties on a country-specific or activity-specific basis, taking into consideration all relevant factors (including the strategic objectives and capabilities of each Party) and (ii) those activities in relation to which operational responsibility should be held by either MedImmune or Innate.

4.7 The Parties may, at any time, produce and submit to the DCC for comment a revised Development Plan and Development Budget in accordance with this Section 4. While the DCC is in effect, the DCC shall approve the Development Plan and Development Budget, and any revised Development Plan and Development Budget.

Development Lead

4.8 MedImmune shall take the lead in Developing the Licensed Products, with Innate performing such activities as may be allocated to it under the Development Plan. Each Party shall have primary responsibility for day-to-day activities and decisions relating to such Party’s allocated responsibilities, provided that such activities and decisions are consistent with the Development Plan and the authority granted to such Party thereunder.

Performance of Development Plan and Reporting

4.9 During the Development Term, each Party will report on the Development activities, if any, undertaken by it in accordance with the Development Plan at each meeting of the DCC or at such other intervals as may be set forth in the Development Plan. Whether provided during the period the DCC is in effect, or
thereafter, the Development reports shall include a reasonably detailed summary of all results, data and material inventions and Know-How, if any, obtained from such Development activities. In addition, each Party will, at its own expense, make appropriate scientific and regulatory personnel available to the other Party, either by telephone or in person as the Parties may mutually agree, as reasonably required to keep the other Party informed of Development activities conducted by such Party. Innate shall provide MedImmune with (i) access, upon MedImmune’s request, to all raw data and individual datasets obtained in relation to the Assigned Activities from such time when such data becomes available to Innate; (ii) the Study Results – as outlined in the relevant Statistical Analysis Plan within [***] after database lock of the respective study; and (iii) the relevant final report within [***] after database lock of the respective study. For the purpose of this Agreement “Statistical Analysis Plan” means a document that is prepared for the purpose of a Clinical Trial, that is approved by the DCC and that pre-specifies the statistical analyses to be performed (statistical methods, endpoint definitions, analysis sets and principles for the handling of missing data) and how the results from the relevant Clinical Trial will be presented.

4.10 Each Party shall provide all Clinical Trial results to the DCC in draft form as soon as reasonably practicable and shall provide each final report to the DCC, within [***] after finalization of the Clinical Trial report.

4.11 Each Party will have the right to use its Affiliates or Third Parties to perform Development activities allocated to it under the Development Plan, provided that any Affiliate or Third Party retained by Innate for such purpose that is not listed in Schedule 4.11(a) (as such Schedule may be amended by the DCC from time to time after the Effective Date) shall first have been approved by MedImmune, such approval not to be unreasonably withheld, and further provided that Innate will use Commercially Reasonable Efforts to obtain agreement by the Third Parties listed on Schedule 4.11(a) to comply with the MedImmune Code of Conduct (as set forth in the website set forth in Schedule 4.11(b)) within [***] after the Effective Date, and Innate shall confer with the DCC if it is unable to obtain such agreement by any such Third Party.

Diligence
4.12 MedImmune shall use Commercially Reasonable Efforts to (i) continue Development of each Licensed Product in respect of which clinical Development has been initiated and (ii) Develop and obtain Regulatory Approval for each such Licensed Product at least in each country of the Major Markets and [***].

4.13 The responsible Party (as set forth in each Development Plan) shall use Commercially Reasonable Efforts to Manufacture or have Manufactured Licensed Antibody and Licensed Product for use in the Development and Commercialization thereof in accordance with Section 9.

4.14 Upon approval of a Drug Approval Application in each of [***], (i) if pricing and reimbursement approval is not necessary in any country in such jurisdiction, MedImmune shall use Commercially Reasonable Efforts to achieve First Commercial Sale of such Licensed Product in such country(ies) within [***] after approval of the Drug Approval Application, or (ii) if pricing and reimbursement approval is necessary in such jurisdiction, MedImmune shall use Commercially Reasonable Efforts to obtain such pricing and reimbursement approval in such country(ies) as soon as possible, and shall use Commercially Reasonable Efforts to achieve First Commercial Sale in such country(ies) within [***] after receipt of pricing and reimbursement approval.

4.15 MedImmune shall use Commercially Reasonable Efforts to Commercialize Licensed Products in at least each country of the Major Market [***]. Subject to its exercise of the Co-Promote Option, Innate shall use Commercially Reasonable Efforts to Co-Promote the Co-Promote Licensed Product in [***].

4.16 MedImmune shall perform, or cause its Affiliates or Third Party contractors to perform, its responsibilities under this Agreement, and Innate shall perform, or cause its Affiliates or Third Party contractors to perform, the Assigned Activities, in each case, in compliance with this Agreement and all Applicable Laws. For the avoidance of doubt, MedImmune shall not be obligated to obtain Regulatory Approvals for, or Commercialize, a Licensed Product which has not been the subject of a Development Plan.

4.17 Each Party shall use Commercially Reasonable Efforts to complete its Development activities in accordance with the Development Plan. With respect
to each Clinical Trial, each Party shall (i) cause the relevant Principal Investigators, relevant study sites and any contractors involved in the performance of such study to conduct the respective study in accordance with this Agreement, including the provisions set out in this Section 4.17, and (ii) shall, and shall cause the relevant Principal Investigators, relevant Clinical Trial study sites and any contractors involved in the performance of the Clinical Trial to, comply with all safety reporting procedures set forth in the Safety Agreement in connection with its performance of such studies.

4.18 A Party shall not be liable for any failure to comply with its obligations under this Agreement to the extent caused by a breach by the other Party of its obligations hereunder and provided that the non-breaching Party shall use Commercially Reasonable Efforts to mitigate such situation.

Back-Up Licensed Antibodies

4.19 Either Party may propose that the Development Plan should include the Development of a Back-Up Licensed Antibody. The Parties will discuss any such proposal in good faith and in particular whether Innate should bear [***] of the Development Costs associated with Developing such a Back-Up Licensed Antibody and the revised financial terms applicable to any Licensed Product containing such a Back-Up Licensed Antibody to replace those set out in Section 10. If Innate does not want to co-fund the Development Costs of such a Back-Up Licensed Antibody, MedImmune shall be entitled to Develop such Back-Up Licensed Antibody on its own and shall bear all associated Development Costs. The Parties will negotiate in good faith for a period of [***] the financial terms applicable to any Licensed Product containing such a Back-Up Licensed Antibody to replace those set out in Section 10. A failure by the Parties to reach agreement on such terms shall not preclude MedImmune from developing or commercializing a Back-Up Licensed Antibody or from otherwise exercising the rights and licenses granted to it by Innate under this Agreement. However, in the event of a failure by the Parties to reach such agreement within the aforementioned [***] period or any extension of such period mutually agreed by the Parties or otherwise in the event of a dispute as to the financial terms for such a Back-Up Licensed Antibody, each Party shall be entitled to escalate the matter in accordance with Section 17.2 and, if applicable, to refer the matter...
to arbitration in accordance with Section 17.3.

Transition

4.20 Following the Effective Date, the Parties will promptly meet to coordinate the transition of Development and regulatory activities from Innate, its Affiliates or Third Parties to MedImmune, its Affiliates or its designated Third Parties in a manner so as not to unduly delay or hamper the Development of Licensed Products. The Parties will agree a detailed transition plan which plan will set out in detail the activities to be undertaken, the Party responsible for the activity and an estimated timeframe for the completion of the activity. Unless otherwise agreed, the Parties will each bear their own costs associated with carrying out the activities in the transition plan. Without prejudice to the foregoing, each Party shall at its cost do all things required in order to achieve a smooth transfer of the Development of the Licensed Products to MedImmune as a quickly as possible following the Effective Date.

4.21 The Parties shall cooperate in good faith to prepare as promptly as possible after the Effective Date all filings and other actions required by Applicable Laws to be made and taken in order to commence and conduct the Development. All such filings and actions shall be approved in advance by MedImmune and be made and taken by or on behalf of MedImmune.

Manufacturing

4.22 Innate shall use Commercially Reasonable Efforts to maintain in full force and effect all agreements with contract manufacturing organisations and Third Parties undertaking Clinical Trials and studies on its behalf, in both cases in relation to the Licensed Antibodies, in place as at the Effective Date and shall not act or fail to act in manner which it knows or should reasonably anticipate may lead to termination or material breach of such agreements. If requested by MedImmune and consistent with the Development Plan, Innate will use Commercially Reasonable Efforts to permit MedImmune to purchase Licensed Antibody pursuant to such agreements.
Supply of Materials for Development

4.23 In the event that it becomes reasonably necessary for one Party to provide the other Party with tangible research or biological Materials (other than a Licensed Product for clinical or commercial use) in connection with the performance of activities hereunder, the Parties may enter into an appropriate material transfer agreement related thereto, which agreement will be subject to this Agreement and will be interpreted in a manner consistent with the terms hereof.

Adverse Event Reporting and Product Recall

4.24 MedImmune will hold the safety database for the Licensed Antibodies and the Licensed Products and Innate will provide safety information as required by Applicable Laws, in a timely manner. Within [***] of the Effective Date and in any event prior to the initiation of the Development, the Parties will enter into a detailed safety agreement (the “Safety Agreement”), governing, among other things, appropriate adverse event reporting procedures relating to Licensed Products and reflecting the provisions set forth above in this Section 4.24.

4.25 In the event that any Regulatory Health Authority issues or requests a recall or takes similar action in connection with the Licensed Antibodies or the Licensed Products, or in the event either Party determines that an event, incident or circumstance has occurred that may result in the need for a recall or market withdrawal, the Party notified of or desiring such recall or market withdrawal shall promptly advise the other Party thereof. Following notification of a recall, MedImmune shall have the right to decide whether to conduct a recall or market withdrawal (except in the case of a recall required by Regulatory Health Authority) in the Territory and shall have control of the manner in which any such recall or market withdrawal shall be conducted. MedImmune shall bear the expenses of any recall of a Licensed Product.

5 JOINT PROJECT TEAM AND DEVELOPMENT COLLABORATION COMMITTEE

Joint Project Team
5.1 Provided that Innate has not issued a Co-Funding Withdrawal Notice within the Opt Out Period, MedImmune and Innate shall establish and maintain a Joint Project Team (the "JPT") and appoint Alliance Managers pursuant to Section 5.4.

5.2 The JPT shall remain in effect as from the Effective Date and for as long as Innate is actively performing any Development activities assigned to Innate under the Development Plan or any Co-Promotion in accordance with Section 3.4. The JPT shall serve as a joint working group for the purpose of implementing the Development Plan, coordinating the practical aspects of the Parties' collaboration and Co-Promotion under this Agreement, handling day-to-day issues in relation thereto, facilitating communication between the Parties in respect thereof and otherwise performing such specific tasks as may be assigned to it by the DCC.

5.3 The JPT shall consist of two project leaders, one appointed by MedImmune and the other by Innate, and such additional members as each Party may appoint from time to time as necessary or useful for the performance of the JPT's responsibilities hereunder. Each Party shall have the right to withdraw or replace its JPT representatives upon written notice to the other Party, provided that any such substitute representative shall have substantially the equivalent position and experience as the representative that such person replaces. MedImmune and Innate shall each bear all expenses of its JPT members related to such members' participation on the JPT. Each Party's representatives on the JPT as of the Effective Date are set forth in Schedule 5.3.

5.4 Alliance Managers. Within [***] following the Effective Date, each Party shall appoint a representative ("Alliance Manager") to facilitate communications between the Parties (and to act as a liaison between the Parties with respect to such other matters as the Parties may mutually agree in order to maximize the efficiency of the collaboration). Each Party may replace its Alliance Manager with an alternative representative at any time with prior written notice to the other Party. Each Party’s Alliance Managers shall be entitled to attend all Committee meetings. Each Alliance Manager may bring any matter to the attention of the Committees where such Alliance Manager reasonably believes that such matter requires attention of the Committees. Each Alliance Manager
shall be responsible with creating and maintaining a collaborative work environment within and among the Committees.

**Development Collaboration Committee**

5.5 Innate and MedImmune shall establish a development collaboration committee in accordance with this Section 5 (the “DCC”). The DCC shall remain in effect as from the Effective Date through the end of the Development Term. If the DCC is disbanded pursuant to the preceding sentence and the Parties thereafter decide to commence or re-commence any Development activities, the DCC shall be re-established and remain in effect until for the duration of performance of such Development activities.

5.6 The DCC shall serve as a forum for discussing and sharing Information and materials; discussing strategy regarding the Development of the Licensed Products; and discussing the allocation of Development activities to be conducted by Innate and MedImmune. The DCC’s responsibilities are more fully set forth in Section 5.7 below.

5.7 Each Party shall appoint three (3) representatives as its voting members of the Development Collaboration Committee. Each Party’s representatives on the DCC as of the Effective Date are set forth in Schedule 5.7. The DCC shall be chaired by a representative of MedImmune. The chairperson shall be responsible for calling meetings, setting the agenda, circulating the agenda at least [***] prior to each meeting and distributing minutes of the meetings within [***] following such meetings (provided that the chairperson may elect to delegate the performance of its responsibilities to other members of the DCC from time to time), but will not otherwise have any greater power or authority than any other member of the DCC. The chairperson shall coordinate with each Party to schedule each DCC meeting in good time in advance of such meeting. Each Party shall disclose to the chairperson any proposed agenda items, along with appropriate information and materials as early as reasonably practicable in advance of such meeting, but no less than three (3) Business Days. The chairperson shall not unreasonably reject any proposed call for a DCC meeting or proposed agenda items made by either Party. At least one (1) member of the DCC selected by Innate and one (1) member of the DCC selected by MedImmune
shall have substantial experience in pharmaceutical product research and development, and all of the members of the DCC shall have such expertise as appropriate to the activities of the DCC. Each Party may replace its members of the DCC upon written notice to the other Party, provided that any such substitute member shall have substantially the equivalent functional expertise, experience and seniority as the member that such person replaces provided that the Parties shall use Commercially Reasonable Efforts to keep replacements to a minimum. From time to time, the DCC may invite non-voting personnel of either Party to participate in discussions of the DCC. An alternate voting member designated by a Party may serve temporarily in the absence of a permanent voting member appointed by such Party, and either Party may also designate one or more non-voting consultants to such Party who are under written obligations of confidentiality to such Party as DCC observers who may attend the DCC meetings in an observational or advisory capacity only.

5.8 The DCC shall hold meetings at such times and places as shall be determined by a majority of the entire membership of the committee, but in no event shall such meetings be held less frequently than once every three (3) months. Meetings of the DCC will alternate between the offices of the Parties, unless otherwise agreed upon by the members of the DCC, or may be held via internet, telephonically or by videoconference; provided that at least two (2) meetings per year shall be held in person. Meetings of the DCC will be effective only if at least two DCC members of each Party are in attendance or participating in the meeting. Each Party will be responsible for the expenses incurred in connection with its employees, consultants and its members of the DCC attending or otherwise participating in DCC meetings.

Responsibilities of the DCC

5.9 The DCC’s responsibilities will include, among others, (i) reviewing and approving the Development Plan and Development Budget, and any amendments thereto, (ii) reviewing and approving protocols for nonclinical studies and Clinical Trials and any amendments or modifications to such protocols or studies, (iii) performing quarterly reviews of the progress of Development and considering any proposed additional studies, (iv) facilitating the exchange of information and materials, (iv) facilitating the timely transfer
of Manufacturing responsibility to MedImmune in accordance with Section 9, (v) reviewing and advising on a proposal by either Party to stop a Clinical Trial of a Licensed Product, (vi) reviewing and commenting on allocation of responsibility for Development activities between the Parties, (vii) discussing each Party’s progress under the Development Plan, including reviewing progress toward timelines and budget, Study Results and the status of achieving Regulatory Approval; (viii) providing strategic direction and consultation with respect to Development of Licensed Products; (ix) coordinating communication between the Parties; (x) resolving disputes between the Parties relating to the Development Plan, and (xi) performing such other functions as designated to the DCC under this Agreement or mutually agreed between the Parties. Notwithstanding anything to the contrary set forth in this Agreement, the DCC will have no authority to (a) amend, modify or waive compliance with this Agreement or otherwise impose any obligation on the Parties in deviation from this Agreement, or (b) resolve any dispute concerning the validity, compliance with, or breach of, this Agreement.

5.10 The DCC shall make decisions on all matters within the scope of its authority only by unanimous consent, with the MedImmune voting members cumulatively having one (1) vote and the Innate voting members cumulatively having one (1) vote, irrespective of the number of members actually in attendance at a meeting. In the event that unanimity cannot be reached by the DCC on a matter before it for decision within [***] after the matter was first considered by it then the matter may be referred by either Party to the Senior Executives, who shall meet (in person, via internet, telephonically or by videoconference) and attempt to resolve the matter within [***] of such referral. In the event that the Senior Executives are unable to reach consensus within such [***] period, [***].

6 GENERAL PROVISIONS ON DEVELOPMENT AND COMMERCIALIZATION AND REGULATORY MATTERS

Information Disclosure; Assistance; Record Keeping

6.1 Innate acknowledges that it has, prior to the Effective Date, made available to MedImmune all material Regulatory Documentation Controlled by Innate or its
Affiliates and tangible and electronic embodiments of all material Licensed Know-How existing as of the Effective Date. After the Effective Date, and promptly following MedImmune’s request to do so, Innate shall transfer to MedImmune copies of all of the Essential Documents (as defined in Chapter 8 of ICH-GCP) that are Controlled by Innate relating to IPH2201 (the “Essential Documents”). Innate will have the right to retain original copies of the foregoing but shall make such original copies available to MedImmune at Innate’s site of business for inspection upon reasonable advance written notice by MedImmune.

6.2 After the Effective Date, to the extent not done so already, Innate shall, and shall cause its Affiliates to, without additional compensation, disclose and make available to MedImmune, in whatever form MedImmune may reasonably request, as soon as reasonably practicable after the earlier of the development, making, conception or reduction to practice of each of the following: copies or tangible embodiments of all Regulatory Documentation Controlled by Innate. Subject to Section 6.5 Innate will have the right to retain original copies of the foregoing, and shall make such original copies available to MedImmune at Innate’s site of business for inspection upon reasonable advance written notice by MedImmune.

6.3 Without prejudice to its other obligations under this Agreement, including activities explicitly assigned by the DCC to be performed by Innate in connection with the Development hereunder, Innate shall, at its cost and expense, provide MedImmune with all reasonable assistance required in order to transfer the Licensed Know-How to MedImmune in a timely manner or, at the cost and expense of Innate, assist MedImmune with respect to the practice of the Licensed Know-How in connection with Development, Manufacture or Commercialization of the Licensed Products.

6.4 From and after the Effective Date, each Party shall maintain, or cause to be maintained, records of its Development activities under this Agreement, including the Essential Documents and including records in the form of laboratory notebooks, in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes including GLP and GCP, which shall be complete and accurate and shall fully and properly reflect all work...
done and results achieved in the performance of its activities hereunder, which shall record only such activities and shall not include or be commingled with records of activities outside the scope of this Agreement, and which shall be retained by such Party for at least five (5) years after the termination of this Agreement, or for such longer period as may be required by Applicable Laws. Each Party shall have the right, during normal business hours and upon reasonable prior notice, to inspect any such records of the other Party.

Regulatory Matters

6.5 Following the transfer of the Regulatory Documentation, including INDs to MedImmune pursuant to Section 3.9, subject to the terms set forth below, MedImmune shall be solely responsible for all regulatory filings and communications with each Regulatory Health Authority with respect to that Regulatory Documentation including any INDs relating to the Licensed Product, and MedImmune shall be solely responsible for any and all subsequent filings and communications with the Regulatory Health Authority including, without limitation, for the preparation and filing of all additional INDs relating to the Licensed Product and for providing, in the format required by Regulatory Health Authorities, the data and information required to be submitted to such Regulatory Health Authorities for Regulatory Approval of Licensed Products, including without limitation data from all Clinical Trials and all Manufacturing and controls information required for Regulatory Approval of such Licensed Product by the Regulatory Health Authorities. Notwithstanding the foregoing, MedImmune shall (i) provide Innate with copies of all material Regulatory Documentation received from Regulatory Health Authorities, (ii) provide Innate with advance copies of all material Regulatory Documentation for submission to Regulatory Health Authorities in the Major Markets, with sufficient time for Innate to review and provide comment, and give reasonable, good faith consideration to Innate’s suggestions therefor, (iii) permit at least one Innate representative to be present at all discussions and meetings with the EMA and the FDA relating to Licensed Products subject to Applicable Law and any applicable restrictions imposed by the FDA or EMA and (iv) generate true and accurate minutes of all discussions and meetings with Regulatory Health Authorities relating to Licensed Products in the Major Markets and provide copies of such minutes to Innate as promptly as possible following any such
During the Development Term, MedImmune shall keep Innate reasonably informed of the status of each pending or proposed IND application or Drug Approval Application covering a Licensed Product in the Territory through the DCC.

MedImmune shall immediately (within 24 hours) inform Innate in the event that Regulatory Health Authority threatens or initiates any action to remove a Licensed Product from any market in the Territory.

**CO-FUNDING OF DEVELOPMENT**

Subject to the remaining provisions of this Section 7 Innate shall participate in the funding of each of the Phase 3 Clinical Trials of Licensed Products supporting Drug Approval Application in [***], such funding to be provided by Innate in the amount of thirty percent (30%) of the total Development Costs for each of such Phase 3 Clinical Trials with the remaining seventy (70%) percent being provided by MedImmune, provided that neither Party shall be required to contribute more than their agreed percentage share of Development Costs in accordance with the Development Budget. The Development Budget is anticipated to be [***] for each Clinical Trial in average across [***] and [***] in total based on up to [***]. To the extent that a Party’s share of the Development Costs in accordance with the Development Budget exceeds [***] in the case of Innate or [***] in the case of MedImmune of the anticipated budget of [***] per Phase 3 Clinical Trial, then the excess portion shall be payable by the Party sponsoring the applicable Phase 3 Clinical Trial. The non-sponsoring Party’s share of the Development Costs of the subsequent Phase 3 Clinical Trial shall be increased by such excess amount provided that the non-sponsoring Party’s share shall never exceed [***] of [***] in the case of Innate and [***] of [***] in the case of MedImmune for any given Phase 3 Clinical Trial. For the avoidance of doubt, the excess amount shall not be payable other than pursuant to the preceding sentence and if it cannot be paid in accordance with the preceding sentence, it shall not be payable by the non-sponsoring Party. The Parties have agreed that the first Phase 3 Clinical Trial will be sponsored by MedImmune, as will any additional Phase 3 Clinical Trials related
to Licensed Products unless the Parties otherwise mutually agree. An example of such payment mechanism is attached as Schedule 7.1. The Parties may agree that Innate’s co-funding amount pursuant to this Section 7.1 may be used to finance other Clinical Trials than the Phase 3 Clinical Trials. Innate shall have the option, upon providing written notice to MedImmune ("Co-Funding Withdrawal Notice") within [***] after receiving MedImmune’s updated Development Plan and Development Budget in accordance with Section 4.2 ("Opt Out Period"), to not participate in the Co-Funding. Such right to withdraw shall be exercisable once only in respect of the first Licensed Product. If Innate does not provide a Co-Funding Withdrawal Notice within the Opt Out Period described above Innate will be obliged to provide co-funding with respect to the applicable Licensed Product as described in this Section 7.1.

7.2 If Innate provides a Co-Funding Withdrawal Notice, the following provisions shall apply:

(a) Innate’s role on the DCC shall be limited to discussing with MedImmune the matters within the remit of the DCC but Innate shall have no rights to vote on any such matter and MedImmune shall have final say;

(b) Innate’s Co-Promote Option shall terminate and be of no further effect;

(c) Innate’s right to share in 50% of the Profit in Europe shall terminate. Instead Net Sales in Europe will be included for the purposes of the Sales Related Payments due under Section 10.5 and royalties under Section 10.11 and the first five subsequent Phase 3 Clinical Trial milestones payable pursuant to Section 10.2 shall each be reduced by [***] and all [***] milestones shall be extinguished entirely. For the avoidance of doubt, any other Payments shall remain unchanged.

7.3 Expense Sharing. The provisions set out in this Section 7.3 and in Section 7.4 -7.9 shall apply if Innate has not served MedImmune with a Co-Funding Withdrawal Notice within the Opt Out Period. The Parties will share all Development Costs related to the Phase 3 Clinical Trials of Licensed Products under the Development Plan and in accordance with the Development Budget (the “Shared Development Costs”) so that subject to Section 7.1, Innate pays thirty percent (30%) and
7.4 **Development Costs.** Within [***] days after the end of each Calendar Quarter each Party will provide the other Party with detailed, itemized accounting of the Shared Development Costs incurred by it in undertaking its Development activities, which report shall be itemized on a Licensed Product-by-Licensed Product basis in such quarter in the form set forth in Schedule 7.4 or in such other form as the Parties may mutually agree from time-to-time. For clarity, for calculation of Costs pursuant to this Section with respect to any activity performed by a Third Party (including any subcontracted Third Party), the Costs shall be the pass-through costs, with no mark-up, charged to the applicable Party by such Third Party.

7.5 **Income Taxes.** Subject to Section 10.26 (Taxes), income and withholding taxes imposed on either of the Parties hereunder will not be included in cost sharing hereunder.

7.6 **Exchange Rate.** For the purposes of calculating the Shared Development Costs, the Parties’ Development Costs will be converted from local currency (if different from US Dollars) to US Dollars in accordance with Section 10.30 (Payment Currency).

7.7 **Overruns.** Each Party will promptly notify the other Party upon becoming aware that the anticipated Costs to be incurred by such Party for a given Calendar Year will be in excess of [***] of the aggregate amounts budgeted to be incurred by or on behalf of such Party for its activities for such Product in such Calendar Year in the then-current applicable Development Budget respectively (“Excess Costs”), will not be included in the calculation of the Development Costs for the purposes of this Section provided, that a given Excess Cost will be included to the extent such Excess Cost is or was attributable to: (i) a change in Applicable Law; (ii) a Force Majeure event; (iii) variation in actual patient enrolment from projected patient enrolment not caused by the default of the relevant Party; (iv) a change to a clinical trial protocol required or requested by any Regulatory Health Authority; (v) increases in the cost of raw materials; (vi) is approved by the DCC. Notwithstanding the foregoing, in no circumstance shall Innate be liable for Shared Development Costs with respect to any given
Clinical Trial or other activity in accordance with the Development Plan or any Development Costs other than in accordance with Section 7.1.

7.8 **Reconciliation Discussion.** In the event that either Party has any questions or concerns regarding the Development Costs reported by the other Party pursuant to this Section 7 it shall promptly notify the other Party with respect thereto and the Parties shall work together in good faith, including through involving any applicable Committee, to resolve such questions and concerns within [***] the end of each Calendar Quarter. In the event that a Party disagrees with, or identifies a discrepancy in, the Development Costs submitted by the other Party and the disagreement or discrepancy cannot be resolved or rectified between the Parties within a period of [***] of the matter being first raised by a Party, the Parties shall appoint an independent, internationally recognised accountant to review the alleged discrepancy. The costs of carrying out such review shall be borne by the Party requesting it unless the accountant finds a discrepancy in favour of the Party requesting of greater than [***] in which case the other Party will bear the costs.

7.9 **True-up.** Within [***] after the end of each Calendar Quarter, the Party having paid more than its share of the Shared Development Costs (on a cumulative basis) shall deliver to the other Party an invoice for amounts to be reimbursed by the other Party, and the other Party shall make a balancing payment in order to effect the sharing of Development Costs as set forth in this Section within [***] after its receipt of such invoice.

8 **COMMERCIALIZATION, CO-PROMOTION IN THE [***] AND SALES COLLABORATION COMMITTEE**

8.1 MedImmune shall be responsible for all Promotion of the Licensed Products outside of [***] and, subject to the operation of Innate’s Co-Promotion rights in this Section 8, shall be responsible for all Promotion of the Licensed Products in [***]. In the event that Innate elects not to Co-Promote the Licensed Products in [***], in accordance with Section 8.3 below, all such activities shall be conducted, as between the Parties, solely by MedImmune (whether directly or by its Affiliates, Sublicensees or contractors (excluding Innate)) upon expiration of the notice period in accordance with Section 8.3.
Sole Promotion by MedImmune

8.2 With respect to Commercialization of Licensed Products (other than with respect to a Co-Promote Product in [***]), such Commercialization shall be conducted independently of Innate by MedImmune, its Affiliates and Sublicenses, and MedImmune shall provide to Innate its overall plans for Commercialization and launch of Licensed Products in the Territory (each a "Global Commercialization Plan"), which plans shall contain reasonable details as to the commercialization resources committed by MedImmune, timelines for launch and sale projections over [***] with respect to the Major Markets. MedImmune shall provide to Innate the first Global Commercialization Plan as soon as reasonably practicable following the Filing Date of the first Drug Approval Application for a Licensed Product in the Territory and updates within [***] from the beginning of each Calendar Year.

Co-Promote Option

8.3 Subject to the remaining provisions of this Section 8, Innate shall have the right to Co-Promote the Licensed Products in [***], ("Co-Promote Option").

8.4 Promptly following the date on which MedImmune has filed for the first Drug Approval Application, the Parties shall meet to discuss whether or not Innate is interested in principle in exercising its Co-Promote Option. MedImmune shall provide Innate with reasonable details of its plans for Commercialization of the Licensed Product in [***] in advance of such meeting. No later than ninety (90) days after MedImmune notifies Innate that it has filed for the first Drug Approval Application for a Licensed Product in the EU, Innate shall provide to MedImmune a written notice confirming whether or not Innate is opting in to Co-Promote Licensed Products in the [***]. If Innate confirms in such notice that it is not exercising its Co-Promote Option, such notice shall be deemed to be a "Co-Promotion Withdrawal". Any failure by Innate to notify MedImmune as to whether or not it is exercising its Co-Promote Option in [***] within such [***] shall also be deemed to be a Co-Promotion Withdrawal. Such right to withdraw shall be exercisable once only and must be exercised by way of a Co-Promotion Withdrawal pursuant to this Section 8.4 in respect of the first Drug Approval Application for the first Licensed Product. If Innate makes a Co-Promotion
Withdrawal, Innate’s right to share in the Profit/Loss shall be adjusted so that MedImmune receives/bears [***] and Innate receives/bears [***].

8.5 If Innate confirms to MedImmune in writing within the [***] referred to in Section 8.4 above that it does wish to exercise the Co-Promote Option MedImmune shall prepare detailed plans for Commercialization in the EU including plans for the launch of the Licensed Product in the EU (“EU Commercialization Plans”), and related budgets (the “EU Commercialization Budgets”), and shall furnish the SCC for discussion with such plans.

Sales Collaboration Committee

8.6 If Innate exercises its Co-Promote Option, Innate and MedImmune shall create, within [***] after such exercise, a Sales Collaboration Committee (“SCC”). The SCC shall remain in effect throughout the Term unless and until the Parties cease Co-Promotion of the Co-Promote Product in [***]. The SCC shall serve as a forum for discussing and sharing information and materials; discussing strategy regarding the Commercialization of the Co-Promote Product in the [***]; and discussing the allocation of Commercialization activities to be conducted by Innate and MedImmune, all in accordance with the Co-Promote Agreement and the provisions set forth below in this Section 8.

8.7 Composition of SCC. Each Party shall appoint three (3) representatives as its voting members of the Sales Collaboration Committee. The SCC shall be chaired by a representative of MedImmune. The chairperson shall be responsible for calling meetings, setting the agenda, circulating – where reasonably possible given the urgency of the matter at hand – the agenda at least ten (10) days prior to each meeting and distributing minutes of the meetings within thirty (30) days following such meetings (provided that the chairperson may elect to delegate the performance of such responsibilities to other members of the SCC from time to time), but will not otherwise have any greater power or authority than any other member of the SCC. The chairperson shall coordinate with Innate’s SCC members to schedule each SCC meeting in good time in advance of such meetings. Each Party shall disclose to the chairperson any proposed agenda items, along with appropriate information and materials as early as reasonably practical before each meeting of the SCC, but no less than three (3)
8.8 **Responsibilities of the SCC.** The SCC’s responsibilities will include, (i) reviewing and approving the EU Commercialization Plans and EU Launch Plans and related budgets, and reviewing plans for trademark selection for the Licensed Product in the EU, such plans shall be prepared and updated by MedImmune, (ii) receiving and providing to the Parties all sales, pricing, and financial reports pertaining to Pre-Approval Activities and Commercialization of the Licensed Product in the EU, (iii) facilitating the flow of information and materials with respect to the Commercialization of the Licensed Product in the EU, (iv) performing quarterly reviews of the progress of launch and Commercialization activities in the EU with respect to the Product, and (v) coordinating the efforts of the Parties in connection with Commercialization of the Licensed Product in the EU.

8.9 **Meetings of the SCC.** The SCC shall hold meetings at such times and places as shall be determined by a majority of the entire membership of the committee, but in no event shall such meetings be held less frequently than once every six (6) months. Meetings of the SCC will alternate between the offices of the
Parties, unless otherwise agreed upon by the members of the SCC, or may be held via internet telephonically or by video conference; provided that at least two (2) meetings per year shall be held in person. Meetings of the SCC will be effective only if at least two (2) SCC representatives of each Party are in attendance or participating in the meeting. Each Party will be responsible for the expenses incurred by its employees, consultants and its members of the SCC attending or otherwise participating in SCC meetings.

8.10 **SCC Decision Making.** The SCC shall endeavour to make decisions within its remit by unanimous consent, with the MedImmune members cumulatively having one (1) vote and the Innate members cumulatively having one (1) vote, irrespective of the number of members in attendance at a meeting. [***].

**Allocation of Co-Promote activities in [***]**

8.11 Within thirty (30) days of the later of: (a) creation of the SCC, and (b) receipt of the EU Commercialization Plans and EU Launch Plan, the Parties shall, based on such plans, provide to the SCC a joint proposal (“**Promotion Proposal**”) describing the Detail commitments and Other Promotional Activities proposed to be undertaken by Innate in connection with the Commercialization of the Licensed Product in [***]. Such Promotion Proposal shall include, among other things, (i) the level of, and target audience, for the Detailing to be performed by Innate in [***], which shall be [***] of the total Detailing efforts required in [***] for the Co-Promote Product, and (ii) any Pre-Approval Activities and Other Promotional Activities that the Parties propose Innate conduct in [***] which shall be [***] with respect to Medical Scientific Liaisons and, to the extent reasonably practicable, any Other Promotional Activities. In allocating these activities, Innate shall be given a meaningful role with respect to key opinions leaders in France. The Promotion Proposal shall be considered, discussed and approved by the SCC and the Parties or the SCC may propose further or alternative promotional activities to be undertaken by Innate.

8.12 Based on such discussions, Innate and MedImmune (or, at MedImmune’s option, one of MedImmune’s Affiliates) shall negotiate in good faith to execute as promptly as possible a separate agreement (the “**Co-Promote Agreement**”) that shall regulate the detailed activities and responsibilities of Innate in
respect of the marketing and promotion of the Licensed Product in [***]. The Co-Promote Agreement shall contain such reasonable terms and conditions as the Parties deem appropriate.

8.13 Innate shall be entitled and obligated to carry out those promotional tasks agreed in the Co-Promote Agreement within [***] in respect of the Co-Promote Products, subject to relevant EU Launch Plans and EU Commercialization Plans.

**Reimbursement of Commercialization Costs**

8.14 **Commercialization Costs.** Within [***] after the end of each Calendar Quarter, each Party will provide the other Party with detailed, itemized accounting of its Commercialization Costs in accordance with the Global Commercialization Plan and EU Commercialization Budget, in such quarter in the form set forth in Schedule 8.14 or in such other form as the Parties may mutually agree from time-to-time.

8.15 **Reimbursement.** Within [***] after the end of each Calendar Quarter, Innate shall deliver to MedImmune an invoice for its Commercialization Costs incurred in such Calendar Quarter in accordance with the EU Commercialization Budget, and MedImmune shall pay such costs within [***] after its receipt of such invoice. In addition, within [***] after the end of each Calendar Quarter, Innate shall deliver to MedImmune an invoice for the total of any royalties or other sums payable by Innate to any Third Party with respect to Intellectual Property Rights that become Controlled by Innate and which MedImmune has agreed to reimburse Innate according to Section 1.34 after the Effective Date in connection with the Licensed Product, and MedImmune shall pay such costs within [***] after its receipt of such invoice.

8.16 **Calculation.** The procedures set forth in Section 7.8 shall apply *mutatis mutandis* to the reimbursement of Innate’s Commercialization Costs.

8.17 MedImmune (or, as the case may be, its Affiliates or Sublicensees) shall book all of their sales of each Licensed Product, coordinate the Manufacture and supply of all Licensed Products required for Commercialization, invoice Third Parties (including Distributors) that purchase Licensed Products from
MedImmune (or its Affiliates or Sublicensees), and collect payment for all Licensed Products sold by MedImmune (or its Affiliates or Sublicensees) both in the EU and outside of the EU.

9 MANUFACTURE AND SUPPLY

9.1 Initial Supply of Licensed Product. Innate shall assume initial responsibility for supplying IPH2201 for use in the Development of IPH2201 under this Agreement until such time as the Parties agree, but no later than the point at which manufacturing for the first Phase 3 Clinical Trial is due to start, MedImmune shall assume responsibility for such supply hereunder (the “Initial Supply”). Innate shall use Commercially Reasonable Efforts to procure, from its current contract manufacturing organization, such Initial Supply of IPH2201 as MedImmune may reasonably require in relation to the Development of the Licensed Product and in accordance with the Development Plan. Innate shall deliver the Initial Supply and perform the activities in such a manner and within such timelines as are required under the Development Plan. Innate will ensure that the Initial Supply is Manufactured, packaged, stored and labelled in accordance with Applicable Laws and the Specification.

9.2 Initial Supply of MedImmune Compound. MedImmune shall be responsible for the provision of such GMP quantities of the MedImmune Compound as are specified in the Development Plan or otherwise required for the conduct of the Development. In the event that Development activities involving MedImmune Compound are Innate’s Assigned Activities, MedImmune shall supply MedImmune Compound to Innate in accordance with the terms of a combination supply agreement which will be agreed by the Parties in good faith prior to any such supply being made. MedImmune will be responsible for any costs and payments (including without limitation upfront fees, annual fees, milestone payments and royalties) due to any Third Party in connection with the use of an MedImmune Compound in accordance with this Agreement.

9.3 Costs. The Parties will discuss and agree the Transfer Price on an annual basis. The Transfer Price for any Licensed Products or Licensed Antibodies supplied by Innate will be treated as a Development Cost. In the event that Innate is co-funding Development in accordance with Section 7, the Transfer Price shall be
9.4 **Manufacturing and Supply Agreement.** If a manufacturing and supply agreement ("MSA") is required with regard to the supply of Initial Supply by Innate, the Parties shall negotiate and agree in good faith the terms of such agreement. The Parties shall also enter into a separate Quality Assurance Agreement ("QAA") that shall define the manufacturing and supply quality responsibilities of the Parties. The QAA shall further include provisions obligating Innate to report to MedImmune any regulatory compliance issues with its suppliers as well as any critical quality non-conformances relating to IPH2201. The MSA and the QAA shall be negotiated in good faith between the Parties and be executed within ninety (90) days following the Effective Date.

9.5 **Transfer of responsibility.** Subject to Section 9.1, MedImmune shall use Commercially Reasonable Efforts to assume responsibility for the supply of all Licensed Antibodies and Licensed Products for use in the Development and Commercialization of Licensed Products beginning with the supplies of drug substance necessary to conduct Phase 3 Clinical Trials of the Licensed Product and continuing thereafter for the remainder of the Term; provided, however, that MedImmune may, by written notice to Innate, elect to assume responsibility for Development work associated with the Manufacture of the Licensed Product or Licensed Antibody at any earlier time after the Effective Date. In such case, the timing of the transition of such activities, and the impact of the transition of such Development work on the supply of Licensed Product or Licensed Antibody for Clinical Trials, shall be determined by the DCC, taking into account, among other things, the contractual obligations that Innate may have to its current suppliers.

9.6 **Material Transfer.** The DCC shall coordinate the transfer of all Licensed Know-How and Materials Controlled by Innate that are necessary or useful to Manufacture Licensed Antibodies and Licensed Products. Such transfer shall take place in a manner and at such time as not to disrupt the manufacture and delivery of any Initial Supplies under Section 9.1. At such time as is determined...
by the DCC, Innate shall, and shall cause its manufacturing contractors at its own cost and expense to, provide to MedImmune or its designee, all reasonable assistance, including the right to observe the Manufacturing at a facility of Innate’s manufacturing contractors, and transfer all Licensed Know-How and Materials Controlled by Innate, that are necessary or useful to Manufacture the Licensed Antibodies and the Licensed Products, including without limitation all production and quality control Specification and process and manufacturing technology, for the purpose of allowing MedImmune or its designee to develop and establish such Manufacturing. MedImmune shall have the right to disclose all such information to Third Parties for purposes of allowing MedImmune to assess the feasibility of such Third Parties Manufacturing the Licensed Antibodies and the Licensed Products and to allow such Manufacturing. The Parties shall cooperate to obtain all necessary assurances and cooperation from any Third Party contract manufacturers of Licensed Antibodies or Licensed Products with respect to the foregoing material transfer activities. Innate covenants to MedImmune that any Third Party agreements under which Innate engages such Third Party to Manufacture Licensed Antibodies or Licensed Products contain provisions regarding the allocation of Intellectual Property Rights and rights in work product that are consistent with the terms of this Agreement and will enable Innate to fulfil its obligations to MedImmune under this Section 9.

9.7 Other Supply. MedImmune may supply Licensed Antibody or Licensed Products to any Third Party for any Third Party solely for use in the Field.

10 CONSIDERATION

Upfront fee

10.1 As partial payment for the rights and licenses granted to MedImmune by Innate under this Agreement, MedImmune shall pay to Innate a nonrefundable one-time upfront payment of one hundred million US dollars (USD 100,000,000) within [***] the Effective Date. The upfront payment shall not be refundable or creditable against any other payments MedImmune is obligated to make to Innate under this Agreement.
10.2 MedImmune shall make the following one-time, nonrefundable and non-creditable milestone payments to Innate within [***] receipt of an invoice from Innate (fulfilling the requirements set forth in Section 10.27) following the first achievement of each of the following milestone events for a Licensed Product containing IPH2201, subject to the limitations and additional provisions set forth below in this Section 10.

<table>
<thead>
<tr>
<th>Milestone Event for a Licensed Product Containing IPH2201</th>
<th>Milestone Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Dosing of the first patient in the first Phase 3 Clinical Trial</td>
<td>A. For the first Phase 3 Clinical Trial to support a Drug Approval Application in a Major Market</td>
</tr>
<tr>
<td></td>
<td>B. [***]</td>
</tr>
<tr>
<td>II.[***]</td>
<td>A. [***]</td>
</tr>
<tr>
<td>III.[***]</td>
<td>A. [***]</td>
</tr>
</tbody>
</table>

[***]
[***]

10.3 None of the milestone payments set forth in Section 10.2 shall be payable more than once, irrespective of the number of Licensed Products or indications that have achieved the milestone events or the number of countries in which such milestone events have been achieved, provided that milestone I(B) shall be payable up to [***].

10.4 Except as permitted in Section 10.2, no payments pursuant to Section 10.2 shall be creditable against any other payments MedImmune is obligated to make to
Innate under this Agreement.

Sales Related Milestones

10.5 MedImmune shall make the following one-time, non-refundable milestone payments to Innate within [***] after receipt of an invoice from Innate, fulfilling the requirements set forth in Section 10.29, following the first achievement of each of the following milestones in respect of Annual Net Sales of all Licensed Products containing IPH2201 in all countries subject to Section 10.8 below and subject to the limitations and additional provisions set forth below in this Section 10, including Section 10.21:

<table>
<thead>
<tr>
<th>[***]</th>
<th>[***]</th>
</tr>
</thead>
<tbody>
<tr>
<td>[***]</td>
<td>[***]</td>
</tr>
<tr>
<td>[***]</td>
<td>[***]</td>
</tr>
<tr>
<td>[***]</td>
<td>[***]</td>
</tr>
<tr>
<td>[***]</td>
<td>[***]</td>
</tr>
</tbody>
</table>

10.6 In the event that more than one of the sales milestones set forth in Section 10.5
are achieved in the same Calendar Quarter, the payment associated with each sales milestone achieved in such Calendar Quarter shall be due and payable [***] after MedImmune’s receipt of an invoice from Innate following the end of such Calendar Quarter.

10.7 Notwithstanding anything else set forth herein, no milestone payment pursuant to Section 10.5 will be made more than once.

10.8 The Territory shall exclude Europe for the purposes of the calculation of Annual Net Sales if Innate has not provided its Co-Funding Withdrawal Notice.

10.9 MedImmune will notify Innate as soon as reasonably practicable and not later than within [***] of the end of each Calendar Quarter if any of the milestones events set out above in Section 10.5 have been achieved in that Calendar Quarter.

10.10 Except as provided in Section 10.21, no payments pursuant to Section 10.5 shall be creditable against any other payments MedImmune is obligated to make to Innate under this Agreement.

Royalties

10.11 Subject to the provisions set forth below in Sections 10.12, 10.13, 10.14, 10.15, 10.16, 10.17, 10.18, 10.19, 10.20 and 10.22, MedImmune shall pay to Innate, with respect to each Licensed Product containing IPH2201, an incremental royalty on aggregate Annual Net Sales of each such Licensed Product containing IPH2201 made by MedImmune, its Affiliates, or its Sublicensees as follows:
10.12 The calculation of royalties under Section 10.11 shall be conducted separately for each Licensed Product. Thus, if MedImmune sells more than one Licensed Product in the Territory, the thresholds and ceilings in Section 10.11 shall apply separately to each Licensed Product. For purposes of the foregoing, all Licensed Products containing IPH2201 shall be deemed the same Licensed Product.

10.13 The Territory shall exclude Europe for the purposes of calculating royalties above if Innate has not provided its Co-Funding Withdrawal Notice.

10.14 Sales between MedImmune, its Affiliates and Sublicensees shall not be subject to royalties hereunder. Royalties shall be calculated on MedImmune’s, its Affiliates’ and Sublicensees’ sales of the Licensed Products to a Third Party, including Distributors (but excluding, for the avoidance of doubt, Affiliates and Sublicensees). Royalties shall be payable only once for any given batch of the Licensed Products. For the purpose of determining Net Sales, the Licensed Product shall be deemed to be sold when invoiced and a “sale” shall not include, and no royalties shall be payable on, transfers by MedImmune, its Affiliates or Sublicensees of free samples of Licensed Product or clinical trial materials, or other transfers or dispositions for charitable, promotional, pre-clinical, clinical, manufacturing, testing or qualification, regulatory or governmental purposes to the extent that such transfer is made at the Transfer Price or less.

10.15 If, at any time, in any particular country in the Territory, a given Licensed
Product [***], then, the royalty rates set forth in the table in Section 10.11 shall be reduced by [***] for the purposes of calculating royalties due under this Agreement as from the first Calendar Quarter in which this Section 10.15 applies, and thereafter for so long as this Section 10.15 applies in such particular country. The calculation of the royalty reduction under this Section 10.15 shall be conducted separately for each Licensed Product in each country.

10.16 If, at any time, in any particular country in the Territory, (i) a Generic Product receives Regulatory Approval in such country and (ii) in any two consecutive Calendar Quarters such Generic Product(s), by unit equivalent volume in such country, exceed a [***] share of the market for the Licensed Product and relevant Generic Products; then, the royalty rates set forth in the table in Section 10.11 shall be reduced by [***] as from the first Calendar Quarter in which this Section 10.16 applies and thereafter for the remainder of the period during which royalties are payable with regard to such Licensed Product in such country. The calculation of the royalty reduction under this Section 10.16 shall be conducted separately for each Licensed Product in each country. For purposes of this Section “market” refers to the aggregate of the sales of the Generic Product(s) and the applicable Licensed Product in a country.

10.17 If, at any time, in any particular country in the Territory, a court or a governmental agency of competent jurisdiction requires MedImmune or its Affiliate or Sublicensee to grant a compulsory license to a Third Party permitting such Third Party to make and sell Licensed Product containing IPH2201 in one or more countries in the Territory (a “Compulsory License”), and the royalty rate for royalties payable to MedImmune, its Affiliate or Sublicensee on Net Sales (which term for the purpose of this Section 10.17 shall apply mutatis mutandis to sales by such grantee) of Licensed Product containing IPH2201 by or on behalf of such grantee of the Compulsory License is less than the royalty rate for royalties on Net Sales due to Innate pursuant to Section 10.11 in such country, then if MedImmune has in due time informed Innate of the start of such action or proceedings by such court or governmental agency of competent jurisdiction and taken into account Innate’s reasonable comments, the royalty rate applicable to Net Sales for royalties due to Innate in such country shall be reduced to be equal to the royalty rate for royalties payable by the grantee of the Compulsory License. The royalty rate reduction
set forth herein shall be effective as from the first Calendar Quarter in which this Section 10.17 applies and thereafter for so long as this Section 10.17 applies. The calculation of the royalty rate reduction under this Section 10.17 shall be conducted separately for each Licensed Product in each country.

10.18 Any reductions set forth in this Section 10 shall be applied in the order in which the event triggering such reduction occurs, provided that in no event shall, due to the cumulative reductions set out in Sections 10 the royalties that would otherwise have been payable to Innate in application of the royalty rates set forth in the table in Section 10.11 be reduced by more than [***] in any given country. Credits not exhausted in any Calendar Quarter in any given country may however be carried into future Calendar Quarters in such country, subject to the foregoing sentence.

10.19 MedImmune’s obligation to pay royalties due under Section 10.11 shall expire, on a country-by-country basis, with respect to such Licensed Product, at the latest of: (i) the tenth (10th) anniversary of the First Commercial Sale of such Licensed Product in such country (or, in the case of any country in Europe, the tenth (10th) anniversary of the First Commercial Sale of such Licensed Product in any country in Europe), (ii) the expiry of the Regulatory Exclusivity covering the Licensed Product in such country and (iii) the date on which there is no longer a Valid Claim covering the use, manufacture or sale of Licensed Product in such country. At such time as MedImmune’s obligation to pay royalties under Section 10.11 have terminated in a country, the Net Sales of such Licensed Product in such country shall be excluded from royalty calculations under Section 10.11 (including for purposes of applying thresholds and ceilings).

10.20 Subject to Sections 12.9 and 12.10, if (i) MedImmune, [***] (“Third Party Payment”), then for the period during which MedImmune owes royalties to Innate hereunder, the amounts that would otherwise have been payable as royalties to Innate under this Agreement shall be reduced by [***] of all Third Party Payment payable by or on behalf of MedImmune to such Third Party. As used herein, [***].

10.21 In consideration of Innate paying thirty percent (30%) of the Shared Development Costs in accordance with Section 7.1 (including the limitations

65
therein), Innate will be entitled to receive fifty percent (50%) of the Profit/Loss earned by MedImmune and its Affiliates on sales of the Licensed Products in Europe. MedImmune will provide a report to Innate within [***] of the end of each Calendar Quarter setting out the Profit/Loss in that quarter and if such calculation shows a Profit shall pay fifty percent (50%) of such amount to Innate within [***] of receiving an invoice for such amount from Innate. Any Loss shall be carried forward and offset against (i) subsequent Profits, (ii) any other sums due to Innate under this Agreement other than reimbursement of Development Costs and Commercialization Costs in accordance with this Agreement, provided that Innate shall always be entitled to receive, and MedImmune shall pay to Innate, any amount corresponding to payments which Innate is obliged to pass through to the applicable counter Party under the Third Party Agreements. Subject to the foregoing, no Profit will be shared hereunder until all Losses have been recouped by MedImmune. If after all Losses have been recouped pursuant to the preceding sentence, a Profit is made and shared equally between the Parties in [***] consecutive Calendar Quarters, any Loss which may be made in any period after such three (3) consecutive Calendar Quarters of Profit shall be borne by the Parties in equal shares and a balancing payment shall be payable by the applicable Party within [***] of receipt of an invoice from the Party which has borne more than fifty percent (50%) of any such Loss in any applicable Calendar Quarter.

Provisions affecting consideration

10.22 Combination Products. With regard to sales of the Licensed Antibodies when incorporated in or combined with another article, composition or product, which [***], and sold or otherwise supplied as a Combination Product [***], the Net Sales of the Licensed Product, for the purposes of determining royalty payments, shall be determined by [***].

In the event that, with respect to any Combination Product, [***], Net Sales for purposes of determining royalty payments shall be calculated by [***].

[***]

[***].
For purposes of the calculations set forth in this Section 10.22, [***].

10.23 **Separate Licensed Product.** Notwithstanding anything else set forth in this Agreement to the contrary, the milestones and royalties in this Section 10 shall not apply to development or commercialization of a Licensed Product for diagnostic, veterinary or any other use other than as a therapeutic pharmaceutical product in humans ("Separate Licensed Product"). If MedImmune develops a Separate Licensed Product, MedImmune shall pay to Innate such separate milestones and royalties for the development, commercialization or sale of such Separate Licensed Product as are commercially reasonable taking into account each Party’s respective investment to date in the Separate Licensed Product, the commercial potential of such product, the future cost of developing and commercializing such product, the then current stage of development and the probability of successfully launching such product. In the event that MedImmune decides to initiate development of a Separate Licensed Product, MedImmune shall notify Innate thereof in writing and the Parties shall thereafter negotiate in good faith within a period of [***] from such notice to agree on such separate milestones and royalties. A failure by the Parties to reach such agreement shall not preclude MedImmune from developing or commercializing a Separate Licensed Product or from otherwise exercising the rights and licenses granted to it by Innate under this Agreement. However, in the event of a failure by the Parties to reach such agreement within the aforementioned [***] period or any extension of such period mutually agreed by the Parties or otherwise in the event of a dispute as to the separate milestones and royalties for a Separate Licensed Product, each Party shall be entitled to escalate the matter in accordance with Section 17.2 and, if applicable, to refer the matter to arbitration in accordance with Section 17.1.

10.24 **Sales by Sublicensees.** In the event MedImmune grants sublicenses to one or more Sublicensees to make or sell Licensed Products to the extent permitted hereunder, such sublicenses shall include without limitation an obligation for
the Sublicensee to account for and report its Net Sales of such Licensed Products on the same basis as if such sales were Net Sales by MedImmune, and MedImmune shall pay royalties to Innate as if the Net Sales of the Sublicensee were Net Sales of MedImmune.

10.25 **Royalty Payments and Reports.** The royalties payable under Section 10.11 shall be calculated quarterly as of the last day of each Calendar Quarter, for the Calendar Quarter ending on that date. MedImmune shall deliver to Innate a report summarizing the Net Sales of Licensed Products during each Calendar Quarter following the First Commercial Sale of a Licensed Product in the Territory. Such report shall be delivered within [***] following the end of each Calendar Quarter for which royalties are due from MedImmune. Any royalties payable to Innate or its designee under this Agreement shall be paid on the due date for the report in the foregoing sentence of this Section 10.25.

10.26 **Taxes.** The royalties, milestones and other amounts payable by MedImmune to Innate pursuant to this Agreement ("Payments") shall [***] (and, if necessary, the receipt by MedImmune of appropriate governmental authorization) at least [***] prior to the time that the Payments are due. If MedImmune [***].

10.27 Notwithstanding anything to the contrary contained in this Section 10 or elsewhere in this Agreement, the following shall apply with respect to Indirect Taxes. All Payments are stated exclusive of Indirect Taxes. If any Indirect Taxes are chargeable in respect of any Payments, MedImmune shall pay such Indirect Taxes at the applicable rate in respect of any such Payments following the receipt, where applicable, of an Indirect Taxes invoice issued in the appropriate form by Innate in respect of those Payments, such Indirect Taxes to be payable on the due date of the payment of the Payments to which such Indirect Taxes relate or at the time such Indirect Taxes are required to be collected by Innate, in the case of payment of Indirect Taxes to Innate. The Parties shall issue invoices for all goods and services supplied under this Agreement consistent with Indirect Tax requirements, and to the extent any invoice is not initially issued in an appropriate form, MedImmune shall promptly inform Innate and shall cooperate with Innate to provide such information or assistance as may be necessary to enable the issuance of such invoice consistent with Indirect Tax requirements.
10.28 **Payments or Reports by Affiliates.** Any Payment required under any provision of this Agreement to be made to Innate or any report required to be made by MedImmune shall be made by an Affiliate of MedImmune if such Affiliate is designated by MedImmune as the appropriate payer or reporting entity.

10.29 **Mode of Payment and Invoice Requirements.** All payments set forth in this Section 10, or otherwise in this Agreement due from MedImmune to Innate, shall be remitted by wire transfer to the bank account of Innate as designated in writing to MedImmune. All invoices submitted by Innate to MedImmune as provided in this Agreement shall fulfill the requirements set forth in this Section 10. Unless otherwise instructed by MedImmune, Innate’s invoices to MedImmune shall be sent to MedImmune Limited, Milstein Building, Granta Park, Cambridge, CB21 6GH, United Kingdom, and shall contain (a) MedImmune’s Agreement ID number or purchase order number, (b) the number and date of the invoice, (c) the latest date of payment, not to be less than [***] following MedImmune’s receipt of the invoice and in no event prior to the due date, (d) name and address of Innate, (e) invoice amount and currency (USD), (f) bank details, i.e. bank number and bank code, and (g) SWIFT-address and (h) contain Innate’s VAT number. All payments set forth in this Section 10, or otherwise in this Agreement due from Innate to MedImmune, shall be remitted by wire transfer to the bank account of MedImmune as designated in writing to Innate.

10.30 **Payment Currency.** All payments and reports required from MedImmune or Innate under this Agreement shall be paid and stated respectively in US dollars. With respect to amounts required to be converted into US dollars from another currency for calculation or payment hereunder, such amounts will be converted using a rate of exchange which corresponds to the rate used for conversion between the relative currencies by whichever Party recorded the relevant receipt or expenditure, for the respective reporting period in its books and records that are maintained in accordance with IFRS, as applicable, and used for its external reporting. If a Party is not required to perform such a currency conversion for its IFRS reporting with respect to the applicable period, then for such period such Party will make such conversion using the rate of exchange calculated using the Foreign Exchange rates set at 14:15 CET and as published by the European Central Bank.
(https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html) on the second to last business day of the calendar month (or such other publication as agreed-upon by the Parties) in which such receipt or expenditure was incurred.

10.31 **Set-off.** Where a Party is due to make a payment to the other in accordance with the terms of this Agreement, that Party shall be entitled to set-off against such payment any amount owed to it from the other Party or that other Party’s Affiliates, under this Agreement or otherwise, provided that set-off shall not be permitted in respect of sums that are disputed, until such disputed payments have been agreed or finally determined by arbitration.

10.32 **Imports.** For the avoidance of doubt, the Parties acknowledge and agree that none of the milestones or royalties payable under this Agreement are related to the license (or right) to import or any import of Licensed Products. The receiving Party shall be responsible for any import clearance, including payment of any import duties and similar charges, in connection with any Licensed Products transferred to such Party under this Agreement. The Parties shall co-operate in accordance with Applicable Laws to ensure where permissible that no import duties are paid on imported materials. Where import duties are payable, the Parties shall co-operate to ensure that the Party responsible for shipping values the materials in accordance with Applicable Laws and minimizes where permissible any such duties and any related import taxes that are not reclaimable from the relevant authorities.

11 **CONFIDENTIALITY**

11.1 At all times during the Term and for a period of [***] following termination or expiration thereof, each Party (the "Receiving Party") shall (i) keep confidential and not disclose to any Third Party, other than its and its Affiliates’ officers, directors, other employees, contractors and advisors on a need to know basis, any Confidential Information provided to it by the other Party (the “Disclosing Party”) and (ii) not publish or otherwise use, directly or indirectly, for any purpose, such Confidential Information, except to the extent permitted by the terms of this Agreement or to the extent such use is necessary for the fulfilment of the Receiving Party’s obligations under this Agreement. The
Receiving Party shall cause all of its and its Affiliates’ officers, directors, other employees, contractors and advisors to whom the Receiving Party has disclosed Confidential Information to comply with confidentiality and non-use obligations at least as restrictive as those set out in this Agreement and shall be liable to the Disclosing Party for any breach thereof by such Affiliates, officers, directors, other employees, contractors and advisors.

11.2 Innate recognizes that by reason of, among other things, MedImmune’s status as an exclusive licensee pursuant to the grants under Section 3, MedImmune has an interest in Innate’s retention in confidence of information relating to the Licensed Antibodies or Licensed Products, and the Exploitation thereof. Innate shall, and shall cause its Affiliates and their respective officers, directors, employees and agents to, until the expiration of MedImmune’s obligation to pay royalties hereunder, keep confidential and not publish or otherwise disclose, and not use directly or indirectly for any purpose other than to perform Innate’s obligations under this Agreement or as expressly permitted hereunder, any Confidential Information relating to any Licensed Antibody or Licensed Product that is Controlled by Innate ("Product Information"). In the event this Agreement is terminated in its entirety, this Section shall have no continuing force or effect.

11.3 The obligations of confidentiality and non-use herein shall not extend to any Confidential Information that, in the case of Sections 11.1 and 11.2, (a) is or comes into the public domain without breach of this Agreement, (b) is received by a Party from a Third Party (other than an Affiliate of Disclosing Party) without any obligation of confidentiality and without breach of this Agreement, or, in the case of Sections 11.1 and 11.2, or (c) in the case of Section 11.1, the Receiving Party can prove was already in its possession without any limitation on use or disclosure prior to the Effective Date.

11.4 Nothing in this Section 11 shall prevent either Party from using and disclosing Confidential Information to the extent reasonably required for the Receiving Party’s performance of its obligations and exercise of its rights granted to it under this Agreement or other agreement between the Parties. In particular either Party shall be entitled to use and disclose Confidential Information of Innate relating to Licensed Products for Patent filing and prosecution purposes,
for the purposes of making Drug Approval Applications and for the purposes of appointing Third Parties to manufacture Licensed Products; provided, however, that MedImmune may [***].

11.5 In addition each Party shall be entitled to disclose the terms of this Agreement on a confidential basis to actual or potential investors or in connection with any permitted assignment under this Agreement or in connection with any proposed grant of a sub-license by MedImmune as permitted by this Agreement, provided that in each case the Receiving Party shall cause any and all parties to whom such disclosure is made to comply with confidentiality and non-use obligations at least as restrictive as those set out in this Agreement and shall be liable to the Disclosing Party for any breach thereof by such parties.

11.6 This Agreement shall not restrict the Receiving Party from complying with a lawfully issued governmental order or legal requirement or requirement under applicable stock exchange rules to produce or disclose Confidential Information; provided, however, that, in the event of governmental orders, the Receiving Party shall promptly notify the Disclosing Party to enable the Disclosing Party to oppose the order or obtain a protective order and the Receiving Party shall cooperate fully with the Disclosing Party in any such proceeding. If the Receiving Party is legally required or required under applicable stock exchange rules to disclose Confidential Information, the Receiving Party and the Disclosing Party will endeavour to agree to a mutually satisfactory means to disclose such information. Nothing contained herein shall prohibit either of the Parties from immediately disclosing results of any Clinical Trial to the extent necessary to prevent or mitigate a serious health hazard; provided, however, that the Party intending to make such disclosure shall notify the other Party prior to and immediately after such disclosure and, to the extent it is reasonably practicable to do so, the nature and content of such disclosure shall be agreed between the Parties.

11.7 The Parties acknowledge that each of them shall use Commercially Reasonable Efforts to monitor scientific publications to prevent any adverse effect from premature publication relating to the Licensed Antibodies or Licensed Products. The Party wishing to make a publication or communication on shall provide a draft to the other Party, which will have [***] to provide comments. The Party
proposing to make a publication or communication shall, in good faith, consider the comments made by the other Party and shall defer the publication or communication for a period of time not exceeding [***] if a Patent may be filed using the Data or Know How covered in the proposed publication or communication. MedImmune shall have the final decision making with respect to any proposed publication or communication, provided that MedImmune shall acknowledge the contribution of Innate to the development of the Licensed Product. Publications by Innate relating to Licensed Products following First Commercial Sale of the first Licensed Product by Innate shall only be made with MedImmune’s prior written approval. MedImmune will use Commercially Reasonable Efforts to provide a copy of any proposed publication to be made following First Commercial Sale of the first Licensed Product to Innate before it is published. Notwithstanding the foregoing, neither Party will publish or present any Confidential Information of the other Party without such other Party’s prior written consent.

11.8 This Section 11 (other than Section 11.2) shall survive the termination or expiration of this Agreement for a period of ten (10) years.

12 OWNERSHIP OF INTELLECTUAL PROPERTY AND PATENT RIGHTS

12.1 Disclosure. During the Term, each Party shall promptly disclose to the other Party all Arising IP (whether patentable or not) which is created by or on behalf of such Party as a result of carrying out the activities assigned to it under this Agreement.

Ownership

12.2 Innate shall retain all rights, title and interest in and to any and all Licensed Technology, subject only to the licenses granted to MedImmune in this Agreement. MedImmune shall retain all rights, title and interest in and to any and all MedImmune Technology. Subject to such licenses and the remainder of this Agreement, (a) if Innate has not provided its Co-Funding Withdrawal Notice, any Arising IP conceived or made by any Party or their employees or independent contractors (including those of its Affiliates, Sublicensees and other Third Parties) shall be jointly owned by the Parties and the relevant Party

73
shall assign which shall transfer a [***] co-ownership interest in such Arising IP to the other Party, and (b) if Innate has provided its Co-Funding Withdrawal Notice, any Arising IP conceived or made by a Party or its employees or independent contractors (including those of its Affiliates, Sublicensees and other Third Parties) shall belong to such Party and any Arising IP conceived or made by both Parties or their employees or independent contractors (including those of its Affiliates, Sublicensees and other Third Parties) shall be jointly owned by the Parties as determined based on inventorship in accordance with US patent laws; provided that in either case any Arising IP arising from either Party’s conduct of CMC development work and solely related to such Party’s proprietary CMC technology shall be owned by such Party, and further provided that in either case any MedImmune Compound Arising IP conceived or made by a Party or its employees or independent contractors (including those of its Affiliates, Sublicensees and other Third Parties) shall belong to MedImmune. To the extent permissible under Applicable Laws, each Party will cause each employee and contractor (including those of its Affiliates, Sublicensees and other Third Parties) conducting work on its behalf under this Agreement to sign a contract that (i) compels prompt disclosure of all Arising IP, (ii) automatically assigns to such Party all right, title and interest in and to such Arising IP, and (iii) obligates such persons to maintain confidentiality in respect of the Arising IP (on terms at least as restrictive as those contained herein). Each Party will require each employee and contractor conducting work on its behalf under this Agreement to maintain records in sufficient detail and in a good scientific manner appropriate for regulatory purposes and purposes of pursuing Patent protection on inventions to properly reflect all work done.

Prosecution and Maintenance of Patent Rights

12.3 The Parties will each appoint a patent coordinator for the purposes of coordinating their activities under this Section 12. MedImmune (the “Responsible Party”) shall be primarily responsible for and shall use Commercially Reasonable Efforts in control the preparation, filing, prosecution (including without limitation conducting or handling any interferences, oppositions, action for declaratory judgment, nullity actions, reissue proceedings, reexaminations and challenges to title) and maintenance of the Licensed Patents (other than the Formulation Patent, the Non-Exclusively...
Licensed Patents and the Licensed Shared Patents) and Patents claiming Arising IP ("Arising Patents") (collectively, the "Controlled Patents"); provided that the Responsible Party shall provide the other Party with advance copies of, and a reasonable opportunity to comment upon, proposed patent filings, related prosecution strategies and proposed correspondence with patent officials or other Third Parties relating to any Controlled Patents (excluding any such Patents protecting MedImmune Compound Arising IP or any Arising IP relating to MedImmune’s proprietary CMC technology), and will consider comments received from the other Party with respect to such proposed filings, strategies and correspondence in good faith. Innate shall use Commercially Reasonable Efforts to explore [***] and, to the extent reasonably practicable, ensure [***].

12.4 The Responsible Party shall further be responsible for all costs and expenses associated with the filing, prosecution and maintenance of the Controlled Patents, and where applicable, the Licensed Shared Patents.

12.5 If the Responsible Party decides not to file, prosecute or maintain a Controlled Patent (excluding any such Patents protecting MedImmune Compound Arising IP or any Arising IP relating to MedImmune’s proprietary CMC technology), it shall give the other Party reasonable notice to that effect sufficiently in advance of any deadline for any filing with respect to such Patent. After receiving such notice, the other Party may elect by written notice to the Responsible Party within [***] after receiving such notice from the Responsible Party to file, prosecute and maintain the relevant Licensed Patent, at its sole cost and expense. If the other Party does so elect, the Responsible Party shall cooperate with Innate as necessary to enable Innate to perform such acts as may be reasonably necessary for Innate to file, prosecute or maintain such Patent, including the execution and filing of appropriate instruments and to facilitate the transition of such patent activities to Innate. For the avoidance of doubt, Innate shall not have any comment rights or rights to assume prosecution of any Arising Patents claiming MedImmune Compound Arising IP or any Arising IP relating to MedImmune’s proprietary CMC technology.

12.6 The Responsible Party shall be responsible for and shall control, in consultation with the other Party, the selection of the appropriate Controlled Patents as listed in the patent information section of the Drug Approval Application for
Licensed Products for filing to obtain a Patent Term Extension ("PTE") pursuant to all Applicable Laws, including without limitation supplementary protection certificates and any other extensions that are now or become available in the future wherever applicable to Controlled Patents that are applicable to the Licensed Product.

12.7 Promptly after the Effective Date, Innate shall (a) provide to MedImmune all information, including a correct and complete list of all Patents covering the Licensed Product(s) or otherwise necessary or reasonably useful to enable MedImmune to make filings with Regulatory Health Authorities with respect to the Licensed Patents, including as required or allowed in connection with (i) in the United States, the FDA’s Purple Book and (ii) outside the United States, under the national implementations of Section 10.1(a)(iii) of Directive 2001/EC/83 or other international equivalents, and (b) cooperate with MedImmune at MedImmune’s reasonable request in connection therewith, including meeting submission deadlines, in each case, to the extent required or permitted by Applicable Laws. Promptly after the Effective Date and not less than [***] prior to any subsequent deadline with respect to the foregoing, the Parties shall discuss and identify those Patents claiming or covering the Licensed Product and the process of review of such Patents for submission to the applicable Regulatory Health Authorities. MedImmune shall have the right, at its sole discretion, to submit or de-list any Licensed Patent with respect to any Regulatory Health Authority with prior notice to Innate.

12.8 Notwithstanding anything to the contrary in this Section 11, neither Party shall have the right to make an election under the Cooperative Research and Technology Enhancement Act of 2004, 35 U.S.C. 103(c)(2)-(c)(3) (the "CREATE Act") when exercising its rights under this Section 11 without the prior written consent of the other Party. With respect to any such permitted election, the Parties shall use reasonable efforts to cooperate and coordinate their activities with respect to any submissions, filings or other activities in support thereof. The Parties acknowledge and agree that this Agreement is a "joint research agreement" as defined in the CREATE Act.
12.9 Innate shall, during the Term, not make any material changes or alterations to the Third Party Agreements adversely impacting MedImmune’s rights under this Agreement except with the prior written consent of MedImmune. Innate will be responsible for any costs and payments (including without limitation upfront fees, annual fees, milestone payments and royalties) due to any Third Party in relation to the Third Party Agreements. Innate shall notify MedImmune immediately if Innate becomes aware of any dispute arising under a Third Party Agreement. In the event that [***].

12.10 MedImmune will be responsible for any costs and payments (including without limitation upfront fees, annual fees, milestone payments and royalties) due to any Third Party in connection with the use of any MedImmune Compound in a Combination which is Researched, Developed, Commercialized and/or Exploited under this Agreement.

12.11 **Defense of Third Party Claims.** Except as otherwise provided in Section 13, neither Party makes any warranty with respect to the validity, perfection, or dominance of any Patent or proprietary right or with respect to the absence of rights in Third Party Patents which may be infringed by the manufacture or sale of any Licensed Antibody or Licensed Product. If a Third Party asserts a Patent or other right owned by it is infringed by the Development, Manufacture or Exploitation of any Licensed Antibody or Licensed Product, or either Party discovers such a Patent or right, the Party first obtaining knowledge of such a claim or potential claim shall immediately provide the other Party written notice and the related facts in reasonable detail. In the event the Parties cannot agree on the defense of any such claim, such defense shall be controlled by the Responsible Party; provided that the other Party shall have the right to participate and to be represented in any such action by counsel of its selection at its sole discretion. The Responsible Party shall also have the right to control settlement of such claim; if such settlement requires the Responsible Party to pay a royalty to the Third Party, such expense shall be treated pursuant to Section 10.20.

12.12 **Oppositions.** Either Party may commence an opposition, action for declaratory judgment, nullity action, interference, re-examination, or other attack upon the validity, title, or enforceability of any Patents Controlled by a Third Party
that cover the Manufacture, use, or sale or other Exploitation of any Licensed Antibody or Licensed Product and are not Licensed Patents, MedImmune Patents or Patents in the Arising IP, at its own expense, but shall notify the other before commencing such action to enable the Parties to cooperate, if they see fit.

Infringement by Third Parties

12.13 The Party first having knowledge that any Controlled Patent has been infringed or misappropriated by a Third Party in any country in the Territory shall promptly notify the other in writing, such notice setting forth the facts of that infringement in reasonable detail.

12.14 The Responsible Party shall have the first right, but not the obligation, to institute, prosecute, and control any action or proceeding or negotiation of any settlements with respect to any infringement of Controlled Patents (with the other Party having the right to participate in such action or negotiations at its expense and be represented if it so desires). If necessary, the other Party agrees in any such action to be joined as a claimant and to give the Responsible Party reasonable assistance and any needed authority to control, file, and to prosecute such action, at the Responsible Party’s expense. If the Responsible Party elects not to institute and prosecute such action or proceeding or to conduct such negotiation, the Responsible Party will discuss with the other Party the reasons for this decision and the other Party may step in the Responsible Party’s rights for purposes of this Section 12.14, with the consent of the Responsible Party not to be unreasonably withheld.

12.15 **Compensation.** Any damages or monetary awards relating to the Controlled Patents shall be applied as follows: (a) to reimburse any and all out-of-pocket costs incurred by the Responsible Party in bringing suit; (b) to reimburse any and all out-of-pocket costs incurred by the other Party in relation to the suit; and (c) any remaining damages shall be allocated at [***] to the Responsible Party and [***] to the other Party.

Trademarks, Packaging and Labelling
12.16 MedImmune shall have the sole right and discretion to:

(i) select the trademarks to be used specifically for the marketing and sale of all Licensed Products in the Territory (each a “Product Trademark”). MedImmune shall own all rights, title and interests in and to the Product Trademarks and all IP rights and other rights and goodwill associated therewith. Innate shall not use any trademark that is the same or confusingly similar to, misleading or deceptive with respect to, or that dilutes any of the Product Trademarks. MedImmune shall have the right;

(ii) use internal or external counsel of its own choosing and at its sole expense to, file, prosecute, maintain, protect, defend and enforce the Product Trademarks;

(iii) design and procure packaging and labeling of the Licensed Products.

Each Party shall notify the other Party promptly in writing upon learning of any actual, alleged, or threatened infringement of a Product Trademark used in connection with the Licensed Products or in relation to the indications for which they are marketing, of any unfair trade practices, trade dress imitation, passing off of counterfeit goods, or like offenses. Innate shall cooperate as reasonably requested by MedImmune in any actions or proceedings brought by MedImmune to halt the infringement.

13 REPRESENTATIONS, WARRANTIES AND COVENANTS

13.1 Mutual Warranties. Each Party provides the following representations and warranties to the other as at the Effective Date:

(a) Corporate Power. It is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation, has full legal power to grant the rights granted to the other Party under this Agreement, and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof.
(b) **Due Authorisation.** The execution, delivery, and performance of the Agreement by it does not conflict with any agreement, instrument, or understanding, oral or written, to which it is a party or by which it is bound, nor violate any material law or regulation of any court, Governmental Body, or administrative or other agency having jurisdiction over it.

(c) **Binding Agreement.** This Agreement is a legal and valid obligation binding upon such Party and enforceable in accordance with its terms.

13.2 **Innate Warranties.** Innate provides the following representations, warranties and covenants to MedImmune as of the date of signing of the Development and Option Agreement (or as of such other dates or time periods as may be specified below). Such representations, warranties and covenants shall be considered to be restated by Innate as at the Effective Date, subject to Innate’s right to make disclosures against such representations, warranties and covenants with respect to matters which have arisen or come to the knowledge of Innate (with respect to representations made to Innate’s knowledge) between the date of signing of the Development and Option Agreement and the Effective Date of this Agreement. For the avoidance of doubt, Innate shall not be liable for facts and circumstances fairly disclosed to MedImmune in accordance with the preceding sentence.

(a) Innate is: (i) the sole and exclusive owner of the entire right, title and interest in the Licensed Patents listed in Schedule 13.2(a)(i) (the “Owned Patents”), (ii) the sole and exclusive licensee of the Licensed Patents listed in Schedule 13.2(a)(ii) (the “Exclusively Licensed Patents”), in connection with the Licensed Antibodies, and (iii) the non-exclusive licensee of the Non-Exclusively Licensed Patents, in connection with the Licensed Antibodies, and (iv) either itself or through its Affiliates, the sole and exclusive owner or licensee of the entire right, title and interest in the Licensed Know-How listed in Schedule 13.2(a)(iv) and has the right to grant an exclusive license to MedImmune in connection with the Development and Commercialization of the Licensed Antibodies in the Field under the other Licensed Know-How. To the extent any rights, title or interests in the Licensed Know-How are owned by its Affiliates, Innate
shall procure that such rights are transferred to Innate such that MedImmune shall receive from Innate all rights
and licenses granted to it under this Agreement and such that Innate shall be entitled without restriction to grant
the rights to MedImmune specified in the License Agreement.

(b) Other than for the restrictions set forth in the Third Party Agreements, which have been disclosed to MedImmune
prior to the date of signing of the Development and Option Agreement, and the licenses granted to the Licensed
Shared Patents for use in connection with [***], none of the Licensed Patents is subject to any encumbrance or
lien permitted by Innate and none of the Owned Patents is subject to any encumbrance or lien permitted by
Innate or, to Innate’s knowledge, to any claim of ownership by any Third Party. For the duration of the Term,
Innate shall not encumber the rights granted to MedImmune hereunder with respect to the Licensed Technology
in a manner that would have an material adverse effect on MedImmune’s rights hereunder.

(c) The Third Party Agreements are in full force and effect and Innate has no knowledge of any circumstances that
may lead to the termination of such agreements.

(d) As at the Effective Date, Innate does not own or Control any Product Trademarks, Know-How or Patents, other
than the Licensed Technology, that are necessary for the Research, Development and Exploitation of the
Licensed Products. The Patents specified in Schedules 9.2(a)(i) and 9.2(a)(ii) constitute all of the Licensed
Patents existing at the Effective Date. To Innate’s and its Affiliates’ knowledge, the Licensed Patents have as of
the Effective Date been diligently and properly filed, prosecuted and maintained in accordance with Applicable
Law where applicable in the course of normal patent prosecution of patents that are intended to be maintained,
and all applicable fees have been paid on or before the due date for payment.

(e) To the knowledge of Innate’s and its Affiliates’ personnel responsible for patent matters, in respect of all US
patent applications in the Listed
Patents, Innate (or, as appropriate, its licensor) has submitted all material prior art of which it is aware in accordance with the requirements of the United States Patent and Trademark Office.

(f) To Innate's and its Affiliates' knowledge, as of the Effective Date, the Licensed Patents properly identify each and every inventor of the claims of the Licensed Patents. To Innate's and its Affiliates' knowledge, each Person who has contributed to the conception of inventions claimed in the Licensed Patents owned by Innate and existing as of the Effective Date, has duly assigned and has executed an agreement assigning to Innate, or as appropriate, Innate's licensor, such Person's entire right, title and interest in and to such Licensed Patents.

(g) Where Licensed Know-How has been disclosed to a Third Party under terms of confidentiality, to Innate's knowledge no breach of such confidentiality obligations has been committed by any such Third Party. MedImmune shall not, before, on or after the Effective Date, have any obligation to contribute to any remuneration of any inventor employed or previously employed by Innate or any of its Affiliates in respect of the Current IPH2201, Licensed Patents or Licensed Know-How. Innate or its Affiliates are solely responsible for paying all such remuneration and neither Innate nor any of its Affiliates has received notification that such payments are insufficient compensation.

(h) Innate and its Affiliates have not been notified of any actual or threatened infringements or misappropriation of the Licensed Technology.

(i) Innate and its Affiliates have not been notified of any threatened or pending proceedings in any court, arbitration, patent office, administrative or other tribunal which are concerned with (a) the ownership of any of the Licensed Technology, or (b) the validity of any of the Licensed Patents (other than pending Patent applications), and, in both cases, to Innate's and its Affiliates' knowledge, there have been no allegations or assertions by a Third Party which are likely to give rise to a claim by such Third Party for ownership or invalidity of the Licensed Patents.
Third Party Rights

(j) The conception, development and reduction to practice of the Licensed Know-How and Licensed Patents existing as of the Effective Date has not, to Innate’s knowledge, constituted or involved the misappropriation of trade secrets of any Person. Other than the amounts owed by Innate under the Third Party Agreements, there are no claims, judgments or settlements against or amounts with respect thereto owed by Innate or any of its Affiliates as of the Effective Date relating to the Regulatory Documentation, Listed Patents or Licensed Know-How, or amounts owed by Innate or its Affiliates with respect to any such claims, judgments or settlements.

(k) To Innate’s and its Affiliates’ knowledge, as of the Effective Date, the Development and the Commercialization of the Current IPH2201 does not infringe or misappropriate the Patents, of any Third Party, and no claim or litigation has been brought or threatened by written notice to Innate as of the Effective Date by any Person making such allegations.

(l) MedImmune shall not, before, on or after the Effective Date, have any obligation to pay any fees, charges or other sums due to a Third Party under the Third Party Agreements in relation to Licensed Products containing the Current IPH2201.

Development and Manufacture

(m) As at the Effective Date, since the adoption of the Specification in Schedule 13.2(m), all Current IPH2201 produced by, to Innate’s knowledge, on behalf of Innate, has been Manufactured, packaged, stored and labelled (as applicable) in accordance with all Applicable Laws and the Specification in Schedule 13.2(m).

(n) As at the Effective Date, Innate’s contract manufacturing organizations for the Licensed Product are those specified in Schedule 13.2(n) and the manufacturing agreements listed on that schedule are in full force and effect and Innate has no knowledge any circumstances that would lead to
the termination of such agreements.

Regulatory and Compliance

(o) As of the Effective Date, Innate, its Affiliates and, to their knowledge, their contractors, have at all times (a) researched and developed the Licensed Product in accordance with all Applicable Laws, and (b) undertaken clinical trials and prepared, maintained and retained all Regulatory Documentation in accordance with GLP, GCP, regulations and other Applicable Laws.

(p) Innate has made available to MedImmune all Regulatory Documentation, Licensed Know-How and other information in its possession or Control as of the Effective Date regarding or related to any Licensed Antibody or Licensed Product that MedImmune has specifically requested, with reasonable clarity, in writing to Innate to make available or that Innate would reasonably consider based on the information available at the Effective Date to be material to MedImmune’s evaluation of whether to enter this Agreement and all such items are true, complete and correct.

(q) All Regulatory Documentation that are the material regulatory filings or approvals held by Innate or its Affiliates in relation to the Research, Development and Manufacture of the Licensed Products have been provided to MedImmune prior to the Effective Date.

(r) Innate and its Affiliates have not knowingly withheld from a Regulatory Health Authority or from MedImmune any material information, including CMC Know-How, Serious Adverse Events and results from Clinical Trials (whether or not completed) relating to the safety, toxicity, quality or efficacy of the Licensed Products.

(s) Innate and its Affiliates have the right to refer to and use any data that has been created by the manufacturers of the Licensed Product which is necessary for the use and registration of the Licensed Product and MedImmune will have the same rights under this Agreement.
(t) In the course of the Development of the Licensed Product, Innate has not knowingly used, any employee or consultant that is debarred by any Regulatory Health Authority or, to its knowledge, is the subject of debarment proceedings by any Regulatory Health Authority.

(u) The information provided by Innate to MedImmune (for the purposes of MedImmune’s assessment as to whether or not filing is required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to this Agreement or the transactions contemplated herein) regarding Innate’s and its Affiliates’ corporate structure and financial status is correct, complete and not misleading.

General

(v) Neither Innate nor any Innate Affiliate is engaged in any litigation, opposition or arbitration affecting or relating to the Current IPH2201 and, as to Innate and its Affiliates’ knowledge as at the Effective Date, there are no such litigation, opposition or arbitration pending or threatened by written notice to Innate and no material facts which are likely to result in a material judgment against Innate or its Affiliates relating to the Licensed Products.

(w) The rights granted to MedImmune under this Agreement are not subject to any right, license or interest under the Licensed Patents in favour of any government due to funding obtained with respect to Licensed Products or clinical trials carried out in government owned hospitals which would conflict with the rights granted to MedImmune under this Agreement.

13.3 MedImmune Warranties. MedImmune provides the following representations, warranties and covenants to Innate as of the date of signing of the Development and Option Agreement (or as of such other dates or time periods as may be specified below). Such representations, warranties and covenants shall be considered to be restated by MedImmune as at the Effective Date, subject to MedImmune’s right to make disclosures against such representations, warranties and covenants with respect to matters which have arisen or come
to the knowledge of Innate (with respect to representations made to MedImmune’s knowledge) between the effective date of the Development and Option Agreement and the Effective Date of this Agreement.

(a) No claim or litigation has been brought or threatened as of the Effective Date in relation to an MedImmune Compound by any Person making such allegations by written notice to MedImmune.

(b) MedImmune will not knowingly use in any capacity, in connection with the Development of the Licensed Product, any employee or consultant that is debarred by any Regulatory Health Authority or, to the best of such its knowledge, is the subject of debarment proceedings by any Regulatory Health Authority. If either Party learns that any employee or consultant performing on its behalf under this Agreement has been debarred by any Regulatory Health Authority, or has become the subject of debarment proceedings by any Regulatory Health Authority, such Party shall promptly notify the other Party and shall prohibit such employee or consultant from performing on its behalf under this Agreement.

(c) The information provided by MedImmune to Innate (for the purposes of Innate’s assessment as to whether or not filing is required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to this Agreement or the transactions contemplated herein) regarding MedImmune’s and its Affiliates’ corporate structure and financial status is correct, complete and not misleading.

(d) MedImmune is not researching, Developing or otherwise Exploiting a Competing Product.

Mutual Covenants

13.4 If either Party learns that any employee or consultant performing on its behalf under this Agreement has been debarred by any Regulatory Health Authority, or has become the subject of debarment proceedings by any Regulatory Health Authority, such Party shall promptly notify the other Party and shall prohibit such employee or consultant from performing on its behalf under this Agreement.
13.5 Each Party shall, and shall procure that its Affiliates and its/their contractors shall, during the Term, (a) Manufacture, research and develop the Licensed Product in accordance with all Applicable Laws, and (b) undertake clinical trials and prepare, maintain and retain all Regulatory Documentation in accordance with GLP, GCP, regulations and other Applicable Laws.

13.6 Anti-Corruption Laws

(a) Both Parties shall ensure that in connection with this Agreement, they shall conduct their activities in a manner that is consistent with the Anti-Corruption Laws. Each Party further undertakes that none of its or its Affiliates’ employees, directors or officers shall, directly or indirectly, engage in any activities that violate any Anti-Corruption Law (a) in order to influence official action of any Government Official, or (b) with the intention of or as a condition to inducing any person to carry out a duty or function improperly or to reach a favourable decision on an improper basis, in each case in connection with the activities contemplated under this Agreement.

(b) Each Party shall promptly provide the other Party with written notice of (a) becoming aware of a Material Anti-Corruption Law Violation by it or any of its or its Affiliates’ employees, directors or officers with respect to the subject matter of this Agreement, or (b) upon receiving a formal notification that it or any of its or its Affiliates’ employees, directors or officers is the target of a formal investigation by any Governmental Authority for a Material Anti-Corruption Law Violation.

(c) Innate acknowledges that its undertakings given in this Section (c) are material to MedImmune in entering into this Agreement. Notwithstanding any other provision of this Agreement, if MedImmune becomes aware of what it determines, acting reasonably, to be a breach of these undertakings, then MedImmune shall be entitled to terminate this Agreement in its entirety, and to terminate any other agreement between the Parties, on notice with immediate effect. Subject to the accrued
rights of the Parties pursuant to termination, MedImmune shall have no liability to Innate for any fees, reimbursements or other compensation or for any loss, cost, claim or damage resulting, directly or indirectly, from such termination. At the sole discretion of MedImmune, any breach of an Innate obligation with respect to its obligation in this subsection (c) may be cured (if capable of being cured) within a reasonable period of time after learning of such material breach or Material Anti-Corruption Law Violation.

13.4 DISCLAIMER OF WARRANTY. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN SECTION 13 NEITHER PARTY MAKES ANY REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR ANY WARRANTY AS TO THE VALIDITY OF ANY PATENTS OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

14 RECORD RETENTION, AUDIT AND USE OF NAME

Records Retention; Audit

14.1 Each Party shall keep or cause to be kept accurate records of account in accordance with IFRS, showing information that is necessary for the accurate determination of the royalties and other payments due under Section 10, or any other payment due hereunder. Such records or books of account shall be kept until the third (3rd) anniversary of December 31 of the Calendar Year in which the relevant Licensed Product is sold (in the case of royalty or other payments due under Section 10) or in the period for which any other payment hereunder is required to be made. For clarity, each Party shall cause its Affiliates to keep, and shall require pursuant to a written agreement that any Sublicensee, other sublicensee or subcontractor performing activities hereunder keep accurate records or books of account in a manner that will permit such Party to comply with its obligations under the foregoing sentence.

88
14.2 Upon the written request of the other Party, each Party shall permit a qualified accountant or a person possessing similar professional status and associated with an independent accounting firm acceptable to the Parties to inspect during regular business hours and no more than once a year and once in any given Calendar Year, and going back no more than three (3) years preceding the current Calendar Year, all or any part of the audited Party’s records and books necessary to check the accuracy of any payments made or required to be made hereunder. The accounting firm shall disclose to Innate and MedImmune only whether the payments made are correct and details concerning any discrepancies, but no other information. The charges of the accounting firm shall be paid by the Party requesting the inspection, except that if the payments being audited have been underpaid or the costs being reimbursed have been overstated by more than [***], the charges will be paid by the Party whose records and books are being inspected. Any failure by a Party to exercise its rights under this Section 14.2 with respect to a Calendar Year within the three (3) year period allotted therefor shall constitute a waiver by such Party of its right to later object to any payments made by the other Party under this Agreement during such Calendar Year.

Publicity Review

14.3 Subject to the remainder of this Section 14.3 and to Section 11, no Party shall originate any written publicity, news release, or other announcement relating to this Agreement or the existence of it or to performance hereunder (collectively, “Written Disclosure”), without the prior written approval of the other, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, any Party may make public Written Disclosures it believes in good faith are required by Applicable Laws or any listing or trading agreement concerning its publicly traded securities, provided that, prior to such Written Disclosure, the disclosing Party shall where reasonably practicable provide the other Party with a copy of the materials proposed to be disclosed and an opportunity to promptly review and comment. If the receiving Party reasonably requests that any information in the materials proposed to be disclosed be deleted, the disclosing Party shall use reasonable efforts to request confidential treatment of such information pursuant to any applicable regulation relating to the confidential treatment of information. The terms of
this Agreement may be disclosed to (a) Government Agencies where required by Applicable Laws, provided that the Party making such disclosure seeks a protective order or confidential treatment of this Agreement to the extent allowed under Applicable Laws, (b) Third Parties having a need to know information for purposes of performing under this Agreement or advising a Party with respect to its performance under this Agreement or its business or legal obligations, or (c) Third Party investment bankers, financial advisors, actual or potential Third Party partners, licensors, investors, licensees, sublicensees or acquirers of any of the assets to which this Agreement relates; provided, that, disclosures under subsections (b) or (c) shall be made on a need to know basis under confidentiality obligations at least as strict as those contained herein and the Party having made such disclosures shall be liable to the other for any breach of such confidentiality obligation by the Third Party recipient. Notwithstanding the foregoing, the Parties intend to issue jointly press releases regarding material events occurring with respect to the Development or Commercialization of Licensed Products pursuant to this Agreement. Such material events may include without limitation the commencement or completion of a Phase 3 Clinical Trial for Licensed Products, the filing of a Drug Approval Application, and the receipt of Regulatory Approval for Licensed Products. The content of any such press releases shall be agreed upon by the Parties in advance of any such announcement being provided to any Third Party.

Use of Names

14.4 Neither Party shall use the name, insignia, symbol, trademark, trade name or logotype of the other Party or its Affiliates in relation to this transaction or otherwise in any public announcement, press release, or other public document without the prior written consent of such other Party, which consent shall not be unreasonably withheld, delayed or conditioned, except for those disclosures for which consent has previously been obtained; provided, however, that either Party may use the name of the other Party in any document required to be filed with any government authority, including without limitation the FDA and the Securities and Exchange Commission or otherwise as may be required by Applicable Laws, provided that such disclosure shall be governed by Section 11. Further, the restrictions imposed on each Party under this Section 14.4 are not intended, and shall not be construed, to prohibit a Party from identifying the
other Party in its internal business communications, provided that any Confidential Information in such communications remains subject to Section 11. Moreover, and notwithstanding the foregoing, MedImmune and its Affiliates and Sublicensees and Innate and its Affiliates shall have the right to use the name of Innate and its Affiliates to the extent necessary or useful in connection with the Exploitation of the Licensed Products or perform the activities as contemplated by this Agreement in their negotiations and work with subcontracting and sublicensing transactions in connection therewith provided that any Confidential Information in such communications remains subject to Section 11.

15 TERM AND TERMINATION

15.1 Term. The term of this Agreement shall commence as of the Effective Date and, unless sooner terminated as provided herein, shall continue in effect until the date on which all of MedImmune's payment obligations under Section 10 have been performed or have expired (the "Term").

15.2 Termination Rights

Termination for Cause

(i) Subject to the provisions of this Section 15.2(i), if either Party (the "Breaching Party") shall have committed a material breach of any of its material obligations under this Agreement, and such material breach shall remain uncured and shall be continuing for a period of [***] following the Breaching Party's receipt of notice of such breach from the other Party (the "Breach Invoking Party") stating the Breach Invoking Party's intent to terminate this Agreement in its entirety pursuant to this Section 15.2(i) if such breach remains uncured, then, in addition to any and all other rights and remedies that may be available, the Breach Invoking Party shall have the right to terminate this Agreement effective upon the expiration of such [***] period (subject, however, to the provisions set forth below in this Section 15.2(i). Notwithstanding the above, if (i) such material breach cannot reasonably be cured within such [***], (ii)
the Breaching Party provides, within such [***], the Breach Invoking Party with a written detailed plan that contains measures that can be reasonably expected to cure such breach as soon as reasonably practicable but no later than within [***], and (iii) the Breaching Party commences to perform such measures in accordance with such plan, and (iv) the Breaching Party thereafter diligently continues to perform such measures as detailed in such plan, then the Breach Invoking Party shall not be entitled to terminate this Agreement (and any notice of termination issued pursuant to the foregoing sentence shall not become effective) unless and until the Breaching Party ceases to diligently perform such measures despite then not having cured the breach or does not cure the breach during the timeframe set forth in the plan. Notwithstanding the above, if within the aforementioned [***] period either Party takes measures to resolve the dispute (for which termination is being sought) pursuant to Section 17.2 and thereafter (if the dispute then remains unresolved) within a period of [***] after the expiry of the time period set forth in Section 17.2, initiates arbitration as permitted under Section 17.3 to resolve the dispute and diligently pursues such procedure, then termination shall be suspended until the arbitration tribunal determines through its final resolution of the dispute that such breach exists. This Section 15.2 (i) defines exclusively the Parties’ right to terminate this Agreement for any material breach of contract.

Termination for Convenience

(ii) Prior to its expiration, this Agreement may be terminated in its entirety at any time by MedImmune effective upon one hundred and twenty (120) days (or such longer period as MedImmune may elect at its sole discretion) prior written notice to Innate.

Termination for Insolvency

(iii) A Party may terminate this Agreement effective immediately upon written notice to the other Party if at any time during the Term,
the other Party (the “Debtor”) (i) becomes insolvent, (ii) files for or is subject to the institution of bankruptcy, liquidation or receivership proceedings, (iv) assigns all or a substantial portion of its assets for the benefit of creditors, (v) has a receiver or custodian appointed for the Debtor’s business, or (vi) has a substantial part of its business being subject to attachment or similar process; provided, however, that in the event of any involuntary case the first Party shall not be entitled to terminate this Agreement pursuant to this subsection 15.2(iii) if the case is dismissed within sixty (60) days after the commencement thereof.

Termination for Patent Challenge

(iv) Termination by Innate for Patent Challenge. Except to the extent the following is not enforceable under the law of a particular jurisdiction, this Agreement may be terminated by Innate in its entirety upon written notice to that effect to MedImmune, if MedImmune or any of its Affiliates has challenged the validity, enforceability or scope of any Licensed Patent (an “IP Challenge”) and failed to withdraw the IP Challenge within [***] after having received Innate’s written notice of the IP Challenge requiring such IP Challenge to be withdrawn (including notice of Innate’s intention to otherwise terminate this Agreement). This Section 15.3(iv) shall not apply in relation to any IP Challenge made by MedImmune as a counterclaim or defence in response to an action brought by Innate, its Affiliates or any Third Party licensee or licensor of Innate or its Affiliates alleging infringement of a Licensed Patent by MedImmune for activities that do not relate to NKG2A.

Consequences of a MedImmune Triggered Termination

15.3 In the event (a) Innate terminates this Agreement pursuant to Section 15.2(i) for MedImmune’s material breach; (b) Innate terminates this Agreement
pursuant to Section 15.2(iii) for MedImmune's insolvency; (c) Innate terminates this Agreement pursuant to Section 15.2(iv); or (d) MedImmune terminates this Agreement pursuant to Section 15.2(ii) for convenience; (a termination as per (a) through (d) being an "MedImmune Triggered Termination"), MedImmune shall, subject to Section 15.4(i), continue to be obligated during the termination notice period (as applicable) to perform as far as reasonably practicable all of its obligations under this Agreement, except in the event of a termination pursuant to Section 15.2(ii) for material safety concerns. For purposes of this Section 15.3 and Section 15.4, “material safety concerns” shall the reasonable belief, based upon new scientific data that there are safety and public health issues relating to the Licensed Product such that the medical benefit/risk ratio of such Product is sufficiently unfavorable as to materially compromise the welfare of patients. If a MedImmune Triggered Termination occurs after the first Regulatory Approval of a Licensed Product, MedImmune shall continue to use Commercially Reasonable Efforts to Commercialize such Licensed Product until the earlier of (i), if applicable, the expiration of the one hundred twenty (120) day notice period, in the event of a termination by MedImmune pursuant to Section 15.2(ii) other than for material safety concerns; (ii) receipt of Innate’s written notice that MedImmune may cease such Commercialization activities; or (iii), if applicable, the effective date of the termination notice. In addition, as a result of a MedImmune Triggered Termination the following shall apply:

(i) All licenses and rights to the Licensed Technology granted to MedImmune hereunder shall terminate as of the effective date of such termination, except to the extent and for so long as is necessary to permit MedImmune to meet its obligations under this Agreement, to finish work-in-progress and sell any inventory as per Section 15.3(xi) and to otherwise perform any responsibilities in connection with any then ongoing Clinical Trial or other activity that cannot be terminated as of such date under Applicable Laws, including GCP, it being agreed that all such activities and responsibilities shall be discontinued and ceased (unless otherwise agreed or required under Applicable Laws by transitioning such activities and responsibilities to Innate) as promptly as possible, subject to Applicable Laws, including GCP.
(ii) If the notice of the MedImmune Triggered Termination is given at a time when the Clinical Trials or any other Assigned Activities have been initiated but not yet completed, then the Parties shall work together in good faith during the termination notice period to ensure that MedImmune’s involvement in and responsibilities for such activities will be discontinued and ceased as efficiently and promptly as possible (by way of transitioning such involvement and responsibilities to Innate or by other means agreed to by the Parties), subject to Applicable Laws, including GCP, and provided that the foregoing shall be without prejudice to MedImmune’s obligations under this Agreement and rights under Section 15.3(xi) and that provided further that, with respect to any Clinical Trial related to the Licensed Product for which a Contract Research Organisation has been contracted or the first patient has been dosed, whichever is the earlier, MedImmune shall pay to Innate, upon the effective date of termination, its unpaid portion of the Shared Development Costs, as budgeted in the corresponding Development Budget until completion of such Clinical Trial (i.e., final report sent to the Regulatory Authorities).

(iii) MedImmune shall grant, and hereby grants to Innate an exclusive, worldwide, royalty-bearing right and license, with the right to grant sublicenses, under any MedImmune Technology solely to the extent incorporated into or necessary for the Exploitation of the Licensed Products, or applicable to the use, formulation, method of making or method of treatment of Licensed Products as they exist as of the effective date of the MedImmune Triggered Termination solely to Exploit Licensed Antibodies and Licensed Products in the Territory, provided that Innate shall indemnify, defend and hold harmless MedImmune, its Affiliates and each of its and their respective employees, officers, directors and agents as set forth in Section 16.3 from and against any Damages arising out of or resulting from Third Party Claims that arise or result from Innate’s or its sublicensees’ activities performed under the foregoing license and further provided that such license shall not include a license to any confidential manufacturing or CMC related
Information ("MedImmune Manufacturing Technology") related to the Licensed Products. If any MedImmune Manufacturing Technology is being used in relation to the Licensed Products at the date of termination the Parties will negotiate in good faith to agree within [***] of the notice of termination terms under which MedImmune will continue to make the Licensed Products on behalf of Innate, which terms shall include a supply price equal to the Transfer Price plus a mark-up of [***], or such technology will be provided to a CMO on terms satisfactory to MedImmune to allow the CMO to make the Licensed Product on behalf of Innate, provided that such technology transfer (including any comparability studies costs) shall be at MedImmune’s costs.

(iv) Each Party shall return all data, files, records and other materials in its possession or Control containing or comprising the other Party’s Confidential Information to which such first Party does not retain rights hereunder (except one copy thereof, which may be retained by the returning Party solely for legal archive purposes).

(v) MedImmune shall, where permitted under Applicable Laws, as promptly as reasonably practical transfer to Innate all INDs, Drug Approval Applications, and Regulatory Approvals with respect to Licensed Antibodies and Licensed Products (but not with respect to any other compounds or products), and shall take such other actions and execute such other instruments, assignments, and documents as may be necessary to effect the transfer of rights hereunder to Innate or its designee at MedImmune’s expense. Innate shall indemnify and hold harmless MedImmune, its Affiliates and each of its and their respective employees, officers, directors, and agents as set forth in Section 16.3 from and against any Losses arising out of or resulting from Third Party Claims that arise or result from Innate’s, its Affiliates’ or its sublicensees’ Exploitation of the Licensed Antibodies or Licensed Products under any INDs, Drug Approval Applications or Regulatory Approvals transferred hereunder.
(vi) MedImmune will assign (or cause its Affiliates to assign) to Innate or its designee, at Innate’s request, all of MedImmune’s (or its Affiliates’) rights and obligations under agreements with Third Parties with respect to (i) the conduct of Clinical Trials for each Licensed Product, including Agreements with contract research organizations, clinical sites and investigators that relate to Clinical Trials in support of Regulatory Approvals in the Territory, (ii) the Manufacture of Licensed Antibodies or Licensed Product (subject to MedImmune’s obligations to manufacture after termination), and (iii) any other Third Party agreements involving the Development or Commercialization of the Licensed Products, unless in each of (i) through (iii), such agreement is not permitted to be assigned pursuant to its terms or relates to products other than Licensed Products, in which case MedImmune will cooperate with Innate in all reasonable respects to transfer as promptly as reasonably practical to Innate the benefit of such contract (against Innate undertaking to perform all the obligations and assume all liabilities under such contract) in another mutually acceptable manner and upon Innate’s request facilitate discussions between Innate and such Third Parties to assist Innate in entering into a direct agreement with such Third Parties.

(vii) MedImmune shall at MedImmune’s sole cost and expense assign all of its rights in and to all Product Trademarks for Licensed Products (and all registrations and applications for registration therefor) that it owns pursuant to Section 12.6 (trademarks packaging and labelling) to Innate or its designee and Innate shall have the exclusive right (but not the obligation) to enforce the Product Trademark rights against infringers.

(viii) Upon Innate’s request, MedImmune shall transfer to Innate copies of all materials, data, results, analyses, reports, websites, marketing materials, technology, regulatory filings and other Information and Materials existing in tangible or electronic form at the effective date of the MedImmune Triggered Termination, that is Controlled by MedImmune and has been generated on or
before the effective date of such termination by or on behalf of MedImmune, its Affiliates or Sublicensees with respect to the Licensed Products ("MedImmune Product Data") and Innate shall have the right to use on a non-exclusive basis such MedImmune Product Data solely related to the Licensed Products and non-exclusive basis all other MedImmune Product Data to the extent necessary or useful to enable Innate to proceed to Develop, Manufacture and Commercialize Licensed Products upon and after termination of this Agreement, provided that Innate shall indemnify and hold harmless MedImmune, its Affiliates and each of its and their respective employees, officers, directors and agents as set forth in Section 16.3 from and against any Damages arising out of or resulting from Third Party Claims that arise or result from the use of any MedImmune Product Data hereunder.

(ix) As the sole consideration of the foregoing transfer of MedImmune Product Data and, if applicable, INDs, Drug Approval Applications, Regulatory Approvals, Product Trademarks and license and any other rights granted under the above provisions in this Section 15.4, Innate shall pay to MedImmune royalty payments pursuant to Section 10 at rates reduced by [***] if the Agreement is terminated [***] or reduced by [***] if this Agreement is terminated [***], calculated as if all Net Sales by Innate or its Affiliates or sublicensees in the Territory were Net Sales by MedImmune, provided that in the event that the Agreement has been terminated by Innate pursuant to Section 15.2(i) due to MedImmune’s material breach no royalty shall be due by Innate to MedImmune;

(x) For the avoidance of doubt the rights granted to Innate under this Section 15.3 are restricted to Licensed Antibodies and Licensed Products and MedImmune does not grant any rights whatsoever to any other compounds or products (other for the avoidance of doubt than the MedImmune Compounds forming part of the Licensed Product prior to the effective date of termination as a fixed dose combination or in a co-packaged form, in relation to
which the Parties will agree reasonable terms relating to the supply by MedImmune of the MedImmune Compound contained in such fixed dose combination or co-packaged form within [***] of the date of notice of termination and at a supply price equal to the Transfer Price plus a mark-up of [***] or to any Intellectual Property Rights other than as set forth in this Agreement. If the Licensed Product is being promoted to be co-prescribed with a MedImmune Compound, Innate’s rights under this Section 15.3 shall be limited to being able to promote the Licensed Product in such co-prescribed combination. Moreover, MedImmune shall not be obligated to provide Innate with any other IPR or other rights or services than that which is explicitly provided for under this Section 15.3.

(xi) MedImmune shall be entitled, during a period of [***] following the MedImmune Triggered Termination, to finish any work-in-progress to sell any inventory of the Licensed Product that remains on hand as of the date of the termination, so long as MedImmune pays to Innate the royalties applicable to said subsequent sales in accordance with the terms and conditions set forth in this Agreement; provided that MedImmune’s rights under this Section 15.3(xi) shall be subject to Innate’s prior written consent, which shall not be unreasonably withheld, delayed or conditioned, further provided that Innate’s consent shall not be required if MedImmune is selling Licensed Product to satisfy existing obligations to MedImmune customers.

(xii) Notwithstanding anything else set forth in this Agreement but without prejudice to MedImmune’s obligations pursuant to Section 15.3 (ii), (i) MedImmune shall not have any obligations to continue any Development, Manufacture or Commercialization of the relevant Licensed Antibody or Licensed Product if MedImmune has terminated this Agreement pursuant to Section 15.2(ii) with reference to any material safety concerns; and (ii) should Innate elect to pursue any Development, Manufacture or Commercialization of the relevant Licensed Antibody or Licensed
Product following any such termination by MedImmune, Innate shall - without prejudice to or limitation of any other or further obligations Innate may have to MedImmune under this Agreement (including Section 16.3) - indemnify MedImmune for any Third Party claims arising from Innate’s Development, Manufacture or Commercialization after the effective date of the termination of the relevant Licensed Antibody or Licensed Product as set forth in Section 16.

(xiii) The provisions of this Section 15 shall be Innate’s exclusive remedy in the event of MedImmune’s termination pursuant to Section 15.2 (ii).

Consequences of Termination (or Right to Terminate) by MedImmune for Innate’s breach or insolvency

15.4 If MedImmune is entitled to terminate this Agreement pursuant to Section 15.2(ii) as a result of a material breach by Innate or Section 15.2(iii) for an insolvency or other transaction described therein affecting Innate, MedImmune may elect to terminate this Agreement subject to the provisions set forth in Section 15.4(i), or to continue the Agreement subject to the provisions set forth in Section 15.4 (ii).

(i) If MedImmune terminates the Agreement under Section 15.2(i) or under Section 15.2(iii), the Parties will negotiate in good faith the transfer of rights back to Innate in respect of Licensed Products consistent with the terms of Section 15.3, provided that such transfer shall be at Innate’s cost.

(ii) If MedImmune has the right to terminate this Agreement under Section 15.2(i) or Section 15.2(iii), MedImmune may elect to continue this Agreement by providing written notice to Innate that it is invoking this clause. In such event, this Agreement shall continue in full force and effect except as follows:

(A) Innate’s rights under the Co-Promote Option (whether or
not exercised prior to the termination) shall terminate and the Profit/Loss share will be adjusted in accordance with Section 8.4.

(B) Innate shall, at MedImmune’s request, cease any Development, Manufacturing or Commercialization activities performed by Innate pursuant to this Agreement (but Innate’s right to co-fund the Development pursuant to this Agreement and share Profit shall continue in full force and effect subject to any adjustment made pursuant to (A) above), Innate shall cease to have the right to participate in the DCC and SCC, and, upon such request, Innate shall furnish MedImmune with reasonable cooperation to assure a smooth transition to MedImmune (or its designee) of any such activities then being conducted or performed by Innate.

(C) Innate shall return all data, files, records and other materials in its possession or Control containing or comprising MedImmune’s Confidential Information to which Innate does not retain rights hereunder (except one copy thereof, which may be retained by Innate solely for legal archive purposes).

15.5 Except where expressly provided for otherwise in this Agreement, termination of this Agreement by either Party shall not relieve the Parties of any liability, including without limitation any obligation to make payments hereunder, which accrued hereunder prior to the effective date of such termination, nor preclude any Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement, nor prejudice any Party’s right to obtain performance of any obligation. In the event of such termination, this Section 15.5 shall survive in addition to others specified in this Agreement to survive in such event.

15.6 Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by a Party are, and shall otherwise be deemed to be, for the purposes of Section
of the United States Bankruptcy Code, licenses of rights to “intellectual property” as defined under Section 101 of the United States Bankruptcy Code or equivalent provisions of applicable legislation in any other jurisdiction. The Parties agree that the Parties, as licensees of such rights under this Agreement, shall retain and may fully exercise all of their rights and elections under the United States Bankruptcy Code, or equivalent provisions of applicable legislation in any other jurisdiction. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against either Party under the United States Bankruptcy Code or equivalent provisions of applicable legislation in any other jurisdiction, the Party that is not a party to such proceeding shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, which, if not already in the non-subject Party’s possession, shall be promptly delivered to it (a) upon any such commencement of a bankruptcy proceeding upon the non-subject Party’s written request therefor, unless the Party subject to such proceeding elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under subsection (a) above, following the rejection of this Agreement by or on behalf of the Party subject to such proceeding upon written request therefor by the non-subject Party.

15.7 **Change of Control of Innate.** Innate shall provide to MedImmune written notice of any Change of Control of Innate as soon as practicable after the effective date of an agreement pursuant to which such Change of Control would be effected, but in any event within [***] of the closing of the Change of Control transaction. Upon any Change of Control of Innate, the following shall apply [***].

15.8 **Surviving Rights and Obligations.** The rights and obligations set forth in this Agreement shall extend beyond the expiration or termination of the Agreement only to the extent expressly provided for herein, or to the extent that the survival of such rights or obligations are necessary to permit their complete fulfilment or discharge. Without limiting the foregoing, the Parties have identified various rights and obligations which are understood to survive, as follows: In the event of expiration or termination of this Agreement for any reason, the following provisions shall survive in addition to others specified in

102
this Agreement to survive in such event: Sections 1, 2.1, 3.14, 6.4, 10 (solely to the extent provided in Sections 15.3 and 15.4), 11, 12.2, 14.1, 14.2, 15.3, 15.4, 15.5, 15.8, 15.9, 16 (solely as to actions arising during the term of this Agreement, or as to activities conducted in the course of a Party’s exercise of licenses surviving after the term of this Agreement), 17 and 18.6 to 18.12.

15.9 **Accrued Rights.** Termination, relinquishment, or expiration of the Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of either Party prior to such termination, relinquishment, or expiration, including without limitation damages arising from any breach hereunder. Such termination, relinquishment, or expiration shall not relieve either Party from obligations that are expressly indicated to survive termination or expiration of the Agreement.

16 **INDEMNIFICATION**

16.1 **LIMITATION OF LIABILITY.** EXCEPT IN CIRCUMSTANCES OF NEGLIGENCE OR INTENTIONAL MISCONDUCT BY A PARTY OR ITS AFFILIATES, OR WITH RESPECT TO THIRD PARTY CLAIMS UNDER SECTIONS 16.1 AND 16.2, IN NO EVENT SHALL EITHER PARTY OR ITS RESPECTIVE AFFILIATES AND SUBLICENSEES BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHETHER IN CONTRACT, WARRANTY, TORT, STRICT LIABILITY, OR OTHERWISE. This Section 16 shall not limit either Party’s obligations under Section 11.

16.2 **Indemnification.** MedImmune hereby agrees to indemnify, defend, and hold harmless Innate, its Affiliates, and each of its and their respective employees, officers, directors and agents from and against any and all Damages incurred by them resulting from or arising out of or in connection with any suits, claims, actions or demands made or brought by a Third Party (collectively, “Third Party Claims”) against Innate, its Affiliates or their respective employees, officers, directors or agents, that result from or arise out of the Development, Manufacture, use, handling, storage, Commercialization, or other disposition of Licensed Products by MedImmune or its Affiliates, agents, Distributors, Sublicensees or other sublicensees in the Territory (including with respect to any Product Liability Claim), except in any case, to the extent such Damages are Damages for which Innate has an obligation to indemnify MedImmune, its
16.3 Innate hereby agrees to indemnify, defend and hold harmless MedImmune, its Affiliates, and each of its and their respective employees, officers, directors and agents from against any and all Damages incurred by them resulting from or arising out of or in connection with any Third Party Claims against MedImmune, its Affiliates or their respective employees, officers, directors or agents, that result from or arise out of (i) the Manufacture, use, handling, storage, sale or other disposition of Licensed Products by Innate or its Affiliates, agents, distributors or sublicensees prior to the Effective Date or (ii) any material breach by Innate of its obligations hereunder with respect to Innate’s activities in the Development, Detailing, Pre-Approval Activities and Other Promotional Activities related to the Licensed Product and assigned to Innate pursuant to this Agreement; except in any case, to the extent such Damages are Damages for which MedImmune has an obligation to indemnify Innate, its Affiliates or their respective employees, officers, directors or agents pursuant to Section 16.2, as to which Damages each Party shall indemnify the other to the extent of their respective liability for such Damages.

16.4 Mechanism. In the event that a Party (the “Indemnified Party”) is seeking indemnification under Section 16.2 or 16.3, it shall notify the other Party (the “Indemnifying Party”) in writing of the relevant Third Party Claim and the relevant Damage for which indemnification is sought as soon as reasonably
practicable after becoming aware of such claim. Such notices shall contain a description of the Third Party Claim and the nature and amount of the Damage (to the extent known). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of such Third Party Claim or Damage. For the avoidance of doubt, all indemnification claims in respect of a Party, its Affiliates, and each of its and their respective employees, officers, directors and agents shall be made solely by such Party to this Agreement. To the extent that the Indemnifying Party irrevocably commits to indemnify any Indemnified Party in respect of the Third Party Claim, the Indemnified Party shall permit the Indemnifying Party to assume direction and control of the defense of the relevant Third Party Claim (including without limitation the right to settle the claim solely for monetary consideration), and shall cooperate as requested (at the expense of the Indemnifying Party) in the defense of the claim.

16.5 Notwithstanding Section 16.1, the failure to give timely notice to the Indemnifying Party shall not release the Indemnifying Party from liability to the Indemnified Party to the extent the Indemnifying Party is not prejudiced thereby and, for the avoidance of doubt, the Indemnifying Party shall not be liable to the extent any Damage is caused by any delay by the Indemnified Party in providing such notice. Notwithstanding the provisions of Section 16.4 requiring the Indemnified Party to tender to the Indemnifying Party the exclusive ability to defend such claim, if the Indemnifying Party does not satisfy the condition set forth in Section 16.4 to, or declines to or fails to timely assume control of the relevant Third Party Claim, the Indemnified Party shall be entitled to assume such control, conduct the defense of, and settle such claim, all at the sole costs and expense of the Indemnifying Party; provided, however, that neither Party shall settle or dispose of any such claim in any manner that would adversely affect the rights or interests or admit fault, of the other Party without the prior written consent of such other Party, which shall not be unreasonably withheld, delayed or conditioned. Each Party, at the other Party's expense and reasonable request, shall cooperate with such other Party and its counsel in the course of the defense or settlement of any such claim, such cooperation to include without limitation using reasonable efforts to provide or make available documents, information, and witnesses.
16.6 **Insurance.** Each Party shall have and maintain such type and amounts of liability insurance covering the Manufacture, supply, use and sale of the Licensed Antibodies and the Licensed Products as is normal and customary in the pharmaceutical industry generally for Persons similarly situated, and shall upon request provide the other Party with a copy of its policies of insurance in that regard, along with any amendments and revisions thereto.

16.7 **Employees who Transfer under the Regulations.** Innate and MedImmune do not intend that as a consequence of the transaction effected hereunder any employees of Innate or any of its Affiliates ("Employees") shall transfer to MedImmune or to Innate (or their Affiliates or successors) under this Agreement or by operation of law. If, under the Regulations, the contract of employment of any person is found or alleged to have effect after the Effective Date as if originally made with MedImmune or Innate or their Affiliates or successors) (the "Concerned Party"), as a consequence of the transaction effected hereunder and to the extent permitted by Applicable Laws (an "Unexpected Transfer Employee"):

(a) The Concerned Party will, upon becoming aware of any Unexpected Transfer Employee, notify the other Party immediately or as soon as is reasonably practicable in writing;

(b) The other Party agrees that in consultation with the Concerned Party, it will within [***] of being so requested by the Concerned Party (as long as the request is made no later than [***] after notification under Section 16.7 (a) above), make (or procure there is made) to that Unexpected Transfer Employee an offer in writing to employ him under a new contract of employment to take effect upon the termination referred to below on the same terms and conditions that person’s contract of employment immediately before the Effective Date, or on terms and conditions which, when taken as a whole, do not materially differ from the terms and conditions of employment of that person immediately before the Effective Date (save as to the identity of the employer and any terms relating to an occupational pension scheme). The Concerned Party shall give the other Party all reasonable co-operation and assistance to procure that the Unexpected Transfer Employee accepts the offer of employment;
(c) upon the expiry of [***] following the offer in Section 16.7(b) being made (or on the expiry of [***] from the Concerned Party's request under Section 16.7(b) if the offer is not made as requested), the Concerned Party may terminate the employment of the Unexpected Transfer Employee provided that:

(i) it does so in accordance with all legal requirements and any procedure that may be given to it by the other Party; and

(ii) it takes all other steps to mitigate any payments or entitlements due to the Unexpected Transfer Employee and any potential liability of the other Party under the indemnity at Section 16.7(d).

(d) Provided that the termination is effected within [***] of the notification under Section 16.7(a) above, the other Party shall indemnify the Concerned Party for any Employment Liabilities in relation to:

(A) the employment of the Unexpected Transfer Employee after the Effective Date until any such termination (save to the extent that the Concerned Party has acted unlawfully in respect thereof); and

(B) the termination of employment of the Unexpected Transfer Employee.

16.8 Mutual Assistance. MedImmune and Innate shall give each other any assistance that either may reasonably require to comply with the Regulations in relation to the Unexpected Transferring Employees and in contesting any claim by any Employee at or before the Effective Date resulting from or in connection with this Agreement.

17 GOVERNING LAW AND ARBITRATION

17.1 Governing Law. The interpretation and construction of this Agreement (including non-contractual disputes) shall be governed by the laws of England and Wales excluding any conflicts or choice of law rule or principle that might
otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

17.2 **Referral of Disputes to the Parties Senior Executives.** In the event of any dispute between the Parties arising out of or in connection with this Agreement, either Party may, by written notice to the other, have such dispute referred to the Senior Executives for attempted resolution by good faith negotiations within [***] after such notice is received.

17.3 **Arbitration.** In the event the Parties are unable to resolve a dispute in accordance with Section 17.2 any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the Arbitration Rules of the International Chamber of Commerce (ICC), which Rules are deemed to be incorporated by reference into this clause. The seat, or legal place, of arbitration shall be London. The language to be used in the arbitral proceedings shall be English.

17.4 **Preliminary Injunctions.** Notwithstanding anything to the contrary, a Party may seek a temporary restraining order or a preliminary injunction from any court of competent jurisdiction in order to prevent immediate and irreparable injury, loss, or damage on a provisional basis, pending the decision of the arbitrator(s) on the ultimate merits of any dispute.

17.5 **Patent Disputes.** Notwithstanding anything to the contrary, any and all issues regarding the scope, inventorship, construction, validity, or enforceability of Patents shall be determined in a court of competent jurisdiction under the local patent laws of the jurisdictions having issued the Patents in question.

18 **ASSIGNMENT; PERFORMANCE BY AFFILIATES; GENERAL**

18.1 Neither Party may assign any of its rights or obligations under this Agreement in any country in whole or in part without the prior written consent of the other Party, except that each Party shall have the right, without such consent, (i) to perform any of its obligations and exercise any of its rights under this Agreement through, and to assign all of its rights and obligations under this
Agreement to, any of its Affiliates; and (ii) on written notice to the other Party, to assign all of its rights and obligations under this Agreement to a non-Affiliate successor in interest, whether by merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, to all or substantially all of the business to which this Agreement relates (meaning a business which constitutes more than solely the Research, Development, Exploitation of Licensed Products). In the event that a Party performs its obligations or exercises its rights under this Agreement through an Affiliate or assigns its rights and obligations to an Affiliate as permitted under this Section 18, doing so shall not relieve the relevant Party of its responsibilities for the performance of its obligations under this Agreement, and the relevant Party shall remain responsible for the performance by its Affiliates and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance).

18.2 This Agreement shall survive any succession of interest permitted pursuant to Section 18, whether by merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, provided, that, in the event of such merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, no Intellectual Property Rights of the acquiring corporation and its Affiliates (other than a Party and its Affiliates prior to such acquisition) shall be included in the technology licensed hereunder, unless such Intellectual Property Rights arise as a result of the performance of this Agreement by such corporation after such transaction becomes effective.

18.3 This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties. Any assignment not in accordance with this Agreement shall be void.

18.4 **Further Actions.** Each Party agrees to execute, acknowledge, and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

18.5 **Force Majeure.** In this Agreement, "**Force Majeure**" means an event which is beyond a non-performing Party's reasonable control, including an act of God,
strike, lock-out or other industrial/labour disputes (whether involving the workforce of the Party so prevented or of any other Person), war, riot, civil commotion, terrorist act, epidemic, quarantine, fire, flood, storm, earthquake or natural disaster. A Party that is prevented or delayed in its performance under this Agreement by an event of Force Majeure (a "Force Majeure Party") shall, as soon as reasonably practical but no later than thirty (30) days after the occurrence of a Force Majeure event, give notice in writing to the other Party specifying the nature and extent of the event of Force Majeure, its anticipated duration and any action being taken to avoid or minimize its effect. Subject to providing such notice and to this Section 18.5, the Force Majeure Party shall not be liable for delay in performance or for non-performance of its obligations under this Agreement, in whole or in part, except as otherwise provided in this Agreement, where non-performance or delay in performance has resulted from an event of Force Majeure. The suspension of performance allowed hereunder shall be of no greater scope and no longer duration than is reasonably required and the Force Majeure Party shall exert all reasonable efforts to avoid or remedy such Force Majeure.

18.6 Notices. Any notice, request, or other communication permitted or required under this Agreement shall be in writing, shall refer specifically to this Agreement, and shall be deemed given only if hand delivered, sent by an internationally recognised overnight delivery service, costs prepaid, or sent by email (providing such email is read receipted and such notice is also despatched by an internationally recognised overnight delivery service, costs prepaid, on same day) to the Party to whom notice is to be given at the following address (or at such other address such Party may have provided to the other Party in accordance with this Section 18).

If to MedImmune:

Address:

One MedImmune Way
Gaithersburg
MD20878

For the attention of: [***]
If to Innate:

Address:

Innate Pharma S.A.
17, Avenue de Luminy - BP 30191
13276 Marseille Cedex 09 FRANCE

Attention: [***]

Email: [***]

Such notice, shall be deemed to have been given as of the date delivered by hand, or on the second business day (at the place of delivery) after deposit with an internationally recognised overnight delivery service, whichever is the earlier.

18.7 Waiver. A Party’s failure to enforce, at any time or for any period of time, any provision of this Agreement, or to exercise any right or remedy shall not constitute a waiver of that provision, right or remedy or prevent such Party from enforcing any or all provisions of this Agreement and exercising any rights or remedies. To be effective any waiver must be in writing.

18.8 Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable, in any respect, then such provision will be given no effect by the Parties and shall not form part of this Agreement. To the fullest extent permitted by Applicable Law and if the rights and obligations of a Party will not be materially and adversely affected all other provisions of this Agreement shall remain in full force and effect and the Parties will use all reasonable efforts to negotiate a provision in replacement of the provision held invalid, illegal or unenforceable that is consistent with Applicable Law and achieves, as nearly as possible, the original intention of the Parties. To the fullest extent permitted by Applicable Law, the Parties waive any provision of law that would render any provision in this Agreement invalid, illegal or unenforceable in any respect.

18.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to constitute one and the same instrument.
18.10 **Entire Agreement.** This Agreement, including without limitation all schedules attached hereto, constitutes the entire agreement between the Parties with respect to the subject matter of the Agreement. This Agreement supersedes all prior agreements, whether written or oral, with respect to the subject matter of the Agreement. Each Party confirms that it is not relying on any representations, warranties or covenants of the other Party except as specifically set out in this Agreement. Nothing in this Agreement is intended to limit or exclude any liability for fraud. All Schedules referred to in this Agreement are intended to be and are hereby specifically incorporated into and made a part of this Agreement. In the event of any inconsistency between any such Schedules and this Agreement, the terms of this Agreement shall govern.

18.11 **Amendment.** Any amendment or modification of this Agreement must be in writing and signed by authorised representatives of both Parties.

18.12 **No Partnership.** It is expressly agreed that the relationship between Innate and MedImmune shall not constitute a partnership, joint venture, or agency. Neither Innate nor MedImmune shall have the authority to make any statements, representations, or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior consent of such other Party to do so.

18.13 **Further Assurance.** Each Party shall perform all further acts and things and execute and deliver such further documents as may be necessary or as the other Party may reasonably require to implement or give effect to this Agreement.
THIS AGREEMENT IS EXECUTED by the authorised representatives of the Parties as of the date first written above.

SIGNED for and on behalf of
Innate Pharma S.A.

/s/ Mondher Mahjoubi
Signature

Name: Mondher Mahjoubi
Title: CEO

SIGNED for and on behalf of
MedImmune Limited

/s/ Jane Osbourn
Signature

Name: Jane Osbourn
Title: VP of R&D
Schedule 1.8

Current Back-up

[***]
Schedule 1.66

Formulation Patent

[***]
Schedule 1.85

Current IPH2201

[***]
Schedule 1.92

Licensed Shared Patents

[***]
Schedule 1.95

Listed Patents

[***]
Schedule 1.109

DEFINITION OF NKG2A

[***]
Schedule 1.110

Non-Exclusively Licensed Patents

[***]
Schedule 1.124
Profit and Loss Reporting Schedule
[* * *]
Schedule 1.147

Third Party Agreements

[***]
Schedule 3.11

Confirmatory Patent License

FORM CONFIRMATORY PATENT LICENSE

[***]
Schedule 4.11(a)

Approved Third Parties

[***]
Schedule 4.11(b)

MedImmune Code of Conduct

[***]
Schedule 5.3
Parties' Representation on JPT

[***]
Schedule 5.7
Parties' Representation on DCC

[***]
Schedule 7.1

Development Costs Sharing Example

[***]
Schedule 7.4
Form Development Costs Report

[***]
Schedule 8.14
Form Commercialization Costs Report

[***]
Schedule 13.2(a)(i)
Owned Patents

[***]
Schedule 13.2(a)(ii)

Exclusively Licensed Patents

[***]
Schedule 13.2(a)(iv)

Listed Know-How

[***]
Schedule 13.2(m)
Current Manufacturing Specification

[***]
Schedule 13.2(n)
Current Contract Manufacturing Organisations
[***]
**AMENDMENT N°1**

**TO THE DEVELOPMENT AND OPTION AGREEMENT RELATING TO IPH2201**

THIS AMENDMENT (the “Amendment n°1”), effective as of October 22, 2018 (the “Amendment Effective Date”), is made by and between;

1. **INNATE PHARMA S.A.**, a company incorporated in France having its principal place of business at 117, Avenue de Luminy — BP 30191 13009 Marseille, France (“Innate”); and

2. **MEDIMMUNE LIMITED**, a company incorporated in England and Wales with company number 2451177 and with its registered office at Milstein Building, Granta Park, Cambridge CB21 6GH, United Kingdom (“MedImmune”).

Innate and Medimmune shall hereinafter be referred to individually as a “Party” and collectively as the “Parties”.

**BACKGROUND:**

(A) On 24 April 2015, Innate and MedImmune entered into, inter alia, a Development and Option Agreement relating to IPH2201 (the “Option Agreement”) to further develop IPH2201 and, upon MedImmune’s exercise of the Option (as such term is defined in the Option Agreement), enter into an agreed form Co-Development and License Agreement relating to IPH2201, attached to the Option Agreement at Schedule 1.41 (the “License Agreement”);

(B) MedImmune and Innate have agreed to transfer to MedImmune the responsibility for the manufacturing activities for IPH2201 prior to the exercise of the Option so that MedImmune will be responsible for supplying IPH2201 after depletion of Innate’s current inventory of GMP quantities of IPH2201 (the “Inventory”).

(C) MedImmune has indicated to Innate its intent to exercise the Option pursuant to the Option Agreement, by providing the exercise notice set forth in Exhibit 1, immediately after the amendment of certain terms of the License Agreement pursuant to this Amendment n°1.

(D) Accordingly, the Parties have agreed to modify certain terms of the License Agreement as set forth below.

**NOW THEREFORE, THE PARTIES HAVE AGREED AS FOLLOWS:**

**Article 1 - Definitions**

Capitalized terms used in this Amendment n°1 shall have the meaning ascribed to them in the Option Agreement or License Agreement (as applicable), except if they are otherwise defined in this Amendment n°1, in which case they shall have the meaning ascribed to them in this Amendment n°1.
Article 2 – Manufacturing, Revision of Development Plan

2.1 The Parties acknowledge that, prior to the Amendment Effective Date, MedImmune has elected to assume responsibility for the Manufacturing activities of IPH2201 and that, as far as each Party is aware, Innate has transferred to MedImmune prior to the Amendment Effective Date all information and documentation necessary or useful to Manufacture IPH2201 to MedImmune’s satisfaction. Accordingly, MedImmune shall assume responsibility for the Manufacturing activities of IPH2201 (including the completion of the CMC activities specified in the Development Plan with respect to IPH2201 and the manufacture of the Option Products), and, after depletion of the Inventory, shall supply or have supplied all of Innate’s requirements for IPH2201 for (i) the Initial Studies (as defined in the Option Agreement) and (ii) any Development activities assigned to be performed by Innate under the Development Plan (as defined in the License Agreement), all at [a Transfer Price (as defined in the License Agreement)] to be agreed upon between the Parties pursuant to Section 9.3 of the License Agreement (as amended below). The Parties have further agreed that Innate will perform, as part of the IPH2201-203 study (which forms part of the Initial Studies as defined in the Option Agreement), a study on the combination or combinations of IPH2201 with MEDI4736 as set out in the Development Plan to the Option Agreement (as amended) and that MedImmune will supply MEDI4736 to Innate for this purpose.

In view of the foregoing, Sections 9.1, 9.5 and 9.6 of the License Agreement are hereby deleted in their entirety. Sections 9.3 and 9.4 of the License Agreement are hereby amended to read in their entirety as follows:

“9.3 Costs. The Parties will discuss and agree the Transfer Price on an annual basis. The Transfer Price for any Licensed Products, Licensed Antibodies or MedImmune Compound supplied by MedImmune to Innate for the purposes of the Initial Studies (as defined in the Option Agreement) conducted by Innate pursuant to Section 4.2 shall be invoiced by MedImmune and paid by Innate within [***] after its receipt of such invoice. The Transfer Price for any Licensed Products or Licensed Antibodies otherwise supplied under this Agreement will be treated as [***]. In the event that Innate is co-funding Development in accordance with Section 7, the Transfer Price for such Licensed Products or Licensed Antibodies shall be [***].”

“9.4 Manufacturing and Supply Agreement. If a manufacturing and supply agreement (“MSA”) is required with regard to the supply of Licensed Product, Licensed Antibodies or MedImmune Compound by MedImmune to Innate, the Parties shall as soon as reasonably practicable negotiate and agree in good faith the terms of such MSA. The Parties shall then also enter into a separate Quality Assurance Agreement(s) (“QAA”) that shall define the manufacturing and supply quality responsibilities of the Parties. “

2.2 The Parties acknowledge that all Initial Studies (as defined in the Option Agreement) have not been completed on the Amendment Effective Date and that such studies will continue or commence, as applicable, pursuant to Section 4.2 of the License Agreement following MedImmune’s exercise of the Option. [***].

2.3 The Parties agree to co-fund the Phase 1 Clinical Trials and Phase 2 Clinical Trials outlined in Exhibit 3 to this Amendment n°1 pursuant to Section 7 of the License Agreement (as amended below). Such Clinical Trials shall form part of and be further described the Development Plan and Development Budget to be provided by MedImmune to Innate and reviewed and approved by the Parties, acting through the DCC pursuant to Section 4.5 of the License Agreement.

Furthermore, in view of the foregoing, Sections 7.1 and 7.3 of the License Agreement shall be amended to read in their entirety as follows:
7.1 It is acknowledged that on the Effective Date the [***] budget previously agreed by the Parties for the Initial Combination Study under the Combination License Agreement has not been fully spent. The Parties agree that the remaining unspent portion of such budget, as at the Effective Date estimated to be [***], (the "Residual Budget") shall be used to [***] (the "Co-Funded Phase 2 Clinical Trials"), some of which have been initiated prior to the date hereof, in accordance with the below provisions in this Section 7.1. The "Combination License Agreement" means the Co-Development and License Agreement Relating to IPH2201 in Combination with MEDI4736 and Tremelimumab entered into by the Parties on 24 April 2015.

The Parties agree to co-fund the Co-Funded Phase 2 Clinical Trials as follows: Until such time when the total Development Costs for the Co-Funded Phase 2 Clinical Trials equal the [***], each Party will provide [***] of the Development Costs for such trials (it being acknowledged that MedImmune’s [***] of the [***] has been pre-paid to Innate pursuant to the Combination License Agreement) and thereafter Innate will provide [***] of the total Development Costs for the Co-Funded Phase 2 Clinical Trials, with the remaining [***] being provided by MedImmune, provided, however, that Innate shall not be required to contribute more than [***] in accordance with the Development Budget. For clarity, Innate’s current commitment for Co-Funded Phase 2 Clinical Trials shall not exceed [***] unless [***]. For the avoidance of doubt, Innate’s refusal to [***] shall not be deemed a Co-Funding Withdrawal Notice for purposes of the License Agreement.

The co-funding arrangements in respect of the Co-Funded Phase 2 Clinical Trials pursuant to the above provisions in this Section 7.1 shall be separate from and without prejudice to Innate’s co-funding of Phase 3 Clinical Trials pursuant to the remaining provisions of this Section 7.

Subject to the remaining provisions of this Section 7 Innate shall further participate in the funding of each of the Phase 3 Clinical Trials of Licensed Products supporting Drug Approval Application in [***], such funding to be provided by Innate in the amount of thirty percent (30%) of the total Development Costs for each of such Phase 3 Clinical Trials with the remaining seventy (70%) percent being provided by MedImmune, provided that neither Party shall be required to contribute more than their agreed percentage share of Development Costs for the Phase 3 Clinical Trials in accordance with the Development Budget. The Development Budget is anticipated to be [***] for each Clinical Trial in average across [***]. To the extent that a Party’s share of the Development Costs in accordance with the Development Budget exceeds [***] in the case of Innate or [***] in the case of MedImmune of the anticipated budget of [***], then the excess portion shall be payable by [***]. For the avoidance of doubt, the excess amount shall not be payable other than pursuant to the preceding sentence and if it cannot be paid in accordance with the preceding sentence, it shall not be payable by the non-sponsoring Party. The Parties have agreed that the first Phase 3 Clinical Trial will be sponsored by MedImmune, as will any additional Phase 3 Clinical Trials related to Licensed Products unless the Parties otherwise mutually agree. An example of such payment mechanism is attached as Schedule 7.1. The Parties may agree that Innate’s co-funding amount pursuant to this final paragraph of this Section 7.1 may be used to finance other Clinical Trials than the Phase 3 Clinical Trials. Innate shall have the option, upon providing written notice to MedImmune ("Co-Funding Withdrawal Notice") within [***] after receiving MedImmune’s Development Plan and Development Budget in accordance with Section 4.5 ("Opt Out Period"), not to participate in the Co-Funding. Such right to withdraw shall be exercisable once only in respect of the first Licensed Product. If Innate does not provide a Co-Funding Withdrawal Notice within the Opt Out Period described above Innate will be obliged to provide co-funding with respect to the applicable Licensed Product as described in this Section 7.1."
Article 3– Upfront Payment Term; Preparation of the Exercise of the Option; Effective Date of the License Agreement; Warranties; Notices

3.1 Subject to the Option being exercised on or prior to 23 October 2018, Section 10.1 of the License Agreement is hereby deleted and replaced by the following clause:

“10.1 As partial payment for the rights and licenses granted to MedImmune by Innate under this Agreement, MedImmune shall pay to Innate a nonrefundable one-time upfront payment of one hundred million US dollars (USD 100,000,000) no later than on [***]. The upfront payment shall not be refundable or creditable against any other payments MedImmune is obligated to make to Innate under this Agreement.”

3.2 Exhibit 4.1 hereto constitutes an updated set of disclosure Schedules with respect to Innate’s representations and warranties in the License Agreement. Exhibit 4.2 hereto sets out certain disclosures made by MedImmune with respect to MedImmune’s warranties in Section 13.3(a) of the License Agreement (as amended below). Exhibit 3 hereto is the Option exercise notice in its agreed form.

3.3 The Parties have jointly determined and hereby agree that no Competition Law Filing will be required for the performance of the License Agreement. Pursuant to Clause 2.2 of the License Agreement, the Parties acknowledge and agree that the Effective Date will be the Signing Date, as such terms are defined in the License Agreement.

3.4 The second sentence of Section 13.3 shall be amended to read in its entirety as follows:

“Such representations, warranties and covenants shall be considered to be restated by MedImmune as at the Effective Date, subject to MedImmune’s right to make disclosures against such representations, warranties and covenants with respect to matters which have arisen or come to the knowledge of MedImmune (with respect to representations made to MedImmune’s knowledge) between the effective date of the Development and Option Agreement and the Effective Date of this Agreement.”

Section 13.3(a) shall be amended to read in its entirety as follows:

“(a) No claim or litigation has been brought or threatened as of the Effective Date in relation to MEDI4736 (as defined below) or Tremelimumab (as defined below) by any Person making such allegations by written notice to MedImmune.

“MEDI4736” means the proprietary antibody Controlled by MedImmune or its Affiliate(s) known as MEDI4736, which is an antibody that binds PD-L1 and blocks the interaction of PD-L1 with programmed cell death protein 1. “Tremelimumab” means the proprietary antibody Controlled by MedImmune or its Affiliate(s) known as Tremelimumab, which is an antibody that targets CTLA-4.”
3.5 The second paragraph of Section 18.6 (MedImmune’s address) shall be amended as follows:

“If to MedImmune

Address:
One MedImmune Way
Gaithersburg
MD 20878

[***]

Article 4 - Miscellaneous

4.1 This Amendment n°1 represents an amendment to the Option Agreement and except as specifically set forth in this Amendment n°1, all of the provisions of the Option Agreement remain unchanged and in full force and effect as originally agreed.

4.2 The interpretation and construction of this Amendment n°1 (including non-contractual disputes) shall be governed by the laws of England and Wales excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Amendment n°1 to the substantive law of another jurisdiction. Any dispute arising out of or in connection with this Amendment n°1 shall be resolved pursuant to the dispute resolution provisions in the Option Agreement.

4.3 This Amendment n°1 may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to constitute one and the same instrument.
IN WITNESS WHEREOF, the Parties hereto have caused the Amendment n°1 to be executed as of the first date written above.

INNATE PHARMA S.A.  

By: /s/ Mondher Mahjoubi  
Name : Mondher Mahjoubi  
Title : CEO

MEDIMMUNE LIMITED

By:  
Name:  
Title:
IN WITNESS WHEREOF, the Parties hereto have caused the Amendment n°1 to be executed as of the first date written above.

INNATE PHARMA S.A. 

By: 
Name: 
Title: 

MEDIMMUNE LIMITED

By: /s/ Jane Osbourn
Name: Jane Osbourn
Title: VP R&D
Exhibit 1 – Exercise Notice

[***]

i
Exhibit 2
Initial Studies

[***]

ii
Exhibit 4.1 – Innate’s Updated Disclosure Schedule

[***]

iv
Exhibit 4.2 – MedImmune Disclosure Schedule

[***]

v
RE bâtals

A. WHEREAS, MedImmune and Innate are parties to a Co-Development and License Agreement relating to IPH2201 effective as of April 24, 2015, as amended (the “Agreement”).

B. WHEREAS, MedImmune and Innate are parties to the Co-Development and License Agreement Relating to IPH2201 in Combination with MEDI4736 and TREMELIMUMAB, dated April 24, 2015 (the “Combination License Agreement”).

C. WHEREAS, MedImmune provided Innate with the updated Development Plan and Development Budget on December 18, 2018. Accordingly, pursuant to Section 7.1 of the Agreement Innate must provide the Co-Funding Withdrawal Notice by [***].

D. WHEREAS, Innate [***].

E. WHEREAS, MedImmune has agreed to [***].

F. WHEREAS, the Parties have agreed to extend the Opt Out Period to allow Innate to consider the Additional Study Details.

G. WHEREAS, in accordance with Section 18.11 of the Agreement, the Parties hereto desire to amend and modify the Agreement in accordance with the terms and subject to the conditions set forth in this Amendment.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, CONDITIONS AND AGREEMENTS HEREIN CONTAINED, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Section 7.1 of the Agreement is hereby amended and restated in its entirety to read as follows:

“7.1 It is acknowledged that on the Effective Date the [***] budget previously agreed by the Parties for the Initial Combination Study under, and as defined in the Combination License Agreement has not been fully spent. The Parties agree that the remaining unspent portion of such budget, as at the Amendment Effective Date, estimated to be [***], (the “Residual Budget”), shall be used to [***] (the “Co-Funded Phase 2 Clinical Trials”), some of which have been initiated prior to the date hereof, in accordance with the below provisions in this Section 7.1.”
The Parties agree to co-fund the Co-Funded Phase 2 Clinical Trials as follows: Until such time when the total Development Costs for the Co-Funded Phase 2 Clinical Trials equal [***], each Party will provide [***] of the Development Costs for such trials (it being acknowledged that MedImmune’s [***] of [***] has been pre-paid to Innate pursuant to the Combination License Agreement) and thereafter Innate will provide [***] of the total Development Costs for the Co-Funded Phase 2 Clinical Trials, with the remaining [***] being provided by MedImmune, provided, however, that Innate shall not be required to contribute more than [***] in accordance with the Development Budget. For clarity, Innate’s current commitment for Co-Funded Phase 2 Clinical Trials shall not exceed [***] unless [***]. For the avoidance of doubt, Innate’s refusal to [***] shall not be deemed a Co-Funding Withdrawal Notice for purposes of the License Agreement. The co-funding arrangements in respect of the Co-Funded Phase 2 Clinical Trials pursuant to the above provisions in this Section 7.1 shall be separate from and without prejudice to Innate’s co-funding of Phase 3 Clinical Trials pursuant to the remaining provisions of this Section 7.

Subject to the remaining provisions of this Section 7 Innate shall further participate in the funding of each of the Phase 3 Clinical Trials of Licensed Products supporting Drug Approval Application in [***], such funding to be provided by Innate in the amount of thirty percent (30%) of the total Development Costs for each of such Phase 3 Clinical Trials with the remaining seventy (70%) percent being provided by MedImmune, provided that neither Party shall be required to contribute more than their agreed percentage share of Development Costs for the Phase 3 Clinical Trials in accordance with the Development Budget. The Development Budget is anticipated to be [***] for each Clinical Trial in average across [***]. To the extent that a Party’s share of the Development Costs in accordance with the Development Budget exceeds [***] in the case of Innate or [***] in the case of MedImmune of the anticipated budget of [***], then the excess portion shall be payable by [***]. For the avoidance of doubt, the excess amount shall not be payable other than pursuant to the preceding sentence and if it cannot be paid in accordance with the preceding sentence, it shall not be payable by the non-sponsoring Party. The Parties have agreed that the first Phase 3 Clinical Trial will be sponsored by MedImmune, as will any additional Phase 3 Clinical Trials related to Licensed Products unless the Parties otherwise mutually agree. An example of such payment mechanism is attached as Schedule 7.1. The Parties may agree that Innate’s co-funding amount pursuant to this final paragraph of this Section 7.1 may be used to finance other Clinical Trials than the Phase 3 Clinical Trials.

The Parties agree that Innate’s co-funding commitment for [***] for clarity shall be mutually agreed by the Parties and approved by the DCC in accordance with Article 4, shall not be [***]. With respect to these mutually agreed and DCC approved externally sponsored or investigator initiated clinical trials, the
Certain information has been excluded from this agreement (indicated by "[***]") because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Parties agree to support these studies using existing uncommitted stocks of monalizumab process B drug product, to the extent such stocks are available, [***].

Innate shall have the option, upon providing written notice to MedImmune ("Co-Funding Withdrawal Notice") on or prior to [***] ("Opt Out Period"), to not participate in the co-funding. Such right to withdraw shall be exercisable once only in respect of the first Licensed Product. If Innate does not provide a Co-Funding Withdrawal Notice within the Opt Out Period described above Innate will be obliged to provide co-funding with respect to the applicable Licensed Product as described in this Section 7.1.”

2. Except as expressly set forth herein, all of the terms and conditions of the Agreement remain unchanged and are in full force and effect. Capitalized terms not otherwise defined in this Second Amendment shall have the meanings respectively ascribed to them in the Agreement.

3. This Amendment, the Agreement, as previously amended, and the Combination License Agreement, constitute the complete and final and exclusive understanding and agreement of the Parties with respect to the subject matter of the Agreement, and supersede any and all prior or contemporaneous negotiations, correspondence, understanding and agreements, whether oral or written, between the Parties respecting the subject matter of the Agreement.

4. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, and all of which taken together shall be deemed to constitute one and the same instrument. The Parties agree that delivery of an executed counterpart of a signature page of this Amendment electronically shall be effective as delivery of a manually executed counterpart of this Amendment.

[Signature page to follow]
IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed by their respective authorized representatives as of the Amendment Effective Date set forth above.

MEDIMMUNE LIMITED

Signature: s/Adrian Kemp, Director

INNATE PHARMA S.A

Signature: s/Monher Mahoubi, CEO

Signature Page to Second Amendment to Co-Development and License Agreement by and between MedImmune Limited and Innate Pharma S.A.
Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

CONFIDENTIAL

DATED OCTOBER 22, 2018

LICENSE AGREEMENT

-between-

MEDIMMUNE LIMITED

-and-

INNATE PHARMA S.A.

________________________________________

LICENSE AGREEMENT

________________________________________
# TABLE OF CONTENTS

1. DEFINITIONS AND INTERPRETATION ............................................. 2
2. CLOSING ................................................................................. 18
3. TRANSITION OF CERTAIN ACTIVITIES ............................... 18
4. LICENCE TERM GRANT OF RIGHTS ...................................... 20
5. RESTRICTIONS ...................................................................... 24
6. DEVELOPMENT PLAN/GOVERNANCE .................................. 24
7. ONGOING AND FUTURE CLINICAL TRIALS ...................... 29
8. CERTAIN DILIGENCE OBLIGATIONS .................................... 30
9. COMMERCIALISATION ACTIVITIES .................................... 31
10. PAYMENTS ......................................................................... 32
11. RECORDS AND REPORTING ............................................... 37
12. REGULATORY ACTIVITIES .................................................. 38
13. INTELLECTUAL PROPERTY .................................................. 44
14. PRODUCT TRADEMARKS ..................................................... 49
15. CONFIDENTIALITY AND NON-DISCLOSURE .................... 52
16. WARRANTIES ....................................................................... 56
17. COMPLIANCE ..................................................................... 60
18. INDEMNITY ........................................................................ 62
19. LIMITATION OF LIABILITY AND INSURANCE .................. 65
20. TERM AND TERMINATION .................................................... 65
21. MISCELLANEOUS ................................................................. 69

SCHEDULE 1 COMMERCIALIZATION PLAN ................................ 77
SCHEDULE 2 SOTC SERVICES .................................................. 78
SCHEDULE 3 SUPPLY AGREEMENT TERMS .......................... 79
SCHEDULE 4 LICENSED ANTIBODY ..................................... 80
SCHEDULE 5 EXISTING PRODUCT TRADEMARKS ............... 81
SCHEDULE 6 LICENSED MEDI PATENTS ............................... 82
SCHEDULE 7 AZ CORPORATE MARKS ................................... 83
SCHEDULE 8 INNATE CORPORATE NAMES ......................... 84
SCHEDULE 9 INITIAL MEMBERS OF JDC AND JCC .......... 85
SCHEDULE 10 DEVELOPMENT PLAN ..................................... 86
SCHEDULE 11 LICENSED MEDI KNOW-HOW ..................... 87
SCHEDULE 12 TRADEMARK ASSIGNMENT ......................... 88
SCHEDULE 16.2 EXISTING RESEARCH AND COLLABORATION AGREEMENTS ......................................................... 89
EXHIBIT A AZ PROMOTION PRINCIPLES ............................. 90
LICENSE AGREEMENT

THIS LICENSE AGREEMENT (the “Agreement”) is made and entered into this 22nd day of October, 2018 (the “Effective Date”)

BETWEEN:

1. MEDIMMUNE LIMITED, a company incorporated in England and Wales with company number 2451177 and with its registered office at Milstein Building, Granta Park, Cambridge, CB21 6GH, United Kingdom (“MedImmune”); and

2. INNATE PHARMA S.A., a company incorporated in France and with its principal place of business at 117, Avenue de Luminy – BP 30191 13 009 Marseille, France (“Innate”).

MedImmune and Innate are sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS:

WHEREAS, MedImmune is, directly or indirectly, a wholly owned subsidiary of AstraZeneca PLC (AstraZeneca PLC and its Affiliates being “AstraZeneca”). MedImmune and its Affiliates have experience in the research, development, manufacturing and commercialization of pharmaceutical products worldwide, including treatments for cancer both using small molecules and large molecules.

WHEREAS, Innate is a biopharmaceutical company concentrating its business on developing treatments for cancer.

WHEREAS, MedImmune owns or controls certain Intellectual Property Rights (as defined herein) with respect to the Licensed Product, so called Lumoxiti® in the US (as further defined herein) in the Territories (as defined herein).

WHEREAS, MedImmune wishes to grant Innate a license under Intellectual Property Rights owned or Controlled by MedImmune to Develop, Manufacture, seek registration of and Commercialize the Licensed Product in conditions set forth herein. the Territories, in accordance with the terms and

WHEREAS, MedImmune has agreed to provide certain transition services to Innate so that the Development, Manufacturing and regulatory activities to seek registration and Commercialization of the Licensed Product will continue in accordance with MedImmune’s standard practices for a transitional period with the intention that Innate shall have built sufficient capabilities to take over those activities at the end of the transition period.
AGREED TERMS:

1. DEFINITIONS AND INTERPRETATION

1.1 Unless otherwise specifically provided in this Agreement, the following terms shall have the following meanings:

“ACCESS 360 Program Logo” means the Trademark and logo set forth on Part 2 of Schedule 7, used in connection with MedImmune and its Affiliates’ patient savings program.

“Affiliate” means, with respect to a Person, any Person that from time to time directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person. For purposes of the definition in this clause 1.1 only, “control”, and with correlative meanings, the terms “controlled by” and “under common control with” mean (a) to possess, directly or indirectly, the power to direct the management or policies of a Person, whether through ownership of voting securities, by contract relating to voting rights or corporate governance, resolution, regulation or otherwise, or (b) to own, directly or indirectly, more than fifty percent (50%) of the outstanding voting securities or other ownership interest of such Person.

“Agreement” has the meaning set forth in the preamble hereto.

“Alliance Manager” has the meaning set forth in clause 6.2.

“Anti-Corruption Laws” means the U.S. Foreign Corrupt Practices Act, as amended, the UK Bribery Act 2010, as amended, and any other Applicable Laws including applicable anti-corruption laws and laws for the prevention of fraud, racketeering, money laundering or terrorism.

“Applicable Law” means applicable laws, rules and regulations, including any rules, regulations, guidelines or other requirements of the Regulatory Authorities or any Governmental Authority applicable to the Parties or any particular activity under this Agreement, that may be in effect from time to time, including, (i) GCP, (ii) GMP, (iii) GVP, (iv) the principles that form the basis of the Helsinki Declaration of the World Medical Association, (v) the FFDCA and (vi) the Anti-Corruption Laws, and (vii) Data Protection Law, in each case to the extent they apply to a Party’s performance of its obligations under this Agreement.

“AstraZeneca Corporate Marks” means the Trademarks and logos identified on Schedule 7 and such names or logos of AstraZeneca as MedImmune may designate in writing to Innate from time to time, including the names “AstraZeneca,” “AZ,” the AstraZeneca corporate logo, and the ACCESS 360 Program Logo, or any other name or mark including or comprising “AstraZeneca”.

“AZ’s Global Ethical Interactions Policy” means AstraZeneca’s “Ethical Interactions & Anti-Bribery/Anti-Corruption Policy”, as available on AstraZeneca’s website from time to
“AZ Promotion Principles” means AstraZeneca’s principles for Promotion set forth on Exhibit A.

“AZ Site” means, with respect to drug substance for Licensed Product Manufactured or supplied by [***] under the [***] Supply Agreement, the [***] manufacturing facility at which drug substance is manufactured and, with respect to finished Licensed Product Manufactured or supplied by [***] under the [***] Supply Agreement, the [***] manufacturing facility located in Italy or, in each case, as otherwise agreed by the Parties.

“[***]” means [***].

“[***] Supply Agreement” means the biologics Master Supply Agreement relating to (among other products) the active pharmaceutical ingredient forming part of the Licensed Product entered into between AstraZeneca AB (PUBL) and [***].

“BLA” means a Biologics License Application submitted to the FDA under subsection (a) or (k) of Section 351 of the PHSA or any corresponding application outside the United States, including with respect to the European Union, a Marketing Authorisation Application filed with the EMA pursuant to the centralized approval procedure or with Swissmedic in Switzerland, or any other applicable Regulatory Authority (if any) in Switzerland or the United Kingdom or a country in Europe with respect to mutual recognition of any other national approval.

“Block List” means [***] as the same may be modified from time to time by MedImmune or one of its Affiliates on [***] written notice to Innate or in accordance with such other procedures as may be established by the JCC.

“[***]” means [***].

“[***] Supply Agreement” means the master commercial supply agreement relating to the manufacture of the finished Licensed Product and entered into between AstraZeneca Pharmaceuticals LP and [***] on [***].

“Breaching Party” has the meaning set forth in clause 20.2.1.

“Business Day” means a day other than a Saturday or Sunday or a day on which banking institutions in London and Paris are permitted or required to be closed.

“Calendar Quarter” means each successive period of three (3) calendar months commencing on January 1, April 1, July 1 and October 1, except that the first Calendar Quarter of the Term shall commence on the Effective Date and end on December 31, 2018 and the last Calendar Quarter shall end on the last day of the Term.

“Calendar Year” means each successive period of twelve (12) calendar months commencing on January 1 and ending on December 31, except that the first Calendar Year
of the Term shall commence on the Effective Date and end on December 31, 2018 and the last Calendar Year of the Term shall commence on January 1 of the year in which the Term ends and end on the last day of the Term.

“Clinical Trial” means a human clinical trial or such other tests and studies of the Licensed Product in humans to which the applicable regulations on good clinical practice and clinical trials apply.

“Closing” means the completion of the Transaction in accordance with clause 2.

“Commercialization” means any and all activities directed to or relating to the preparation for sale of, offering for sale of or sale of the Licensed Product, including activities related to marketing, Promoting, distributing and importing the Licensed Product for commercial sale and interacting with Regulatory Authorities regarding any of the foregoing but excluding Manufacturing. When used as a verb, “to Commercialize” and “Commercialising” means to engage in Commercialization and “Commercialized” has a corresponding meaning.

“Commercialization Budget” means the costs and expenses related to the Commercialization of the Licensed Product as set out in the Commercialization Plan.

“Commercialization Costs” means, [***]:

(a) [***];
(b) [***];
(c) [***];
(d) [***];
(e) [***];
(f) [***];
(g) [***];
(h) [***]; and
(i) [***].

“Commercialization Plan” shall have the meaning set forth in clause 3.6.1.

“Commercially Reasonable Efforts” means, [***].

“Committee” means the Joint Development Committee or the Joint Commercialization Committee, as the context requires and “Committees” shall mean all of them.

“Compliance Audit” has the meaning set forth in clause 17.2.4
“Concerned Party” has the meaning set forth in clause 21.1.1.

“Confidential Information” means any and all Know-How and Materials, whether oral or in writing or in any other form, disclosed before, on or after the date of this Agreement by one Party to the other Party that is either marked or identified as confidential or proprietary or that is of such a nature that would be considered by a reasonable person to be confidential or proprietary. The Licensed MedImmune Know-How shall be deemed Innate’s Confidential Information. All other Know-How owned or Controlled by MedImmune or any of its Affiliates shall be deemed MedImmune’s Confidential Information.

“Control” means, with respect to any item of Information, Regulatory Documentation, material, Patent or other Intellectual Property Right, possession of the right, whether directly or indirectly and whether by ownership, licence or otherwise (other than by operation of the license and other grants in clause 4.1), to grant a licence, sublicence or other right (including the right to reference Regulatory Documentation) to or under such Information, Regulatory Documentation, material, Patent or other Intellectual Property Right as provided for herein without violating the terms of any agreement with any Third Party.

“Costs” means both internal and external costs and expenses (including the cost of allocated FTEs at the applicable FTE Rate quoted by MedImmune). Unless otherwise mutually agreed between the Parties, internal costs incurred by a Party shall be determined by multiplying the applicable FTE Rate quoted by MedImmune by the number of FTEs utilized to conduct the applicable activities. External costs shall be invoiced [***] for the handling of the third party arrangements.

“CPP” has the meaning set forth in clause 4.6.

“CREATE Act” has the meaning set forth in clause 13.5.6.

“Damages” means any and all direct liabilities, claims, actions, damages, losses, costs or expenses, including interest, penalties, and reasonable lawyers’ fees and disbursements suffered or incurred by a Party. In calculating Damages, the legal duty to mitigate on the Party suffering the loss shall be taken into account.

“Data Protection Law” means, all applicable laws, rules and regulations, including any national implementing legislation relating to privacy and data protection.

“Data Subject” means a natural person who is identified or identifiable natural person. An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.

“Detail” means that part of an in person, face-to-face sales call during which a Full Time Sales Representative makes a presentation with respect to the Licensed Product to an Eligible Prescriber, such that the relevant characteristics of the Licensed Product are
described by the Full Time Sales Representative in a fair and balanced manner consistent with the requirements of this Agreement and Applicable Law, in a manner that is customary in the pharmaceutical industry in the United States for the purpose of promoting a prescription pharmaceutical product. When used as a verb, “Detailing” means to perform Details.

“Development” means all activities related to research, pre-clinical and other non-clinical testing, test method development and stability testing, toxicology, formulation, clinical studies, statistical analysis and report writing, the preparation and submission of BLAs (and supplements), regulatory affairs with respect to the foregoing and all other activities necessary or reasonably useful or otherwise requested or required by a Regulatory Authority as a condition or in support of obtaining or maintaining a Regulatory Approval but not including Manufacture. When used as a verb, “to Develop” and “Developing” means to engage in Development and “Developed” has a corresponding meaning.

“Development Budget” means the costs and expenses related to the Development of the Licensed Product in the EU Territory in accordance with the Development Plan.

“Development Costs” means, with respect to each Licensed Product to the extent incurred in accordance with and after the Effective Date of this Agreement and the relevant Development Plan and Development Budget:

(a) [***];
(b) [***];
(c) [***];
(d) [***];
(e) [***];
(f) [***]; and
(g) [***].

Except to the extent included in subsection (b) above, Development Costs shall not include either Party’s Costs to the extent they solely relate to activities associated with that Party’s management of its own performance of and compliance with this Agreement.

“Development Plan” means the Development plan relating to the Licensed Product in the Territories, to be agreed by the Parties in accordance with clause 6.1.1, and which may be updated or amended from time to time in accordance with clause 6.3.4.

“Disclosing Party” has the meaning set forth in clause 15.1.1.

“Dispute” has the meaning set forth in clause 21.6.1.

6.
“Dollars” or “$” means United States Dollars.

“Effective Date” has the meaning set forth in the preamble hereto.

“Eligible Prescriber” means a health care provider that has the authority to prescribe the Licensed Product under Applicable Law and, with respect to the period prior to the MAH Transfer Date only, (a) is not on the Block List and (b) does not have an Excluded Specialty based on his or her assigned specialty in AstraZeneca’s physician classification system.

“EMA” means the European Medicines Agency and any successor agency thereto.

“EU MA Transfer Date” means the date on which the EU Marketing Approval is transferred to Innate in accordance with clause 14.1.

“EU Marketing Approval” means an approval of the BLA for the Licensed Product in one or more countries in the EU Territory by the relevant Regulatory Authority which is necessary for the marketing and sale of the Licensed Product, in the EU Territory, as amended as a consequence of any approved variation to the Licensed Product in the EU Territory.

“EU Regulatory Transition Plan” has the meaning set forth in clause 12.2.2.

“EU Territory” means the United Kingdom, Switzerland and every Member State of the European Union from time to time (regardless of whether that country ceases to be such a member during the Term).

“EU Transition Period” means the period commencing on the Effective Date and ending on the EU MA Transfer Date.

“Executives” means, (a) with respect to MedImmune, [***] and (b) with respect to Innate, [***].

“Existing Product Trademarks” means the Trademarks listed in Schedule 5; together with any registrations thereof or any pending applications relating thereto.

“Existing Product Trials” means the following Clinical Trials: (i) the pivotal Phase III Clinical trial (NCT01829711) (also known as the 1053 trial), and (ii) the extended access trial (NCT0350615).

“Existing Research and Collaboration Agreements” means the agreements set out in Schedule 16.2.

“Exploit” means to make, have made, import, use, sell or offer for sale, including to research, Develop, Commercialize, register, Manufacture, have Manufactured, hold or keep (whether for disposal or otherwise), have used, export, transport, distribute, Promote, market or have sold or otherwise dispose of. “Exploitation” means the act of Exploiting a compound, product or process. When used as a verb, “to Exploit” and “Exploiting” means to engage in Exploitation.
“FCA” means the UK Financial Conduct Authority.

“FDA” means the United States Food and Drug Administration and any successor agency thereto.

“FFDCA” means the Federal Food, Drug, and Cosmetic Act of the United States, as amended from time to time, together with any rules, regulations and requirements promulgated thereunder (including all additions, supplements, extensions and modifications thereto).

“Field” means all uses, including any therapeutic, prophylactic, diagnostic and palliative uses in humans and animals.

“Field Force” means Innate’s field force involved in the Promotion of the Licensed Product in the Territories.

“First Commercial Sale” means on a country by country basis the first sale of the Licensed Product for monetary value for use or consumption by the end user following Regulatory Approval permitting such sale in such country.

“FSMA” means the Financial Services and Markets Act 2000 (as amended).

“FTE” means the equivalent of one (1) full-time person, or in the case of less than a full-time person, a full-time equivalent person, of work directly related to the Development or Commercialization of the Licensed Product that is carried out by an appropriately qualified employee or consultant of a Party or its Affiliates, based on [***] or greater per year. For clarity, any such person who devotes less than [***] shall be treated as an FTE on a pro rata basis based upon the actual number of hours worked divided by [***], all as calculated by MedImmune.

“FTE Rate” means an annual rate for the time of an FTE of work, [***].

“Full Time Sales Representative” means a pharmaceutical sales representative employed by Innate full-time [***].

“GCP” or “Good Clinical Practices” means, to the extent applicable in the country where Regulatory Approval is sought, the current standards for good clinical practices relating to clinical trials for pharmaceuticals, as set forth in the United States Code of Federal Regulations or ICH guidelines and applicable regulations, laws or rules as promulgated thereunder, in each case as amended from time to time, and all other standards of good clinical practice as are required by any Regulatory Authority.

“GMP” or “Good Manufacturing Practice” means the principle of good manufacturing practice in respect of medicinal products for human use and investigational medicinal products for human use as required by Applicable Law, including the laws of the European Community and Directive 2003/94/EC as well as any national legislation implementing the aforesaid Directive and any relevant guidance relating thereto.
“**Governmental Authority**” means any supranational, international, federal, state or local court, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign.

“**Government Official**” means (a) any Person employed by or acting on behalf of a government, Governmental Authority, government-controlled agency or entity or public international organisation, (b) any political party, party official or candidate, (c) any Person who holds or performs the duties of an appointment, office or position created by custom or convention or (d) any Person who holds himself out to be the authorised intermediary of any of the foregoing.

“**GVP**” or “**Good Pharmacovigilance Practices**” means, in addition to the provisions under the Pharmacovigilance Agreement, all applicable good pharmacovigilance practices promulgated and published by FDA, EMA or any other Regulatory Authorities having jurisdiction over the Development, Manufacture or Commercialization of the Product, as applicable, pursuant to its regulations, guidelines or otherwise, including as applicable, major pharmacovigilance process and product and/or population specific considerations as defined in (a) European Commission Regulation code relating to medicinal products for human use, Directives 2010/84/EU and 2012/26/EU respectively, as well as by the Commission Implementing Regulation (EU) No 520/2012 on the Performance of Pharmacovigilance Activities Provided for in Regulation (EC) No 726/2004 and Directive 2001/83/EC, Title IX of the Directive, Article 108a (a) of Directive 2001/83/EC, and principles detailed in the ICH guidelines for pharmacovigilance as well as (b) principles detailed in the United States 21 CFR and Guidance for Industry Good Pharmacovigilance Practices and Pharmacoepidemiological Assessment.

“**IFRS**” means generally accepted international accounting principles.

“**IND**” means (a) an investigational new drug application filed with the FDA for authorisation to commence clinical studies and its equivalent in other countries or regulatory jurisdictions, including a Clinical Trial Application filed with the EMA with respect to the EU Territory or Swissmedic with respect to Switzerland and (b) all supplements and amendments that may be filed with respect to the foregoing.

“**Indirect Taxes**” means value added, sales, consumption, goods and services taxes or other similar taxes required by Applicable Law including, for the avoidance of doubt, any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112), to be disclosed as a separate item on the relevant invoice.

“**Information**” means all technical, scientific and other know-how and information, trade secrets, knowledge, technology, means, methods, processes, practices, formulae, instructions, skills, techniques, procedures, experiences, ideas, technical assistance, designs, drawings, assembly procedures, computer programs, apparatuses, specifications, data, results and other material, including: biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, pre-clinical, clinical, safety, manufacturing and quality control data and information, including study designs and
protocols, assays and biological methodology, in each case (whether or not confidential, proprietary, patented or patentable) in written, electronic or any other form now known or hereafter developed.

“Innate” has the meaning set forth in the preamble hereto.

“Innate Corporate Names” means the Trademarks and logos identified on Schedule 8 and such other corporate names or logos of Innate as Innate may designate in writing to MedImmune from time to time.

“Innate Know-How” means all Know-How Controlled by Innate or any of its Affiliates or its or their Sublicensees that is developed by Innate or any of its Affiliates or its or their Sublicensees in the course of any Development activities relating to the Licensed Product and shall include all Know-How developed by either Party in accordance with clause 13.1.1.

“Innate Marketing Materials” has the meaning set forth in clause 9.3.

“Innate Patents” means all of the Patents Controlled by Innate or any of its Affiliates or its or their Sublicensees that claim or cover Innate Know-How.

“Innate Regulatory Documentation” means the Regulatory Documentation Controlled by Innate or any of its Affiliates or Sublicensees relating to the Exploitation of the Licensed Product in the Field in the Territories.

“Intellectual Property Rights” means all Patents, Trademarks, copyrights, design rights, database rights, domain names, rights in inventions, confidential information, know how, trade names, business names, get-up, logos and trade dress, and all other rights in the nature of intellectual property rights (whether registered or unregistered) and all applications and rights to apply for the above, anywhere in the world.

“IP Manager” has the meaning set forth in clause 13.4.1.

“Joint Development Committee” or “JDC” has the meaning set forth in clause 6.3.1.

“Know-How” means any Information which is secret and not in the public domain, particularly not disclosed in a published Patent, and identified or identifiable in a tangible form.

“Knowledge” means the good faith actual knowledge of the officers of MedImmune and its Affiliates, within the remit of their functions within MedImmune, with respect to relevant facts and information after performing a commercially reasonable inquiry with respect to the relevant subject matters.

“Licensed Antibody” means the anti-CD22 immunotoxin as further described and set forth in Schedule 4 to this Agreement, so called moxetumomab pasudotox-tdfk.

“Licensed Livery Period” has the meaning set forth in clause 14.5.1.

10.
“Licensed MedI Know-How” means the Know-How Controlled by MedImmune or any of its Affiliates that solely and exclusively relates to the Licensed Antibody and Licensed Product and (a) is listed in Schedule 11, or (b) has been used by MedImmune or its Affiliates to Develop or Commercialize the Licensed Antibody or Licensed Product in the Field in the Territories prior to or on the Effective Date; or (c) is developed by MedImmune or any of its Affiliates in connection with the Existing Product Trials, the Existing Research and Collaboration Agreements or any other Development activities relating to the Licensed Antibody or Licensed Product undertaken by MedImmune or its Affiliates under this Agreement on or after the Effective Date, including Study Results, but in each case ((a), (b) and (c)) excluding any Know-How licensed under the [***].

“Licensed MedI Patents” means (a) the Patents owned or Controlled by MedImmune or its Affiliates and listed in Schedule 6, and (b) the Patents owned or Controlled by MedImmune or its Affiliates in the Territory on or after the Effective Date that solely and exclusively relates to the Licensed Antibody or Licensed Product or otherwise claims Licensed MedI Know-How, but excluding Patents licensed under the [***].

“Licensed [***] Patents” means the Patents listed in the [***], being the Patents licensed by MedImmune under the [***] and sublicensed to Innate under the [***].

“Licensed Product” means any product that is comprised of or contains the Licensed Antibody as an active ingredient, whether alone or in combination with other active ingredients and includes the product that has been approved for sale in the United States pursuant to the US Marketing Approval, so called Lumoxiti® in the US.

“Listing Rules” means the Listing Rules of the FCA made under Part VI of FSMA.

“MAH” means, with respect to the Licensed Product in the EU Territory, the holder of the EU Marketing Approval for the Licensed Product and, with respect to the Licensed Product in the US Territory, the holder of the US Marketing Approval.

“MAH Related Responsibilities” has the meaning set forth in clause 12.1.2.

“MAH Transfer Date” has the meaning set forth in clause 12.2.1.

“Manufacture” means all activities related to the production, manufacture, processing, filling, finishing, packaging, labelling, shipping and holding of the Licensed Antibody or Licensed Product or any intermediate thereof, including process development, process qualification and validation, scale-up, pre-clinical, clinical and commercial manufacture and analytic development, product characterisation, stability testing, quality assurance and quality control. When used as a verb, “to Manufacture” and “Manufacturing” means to engage in Manufacture.

“Material Agreement” has the meaning given to it in clause 16.2(e).

“Material Anti-Corruption Law Violation” means a violation of an Anti-Corruption Law relating to the subject matter of this Agreement that would, if it were publicly known,
be reasonably expected to have a material adverse effect on a Party or on the reputation of a Party because of its relationship with the other Party.

“Materials” means compounds, compositions of matter, assays, and biological materials useful for the Exploitation of Licensed Antibodies or Licensed Product.

“MedImmune Regulatory Documentation” means the Regulatory Documentation Controlled by MedImmune or any of its Affiliates relating to the Exploitation of the Licensed Product in the Field in the Territories.

“MedImmune” has the meaning set forth in the preamble hereto.

“Member State” means each other country that is currently a member state of the European Union, other than the United Kingdom and Switzerland.

“[***]” means the [***].

“[***]” has the meaning set forth in clause [***].

“[***]” has the meaning set forth in clause [***].

“Net Sales” means, [***]:

(a) [***];

(b) [***];

(c) [***];

(d) [***]; and

(e) [***].

“New Product Trademarks” means Trademark(s) selected in accordance with clause 14.1.2 together with any registrations thereof or any pending applications relating thereto in the Territories.

“Non-Breaching Party” has the meaning set forth in clause 20.2.1.

“Non-Business Days” has the meaning set forth in clause 12.4.6.

“Notice Period” shall have the meaning set forth in clause 20.2.1.

“Other AZ IPR” means any Patents or Know-How owned or Controlled by MedImmune or any of its Affiliates which are not Licensed MedI Patents or Licensed MedI Know-How,
but which are necessary to Develop or Commercialize the Licensed Antibody or Licensed Product in the form it is formulated and approved in the US Marketing Approval at the Effective Date in the Territories as contemplated by this Agreement and (a) has been used by MedImmune or its Affiliates to Develop or Commercialize the Licensed Antibody or Licensed Product in the Field in the Territories prior to or on the Effective Date; or (b) is developed by MedImmune or any of its Affiliates or its or their respective licensees or sublicensees in connection with the Existing Product Trials or any other Development activities relating to the Licensed Antibody or Licensed Product undertaken by MedImmune or its Affiliates under this Agreement or undertaken by their respective licensees or sublicensees on or after the Effective Date, but in all cases excluding any Patents and Know-How licensed under the [***].

“Other Licensees” means Third Parties that may be granted rights under the Licensed MedI Know-How, Licensed MedI Patents, Innate Know-How and/or Innate Patents outside the Territories.

“Party” and “Parties” have the meanings set forth in the preamble hereto.

“Patents” means all patents and patent applications, including, without limitation, any divisional, continuation, continuation-in-part or registration applications, utility models, design patents, any patent issued with respect to any such patent applications, any reissue, re-examination, renewal, amendment or extension (including any supplementary protection certificate (SPC) or paediatric extension) of any such patent.

“Payment” has the meaning set forth in clause 10.9.1.

“Person” means any individual, sole proprietorship, corporation, partnership, association, joint-stock company, trust, unincorporated organization, joint venture or other similar entity or organization, including a government or political subdivision, department or agency of a government.

“Personal Data” means any information relating to a Data Subject.

“Pharmacovigilance Agreement” has the meaning set forth in clause 12.4.5.

[***].

[***].

“PHSA” means the Public Health Service Act as set forth at 42 U.S.C., Chapter 6A, as may be amended from time to time, together with any rules, regulations and requirements promulgated thereunder (including all additions, supplements, extensions and modifications thereto).

“Product Agreement” means, with respect to the Licensed Product, any agreement entered into by and between Innate or any of its Affiliates or any of its or their Sublicensees, on the one hand and one (1) or more Third Parties, on the other hand, that is necessary or
reasonably useful for the Development or Commercialization of the Licensed Product in the Field in the Territories, including (a) clinical trial agreements, (b) contract research organisation agreements and (c) service agreements.

“Processing” means any operation or set of operations that is performed on Personal Data or on sets of Personal Data, whether or not by automated means, such as collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction.

“Product Copyrights” means all copyrightable subject matter related to the Licensed Product included in the Product Labelling, the Promotional Materials and any Licensed Product training materials Controlled by MedImmune and provided by MedImmune to Innate in connection with this Agreement.

“Product Trademarks” means the Existing Product Trademarks and the New Product Trademarks (if any).

“Product Labelling” means, with respect to the Licensed Product in the Territories, (a) the approved summary of product characteristics or other full prescribing information for the Licensed Product, including any required patient information, (b) all packaging for the Licensed Product, and (c) all labels and other written, printed or graphic matter upon a container, wrapper or any package insert utilised with or for the Licensed Product.

“Product Liability Claim” means a Third Party Claim arising from or occurring as a result of any personal injury (including death) arising out of or relating to the administration of (a) the Licensed Product, or (b) a procedure provided for or required by a protocol for a Clinical Trial for the Licensed Product to which the trial subject would not have been exposed but for their participation in the Clinical Trial.

“Project Teams” shall have the meaning set forth in clause 6.3.9(a).

“Promotion” means any activities undertaken by a pharmaceutical company’s field force representatives aimed at encouraging the use of a particular pharmaceutical product, including Detailing. When used as a verb, “to Promote” and “Promoting” means to engage in Promotion.

“Promotional Materials” means, with respect to the Licensed Product, all written, printed, electronic or graphic promotional materials, other than Product Labelling.

“PTE” shall have the meaning set forth in clause 13.5.4.

“Quality Agreement” means the quality agreement in a form that is customary in the pharmaceutical industry for the supply of Licensed Product for sale in the Territories entered into between the Parties in accordance with clause 12.4.7.

“Receiving Party” has the meaning set forth in clause 15.1.1.

“Regulatory Approval” means, with respect to the Licensed Product and a particular country in either of the Territories, any and all approvals (including approvals of BLAs), licences, registrations or authorisations of any Regulatory Authority necessary to commercially distribute, sell or market the Licensed Product in the Territories, including, where applicable, (a) pricing or reimbursement approval in such country, (b) pre- and post- approval marketing authorisations (including any prerequisite Manufacturing approval or authorisation related thereto) and (c) labelling approval.

“Regulatory Authority” means any applicable supra-national, federal, national, regional, state, provincial or local regulatory agencies, departments, bureaus, commissions, councils or other government entities regulating or otherwise exercising authority with respect to the Exploitation of the Licensed Product, including the FDA in the United States, the EMA in the European Union, and Swissmedic in Switzerland.

“Regulatory Documentation” means: all (a) applications, registrations, licences, authorisations and approvals (including Regulatory Approvals) necessary for the Development or Commercialization of the Licensed Product in the Field in the Territories; (b) relevant correspondence and reports submitted to or received from Regulatory Authorities (including minutes and official contact reports relating to any communications with any Regulatory Authority) relating to the Development or Commercialization of the Licensed Product in the Field in the Territories and all supporting documents with respect thereto, including any applicable CMC and non-clinical information and all adverse event files, excluding source documentation associated with individual case safety reports, and complaint files; and (c) clinical and other data contained or relied upon in any of the foregoing.

“Regulatory Exclusivity” shall mean any exclusive marketing rights or data exclusivity rights conferred by any applicable Regulatory Authority, other than an issued and unexpired Patent, including any regulatory data protection exclusivity (including, where applicable, pediatric exclusivity or orphan drug exclusivity) or any other exclusivity afforded by restrictions which restrict the granting by a Regulatory Authority of Regulatory Approval to market a generic product.

“Relevant Costs” has the meaning set forth in clause 10.4.3.

“Retained Rights” means the rights of MedImmune, its Affiliates and its and their licensors, (sub)licensees and contractors to (i) perform its and their obligations under this Agreement and/or, subject to the [***]; (ii) Develop, obtain and maintain Regulatory Approvals for, Manufacture, Commercialize or otherwise Exploit, Licensed Product outside the Territories; and (iii) Manufacture the Licensed Product for (x) supply to Innate or its Affiliates or licensees for sale in the Territories, or (y) supply to MedImmune or its Affiliates or licensees for sale outside the Territories; and (iv) with Innate’s prior consent (not to be unreasonably withheld, delayed or conditioned) Develop or otherwise use the Licensed Product in the Territory for sale outside the Territories.
“Regulatory Services” shall have the meaning set forth in clause 12.5.

“Representatives” has the meaning set forth in clause 17.2.2.

“Service Standard” means, with respect to the provision of any service by MedImmune (including the Regulatory Services or the performance of any obligation under the Development Plan or the Commercialization Plan), the provision of those services or performance of those obligations (a) with substantially the same degree of skill, quality and care utilized by MedImmune (or its Affiliates) in performing such activities for itself with respect to the Licensed Antibody or Licensed Product; and (b) in compliance in all material respects with Applicable Laws.

“SKU” means stock keeping unit.

“SOTC” means sales order to cash.

“SOTC Period” has the meaning set forth in clause 3.8.

“SOTC Services” has the meaning set forth in clause 3.8.

“Study Results” means any data and information generated as a result of any Clinical Trials performed as part of the Development Plan.

“Sublicensee” means a Person, other than an Affiliate, that is granted a sublicense by Innate or its Affiliate under the grants in clause 4.1, as provided in clause 4.2.

“Supply Agreement” has the meaning set forth in clause 3.2.1.

“Swissmedic” means the Swiss Agency for Therapeutic Products and any successor agency thereto.

“Tax” or “Taxation” means any form of tax or taxation, levy, duty, charge, social security charge, contribution or withholding of whatever nature (including any related fine, penalty, surcharge or interest) imposed by, or payable to, a Tax Authority.

“Tax Authority” means any Governmental Authority authorized to levy Tax.

“Term” has the meaning set forth in clause 20.1.

“Termination Notice” has the meaning set forth in clause 20.2.1.

“Territories” means the US Territory and the EU Territory.

“Third Party” means any Person other than MedImmune, Innate and their respective Affiliates.

“Third Party Claims” has the meaning set forth in clause 18.1.

“TM Competitive Infringement” has the meaning set forth in clause 14.3.2.
“Trademark” means any word, name, symbol, colour, shape, designation or any combination thereof, including any trademark, service mark, trade name, brand name, sub-brand name, trade dress, product configuration, program name, delivery form name, certification mark, collective mark, logo, tagline, slogan, design or business symbol, that functions as an identifier of source or origin, whether or not registered and all statutory and common law rights therein and all registrations and applications therefor, together with all goodwill associated with, or symbolised by, any of the foregoing.

“Transaction” means the transactions contemplated by this Agreement.

“Transfered Data” means the Personal Data transferred by MedImmune to Innate pursuant to this Agreement.

“Unexpected Transfer Employee” has the meaning set forth in clause 21.1.1.

“US Marketing Approval” means the approval of the BLA for the Licensed Product in the US Territory by the FDA which was granted on September 13, 2018.

“US Territory” means the United States of America.

“US Transfer Date” has the meaning set forth in clause 3.7.1.

“US Transfer Notice” has the meaning set forth in clause 3.7.1.

“US Transition Period” means the period commencing on the Effective Date and ending on the US Transfer Date.

1.2 In this Agreement, except where the context requires otherwise, whenever used the singular includes the plural, the plural includes the singular, the use of any gender is applicable to all genders and the word “or” has the inclusive meaning represented by the phrase “and/or”. Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The headings of this Agreement are for convenience only and do not define, describe, extend or limit the scope or intent of any provision in this Agreement. The term “including” or “includes” as used in this Agreement means including, without limiting the generality of any description preceding such term. The wording of this Agreement shall be deemed to be the wording mutually chosen by the Parties and no rule of strict construction shall be applied against any Party. Clause and Schedule headings shall not affect the interpretation of this Agreement. The Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Schedules. References to clauses and Schedules are to the clauses and Schedules of this Agreement. A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time. A reference to a statute or statutory provision shall include any subordinate legislation made from time to time under that statute or statutory provision.
2. **CLOSING**

Closing shall take place on the Effective Date after the close of the trading day of Euronext Paris.

3. **TRANSITION OF CERTAIN ACTIVITIES**

3.1 **Overview.** It is the intention of the Parties that, with effect from the Effective Date, Innate shall immediately become responsible for all Development Costs and all Commercialization Costs relating to the Development and Commercialization of the Licensed Product and Licensed Antibody in the Territories incurred on or after the Effective Date, and shall be entitled to all revenues (less agreed fees pursuant to this Agreement) generated from Exploitation of the Licensed Product in the Territories.

3.2 **Supply Agreement**

3.2.1 As soon as reasonably practicable after the Effective Date, the Parties shall use their respective reasonable endeavours to agree to a supply agreement to be executed no later than [***] after the Effective Date or such later date as the Parties agree (the “Supply Agreement”). The Parties agree that the terms of the Supply Agreement shall incorporate the terms set out in Schedule 3, together with such other terms that are customary in the pharmaceutical industry for supply of products similar to the Licensed Product. In negotiating the Supply Agreement, each Party shall act reasonably and in good faith with a view to reaching agreement as soon as reasonably practicable after the Effective Date.

3.3 **US Transition Period.** During the US Transition Period, the Parties shall collaborate on the Development and Commercialization of the Licensed Product in the US Territory, in accordance with their respective obligations set forth in the Commercialization Plan.

3.4 **US Transition Period Committees.** During the US Transition Period, the performance of the Parties’ respective obligations under the Commercialization Plan in the US Territory shall be overseen by the JCC.

3.5 **EU Transition Period.** During the period needed for Innate to take over all responsibilities in Europe following the transfer of the EU Marketing Approval, MedImmune will provide assistance in accordance with the EU Regulatory Transition Plan.

3.6 **Commercialization Plan.**

3.6.1 An initial version of the plan for the Commercialization of the Licensed Product in the US Territory is attached as Schedule 1 (“Commercialization Plan”), as such Commercialization Plan may be updated from time to time by the JCC. The Parties acknowledge and agree that the initial version of the Commercialization Plan is consistent with MedImmune and Innate’s obligations under the [***].

18.
3.6.2 The Commercialization Plan must include until the end of the US Transition Period:

(a) general strategies for Promoting, marketing and distributing the Licensed Product in the US Territory;

(b) numbers of Full Time Sales Representatives, field based supervisory sales managers and medical/scientific liaisons (expressed in FTEs) for the Licensed Product;

(c) Promotional activities and Detailing plans, including target prescribers and frequency and coverage metrics;

(d) budgeted expenditure for sales and marketing;

(e) summary-level market and sales forecasts for the Licensed Product;

(f) a projection of Net Sales for the Licensed Product;

(g) SOV (share of voice) objectives;

(h) plans regarding distribution; and

(i) Innate’s strategy with respect to pricing and reimbursement, managed care and discounts.

3.6.3 Following the Effective Date, each Party, through its representatives on the Joint Commercialization Committee, may propose amendments to the Commercialization Plan at any time and the Joint Commercialization Committee shall review the Commercialization Plan at least quarterly for the purpose of considering appropriate amendments with the objective of optimising the Commercialization of the Licensed Product in the US Territory. Provided they are consistent with the content principles set forth in clause 3.6.2, each Party shall consider all comments made by the other on the Commercialization Plan and any proposed amendments thereto in good faith.

3.6.4 During the US Transition Period, the Joint Commercialization Committee shall review and agree any proposed amendments to the Commercialization Plan with the objective of optimising the Commercialization of the Licensed Product in the US Territory, and transitioning its Commercialization to Innate, and complying with the provisions of the [***].

3.7 Commercial Transitional Arrangements.

3.7.1 Subject to clause 3.7.2, MedImmune shall be responsible for Commercialization of the Licensed Products in accordance with the Commercialization Plan until Innate takes full responsibility for such Commercialization. Innate shall serve written notice on MedImmune of the proposed date on which it shall take full responsibility for the Commercialization of the Licensed Product in the US Territory (the “US Transfer
Notice”). Unless otherwise agreed by the Parties, such date (the “US Transfer Date”) shall be the earlier of:

(a) [***]; and

(b) [***].

3.7.2 Innate may not serve the notice contemplated by clause 3.7.1 earlier than [***] and such notice must provide at least [***] notice of the proposed transfer. However, the Parties agree that Innate may undertake part of Commercialization activities in accordance with the Commercialization Plan starting as of the Effective Date.

3.7.3 No later than [***] prior to the US Transfer Date the Parties shall update the Commercialization Plan to include activities intended to ensure the smooth transfer of all sales and distribution and other Commercialization activities relating to the Licensed Product in the US Territory undertaken by MedImmune or its Affiliates to Innate or its Affiliates as soon as reasonably practicable after the US Transfer Date or in accordance with clause 3.8, by the end of the SOTC Period. The Commercialization Plan shall include any services to be provided by MedImmune in connection with such transition and, except to the extent such services are SOTC Services paid for in accordance with clause 3.8, the fee payable (on an FTE basis and at the applicable FTE Rate quoted by MedImmune) by Innate for such activities in accordance with the budget included in the Commercialization Plan. Innate shall also reimburse MedImmune for any out-of-pocket costs reasonably incurred by MedImmune in performing activities in accordance with the Commercialization Plan in accordance with the budget included therein.

3.8 SOTC Services. Unless otherwise agreed by the Parties, MedImmune shall provide the SOTC services set out in Schedule 2 (the “SOTC Services”) until such time as (i) [***] and (ii) [***] (the “SOTC Period”), such SOTC Services to be provided on the terms described in Schedule 2.

4. LICENCE TERM GRANT OF RIGHTS

4.1 MedImmune Licence. Subject as provided in this clause 4 (including the Retained Rights) and the other terms and conditions of this Agreement, MedImmune hereby grants, with effect from the Effective Date, to Innate:

(a) an exclusive (including with regard to MedImmune and its Affiliates) licence (or sublicence) under the Licensed MedI Patents and the Licensed MedI Know-How to Develop, obtain and maintain Regulatory Approvals for, Manufacture, Commercialize or otherwise Exploit the Licensed Product and Licensed Antibody in the Field in the Territories;

(b) an exclusive (including with regard to MedImmune and its Affiliates) licence (or sublicence) under the Licensed MedI Patents and the Licensed MedI Know-How to Develop and Manufacture the Licensed Product and Licensed Antibody in the Field outside the Territories solely (a) for Innate or its Affiliates or licensees to Develop or Commercialize such Licensed Product and/or such Licensed Antibody

20.
in the Field in the Territories, and (b) for Innate or its Affiliates or licensees to Manufacture Licensed Product for and supply Licensed Product to MedImmune pursuant to the Supply Agreement. For the avoidance of doubt, the exclusivity in this grant relates and applies only to Innate’s right to Develop or Commercialize Licensed Product and/or such Licensed Antibody outside the Territory in the Field for the sole purpose of Development and Commercialization in the Territories and MedImmune and its Affiliates shall retain the right to Develop, Manufacture and Commercialize the Licensed Product and Licensed Antibody outside the Territories for all other purposes in accordance with the other provisions of this Agreement;

(c) a non-exclusive licence (or sublicense) under the Other AZ IPR to Develop, obtain and maintain Regulatory Approvals for, Manufacture, Commercialize and otherwise Exploit the Licensed Product and Licensed Antibody in the Field in the Territories; and

(d) an non-exclusive licence (or sublicense) under the Other AZ IPR to Develop and Manufacture the Licensed Product and Licensed Antibody in the Field outside the Territories solely (a) for Innate or its Affiliates or licensees to Develop or Commercialize such Licensed Product and/or such Licensed Antibody in the Field in the Territories, and (b) for Innate or its Affiliates or licensees to Manufacture Licensed Product for and supply Licensed Product to MedImmune pursuant to the Supply Agreement.

(e) a non-exclusive, non-transferrable, non-sublicensable royalty free paid-up licence to use the AstraZeneca Corporate Marks and Product Copyrights on Product Labelling and Innate’s Promotional Materials, including the Innate Marketing Materials solely to the extent necessary for Innate to Commercialize the Licensed Product in the Territories, subject to and in accordance with the terms of this Agreement.

Subject to (i) Applicable Law, and (ii) MedImmune being compensated for any Costs incurred in connection therewith, and to the extent practicable, Innate, its Affiliates and its Sublicensee shall be afforded access to MedImmune’s Access 360 Program, and/or other related patient savings programs (i.e., AZ&Me) in the US in connection with Innate’s Exploitation of the Licensed Product in the US Territory.

4.2 Sublicences and Subcontracting.

4.2.1 Subject as provided in this clause 4.2, Innate may grant sublicences under the licences granted in clause 4.1:

(a) to its Affiliates;

(b) with respect to US activities, while MedImmune holds the US Marketing Approval, to any Third Party, subject to MedImmune’s prior written consent (such consent not to be unreasonably withheld or delayed);
(c) without consent provided it is with respect to US activities, after such time as MedImmune (or any of its Affiliates) ceases to hold the US Marketing Approval;

(d) without consent to any person in connection with the development, reproduction and use of Innate’s Promotional Materials for the sole purpose of Commercializing the Licensed Product in the US Territory in accordance with this Agreement;

(e) once Innate hold the EU Marketing Approval, with respect to European activities, to any person without consent.

For clarity, until such time when Innate holds the US Marketing Approval or the EU Marketing Approval (as applicable), any sublicence to an Affiliate with respect to the US activities or the EU activities (as applicable) shall automatically terminate on such Person ceasing to be an Affiliate of Innate.

4.2.2 Any sublicences granted under clause 4.2.1 (whether to an Affiliate or a Third Party) shall be consistent with, and expressly made subject to, the terms and conditions of this Agreement. Innate shall cause each Sublicensee to comply with the applicable terms and conditions of this Agreement, as if such Sublicensee were a Party to this Agreement.

4.2.3 Subject to clauses 4.2.4, Innate may subcontract with an Affiliate or a Third Party to perform any or all of its obligations hereunder without MedImmune’s consent.

4.2.4 The appointment of a Sublicensee or other subcontractor shall not relieve Innate of its obligation hereunder or any liability and Innate shall be and remain fully responsible and liable for the acts and omissions of its Sublicensees and subcontractors.

4.2.5 The agreement pursuant to which Innate grants rights to any Sublicensee or engages any subcontractor must be consistent in all material respects with this Agreement and without limitation must (a) contain terms obligating such Sublicensee or subcontractor to comply with the confidentiality, intellectual property and all other relevant provisions of this Agreement and (b) contain terms obligating such Sublicensee or subcontractor to permit MedImmune rights of inspection, access and audit substantially similar to those provided to MedImmune by this Agreement, while MedImmune holds the US Marketing Approval and in the period prior to the grant of EU Marketing Approval. Innate shall ensure that each Sublicensee and subcontractor accepts and complies with all applicable terms and conditions of this Agreement (including any obligations applicable to Affiliates). Innate hereby waives any requirement that MedImmune exhausts any right, power or remedy, or proceed against any Sublicensee or subcontractor for any obligation or performance under this Agreement prior to proceeding directly against Innate.

4.3 **Retained Rights of MedImmune.** Notwithstanding anything to the contrary in this Agreement and without limitation of any rights granted or reserved to MedImmune pursuant to any other term or condition of this Agreement, MedImmune hereby expressly retains, on behalf of itself and its Affiliates (and on behalf of its licensors, (sub) licensees and contractors) all right, title and interest in and to the Licensed MedI Patents, the Licensed MedI Know-How and the Product Trademarks for purposes of performing or exercising the Retained Rights, provided that, except with respect to the performance by
MedImmune of its obligations under this Agreement or [***], the performance or exercise of the Retained Rights
does not conflict with the exclusivity of any exclusive licence granted to Innate under clause 4.1 or under the [***].

4.4 **No Other Rights Granted by MedImmune.** Except as expressly provided herein and without limiting the foregoing,
MedImmune grants no other right or licence, including any rights or licences to the Licensed MedI Patents, the
Licensed MedI Know-How, Other AZ IPR, the Product Trademarks, the AstraZeneca Corporate Marks or any other
Patent or Intellectual Property Rights not otherwise expressly granted herein.

4.5 **Grants to MedImmune.**

4.5.1 Innate hereby grants to MedImmune a perpetual and irrevocable, non-exclusive, royalty-free licence under the Innate
Patents, the Innate Know-How and the Innate Regulatory Documentation, to perform its obligations under this
Agreement and the [***] or to perform or exercise the Retained Rights.

4.5.2 MedImmune may grant sublicences under the licence granted in clause 4.5.1 to its Affiliates and Other Licensees but
shall otherwise not have any rights to grant sublicences under that licence without Innate’s prior written consent (such
consent not to be unreasonably withheld, delayed or conditioned). For clarity, any sublicense to an Affiliate shall
automatically terminate on such Person ceasing to be an Affiliate of MedImmune. MedImmune shall remain fully
responsible and liable for the acts and omissions of its sublicensees.

4.6 **Rights of Reference.** If MedImmune transfers the EU Marketing Approval or US Marketing Approval to Innate,
subject to MedImmune’s securing similar right of reference for Innate, its Affiliates and Sublicensees to the
Regulatory Documentation of MedImmune, its Affiliates and its Other Licensees, Innate shall and does hereby grant
to MedImmune and its Affiliates a licence and right of reference, with the right to grant sublicences and further rights
of reference through multiple tiers, under such marketing approvals and any other Innate Regulatory Documentation
as necessary for purposes of exercising the Retained Rights. Innate shall not grant any such licence or right of
reference to any Third Party for Commercialization of the Licensed Product outside of the Territories. Innate shall,
at MedImmune’s reasonable request and cost, obtain any certificates of pharmaceutical products for the Licensed
Product (“CPP”) and provide any appropriate authorisations to the applicable Regulatory Authority to permit
MedImmune (or its Affiliates and designees) such rights of reference. Innate shall not withdraw, or permit to be
withdrawn, the US Marketing Approval or the EU Marketing Approval, any CPP or any other Innate Regulatory
Documentation without providing at least [***] prior written notice to MedImmune, and on request shall transfer any
such marketing approval or other Innate Regulatory Documentation to MedImmune. Innate shall give MedImmune at
least [***] prior written notice of any planned variations or other amendments to the US Marketing Approval or the
EU Marketing Approval or such other Innate Regulatory Documentation that would require a new CPP to be issued.

23.
4.7 No Other Rights Granted by Innate. Except as expressly provided herein, Innate grants no other right or licence, including any rights or licences to the Innate Patents, the Innate Know-How, the Innate Regulatory Documentation or any other Patent or Intellectual Property Rights not otherwise expressly granted herein.

4.8 Know-How Transfer. During the [***] period following MedImmune’s receipt of notification that Innate is ready to receive Licensed MedI Know-How MedImmune shall provide Innate with electronic (or tangible embodiments, if electronic is not available) of the Licensed MedI Know-How. MedImmune shall be responsible for the cost of providing one (1) set of copies (electronic, where they exist) only. MedImmune shall use Commercially Reasonable Efforts to provide Innate with all reasonable assistance required in order to transfer the Licensed MedI Know-How to Innate hereunder.

5. RESTRICTIONS

5.1 Territorial Restrictions.

5.1.1 Innate acknowledges that MedImmune has reserved to itself and its Affiliates the right to distribute, market, Promote, offer for sale or sell the Licensed Product outside the Territories. To the extent permitted by Applicable Law, Innate shall not, and shall not permit any of its Affiliates, distributors or Sublicensees to, distribute, market, Promote, offer for sale or sell the Licensed Product actively or passively to any Person outside the Territories.

5.1.2 Having granted the licences hereunder giving Innate and its Affiliates the exclusive right to distribute, market, Promote, offer for sale or sell the Licensed Product inside the Territories, to the extent permitted by Applicable Law, save to the extent required for MedImmune to perform its obligations under this Agreement MedImmune, shall not, and shall not permit any of its Affiliates, distributors or Sublicensees, to, distribute, market, Promote, offer for sale or sell the Licensed Product actively or passively to any Person in the Territories.

5.1.3 Neither Party shall [***].

6. DEVELOPMENT PLAN/GOVERNANCE

6.1.1 An initial version of the plan for the continued Development of the Licensed Antibody and Licensed Product in the EU Territory and the related budget is attached as Schedule 10 (the “Development Plan”), as such Development Plan may be updated from time to time by the JDC. The Parties acknowledge and agree that the initial version of the Development Plan is consistent with MedImmune Innate’s obligations under the [***].

6.2 Alliance Managers.

With effect from the Effective Date, each Party shall appoint a person (an “Alliance Manager”) who shall manage and facilitate communications between the Parties under this Agreement and who shall work together to resolve quickly any issues between the Parties that may arise in connection with this Agreement. Each Party may replace its
Alliance Manager at any time by notice in writing to the other Party. In particular the Alliance Managers shall:

(a) attend meetings of the Committees as non-voting participants;

(b) assist the chairperson of each Committee with respect to notifying the applicable members of such Committee of meetings and providing agendas and related information to such members;

(c) assist the chairperson of each Committee to circulate for review, and obtain approval of, the minutes of each meeting of such Committee;

(d) facilitate the delivery of reports relating to Development and Commercialization activities; and

(e) otherwise coordinate the Parties’ activities under this Agreement, any transitional services agreement, any supply agreement and [***].

6.3 Committees.

6.3.1 Joint Development Committee.

(a) Innate and MedImmune shall establish a joint development collaboration committee in accordance with this clause 6.3.1 (the “JDC”). The JDC shall remain in effect as from the Effective Date until the EU Marketing Approval is obtained and transferred to Innate (or until such time as the JDC determines that there is no reasonable prospect of the EU Marketing Approval being obtained). If the JDC is disbanded pursuant to the preceding sentence and the Parties thereafter decide to commence or re-commence any Development activities, the JDC shall be re-established and remain in effect until for the duration of performance of such Development activities.

(b) The JDC shall serve as a forum for discussing and sharing Information and materials; discussing strategy regarding the Development of the Licensed Product in the Territories and, in particular, the strategies and actions required to obtain the EU Marketing Approval, and discussing the allocation of Development activities to be conducted by Innate and MedImmune respectively.

6.3.2 Each Party shall appoint [***] as its voting members of the JDC. Each Party’s representatives on the JDC as of the Effective Date are set forth in Schedule 9. The JDC shall be chaired by a representative of Innate. The chairperson shall be responsible for calling meetings, setting the agenda, circulating the agenda at least [***] to each meeting and distributing minutes of the meetings within [***] following such meetings (provided that the chairperson may elect to delegate the performance of its responsibilities to other members of the JDC from time to time), but will not otherwise have any greater power or authority than any other member of the JDC. The chairperson shall coordinate with each Party to schedule each JDC meeting in good time in advance of such meeting. Each Party shall disclose to the chairperson any proposed agenda items, along with appropriate
information and materials as early as reasonably practicable in advance of such meeting, but no less than [***]. The chairperson shall not unreasonably reject any proposed call for a JDC meeting or proposed agenda items made by either Party. At least one (1) member of the JDC selected by Innate and one (1) member of the JDC selected by MedImmune shall have substantial experience in pharmaceutical product research and development, and all of the members of the JDC shall have such expertise as appropriate to the activities of the JDC. Each Party may replace its members of the JDC upon written notice to the other Party, provided that any such substitute member shall have substantially the equivalent functional expertise, experience and seniority as the member that such person replaces provided that the Parties shall use Commercially Reasonable Efforts to keep replacements to a minimum. From time to time, the JDC may invite non-voting personnel of either Party to participate in discussions of the JDC. An alternate voting member designated by a Party may serve temporarily in the absence of a permanent voting member appointed by such Party, and either Party may also designate one or more non-voting consultants to such Party who are under written obligations of confidentiality to such Party as JDC observers who may attend the JDC meetings in an observational or advisory capacity only.

6.3.3 The JDC shall hold meetings at such times and places as shall be determined by a majority of the entire membership of the committee, but in no event shall such meetings be held less frequently than once every [***]. Meetings of the JDC will alternate between the offices of the Parties, unless otherwise agreed upon by the members of the JDC, or may be held via internet, telephonically or by videoconference; provided that at least [***] shall be held in person. Meetings of the JDC will be effective only if at least [***] of each Party are in attendance or participating in the meeting. Each Party will be responsible for the expenses incurred in connection with its employees, consultants and its members of the JDC attending or otherwise participating in JDC meetings.

6.3.4 Either Party may convene at any time a meeting of the JDC to discuss and, if agreed, approve any increase in the amount of Costs likely to be incurred in connection with Development activities that exceed the corresponding budgeted amount for those activities. If the JDC shall not be able to reach a decision on any additional Costs and Budgets, then neither Party shall be liable under this Agreement to the other for any failure to achieve or delay in achieving any obligation the satisfaction of which is contingent upon the incurrence of such additional Costs.

6.3.5 The JDC’s responsibilities will include, among others, (i) reviewing and approving the Development Plan, Development Budget, Regulatory Documentation and EU Regulatory Transition Plan, and any amendments thereto, (ii) reviewing and approving protocols for any new Clinical Trials and any amendments or modifications to such protocols or studies, (iii) performing quarterly reviews of the progress of Development and considering any proposed additional studies, (iv) facilitating the exchange of information and materials, (v) reviewing and advising on a proposal by either Party to stop an Existing Product Trial or any new Clinical Trial of the Licensed Product, (vi) reviewing and commenting on allocation of responsibility for Development activities between the Parties, (vii) discussing each Party’s progress under the Development Plan, including reviewing progress toward timelines and budget, Study Results and the status of achieving Regulatory Approval; (viii) providing strategic direction and consultation with respect to Development of Licensed

26.
Products (including regulatory strategy); (ix) coordinating communication between the Parties; (x) resolving disputes between the Parties relating to the Development Plan or relating to any pharmacovigilance matters that cannot be resolved at the respective functional teams of the Parties, and (xi) performing such other functions as designated to the JDC under this Agreement or mutually agreed between the Parties. For clarity, any and all decisions taken by JDC through the responsibilities defined in this section 6.3.5 shall be consistent with the provisions of the Development Plan, the Budget, the Costs and the Supply Agreement (including the supply forecasts for the Licensed Products). Notwithstanding anything to the contrary set forth in this Agreement, the JDC will have no authority to (a) amend, modify or waive compliance with this Agreement or otherwise impose any obligation on the Parties in deviation from this Agreement, or (b) resolve any dispute concerning the validity, compliance with, or breach of, this Agreement.

6.3.6 The JDC shall make decisions on all matters within the scope of its authority only by unanimous consent, with the MedImmune voting members cumulatively having one (1) vote and the Innate voting members cumulatively having one (1) vote, irrespective of the number of members actually in attendance at a meeting. In the event that unanimity cannot be reached by the JDC on a matter before it for decision within [***] after the matter was first considered by it then the matter may be referred by either Party to the Executives, who shall meet (in person, via internet, telephonically or by videoconference) and attempt to resolve the matter within [***] of such referral. In the event that the Executives are unable to reach consensus within such [***] period, subject to clause 6.3.6 Innate shall have the final decision making authority [***].

6.3.7 Prior to and during such time as MedImmune is MAH of the US Marketing Approval or EU Marketing Approval, as the case may be, [***]. Upon and after such time as Innate is MAH of the US Marketing Approval or EU Marketing Approval, as the case may be, [***].

6.3.8 Joint Commercialization Committee.

(a) Formation and Purpose. Promptly following the Effective Date, the Parties shall form a joint commercialisation committee (the “Joint Commercialization Committee” or “JCC”) to oversee and coordinate the Parties activities with respect to, and optimise the Commercialization of the Licensed Product in the US Territory during the US Transition Period. The initial members of the JCC (and their functional responsibilities) are set forth on Schedule 9. The JCC shall be chaired by a representative of MedImmune. The chairperson shall be responsible for calling meetings, setting the agenda, circulating the agenda at least [***] prior to each meeting and distributing minutes of the meetings within [***] following such meetings (provided that the chairperson may elect to delegate the performance of its responsibilities to other members of the JCC from time to time), but will not otherwise have any greater power or authority than any other member of the JCC. The chairperson shall coordinate with each Party to schedule each JCC meeting in good time in advance of such meeting. Each Party shall disclose to the chairperson any proposed agenda items, along with appropriate information and materials as early as reasonably practicable in advance of such meeting, but no less than [***]. The chairperson shall not unreasonably reject any proposed call for a JCC meeting.
or proposed agenda items made by either Party. At least one (1) member of the JCC selected by Innate and one (1) member of the JCC selected by MedImmune shall have substantial experience in commercialization of pharmaceutical products in the US Territory, and all of the members of the JCC shall have such expertise as appropriate to the activities of the JCC. Each Party may replace its members of the JCC upon written notice to the other Party, provided that any such substitute member shall have substantially the equivalent functional expertise, experience and seniority as the member that such person replaces provided that the Parties shall use Commercially Reasonable Efforts to keep replacements to a minimum. From time to time, the JCC may invite non-voting personnel of either Party to participate in discussions of the JCC. An alternate voting member designated by a Party may serve temporarily in the absence of a permanent voting member appointed by such Party, and either Party may also designate one or more non-voting consultants to such Party who are under written obligations of confidentiality to such Party as JCC observers who may attend the JCC meetings in an observational or advisory capacity only.

(b) **Meetings.** The JCC shall hold meetings at such times and places as shall be determined by a majority of the entire membership of the committee, but in no event shall such meetings be held less frequently than once every [***]. Meetings of the JCC will alternate between the offices of the Parties, unless otherwise agreed upon by the members of the JCC, or may be held via internet, telephonically or by videoconference; provided that at least [***] shall be held in person. Meetings of the JCC will be effective only if at least two JCC members of each Party are in attendance or participating in the meeting. Each Party will be responsible for the expenses incurred in connection with its employees, consultants and its members of the JCC attending or otherwise participating in JCC meetings.

(c) Either Party may convene at any time a meeting of the JCC to discuss and, if agreed, approve any increase in the amount of Costs likely to be incurred in connection with Commercialization activities that exceed the corresponding budgeted amount for those activities. If the JCC shall not be able to reach a decision on any additional Costs and Budgets, then neither Party shall be liable under this Agreement to the other for any failure to achieve or delay in achieving any obligation the satisfaction of which is contingent upon the incurrence of such additional Costs.

(d) **Specific Responsibilities of the JCC.** In support of its responsibility for overseeing, coordinating and optimizing the Commercialization of the Licensed Product in the US Territory during the US Transition Period, the JCC shall:

(i) review and approve the Commercialization Plan and anticipated Commercialization Costs;

(ii) facilitate the flow of information with respect to Commercialization activities being conducted for the Licensed Product in the US Territory during the US Transition Period;
(iii) discuss pricing, reimbursement and discount strategy for the Licensed Product in the US Territory;

(iv) discuss and seek to finalise the draft commercial transition plan in accordance with clause 3.7 and the provisions of the Development Plan, and oversee the implementation of the commercial transition plan;

(v) discuss demand planning and supply forecast (subject to the provisions of the [***] Supply Agreement and [***] Supply Agreement).

c) **Decision Making.** The JCC shall make decisions on all matters within the scope of its authority only by unanimous consent, with the MedImmune voting members cumulatively having one (1) vote and the Innate voting members cumulatively having one (1) vote, irrespective of the number of members actually in attendance at a meeting. In the event that unanimity cannot be reached by the JCC on a matter before it for decision, having considered the matter in good faith with a view to mutually beneficial resolution, within fifteen (15) days after the matter was first considered by it then the matter may be referred by either Party to the Executives, who shall meet (in person, via internet, telephonically or by videoconference) and attempt to resolve the matter within fifteen (15) days of such referral. In the event that the Executives are unable to reach consensus within such fifteen (15) day period, Innate shall have the final decision making authority [***].

(f) **Disbandment.** The JCC shall cease to exist from the end of the US Transition Period and thereafter responsibility for the oversight of Commercialization of the Licensed Product in the US Territory shall pass to Innate (or as otherwise agreed in the commercial transition plan). If the Parties elect to form a Committee for the oversight of Commercialization activities in the EU Territory, then the JCC shall be reconstituted with such roles and responsibilities as the Parties may agree.

6.3.9 **Joint Working Groups.**

(a) The Parties will either directly or through the JDC or JCC establish one or more operational teams, which may be formal or informal, including with respect to transition, supply chain, pharmacovigilance, regulatory and other matters. Such teams shall be made up of an adequate number of persons from each Party with the necessary skills to coordinate and execute the day-to-day activities required for the implementation of the decisions from each Committee (the “Project Teams”).

(b) The Project Teams shall periodically, or at the request of the Committees, submit to the applicable Committees progress reports in relation to its activities under the Development and Commercialization Plans.

7. **ONGOING AND FUTURE CLINICAL TRIALS**

7.1 **Existing Product Trials.** Following the Effective Date, MedImmune shall continue, unless otherwise indicated by the Commercialization Plan or Development Plan or directed by the JDC or JCC, to conduct any Existing Product Trial that commenced prior to the
Effective Date and shall be responsible for the activities associated therewith. Innate shall be responsible for, and shall reimburse MedImmune for, any and all Costs incurred by MedImmune or its Affiliates in connection with any Existing Product Trial (including those related to pharmacovigilance) from the Effective Date in accordance with the Commercialization Plan or the Development Plan. MedImmune shall notify Innate as soon as reasonably practicable of any material developments or results in respect of any Existing Clinical Trial, including providing Innate with an electronic copy of such results, which shall be deemed to be Licensed MedImmune Know-How.

7.2 **Existing Research and Collaboration Agreements.** Prior to the Effective Date, MedImmune has entered into the Existing Research and Collaboration Agreements. Following the Effective Date, the JDC or JCC (as relevant) shall monitor MedImmune’s performance under such Existing Research and Collaboration Agreements, which shall be at Innate’s cost and expense. MedImmune shall notify Innate as soon as reasonably practicable of any material developments or results in respect of any Existing Research and Collaboration Agreements as well as the completion of the collaboration and/or the termination of any such Existing Research and Collaboration Agreement. MedImmune shall provide Innate with a copy of such results in the format received, which shall be deemed to be Licensed MedImmune Know-How.

7.3 **Additional Trials.** Without limiting Innate’s responsibility for all Development Costs, Innate shall be responsible for all Costs associated with any new Clinical Trials relating to the Licensed Antibody or Licensed Product in the Territories and, subject to MedImmune agreeing to provide support to Innate in connection with such new Clinical Trial, which agreement shall not be unreasonably withheld or delayed if such Clinical Trials are required to obtain Regulatory Approval, shall reimburse MedImmune for all such Costs incurred by it and its Affiliates in connection with any such new Clinical Trial, provided that the protocols and supervising of such Clinical Trials have been agreed by the JDC. MedImmune shall notify Innate as soon as reasonably practicable of any request from any Regulatory Authority for any new Clinical Trial for the Licensed Antibody or Licensed Product in the Territories and any material developments or results in respect of such trial. MedImmune shall not be under any obligation to undertake or fund any additional Clinical Trials of the Licensed Antibody or Licensed Product in the Territories. For the avoidance of doubt, Innate shall be responsible for all Costs associated with any life cycle management related to the Licensed Product in the Territories.

8. **CERTAIN DILIGENCE OBLIGATIONS**

8.1 **Development Diligence: Pre-Transfer of Marketing Approvals.**

(a) From the Effective Date until the MAH Transfer Date, MedImmune shall use its Commercially Reasonable Efforts to comply with its obligations under the Commercialization Plan. For the duration of the Development Plan, MedImmune shall use its Commercially Reasonable Efforts to comply with its obligations under the Development Plan.

30.
(b) From such time as Innate commences its first activities under the Commercialization Plan until the MAH Transfer Date for the US Marketing Approval, Innate shall, at MedImmune’s reasonable request, use Commercially Reasonable Efforts to support MedImmune to maintain the US Marketing Approval in the Field in the US Territory.

(c) During the period that MedImmune is providing the Regulatory Services, it shall provide (or procure the provision of) such services in accordance with the Service Standard.

(d) From the Effective Date until the MAH Transfer Date for the EU Marketing Approval (provided the EU Marketing Approval is granted), Innate shall, at MedImmune’s reasonable request, use Commercially Reasonable Efforts to support MedImmune to obtain and, following grant of the EU Marketing Approval, maintain, the EU Marketing Approval in the Field in the EU Territory.

9. COMMERCIALISATION ACTIVITIES

9.1 Responsibility for Commercialization.

9.1.1 Following the end of the US Transition Period (with respect to the US Territory), Innate shall:

(a) be responsible for Commercialization of the Licensed Product in the Field in the US Territory at its cost and expense;

(b) subject to Applicable Law, invoice and book sales, establish all terms of sale (including pricing and discounts) and warehouse and distribute the Licensed Product in the Field in the Territories and perform or cause to be performed all related services; and

(c) subject to clause 12.4, handle all returns, recalls or withdrawals, order processing, invoicing, collection, distribution and inventory management with respect to the Licensed Product in the Territories.

9.1.2 From the Effective Date, Innate shall be responsible for the Commercialization of the Licensed Product in the EU Territory (subject to the EU Marketing Approval being granted and transferred from MedImmune to Innate).

9.2 Markings. Subject to any local regulatory requirements, Innate shall be identified on the Licensed Product Labelling. All changes to the Licensed Product Labelling required to so identify Innate shall be at Innate’s cost. The timing of any such changes shall be agreed by the Parties following discussions by the JCC, taking into account existing inventory of Licensed Product and Manufacturing and regulatory requirements.

9.3 Promotional Materials. Following the Effective Date and as part of the Commercialization Plan, MedImmune shall provide to Innate MedImmune Promotional Materials so that Innate can develop its own Promotional Materials (including web and
social media content) for the Licensed Product (collectively, the “Innate Marketing Materials”). The Innate Marketing Materials shall be consistent with the Product Labelling in all material respects. Innate shall provide copies of the Innate Marketing Materials to the JCC for review promptly following their creation by Innate or a material amendment, and prior to their use. Innate shall be responsible for creating any necessary local variants of the Innate Marketing Materials for use in each country in the Territories and shall ensure that such marketing materials are consistent with the Innate Marketing Materials provided to the JCC for review. Innate shall use Promotional Materials that are consistent with the Innate Marketing Materials provided to the JCC for review (and only such marketing materials, together with Product Labelling) in Commercializing the Licensed Product in the Territories. While MedImmune is the MAH, (a) all Innate Marketing Materials for the Licensed Product in the US must be approved by MedImmune in writing prior to its use (such approval not to be unreasonably withheld, delayed or conditioned) and (b) after any such approval the approved Innate Marketing Materials shall, at MedImmune’s reasonable request, be subject to re-approval by MedImmune (such re-approval not to be unreasonably withheld, delayed or conditioned).

9.4 **Promotion of Products.** Until such time as MedImmune (or any of its Affiliates) ceases to be the MAH in the US with respect to Innate and during the SOTC Period with respect to MedImmune, each Party shall train the Field Force and ensure that all Promotional activities relating to the Licensed Product are undertaken in accordance with standards equivalent to, or higher than, the AZ Promotion Principles.

10. **PAYMENTS**

10.1 **Upfront Amount.** In partial consideration of the rights granted by MedImmune to Innate under this Agreement, Innate shall pay to MedImmune a non-refundable one-time upfront payment of fifty million Dollars ($50,000,000) (“Upfront Amount”) on the later of the Effective Date and January 31, 2019, by way of electronic transfer to the account set forth in clause 10.8.

10.2 **Milestone Payments.** In partial consideration of the rights granted by MedImmune to Innate hereunder, Innate shall pay MedImmune the following milestone payments within [***] after the first achievement of each of the following milestone events, which payments shall be a one-time payment, non-refundable, non-creditable and fully earned upon achievement of the relevant milestone event:

<table>
<thead>
<tr>
<th>Milestone Event</th>
<th>Milestone Payment ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The date on which gross sales of Licensed Product during the 2019 Calendar Year in the US Territory equals or exceeds [***].</td>
<td>10,000,000</td>
</tr>
</tbody>
</table>
Date on which MedImmune files for the BLA (or its European equivalent) with the EMA (or files for the BLA (or its European equivalent) in [***].

10.3 Determination that milestones have occurred. Either Party shall notify the other promptly of the achievement of each of the events identified as a milestone in clause 10.2.

10.4 Other Payments

10.4.1 The Development Plan includes that Development Budget (which includes the budget for the Regulatory Services), and the Commercialization Plan includes a budget for the Supply Expenses, as such budgets may be updated from time to time by mutual agreement, and may be supplemented by budgets for other services that are not included in the SOTC Services (together the “Budgets”).

10.4.2 The Costs incurred by MedImmune and its Affiliates pursuant to any Budgets and pursuing the Commercialization Plan and Development Plan, shall be reimbursed by Innate on a quarterly basis in arrears, upon receipt from MedImmune of an invoice including reasonable supporting evidence of the Costs, provided that such Costs have not already been compensated under this Agreement. Any Costs incurred by MedImmune and its Affiliates in excess of [***] of the amount budgeted for the applicable Calendar Quarter in any given Budget (the “Excess Costs”) shall be reimbursable by Innate only if (i) such Excess Costs were incurred as a result of circumstances outside MedImmune’s control or otherwise by the occurrence of a force majeure event, (ii) the incurrence of such Excess Costs was approved by the JDC or JCC, or (iii) such Excess Costs were not incurred as a result of MedImmune’s failure to perform the corresponding obligations in the Development Plan or Commercialization Plan (as the case may be) in accordance with the Services Standard.

10.4.3 [***].

10.5 [***]. Innate shall make the payments set forth in, and contemplated by, the [***]. Other than those payments, no other payments shall be due by Innate in respect of the [***].

10.6 [***]. Innate shall make the payments set forth in, and contemplated by, the [***]. Other than those payments, no other payments shall be due by Innate in respect of the [***].

10.7 No other payments. The payments referred to in this clause 10, clause 3.8 and Schedule 2 and clause 3.2 and Schedule 3 are Innate’s sole payment obligations to MedImmune, its Affiliates and their respective licensors or contractors in respect of the grant of licenses described in clause 4 and the Development and Commercialization obligations undertaken by MedImmune under this Agreement.

10.8 Mode of Payment; Offsets. All payments to MedImmune under this Agreement shall be made by deposit of Dollars in the requisite amount to the UK bank account notified in

33.
advance by MedImmune to Innate, or such other account as MedImmune may from time to time designate by notice to Innate. Neither Party shall have the right to offset, set off or deduct any amounts from or against other amounts due hereunder. For the purpose of calculating any sums due under, or otherwise reimbursable pursuant to, this Agreement (including the calculation of Net Sales expressed in currencies other than Dollars), the Parties shall convert any amount expressed in a foreign currency into Dollar equivalents using its, its Affiliate’s or Sublicensee’s, as applicable, standard conversion methodology consistent with GAAP.

10.9 Taxes.

10.9.1 General. The Upfront Amount, milestone payments and other payments payable by Innate to MedImmune pursuant to this Agreement (each, a “Payment”) shall be paid without any deduction or withholding for or on account of any Tax, except for any such deduction or withholding required by Applicable Law. The Parties acknowledge and agree that in accordance with Applicable laws as of the Effective Date, no withholding Tax should apply. Except as provided in this clause 10.9.1, MedImmune shall be solely responsible for paying any and all taxes (other than withholding taxes required by Applicable Law to be deducted from Payments and remitted by Innate) levied on account of, or measured in whole or in part by reference to, any Payments it receives. Innate shall deduct or withhold from the Payments any taxes that it is required by Applicable Law to deduct or withhold. Notwithstanding the foregoing, if MedImmune is entitled under any applicable Tax treaty to a reduction of rate of, or the elimination of, applicable withholding Tax, it may deliver to Innate or the appropriate Governmental Authority (with the assistance of Innate to the extent that this is reasonably required and is requested in writing) the prescribed forms necessary to reduce the applicable rate of withholding or to relieve Innate of its obligation to withhold such Tax and Innate shall apply the reduced rate of withholding or dispense with withholding, as the case may be; provided that Innate has received evidence that MedImmune has duly delivered all applicable forms (and that, if applicable, all governmental authorisations that are required to be received by the appropriate Party have been so received) at least [***] prior to the time that the Payments are due. If, in accordance with the foregoing, Innate withholds any amount, it shall pay to MedImmune the balance when due, make timely payment to the proper taxing authority of the withheld amount and send to MedImmune proof of such payment within [***] following such payment. If Innate shall have transferred (whether by way of legal or equitable assignment, declaration of trust, novation or otherwise) the benefit in whole or in part of this Agreement or shall, after the Effective Date, have changed its Tax residence or the permanent establishment to which the rights under this Agreement are allocated and, a payment under this Agreement is subject to a requirement to withhold for or on account of Tax where the payment would not have been subject to such withholding requirement in the absence of such transfer, change of Tax residence or permanent establishment, then Innate or its assignee (as the case may be) shall be obliged to pay to MedImmune such sum as will, after such deduction or withholding has been made, leave MedImmune with the same amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding; provided that, upon Innate’s or its assignee’s reasonable request, if MedImmune is entitled under any applicable Tax treaty to a reduction of rate of, or the elimination of, any applicable withholding Tax, it shall deliver to Innate or its assignee or
the appropriate Governmental Authority (with the assistance of Innate or its assignee to the extent that this is reasonably required) the prescribed forms necessary to reduce the applicable rate of withholding or to relieve Innate of its obligation to withhold such Tax.

10.9.2 **Indirect Tax.** Notwithstanding anything contained in clause 10.9.1, this clause 10.9.2 shall apply with respect to Indirect Tax. All amounts expressed to be payable under this Agreement (including the Upfront Amount) by any Party to this Agreement which (in whole or in part) constitute the consideration for any supply for Indirect Tax purposes are deemed to be exclusive of any Indirect Tax which is chargeable on that supply, and accordingly, if any Indirect Tax is or becomes chargeable on any supply made by any Party to this Agreement (the “Supplier”) and the Supplier or an Affiliate of the Supplier is required to account to the relevant Tax Authority for the Indirect Tax, the Party receiving such chargeable supply (the “Recipient”) shall pay to the Supplier (in addition to and at the same time as paying any other consideration for such supply, or [***] after the receipt by the Recipient of an appropriate invoice in respect of such Indirect Tax) an amount equal to the amount of the Indirect Tax (and such Supplier must promptly provide an appropriate invoice in respect of such Indirect Tax to the Recipient to the extent that such an invoice has not already been provided).

10.9.3 **Tax Warranties.** In this clause 10.9.3:

(a) references to “committing tax evasion” shall include:

(i) fraudulently or dishonestly failing to pay any amount of tax to the relevant Tax Authority within any applicable time limit for the payment of such tax without incurring interest and/or penalties; and

(ii) fraudulently or dishonestly claiming any relief, allowance, credit, deduction, exemption or set off in respect of any tax (or relevant to the computation of any income, profits or gains for the purposes of any tax), or any right to or actual repayment of or saving of tax; and

(iii) “tax” or “taxation” means:

(1) taxes on gross or net income, profits and gains, and

(2) all other taxes, levies, duties, imposts, charges and withholdings of any nature, including any excise, property, wealth, capital, value added, sales, use, occupation, transfer, franchise and payroll taxes and any national insurance or social security contributions, together with all penalties, charges, fees and interest relating to any of the foregoing or to any late or incorrect return in respect of any of them.

(b) Each Party represents, warrants and undertakes that

(i) neither it nor its Affiliates shall commit tax evasion;
(ii) neither it nor its Affiliates shall undertake any activities which would facilitate or otherwise result in another person committing tax evasion; and

(iii) it and its Affiliates shall maintain reasonable procedures designed to prevent any employees, agents or other persons who perform services for them or on their behalf from undertaking any activities which would facilitate or otherwise result in another person committing tax evasion.

(c) Each Party shall promptly report any apparent breach of clause 10.9.3(b) to the other Party.

(d) Each Party shall:

(i) answer, in reasonable detail, any written or oral inquiry from the other Party related to Innate’s compliance with clause 10.9.3(b), 10.9.3(c) and 10.9.3(d);

(ii) facilitate the interview of staff employed by Innate (or any agent of Innate) at any reasonable time specified by the other arty related to compliance with this clause 10.9.3; and

(iii) co-operate with the other Party and/or any regulator or Governmental Authority in relation to any investigation relating to the matters referred to in this clause.

Breach of this clause 10.9.3 shall be deemed a material breach under clause 20.2.1, and for that purpose a breach of clause 10.9.3(b) or 10.9.3(c) shall be regarded as incapable of remedy.

10.9.4 Unless otherwise expressly provided, all payments due by one party to another under the Agreement shall be made against invoices.

10.10 **Interest on Late Payments.** If either Party fails to pay any amount payable under this Agreement by the due date for payment then, without prejudice to any other rights or remedies that the other Party may have, interest shall accrue thereon (before and after any judgment) at an annual rate [***], as adjusted from time to time and published by [***], such interest to run from the date on which payment of such sum became due until payment thereof in full together with such interest. Notwithstanding the previous sentence, the payable interest rate shall never be less than [***].

10.11 The consideration paid by Innate under this Agreement shall be allocated to the Licensed MedI Patents, the Licensed MedI Know-How, the Product Trademarks and other commitments made by MedI under this Agreement. No portion of the consideration shall be allocated to the [***].
11. RECORDS AND REPORTING

11.1 Development Records. MedImmune, with respect to its Development activities in the EU Territory (and, if applicable, the US Territory) relating to the Licensed Product (including any Existing Product Trial), and Innate to the extent that Innate is engaged in any Development of the Licensed Product, shall, and shall cause its Affiliates to, maintain, in good scientific manner, complete and accurate books and records pertaining to such Development activities. Such books and records shall (a) be appropriate for Patent and regulatory purposes, (b) be in compliance with Applicable Law, (c) properly reflect all work done and results achieved in the performance of its Development activities hereunder, (d) record only such activities and not include or be commingled with records of activities outside the scope of this Agreement and (e) be retained by MedImmune or Innate (as applicable) for at least [***] after the expiration or termination of this Agreement in its entirety or for such longer period as may be required by Applicable Law.

11.2 Development Reports. During the period when the JDC operates between the Parties as contemplated by this Agreement, within [***] following the end of each Calendar Quarter during which a Party is conducting Development activities with respect to the Licensed Product in the EU Territory, such Party shall provide the JDC with a report summarising its activities to Develop the Licensed Product in the Territories, such report to include a summary of the work completed, a summary of the work in progress, and, if applicable, a summary of a current schedule of planned activities in the Calendar Quarter following the reporting period. Such report shall contain sufficient detail to enable the JDC to assess each Party’s compliance with its obligations set forth in clause 8.1.

11.3 Financial Records. Each Party shall and shall cause its Affiliates (and if applicable, Innate’s Sublicensees) to, keep complete and accurate financial books and records pertaining to the Commercialization of the Licensed Product hereunder, including books and records of Development Costs, Commercialization Costs, other fees pursuant to this Agreement and Net Sales of Licensed Product, in sufficient detail to calculate and verify all amounts payable hereunder. Such records shall be in compliance with Applicable Law. Each Party shall and shall cause its Affiliates and (if applicable, Innate’s Sublicensees) to, retain such books and records until the later of (a) [***] after the end of the period to which such books and records pertain and (b) the expiration of the applicable Tax statute of limitations (or any extensions thereof) or for such longer period as may be required by Applicable Law.

11.4 Commercialization Reports. Within [***] following the end of each Calendar Quarter during which MedImmune is providing SOTC Services, MedImmune will provide Innate with a report summarising MedImmune’s activities to Commercialize the Licensed Product in the US Territory pursuant to the SOTC Services, such report to include a summary of the work completed, a summary of the work in progress, and, if applicable, a summary of a current schedule of planned activities in the Calendar Quarter following the reporting period. Such report shall not be required to be any more detailed or comprehensive than any similar report MedImmune would use for internal reporting purposes. If during the 2019 Calendar Year Innate carries out any Commercialization activities with respect to the US Territory, then it shall, within [***] following the end of each Calendar Quarter during
which Innate is conducting those activities, provide MedImmune with a report summarising Innate’s activities to Commercialize the Licensed Product in the US Territory, such report to include a summary of the work completed, a summary of the work in progress, and, if applicable, a summary of a current schedule of planned activities in the Calendar Quarter following the reporting period. Each such report shall contain sufficient detail to enable the other Party to assess the reporting Party’s compliance with its obligations under the Commercial Plan and commercial transition plan, as applicable, including: (a) field force size and allocation; (b) the number and position of Details in the applicable period; (c) the nature of Promotional activities and Licensed Product sampling activities; (d) market and sales promotional programs; and (e) the conduct of advertising, public relations and other promotional programs, including professional symposia and speaker and peer-to-peer activity programs used in the Commercialization of the Licensed Product.

11.5 Audit. In respect of any Calendar Year in which SOTC Services are being provided, at the request of either Party, the other Party shall and shall cause its Affiliates to, permit such Party or an independent auditor designated by such Party and reasonably acceptable to the other Party, not more than once in respect of each such Calendar Year and at reasonable times and upon reasonable notice, to audit the books and records maintained pursuant to this clause 11 to ensure the accuracy of all reports and payments made hereunder. Except as provided below, the cost of this audit shall be borne by the auditing Party, unless the audit reveals, with respect to the period covered by the audit, a variance of more than [***] from the reported financial amounts for such period, in which case the audited Party shall bear the cost of the audit. Unless disputed pursuant to clause 11.6, if such audit concludes that (a) additional amounts were owed by the audited Party, then the audited Party shall pay the additional amounts, with interest from the date originally due or (b) excess payments were made by the auditing Party, the audited Party shall reimburse such excess payments, in either case ((a) or (b)), within [***] after the date on which such audit is completed by the auditing Party.

11.6 Audit Dispute. In the event of a dispute arising out of or in connection with any audit under clause 11.5, the Parties agree to submit the dispute, in the first instance, to administered expert proceedings in accordance with the Rules for the Administration of Expert Proceedings of the International Chamber of Commerce. After the International Centre for ADR’s notification of the termination of the administered expert proceedings, the dispute, if it has not been resolved, shall be resolved in accordance with the dispute resolution mechanism set out in clause 21.6.

12. REGULATORY ACTIVITIES

12.1 Regulatory Approvals.

12.1.1 During:

(a) the US Transition Period, MedImmune or its Affiliate shall remain the MAH for the Licensed Product in the US Territory and use Commercially Reasonable Efforts to maintain the US Marketing Approval (provided that nothing in this clause

38.
12.1.1(a) shall impose any obligation on MedImmune with respect to the costs of new Clinical Trials for the Licensed Product in the US); and

(b) the EU Transition Period, MedImmune shall in accordance with the Development Plan continue to prepare and, once prepared, submit the BLA to the EMA and Swissmedic to obtain the EU Marketing Approval and in connection with this shall have the right (following consultation with Innate through the JDC) to conduct communications with the EMA and Swissmedic in the EU Territory in its name,

provided that, MedImmune shall have no obligation to carry out any Development activities with respect to the Licensed Product unless set forth in the Development Plan.

12.1.2 Until the MAH Transfer Date in the US Territory or the EU Territory, as the case may be, the Parties acknowledge that MedImmune (or an Affiliate of MedImmune) holds (or will hold) the US Marketing Approval and the EU Marketing Approval (as applicable) and has certain rights and obligations under Applicable Law as a holder of such approvals and is required to undertake or have undertaken certain activities in connection with such approvals (the "MAH Related Responsibilities"). During such time that MedImmune is the holder of the US Marketing Approval and/or the EU Marketing Approval, subject to the terms of this Agreement, Innate shall cooperate fully with MedImmune in the discharge of the MAH Related Responsibilities and shall use Commercially Reasonable Efforts to perform its Development and Commercialization activities with respect to the Licensed Product under the US Marketing Approval or EU Marketing Approval, as applicable, and otherwise act under and in accordance with such approvals and the AZ Promotion Principles. During the Term, if necessary to permit Innate or its nominee to lawfully perform all or some of the MAH Related Responsibilities on behalf of MedImmune, or its Affiliate as contemplated by this Agreement, MedImmune or its Affiliate, as holder, shall provide Innate or its nominee with a power of attorney or delegation of authority.

12.2 Transfers of Regulatory Approvals.

12.2.1 Subject to Applicable Law, MedImmune shall transfer the (i) US Marketing Approval to Innate on the US Transfer Date, and (ii) EU Marketing Approval (if obtained) to Innate in accordance with the EU Regulatory Transition Plan, (either date being a “MAH Transfer Date”).

12.2.2 Innate and MedImmune shall ensure that the Commercialization Transition Plan contains provisions relating to the transfer of the US Marketing Approval and shall prepare and agree, acting through the JDC, a regulatory transition plan for the transfer of the EU Marketing Approval (once approved and agreed, the “EU Regulatory Transition Plan”). The EU Regulatory Transition Plan shall include any services to be provided by MedImmune in connection with such transition and the fee payable (on an FTE basis and at the applicable FTE Rate quoted by MedImmune) by Innate for such activities.

12.2.3 Following an MAH Transfer Date, Innate shall be the MAH for the US Marketing Approval or the EU Marketing Approval and shall assume all regulatory responsibilities

39.
with respect to the Licensed Product in the US Territory or EU Territory, as the case may be.

12.2.4 On or prior to the Effective Date and on an on-going basis thereafter promptly upon the creation or receipt of, or update to MedI Regulatory Documentation, MedImmune shall provide Innate with an electronic copy of the MedI Regulatory Documentation relating to the Licensed Product in the US Territory or EU Territory, as applicable, through an electronic repository in a form agreed between the Parties. The MedI Regulatory Documentation shall not include any source documents associated with individual case safety reports and MedImmune shall not be required to transfer any such documents or reports. For the avoidance of doubt, MedI Regulatory Documentation constitutes Licensed MedI Know How and shall remain as such notwithstanding the transfer of the US Marketing Approval or EU Marketing Approval to Innate. Accordingly, such Information may only be used or disclosed by Innate or its Affiliates or Sublicensees in accordance with the terms and conditions of this Agreement.

12.3 Communications and Filings with Regulatory Authorities.

12.3.1 With respect to the Licensed Product, the MAH shall be responsible for all communications with the Regulatory Authorities in the US Territory and EU Territory (as applicable) with respect to the Licensed Product.

12.3.2 While MedImmune is the MAH with respect to the Licensed Product, it shall wherever practicable provide Innate with reasonable advance notice of all meetings, conferences, discussions or other communications (whether face-to-face or teleconference and including any meeting of experts convened by a Regulatory Authority concerning any topic relevant to the Licensed Product) with a Regulatory Authority concerning any matter relating to the Licensed Product in the Territories within [***] after the earliest of the occurrence, notice or scheduling of such meeting (or as quickly as feasibly possible if the meeting is scheduled with less than a [***] prior notice), including copies of all related documents and other relevant information relating to such meetings, conferences, discussions or other communications. Innate shall have the right to have reasonable representation present at and to participate in such meetings, conferences, discussions and other communications.

12.3.3 While MedImmune is the MAH in either of the Territories, it shall promptly provide Innate with the following, or if not practicable to provide, written summaries of the following:

(a) copies of all regulatory correspondence to or from the Regulatory Authorities relating to the Licensed Product in the US Territory or EU Territory (as applicable);

(b) advance copies of material submissions and filings (e.g., INDs, BLAs, major supplements or amendments to the foregoing, material labelling supplements, Regulatory Authority meeting requests and core data sheets) to the Regulatory Authorities and a reasonable opportunity to comment in advance on such submissions (which comments MedImmune shall consider in good faith and shall be incorporated therein to the extent reasonable);
(e) copies of all other documents and correspondence pertaining to the Licensed Product in the Territories after they have been submitted to, or received from, the Regulatory Authorities in the Territories; and

(f) if and to the extent not provided in accordance with the Pharmacovigilance Agreement, any other material safety information in relation to the Licensed Product outside the Territories to the extent that such information might reasonably be expected to be relevant to the Development or Commercialization of the Licensed Product in the Territories by Innate.

12.3.4 MedImmune shall, where practicable and feasible, take into account Innate’s comments provided as part of the discussions at the JCC and JDC (where applicable) with respect to any filing with, response to, or interactions with the Regulatory Authorities relating to the Licensed Product in the US Territory or EU Territory in each case in accordance with the Commercialization Plan and Development Plan.

12.4 Recalls, Suspensions or Withdrawals.

12.4.1 Notification. Each Party shall notify the other Party promptly (but in no event later than [***]) following its determination that any event, incident or circumstance has occurred that may result in the need for a recall, market suspension or market withdrawal of the Licensed Product (whether in the Territories or outside the Territories) and shall include in such notice the reasoning behind such determination and any supporting facts.

12.4.2 Conduct. As between the Parties, the MAH shall have final decision making authority with respect to Product recalls in the Territories and shall have the right to make the final determination whether to voluntarily implement any such recall, market suspension or market withdrawal in the Field in the Territories, including any retraction of Promotional Materials; provided that prior to any implementation of such a recall, market suspension or market withdrawal, including any retraction of Promotional Materials, the MAH shall consult with the other Party and shall consider the other Party’s comments in good faith. If a recall, market suspension or market withdrawal, including any retraction of Promotional Materials, is mandated by a Regulatory Authority in the Territories, as between the Parties, the MAH shall initiate such a recall, market suspension or market withdrawal in compliance with Applicable Law. For all recalls, market suspensions or market withdrawals undertaken pursuant to this clause 12.4.2, as between the Parties, the MAH shall be solely responsible for the execution thereof.

12.4.3 Costs of Recalls, Suspensions or Withdrawals.
During the Term, subject to clause 18, Innate shall be responsible for all costs of any recall, market suspension or market withdrawal of the Licensed Product, except in the event and to the extent that such recall, market suspension or market withdrawal resulted from MedImmune’s or its Affiliate’s breach of its obligations under this Agreement or the [***] or MedImmune’s negligence, in which case, MedImmune shall bear the expense of such recall, market suspension or market withdrawal.

12.4.4 Pharmacovigilance

(a) During the period during which pharmacovigilence responsibilities are transferring from MedImmune to Innate with respect to the Licensed Product in the Territories (the “Pharmacovigilance Transfer Period”) and subject to what may be otherwise agreed by the Parties in the transition services agreement:

(i) MedImmune shall hold and maintain the Global Safety Database for the Licensed Product and have responsibility for maintenance of reference safety information for both Development and Commercialization use;

(ii) MedImmune shall prepare periodic/aggregate safety reports, manage signal detection/surveillance, global (English language) literature, and other such global safety activities as are required;

(iii) MedImmune shall be responsible for consumer facing safety and pharmacovigilance activities including adverse event collection, following up and processing, as well as medical inquiries/information, local language literature and other such local activities in the Territories as are required.

(iv) the applicable MAH will be responsible for all pharmacovigilance related submissions to Regulatory Authorities

During the Pharmacovigilence Transfer Period, the Parties will work together in good faith to transfer responsibility for pharmacovigilance in the Territories from AZ/MedI to Innate as soon as practical but not later than the earlier of 1) [***] or 2) [***].

(b) Following the transfer of pharmacovigilance activities in accordance with clause 12.4.4 (a):

(i) Innate shall hold and maintain the Global Safety Database for the Licensed Product and have responsibility for the maintenance of reference safety information for both Development and Commercialization use.

(ii) Innate shall prepare periodic/aggregate safety reports, manage signal detection/surveillance, global (English language) literature, and other such global safety activities.

(iii) Innate shall be responsible for consumer facing safety and pharmacovigilance activities including adverse event collection and
following up, Medical inquiries/information, local language literature and other such Local activities in the Territories as are required.

(iv) Innate will be responsible for all pharmacovigilance related submissions to Regulatory Authorities in any countries where the applicable Regulatory Approval has been transferred to Innate.

(c) Prior to the date (if any) on which the BLA is submitted to the EMA, MedImmune and Innate will appoint pharmacovigilance transition teams to discuss any pharmacovigilance activities to be included in the EU Regulatory Transition Plan.

12.4.5 Pharmacovigilance Agreement. The Parties shall enter into a separate pharmacovigilance or safety data exchange agreement in a form that is customary in the pharmaceutical industry (“Pharmacovigilance Agreement”) reasonably in advance of Innate taking full responsibility for any Commercialization or Development activity with respect to the Licensed Product, outlining their respective responsibilities with respect to the exchange of safety information and the performance of pharmacovigilance activities for the Licensed Product in accordance with clause 12.4.4.

12.4.6 Pending execution of such Pharmacovigilance Agreement, and unless otherwise agreed:

(a) Innate shall notify MedImmune of any adverse events or special situations (including but not limited to reports of exposure during pregnancy or breastfeeding; overdose, abuse and misuse; off-label use, mediation errors; lack of therapeutic effect, occupational exposure, unexpected therapeutic or clinical benefit and infectious agents) associated with the Licensed Product in the Territories within [***] after the first receipt of such information (such notice to be provided to [***]); provided that (i) if a case is received during a period of [***] (“non-Business Days”), Innate will forward details of the case on the next Business Day and (ii) the Parties shall put in place procedures to ensure that Innate will forward any report of an adverse event received during a period of [***] in accordance with 12.4.6 in order to ensure the safety of patients;

(b) at MedImmune’s request, Innate shall cooperate with MedImmune and provide such assistance as MedImmune may reasonably require to enable it to investigate and follow-up any reports of adverse events or other safety-relevant information associated with the Licensed Product; and

(c) the Parties shall put in place procedure(s) to perform reconciliation as MedImmune, as MAH, deems reasonably necessary.

12.4.7 Quality Agreement. The Parties shall enter into the Quality Agreement as soon as reasonably practicable after, and in any event no later than [***] after, the Effective Date, outlining their respective quality related responsibilities with respect to the Licensed Product.

12.4.8 Standard Response Letters. During the period commencing on the Effective Date and ending on the EU MA Transfer Date (or the date, if any, on which the Parties determine

43.
that they shall not obtain a BLA with respect to the EU Territory), MedImmune shall be responsible for developing and updating the template for standard response letters for use in connection with the Licensed Product and shall provide a copy of such template letters to Innate. Innate shall use such template letters in preparing standard response letters for use in the Territories; provided that the MAH shall be responsible for preparing any country-specific standard response letters for use in the Territories. Innate shall not include any information in any standard response letter that is not included in a then-current MedImmune template letter without MedImmune’s prior written consent, such consent not to be unreasonably withheld, conditioned or delayed.

12.5 Compensation for Regulatory Support and Services.

In consideration of the performance of regulatory services being provided by MedImmune to Innate in accordance with this clause 12 (and other provisions of this Agreement) (the “Regulatory Services”), Innate shall pay to MedImmune in accordance with clause 10.8 for the provision of those Regulatory Services.

13. INTELLECTUAL PROPERTY

13.1 Ownership of Technology.

13.1.1 As between the Parties, Innate shall own and retain all right, title and interest in and to any and all Information and inventions that are conceived, discovered, developed or otherwise made by or on behalf of either Party or its Affiliates under or in connection with this Agreement, whether or not patented or patentable and any and all Patents and other Intellectual Property Rights with respect thereto.

13.1.2 The determination of whether Information and inventions are conceived, discovered, developed or otherwise made by a Party for the purpose of allocating proprietary rights (including Patent, copyright or other Intellectual Property Rights) therein, shall, for purposes of this Agreement, be made in accordance with Applicable Law in the United States irrespective of where or when such conception, discovery, development or making occurs. Each Party shall, and does hereby, assign, and shall cause its Affiliates to so assign, to the other Party, without additional compensation, such right, title and interest in and to any Information and inventions as well as any Intellectual Property Rights with respect thereto, as is necessary to fully effect, as applicable, the allocation of ownership provided for in clause 13.1.1.

13.1.3 Each Party shall cause all Persons who perform any activities for or on its behalf under this Agreement or who conceive, discover, develop or otherwise make any Information or inventions by or on behalf of it or its Affiliates or, in the case of Innate, its Sublicensees, under or in connection with this Agreement to be under an obligation to assign (or, if the Party is unable to cause such Person to agree to such assignment obligation despite such Party using reasonable efforts to negotiate such assignment obligation, then to grant an exclusive licence under) their rights in any Information and inventions resulting therefrom to such Party, except where Applicable Law requires otherwise and except in the case of governmental, not-for-profit and public institutions that have standard policies against such
an assignment (in which case, a suitable licence or right to obtain such a licence, shall be obtained).

13.2 [***]. Innate acknowledges that [***] all rights, title and interest in the Intellectual Property Rights licensed to [***]. Except as expressly granted in the [***], Innate shall not acquire any right, title or interest whatsoever in or to any such Intellectual Property Rights.

13.3 Third Party Agreements. The Parties acknowledges that the rights, obligations and procedures set out in this clause 13 are subject to the terms and conditions of the [***] as they apply to the maintenance, prosecution, defence and infringement of the Intellectual Property Rights licensed thereunder and to the extent that there is an inconsistency between the provisions of this clause 13 and the [***] with respect to such matters, the terms of the [***] shall prevail.

13.4 Co-ordination.

13.4.1 Promptly following the Effective Date, each Party shall appoint one (1) patent attorney from within its organisation (each an “IP Manager”) to act as its main point of contact between the Parties for all Patent and Trademark matters addressed under this Agreement and, in particular, the remaining provisions of this clause 13.4. The IP Managers shall establish and oversee mutually agreeable procedures for (a) liaising with regard to Patent and Trademark prosecution, enforcement and defence activities under this Agreement and the [***]; and (b) coordinating communications with respect to such matters.

13.4.2 If MedImmune receives documents relating to [***] prosecution, maintenance or defence of the Intellectual Property Rights licensed thereunder to MedImmune or otherwise has rights to make decisions or influence [***] decisions with respect to the Intellectual Property Rights licensed thereunder, MedImmune’s IP Manager shall provide Innate with copies of the relevant documents or notices received from [***] in so far as they relate to the Licensed Product or Licensed Antibody in the Territories and MedImmune shall consider in good faith any comments from Innate with respect thereto. To the extent MedImmune takes over responsibility for patent prosecution under the [***], all such prosecution with respect to the [***] (the “[***]”) shall be coordinated by the IP Managers in accordance with clause 13.4.1.

13.5 Prosecution and Maintenance of Patent Rights.

13.5.1 Innate shall be primarily responsible for and shall use Commercially Reasonable Efforts to control the preparation, filing, prosecution (including conducting or handling any interferences, oppositions, action for declaratory judgment, nullity actions, reissue proceedings, reexaminations and challenges to title) and maintenance of the Licensed MedI Patents, and [***] subject to [***] to the extent MedImmune has the corresponding responsibility under the [***]; provided that Innate shall provide MedImmune with advance copies of, and a reasonable opportunity to comment upon, proposed patent filings, related prosecution strategies and proposed correspondence with patent officials or other Third Parties relating to any [***] subject to [***], and will consider comments received
from MedImmune with respect to such proposed filings, strategies and correspondence in good faith.

13.5.2 Innate shall further be responsible for all Costs incurred or invoiced by either Party and its Affiliates as of the Effective Date and thereafter associated with the Licensed MedI Patents.

13.5.3 If Innate decides not to file, prosecute or maintain a Licensed MedI Patent or [***], it shall give MedImmune reasonable notice to that effect sufficiently in advance of any deadline for any filing with respect to such Licensed MedI Patent or such [***], as applicable, in which case any and all rights under this Agreement with respect to such Licensed MedI Patent and such [***] shall cease with respect to Innate. After receiving such notice, MedImmune may elect by written notice to Innate within [***] after receiving such notice from Innate to file, prosecute and maintain the relevant Licensed MedI Patent or [***], at its sole cost and expense. If MedImmune does so elect, Innate shall cooperate with MedImmune as necessary to enable MedImmune to perform such acts as may be reasonably necessary for MedImmune to file, prosecute or maintain such Licensed MedI Patent or [***], including the execution and filing of appropriate instruments and to facilitate the transition of such patent activities to MedImmune.

13.5.4 Innate shall be responsible for and shall control, in consultation with MedImmune, the selection of the appropriate Licensed MedI Patents as listed in the patent information section of the BLA for the Licensed Product for filing to obtain a Patent Term Extension ("PTE") pursuant to all Applicable Laws, including supplementary protection certificates and any other extensions that are now or become available in the future wherever applicable to Licensed MedI Patents and [***] that are applicable to the Licensed Product in the Territory. The IP Managers shall discuss Innate’s proposed strategy for patent term extensions and patent listings and Innate shall consider MedImmune’s comments with respect to such strategy in good faith, but without derogating from Innate’s right to be ultimately responsible for and to control such strategy. MedImmune shall provide prompt and reasonable assistance, if requested by Innate and at Innate’s cost and expense, to obtain such extensions or listings. Notwithstanding the foregoing, MedImmune shall continue to be responsible for and shall control the filing of the PTE application in the United States that are in process as at the Effective Date.

13.5.5 Promptly after the Effective Date, and following Innate’s written request, MedImmune shall (a) provide to Innate all information, including a correct and complete list of all Patents covering the Licensed Product or otherwise necessary to enable Innate to make filings with Regulatory Authorities with respect to the Licensed MedI Patents and [***] including as required or allowed in connection with (i) in the United States, the FDA’s Purple Book and (ii) outside the United States, under the national implementations of Section 10.1(a)(iii) of Directive 2001/EC/83 or other international equivalents, and (b) cooperate with Innate at Innate’s reasonable request and cost and expense in connection therewith, including meeting submission deadlines, in each case, to the extent required or permitted by Applicable Laws. Promptly after the Effective Date and not less than [***] prior to any subsequent deadline with respect to the foregoing, the Parties shall discuss and identify those Patents claiming or covering the Licensed Product and the process of review of such Patents for submission to the applicable Regulatory Authorities. Innate shall have
the right, at its sole discretion, to submit or de-list any Licensed Medi Patent or [***] with respect to any Regulatory Authority with prior notice to MedImmune.

13.5.6 Notwithstanding anything to the contrary in this clause 13, neither Party shall have the right to make an election under the Cooperative Research and Technology Enhancement Act of 2004, 35 U.S.C. 103(c)(2)-(c)(3) (the “CREATE Act”) when exercising its rights under this clause 13.5.6 without the prior written consent of the other Party. With respect to any such permitted election, the Parties shall use reasonable efforts to cooperate and coordinate their activities with respect to any submissions, filings or other activities in support thereof. The Parties acknowledge and agree that this Agreement is a “joint research agreement” as defined in the CREATE Act.

13.6 Defence of Third Party Claims/Oppositions.

13.6.1 Except as otherwise provided in clause 19, neither Party makes any warranty with respect to the validity, perfection, or dominance of any Patent (including the Licensed Medi Patents or [***]) or proprietary right or with respect to the absence of rights in Third Party Patents which may be infringed by the Development, Manufacture or Exploitation of any Licensed Antibody or Licensed Product. If a Third Party asserts a Patent or other right owned by it is infringed by the Development, Manufacture or Exploitation of any Licensed Antibody or Licensed Product, or either Party discovers such a Patent or right, the Party first obtaining knowledge of such a claim or potential claim shall immediately provide the other Party written notice and the related facts in reasonable detail. In the event the Parties cannot agree on the defense of any such claim, such defense shall be controlled by Innate; provided that MedImmune shall have the right to participate and to be represented in any such action by counsel of its selection at its sole discretion. Innate shall also have the right to control settlement of such claim and shall be solely responsible for paying any settlement amounts. Innate shall not settle any such claim, suit, or proceeding prior to discussing the settlement with MedImmune to the extent such proceedings may impact MedImmune’s Retained Rights. Subject to the foregoing, Innate shall consider comments received from MedImmune with respect to such settlement arrangements in good faith. Innate shall be solely responsible for any award of damages and costs awarded against it or MedImmune in any such proceedings.

13.6.2 Either Party may commence an opposition, action for declaratory judgment, nullity action, interference, re-examination, or other attack upon the validity, title, or enforceability of any Patents Controlled by a Third Party that cover the Development, Manufacture or Exploitation of any Licensed Antibody or Licensed Product and are not Licensed Medi Patents or [***], at its own expense, but shall notify the other before commencing such action to enable the Parties to cooperate, with such cooperation not to be unreasonably withheld or delayed.
13.7 **Infringement by Third Parties**

13.7.1 The Party first having knowledge that any Licensed MedI Patent has been infringed or misappropriated by a Third Party in any country shall promptly notify the other in writing.

13.7.2 Innate shall have the first right, but not the obligation, to institute, prosecute, and control any action or proceeding or negotiation of any settlements with respect to any infringement of Licensed MedI Patents (with the other Party having the right to participate in such action or negotiations at its expense and be represented if it so desires). Innate shall not have the right to make any admission in connection with any infringement litigation or settle any infringement in a manner that has or would reasonably be expected to have a material adverse effect on MedImmune Retained Rights or involves any admission by, MedImmune, or which would involve any cost or expense to MedImmune or any of its Affiliates without the express written consent of MedImmune (which consent shall not be unreasonably withheld, conditioned or delayed). If necessary, MedImmune agrees in any such action to be joined as a claimant and to give Innate reasonable assistance and any needed authority to control, file, and to prosecute such action, at Innate’s expense. If Innate elects not to institute and prosecute such action or proceeding or to conduct such negotiation, Innate will discuss with MedImmune the reasons for this decision and MedImmune may, to the extent required to ensure compliance with [***], step in Innate’s rights for purposes of this clause 13.7.2, with the consent of Innate not to be unreasonably withheld.

13.7.3 Any damages or monetary awards relating to the Licensed MedI Patents shall be applied as follows: (a) to reimburse any and all out-of-pocket costs incurred by Innate in bringing suit; (b) to reimburse any and all out-of-pocket costs incurred by MedImmune in relation to the suit; and (c) any remaining damages shall be [***].

13.7.4 Where Innate activities under this Agreement result in the necessity of any licences to Third Party’s Patents, and MedImmune had no Knowledge (without performing a commercially reasonable inquiry with respect to the relevant subject matters) of the need for such licenses prior to the Effective Date, Innate shall be solely responsible for obtaining such Third Party licence(s) at its own expense and cost.

13.7.5 MedImmune shall not grant its Other Licensees rights in breach of the exclusive licenses granted to Innate hereunder, and shall not grant such licenses unless each such Other Licensee agrees to contractual obligations reciprocal to those obligations of Innate whereby data and information of Innate are able to be shared and used for the benefit of such Other Licensee on substantially similar terms.

13.8 **Other AZ IPR**

Unless otherwise agreed by the parties, MedImmune shall have the sole right and responsibility, but not the obligation, with regard to the maintenance, prosecution, defence and infringement of any Intellectual Property Rights, or any other matters, in connection with the Other AZ IPR.
14. **PRODUCT TRADEMARKS**

14.1 **Ownership of Corporate Names and Product Trademarks; New Product Trademarks**

14.1.1 **Ownership.** As between the Parties except as otherwise expressly provided, (a) MedImmune (or one of its Affiliates) shall remain the sole and exclusive owner of the AstraZeneca Corporate Names, and (b) Innate shall remain the sole and exclusive owner of the Innate Corporate Names. Subject to the license referred to in clause 14.1.2 being agreed and entered into, in consideration for MedImmune’s right hereunder, MedImmune shall, or shall procure that one of its Affiliates shall, assign, on the terms of the assignment attached at Schedule 12, the Product Trademarks to Innate within an agreed time after the Effective Date.

14.1.2 In consideration of MedImmune’s agreement to assign, and to cause its Affiliate to assign, to Innate all of MedImmune’s or its Affiliate’s ownership rights in and to the Product Trademarks, Innate shall grant to MedImmune an exclusive (including with regard to Innate and its Affiliates), irrevocable, perpetual, royalty-free, fully paid-up, fully transferable, with the right to grant sublicenses through multiple tiers, license to use the Product Trademarks, including any New Product Marks, to Manufacture or have Manufactured the Licensed Product and other products anywhere in the world and to Commercialize and otherwise Exploit the Licensed Product (and other products) outside the Territories, pursuant to a separate trademark license agreement to be negotiated between the Parties in good faith and to be executed no later than [***] after the Effective Date.

14.1.3 **New Product Trademarks.** Innate shall have the right, but not the obligation, at its sole cost and expense, to select Trademarks, other than the Existing Product Trademarks, for use in the Commercialization of the Licensed Product in the Territories subject to the following conditions:

(a) Innate shall, at its sole cost and expense, be responsible for all activities relating to the selection and use of such Trademark in connection with the Licensed Product in the Territories including any searches and obtaining all required approvals from Regulatory Authorities for such use; and

(b) as long as MedImmune is the MAH, any New Product Trademark must be approved for use with the Licensed Product in the Territories by MedImmune, such approval not to be unreasonably withheld, conditioned or delayed.

14.2 **Prosecution of Product Trademarks.**

14.2.1 Unless otherwise agreed by the Parties, Innate shall be responsible for and shall use Commercially Reasonable Efforts to register, prosecute and maintain any registration or application for the Product Trademarks in the Territories, and such other Trademark rights in the Product Trademarks as MedImmune may require outside the Territories, providing Innate with a list of countries in which Innate needs to secure/maintain such Trademark rights for the possible use by AZ, in a manner that is consistent with its practices for registration, prosecution and maintenance of product trademarks for its other products,
using counsel of its own choice. Innate shall (i) provide MedImmune each quarter, a detailed, written report identifying the current status of all Trademark applications and registrations for the Product Trademarks by country; (ii) notify MedImmune of, and make its Commercially Reasonable Efforts to consult with MedImmune, with respect to, any substantive issue and/or any opposition or cancellation proceeding that may be raised or asserted against any Trademark application or registration for the Product Trademarks prior to taking any action in response thereto; (iii), from time to time, upon MedImmune’s request, provide MedImmune with copies of any registration certificates, renewal applications and certificates, registration applications, pleadings, and/or other documentation or information as MedImmune may request relating to any Trademark application or registration for the Product Trademarks; and (iv) use its Commercially Reasonable Efforts to consult with MedImmune prior to taking any action to (A) abandon or withdraw any Trademark application for a Product Trademark or (B) permit any Trademark registration a Product Trademark to lapse, to expire or to be cancelled.

14.2.2 Subject to clause 14.2.1, if Innate decides to abandon a registration or application for a Product Trademark, Innate shall so notify MedImmune promptly in writing at least [***] prior to any deadlines by which an action must be taken to establish or preserve all rights under such Product Trademark in the Territories (or outside the Territories for any registration or application for a Product Trademark outside the Territories) and MedImmune may on notice to Innate assume control over, and at MedImmune’s election ownership of, such application and registration and the further prosecution (including application), administration, maintenance and defence of such Product Trademark at its sole cost and expense, and Innate shall execute such assignments, powers of attorney or other instruments and shall take such other actions as MedImmune may reasonably request to transfer ownership of such Product Trademark registration or application to MedImmune and/or to give MedImmune control over such Product Mark registration or application so as to allow MedImmune to pursue or resume such Trademark registration, maintenance or renewal efforts.

14.3 Infringement of the Product Trademarks.

14.3.1 Each Party shall provide to the other Party prompt written notice of any actual or threatened infringement of the Product Trademarks in the Field and of any actual or threatened claim that the use of a Product Trademark violates the rights of any Third Party, in each case, of which such Party becomes aware, and the IP Managers shall promptly discuss such notice and the potential enforcement strategies available.

14.3.2 As between the Parties, Innate shall have the first right to defend against any claim by any Third Party that the use of any of the Product Marks by Innate (or by AZ outside of the Territories) infringes, dilutes, misappropriates or otherwise violates such Third Party Trademark or constitutes unfair trade practices or another like offense (each, a “TM Infringement Claim”) or take such action as Innate deems necessary against a Third Party based on any alleged, threatened or actual infringement, dilution, misappropriation or other violation of or unfair trade practices or any other like offence relating to, the Product Trademarks by a Third Party in connection with the Exploitation of the Licensed Product

50.
(a “TM Competitive Infringement”) at its sole cost and expense and using counsel of its own choice.

14.3.3 If Innate decides to defend against a TM Infringement Claim in accordance with clause 14.3.2 or to commence proceedings in relation to a TM Competitive Infringement in accordance with clause 14.3.2, in the case of a TM Infringement Claim with respect to the Commercialization of the Licensed Product outside the Territories or, in the case of a TM Competitive Infringement, and the Licensed Product is Commercialized under the Product Trademark outside of the Territories, then MedImmune shall have the right to join any such defence or infringement action, and participate with its own counsel, at its sole cost and expense; provided that Innate shall retain control of the defence or prosecution of such claim, suit or proceeding, including the response to any defence or defence of any counterclaim raised in connection therewith; provided that MedImmune shall have right to be consulted regarding any settlement thereof and Innate shall not be able to enter into any settlement that may undermine MedImmune’s rights and interest in the Product Trademarks outside the Territories. If Innate decides not to commence proceedings in relation to a TM Competitive Infringement in accordance with clause 14.4.2 or to control the defence of a TM Infringement Claim in accordance with clause 14.4.2, MedImmune shall have the right to assume such defence or take such action as it deems necessary against the relevant Third Party at its sole cost and expense and using counsel of its own choice and shall be entitled to retain any damages to other amounts collected in connection therewith.

14.4 Oversight of Product Trademarks.

14.4.1 Innate shall comply with all Trademark marking requirements as MedImmune may specify or as may be required by Applicable Law and with all such Trademark usage guidelines as MedImmune may furnish to Innate from time to time in all jurisdictions in the Territories concerning AstraZeneca Corporate Marks.

14.4.2 Neither Party shall at any time use the other Party’s Corporate Name, or any variation thereof, or other word, name, letter or combination substantially similar thereto, or any other Trademark of the other Party or any of its Affiliates, except in accordance with written instructions received from the other Party, as required by Applicable Law or as expressly provided under this Agreement.

14.4.3 Without limiting this clause 14.4, neither Party shall, and shall not permit its Affiliates or its or their licensees to, (a) use in their respective businesses, any Trademark that is confusingly similar to, misleading or deceptive with respect to or that dilutes any (or any part) of the other Party’s corporate marks (including AstraZeneca Corporate Marks), (b) knowingly do any act that endangers, destroys or similarly affects, in any material respect, the value of the goodwill pertaining to the other Party’s corporate marks (including AstraZeneca Corporate Marks) or (c) attack, dispute or contest the validity of or ownership of the other Party’s corporate marks (including AstraZeneca Corporate Marks) anywhere in the Territories or any registration applications or any registrations issued or issuing with respect thereto. Each Party agrees and shall cause its Affiliates and licensees, to conform (i) to AstraZeneca’s standards for the protection of the other Party’s corporate marks.
(including AstraZeneca Corporate Marks) and (ii) to maintain the quality standards of the other Party and its Affiliates
with respect to the goods sold and services provided in connection with the such other Party’s corporate marks.

14.4.4 As between the Parties, MedImmune and its Affiliates shall retain all right, title and interest in and to the AstraZeneca
Corporate Marks.

14.5 Changes to Livery and Labelling

14.5.1 Concurrently with the transfer of the US Marketing Approval or the EU Marketing Approval (as the case may be) to
Innate or promptly thereafter, Innate shall file any necessary variations to such transferred approval to replace
the MedImmune livery on Product Labelling of the Licensed Product with the livery of Innate; provided that Innate shall
continue to use AstraZeneca Corporate Marks as required pursuant to clause 14.5. Notwithstanding the foregoing, and
subject in all respects to compliance with all Applicable Law, and the terms of, and any restrictions imposed under, all
applicable Regulatory Approvals, Innate may in each jurisdiction in the Territories, following the transfer of the
relevant approval for such jurisdiction to Innate, sell any Licensed Product purchased from MedImmune in
AstraZeneca’s livery for the lesser of (i) [***] after the US Transfer Date for the US Marketing Approval or EU
Transfer Date (or any longer period as may be reasonably agreed between the Parties), as the case may be] and (ii)
[***] (such period being the “Licensed Livery Period”).

15. CONFIDENTIALITY AND NON-DISCLOSURE

15.1 Confidentiality Obligations.

15.1.1 At all times during the Term and for a period of ten (10) years following termination or expiration thereof, each Party
(the “Receiving Party”) shall (i) keep confidential and not disclose to any Third Party, other than its and its
Affiliates’ officers, directors, other employees, contractors and advisors on a need to know basis, any Confidential
Information provided to it by the other Party (the “Disclosing Party”) and (ii) not publish or otherwise use, directly or
indirectly, for any purpose, such Confidential Information, except to the extent permitted by the terms of this
Agreement or to the extent such use is necessary for the fulfilment of the Receiving Party’s obligations under this
Agreement. The Receiving Party shall cause all of its and its Affiliates’ officers, directors, other employees,
contractors and advisors to whom the Receiving Party has disclosed Confidential Information to comply with
confidentiality and non-use obligations at least as restrictive as those set out in this Agreement and shall be liable to
the Disclosing Party for any breach thereof by such Affiliates, officers, directors, other employees, contractors and
advisors.

15.1.2 The obligations of confidentiality and non-use herein shall not extend to any Confidential Information that, in the case
of clause 15.1.1, (a) is or comes into the public domain without breach of this Agreement, (b) is received by a Party
from a Third Party (other than an Affiliate of Disclosing Party) without any obligation of confidentiality and without
breach of this Agreement, or (c) the Receiving Party can prove was already in its possession without any limitation on
use or disclosure prior to the Effective Date.
15.1.3 Nothing in this clause 15 shall prevent either Party from using and disclosing Confidential Information to the extent reasonably required for the Receiving Party’s performance of its obligations and exercise of its rights granted to it under this Agreement or other agreement between the Parties. In particular either Party shall be entitled to use and disclose Confidential Information of the other relating to the Licensed Product for Patent filing and prosecution purposes, for the purposes of making BLAs and for the purposes of appointing Third Parties to Manufacture the Licensed Product.

15.1.4 In addition each Party shall be entitled to disclose the terms of this Agreement on a confidential basis to actual or potential investors or in connection with any permitted assignment under this Agreement or in connection with any proposed grant of a sub-license by Innate or MedImmune as permitted by this Agreement, provided that in each case the Receiving Party shall cause any and all parties to whom such disclosure is made to comply with confidentiality and non-use obligations at least as restrictive as those set out in this Agreement and shall be liable to the Disclosing Party for any breach thereof by such parties.

15.1.5 This Agreement shall not restrict the Receiving Party from complying with a lawfully issued governmental order or legal requirement or requirement under applicable stock exchange rules to produce or disclose Confidential Information; provided, however, that, in the event of governmental orders, the Receiving Party shall promptly notify the Disclosing Party to enable the Disclosing Party to oppose the order or obtain a protective order and the Receiving Party shall cooperate fully with the Disclosing Party in any such proceeding. If the Receiving Party is legally required or required under applicable stock exchange rules to disclose Confidential Information, the Receiving Party and the Disclosing Party will endeavour to agree to a mutually satisfactory means to disclose such information. Nothing contained herein shall prohibit either of the Parties from immediately disclosing results of any Clinical Trial to the extent necessary to prevent or mitigate a serious health hazard; provided, however, that the Party intending to make such disclosure shall notify the other Party prior to and immediately after such disclosure and, to the extent it is reasonably practicable to do so, the nature and content of such disclosure shall be agreed between the Parties.

15.1.6 The Parties acknowledge that each of them shall use Commercially Reasonable Efforts to monitor scientific publications to prevent any adverse effect from premature publication relating to the Licensed Antibodies or Licensed Products. If a Party wishes to make a publication or communication with respect to any results arising out of any Clinical Trials initiated prior to the Effective Date or, with respect to MedImmune or any of its Affiliates, with respect to any Clinical Trials conducted outside the Territories, it shall provide a draft to the other Party, which will have [***] to provide comments. The Party proposing to make a publication or communication shall, in good faith, consider the comments made by the other Party and shall defer the publication or communication for a period of time not exceeding [***] if a Patent may be filed using the Information or Know How covered in the proposed publication or communication. Notwithstanding the foregoing, neither Party will publish or present any Confidential Information of the other Party without such other Party’s prior written consent, such consent not to be unreasonably withheld, delayed or conditioned. Notwithstanding anything contained herein to the contrary, each Party shall be permitted to make whatever public disclosure is required by Applicable Law in

53.
connection with any Clinical Trial using or involving the Licensed Antibody, including Clinical Trials transparency laws governing disclosure of results, protocols, and other items.

15.1.7 As between the Parties, Innate shall have the sole right to make scientific publications with respect to Clinical Trials initiated after the date on which MedImmune ceases to hold any Regulatory Approvals in the Territories.

15.2 Use of Name.

Neither Party shall use the name, insignia, symbol, trademark, trade name or logotype of the other Party or its Affiliates in relation to this transaction or otherwise in any public announcement, press release, or other public document without the prior written consent of such other Party, which consent shall not be unreasonably withheld, delayed or conditioned, except for those disclosures for which consent has previously been obtained; provided, however, that either Party may use the name of the other Party in any document required to be filed with any Government Authority, including the FDA and the Securities and Exchange Commission or otherwise as may be required by Applicable Laws, provided that such disclosure shall be governed by this clause 15. Further, the restrictions imposed on each Party under this clause 15.2 are not intended, and shall not be construed, to prohibit a Party from identifying the other Party in its internal business communications, provided that any Confidential Information in such communications remains subject to this clause 15. Moreover, and notwithstanding the foregoing, MedImmune and its Affiliates and Innate and its Affiliates and Sublicensees shall have the right to use the name of MedImmune and its Affiliates to the extent necessary or useful in connection with the Exploitation of the Licensed Product or perform the activities as contemplated by this Agreement in their negotiations and work with subcontracting and sublicensing transactions in connection therewith provided that any Confidential Information in such communications remains subject to this clause 15.

15.3 Public Announcements.

15.3.1 Neither Party shall issue any other public announcement, press release or other public disclosure regarding this Agreement or its subject matter without the other Party’s prior written consent, such consent not to be unreasonably withheld, delayed or conditioned, except for any such disclosure that is, in the opinion of the disclosing Party’s counsel, required by Applicable Law, the Listing Rules or any other rules of a stock exchange (including Paris Euronext) on which the securities of the disclosing Party are listed (or to which an application for listing has been submitted). Without limiting the foregoing, Innate shall be entitled to communicate with respect to the status of the Licensed Product and any activities under this Agreement, including any registration, launch, or commercialization of the Licensed Product, as long as such communication does not include any MedImmune Confidential Information.

15.3.2 In the event a Party is, in the opinion of its counsel, required by Applicable Law, the Listing Rules or any other rules of a stock exchange (including Paris Euronext) on which its securities are listed (or to which an application for listing has been submitted) to make such
a public disclosure, such Party shall submit the proposed disclosure in writing to the other Party as far in advance as reasonably practicable (having regard to the requirements of the Applicable Law, the Listing Rules or other stock exchange rules, as applicable) so as to provide a reasonable opportunity to comment thereon. Neither Party shall be required to seek the permission of the other Party to repeat any information regarding the terms of this Agreement or any amendment hereto that has already been publicly disclosed by such Party or by the other Party, in accordance with this clause 15.3; provided that such information remains accurate as of such time and provided the frequency and form of such disclosure are reasonable.

15.4 **Return of Confidential Information.** Upon the expiration or termination of this Agreement for any reason, either Party may request in writing and the non-requesting Party shall either, with respect to Confidential Information to which such non-requesting Party does not retain rights under the surviving provisions of this Agreement, at the requesting Party’s election, (a) promptly destroy all copies of such Confidential Information in the possession or control of the non-requesting Party and confirm such destruction in writing to the requesting Party or (b) promptly deliver to the requesting Party, at the non-requesting Party’s sole cost and expense, all copies of such Confidential Information in the possession or control of the non-requesting Party. Notwithstanding the foregoing, the non-requesting Party shall be permitted to retain such Confidential Information (i) to the extent necessary or useful for purposes of performing any continuing obligations or exercising any ongoing rights hereunder and, in any event, a single copy of such Confidential Information for archival purposes and (ii) any computer records or files containing such Confidential Information that have been created solely by such non-requesting Party’s automatic archiving and back-up procedures, to the extent created and retained in a manner consistent with such non-requesting Party’s standard archiving and back-up procedures, but not for any other uses or purposes. All Confidential Information shall continue to be subject to the terms of this Agreement for the period set forth in clause 15.1.

15.5 **Privileged Communications.**

15.5.1 In furtherance of this Agreement, it is expected that the Parties may, from time to time, disclose to one another privileged communications with counsel, including opinions, memoranda, letters and other written, electronic and verbal communications. Such disclosures are made with the understanding that they shall remain confidential in accordance with this clause 15, that they will not be deemed to waive any applicable attorney-client or attorney work product or other privilege and that they are made in connection with the shared community of legal interests existing between MedImmune and Innate, including the community of legal interests in avoiding infringement of any valid, enforceable patents of Third Parties and maintaining the validity of the Licensed MedI Patents and Innate Patents.

15.5.2 In the event of any litigation (or potential litigation) with a Third Party related to this Agreement or the subject matter hereof, the Parties shall, upon either Party’s request, enter into a reasonable and customary joint defence agreement. In any event, each Party shall consult in a timely manner with the other Party before engaging in any conduct (e.g.,
producing information or documents) in connection with litigation or other proceedings that could conceivably implicate privileges maintained by the other Party.

15.5.3 Notwithstanding anything contained in this clause 15.5, nothing in this Agreement shall prejudice a Party’s ability to take discovery of the other Party in disputes between them relating to the Agreement and no information otherwise admissible or discoverable by a Party shall become inadmissible or immune from discovery solely by this clause 15.5.

16. WARRANTIES

16.1 Mutual Warranties. MedImmune and Innate each warrants to the other, as of the Effective Date, and covenants that:

(a) it is a corporation duly organised, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite power and authority, corporate or otherwise, to execute, deliver and perform this Agreement;

(b) its execution of this Agreement has been duly authorised by all necessary corporate action and does not violate: (i) such Party’s charter documents, bylaws or other organisational documents; (ii) in any material respect, any agreement, instrument or contractual obligation to which such Party is bound; (iii) any requirement of any Applicable Law; or (iv) any order, writ, judgment, injunction, decree, determination or award of any court or Governmental Authority presently in effect applicable to such Party;

(c) its performance and exercise in accordance with this Agreement of the obligations and transactions contemplated hereby do not violate in any material respect, any agreement, instrument or contractual obligation to which such Party is bound;

(d) this Agreement is a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms and conditions, subject to the effects of bankruptcy, insolvency or other laws of general application affecting the enforcement of creditor rights, judicial principles affecting the availability of specific performance and general principles of equity (whether enforceability is considered a proceeding at law or equity);

(e) it is not under any obligation, contractual or otherwise, to any Person that conflicts with or is inconsistent in any material respect with the terms of this Agreement or that would impede the diligent and complete fulfilment of its obligations hereunder; and

(f) neither it nor any of its Affiliates has been debarred or is subject to debarment and neither it nor any of its Affiliates will use in any capacity, in connection with the services or activities to be performed under this Agreement, any Person who has been debarred pursuant to Section 306 of the FFDCA or who is the subject of a conviction described in such section. It agrees to inform the other Party in writing promptly if it or any such Person who is performing services hereunder is debarred or is the subject of a conviction described in Section 306 or if any action, suit, claim,
investigation or legal or administrative proceeding is pending or, to the best of its or its Affiliates’ Knowledge, is threatened, relating to the debarment or conviction of it or any such Person performing services or activities hereunder.

16.2 **Additional Warranties of MedImmune.** MedImmune further warrants to Innate, as of the Effective Date:

(a) it has the right to grant the licences and sublicences specified herein on the terms as specified herein;

(b) Development of the Licensed Antibody and the Licensed Product and pre-commercialization Manufacturing and Commercialization activities with respect to the Licensed Product have been conducted by MedImmune in accordance with Applicable Laws and Regulatory Approvals in all material respects;

(c) it has no Knowledge of any safety or efficacy issues with the Licensed Antibody or the Licensed Product which have not been disclosed to the applicable Regulatory Authority with regard to its labelled indication which would materially adversely affect: (i) the maintenance of the US Marketing Approval, (ii) the application for and grant of the EU Marketing Approval, or (iii) the Exploitation of the Licensed Products in the Territories;

(d) to its Knowledge, it has complied in all material respects with pharmacovigilance requirements in accordance with Applicable Laws;

(e) the [***] Supply Agreement, the [***] Supply Agreement and [***] Agreement are the only material agreements relating to the Licensed Product in force on the Effective Date and entered into by MedImmune or one of its Affiliates and necessary to Develop, Manufacture and Commercialize the Licensed Product entered into by MedImmune or its Affiliates (the “Material Agreements”);

(f) true and updated copies of the Material Agreements, subject to redaction of terms deemed by MedImmune commercially sensitive or confidential, have been provided by MedImmune to Innate;

(g) the Material Agreements are in force and the [***] Supply Agreement and [***] Supply Agreement have been performed substantially in accordance with their respective terms;

(h) MedImmune has performed its payment and diligence related obligations contained in the [***] Agreement;

(i) to its Knowledge, MedImmune has received no notice of breach or termination of any Material Agreement, nor has it acted, or failed to act in any way that would reasonably be expected to lead to termination of the [***] Supply Agreement and [***] Supply Agreement;
(j) MedImmune has diligently prepared the Development Plan, Commercialization Plan and related Budgets in good faith, based on reasonable assumptions and assessments;

(k) MedImmune has no Other Licensees (excluding [***] and [***]);

(l) the studies under the Existing Research and Collaboration Agreements listed on Schedule 16.2 Part 1 (Non-Clinical) are not conducted in humans, all Intellectual Property Rights relating to the Licensed Product arising therefrom will according to the terms thereof either belong to MedImmune or MedImmune has an option to acquire a license to such Intellectual Property Rights;

(m) MedImmune has not received any written claim or demand alleging that the Development and Commercialization of the Licensed Product as contemplated by this Agreement infringe any Intellectual Property Rights owned by any Third Party;

(n) to MedImmune’s Knowledge, there is no claim for revocation, opposition or rectification of any Licensed MedI Patent;

(o) to MedImmune’s Knowledge, no Person is infringing or threatening to infringe the Licensed MedI Patent in the Territories;

(p) the Licensed MedI Patents, Licensed MedI Know-How and Other AZ IPR are all of the Patents and Know-How owned or Controlled by MedImmune and its Affiliates that are necessary and have been used by MedImmune for the Development and Commercialization of the Licensed Product in the Territories as of the Effective Date;

(q) MedImmune or one of its Affiliates is the owner of the specific registered Product Trademarks identified in Schedule 7 hereto;

(r) to MedImmune’s Knowledge, none of MedImmune’s current officers, directors or employees that have been involved in the Development of the Licensed Product has been debarred;

(s) neither MedImmune nor to MedImmune’s Knowledge, any of MedImmune’s officers, directors, employees, agents, representatives, consultants or subcontractors hired in connection with the subject matter of this Agreement, has made, solicited or received anything of value that would or has put it in violation of the Anti-Corruption Laws during the three (3) years preceding the Effective Date; and

(t) MedImmune is resident in the United Kingdom for Tax purposes.

16.3 Limitation of Liability. In respect of the warranties set forth in clauses 16.2(a) to 16.2(r):

(a) MedImmune shall not be liable in respect of any Warranty Claim, unless [***].
(b) The aggregate liability of MedImmune in respect of all Warranty Claims shall not exceed [***].

(c) MedImmune shall not be liable for any Warranty Claim unless and until it has received from Innate written notice containing reasonable details of the relevant Warranty Claim including the amount of the Warranty Claim on or before the date that falls [***] after the Effective Date.

(d) Innate shall not be entitled to make a Warranty Claim to the extent it [***].

(e) Innate shall not be entitled to make a Warranty Claim to the extent that it [***].

16.4 Additional Warranties of Innate. Innate further warrants to MedImmune, as of the Effective Date, that:

(a) neither Innate nor to Innate’s Knowledge, any of the Innate Representatives has made, solicited or received anything of value that would or has put it in violation of the Anti-Corruption Laws during the [***] preceding the Effective Date; and

(b) Innate is resident in France for Tax purposes.

16.5 DISCLAIMER OF WARRANTIES. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH HEREIN, NEITHER PARTY MAKES ANY REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE AND EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR ANY WARRANTY AS TO THE VALIDITY OF ANY PATENTS OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

16.6 ADDITIONAL WAIVER. SUBJECT TO CLAUSE 16.2, INNATE AGREES THAT THE LICENSED MEDI PATENTS AND THE PRODUCT TRADEMARKS ARE LICENSED “AS IS,” “WITH ALL FAULTS,” AND “WITH ALL DEFECTS,” AND INNATE EXPRESSLY WAIVES ALL RIGHTS TO MAKE ANY CLAIM WHATSOEVER AGAINST MEDIMMUNE FOR BREACH OF PROMISE, GUARANTEE OR WARRANTY OF ANY KIND RELATING TO THE LICENSED MEDI PATENTS OR THE PRODUCT TRADEMARKS.

16.7 MedImmune Covenants

16.7.1 Other Licensees. The agreements entered with Other Licensees shall not materially adversely affect Innate’s rights under this Agreement.

16.7.2 [***] Supply Agreement MedImmune, in so far as it relates to the Licensed Product, shall not agree to amend the [***] Supply Agreement, in such a manner that would reasonably be expected to materially adversely affect its ability to supply the License Product to Innate.

59.
Furthermore, MedImmune shall use its Commercially Reasonable Efforts to comply with the provisions of the [***] Supply Agreement relating to the Licensed Product and to avoid taking steps (or omitting to take steps) that are reasonably likely to give rise to a termination of the [***] Supply Agreement as it relates to the Licensed Product. MedImmune shall not terminate the [***] Supply Agreement as it relates to the Licensed Product without Innate’s agreement prior to the end of any period during which MedImmune is supplying bulk drug substance for the Licensed Product to Innate.

16.7.3 Material Agreements. MedImmune shall not enter into any Material Agreement without Innate’s prior consent and review of the applicable terms and conditions.

17. COMPLIANCE

17.1 Statements and Compliance with Applicable Law. Each Party shall and shall cause its respective Affiliates to, comply with all Applicable Law with respect to the Development and Commercialization of the Licensed Product and shall avoid and shall cause its Affiliates and its and their employees, representatives, agents, and distributors to avoid, taking or failing to take, any actions or to give information that MedImmune knows or reasonably should know would jeopardise the goodwill or reputation of Innate or the Licensed Product or any Trademark associated therewith, or would impact the performance of the Agreement. Until such time as MedImmune and any of its Affiliates ceases to be involved in the Manufacture of the Licensed Product, Innate shall and shall cause its Affiliates to, comply with all Applicable Law with respect to the Development and Commercialization of the Licensed Product and shall avoid and shall cause its Affiliates and its and their Sublicensees, employees, representatives, agents, and distributors to avoid, taking or failing to take, any actions or to give information that Innate knows or reasonably should know would jeopardise the goodwill or reputation of MedImmune or the Licensed Product or any Trademark associated therewith or would impact the performance of the Agreement.

17.2 Anti-Bribery and Anti-Corruption Compliance.

17.2.1 Each Party agrees, on behalf of itself, its officers, directors and employees and on behalf of its Affiliates, agents, representatives, consultants and subcontractors hired in connection with the subject matter of this Agreement (together with Innate, the “Representatives”) that for the performance of its obligations hereunder:

(a) the Representatives shall not directly or indirectly pay, offer or promise to pay or authorise the payment of any money or give, offer or promise to give or authorise the giving of anything else of value, to: (i) any Government Official in order to influence official action; (ii) any Person (whether or not a Government Official) (x) to influence such Person to act in breach of a duty of good faith, impartiality or trust (“acting improperly”), (y) to reward such Person for acting improperly or (z) where such Person would be acting improperly by receiving the money or other thing of value; (iii) any Person (whether or not a Government Official) while knowing or having reason to know that all or any portion of the money or other thing of value will be paid, offered, promised or given to or will otherwise benefit, a Government
Official in order to influence official action for or against either Party in connection with the matters that are
the subject of this Agreement; or (iv) any Person (whether or not a Government Official) to reward that Person
for acting improperly or to induce that Person to act improperly; and

(b) the Representatives shall not, directly or indirectly, solicit, receive or agree to accept any payment of money or
anything else of value in violation of the Anti-Corruption Laws.

17.2.2 Each Party shall and shall cause the Representatives to comply with (a) such Anti-Corruption Laws as are relevant to
it or the Territories; (b) its own internal policies relating to anti-corruption; and (c) in connection with activities under
this Agreement, AZ’s Global Ethical Interactions Policy. If MedImmune makes any material change to AZ’s Global
Ethical Interactions Policy, it shall notify Innate of such change in writing.

17.2.3 Each Party, on behalf of itself and the other Representatives shall promptly inform the other Party upon receiving a
formal notification that it or any of its Representatives is the target of a formal investigation by a Governmental
Authority for a Material Anti-Corruption Law Violation.

17.2.4 For the purpose of auditing and monitoring the performance of its compliance with this clause 17.2, each Party (the
“Auditing Party”) will, subject to the terms of this clause 17.2.4 and not more than once in each Calendar Year,
permit any independent auditors appointed by the other Party (the “Audited Party”) for such purpose and any
Governmental Authority to have access to any premises of the Audited Party or other Representatives used in
connection with this Agreement (such access to be at reasonable times and on reasonable notice), together with a right
to access personnel and records that relate to this Agreement (“Compliance Audit”).

(a) To the extent that any Compliance Audit requires access and review of any commercially or strategically
sensitive information or agreements, such independent auditor shall only report back such information as is
directly relevant to informing on compliance with the particular provisions of this Agreement or the agreement
being audited.

(b) the Audited Party shall, and shall cause the Innate Representatives to, provide all cooperation and assistance
during normal working hours as reasonably requested by its independent auditor for the purposes of a
Compliance Audit. The Auditing Party shall cause any substantially consistent such auditor to enter into a
confidentiality agreement with the applicable requirements of clause 15, and to cause the minimum amount of
disruption to the business of the Audited Party and its Representatives and to comply with relevant building
and security regulations.

(c) The Parties shall bear their own costs of a Compliance Audit or rendering assistance under this clause 17.2.4.

17.2.5 If either Party becomes aware that the Other Party (or its Representative) has or may have committed a Material Anti-
Corruption Law Violation, such Party shall have the right, in
addition to any other rights or remedies under this Agreement or to which it may be entitled in law or equity, to terminate this Agreement immediately and in its entirety upon written notice to the other Party if the breaching Party does not cure such Material Anti-Corruption Law Violation within [***] of learning of such Material Anti-Corruption Law Violation. To cure such Material Anti-Corruption Law Violation, the breaching Party must take such steps, additional measures, representations, warranties, undertakings and other provisions, in each case, as the other Party believes in good faith are reasonably necessary in order to avoid a subsequent violation or continuing violation of the Anti-Corruption Laws.

17.2.6 Any termination of this Agreement pursuant to clause 17.2.5 shall be treated as a termination for breach and the consequences of termination set forth in clause 20.3 shall apply.

17.2.7 Either Party may disclose the terms of this Agreement or any action taken under this clause 17.2 to prevent a potential violation or continuing violation of applicable Anti-Corruption Laws, including the identity of the other Party or its Representative and the payment terms, to any Governmental Authority if such Party determines, upon advice of counsel, that such disclosure is necessary.

17.3 DATA PROTECTION; PRIVACY

17.3.1 MedImmune and Innate agree that, for the purposes of Data Protection Law, each of MedImmune and Innate are independent data controllers.

17.3.2 If Data Protection Law requires that any notice be sent to any Data Subject or otherwise in connection with the transfer of Personal Data under or pursuant to this Agreement, the relevant Party shall be responsible for preparing and providing such notice at its sole cost and expense; provided, that that Party shall provide a copy of any such proposed notice to the other Party sufficiently in advance of any deadline in respect of such notice so as to allow for a reasonable opportunity for the other Party to review and approve the content of such notice, such approval not to be unreasonably withheld or delayed.

17.3.3 Each Party shall provide the other with such assistance as may be reasonably requested to ensure that each Party complies with their obligations under applicable law, including Data Protection Law. For clarity, such assistance may include cooperating in response to requests from data subjects or supervisory authorities, or the provision of information relating to Transferred Data, including providing copies of any relevant fair processing notices or consent forms provided to Data Subjects.

17.3.4 No Transferred Data shall be transferred outside the European Economic Area unless such transfer is to a country that the European Commission has decided from time to time ensures an adequate level of protection in accordance with Data Protection Law.

18. INDEMNITY

18.1 Indemnification of MedImmune. Subject to clause 19, Innate hereby agrees to indemnify, defend, and hold harmless MedImmune, its Affiliates, and each of its and their respective employees, officers, directors and agents from and against any and all Damages incurred.
by them resulting from or arising out of in connection with any suits, claims, actions or demands made or brought by a Third Party (collectively, “Third Party Claims”) against MedImmune, its Affiliates or their respective employees, officers, directors or agents, that result from or arise out of (i) the Development, Manufacture, use, handling, storage, Commercialization, or other disposition of Licensed Products by (or on behalf of, including where MedImmune or an Affiliate is providing SOTC Services) Innate or its Affiliates, agents, Distributors, Sublicensees or other sublicensees in the Territories (including with respect to the Product Liability Claim), in each case on or after the Effective Date, (ii) any material breach by Innate of its obligations hereunder, (iii) MedImmune’s performance of the Regulatory Services in accordance with this Agreement and the Development Plan, or otherwise in accordance with any instruction or direction given by Innate or any of its Affiliates, except to the extent such Damages arise due to MedImmune’s refusal to follow relevant instruction or direction given in accordance with Applicable Law by Innate or any of its Affiliates, or (iv) Innate’s negligence or wilful misconduct, except in any case, to the extent such Damages are Damages for which MedImmune has an obligation to indemnify Innate, its Affiliates or their respective employees, officers, directors or agents pursuant to clause 18.2, as to which Damages each Party shall indemnify the other to the extent of their respective liability for such Damages. Notwithstanding this clause 18.1, Innate shall not indemnify MedImmune for Damages arising as a consequence of a breach by Innate of the [***] relating to its failure to manufacture Licensed Products in accordance with the requirements of [***] or corresponding provisions of the [***].

18.2 Indemnification of Innate.

Subject to clause 19, MedImmune hereby agrees to indemnify, defend and hold harmless Innate, its Affiliates, and each of its and their respective employees, officers, directors and agents from and against any and all Damages incurred by them resulting from or arising out of or in connection with any Third Party Claims (including Product Liability Claims) against Innate, its Affiliates or their respective employees, officers, directors or agents, and also any other Damages with respect to (d) and (e) below, in each case that result from or arise out of:

(a) the Manufacture, Development, Exploitation, use, handling, storage, sale or other disposition of Licensed Product by MedImmune or its Affiliates, agents, distributors or sublicensees in each case prior to the Effective Date;

(b) the Manufacture, Development, Commercialization, Exploitation, use, handling, storage, sale or other disposition of Licensed Product by MedImmune or its Affiliates, agents, distributors or sublicensees outside of the Territories;

(c) any material breach by MedImmune of its obligations hereunder;

(d) any [***];

(e) any [***];

(f) the conduct by MedImmune or its Affiliates of any Existing Clinical Trials; 63.
(g) the conduct by MedImmune or its Affiliates of any activities under any Existing Research and Collaboration Agreements; and

(h) MedImmune’s negligence or wilful misconduct; except in any case, to the extent such Damages are Damages for which Innate has an obligation to indemnify MedImmune, its Affiliates or their respective employees, officers, directors or agents pursuant to clause 18.1, as to which Damages each Party shall indemnify the other to the extent of their respective liability for such Damages.

18.3 Mechanism.

18.3.1 In the event that a Party (the “Indemnified Party”) is seeking indemnification under clause 18.1 or 18.2, it shall notify the other Party (the “Indemnifying Party”) in writing of the relevant Third Party Claim and the relevant Damage for which indemnification is sought as soon as reasonably practicable after becoming aware of such claim. Such notices shall contain a description of the Third Party Claim and the nature and amount of the Damage (to the extent known). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of such Third Party Claim or Damage. For the avoidance of doubt, all indemnification claims in respect of a Party, its Affiliates, and each of its and their respective employees, officers, directors and agents shall be made solely by such Party to this Agreement. To the extent that the Indemnifying Party irrevocably commits to indemnify any Indemnified Party in respect of the Third Party Claim, the Indemnified Party shall permit the Indemnifying Party to assume direction and control of the defense of the relevant Third Party Claim (including without limitation the right to settle the claim solely for monetary consideration), and shall cooperate as requested (at the expense of the Indemnifying Party) in the defense of the claim.

18.3.2 Notwithstanding clause 18.3.1, the failure to give timely notice to the Indemnifying Party shall not release the Indemnifying Party from liability to the Indemnified Party to the extent the Indemnifying Party is not prejudiced thereby and, for the avoidance of doubt, the Indemnifying Party shall not be liable to the extent any Damage is caused by any delay by the Indemnified Party in providing such notice. Notwithstanding the provisions of clause 18.3.1 requiring the Indemnified Party to tender to the Indemnifying Party the exclusive ability to defend such claim, if the Indemnifying Party does not satisfy the condition set forth in clause 18.3.1 to, or declines to or fails to timely assume control of the relevant Third Party Claim, the Indemnified Party shall be entitled to assume such control, conduct the defense of, and settle such claim, all at the sole costs and expense of the Indemnifying Party; provided, however, that neither Party shall settle or dispose of any such claim in any manner that would adversely affect the rights or interests or admit fault, of the other Party without the prior written consent of such other Party, which shall not be unreasonably withheld, delayed or conditioned. Each Party, at the other Party’s expense and reasonable request, shall cooperate with such other Party and its counsel in the course of the defense or settlement of any such claim, such cooperation to include without limitation using reasonable efforts to provide or make available documents, information, and witnesses.
19. LIMITATION OF LIABILITY AND INSURANCE

19.1 Special, Indirect and Other Losses. EXCEPT IN CIRCUMSTANCES OF NEGLIGENCE OR INTENTIONAL MISCONDUCT BY A PARTY OR ITS AFFILIATES, OR WITH RESPECT TO THIRD PARTY CLAIMS UNDER CLAUSES 18.1 AND 18.2, IN NO EVENT SHALL EITHER PARTY OR ITS RESPECTIVE AFFILIATES AND SUBLICENSEES BE LIABLE FOR SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, OR FOR LOSS OF PROFITS (WHETHER DIRECT OR OTHERWISE), IN EACH CASE WHETHER IN CONTRACT, WARRANTY, TORT, STRICT LIABILITY, OR OTHERWISE. NOTWITHSTANDING THE FOREGOING, THE EXCLUSION IN THIS CLAUSE 19.1 SHALL NOT APPLY TO CLAIMS UNDER CLAUSES 18.2(d) AND 18.2(e) WITH RESPECT TO LOSS OF PROFITS.

19.2 Insurance.

Each Party shall have and maintain such type and amounts of liability insurance covering the Manufacture, supply, use and sale of the Licensed Product as is normal and customary in the pharmaceutical industry generally for Persons similarly situated, but in any event no less than is adequate to cover a Party’s exposure given its obligations under this Agreement, and shall upon request provide the other Party with a copy of its certificate of insurance in that regard, along with any amendments and revisions thereto. It is expressly acknowledged and agreed that, with respect to MedImmune, reasonably sufficient and appropriate self-insurance shall satisfy MedImmune’s obligations under this clause.

19.3 Nothing in this Agreement excludes or limits either Party’s liability for fraud, or for death or personal injury caused by its negligence or that of its employees or agents.

19.4 MedImmune and its Affiliates’ maximum aggregate liability to Innate with respect to any claim under the indemnity in clause 18.2(d) or 18.2(e), when taken together with any liability to Innate with respect to any Warranty Claims, shall not exceed [***].

20. TERM AND TERMINATION

20.1 Term and Expiration. This Agreement shall commence on the Effective Date and, unless earlier terminated in accordance herewith, shall continue in force and effect in any given country of the Territories until the latest of: (a) the expiry of the last Patent within the Licensed MedI Patents in such country, (b) any Regulatory Exclusivity in such country, and (c) the fifteenth anniversary of the First Commercial Sale of Licensed Product in such country (the “Term”). Following the expiration of the Term for the Licensed Product in a country, the grants in clause 4.1 shall become or remain non-exclusive (as applicable), perpetual, irrevocable, fully paid and royalty-free for the Licensed Product in that country.

20.2 Termination of Agreement.

20.2.1 Material Breach. In the event that either Party (the “Breaching Party”) shall be in material breach in the performance of any of its obligations under this Agreement, in addition to any other right and remedy the other Party (the “Non-Breaching Party”) may
have (including in the case of MedImmune its rights to terminate this Agreement in accordance with clause 20.2.2), the Non-Breaching Party may terminate this Agreement by providing [***] (the “Notice Period”) prior written notice (the “Termination Notice”) to the Breaching Party and specifying the breach and its claim of right to terminate; provided that the termination shall not become effective at the end of the Notice Period if (a) the Breaching Party cures the breach specified in the Termination Notice during the Notice Period or (b) provided that such breach does not relate to non-payment, if such breach cannot be cured within the [***] cure period, this Agreement shall not terminate pursuant to this clause 20.2.1 if the Breaching Party has made diligent efforts to cure such breach within such period and this Agreement shall remain in effect for such period after the Notice Period as may be reasonable in the circumstances as long as the Breaching Party continues to use diligent efforts to cure the breach with a reasonable expectation that cure will be effected as promptly as practicable thereafter and in any event within [***] after expiration of the Notice Period. If the existence or cure of a material breach is disputed, except with respect to a material breach involving any of the AstraZeneca Corporate Mark or Innate Corporate Mark, this Agreement cannot be terminated until the existence and absence of cure of a material breach have been determined pursuant to Section 21.6.2 and then if such material breach is not cured within [***] following the arbitration award.

20.2.2 Termination by MedImmune.

(a) Patent Challenge. In the event that Innate or any of its Affiliates or Sublicensees institutes, prosecutes or otherwise participates in (or in any way aids any Third Party in instituting, prosecuting or participating in), at law or in equity or before any administrative or regulatory body, including the U.S. Patent and Trademark Office or its foreign counterparts, any claim, demand, action or cause of action for declaratory relief, damages or any other remedy or for an enjoinder, injunction or any other equitable remedy, including any interference, re-examination, opposition or any similar proceeding, alleging that any claim in a Licensed MedImmune Patent is invalid, unenforceable or otherwise not patentable or would not be infringed by Innate’s activities absent the rights and licences granted hereunder, MedImmune shall have the right to immediately terminate this Agreement, including the rights of any Sublicensees, upon written notice to Innate.

(b) Abandonment. In the event that Innate ceases to perform all Commercialization activities with respect to the Licensed Product in the US Territory or the EU Territory for a consecutive period of [***], and Innate does not recommence Commercialization activities within [***] of receiving from MedImmune a notice specifying that Innate must recommence Commercialisation, MedImmune shall be entitled to immediately terminate this Agreement with respect to whichever of the Territories such activities have ceased, including the rights of any Sublicensees, upon written notice to Innate.

20.2.3 Termination for Convenience.

(a) Subject to compliance with clause 20.2.3(b), Innate may terminate this Agreement at any time upon [***] prior written notice to MedImmune.

66.
(b) Together with the notice of termination sent in accordance with clause 20.2.3(a), Innate shall send MedImmune its proposed approach to ensuring an orderly and efficient transition of the Licensed Product business back to MedImmune, which may include a draft transition services agreement. The Parties shall use their respective Commercially Reasonable Efforts to negotiate in good faith and agree to a transition plan and/or transition agreement, including how any existing stock of Licensed Product held by Innate, will be sold by Innate (including under any sales order to cash arrangement agreed with MedImmune) during the transitional period. Notwithstanding clause 20.2.3(a), no termination shall take effect until the transition plan and/or transition services agreement has been agreed in writing by the Parties.

20.2.4 **Termination for Insolvency.** In the event that either Party:

(a) files for protection under bankruptcy or insolvency laws;

(b) makes an assignment for the benefit of creditors;

(c) has a moratorium agreed or declared in respect of, or affecting all or a material part of its indebtedness;

(d) appoints or suffers appointment of a receiver or trustee over substantially all of its property that is not discharged within [***] after such filing;

(e) proposes a written agreement of composition or extension of its debts;

(f) proposes or is a party to any dissolution or liquidation;

(g) files a petition under any bankruptcy or insolvency act or has any such petition filed against it that is not discharged within [***] of the filing thereof;

(h) admits in writing its inability generally to meet its obligations as they fall due in the general course; or

(i) suffers anything analogous to or having a substantially similar effect to any of the events specified in clauses 20.2.4(a) to 20.2.4(h),

then the other Party may terminate this Agreement in its entirety effective immediately upon written notice to such Party.

20.3 **Consequences of Termination of this Agreement.** In the event of a termination (but not expiry) of this Agreement by Innate or by MedImmune pursuant to clause 20.2:

(a) all rights and licences granted to Innate by MedImmune hereunder and the [***] shall immediately terminate and all sublicenses granted by Innate with respect thereto shall automatically terminate;
(b) to the extent that the US Marketing Approval or the EU Marketing Approval have been transferred to Innate, Innate shall transfer such marketing approvals and any other Regulatory Approvals relating to the Licensed Product in the Territories back to MedImmune or its nominee;

(c) Innate shall and hereby does, and shall cause its Affiliates and its and their Sublicensees to, effective as of termination, assign to MedImmune or its nominee all of its right, title and interest in and to all Innate Regulatory Documentation, the Product Trademarks and any New Product Trademarks (together with any domain names and social media identifiers that incorporate any of the Product Trademarks or any New Product Trademarks) and any and all copyrights and any and all promotional, marketing or other materials used in connection with the Licensed Product;

(d) other than in cases of termination under clause 20.2.3(a), where clause 20.2.3(b) shall prevail, Innate shall, at MedImmune’s option, either sell any existing stock of Licensed Product held by Innate in the market under a sales order to cash arrangement, or shall transfer such stock to MedImmune [***], on such reasonable terms as the parties will negotiate in good faith;

(c) unless otherwise requested by MedImmune, Innate shall and hereby does, and shall cause its Affiliates and its and their Sublicensees to, effective as of termination, assign to MedImmune or its nominee all of its right, title and interest in and to any and all Trademarks that Innate has used in connection with the Licensed Product (together with any domain names and social media identifiers that incorporate any such Trademarks) (excluding any Innate Corporate Names);

(f) Innate shall and hereby does, and shall cause its Affiliates and its and their Sublicensees to, effective as of termination, grant MedImmune a worldwide, exclusive, royalty-free licence and right of reference, with the right to grant multiple tiers of sublicenses and further rights of reference, in and to the Innate Patents, and the Innate Know-How, and Innate’s rights in and to any jointly conceived information to Exploit any Licensed Product and/or exercise the Retained Rights;

(g) at MedImmune’s written request, Innate shall, and cause its Affiliates and its and their Sublicensees to, assign to MedImmune all Product Agreements relating to the Licensed Product, unless, with respect to any Product Agreement, the Product Agreement expressly prohibits such assignment, in which case Innate (or such Affiliate or Sublicensee, as applicable) shall cooperate with MedImmune in all reasonable respects to secure the consent of the applicable Third Party to such assignment or the Product Agreement relates to the Licensed Product and another product and if any such consent cannot be obtained with respect to the Product Agreement or the Product Agreement is not exclusive to the Product, Innate shall, and cause its Affiliates and its and their Sublicensees to, obtain for MedImmune substantially all of the practical benefit and burden under the Product Agreement, including by (i) entering into appropriate and reasonable alternative arrangements

68.
on terms agreeable to MedImmune and (ii) subject to the consent and control of MedImmune, enforcing, at MedImmune’s cost and expense and for the account of MedImmune, any and all rights of Innate (or such Affiliate or Sublicensee, as applicable) against the other party thereto arising out of the breach or cancellation thereof by such other party or otherwise;

provided that if Innate terminates this Agreement pursuant to clause 20.2.1, MedImmune shall reimburse Innate for all costs reasonably incurred by Innate in complying with its obligations under this clause 20.3 and provided further that if the termination is with respect to one of the Territories only, the obligations above shall apply only with respect to the US Territory or EU Territory where the activities have ceased (as applicable);

20.4 Remedies. Except as otherwise expressly provided herein, termination of this Agreement in accordance with the provisions hereof shall not limit remedies that may otherwise be available in law or equity.

20.5 Accrued Rights; Surviving Obligations. Termination or expiration of this Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of a Party prior to such termination or expiration. Such termination or expiration shall not relieve a Party from obligations that are expressly indicated to survive the termination or expiration of this Agreement. Without limiting the foregoing, the following provisions of this Agreement shall survive the termination or expiration of this Agreement for any reason: (a) [***]; (b) [***]; and (c) any other provisions which are expressed to survive termination or expiry or which are required to give effect to such termination or expiry.

21. MISCELLANEOUS

21.1 Employees who Transfer under the Regulations.

21.1.1 Innate and MedImmune do not intend that as a consequence of the transaction effected hereunder (including any transfer of rights or assets that may occur upon a termination of this Agreement) any employees of Innate or any of its Affiliates (“Employees”) shall transfer to MedImmune or to Innate (or their Affiliates or successors) under this Agreement or by operation of law. If, under the Regulations, the contract of employment of any person is found or alleged to have effect after the Effective Date as if originally made with MedImmune or Innate or their Affiliates or successors) (the “Concerned Party”), as a consequence of the transaction effected hereunder and to the extent permitted by Applicable Laws (an “Unexpected Transfer Employee”):

(a) The Concerned Party will, upon becoming aware of any Unexpected Transfer Employee, notify the other Party immediately or as soon as is reasonably practicable in writing;

(b) The other Party agrees that in consultation with the Concerned Party, it will within [***] of being so requested by the Concerned Party (as long as the request is made no later than [***] after notification under clause 21.1.1(a)), make (or procure there is made) to that Unexpected Transfer Employee an offer in writing to employ him under a new contract of employment to take effect upon the termination referred to

69.
below on the same terms and conditions as that person’s contract of employment immediately before the Effective Date, or on terms and conditions which, when taken as a whole, do not materially differ from the terms and conditions of employment of that person immediately before the Effective Date (save as to the identity of the employer and any terms relating to an occupational pension scheme). The Concerned Party shall give the other Party all reasonable co-operation and assistance to procure that the Unexpected Transfer Employee accepts the offer of employment;

(c) upon the expiry of [***] following the offer in clause 21.1.1(b) being made (or on the expiry of [***] from the Concerned Party’s request under clause 21.1.1(b) if the offer is not made as requested), the Concerned Party may terminate the employment of the Unexpected Transfer Employee provided that:

(i) it does so in accordance with all legal requirements and any procedure that may be given to it by the other Party; and

(ii) it takes all other steps to mitigate any payments or entitlements due to the Unexpected Transfer Employee and any potential liability of the other Party under the indemnity at clause 21.1.1(d).

(d) Provided that the termination is effected within [***] of the notification under clause 21.1.1(a), the other Party shall indemnify the Concerned Party for any employment liabilities in relation to:

(i) the employment of the Unexpected Transfer Employee after the Effective Date until any such termination (save to the extent that the Concerned Party has acted unlawfully in respect thereof); and

(ii) the termination of employment of the Unexpected Transfer Employee.

21.1.2 MedImmune and Innate shall give each other any assistance that either may reasonably require to comply with the Regulations in relation to the Unexpected Transferring Employees and in contesting any claim by any Employee at or before the Effective Date resulting from or in connection with this Agreement.

21.2 **Force Majeure.** In this Agreement, “Force Majeure” means an event which is beyond a non-performing Party’s reasonable control, including an act of God, strike, lock-out or other industrial/labour disputes (whether involving the workforce of the Party so prevented or of any other Person), war, riot, civil commotion, terrorist act, epidemic, quarantine, fire, flood, storm, earthquake or natural disaster. A Party that is prevented or delayed in its performance under this Agreement by an event of Force Majeure (a “Force Majeure Party”) shall, as soon as reasonably practical but no later than [***] after the occurrence of a Force Majeure event, give notice in writing to the other Party specifying the nature and extent of the event of Force Majeure, its anticipated duration and any action being taken to avoid or minimize its effect. Subject to providing such notice and to this clause 21.2, the Force Majeure Party shall not be liable for delay in performance or for non-performance of its obligations under this Agreement, in whole or in part, except as
otherwise provided in this Agreement, where non-performance or delay in performance has resulted from an event of Force Majeure. The suspension of performance allowed hereunder shall be of no greater scope and no longer duration than is reasonably required and the Force Majeure Party shall exert all reasonable efforts to avoid or remedy such Force Majeure.

21.3 Export Control. This Agreement is made subject to any restrictions concerning the export of products or technical information from the United States or other countries that may be imposed on the Parties from any technical information acquired from time to time. Neither Party shall export, directly or indirectly, the other Party under this Agreement or any products using such technical information to a location or in a manner that at the time of export requires an export licence or other governmental approval, without first obtaining such export licence or other governmental approval.

21.4 Assignment.

21.4.1 Unless otherwise expressly provided herein, neither Party may assign any of its rights or obligations under this Agreement in any country in whole or in part without the prior written consent of the other Party, except that each Party shall have the right, without such consent, (i) to perform any of its obligations and exercise any of its rights under this Agreement through, and to assign all of its rights and obligations under this Agreement to, any of its Affiliates; and (ii) on written notice to the other Party, to assign all of its rights and obligations under this Agreement to a non-Affiliate successor in interest, whether by merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, to all or substantially all of the business relating to the Licensed Product. In the event that a Party performs its obligations or exercises its rights under this Agreement through an Affiliate or assigns its rights and obligations to an Affiliate as permitted under this clause 21.4.1, doing so shall not relieve the relevant Party of its responsibilities for the performance of its obligations under this Agreement, and the relevant Party shall remain responsible for the performance by its Affiliates and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance).

21.4.2 This Agreement shall survive any succession of interest permitted pursuant to clause 21.4.1, whether by merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, provided, that, in the event of such merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, no Intellectual Property Rights of the acquiring corporation and its Affiliates (other than a Party and its Affiliates prior to such acquisition) shall be included in the technology licensed hereunder, unless such Intellectual Property Rights arise as a result of the performance of this Agreement by such corporation after such transaction becomes effective.

21.4.3 Any attempted assignment or delegation in violation of this clause 21.4 shall be void and of no effect.
21.5 **Severability.** If any provision of this Agreement is held to be invalid, illegal or unenforceable, in any respect, then such provision will be given no effect by the Parties and shall not form part of this Agreement. To the fullest extent permitted by Applicable Law and if the rights and obligations of a Party will not be materially and adversely affected all other provisions of this Agreement shall remain in full force and effect and the Parties will use all reasonable efforts to negotiate a provision in replacement of the provision held invalid, illegal or unenforceable that is consistent with Applicable Law and achieves, as nearly as possible, the original intention of the Parties. To the fullest extent permitted by Applicable Law, the Parties waive any provision of law that would render any provision in this Agreement invalid, illegal or unenforceable in any respect.

21.6 **Dispute Resolution.**

21.6.1 **Escalation to Executives.** In the event of any dispute between the Parties arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination ("Dispute"), either Party may, by written notice to the other, have such Dispute referred to the Executives for attempted resolution by good faith negotiations within [***] after such notice is received.

21.6.2 **Arbitration.** In the event the Parties are unable to resolve a Dispute in accordance with clause 21.6.1 any dispute arising out of or in connection with this Agreement, shall be referred to and finally resolved by arbitration under the Arbitration Rules of the International Chamber of Commerce (ICC), which Rules are deemed to be incorporated by reference into this clause. One or more arbitrators shall be appointed in accordance with the said Rules. The seat, or legal place, of arbitration shall be London. The language to be used in the arbitral proceedings shall be English.

21.6.3 **Pendency of Arbitration.** During the period of time that any arbitration proceeding described in clause 21.6.2 is pending under this Agreement, the Parties shall continue to comply with all those terms and provisions of this Agreement that are not the subject of, and the performance of which are not otherwise implicated by, such pending arbitration proceeding.

21.6.4 **Interim and Conservatory Measures.** Nothing contained in this Agreement shall preclude any Party from seeking interim or other equitable or provisional relief from a court of competent jurisdiction to preserve the status quo or prevent irreparable harm, and such an action may be filed and maintained notwithstanding any ongoing arbitration proceeding.

21.6.5 **Patent Disputes.** Notwithstanding anything to the contrary, any and all issues regarding the scope, inventorship, construction, validity, or enforceability of Patents shall be determined in a court of competent jurisdiction under the local patent laws of the jurisdictions having issued the Patents in question.

21.6.6 **Confidentiality.** The Parties agree that any arbitration conducted pursuant to this clause 21.6 shall be kept confidential and that the existence of the proceeding and any element of it (including any pleadings or briefs submitted by the Parties, any testimony or oral
submissions, and any orders or awards) shall not be disclosed beyond the arbitrators, the Parties, and their respective
counsel, accountants, auditors, insurers and reinsurers, or any other Person necessary to the conduct of the arbitration.
These confidentiality obligations shall not apply if: (a) disclosure is required by Applicable Law, or in judicial or
administrative proceedings; or (b) disclosure is necessary to enforce rights arising out of an arbitral award or order.

21.7 **Governing Law.** The interpretation and construction of this Agreement (including non-contractual disputes) shall be
governed by the laws of England and Wales excluding any conflicts or choice of law rule or principle that might
otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

21.8 **Notices.** Any notice, request, or other communication permitted or required under this Agreement shall be in writing,
shall refer specifically to this Agreement, and shall be deemed given only if hand delivered, sent by an internationally
recognised overnight delivery service, costs prepaid, or sent by email (providing such email is read receipted and such
notice is also despatched by an internationally recognised overnight delivery service, costs prepaid, on same day) to
the Party to whom notice is to be given at the following address (or at such other address such Party may have
provided to the other Party in accordance with this clause 21.8).

21.8.1 **Notice Requirements.**

21.8.2 **Address for Notice.**

(a) If to Innate, to:

Innate Pharma S.A.
17, Avenue de Luminy - BP 30191
13276 Marseille Cedex 09 FRANCE
Attention: [***]
Email: [***]

and with a copy (which shall not constitute effective notice) to:

[***]
Email: [***]
Attention: [***]

Such notice, shall be deemed to have been given as of the date delivered by hand, or on the second business day (at
the place of delivery) after deposit with an internationally recognised overnight delivery service, whichever is the
earlier.

(b) If to MedImmune, to:

73.
21.9 Entire Agreement; Amendments

21.9.1 This Agreement and any document referred to in it constitutes the entire agreement between the Parties with respect to its subject matter hereof and thereof. This Agreement supersedes all prior arrangements, undertakings, understandings and agreements, whether written or oral, with respect to its subject matter. Each Party confirms that in entering into this Agreement it is not relying on any statements, representations, warranties, or covenants made by a Party or its representative prior to entering into this Agreement, except as specifically set out in the Agreement. Each Party waives all rights and remedies which, but for this clause 21.9, might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance.

21.9.2 Any amendment or modification of this Agreement must be in writing and signed by authorised representatives of both Parties.

21.9.3 This clause 21.9 shall not exclude or limit liability for fraud or fraudulent misrepresentation.

21.9.4 In the event of any inconsistencies between this Agreement and any Schedules or other attachments hereto, the terms of this Agreement shall control.

21.10 English Language. The language of this Agreement is English and all documents, notices, waivers and all other written communications or otherwise between the Parties in connection with this Agreement shall be in English. If this Agreement is translated into any other language, the English language text shall prevail.

21.11 Waiver and Non-Exclusion of Remedies. A Party’s failure to enforce, at any time or for any period of time, any provision of this Agreement, or to exercise any right or remedy shall not constitute a waiver of that provision, right or remedy or prevent such Party from
enforcing any or all provisions of this Agreement and exercising any rights or remedies. To be effective any waiver must be in writing.

21.12 **No Benefit to Third Parties.** Except for any rights and immunities granted in this Agreement to any Affiliates, the Contracts (Rights of Third Parties) Act 1999 shall not apply to this Agreement. Any Person who is not a party to this Agreement (including any employee, officer, agent, representative or subcontractor of either Party) shall not have the right (whether under the Contracts (Rights of Third Parties) Act 1999 or otherwise) to enforce any provision of this Agreement which expressly or by implication confers a benefit on that Person without the express prior agreement in writing of the Parties, which agreement must refer to this clause 21.12.

21.13 **Further Assurance.** Each Party shall perform all further acts and things and execute and deliver such further documents as may be necessary or as the other Party may reasonably require to implement or give effect to this Agreement.

21.14 **Relationship of the Parties.** It is expressly agreed that the relationship between Innate and MedImmune shall not constitute a partnership, joint venture, or agency. Neither Innate nor MedImmune shall have the authority to make any statements, representations, or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior consent of such other Party to do so.

21.15 **Counterparts.** This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed by PDF format via email or other electronically transmitted signatures and such signatures shall be deemed to bind each Party hereto as if they were original signatures.

SIGNATURE PAGE FOLLOWS.

75.
THIS AGREEMENT IS EXECUTED by the authorised representatives of the Parties as of the date first written above.

MEDIMMUNE LIMITED
By: /s/ Jane Osbourn
Name: Jane Osbourn
Title: VP R&D

INNATE PHARMA S.A.
By: /s/ Mondher Mahjoubi
Name: Mondher Mahjoubi
Title: CEO

Signature page to the License Agreement
SCHEDULE 1

COMMERCIALIZATION PLAN

[***]
SCHEDULE 2
SOTC SERVICES

[***]

[Signature page to the License Agreement]
SCHEDULE 3
SUPPLY AGREEMENT TERMS

[***]
SCHEDULE 4
LICENSED ANTIBODY

[***]
SCHEDULE 5
EXISTING PRODUCT TRADEMARKS

[***]
SCHEDULE 6
LICENSED MEDI PATENTS

[***]
SCHEDULE 7
AZ CORPORATE MARKS

[***]
SCHEDULE 8

INNATE CORPORATE NAMES

[***]
SCHEDULE 9

INITIAL MEMBERS OF JDC AND JCC

[***]
SCHEDULE 10
DEVELOPMENT PLAN

[***]
SCHEDULE 12
TRADEMARK ASSIGNMENT

[***]
SCHEDULE 16.2
EXISTING RESEARCH AND COLLABORATION AGREEMENTS

[***]
EXHIBIT A
AZ PROMOTION PRINCIPLES

[***]
INNATE PHARMA S.A. (1) 
AND 
MED IMMUNE LIMITED (2) 

AMENDMENT AND RESTATEMENT AGREEMENT OF THE COLLABORATION AND OPTION AGREEMENT RELATING TO CD39
CD39 OPTION

This Deed (the "Deed") is made on ______16 April____ 2019 by and between:

(1) INNATE PHARMA S.A., a company incorporated in France having its principal place of business at 117, Avenue de Luminy - BP 30191 13 009 Marseille, France ("Innate"); and

(2) MEDIMMUNE LIMITED, a company incorporated in England and Wales with company number 2451177 and with its registered office at Milstein Building, Granta Park, Cambridge, CB21 6GH, United Kingdom ("MedImmune").

Background

(A) Innate and MedImmune entered into a Collaboration and Option Agreement relating to CD39 on 22 October 2018 ("Original Agreement"). Under the Original Agreement, Innate has granted to MedImmune an exclusive option to take an exclusive license under the CD39 Option Technology (as defined in the Original Agreement), and the Parties agree to collaborate to perform certain development activities with respect to the CD39 program, in each case, in accordance with the terms of the Original Agreement.

(B) Innate and MedImmune now wish to amend and restate the Original Agreement in its entirety, in the form set out in the Schedule to this Deed, in accordance with the terms of this Deed.

NOW, THEREFORE, each of Innate and MedImmune, intending to be legally bound, agree as follows:

1 DEFINITIONS

1.1 In this Deed, unless the context otherwise requires, the provisions in this Section 1 apply. Unless otherwise stated, terms defined in the Original Agreement shall have the same meaning in this Deed.

1.2 "Amended Agreement" shall have the meaning set out Section 3.1.

1.3 "Effective Date" means 22 October 2018.
CD39 OPTION

1.4 “Original Agreement” shall have the meaning set out in the preamble to this Deed.

2 INTERPRETATION

2.1 The principles of interpretation set out in Section 2.1 of the Original Agreement shall have effect as if set out in this Deed, save that references to “this Agreement” shall be construed as references to “this Deed”.

2.2 References to this Deed include its Schedule.

3 AMENDMENT

3.1 In accordance with Section 26 of the Original Agreement, the Parties agree that the Original Agreement shall be amended and restated in its entirety, in the form set out in the Schedule to this Deed (the “Amended Agreement”).

3.2 The amendment and restatement of the Original Agreement pursuant to Section 3.1 shall take effect from the Effective Date, as if the Amended Agreement had been entered into on the Effective Date. Accordingly, upon this Deed being entered into, the Amended Agreement shall supersede the Original Agreement in its entirety.

4 INCORPORATION OF TERMS; CONFIDENTIALITY

4.1 The provisions of Sections 11.1, 11.2 (with the reference to “and the obligations set forth in Section 11.5” deleted), 11.3 (with each reference to “and the License Agreement” deleted), 11.4, 18.1 (first paragraph) and 20 to 28 of the Amended Agreement shall apply to this Deed as if set out in full in this Deed and as if references in those Sections to “this Agreement” shall be construed as references to this Deed.

4.2 The Parties acknowledge and agree that the terms of this Deed shall be deemed to be each Party’s Confidential Information (and each Party shall be deemed to be the Disclosing Party and also the Receiving Party with respect to such Confidential Information).
CD39 OPTION

IN WITNESS this Deed has been executed by the Parties as a deed and is intended to be and is delivered on the date first appearing above.

EXECUTED as a DEED by MEDIMMUNE LIMITED

acting by a director:                          /s/ Adrian Kemp
                                           Name: Adrian Kemp
                                           Title: Director

in the presence of:                          /s/ Svetlana Dmukh
                                           Witness
                                           Name of witness
                                           /s/ Svetlana Dmukh
                                           Address of witness
                                           Academy House
                                           136 Mills Road
                                           Cambridge, CB2 8PA, UK
                                           Occupation of witness
                                           Company Secretarial
                                           Administrator
CD390PTION

EXECUTED as a DEED by
INNATE PHARMA S.A.
acting by a person under the authority of the company in
accordance with the laws of its jurisdiction of incorporation.

/s/ Mondher Mahjoubi
Name: Mondher Mahjoubi
Title: CEO

in the presence of:

Witness

/s/ Irene Berkowitz
Address of witness
A2 Impasse Gaveliere
A3007 Marseille, France
CD39 OPTION

SCHEDULE
Dated October 22, 2018

INNATE PHARMA S.A. (1)

AND

MEDIMMUNE LIMITED (2)

COLLABORATION AND OPTION AGREEMENT RELATING TO CD39
CD39 OPTION

This Collaboration and Option Agreement (the "Agreement") is made as of the 22 October 2018 (the "Effective Date") by and between:

(1) INNATE PHARMA S.A., a company incorporated in France having its principal place of business at 117, Avenue de Luminy - BP 30191 13 009 Marseille, France ("Innate"); and

(2) MEDIMMUNE LIMITED, a company incorporated in England and Wales with company number 2451177 and with its registered office at Milstein Building, Granta Park, Cambridge, CB21 6GH, United Kingdom ("MedImmune").

Background

(A) Innate is the owner of certain proprietary technology relating to monoclonal antibodies which allows the inhibition of the CD39 human enzyme and is the owner or exclusive licensee or sublicensee of certain Patents and Know-How associated therewith (capitalised terms are defined below);

(B) MedImmune, which is directly or indirectly wholly owned by AstraZeneca PLC, and its Affiliates have experience in the research, development, manufacturing and commercialization of pharmaceutical products worldwide (capitalised terms are defined below);

(C) By entering this Agreement MedImmune is obtaining an exclusive option to take an exclusive license under Patents and Know-How in and to the CD39 Lead and the CD39 Back-Ups and Innate is willing to grant such option to MedImmune, in each case, on the terms and conditions set forth below and in the License Agreement (capitalised terms are defined below);

(D) The Parties intend to collaborate to perform certain Development activities (including Collaboration Studies) to further develop the Innate’s research and development programme with respect to CD39, and Innate intends to assist MedImmune in its Evaluation and determination as to whether or not to exercise CD39 Option (capitalised terms are defined below), all in accordance with the terms and conditions set forth below.
CD39 OPTION

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of Innate and MedImmune, intending to be legally bound, agree as follows:

1 DEFINITIONS

As used in this Agreement, the following terms will have the meanings set forth in this Section 1, unless context dictates otherwise:

1.1 “Affiliate” means, with respect to a Person, any Person that from time to time directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person. For purposes of the definition in this Section 1.1 only, “control”, and with correlative meanings, the terms “controlled by” and “under common control with” mean (a) to possess, directly or indirectly, the power to direct the management or policies of a Person, whether through ownership of voting securities, by contract relating to voting rights or corporate governance, resolution, regulation or otherwise, or (b) to own, directly or indirectly, more than fifty percent (50%) of the outstanding voting securities or other ownership interest of such Person.

1.2 “Agreement” shall have the meaning set forth in the preamble to this Agreement.

1.3 “Anti-Corruption Laws” means the US Foreign Corrupt Practices Act 1977, the UK Bribery Act 2010 and any other Applicable Law for the prevention of fraud, corruption, racketeering, money laundering or terrorism.

1.4 “Applicable Law” means the laws, rules, regulations and guidelines in the world, including any rules, regulations, guidelines or other requirements of the Governmental Bodies that are applicable to the Parties or any particular activity under this Agreement, in each case as may be in effect from time to time, including, without limitation, (i) GCP, (ii) GMP, (iii) GLP, (iv) GVP and (v) the principles that form the basis of the Helsinki Declaration of the World Medical Association, in each case to the extent they apply to a Party’s performance of its obligations under this Agreement.
CD39 OPTION

1.5 "Background IP" means, with respect to a Party, the Intellectual Property Rights owned by or licensed to such Party as of the Effective Date, and the Intellectual Property Rights that come into the ownership of or become licensed to such Party during the term of this Agreement, other than by operation of this Agreement.

1.6 "BLA" means a Biologics License Application submitted to the FDA under subsection (a) or (k) of Section 351 of the PHSA or any corresponding application outside the United States.

1.7 "Business Day" means a day other than Saturday or Sunday or a public holiday in England or France.

1.8 "CD39" means the enzyme NTPDase 1.

1.9 "CD39 [***] Bispecific" means those molecules (including antibodies) and any fragment or derivative thereof, that simultaneously bind to:
   (i) CD39, and (ii) [***].

1.10 "CD39 [***] Combo" means any product or treatment involving sequential or concomitant administration or otherwise a combination of (a) a CD39 Program Antibody; and (b) a molecule (including antibody) targeting any therapeutic target within [***], whether on their own or in combination with other active ingredient(s). For the avoidance of doubt, CD39 [***] Combo includes a CD39/[***] Combination Product.

1.11 "CD39 [***] Studies" means any Clinical Trial with respect to a CD39 [***] Bispecific or a CD39 [***] Combo.

1.12 "CD39 Back-Ups" means those (i) antibodies described in Schedule 1.12, or (ii) other antibodies (or any fragment or derivative thereof) which bind to CD39, in each case (i) and (ii), including any fragment or derivative of such antibody, but excluding the CD39 Lead and the CD39 Bi-Specific Molecules.
CD39 OPTION

1.13 “CD39 Bi-Specific Molecules” means those molecules (including antibodies) and any fragment or derivative thereof, that simultaneously bind to: (i) CD39, and (ii) other therapeutic target(s).

1.14 “CD39 Competing Product” means a protein, including an antibody (or any fragment or derivative thereof), that [***].

1.15 “CD39/[***] Combination Product” means any product or treatment involving sequential or concomitant administration or otherwise a combination of: (a) any molecule (including antibody) or any fragment or derivative thereof which binds to CD39; and (b) any molecule (including antibody) or any fragment or derivative thereof which binds to [***], whether on their own or in combination with other active ingredients(s).

1.16 “CD39 Lead” means the CD39 Program Antibody identified as [***].

1.17 “CD39 Option” shall have the meaning set forth in Section 4.1.

1.18 “CD39 Option Fee” shall have the meaning set forth in Section 3.1.

1.19 “CD39 Option Know-How” means all Know-How which is Controlled by Innate or its Affiliates, as of the Effective Date or at any time during the term of this Agreement, that is or may become necessary or useful for the Research, Development, commercialization or other Exploitation of the CD39 Option Products, including: (a) the Innate Study Results, (b) the Know-How within the Innate Collaboration IP and (c) Innate’s interest in the Know-How within the Joint Collaboration IP (together (a) to (c), the “Innate Collaboration Know-How”), but excluding Know-How licensed under the [***], unless otherwise agreed between the Parties.
CD39 OPTION

1.20  "CD39 Option Notice" shall have the meaning set forth in Section 4.8.

1.21  "CD39 Option Patents" means all of the Patents: (a) listed in Appendix A, as may be supplemented by Innate from time to time, together with (b) all Patents which are Controlled by Innate or its Affiliates, as of the Effective Date or at any time during the term of this Agreement, that (i) claim any CD39 Option Product or (ii) claim any invention that is or becomes (subject to Section 12.12) necessary or useful for the Research, Development, commercialization or Exploitation, as applicable, of any CD39 Program Antibody, but excluding in each case (1) any Patent exclusively related to any active ingredient within a Combination (other than a CD39 Program Antibody) [***], unless otherwise agreed between the Parties.

1.22  "CD39 Option Period" means the period beginning upon [***]

1.23  "CD39 Option Products" means any and all pharmaceutical products including a
CD39 OPTION

CD39 Program Antibody as an active ingredient (including Combinations).

1.24 “CD39 Option Technology” means the CD39 Option Patents and the CD39 Option Know-How.

1.25 “CD39 Program Antibody” means any of: (a) the CD39 Lead, (b) any CD39 Back-Up; and (c) CD39 Bi-Specific Molecule, in each case within the scope of the claims of any of the CD39 Option Patents at any time, regardless of jurisdiction. In any case, antibodies listed as Schedule 1.12, including any fragment or derivative thereof, shall be CD39 Program Antibodies.

1.26 “CD39 Program” means the programme of research and development with respect to CD39 Option Products conducted or to be conducted under this Agreement.

1.27 “Change of Control” has the meaning set forth in the License Agreement.

1.28 “Clinical Trial” means a Phase 1 Clinical Trial, a Phase 2 Clinical Trial, or a Phase 3 Clinical Trial.

1.29 “CMC” means optimization of Manufacturing processes to provide reproducible supply of drug substance at commercialization scale, including formulation and development work to ensure stability and purity, and to otherwise meet the requirements under Applicable Law to be approved by a Regulatory Health Authority for marketing, sale and distribution.

1.30 “Collaboration Budget” means the budget set out in the Development Plan with respect to the forecasted Innate Development Costs to be incurred by Innate during the CD39 Option Period, as amended or updated from time to time by the OC in accordance with this Agreement.

1.31 “Collaboration IP” means the Know-How and other Intellectual Property Rights arising from, generated from or reduced to practice in connection with the performance of the Development activities under the Development Plan.
CD39 OPTION

1.32 “Collaboration Study” means any clinical study conducted or to be conducted in accordance with the Development Plan.

1.33 “Collaboration Study Preliminary Report” means the preliminary report in respect of each Collaboration Study written by or on behalf of Innate and summarising the Primary Endpoint Results of each Collaboration Study.

1.34 “Collaboration Study Protocol” means each clinical trial protocol describing a Collaboration Study and outlining the activities to be conducted by the Party assigned to perform such Collaboration Study under the Development Plan and the anticipated timelines for carrying out such activities, which protocol shall (i) be in accordance with the Collaboration Study outline contained in the Development Plan; and (ii) be prepared by or on behalf of such Party and the applicable Principal Investigator, as may be amended from time to time in accordance with Section 7.3(b).

1.35 “Combination” means the combination of a CD39 Program Antibody as an active ingredient with one or more other active ingredients including but not limited to MedImmune Products, whether sold or anticipated to be sold as a fixed dose or as separate co-prescribed doses or in a physically co-packaged form.

1.36 “Commercially Reasonable Efforts” means, with respect to the efforts to be expended by a Party [***].

1.37 “Competition Law Filing” shall have the meaning set forth in Section 2.2.

1.38 “Confidential Information” means any and all Know-How and information with respect to a Party’s or its Affiliates’ business, whether oral or in writing or in any other form, disclosed before, on or after the date of this Agreement by one Party to the other Party that is either marked or identified as confidential or proprietary or that is of such a nature that would be considered by a reasonable person to be confidential or proprietary.

1.39 “Control” means, with respect to any item of Know-How or a Patent, the ability and authority of a Party or its Affiliates, whether arising by ownership, possession, or pursuant to a licence or sublicense (other than pursuant to a licence or...
CD39 OPTION

sublicense granted under this Agreement or the License Agreement), to assign, disclose or grant a licence, sublicence or other right to the other Party under or to such item of Know-How or such Patent as provided for herein or under the License Agreement, and without breaching the terms of any agreement between such Party and any Third Party.

1.40 “Costs” means both internal and external costs and expenses. Unless otherwise mutually agreed between the Parties, internal costs incurred by a Party shall be determined by multiplying the applicable FTE Rate by the number of FTEs utilized to conduct the applicable activities. Costs shall exclude any payment obligations owed to the head licensors under any Head License.

1.41 “CRO” means a contract research organisation selected by Innate for the performance of the Collaboration Studies or parts thereof and identified in the relevant Collaboration Studies Protocol, including the CROs engaged by Innate in
CD39 OPTION

relation to the CD39 Program.

1.42 “CTA Materials” means those Clinical Trial Applications for the Collaboration Studies, together with all supporting documentation and data, to be submitted after the Effective Date to the European Medicines Agency or other appropriate Regulatory Health Authorities in respect of the Collaboration Studies.

1.43 “CTA” or “Clinical Trial Application” means any and all applications to the European Medicines Agency or other appropriate Regulatory Health Authorities for the permission to perform a clinical study as required by Applicable Law.

1.44 “Data Protection Law” means any law or regulation in force in the relevant jurisdiction from time to time which implements or supplements the General Data Protection Regulation 2016/679 dated 27 April and any other Applicable Law replacing adding to or amending, extending, reconstituting or consolidating it or any equivalent national laws and regulations which otherwise regulate the processing of Personal Data, privacy, direct marketing or the interception or communication of electronic messages.

1.45 “Data Subject” means a natural person who is an identified or identifiable natural person. An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.

1.46 “Develop” or “Development” means activities relating to the development of CD39 Option Products, and activities to develop manufacturing capabilities for CD39 Option Products. Development includes pre-clinical activities, toxicology studies, formulation, manufacturing process development and scale-up (including bulk antibody production and CMC activities), manufacturing CD39 Option Products for clinical trials, quality assurance and quality control, initial biomarker studies, technical support, pharmacokinetic studies, clinical studies, pharmacovigilance and regulatory affairs activities.
CD39 OPTION

1.47 "Development Plan" means the Development Plan for the CD39 Program, as reviewed, updated and approved by the OC from time to time pursuant to Section 5.1; containing the outline of each of the currently envisaged pre-clinical activities, the Collaboration Studies and timelines for the commencement and completion of such studies, as well as certain CMC activities and the supply of CD39 Option Products, the related timelines for such activities as well as the assumptions set forth therein.

1.48 "Disclosing Party" shall have the meaning set forth in Section 11.1.

1.49 "EMA" means the European Medicines Agency, a Regulatory Health Authority for the purposes of this Agreement.

1.50 "Evaluation" and "Evaluate" means MedImmune's and its Affiliates' internal evaluation of the CD39 Program for purposes of determining whether or not to exercise the CD39 Option.

1.51 "Exploit" means to undertake, or have undertaken, any or all of the following activities: to make, import, use, sell, or offer for sale, research, study, Develop, register, modify, enhance, improve, manufacture, hold or keep (whether for disposal or otherwise), formulate, optimise, use, export, transport, distribute, promote, market or otherwise dispose or offer to dispose of, a product or process and "Exploitation" shall have the correlative meaning.

1.52 "Exploratory Study" shall have the meaning set forth in Section 4.5.

1.53 "FDA" means the United States Food and Drug Administration, a Regulatory Health Authority for the purposes of this Agreement.

1.54 "Force Majeure" has the meaning set out in the License Agreement.

1.55 "France - UK Double Tax Treaty" means the convention between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of France for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital gains signed in
CD39 OPTION

London on 19 June 2008 as well as any convention that would replace it in the future.

1.56 “FTE” means a full time equivalent person year of [***] of scientific, technical or operational work (excluding administrative services).

1.57 “FTE Rate” means, for the period commencing on the Effective Date until such time as adjusted pursuant to the following sentence or the Parties agree otherwise, [***] for all activities. The FTE Rate will be increased or decreased on each anniversary of the Effective Date by a percentage equivalent to the change over the preceding twelve month period in the Consumer Price Index for Urban Wage Earners and Clerical Workers with respect to MedImmune and the index of salaries of the pharmaceutical industry published by LEEM with respect to Innate. The FTE Rate shall include costs of salaries, benefits, supplies, travel, other employee costs, and supporting general and administration allocations.

1.58 “GCP” or “Good Clinical Practices” means, to the extent applicable in the country where Regulatory Approval is sought, the current standards for good clinical practices relating to clinical trials for pharmaceuticals, as set forth in the United States Code of Federal Regulations or ICH guidelines and applicable regulations, laws or rules as promulgated thereunder, in each case as amended from time to time, and all other standards of good clinical practice as are required by any Regulatory Health Authority.

1.59 “GLP” or “Good Laboratory Practices” means good laboratory practices required under the regulations set forth in 21 C.F.R. Part 58, as in effect during the term of this Agreement, and the requirements thereunder imposed by the FDA, and the equivalent thereof in any jurisdiction.

1.60 “GMP” or “Good Manufacturing Practice” means the principle of good manufacturing practice in respect of medicinal products for human use and investigational medicinal products for human use as required by Applicable Law, including the laws of the European Community and Directive 2003/94/EC as well as any national legislation implementing the aforesaid Directive and any relevant
CD39 OPTION

1.61 “GVP” or “Good Pharmacovigilance Practices” means, in addition to the provisions under the any pharmacovigilance agreement between the Parties, all applicable good pharmacovigilance practices promulgated and published by FDA, EMA or any other Regulatory Health Authorities having jurisdiction over the Development, Manufacture or commercialization of the CD39 Option Products pursuant to its regulations, guidelines or otherwise, including as applicable, major pharmacovigilance process and product or population specific considerations as defined in (a) European Commission Regulation code relating to medicinal products for human use, Directives 2010/84/EU and 2012/26/EU respectively, as well as by the Commission Implementing Regulation (EU) No 520/2012 on the Performance of Pharmacovigilance Activities Provided for in Regulation (EC) No 726/2004 and Directive 2001/83/EC, Title IX of the Directive, Article 108a (a) of Directive 2001/83/EC, and principles detailed in the ICH guidelines for pharmacovigilance as well as (b) principles detailed in the United States 21 CFR and Guidance for Industry Good Pharmacovigilance Practices and Pharmacoepidemiological Assessment.

1.62 “Government Official” means any Person employed by or acting on behalf of a Governmental Body, government-controlled entity or public international organization.

1.63 “Governmental Body” means any: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign or other government; (iii) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, ministry, fund, foundation, centre, organization, unit, body or entity and any court or other tribunal); or (iv) self-regulatory organization (including the NASDAQ Global Market and the NASDAQ Global Select Market). For the avoidance of doubt, Governmental Bodies includes Regulatory Health Authorities.

1.64 “Head License” means any of the [***] or any license from a Third Party described under Section 12.12 or Section 12.14, and “Head Licenses” means all of them.
CD39 OPTION

1.65 “HSR Act” means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, including all rules promulgated thereunder.

1.66 “ICH” means the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.

1.67 “IND” or “Investigational New Drug Application” means an application to the FDA for permission to perform a clinical study as required by Applicable Law.

1.68 “Independent Ethics Committee” or “IEC” means an independent body, institutional, regional, national or supranational committee or review board, whose responsibility it is to ensure the protection of rights, safety and well-being of human subjects in a clinical study and who is responsible for, among other things, reviewing and approving or providing opinions on, the Collaboration Study Protocol, the suitability of the investigator(s), facilities, subject recruitment materials, methods and the information to be provided to potential Subjects in a Collaboration Study to secure their informed consent.

1.69 “Indication” means a cancerous condition resulting from a separate and distinct tumor type and line of therapy that is the basis for a separate and distinct Regulatory Approval.

1.70 “Indirect Taxes” means value added taxes, sales taxes, consumption taxes and other similar taxes.

1.71 “Innate” shall have the meaning set forth in the preamble to this Agreement.

1.72 “Innate Data Room” means the dataroom with respect to Innate’s CD39 research and development programme which is maintained by or on behalf of Innate and to the extent available for access by MedImmune on or before the Effective Date.

1.73 “Innate Development Costs” has the meaning set out in Section 6.1.

1.74 “Innate Standards” means, with respect to the performance of any activities allocated to Innate under the Development Plan with respect to a CD39 Option
CD39 OPTION

Product, the performance of such activities (a) with substantially the same degree of skill, quality and care utilized by Innate in performing such activities for itself with respect to such CD39 Option Product or products at a similar stage of development as such CD39 Option Product; and (b) in compliance in all material respects with Applicable Laws.

1.75 "Innate Study Results" shall have the meaning set forth in Section 12.6(a).

1.76 "Innate Third Party Claim" shall have the meaning set forth in Section 15.2.

1.77 "Intellectual Property Rights" means Patents, trademarks, service marks, trade secrets (including patentable inventions), trade names, registered designs, design rights, copyrights (including rights in computer software), domain names, database rights and any rights or property similar to any of the foregoing in any part of the world, whether registered or not, together with the right to apply for the registration of any such rights.

1.78 "Joint Collaboration IP" shall have the meaning set forth in Section 12.3(c).

1.79 "Know-How" means all inventions, discoveries, data, information (including scientific, technical or regulatory information), trade secrets, processes, means, methods, practices, formulae, instructions, procedures, techniques, materials, technology, results, analyses, designs, drawings, computer programs, apparatuses, specifications, technical assistance, laboratory, pre-clinical and clinical data (including laboratory notes and notebooks), and other material or know-how, in written, electronic or any other form, whether or not confidential, proprietary or patentable, including without limitation: development technology; biology, chemistry, pharmacology, toxicology, drug stability, CMC, Manufacturing and formulation, initial biomarker studies, test procedures, synthesis, purification and isolation techniques, quality control data and information, methodologies and techniques; information regarding clinical and non-clinical safety and efficacy studies, including study designs and protocols, marketing studies, absorption, distribution, metabolism and excretion studies; assays and biological methodology.
1.80 "knowledge" means the good faith understanding of the officers of Innate and its Affiliates, with respect to relevant facts and information after performing a commercially reasonable inquiry of the employees having responsibilities in Innate’s organisation with respect to the relevant subject matters and external patent agents of Innate and its Affiliates with respect to such facts and information relating to the CD39 Option Patents, that the patent agent is responsible for prosecuting and maintaining. For purposes of the foregoing, Innate will not be deemed to have knowledge of any given fact or information, which (i) was known or should have been known by any external patent agents of Innate and its Affiliates but was not disclosed to Innate’s officers or (ii) was not known by the employees of Innate and its Affiliates.

1.81 "License Agreement" shall mean the agreed form license attached at Schedule 1.80.

1.82 "Listed Patents" means the Patents listed in Schedule 1.81, and any Patents filed after the Effective Date claiming priority to the Patents listed on Schedule 1.81, as such schedule may be updated from time to time by agreement of the Parties.

1.83 “Loss” or “Losses” means any and all direct liabilities, claims, actions, damages, losses or expenses, including interest, penalties, and reasonable lawyers’ fees and disbursements. In calculating Losses, the legal duty to mitigate on the part of the Party suffering the Loss shall be taken into account.

1.84 “Manufacture” or “Manufacturing” means activities in connection with the synthesis, manufacture, processing, formulating, testing (including, without limitation quality control, quality assurance and lot release testing), bulk packaging, labelling or storage and delivery of CD39 Option Products (including any component thereof).

1.85 “Material Anti-Corruption Law Violation” means a violation of an Anti-Corruption Law relating to the subject matter of this Agreement which would if it were publically known have a material adverse effect on a Party or on the reputation of a Party because of its relationship with the other Party.
CD39 OPTION

1.86 "Material Issues" means issues material to the governance of or performance of the Development Plan, including any of the following with respect to the CD39 Program:

(a) discontinuing commencement of Collaboration Studies, or prolonging or postponing commencement of Collaboration Studies by more than [***];

(b) any Safety or Regulatory Issues;

(c) conducting the Collaboration Studies across fewer than [***] sites per Collaboration Study;

(d) selecting and using any contract research organisation that is not a CRO other than those with international recognition for conducting the Collaboration Studies;

(e) delay in the CMC work set forth in the Development Plan likely to cause a delay in commencing the first Phase 3 Clinical Trial in respect of a CD39 Option Product, with reference to the target date set forth in the Development Plan, by more than [***]; and

(f) review and approve supply forecast (including for Exploratory Studies).

1.87 "MedImmune" shall have the meaning set forth in the preamble to this Agreement.

1.88 "MedImmune Collaboration IP" shall have the meaning set forth in Section 12.3(a).

1.89 "MedImmune Collaboration Studies" shall have the meaning set forth in Section 9.1(a).

1.90 "MedImmune Indemnitees" shall have the meaning set forth in Section 15.1.
CD39 OPTION

1.91 "MedImmune Manufacturing Information" means any Know-How with respect to the Manufacture of any MedImmune Product or other proprietary product of MedImmune, including the CMC data with respect thereto.

1.92 "MedImmune Manufacturing IP" shall have the meaning set forth in Section 12.4.

1.93 "MedImmune Product" shall mean any proprietary product of MedImmune and with which either Party conducts a Collaboration Study or a pre-clinical study under the Development Plan. For the avoidance of doubt, MedImmune Product excludes the CD39 Option Products.

1.94 "MedImmune Study Results" shall have the meaning set forth in Section 12.6(b).

1.95 "MedImmune Third Party Claim" shall have the meaning set forth in Section 15.1.

1.96 "Objectives" means the objectives of Party which are:

(a) providing proof of the concept of the CD39 Option Products as cancer treatments;

(b) carrying out the Collaboration Studies, CMC and other activities assigned to such Party as set forth in the Development Plan taking into account the assumptions set out in the Development Plan;

(c) [***];

(d) [***];

(e) [***];

(f) [***]; and
CD39 OPTION

(g) [***].

1.97 “Oncology Field” means the treatment, diagnosis and prevention of cancer in humans and animals.

1.98 “Option Committee” or “OC” shall have the meaning set forth in Section 7.3.

1.99 [***].

1.100 [***].

1.101 “Parties” means MedImmune and Innate and “Party” means either of them.

1.102 “Patent Action” shall have the meaning set forth in Section 12.21.

1.103 “Patents” means (a) all national, regional and international patents and patent applications, including provisional patent applications, (b) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority from either of these, including divisionals, continuations, continuations-in-part, non-provisional applications, and continued prosecution applications, (c) any and all patents that have issued or in the future issue from the foregoing patents or patent applications ((a) and (b)), including utility models, petty patents and design patents and certificates of invention, (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates, patent term extensions and the like) of the foregoing patents or patent applications ((a), (b) and (c)), and (e) any similar rights, including so-called pipeline protection, or any importation, revalidation, confirmation or introduction patent or registration patent or patent of additions to any such foregoing patent applications and patents.

1.104 “Payments” shall have the meaning set forth in Section 8.1.
CD39 OPTION

1.105 “Person” means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, incorporated association, joint venture or similar entity or organization, including a government or political subdivision, department or agency of a government.

1.106 “Personal Data” means any information relating to a Data Subject.

1.107 “Phase 1 Clinical Trial” means any clinical study conducted on human subjects [***].

1.108 “Phase 2 Clinical Trial” means any clinical study that is not intended to be used as a pivotal study for purposes of seeking Regulatory Approval in any country within the Territory that is conducted on human patients [***].

1.109 “Phase 3 Clinical Trial” means any clinical study used as a pivotal study for purposes of seeking Regulatory Approval, [***].

1.110 “Primary End Point Results” means with respect to any given Clinical Trial, the primary end point results in accordance with the applicable protocol which, for the avoidance of doubt, might include items such as overall response rate, disease control rate, durability of response, progression free survival or safety data, as will be specified in the applicable protocol.

1.111 “Principal Investigator” means the person(s) appointed to lead and co-ordinate one or several Collaboration Studies under this Agreement and identified as Principal Investigator on the relevant Collaboration Studies Protocol, or any other person who may be appointed to such role.

1.112 “Processing” means any operation or set of operations that is performed on Personal Data or on sets of Personal Data, whether or not by automated means, such as collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction.
CD39 OPTION

1.113 "Product Trademark" mean trademarks to be used specifically for the marketing and sale of the CD39 Option Products.

1.114 "Receiving Party" shall have the meaning set forth in Section 11.1.

1.115 "Regulatory Approval" means any and all approvals, product or establishment
CD39 OPTION

licenses, registrations, or authorizations of any regional, federal, state, or local Regulatory Health Authority, department, bureau, or other governmental entity, necessary to test, manufacture, commercially distribute, sell or market a CD39 Option Product in a regulatory jurisdiction, including, where applicable, (a) pricing or reimbursement approval in such jurisdiction if necessary or desirable, (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto), and (c) labelling approval.

1.116 "Regulatory Documentation" means all applications, registrations, licenses, authorizations and approvals, all correspondence submitted to or received from Regulatory Health Authorities (including minutes and official contact reports relating to any communications with any Regulatory Health Authority) and all supporting documents, including documentation arising in the course of all clinical trials, in each case relating to obtaining or maintaining Regulatory Approval of Option Products, including all INDs, regulatory drug lists, advertising and promotion documents, adverse event files and complaint files, including safety information, excluding source documentation associated with individual case safety reports other than such source documentation that is part of the clinical trial master file.

1.117 "Regulatory Exclusivity" shall mean any exclusive marketing rights or data exclusivity rights conferred by any applicable Regulatory Health Authority, other than an issued and unexpired Patent, including any regulatory data protection exclusivity (including, where applicable, paediatric exclusivity or orphan drug exclusivity) or any other exclusivity afforded by restrictions which restrict the granting by a Regulatory Health Authority of Regulatory Approval to market a generic product.

1.118 "Regulatory Health Authority" means any applicable national (for example, FDA or Japan’s Pharmaceuticals and Medical Devices Agency), supranational (for example, the EMA), regional, state, provincial or local regulatory health authority, department, bureau, commission, council, or other government entity regulating or otherwise exercising authority with respect to the Exploitation of Option Products in the Territory, including any such entity involved in the granting
CD39 OPTION

of Regulatory Approval for pharmaceutical products.

1.119 "Research" means the discovery, identification, research, characterisation, modification, derivatisation, optimisation and preclinical testing of pharmaceutical products.

1.120 "Restricted Party" shall have the meaning set forth in Section 13.2.

1.121 "Right of Reference" means the non-exclusive right to cross reference, copy, incorporate by reference or rely upon any Study Results solely for the purposes of obtaining or maintaining Regulatory Approval for a pharmaceutical product, including (1) a "Right of Reference or Use" as that term is defined in 21 C.F.R. §314.3(b) in the United States, (2) any analogous procedures with respect to biologics or BLAs in the United States and (3) any equivalents thereof outside the United States.

1.122 "S/R Notice" shall have the meaning set forth in Section 9.7.

1.123 "Safety or Regulatory Issue" means:

(a) Serious Adverse Event;

(b) requirement or request by a Regulatory Health Authority that one or more of the Collaboration Studies should cease in the interests of the health, safety or well-being of Subjects;

(c) a reasonable, good faith determination by Innate, as notified to the OC, that one or more of the Collaboration Studies should cease in the interests of the health, safety or well-being of Subjects and that such issue cannot be rectified or overcome without adversely jeopardizing the aforementioned interests; or

(d) any decision or requirement of a Regulatory Health Authority which occurs prior to or during any of the Collaboration Studies and which prevents Innate from initiating or completing one or more of the Collaboration
CD39 OPTION

Studies or from causing one or more of the Collaboration Studies to be initiated or completed.

1.124 [***].

1.125 [***].

1.126 [***].

1.127 “Senior Executives” means (i) [***] and (ii), [***]. A Party shall be entitled, effective upon written notice thereof to the other Party, to designate one of its other representatives having equivalent seniority and experience to replace such foregoing representative as that Party’s Senior Executive for the purpose of this Agreement.

1.128 “Serious Adverse Event” shall have the meaning given and defined by ICH from time to time.

1.129 “Specification” means the specification applicable to the Manufacture, packaging, labelling and storage of a relevant product, as current at any given time.

1.130 “Study Documentation” means all records, accounts, notes, laboratory notebooks, reports and data, collected, generated or used in connection with the Collaboration Studies, Exploratory Studies or where applicable, pre-clinical activities performed by a Party under the Development Plan, whether in written, electronic, optical or other form, including all recorded original observations and notations of clinical activities such as reports and records necessary for the evaluation and reconstruction of the relevant Collaboration Study or Exploratory Study.
CD39 OPTION

1.131 “Study Results” means any data and information generated as a result of the Collaboration Studies, including any of the Collaboration Study Preliminary Reports.

1.132 “Study Site Staff” means all those researchers, students, employees, agents or others who are engaged by or on behalf of Innate in the conduct of any of the Collaboration Studies, including any sub-investigator (but excluding, for the avoidance of doubt, MedImmune and its researchers, students, employees and agents).

1.133 “Subject” means a person recruited to participate in a Collaboration Study.

1.134 “Tech Transfer Period” shall have the meaning set forth in Section 17.3.

1.135 “Territory” means the world.


1.137 “Third Party” means any Person other than the Parties or the Parties’ respective Affiliates.

1.138 “Third Party Claim” means an Innate Third Party Claim or a MedImmune Third Party Claim.

1.139 “Transferred Data” means the Personal Data transferred by MedImmune to Innate pursuant to this Agreement.

2 CONSTRUCTION; COMPETITION LAW FILING

2.1 Except where the context requires otherwise, whenever used the singular includes the plural, the plural includes the singular, the use of any gender is applicable to all genders and the word “or” has the inclusive meaning represented by the phrase “and/or”. Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The headings of this Agreement are for convenience only and do not define, describe, extend or limit the scope.
CD39 OPTION

or intent of any provision in this Agreement. The term “including” or “includes” as used in this Agreement means including, without limiting the generality of any description preceding such term. The wording of this Agreement shall be deemed to be the wording mutually chosen by the Parties and no rule of strict construction shall be applied against any Party. The Parties hereby agree to act in good faith with respect to their performance of the rights and obligations pursuant to this Agreement.

2.2 If MedImmune reasonably determines during the CD39 Option Period that a filing under the HSR Act or any equivalent competition law statute or regulation (a “Competition Law Filing”) is required for the performance of this Agreement or any License Agreement, promptly upon MedImmune’s request, the Parties shall prepare and submit the required notification forms as soon as reasonably practicable (and for any filing under the HSR Act within [***] after such determination) and use reasonable efforts to obtain clearance for the transactions contemplated hereunder as soon as practicable. Subject to Applicable Law relating to the exchange of information, MedImmune shall have the right to direct all matters with respect to Competition Law Filings hereunder, consistent with its obligations hereunder after consulting with Innate. Each Party will consult with the other on, and consider in good faith the views of the other Party in connection with, all of the information relating to such other Party that appears in any Competition Law Filing. MedImmune shall bear all fees in connection with any Competition Law Filing and each Party shall bear their respective attorneys’ fees in connection therewith.

3 OPTION FEE

3.1 In consideration of the grant of the CD39 Option by Innate to MedImmune and Innate’s obligations to perform the activities contemplated under this Agreement to facilitate MedImmune’s Evaluation, MedImmune shall, subject to the terms of this Agreement, pay to Innate:

(a) a non-creditable and non-refundable fee of fifty million US dollars ($USD 50,000,000) (the “CD39 Option Fee”); and
CD39 OPTION

(b) the following non-creditable and non-refundable fee upon the first achievement of the applicable milestone event set out below by or on behalf of MedImmune or Innate:

<table>
<thead>
<tr>
<th>Milestone Event for a CD39 Option Product</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>[***]</td>
<td>[***]</td>
</tr>
<tr>
<td>[***]</td>
<td>[***]</td>
</tr>
</tbody>
</table>

For the avoidance of doubt, each payment set out above shall be payable by MedImmune only once.

3.2 The CD39 Option Fee shall be payable by MedImmune in accordance with Section 8 in cash in two lump sums. MedImmune shall pay to Innate: (a) the first amount of twenty six million US dollars ($USD 26,000,000) within [***] after the Effective Date, and (b) the remaining amount of twenty four million US dollars ($USD 24,000,000) on [***] 2019.

3.3 Upon achievement of the corresponding milestone event by or on behalf of Innate or MedImmune set forth in Section 3.1(b) Innate may issue an invoice to MedImmune with respect to the corresponding payment, and MedImmune shall pay such amount to Innate no later than [forty five (45) days] following receipt of such invoice.

3.4 For the avoidance of doubt, the CD39 Option Fee is in addition to those fees payable on valid exercise of the CD39 Option.
CD39 OPTION

4 CD39 OPTION

4.1 Innate hereby grants to MedImmune the exclusive option (the “CD39 Option”) to obtain the rights and licenses under the CD39 Option Technology to Exploit CD39 Option Products pursuant to the terms of the License Agreement.

4.2 During the CD39 Option Period, each Party shall be responsible for the performance of the Development activities assigned to it under the Development Plan, in accordance with Section 5.

4.3 MedImmune agrees to fund and shall finance those pre-clinical studies under the Development Plan allocated to Innate, in accordance with the Collaboration Budget for such studies contained in the Development Plan.

4.4 MedImmune shall use its Commercially Reasonable Efforts to formulate the CMC part of any data package required for any IND/CTA or Regulatory Approval contained in the Development Plan in accordance with the expected timeline indicated in the Development Plan.

4.5 During the CD39 Option Period, Innate may conduct exploratory clinical trials (including any Phase 1 Clinical Trials or Phase 2 Clinical Trials) (“Exploratory Studies”) with respect to any CD39 Option Product (other than CD39 Bi-Specific Molecules), including in combination with one or more active ingredient(s), at its discretion and own expense, provided that Innate shall, at least [***] prior to the initiation of the Exploratory Study, propose to MedImmune through the OC to include the Exploratory Study in the Development Plan, and provide to MedImmune a copy of the study protocol for such Exploratory Study (with respect to a CD39 [***] Study, Innate shall provide a high level clinical trial design summary that includes tumor type, patient population, dose range and schedule of each agent to be administered (a “CD39 [***] Plan”)). MedImmune shall consider such proposal in good faith in light of the Objectives. Within [***] after the receipt of such study protocol (or clinical trial design summary, as applicable), MedImmune shall also indicate whether or not such Exploratory Study satisfies the criteria set forth in (a) to (c) below. If MedImmune does not approve the inclusion of such Exploratory Study in the Development Plan, then Innate may perform such Exploratory Study at its Cost (subject to Section 4.7), but only if the criteria set out in (a) to (c) below are satisfied (otherwise, Innate may not
CD39 OPTION

perform such Exploratory Study):

(a) [***];

(b) [***]; and

(c) [***].

Notwithstanding the foregoing, clauses (a) to (c) shall not apply with respect to any Exploratory Study to be conducted by Innate on a CD39/[***] Combination Product, provided that, [***].

4.6 MedImmune shall use Commercially Reasonable Efforts to provide to Innate, upon Innate’s reasonable request (including reasonable manufacturing timelines) at Cost payable by Innate, and in a reasonably timely manner so as not to delay the filing of any IND/CTA or any other Regulatory Approval:

(a) quantities of the CD39 Lead or other CD39 Option Product as might be required to conduct each Exploratory Study, subject to MedImmune’s then-current stock of such CD39 Option Product, its manufacturing capacity, and its obligations under Section 5.3(a); and

(b) a complete data package with respect to CMC as is required to enable
**CD39 OPTION**

Innate to make the relevant submission for each IND/CTA or any other Regulatory Approval for such Exploratory Study. Provision of such data package may be in a form or method as enables MedImmune to retain its confidentiality in the MedImmune Manufacturing Information.

4.7 If a Phase 3 Clinical Trial is initiated by or on behalf of MedImmune or its Affiliates and:

(a) [***];

(b) [***]; and

(c) [***].

then MedImmune shall reimburse to Innate the reasonable and documented Costs of such Exploratory Study undertaken by Innate together with an additional amount equal to [***] of such reasonable and documented Costs, such additional [***] being a premium reflecting the risk undertaken by Innate in conducting such Exploratory Study. Such Costs and premium shall be Payments, payable in accordance with Section 8 and shall be paid no later than the date of recruitment of the first Subject into such Phase 3 Clinical Trial initiated by or on behalf of MedImmune or its Affiliates. For the avoidance of doubt, any such payment shall be in addition to any other Payment hereunder or in the License Agreement, including any milestone payments.

**Exercising the CD39 Option**

4.8 MedImmune may exercise the CD39 Option by giving Innate written notice that it is
CD39 OPTION

exercising the CD39 Option (“CD39 Option Notice”) at any time within the CD39 Option Period. No later than [***] prior to the expected expiry of the CD39 Option Period (if the CD39 Option Notice has not been given), Innate shall notify MedImmune of such occurrence through the Option Committee, and the Parties shall discuss MedImmune’s intention to exercise or not to exercise the CD39 Option. Innate will provide to MedImmune an updated set of Schedules (including disclosure Schedules with respect to Innate’s representations and warranties) in the License Agreement.

4.9 Upon Innate’s receipt within the CD39 Option Period of a CD39 Option Notice, the License Agreement shall, automatically and without any further measures having to be taken by either Party, enter into force in accordance with its terms. The Parties shall cooperate in good faith to prepare as promptly as possible after the effective date of the License Agreement all filings and other actions required by Applicable Laws to be made and taken in order to continue to conduct the Development of CD39 Option Products. All such filings and actions shall be approved in advance by MedImmune and be made and taken by or on behalf of MedImmune.

4.10 Upon valid exercise of the CD39 Option, MedImmune may assume from Innate the right to lead and conduct such ongoing early-stage Development activities as Innate may have been conducting prior to exercise of the CD39 Option.

4.11 Upon valid exercise of the CD39 Option, MedImmune will assume responsibility from Innate to undertake all late-stage development activities (which shall include sponsorship of all Phase 3 Clinical Trials), as set out in and subject to the terms of the License Agreement.

Lapse of the CD39 Option

4.12 If: (a) MedImmune has not on or prior to the expiry of the CD39 Option Period furnished Innate with a CD39 Option Notice; or (b) either Party terminates this Agreement pursuant to Sections 16.2 to 16.4, then the CD39 Option shall terminate and the CD39 Option shall lapse, and shall have no force or effect, and the consequences set forth in Section 17 applicable to such expiry or termination (as
4.13 Upon the termination of the CD39 Option pursuant to Section 4.12, if Innate subsequently Develops, commercialises or otherwise Exploits any CD39 Option Product or any product developed using or otherwise incorporating any Collaboration IP or Study Results (each, an “Innate Licensed Product”), then Innate shall pay to MedImmune the payments calculated in accordance with Schedule 4.13 with respect to such Innate Licensed Product, up to a maximum amount equal to [***] of the aggregate of: [***] (the “Total Reimbursement Amount”).

4.14 Upon the expiry or termination of the CD39 Option pursuant to Section 4.12 MedImmune shall grant to Innate:

(a) a non-exclusive, royalty free, fully paid up (subject to Section 4.15) worldwide licence, with the right to sublicense through multiple tiers, under MedImmune’s interest in the Joint Collaboration IP to research, Develop, manufacture, commercialise and otherwise Exploit any product; and

(b) a royalty free, fully paid up (subject to Section 4.15) worldwide licence, with the right to sublicense through multiple tiers, under the MedImmune Collaboration IP (excluding any MedImmune Collaboration IP claiming or related to any CD39 Bi-Specific Molecule or CD39 [***] Combo and the MedImmune Study Results (excluding the Study Results with respect to any CD39 Bi-Specific Molecule or CD39 [***] Combo), to research, Develop, manufacture, commercialise and otherwise Exploit any CD39 Option Product, such licence shall be exclusive with respect to any MedImmune Collaboration IP that claims the CD39 Option Products existing as of the date the termination of the CD39 Option and such licence shall be non-exclusive with respect to any other MedImmune Collaboration IP.

4.15 Upon the termination of the CD39 Option pursuant to Section 4.12, if Innate wishes to acquire a licence under any MedImmune Collaboration IP claiming any CD39 Bi-Specific Molecule or [***] Combo or any MedImmune Study Results with respect to
CD39 OPTION

any CD39 Bi-Specific Molecule or CD39-[***] Combo, Innate may notify MedImmune of such wish. If MedImmune wishes to grant to Innate such licence, the Parties shall negotiate in good faith a licence under such Collaboration IP or Study Results, which shall include any financial terms.

5 DEVELOPMENT PLAN AND REPORTING

5.1 Within [***] of the Effective Date, the OC will meet to discuss and agree on an initial version of the Development Plan and the Collaboration Budget, recognising that in so doing, the ultimate purpose is to design a plan that gives the Parties the best opportunity to achieve the Objectives. The Development Plan shall specify which of the Parties shall be the sponsor of each of the Collaboration Studies, and that Party’s responsibilities will include compliance with all obligations imposed on study sponsors under Applicable Law. The Collaboration Budget shall be broken down by agreed activities in applicable areas, including research, preclinical activities, Clinical Trials, pharmacovigilance or other activities. The Development Plan will include, among other things, (i) the initial indication(s) for which the CD39 Option Product is planned to be Developed, (ii) other indications for which the CD39 Option Product may be developed, (iii) the proposed overall program of Development for the CD39 Option Product for any indications elected by MedImmune, including without limitation all material nonclinical studies, toxicology, pharmacology studies, formulation, process development, CMC, clinical studies, and regulatory plans, (iv) critical activities anticipated to be undertaken, estimated timelines, decision points and relevant decision criteria, and (v) allocation of responsibilities between the Parties for the various activities to be undertaken under the Development Plan and estimated timelines; all based on what can reasonably be foreseen and planned at the time of preparation of the Development Plan. MedImmune shall review and submit an updated Development Plan and Collaboration Budget to the OC for approval at least
annually during the term of this Agreement. Each Party shall use Commercially Reasonable Efforts to perform the Collaboration Studies outlined in, and other activities (including any Manufacturing and technology transfer activities) contemplated in, the Development Plan and assigned to such Party in the Development Plan, such performance shall be in accordance with:

(a) this Agreement,

(b) the applicable Collaboration Study Protocols,

(c) all Applicable Law; and

(d) the Development Plan.

Without limiting the foregoing, each Party shall obtain and maintain all permissions, consents, licences and patient consents required for the performance of its obligations under this Agreement, including the Collaboration Studies assigned to such Party under the Development Plan.

5.2 Without limiting Section 5.1, each Party shall, with respect to Collaboration Studies assigned to it under the Development Plan shall:

(a) perform, or cause to be performed, such Collaboration Studies in good scientific manner and in compliance with all Applicable Law, as well as any condition required by a Regulatory Health Authority or an IEC;

(b) use Commercially Reasonable Efforts to complete such Collaboration Studies (meaning delivery of all final reports with respect to such Collaboration Studies) within the timescales specified in the applicable Collaboration Study Protocols and the Development Plan; and

(c) cause the Principal Investigator and the Study Site Staff to conduct such Collaboration Studies in accordance with the provisions set out above in this Section 5.
CD39 OPTION

In relation to Collaboration Studies assigned to a Party under the Development Plan for which there is no detailed Collaboration Study Protocol as at the Effective Date of this Agreement or Collaboration Studies that are conceived after the Effective Date of this Agreement, such Party shall produce Collaboration Study Protocols for such Collaboration Study, as soon as reasonably practicable after the Effective Date of this Agreement or conception of those Collaboration Studies, respectively and provide them to the OC for review.

5.3 Medimmune shall:

(a) use Commercially Reasonable Efforts to provide, at its own cost, such GMP quantities of CD39 Lead as are specified in the Collaboration Study Protocols or otherwise required for the conduct of the Collaboration Studies and the Development Plan. Without limiting the foregoing, MedImmune shall provide a near-term manufacturing slot for CD39 Lead to enable supplies of the CD39 Lead to be Manufactured to the Specification for the purposes of GLP toxicology studies and Phase 1 Clinical Trials in accordance with the Development Plan; and

(b) use Commercially Reasonable Efforts to conduct the activities assigned to MedImmune in the Development Plan, including any Collaboration Studies assigned to MedImmune and any CMC activities as might be specified therein.

5.4 Promptly upon MedImmune’s request, the Parties shall negotiate in good faith a separate quality assurance agreement (the "QAA") that shall define the manufacturing and supply quality responsibilities of the Parties. The QAA shall further include provisions obligating the supplying Party to report to the other any regulatory compliance issues with its suppliers as well as any critical quality non-conformances relating to the CD39 Option Product (or MedImmune Product, as applicable).

5.5 If any Innate Collaboration Study involves the use of any MedImmune Product, the Parties shall negotiate in good faith a clinical supply agreement providing for the supply of such MedImmune Product, which shall include terms with respect to
CD39 OPTION

Intellectual Property Rights allocation and other customary terms with respect to clinical supply agreements of a similar nature.

5.6 Each Party shall:

(a) obtain and maintain all filings and applications and all other actions required by Applicable Law to conduct the Collaboration Studies (and the Exploratory Studies in the case of Innate);

(b) procure that complete, current, accurate and legible Study Documentation is retained and stored in a manner consistent with customary industry practices, for: (i) further Developing the CD39 Option Products, (ii) Patent purposes, and (iii) the collection of data for submission to, or review by, a Regulatory Health Authority, in full compliance with the Collaboration Study Protocols and all Applicable Law and kept clearly separated from all records pertaining to other activities that may be carried out by or on behalf of such Party outside the scope of this Agreement. Without limiting clause (d), except to the extent prohibited under Applicable Law, upon prior written request by MedImmune no more than twice per consecutive [***] period during the term of this Agreement, Innate shall make all Study Documentation available for MedImmune’s review pursuant to Section 7 and for inspection, analysis and use by or on behalf of MedImmune during the term of this Agreement for the sole purpose of the Evaluation;

(c) ensure that no such Study Documentation is destroyed without the prior written approval of the other Party;

(d) if such Party is Innate, with respect to all Collaboration Studies assigned to Innate and all Exploratory Studies:

(i) promptly provide the OC (and, in the case of Exploratory Studies, MedImmune) with copies of all relevant study documents including protocol, annotated Case Report Forms ("CRFs"), database structure, coding dictionaries related information, Data Validation
CD39 OPTION

Plan, Statistical Analysis Plan, mock Tables, Figures, Listings (“TFL”) shells, Study Data Tabulation Model (“SDTM”) and Analysis Data Model (“ADaM”) data specifications, existing standards (for CRFs, data, TFLs, programs, operating procedures). Innate shall retransfer any components if and when they undergo amendments;

(ii) promptly provide the OC (and, in the case of Exploratory Studies, MedImmune) with copies of all Dose escalation committee (or any other study safety committee) reports, minutes and review materials including raw data snapshot, SDTM, ADaM, TFL and programs within [***] of the relevant committee meeting;

(iii) in addition to the review packages for planned periodic committee reviews, procure for regular data transfers after first two dose escalations and then quarterly thereafter of all clinical and available biomarker data from such Collaboration Studies or Exploratory Studies which are ongoing, such data to include raw data, SDTM and Adam. In addition, Innate shall enable ad-hoc data transfer upon request from MedImmune;

(A) transfer all data and documents described in this clause (d) through a secure portal which is jointly established by the Parties (eg: sFTP or BOX);

(B) provide to the OC a quarterly report summarising all adverse drug reaction experiences related to CD39 Option Products as required to be reported to the appropriate Regulatory Health Authorities in the countries in which such trials are being conducted in accordance with the Applicable Law; and

(e) if such Party is MedImmune, provide to Innate monthly clinical summary reports including efficacy and safety data.

5.7 Each Party shall provide the other Party with (i) drafts and final versions of all top line data and other reports obtained in each of the Collaboration Studies assigned
CD39 OPTION

to it (as such data may be specified in the Development Plan or the relevant Collaboration Study Protocol) within [*] after its receipt thereof from a CRO or such time when such drafts and reports otherwise become available to such Party; (ii) a draft of each Collaboration Study Preliminary Report within [*] after its receipt of such draft from a CRO or such time when such draft otherwise becomes available to such Party; and (iii) the relevant Collaboration Study Preliminary Report within [*] after availability of the Primary End Point Results.

6 INNATE DEVELOPMENT COSTS

6.1 Each Party acknowledges and agrees that MedImmune shall reimburse Innate any Costs incurred by Innate: (a) in accordance with the Collaboration Budget (subject to Section 6.3) and (b) in the performance of the Development activities (which are assigned to Innate under the Development Plan) in accordance with this Agreement (the “Innate Development Costs”).

6.2 Within [*] after the end of each Calendar Quarter, Innate shall provide MedImmune with detailed, itemized accounting of the Innate Development Costs incurred by Innate during such Calendar Quarter, which report shall be itemized on a CD39 Option Product-by-CD39 Option Product basis, in such other form as the Parties may mutually agree from time to time. For clarity, for calculation of Costs pursuant to this Section 6 with respect to any activity performed by a CRO, the Costs shall be the actual costs charged to Innate by such Third Party, with no additional mark-up. For the avoidance of doubt, subject to Section 8, income and withholding taxes imposed on Innate hereunder shall not be included as part of such Costs.

6.3 Overruns. Innate shall promptly notify MedImmune upon becoming aware that the anticipated Innate Development Costs to be incurred by Innate for a given Calendar Year are likely to exceed the Collaboration Budget for such Calendar Year. The aggregate amount of any Innate Development Costs reported by Innate pursuant to this Section 6 with respect to a Calendar Year, which exceed [*] of the aggregate amounts budgeted to be incurred by or on behalf of such Party for its activities under the Development Plan in such
CD39 OPTION

Calendar Year in the Collaboration Budget ("Excess Costs"), will not be included in the calculation of the Innate Development Costs for the purposes of this Section 6 and MedImmune shall have no responsibility for such Excess Costs, provided, that a given Excess Cost will be included: (a) to the extent such Excess Cost is or was attributable to: (i) a change in Applicable Law; (ii) a Force Majeure event; (ii) variation in actual patient enrolment from projected patient enrolment not caused by the default of Innate; or (b) to the extent such Excess Cost is otherwise not incurred as a result of Innate’s failure to perform its obligations under the Development Plan in accordance with the Innate Standards.

6.4 Reconciliation Discussion. In the event MedImmune has any questions or concerns regarding the Innate Development Costs reported by Innate pursuant to this Section 6, MedImmune shall promptly notify Innate with respect thereto and the Parties shall work together in good faith, to resolve such questions and concerns within [***] after the end of each Calendar Quarter. In the event that MedImmune disagrees with, or identifies a discrepancy in, the Innate Development Costs submitted by Innate and the disagreement or discrepancy cannot be resolved or rectified between the Parties within a period of [***] of the matter being first raised by a Party, either Party may appoint an independent, internationally recognised accountant to review the alleged discrepancy. The costs of carrying out such review shall be borne by the Party requesting it unless the accountant finds a discrepancy which is greater than [***], in which case Innate shall bear the costs.

6.5 True-up. Within [***] after the end of each Calendar Quarter, Innate shall deliver to MedImmune an invoice for amounts to be reimbursed by MedImmune, and MedImmune shall pay for amounts set out in such invoice to the extent validly issued, within [***] after its receipt of such invoice.

7 AUDIT AND REVIEW RIGHTS, OPTION COMMITTEE

7.1 During the term of this Agreement, Innate shall ensure that MedImmune or its authorized representatives are entitled, during regular business hours, with reasonable prior written notice and no more than once in any given year during the term of this Agreement (provided that MedImmune shall be entitled to audit more
CD39 OPTION

frequently if any material areas of concern, in MedImmune’s reasonable judgment, are discovered as a result of an
annual audit or otherwise) to (a) inspect the premises where any part of the Collaboration Studies assigned to Innate
under the Development Plan is being, will be or has been conducted, (b) review all Study Documentation and any
other books, records and data relating to a Collaboration Study (unless to the extent prohibited by mandatory
Applicable Law regarding personal data, biological samples or similar), and (c) interview the Principal Investigator and
the Study Site Staff of Innate-sponsored studies in the presence of Innate’s representatives. Innate shall, and shall
cause the Principal Investigator and the Study Site Staff to, cooperate with any such activities. Innate shall (unless to
the extent prohibited by mandatory Applicable Law) promptly inform MedImmune of any inspections and the like by
authorities that may affect or relate to a Collaboration Study and shall provide MedImmune with a copy of any reports
from such inspections.

7.2 Without prejudice to the foregoing, Innate shall, during the term of this Agreement and at MedImmune’s reasonable
request, assist MedImmune as necessary to enable MedImmune to evaluate the outcome of each of the Collaboration
Studies. Such assistance shall include providing MedImmune with all reasonable and material information in Innate’s
possession or control (including for the avoidance of doubt any information in its Affiliate’s or a CRO’s possession)
relating to each Collaboration Study.

7.3 With effect from the Effective Date the Parties shall establish a committee (the “Option Committee” or “OC”) to have
oversight of the CD39 Program, to provide a forum to facilitate communication between the Parties and to enable
Innate to provide to MedImmune certain information in respect of the initiation, conduct and completion of the
Collaboration Studies for the purposes of MedImmune’s Evaluation with respect to the CD39 Program. The OC shall
consist of six (6) members with equal numbers appointed by each Party (it being understood that a Party may appoint
an employee of its Affiliate to act as such Party’s representative on the OC). The OC members appointed by each
Party shall have the requisite experience. Each Party may replace its members of the OC upon written notice to the
other Party, provided that any such substitute member shall have substantially the equivalent experience as the
member that such person replaces. The chairman

40
of the OC shall be one of Innate’s members of the OC. The OC, will have the following responsibilities:

(a) review and approve proposed actions related to any Material Issues;

(b) review and approve the Collaboration Study Protocols and the Development Plan and the Collaboration Budget, and any amendment thereto. Should MedImmune propose any variation to the Development Plan, that proposed variation and any consequent change to the budget, shall be presented to the OC by MedImmune and discussed by the OC;

(c) discussing progress under the Development Plan, including the review of emerging clinical and biomarker data from the Collaboration Studies, review of progress toward timelines and budget;

(d) discussing publication plan and draft scientific publications;

(e) review and approve any proposal to commence any new clinical study with any CD39 Option Product;

(f) review and approve any pre-clinical activities to be performed by Innate under the Development Plan;

(g) review and approve the appointment or replacement of the Principal Investigator(s);

(h) review and make recommendations with respect to the overall performance of the Collaboration Studies, including the quality and timeliness of data transfers from such Collaboration Studies;

(i) review and approve the scope and content of Study Documentation with respect to the Collaboration Studies and the Collaboration Study Preliminary Reports;

(j) review and make recommendations with respect to the conduct of
Manufacturing activities by MedImmune;

(k) review and approve whether either Party shall terminate a Collaboration Study; and

(l) review and approve any non-clinical toxicology activities to be performed by Innate with respect to CD39 Option Products,

provided that, in the case of (b), (c), (e), (h), (i) and (k), excluding any [***] Study or the Study Documentation, Collaboration Study Preliminary Reports with respect to any CD39 [***] Study (as applicable).

7.4 Any decision within OC’s authority shall be made only by unanimous consent, with the MedImmune voting members cumulatively having one (1) vote and the Innate voting members cumulatively having one (1) vote, irrespective of the number of members actually in attendance at a meeting. In the event that unanimity cannot be reached by the OC on a matter before it for decision within [***] after the matter was first considered by it then the matter may be referred by either Party to the Senior Executives, who shall meet (in person, via internet, telephonically or by videoconference) and attempt to resolve the matter within [***] of such referral. In the event that the Senior Executives are unable to reach consensus within such [***] period:

(a) [***];
(b) [***]; and
(c) [***].

7.5 Notwithstanding anything to the contrary set forth in this Agreement, the OC will have no authority to (a) amend, modify or waive compliance with this Agreement or otherwise impose any obligation on the Parties in deviation from this Agreement, or (b) resolve any dispute concerning the validity, compliance with, or breach of, this Agreement.

7.6 Meetings with the OC shall be held once every [***] with at least one (1) meeting a
CD39 OPTION

year being face-to-face and other meetings being held by video or telephone conferences or in person and more frequently when required at such dates and times as will be mutually agreed upon by the OC. A quorum of the OC shall require the attendance of at least two of each Party’s members of the OC. OC members may be represented at any meeting by another person designated in writing by the absent OC member. The venue for meetings of the OC shall, when held in person, alternate between the premises of the Parties. Each Party shall bear the costs associated with the activities of its members of the OC. The OC shall be dissolved upon the termination of this Agreement, unless extended or earlier dissolved by mutual agreement of the Parties.

7.7 For the avoidance of doubt, each Party shall have sole decision making for any
CD39 OPTION

matters relating to the conduct of the activities under the Development Plan assigned to such Party that do not fall within the approval authority of the OC, including any matters with respect to the day-to-day operations of such Party with respect to such activities.

(a) Notwithstanding any other provision in this Agreement, in no event shall either Party be obligated to disclose to the other Party any information with respect to any CD39 [* **] Combo or CD39 [* **] Bispecific being Developed by or on behalf of such Party, or any CD39 [* **] Studies being performed by or on behalf of such Party, save for such information which is: (a) necessary for the other Party to comply with its regulatory or pharmacovigilance obligations under Applicable Law, or (b) disclosed under any CD39 [* **] Plan under Section 4.5.

8 PAYMENTS AND TAXES

8.1 Any amount payable by MedImmune to Innate in accordance with this Agreement ("Payments") shall, unless specified otherwise, be made by bank transfer in immediately available funds to Innate’s nominated bank account, within [***] of the receipt of a validly issued invoice from Innate (unless otherwise specified in this Agreement). Innate shall provide to MedImmune its bank details, i.e. bank number and bank code and SWIFT-address, to which all Payments are to be made.

8.2 Payments made by MedImmune to Innate pursuant to this Agreement shall [***] (and that, if applicable, all governmental authorisations that are required to be received by the appropriate Party have been so received) at least [***] prior to the time that the Payments are due. If MedImmune [***]. This Agreement being entered into between a French resident entity and a UK resident entity within the meaning of Article 4 of the France – UK Double Tax Treaty, the Parties acknowledge and agree in accordance with the Applicable Laws as of the Effective Date, no withholding tax shall apply to the Payments. If, in accordance with the foregoing, [***]. In the event that (i) MedImmune assigns or otherwise transfers its rights or obligations under this Agreement to [***], then MedImmune procures that [***], provided that [***].

8.3 Notwithstanding anything contained in Sections 8.1 and 8.2 the following shall
apply with respect to Indirect Taxes. All amounts expressed to be payable under this Agreement (including any Payments) by any Party to this Agreement which (in whole or in part) constitute the consideration for any supply for Indirect Tax purposes are deemed to be exclusive of any Indirect Tax which is chargeable on that supply, and accordingly, if any Indirect Tax is or becomes chargeable on any supply made by any Party to this Agreement (the “Supplier”) and the Supplier or an Affiliate of the Supplier is required to account to the relevant Governmental Body for the Indirect Tax, the Party receiving such chargeable supply (the “Recipient”) shall pay to the Supplier (in addition to and at the same time as paying any other consideration for such supply, or [***] after the receipt by the Recipient of an appropriate invoice in respect of such Indirect Tax) an amount equal to the amount of the Indirect Tax.

8.4 The Parties shall issue invoices for any payment due under this Agreement consistent with Indirect Tax requirements. In this respect, the Parties shall cooperate and provides information or assistance as may be necessary to enable to issuance of such invoices consistent with Indirect Tax requirements.

9 REGULATORY

9.1 Clinical Study Regulatory Activities.

(a) MedImmune shall have the sole right to, and shall use Commercially Reasonable Efforts to: (i) prepare, obtain and maintain any IND/CTA/Regulatory Approvals necessary to conduct any Collaboration Study for which MedImmune is the sponsor or is the Party contracting with a CRO to conduct any Collaboration Study (such Collaboration Studies, the "MedImmune Collaboration Studies"), each of which shall be a new,
CD39 OPTION

separate IND/CTA/Regulatory Approval, and (ii) to conduct communications with the Regulatory Health Authorities with respect thereto, including any pre-IND/CTA meeting, end-of-phase 1 meeting, end-of-phase 2 meeting or pre-phase 3 meeting with the FDA in the United States or any corresponding meetings with Regulatory Health Authorities outside the United States. MedImmune shall constitute the Lead Regulatory Party with respect to each MedImmune Collaboration Study.

(b) Innate shall have the sole right to, and shall use Commercially Reasonable Efforts to, (i) prepare, obtain and maintain any IND/CTA/Regulatory Approvals necessary to conduct any Collaboration Study for which Innate is the sponsor or is the Party contracting with a CRO to conduct any Collaboration Study (such Collaboration Studies, the “Innate Collaboration Studies”), each of which shall be a new, separate IND/CTA/Regulatory Approval, and (ii) conduct communications with the Regulatory Health Authorities with respect thereto, including any pre-IND/CTA meeting, end-of-phase 1 meeting, end-of-phase 2 meeting, pre-phase 3 meeting or any corresponding meetings with Regulatory Health Authorities. Innate shall constitute the Lead Regulatory Party with respect to each Innate Collaboration Study.

9.2 Regulatory Approvals and Submissions.

(a) The Lead Regulatory Party with respect to each IND/CTA or any other Regulatory Approval in respect of a Collaboration Study shall provide for OC’s review and approval copies of all major regulatory filings and documents related to any IND/CTA or any other Regulatory Approval for which such Lead Regulatory Party is responsible. No Lead Regulatory Party shall file any such regulatory filings or documents with the applicable Regulatory Health Authority unless and until approved by the OC.

(b) MedImmune shall provide to Innate, in a timely manner so as not to delay the filing of any IND/CTA or any other Regulatory Approval, a complete data package with respect to CMC as is required to enable Innate, as Lead Regulatory Party, to make the relevant submission for each IND/CTA or
any other Regulatory Approval.

(c) Except to the extent prohibited by Applicable Law, all Regulatory Documentation (including all Regulatory Approvals) relating to a Collaboration Study developed or granted after the Effective Date shall be owned by, and be the sole property and held in the name of, the applicable Lead Regulatory Party (or its designee with respect thereto).

Provided that, in each case (a) to (c), provision of such filings, data package or documents (as applicable) by MedImmune may be in a form or method as enables MedImmune to retain its confidentiality in the MedImmune Manufacturing Information or with respect to any MedImmune Product.

9.3 Communications with Regulatory Health Authorities.

(a) The Lead Regulatory Party with respect to each IND or any other Regulatory Approval in respect of a Collaboration Study shall coordinate in good faith with the other Party with respect to scheduling all meetings, conferences or discussions (whether face-to-face or teleconference and including any meeting of experts convened by a Regulatory Health Authority) scheduled with a Regulatory Health Authority concerning any IND or any other Regulatory Approval in the Territory for which such Lead Regulatory Party is responsible and shall promptly (within [***]) notify the other Party of the scheduling of such meeting, conference or discussion and provide the other Party advance copies of all related documents and other relevant information relating to such meetings or other contacts. Such other Party shall have the right to have reasonable representation present at and to participate in any such meetings, conferences and discussions. The Lead Regulatory Party shall use good faith efforts to provide the other Party with an opportunity to be present at and participate in, to the extent practical, any unscheduled or ad-hoc meetings, conferences or discussions with any Regulatory Health Authority concerning any IND or any other Regulatory Approval in the countries in the Territory for which such Lead Regulatory Party is responsible. Notwithstanding the foregoing, at any meeting, conference or discussion
CD39 OPTION

with, or in any communication to, the Regulatory Health Authorities in the countries in the Territory concerning a Collaboration Study at which MedImmune and Innate are present or in which both Parties participate, MedImmune shall take the lead on matters relating to the CMC data with respect to any CD39 Option Product and at any such meeting, conference or discussion with, or in any such communication to, such Regulatory Health Authorities concerning a CD39 Option Product at which MedImmune is not present or does not participate, Innate shall not engage in any substantive discussions pertaining to the CMC data with respect to any CD39 Option Product, including making any commitments with respect thereto.

(b) Each Lead Regulatory Party shall promptly provide the other Party with: (i) copies of all regulatory correspondence to or from the Regulatory Health Authorities relating to any IND, or any other Regulatory Approval for which such Lead Regulatory Party is responsible; provided that in no event shall MedImmune be obligated to disclose any MedImmune Manufacturing Information to Innate or any of its Affiliates and (ii) notices of any revocations of any IND or any other Regulatory Approval for which such Lead Regulatory Party is responsible.

(c) Notwithstanding the foregoing, clauses (a) and (b) above shall not apply with respect to any IND or Regulatory Approval in respect of any CD39 [***] Studies (and any meetings, conferences and discussions scheduled with, or other communications with, a Regulatory Health Authority with respect thereto).

9.4 Recalls, Suspensions or Withdrawals.

(a) Each Party shall notify the other Party promptly (but in no event later than [***]) following its determination that any event, incident or circumstance has occurred that may result in the need for a recall, market suspension or market withdrawal (each, a "Recall") of the applicable product controlled by such Party in the Territory (in the case of Innate, any CD39 Option Product, and in the case of MedImmune, any **
CD39 OPTION

MedImmune Product), and shall include in such notice the reasoning behind such determination and any supporting facts.

(b) As between the Parties, each Party shall have the sole responsibility and right to (i) determine if any Recall is necessary with respect to any such Party’s proprietary product in the Territory (in the case of MedImmune, including any MedImmune Product), and (ii) initiate, undertake, execute and implement such Recall; provided that prior to any final determination or implementation of such a Recall, MedImmune or Innate, as applicable, shall, to the extent practicable under the circumstances, consult with the other Party and shall consider its comments in good faith.

(c) As between the Parties, the Party undertaking any Recall pursuant to this Section 9.4 shall be solely responsible for the execution and implementation thereof, shall bear all costs and expenses associated therewith. The other Party shall reasonably cooperate with the Party responsible for any Recall.

9.5 Pharmacovigilance

(a) The Parties will execute a Pharmacovigilance Agreement, as soon as practical following the Effective Date of this Agreement, which will govern the procedure for the mutual exchange of safety information within appropriate timeframes and in an appropriate format to enable the Parties to comply with the terms of this Agreement, and with any local and international regulatory reporting obligations and to facilitate appropriate safety reviews. The Parties agree to use any such pharmacovigilance information provided by the other Party pursuant to this Agreement solely to conduct the CD39 Program and evaluate the safety of the CD39 Option Product. Sponsor shall be responsible for all safety reporting requirements (submission of all SUSARs from the Study to the Regulatory Health Authorities where the Collaboration Study is conducted and to the investigators in the Collaboration Study) in accordance with Applicable Law. For all other required safety reporting, such as cross reporting where applicable by Applicable Law) Innate shall be responsible for reporting to
CD39 OPTION

Innate IND/CTAs and MedImmune shall be responsible for reporting to MedImmune IND/CTA/NDA/MAH. Each Party shall promptly report to the other Party safety information which could impact the Collaboration Study subjects safety or the conduct of the Collaboration Study or would otherwise necessitate amendments to the Collaboration Study protocol that are required to be implemented by Regulatory Health Authorities, or are implemented by the respective Party, in each case where, in particular because of their severity, frequency or lack of reversibility, and which a Party would reasonably need to know such safety information in order to ensure patient safety and prevent unreasonable risks in the conduct of the Collaboration Study. All such disclosures under this Section 9.5 are Confidential Information of the Party disclosing same.

(b) [***]. AstraZeneca pharmacovigilance standards will be followed for any combination use trials that include a MedImmune Product.

(c) MedImmune may share any of the following materials or information with any of its Affiliates which may include information containing combination use with a CD39 Option Product:

(i) any materials or information provided to MedImmune or any of its Affiliates by or on behalf of Innate or any of its Affiliates in accordance with this Section 9.5 or under the Pharmacovigilance Agreement; and

(ii) any other materials or information provided to MedImmune or any of its Affiliates by or on behalf of Innate or any of its Affiliates under this Agreement in respect of any actual or alleged defect in the CD39 Option Product, including (i) any injury alleged to have occurred as a result from the use or application of the CD39 Option Product, (ii) any facts or circumstances that may give rise to any obligation or liability in respect of the CD39 Option Product, or (iii) a recall or market withdrawal or any regulatory action with respect to the CD39
9.6 The decision to initiate a recall of MedImmune Product will be the sole responsibility of and at the sole cost of MedImmune. At MedImmune’s request, Innate shall provide any reasonable assistance to MedImmune, at MedImmune’s cost, for the recall of a MedImmune Product. Recalls will proceed in accordance with any clinical quality agreement entered into between the Parties.

9.7 If, in the reasonable opinion of Innate, a Safety or Regulatory Issue occurs prior to or during the conduct of the Innate Collaboration Studies, Innate shall promptly notify MedImmune thereof in writing (“S/R Notice”) and take such appropriate actions as may be required to protect the health, safety or well-being of any Subject. The S/R Notice shall include a reasonably detailed description of the Safety or Regulatory Issue.

9.8 The Parties shall promptly upon MedImmune’s receipt of an S/R Notice meet to discuss an appropriate course of action in good faith, including whether or not further Collaboration Studies can or should be initiated or, as the case may be, whether any or all of the Collaboration Studies should be discontinued. With respect to any and all matters pertaining to pharmacovigilance assessments or statements on the MedImmune Product, including combination use statements, Innate shall discuss with MedImmune to agree conclusions. Should the Parties disagree, [***]

10 DATA PROTECTION

MedImmune and Innate agree that they shall comply with their obligations under applicable Data Protection Law in connection with their respective activities under this Agreement. Accordingly, the Parties shall, as soon as reasonably practicable after the date of this Agreement, and in any event before any Personal Data is Processed or transferred under or pursuant to this agreement, agree the terms of a data sharing and transfer agreement between them. Such agreement shall contain usual and customary terms for an agreement of that nature.
CD39 OPTION

11 CONFIDENTIALITY

11.1 At all times during the term of this Agreement and for a period of [***] following termination or expiration thereof, each Party (the "Receiving Party") shall (i) keep confidential and not disclose to any Third Party, other than its and its Affiliates’ officers, directors, other employees, contractors and advisors on a need to know basis, any Confidential Information provided to it by the other Party (the “Disclosing Party”) and (ii) not publish or otherwise use, directly or indirectly, for any purpose, such Confidential Information, except to the extent permitted by the terms of this Agreement or to the extent such use is necessary for the fulfilment of the Receiving Party’s obligations under this Agreement. The Receiving Party shall cause all of its and its Affiliates’ officers, directors, other employees, contractors and advisors to whom the Receiving Party has disclosed Confidential Information to comply with confidentiality and non-use obligations at least as restrictive as those set out in this Agreement and shall be liable to the Disclosing Party for any breach thereof by such Affiliates, officers, directors, other employees, contractors and advisors.

11.2 The obligations of confidentiality and non-use in Sections 11.1 and the obligations set forth in Section 11.5 shall not extend to any Confidential Information that: (a) is or comes into the public domain without breach of this Agreement, (b) is received by the Receiving Party from a Third Party (other than an Affiliate of the Disclosing Party) without any obligation of confidentiality and without breach of this Agreement, or (c) the Receiving Party can prove was already in its possession without any limitation on use or disclosure prior to the Effective Date.

11.3 Notwithstanding Section 11.1, the Receiving Party shall be entitled to use and disclose Confidential Information to the extent reasonably required for the Receiving Party’s exercise of its rights granted to it and the performance of its obligations under this Agreement and the License Agreement. In addition each Party shall be entitled to disclose the terms of this Agreement and the License Agreement on a confidential basis to actual or potential investors or in connection with any permitted assignment under this Agreement or in connection with any proposed grant of a sub-license by MedImmune as permitted by the License Agreement provided that in each case the Receiving Party shall cause any and all
CD39 OPTION

parties to whom such disclosure is made to comply with confidentiality and non-use obligations at least as restrictive as those set out in this Agreement and shall be liable to the Disclosing Party for any breach thereof by such parties.

11.4 This Agreement shall not restrict the Receiving Party from complying with a lawfully issued governmental order or legal requirement or requirement under applicable stock exchange rules to produce or disclose Confidential Information; provided, however, that, in the event of governmental orders, the Receiving Party shall promptly notify the Disclosing Party to enable the Disclosing Party to oppose the order or obtain a protective order and the Receiving Party shall cooperate fully with the Disclosing Party in any such proceeding. If the Receiving Party is legally required or required under applicable stock exchange rules to disclose Confidential Information, the Receiving Party and the Disclosing Party will endeavour to agree to a mutually satisfactory means to disclose such information. Nothing contained herein shall prohibit either of the Parties from immediately disclosing results of the Collaboration Studies to the extent necessary to prevent or mitigate a serious health hazard; provided, however, that the Party intending to make such disclosure shall notify the other Party prior to and immediately after such disclosure and, to the extent it is reasonably practicable to do so, the nature and content of such disclosure shall be agreed between the Parties.

11.5 Neither Party shall issue any other public announcement, press release or other public disclosure regarding this Agreement or its terms without the other Party’s prior written consent, such consent to be unreasonably withheld, delayed or conditioned, provided that such consent cannot be withheld for public announcement, press release or other public disclosure with respect to material development milestones achieved by the CD39 Option Product (such material development milestones being the start of GLP Toxicology studies and the start of any Clinical Trial), to the extent limited to, and consistent with, publicly available information with respect to such Clinical Trial, if the form of announcement, press release or other publication with respect to such key development milestones is in a form reasonably agreed by MedImmune, and in any event, except for any such disclosure that is, in the opinion of the disclosing Party’s counsel, required by Applicable Law, the Listing Rules or any other rules of a stock exchange (including Paris Euronext) on which the securities of the disclosing Party are listed (or to which
11.6 The Parties acknowledge that scientific publications must be strictly monitored as the timing, nature and content of publications, in particular premature publication of the Study Results, may materially affect the value of the CD39 Option Product. Accordingly and without prejudice to the confidentiality obligations set forth above in this Section 11 (but subject to Section 11.4), if either Party wishes to publish or present (including in any clinical trial registries whether or not required by Applicable Law) or otherwise disclose any Study Results or other material related to the CD39 Option Products then:

(a) if such Party is MedImmune, MedImmune shall provide a draft of such publication, disclosure or presentation to Innate, which will have [***] to provide comments. MedImmune shall, in good faith, consider the comments made by Innate, including any request to defer the publication or presentation for a period not exceeding [***] if a Patent may be filed using the Know-How covered in the proposed publication or communication; or

(b) if such Party is Innate, Innate shall provide a copy of any such proposed publication, disclosure or presentation to MedImmune at least [***] prior to the intended date of publication or presentation, for MedImmune’s consent, which consent cannot be unreasonably withheld or delayed.

Notwithstanding the foregoing, Innate may publish any publications pursuant to manuscripts submitted prior to the Effective Date (as contained in the Innate Data Room as of the Effective Date), provided that, Innate shall provide to MedImmune any revised drafts of such manuscripts and shall take into account MedImmune’s comments with respect to such drafts in good faith. If [***] or other Third Party notifies Innate that it wishes to publish or present any publication or presentation with respect to the CD39 Option Technology, Innate shall promptly notify MedImmune thereof (and shall provide a copy of such draft publication or presentation to the extent available to Innate). Innate shall exercise any of its rights under the applicable agreement with such Third Party, in order to
implement MedImmune’s comments (including any requests to delay or withhold such publication or presentation) to the fullest extent possible.

11.7 The Parties acknowledge and agree that Innate’s Background IP, the Innate Collaboration IP and the Innate Study Results shall be deemed Innate’s Confidential Information (and Innate shall be deemed to be the Disclosing Party and MedImmune the Receiving Party with respect to such Confidential Information).

11.8 The Parties acknowledge and agree that the Joint Collaboration IP and the terms of this Agreement shall be deemed each Party’s Confidential Information (and each Party shall be deemed to be the Disclosing Party and also the Receiving Party with respect to such Confidential Information).

11.9 The Parties acknowledge and agree that the MedImmune Manufacturing Information, MedImmune Collaboration IP and the MedImmune Study Results shall be deemed MedImmune’s Confidential Information (and MedImmune shall be deemed to be the Disclosing Party and Innate the Receiving Party with respect to such Confidential Information).

12 INTELLECTUAL PROPERTY RIGHTS

12.1 During the term of this Agreement, each Party shall promptly disclose to the other Party all Intellectual Property Rights arising and which is created by or on behalf of such Party as a result of carrying out the activities assigned to it under the Development Plan.

12.2 As between the Parties, each Party shall retain and be the sole owner of all rights, title and interest in and to its Background IP.

12.3 Each Party acknowledges and agrees that:

(a) MedImmune shall own all right, title and interest in and to any:

   (i) Collaboration IP generated solely by or on behalf of MedImmune; and
CD39 OPTION

(ii) other Collaboration IP claiming or otherwise covering any CD39 [Adenosine Pathway] Combo or any CD39 Bi-Specific Molecule which is allocated for Development by MedImmune under the Development Plan,

together with the MedImmune Manufacturing IP, the "MedImmune Collaboration IP";

(b) Innate shall own all right, title and interest in:

(i) any Intellectual Property Rights arising from any Exploratory Study;

(ii) Collaboration IP generated solely by or on behalf of Innate; and

(iii) other Collaboration IP claiming or otherwise covering any CD39 [***] Combo or any CD39 Bi-Specific Molecule which is allocated for Development by Innate under the Development Plan,

(i) to (iii) together, the "Innate Collaboration IP"; and

(c) each of MedImmune and Innate shall jointly own all right, title and interest in and to any Collaboration IP generated jointly: (i) by or on behalf of MedImmune and (ii) by or on behalf of Innate, excluding any MedImmune Collaboration IP and Innate Collaboration IP (the “Joint Collaboration IP”).

12.4 MedImmune shall retain and be the sole owner of all rights, title and interest in and to any and all Intellectual Property Rights relating to MedImmune’s manufacturing capabilities, as applicable (the “MedImmune Manufacturing IP”).

12.5 MedImmune hereby grants to Innate a non-exclusive Right of Reference under the MedImmune Study Results, and Innate hereby grants to MedImmune and its Affiliates a non-exclusive right of reference under the Innate Study Results, in each case to the extent necessary or useful for the Development of a CD39 Option Product during the CD39 Option Period.
CD39 OPTION

12.6 Each Party acknowledges and agrees that:

(a) Innate shall own all right, title and interest in and to all Study Results of the Exploratory Studies and the Innate Collaboration Studies (the “Innate Study Results”); and

(b) MedImmune shall own all right, title and interest in and to all Study Results of the MedImmune Collaboration Studies (the “MedImmune Study Results”).

Innate shall procure that it shall have the right to grant to MedImmune the rights and licenses contemplated by the License Agreement with respect to the Innate Study Results that are investigator sponsored studies subject in each case to the terms of any Third Party Agreement or other agreement with CROs contracted to carry out the Collaboration Studies, the terms of which have been disclosed to MedImmune prior to the Effective Date. Innate shall cause the Principal Investigator and Study Site Staff of the Collaboration Studies sponsored by Innate to assign and transfer all their rights, title and interest in and to the Innate Study Results throughout the world to Innate.

12.7 MedImmune and its Affiliates shall, for the duration of the CD39 Option Period, have the right to access and use the Innate Study Results, provided, however, always that the restrictions with regards to Confidential Information in Section 11 are observed and adhered to. Moreover, MedImmune shall for the duration of the CD39 Option Period and upon prior written notice thereof to Innate, be entitled to engage its Affiliates and Third Party experts in respect of such activities, provided, however, always that such Affiliates and Third Party experts (i) need to know the information provided for purposes of advising MedImmune and its Affiliates on the Evaluation, and (ii) are bound by confidentiality and non-use obligations not less restrictive than those imposed on MedImmune under this Agreement.

12.8 Innate and its Affiliates shall, for the duration of the CD39 Option Period, have the right to access the MedImmune Study Results, provided that, MedImmune shall only be required to make available information with respect to any CD39 [***] Study to the extent such information is strictly necessary for Innate's
CD39 OPTION

compliance with any requirements of Regulatory Health Authorities (and MedImmune shall not be required to make available any other information or Study Results with respect to any CD39 [***] Study), and further provided that, the restrictions with respect to Confidential Information in Section 11 are observed and adhered to.

12.9 Licences.

(a) During the CD39 Option Period, the term of the License Agreement, and after the CD39 Option Period if MedImmune has not exercised the CD39 Option prior to the expiry or termination of the CD39 Option Period, each Party shall grant to the other Party and its Affiliates a non-exclusive, royalty-free, fully paid-up, worldwide license under the Intellectual Property Rights Controlled by such Party which claims any CD39/[***] Combination Product, to the extent necessary for the other Party to research, Develop, commercialise or otherwise Exploit the molecule which binds [***] Controlled by the other Party, but for the avoidance of doubt, without granting that other Party under this license any rights with respect to any molecule that binds CD39.

(b) During the CD39 Option Period, Innate shall grant to MedImmune a non-exclusive, royalty-free, fully paid-up, sublicensable (to MedImmune’s subcontractors only), worldwide sublicense under the [***], for MedImmune to perform its obligations under this Agreement.

12.10 For clarity, except as expressly provided herein, this Agreement does not grant any license to MedImmune under the CD39 Option Technology, unless and until the CD39 Option has been validly exercised by MedImmune under this Agreement.

12.11 During the CD39 Option Period, Innate shall be responsible for all costs and payments (including without limitation upfront fees, annual fees, milestone payments and royalties) associated with all licences of Third Party intellectual property rights entered into by Innate, including under the Third Party Agreements, with respect to the CD39 Option Technology that is required for the performance of the Collaboration Studies. MedImmune shall be responsible for all costs and
CD39 OPTION

payments (including without limitation upfront fees, annual fees, milestone payments and royalties) associated with all licences of Third Party intellectual property rights entered into by MedImmune and associated with its activities pursuant to the Development Plan.

12.12 If the Parties determine that any Patent in-licensed by Innate under a Third Party Agreement is or becomes required to Develop, manufacture or commercialize any CD39 Option Product, and shall be an CD39 Option Patent, Innate shall include such Patent into the CD39 Option Patents following the exercise of the CD39 Option, and when it is or becomes required, provided that, if Third Party consent is required, Innate shall, at its own expense, procure for MedImmune such consents and licences as may be required promptly following the exercise of the CD39 Option, from any applicable Third Party to a Third Party Agreement and under any other head-lice nee, license or agreement existing at the Effective Date and relating to the CD39 Option Technology and the CD39 Option Products (including the manufacture of the CD39 Option Products).

12.13 If MedImmune determines that [***] in accordance with this Agreement, MedImmune may notify Innate thereof, upon which Innate shall, [***].

12.14 In the event that additional head-licenses, licenses or other agreements are entered into by Innate or its Affiliates after the Effective Date which relate to the CD39 Option Technology, CD39 Option Products or the Collaboration Studies, Innate shall use Commercially Reasonable Efforts to procure that the necessary rights or consents are included in such head-licenses, licenses and agreements in order to give full effect to this Agreement and to enable the License Agreement to come into full effect without the need for further consent from such Third Parties. The foregoing provision shall include using Commercially Reasonable Efforts to procure any consents necessary for Innate to grant sub-licensable licenses to CD39 Option Patents jointly owned by Innate and a Third Party. If MedImmune elects to include the Patents which are the subject of such head-license, license or agreement in the CD39 Option Patents: (a) Innate shall consult with MedImmune in
CD39 OPTION

connection with, and shall use reasonable efforts to procure that MedImmune shall be involved in, the negotiations with such Third Party with respect to the terms of such head-license, license or agreement, provided that MedImmune’s involvement shall not unreasonably delay or otherwise materially adversely impact such process, and shall only enter into such head-license, license or agreement on terms approved by MedImmune (such approval not to be unreasonably withheld by MedImmune); and (b) upon any exercise of the CD39 Option, Innate shall be responsible for [***] of any such payments, in accordance with the terms of Section 12.12 of the License Agreement. If MedImmune does not elect to include such Patents in the CD39 Option Patents, such Patents shall be excluded from the CD39 Option Patents, unless otherwise agreed between the Parties.

12.15 Innate shall not, during the term of this Agreement:

(a) make any material changes or alterations to the Third Party Agreements or any other head-licenses, licenses or agreements relating to the CD39 Option Technology, CD39 Option Products or the Collaboration Studies that would have a material adverse effect on the rights granted to MedImmune hereunder except with the prior written consent of MedImmune; or

(b) [***].

12.16 Patent Prosecution. During the term of this Agreement Innate shall have the right to, and shall use Commercially Reasonable Efforts to, file, prosecute (including any interferences, reissue proceedings and re-examinations and opposition proceedings) and maintain the Listed Patents and any Patents claiming any Innate Collaboration IP throughout [***]. Innate shall bear all costs and expenses of filing, obtaining and maintaining such Patents, including fees and expenses paid to outside legal counsel and experts, direct costs of in-house counsel and filing, prosecution and maintenance expenses associated therewith. In this regard Innate shall, in each case in [***]:

(a) use Commercially Reasonable Efforts to file and prosecute Patent
CD39 OPTION

applications to secure granted Patent rights for the Listed Patents;

(b) use Commercially Reasonable Efforts to file and prosecute Patent applications to secure Patent rights for such other patentable Innate Collaboration IP as the Parties may from time to time separately agree on in writing;

(c) use Commercially Reasonable Efforts to apply for and obtain patent protection for the CD39 Lead alone or in combination, in accordance with best practice in the pharmaceutical industry; and

(d) upon issuance, maintain all such Patents in full force in the aforementioned countries.

12.17 MedImmune shall have the sole right to file, maintain, prosecute, enforce and defend any Patent claiming or covering any MedImmune Collaboration IP, and the first right to file, maintain, prosecute, enforce and defend any Patent claiming or covering Joint Collaboration IP, at MedImmune’s sole costs. If MedImmune does not intend to file, maintain, prosecute, enforce and defend any Collaboration IP, MedImmune shall notify Innate with sufficient advance notice but not less than within [***] before an action need to be taken with respect to such filing, maintain, prosecution, enforcement or defence, and upon the receipt of such notice, Innate shall have the right to take such actions, at Innate’s sole costs. The Party taking the lead of such actions shall consult with the other Party as set forth in Sections 12.18 to 12.20 which shall apply mutatis mutandis.

12.18 Innate shall have the sole right to file, maintain, prosecute, enforce and defend
any Patent claiming any Innate Collaboration IP. Prior to [***].

12.19 Innate shall consult with MedImmune as to the strategy and prosecution of Patent applications and the maintenance or extension of the Patents referred to in Section 12.16. Innate shall cause its patent attorneys and agents to consult with MedImmune (so far as practicable) on all material issues relating to the filing, prosecution (including any interferences, reissue proceedings and re-examinations and opposition proceedings) and maintenance of such Patents. In this regard, Innate shall, through its patent attorneys and agents, cooperate with MedImmune, through its patent attorneys and agents, as follows: Innate shall provide MedImmune with a reasonable opportunity to review and comment on the nature and text of new or pending applications, amendments, registrations, filings, submissions, pleadings, responses or correspondence with any patent authorities with respect to the Patents referred to in Section 12.16 and shall, in advance of submitting or communicating any of the foregoing to the patent authorities, consider in good faith any reasonable comments provided by MedImmune. Without prejudice to the foregoing, Innate shall (a) notify MedImmune as early as reasonably practicable in advance of all meetings and significant communications with any patent authorities concerning the aforementioned Patents and, so far as reasonably practical and provided Innate has the right to allow such participation, shall permit, MedImmune to participate in such meetings, (b) promptly prepare and
CD39 OPTION

deliver to MedImmune minutes of any such meeting or communications, and (c) promptly forward to MedImmune copies of all office actions and material written communications received from any patent authorities with respect to the aforementioned Patents upon receipt therefrom. The Parties shall each appoint a single patent coordinator to coordinate the Patent activities under this Agreement.

12.20 If Innate elects not (a) to pursue or continue the filing, prosecution (including any interferences, reissue proceedings and re-examinations) or maintenance of the Listed Patents in a particular country, or (b) to take any other action with respect to the aforementioned Patents in a particular country that is necessary or useful to establish, preserve or extend rights thereto, including by seeking any Patent term extension, restoration or the like that may be available now or in the future, then in each such case Innate shall so notify MedImmune in writing not less than [***] before any deadlines by which an action must be taken to establish or preserve any such rights in such Patent in such country. Such notice may also, in Innate’s discretion, offer MedImmune the right through counsel of its choosing, to pursue the filing or registration, or support the continued prosecution in Innate’s name (including any interferences, reissue proceedings and re-examinations) or maintenance, of such Patent at MedImmune’s expense in such country.

12.21 Innate will notify MedImmune as soon as possible following Innate becoming aware of any actual or potential infringement of or challenge to a CD39 Option Patent by a Third Party ("Patent Action"). Innate will have the sole right to take such steps as it deems appropriate with regard to any such Patent Action provided that Innate will keep MedImmune informed with regard to any action it does take and before taking any such action will consult with MedImmune and take MedImmune’s reasonable comments into account.

12.22 MedImmune shall appoint a mutually agreeable patent attorney to prosecute, maintain and extend the Patents in the Joint Collaboration IP, and shall consult with Innate as to the strategy and prosecution of Patent applications and the maintenance or extension of the Patents in the Joint Collaboration IP. MedImmune shall cause its patent attorneys and agents to consult with Innate (so far as practicable) on all material issues relating to the filing, prosecution (including any interferences, reissue proceedings and re-examinations and opposition
CD39 OPTION

proceedings) and maintenance of such Patents. In this regard, the Parties shall co-operate, through such mutually agreed external patent attorney, as follows: MedImmune shall provide Innate with a reasonable opportunity to review and comment on the nature and text of new or pending applications, amendments, registrations, filings, submissions, pleadings, responses or correspondence with any patent authorities with respect to the Patents in the Joint Collaboration IP and shall, in advance of submitting or communicating any of the foregoing to the patent authorities, consider in good faith any reasonable comments provided by Innate. Without prejudice to the foregoing, MedImmune shall (a) notify Innate as early as reasonably practicable in advance of all meetings and significant communications with any patent authorities concerning the aforementioned Patents and, so far as reasonably practical and provided such external patent attorney has the right to allow such participation, shall permit Innate to participate in such meetings, (b) promptly prepare and deliver to Innate minutes of any such meeting or communications, and (c) promptly forward to Innate copies of all office actions and material written communications received from any patent authorities with respect to the aforementioned Patents upon receipt therefrom.

12.23 Head License.

(a) [***].

(b) Innate shall not modify or amend any Head License in any way that would adversely affect MedImmune’s rights or interest under this Agreement or under the License Agreement, and shall not terminate any Head License (whether in whole or in part), without MedImmune’s prior written consent Innate shall provide MedImmune a copy of all modifications or amendments of any Head License.

(c) Innate shall provide MedImmune with reasonable advance, written notice prior to exercising any right (including rights of consultation or participation) or enforcing or waiving any obligation, or electing to forego such exercise or enforcement, under any Head License that could affect in
any respect MedImmune’s rights or interests under the this Agreement or the License Agreement.

(d) [***], or otherwise provide of assistance in relation to any negotiations with the head licensors (as applicable)), as may be necessary or as MedImmune may reasonably request in order to ensure that MedImmune enjoys the continued benefit of the rights with respect to Intellectual Property Rights licensed under the License Agreement.

13 EXCLUSIVITY

Exclusivity

13.1 During the term of this Agreement Innate shall not, and shall ensure that its Affiliates shall not, sell, transfer, assign, out-license, encumber or otherwise grant or offer any rights to (in whole or in part) the CD39 Option Technology and the Study Results in a manner inconsistent with this Agreement and the License Agreement, to any Person other than MedImmune or MedImmune’s Affiliates, as directed by MedImmune, or initiate or conduct any discussions or negotiations regarding such grant or offer with any such Person; provided, however, that this Section 13.1 shall not prevent Innate from granting licenses to the CD39 Option Technology and Study Results to Third Parties to allow for contract research or development services as necessary or desirable in connection with its performance of this Agreement or for the purposes of carrying out the Development Plan, including the Collaboration Studies.

13.2 During the CD39 Option Period, neither Party nor any of its Affiliates (each, a
CD39 OPTION

"Restricted Party") shall, either by itself or through a Third Party, conduct any clinical development or commercialisation in respect of any CD39 Competing Product, except for any activities contemplated under the Development Plan.

13.3 [***].

13.4 Notwithstanding the foregoing, a Restricted Party’s direct or indirect acquisition by/of, or merger with, in whole or in part, a Person (or group of companies) or the business of a Person (or group of companies) having any activity contravening the covenants set forth above in Sections 13.2 or 13.3, shall not constitute a breach of such covenants, if:

(a) [***].

(b) [***].

13.5 Other than in publications in accordance with Section 11.6, Innate shall not, and shall ensure that its Affiliates shall not, disclose any non-public information relating to CD39 Lead, or contained in the CD39 Option Know–How or Study Results to any Person other than MedImmune, except (a) as necessary for the conduct of the Development Plan (including the Collaboration Studies) or as necessary or desirable in connection with its performance of this Agreement; (b) in the ordinary course of Innate’s or its Affiliates’ business to their head licensors or contractors; (c) as legally required by Applicable Law or required by applicable stock exchange rules, provided, however, always that any disclosure as per (a) or (b) is, except to the extent prohibited by Applicable Law, made pursuant to written agreements imposing confidentiality and non-use obligations on the recipients substantially similar to those imposed on Innate hereunder and, further, that Innate shall be liable to MedImmune for any breach of such obligations by such recipients. Innate will notify MedImmune in writing if Innate wishes to supply or is otherwise requested to supply any CD39 Option Product to a Third Party in order to enable that Third Party to carry out combination studies using the CD39 Option Product.
CD39 OPTION

with another product owned or controlled by that Third Party. Innate shall not make any such supply without first obtaining MedImmune's prior written consent which if given will provide a limited exception to the exclusivity provisions set out above. If any such consent is given it will be conditional on MedImmune having the right to approve the terms of any such supply and on Innate ensuring that any supply of a CD39 Option Product to a Third Party will not adversely impact Innate's ability to carry out the Collaboration Studies in accordance with this Agreement.

13.6 The Parties agree that the restrictions contained in this Section 13 are reasonable and necessary for the protection of the Parties' respective Confidential Information and business and investment in the CD39 Option Technology and CD39 Option Products, that such restrictions are reasonable in all the circumstances and that the Parties would not have entered into this Agreement without the protections afforded to them under this Section 13.
CD39 OPTION

14 REPRESENTATIONS AND WARRANTIES

14.1 Each Party represents, warrants and covenants to the other Party that, as of the Effective Date (or as of such other dates or time periods as may be specified below or as the context requires):

(a) Corporate Power. It is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation, has full legal power to grant the rights granted to MedImmune under this Agreement and the License Agreement, and has full corporate power and authority to enter into this Agreement and the License Agreement and to carry out the provisions thereof.

(b) Due Authorisation. The execution, delivery, and performance of the Agreement and the License Agreement by it does not, and would not, conflict with any agreement, instrument, or understanding, oral or written, to which it is a party or by which it is bound, nor violate any material law or regulation of any court, Governmental Body, or administrative or other agency having jurisdiction over it.

(c) Binding Agreement. This Agreement is a legal and valid obligation binding upon such Party and enforceable in accordance with its terms.

14.2 Innate represents, warrants and covenants the following to MedImmune, as of the Effective Date (or as of such other dates or time periods as may be specified below or as the context requires). For the avoidance of doubt, Innate shall not be liable for facts and circumstances fairly disclosed to MedImmune prior to the Effective Date.

Intellectual Property

(a) Innate is: (i) the sole and exclusive owner of the entire right, title and interest in the CD39 Option Patents listed in Schedule 14.2(a)(i) (the “Owned Patents”), (ii) the sole and exclusive licensee of the CD39 Option Patents listed in Schedule 14.2(a)(ii) (the “Exclusively Licensed...
Patents”), but limited to the extent of the grant of licence in connection with the CD39 Program Antibodies, (iii) the non-exclusive licensee of the CD39 Option Patents listed in Schedule 14.2(a)(iii) (the “Non-Exclusively Licensed Patents”), but limited to the extent of the grant of licence in connection with the CD39 Option Products, and (iv) either itself or through its Affiliates, the sole and exclusive owner or licensee of the entire right, title and interest in the Intellectual Property Rights subsisting in the CD39 Option Know-How listed in Schedule 14.2(a)(iv) and has the right to grant an exclusive license to MedImmune under the Owned Patents and the Exclusively Licensed Patents, and a non-exclusive license to MedImmune under the Non-Exclusively Licensed Patents, under the terms of the License Agreement (or, if applicable, this Agreement). To the extent any rights, title or interests in the CD39 Option Know-How are owned by its Affiliates, Innate shall procure that such rights are transferred to Innate such that MedImmune shall receive from Innate all rights and licenses granted to it under this Agreement and such that Innate shall be entitled without restriction to grant the rights to MedImmune specified in License Agreement.

(b) Other than for the restrictions set forth in the Third Party Agreements, which have been disclosed to MedImmune prior to the Effective Date, none of the CD39 Option Patents is subject to any encumbrance or lien permitted by Innate and none of the Owned Patents is subject to any encumbrance or lien permitted by Innate or, to Innate’s knowledge, to any claim of ownership by any Third Party. For the duration of this Agreement, Innate shall not encumber the rights granted to MedImmune hereunder with respect to the CD39 Option Technology in a manner that would have a material adverse effect on MedImmune’s rights hereunder.

(c) The Third Party Agreements and the Head Licenses are in full force and effect and Innate has no knowledge of any circumstances that may lead to the termination of such agreements. Without limiting the foregoing, Innate has not received any notices from any licensor under the Head Licenses notifying Innate of any intention of such licensor to terminate the applicable Head License.
CD39 OPTION

(d) As at the Effective Date, Innate does not own or in-license any Product Trademarks, Know-How or Patents, other than the CD39 Option Technology, that are necessary for the Research, Development and Exploitation of the CD39 Option Products as currently contemplated and cannot be included in the CD39 Option Technology pursuant Section 12.12. The Patents specified in Schedules 14.2(a)(i), 14.2(a)(ii) and 14.2(a)(iii) constitute all of the CD39 Option Patents existing at the Effective Date. To Innate’s and its Affiliates’ knowledge, the CD39 Option Patents have as of the Effective Date been diligently and properly filed, prosecuted and maintained in accordance with Applicable Law and where applicable in the course of normal patent prosecution of patents that are intended to be maintained, all applicable fees have been paid on or before the due date for payment.

(e) To the knowledge of Innate’s and its Affiliates’ personnel responsible for patent matters, in respect of all US patent applications in the Listed Patents, Innate (or, as appropriate, its licensor) has submitted all material prior art of which it is aware in accordance with the requirements of the United States Patent and Trademark Office.

(f) To Innate’s and its Affiliates’ knowledge, as of the Effective Date, the CD39 Option Patents properly identify each and every inventor of the claims of the CD39 Option Patents. To Innate’s and its Affiliates’ knowledge, each Person who has contributed to the conception of inventions claimed in the CD39 Option Patents existing as of the Effective Date, has duly assigned and has executed an agreement assigning to Innate, or as appropriate, Innate’s licensor, such Person’s entire right, title and interest in and to such CD39 Option Patents.

(g) Where CD39 Option Know-How has been disclosed to a Third Party under terms of confidentiality, to Innate’s knowledge no breach of such confidentiality obligations has been committed by any such Third Party. MedImmune shall not, before, on or after the Effective Date, have any obligation to contribute to any remuneration of any inventor employed or previously employed by Innate or any of its Affiliates in respect of the CD39
CD39 OPTION

Option Patents or CD39 Option Know-How. Innate or its Affiliates are solely responsible for paying all such remuneration and neither Innate nor any of its Affiliates has received notification that such payments are insufficient compensation.

(h) Innate and its Affiliates have no knowledge of any actual or threatened infringements or misappropriation of the CD39 Option Technology.

(i) Innate and its Affiliates have not been notified of any threatened or pending proceedings in any court, arbitration, patent office, administrative or other tribunal which are concerned with (a) the ownership of any of the CD39 Option Technology, or (b) the validity of any of the CD39 Option Patents (other than pending Patent applications), and, in both cases, to Innate’s and its Affiliates’ knowledge, there have been no allegations or assertions by a Third Party which are likely to give rise to a claim by such Third Party for ownership or invalidity of the CD39 Option Patents.

Third Party Rights

(j) The conception, development and reduction to practice of the CD39 Option Know-How and CD39 Option Patents existing as of the Effective Date has not, to Innate’s knowledge, constituted or involved the misappropriation of trade secrets of any Person. Other than the amounts owed by Innate under the Third Party Agreements, there are no claims, judgments or settlements against or amounts with respect thereto owed by Innate or any of its Affiliates as of the Effective Date relating to the Regulatory Documentation, Listed Patents or CD39 Option Know-How, or amounts owed by Innate or its Affiliates with respect to any such claims, judgments or settlements.

(k) To Innate’s and its Affiliates’ knowledge, as of the Effective Date, the Development and the commercialization of the CD39 Option Products does not infringe or misappropriate the Patents, of any Third Party, and there is no claim or litigation brought or threatened by written notice to Innate.
CD39 OPTION

as of the Effective Date by any Person making such allegations.

(l) MedImmune shall not, before, on or after the Effective Date, have any obligation to pay any fees, charges or other sums due to a Third Party under the Third Party Agreements in relation to CD39 Option Products.

(m) Each Head License is valid, binding on the parties thereto and in full force and effect.

(n) None of Innate or its Affiliates is party to any other agreement or arrangements regarding the CD39 Option Products other than pursuant to the Head Licenses.

(o) None of Innate, its Affiliates, or, to Innate’s knowledge, the applicable licensor, is in breach of any of its obligations under any Head License, and Innate has not received any notice relating to any alleged, threatened or actual breach by Innate under such Head License, and has no knowledge of any event or circumstance that has occurred that, with a notice or lapse of time, would constitute a breach of a Head License that may lead to the termination of the Head License.

(p) [***].

Regulatory and Compliance

(q) As of the Effective Date, Innate, its Affiliates and, to their knowledge, their contractors, have at all times (a) researched and developed the CD39 Option Product in accordance with all Applicable Laws, and (b) undertaken clinical trials and prepared, maintained and retained all Regulatory Documentation in accordance with GLP, GCP, regulations and other Applicable Laws.

(r) Innate has made available to MedImmune all Regulatory Documentation,
CD39 OPTION

CD39 Option Know-How and other information in its Control as of the Effective Date regarding or related to any CD39 Program Antibody or CD39 Option Product that MedImmune has specifically requested, with reasonable clarity, in writing to Innate to make available or that Innate would reasonably consider based on the information available at the Effective Date to be material to MedImmune’s evaluation of whether to enter this Agreement and all such items are true, complete and correct.

(s) All Regulatory Documentation that are the material regulatory filings or approvals held by Innate or its Affiliates in relation to the Research, Development and Manufacture of the CD39 Option Products have been provided to MedImmune prior to the Effective Date.

(t) Innate and its Affiliates have not knowingly withheld from a Regulatory Health Authority or from MedImmune any material information, including CMC Know-How, Serious Adverse Events and results from clinical trials (whether or not completed) relating to the safety, toxicity, quality or efficacy of the CD39 Option Products.

(u) Innate and its Affiliates have the right to refer to and use any data that has been created by the manufacturers of the CD39 Option Product which is necessary for the use and registration of the CD39 Option Product and MedImmune will have the same rights under this Agreement.

(v) In the course of the Development of the CD39 Option Product, Innate has not knowingly used, any employee or consultant that is debarred by any Regulatory Health Authority or, to its knowledge, is the subject of debarment proceedings by any Regulatory Health Authority.

(w) The information provided by Innate to MedImmune (for the purposes of MedImmune’s assessment as to whether or not filing is required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to this Agreement or the transactions contemplated herein) regarding Innate’s and its Affiliates’ corporate structure and financial status is correct, complete and not misleading.
Neither Innate nor any Innate Affiliate is engaged in any litigation, opposition or arbitration affecting or relating to the CD39 Option Products and, as to Innate and its Affiliates’ knowledge as at the Effective Date, there are no such litigation, opposition or arbitration pending or threatened by written notice to Innate and no material facts which are likely to result in a material judgment against Innate or its Affiliates relating to the CD39 Option Products.

The rights granted to MedImmune under this Agreement are not subject to any right, license or interest under the CD39 Option Patents in favour of any government due to funding obtained with respect to CD39 Option Products or clinical trials carried out in government owned hospitals which would conflict with the rights granted to MedImmune under this Agreement.

Innate has access to sufficient funds, resources and expertise to complete the Collaboration Studies in accordance with this Agreement.

Innate represents, warrants and covenants to MedImmune that:

It and its Affiliates shall, and shall cause any of their respective agents or permitted sub-contractors to:

(A) Process the Transferred Data in accordance with Data Protection Law; and

(B) Process the Transferred Data only for purposes compatible with the purposes for which it was Processed as of the transfer date, except to the extent Innate has obtained consent from the relevant Data Subject with respect to any new purpose for Processing or it is otherwise compliant with Data Protection Law; and
(ii) It has in place and shall maintain appropriate technical and organisational measures (a) to protect Personal Data against accidental or unlawful destruction, loss, alteration, unauthorised disclosure or access and (b) that provide a level of security appropriate to the risk represented by the Processing and the nature of the Transferred Data.

14.3 MedImmune Warranties. MedImmune provides the following representations, warranties and covenants to Innate as of the Effective Date (or as of such other dates or time periods as may be specified below).

(bb) The information provided by MedImmune to Innate (for the purposes of Innate’s assessment as to whether or not filing is required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to this Agreement or the transactions contemplated herein) regarding MedImmune’s and its Affiliates’ corporate structure and financial status is correct, complete and not misleading.

DISCLAIMER OF WARRANTY. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN SECTION 14 NEITHER PARTY MAKES ANY REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR ANY WARRANTY AS TO THE VALIDITY OF ANY PATENTS OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

15 INDEMNIFICATION AND INSURANCE

15.1 Innate shall indemnify and hold MedImmune its officers, Affiliates, agents and employees (the "MedImmune Indemnitees") harmless from and against all claims and proceedings made or brought by or on behalf of Subjects for personal injury (including death) [***] for, loss, damages, costs and expenses (including reasonable legal costs and expenses) (whether successfully or otherwise) arising out of the conduct
15.2 MedImmune shall indemnify and hold Innate its officers, Affiliates, agents and employees (the “Innate Indemnitees”) harmless from and against all claims and proceedings made or brought by or on behalf of Subjects for personal injury (including death) or any other Third Party for, loss, damages, costs and expenses (including reasonable legal costs and expenses) (whether successfully or otherwise) arising out of the conduct of any activities assigned to MedImmune pursuant to the Development Plan hereunder (“Innate Third Party Claim”), save where such claims and proceedings, loss, damage, costs or expenses arise as a direct consequence of the gross negligence of Innate or any of the Innate Indemnitees or as a consequence of a breach of this Agreement by Innate. [***].

15.3 Mechanism. In the event that a Party (the “Indemnified Party”) is seeking indemnification under Section 15.1 or 15.2 as the case may be, it shall notify the other Party (the “Indemnifying Party”) in writing of the relevant Third Party Claim and the relevant Loss for which indemnification is sought as soon as reasonably practicable after becoming aware of such claim. Such notices shall contain a description of the Third Party Claim and the nature and amount of the Loss (to the extent known). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of such Third Party Claim or Losses. For the avoidance of doubt, all indemnification claims in respect of a Party, its Affiliates, and each of its and their respective employees, officers, directors and agents shall be made solely by such Party to this Agreement. To the extent that the Indemnifying Party irrevocably commits to indemnify any Indemnified Party in respect of the Third Party Claim, the Indemnified Party shall permit the Indemnifying Party to assume direction and control of the defense of
the relevant Third Party Claim (including without limitation the right to settle the claim solely for monetary consideration), and shall cooperate as requested (at the expense of the Indemnifying Party) in the defense of the claim.

15.4 Notwithstanding Section 15.3, the failure to give timely notice to the Indemnifying Party shall not release the Indemnifying Party from liability to the Indemnified Party to the extent the Indemnifying Party is not prejudiced thereby and, for the avoidance of doubt, the Indemnifying Party shall not be liable to the extent any Loss is caused by any delay by the Indemnified Party in providing such notice. Notwithstanding the provisions of Section 15.3 requiring the Indemnified Party to tender to the Indemnifying Party the exclusive ability to defend such claim, if the Indemnifying Party does not satisfy the condition set forth in Section 15.3, or declines to or fails to timely assume control of the relevant Third Party Claim, the Indemnified Party shall be entitled to assume such control, conduct the defense of, and settle such claim, all at the sole costs and expense of the Indemnifying Party; provided, however, that neither Party shall settle or dispose of any such claim in any manner that would adversely affect the rights or interests or admit fault, of the other Party without the prior written consent of such other Party, which shall not be unreasonably withheld, delayed or conditioned. Each Party, at the other Party's expense and reasonable request, shall cooperate with such other Party and its counsel in the course of the defense or settlement of any such claim, such cooperation to include without limitation using reasonable efforts to provide or make available documents, information, and witnesses.

15.5 LIMITATION OF LIABILITY. EXCEPT IN CIRCUMSTANCES OF NEGLIGENCE OR INTENTIONAL MISCONDUCT BY A PARTY OR ITS AFFILIATES, OR WITH RESPECT TO THIRD PARTY CLAIMS UNDER SECTIONS 15.1 and 15.2, IN NO EVENT SHALL EITHER PARTY OR ITS RESPECTIVE AFFILIATES AND SUBLICENSEES BE LIABLE FOR INDIRECT OR CONSEQUENTIAL LOSSES, WHETHER IN CONTRACT, WARRANTY, TORT, STRICT LIABILITY, OR OTHERWISE. This Section 15.5 shall not limit either Party’s liability under Section 11.

15.6 Each Party shall insure against any potential liabilities it may have in connection with their activities hereunder and shall, upon the reasonable written request of the other Party provide such evidence of compliance as such other Party reasonably
CD39 OPTION

deems sufficient, it being understood that self-insurance by MedImmune or any of its Affiliates shall discharge its obligations under this Section 15.6.

16 TERM AND TERMINATION

16.1 This Agreement shall enter into effect on the Effective Date and shall, unless earlier terminated pursuant to this Section 16, remain in full force and effect until the earliest of:

(a) the entry into force of the License Agreement;

(b) the end of the CD39 Option Period, provided that a CD39 Option Notice has not been delivered to Innate within the CD39 Option Period; and

(c) termination as set forth in Section 16.2 to 16.4 below.

16.2 Termination Without Cause. MedImmune may, at its sole discretion and without having to explain the reasons for doing so, terminate this Agreement in its entirety effective following a [***] prior written notice to Innate.

16.3 Termination for Breach. Each of MedImmune and Innate may terminate this Agreement effective immediately at any time upon written notice to the other Party if the other Party is:

(a) in material breach of this Agreement and, where such breach is capable of being cured, fails to remedy such breach within [***] after having been given a written request for such remedy, including notice that the Agreement may otherwise be terminated; or

(b) (i) judicially declared insolvent, or (ii) has an administrator or receiver appointed (or equivalent in the applicable country) over all or parts of its assets, or (iii) has ceased to carry on its business as a going concern without a successor.

16.4 Termination by Innate for Patent Challenge. Except to the extent the following is
CD39 OPTION

not enforceable under the law of a particular jurisdiction, this Agreement may be terminated by Innate in its entirety upon written notice to that effect to MedImmune, if MedImmune or any of its Affiliates has challenged the validity, enforceability or scope of any CD39 Option Patent (an “IP Challenge”) and failed to withdraw the IP Challenge within [***] after having received Innate’s written notice of the IP Challenge requiring such IP Challenge to be withdrawn (including notice of Innate’s intention to otherwise terminate this Agreement). This Section 16.4 shall not apply in relation to any IP Challenge made by MedImmune as a counterclaim or defence in response to an action brought by Innate, its Affiliates or any Third Party licensee or licensor of Innate or its Affiliates alleging infringement of a CD39 Option Patent by MedImmune for activities that do not relate to the CD39 Option Products.

17 CONSEQUENCES OF TERMINATION

17.1 Upon expiration or earlier termination of this Agreement the Receiving Party shall return to the Disclosing Party all Confidential Information and Know-How from the Disclosing Party or any Third Party on behalf of the Disclosing Party, including any Study Documentation, Study Results, CTA Materials, received from that Disclosing Party, save for one copy thereof, which the Receiving Party may retain for archival purposes and for the purpose of determining its obligations under Section 11. Notwithstanding the foregoing, (a) in case of expiry of this Agreement pursuant to Section 16.1(a) the Receiving Party shall retain and be allowed to disclose and use, subject to the terms of the License Agreement, all Confidential Information and Know-How received from the Disclosing Party or any Third Party on behalf of the Disclosing Party, including any Study Documentation, Study Results, CTA Materials, without restriction under this Agreement but in accordance with the terms and conditions of the License Agreement; and (b) in case of expiry or termination of this Agreement for any other reason Innate shall retain all rights, title and interest in and to and be free to Exploit or otherwise dispose of the CD39 Option Technology and all Study Documentation, Study Results and CTA Materials (in each case, with respect to Innate Collaboration Studies), without restriction and without any requirement to account to MedImmune (subject to Section 4.13).

17.2 Termination or expiry of this Agreement shall not affect any rights and obligations
CD39 OPTION

of the Parties that accrued prior to termination. The respective rights and obligations of the Parties under [***]:

(a) [***]; or

(b) [***].

17.3 MedImmune shall pay to Innate any reasonable and documented Costs incurred by Innate in the performance of the Development Plan prior to the effective date of termination of this Agreement as well as those reasonably committed that cannot be cancelled, to the extent such Costs do not exceed [***] of the aggregate Innate Development Costs allocated under the Collaboration Budget with respect to the applicable period. If MedImmune has not exercised the CD39 Option, from the date of expiry or termination of the CD39 Option until the earlier of: (a) [***]; and (b) [***] (the "Tech Transfer Period"), upon Innate’s request, MedImmune shall ensure that any resulting manufacturing process for the relevant CD39 Option Product (excluding any CD39 Bi-Specific Molecule) is transferable to Innate or its designee for the purposes of manufacturing, testing, validating, releasing or Exploiting that CD39 Option Product, and MedImmune shall make available 1 FTE of its personnel to support such technology transfer activities (the "Tech Transfer FTE"). In particular, during the Tech Transfer Period and Innate’s request, MedImmune shall (i) promptly provide to Innate all support, documentation and information as is useful for an orderly, uninterrupted transfer of the Manufacturing activities
CD39 OPTION

of such CD39 Option Product to Innate or its designee, including, any and all documentation, quality and testing, working instructions, process and analysis related to IND-Enabling studies, Manufacturing, Quality and Control procedures, including but not limited to, analytical methods, and all regulatory documentation including Regulatory Health Authorities’ assessments, meeting minutes, MedImmune responses and commitments linked to CMC submissions and consultations (ii) grant to Innate the right to observe the Manufacturing at a facility of MedImmune’s manufacturing contractors and send the appropriate resources at Innate’s or its subcontractor’s manufacturing facility during the technology transfer to support Innate until the end of the Tech Transfer Period, (iii) promptly transfer to Innate any remaining materials related to the Manufacturing activities of the CD39 Option Product (including MCB, WCB, reference material, raw materials), any drug substance and drug product batches, at (provided that Innate reimburses MedImmune for such remaining materials at Cost), (iv) grant to Innate a non-exclusive, perpetual, royalty free, worldwide license, with the right to grant sublicenses to use any confidential manufacturing or CMC related information owned by or licensed to MedImmune which are used in relation to the CD39 Option Product at the date of the expiry or termination of the CD39 Option solely to practice the Manufacturing activities of the CD39 Option Product; (v) provide to Innate access to its batch records at its premises. Innate shall bear the Costs of the manufacturing technology transfer to Innate, save for the Tech Transfer FTE provided by MedImmune at its Cost. Innate shall have the right to disclose under a confidentiality agreement all such information to Third Parties solely for purposes of allowing Innate to assess the feasibility of such Third Parties Manufacturing the CD39 Option Product and to allow such Manufacturing, provided that, such Third Parties shall be subject to confidentiality obligations no less stringent than those set out in Section 11. During the Tech Transfer Period, the Parties shall cooperate to obtain all necessary assurances and cooperation from any Third Party contract manufacturers of the CD39 Option Product with respect to the foregoing material transfer activities. MedImmune covenants to Innate that any Third Party agreements under which MedImmune engages such Third Party to Manufacture the CD39 Option Product contain provisions regarding the allocation of Intellectual Property Rights and to perform its rights. If MedImmune has not exercised the CD39 Option, at Innate’s request, after the expiry or termination of the CD39 Option until the earlier of: (i) the completion
CD39 OPTION

of the technology transfer under this Section 17.3; and (ii) the second (2nd) anniversary of the date of the expiry or termination of the CD39 Option Period, MedImmune shall continue the manufacturing and testing of the requirements of the CD39 Option Product of Innate in the form of drug substance, drug product and finished product, pursuant to a service and supply agreement at reasonable terms and conditions consistent with the biotechnology industry practices, which will be negotiated in good faith by the Parties. Innate shall use diligent efforts to cease reliance on MedImmune to supply and test such CD39 Option Product, and to procure that such manufacturing and testing shall be transferred to Innate or its contract manufacturer as soon as reasonably practicable, and shall keep MedImmune reasonably informed and updated of such efforts and plans.

17.4 If MedImmune has not exercised the CD39 Option by the date of expiry or termination of the CD39 Option, and if at the time of such expiry or termination any MedImmune Collaboration Study has been initiated but not yet completed, then the Parties shall work together in good faith to ensure that MedImmune’s involvement in and responsibilities for such activities will be discontinued and ceased as efficiently and promptly as possible (by way of transitioning such involvement and responsibilities to Innate or by other means agreed to by the Parties), subject to Applicable Laws, including GCP.

18 ASSIGNMENT; SUCCESSOR; SUBCONTRACTING

Neither Party may assign any of its rights or obligations under this Agreement in any country in whole or in part without the prior written consent of the other Party, except that each Party shall have the right, without such consent, (i) to perform any of its obligations and exercise any of its rights under this Agreement through, and to assign all of its rights and obligations under this Agreement to, any of its Affiliates; and (ii) on written notice to the other Party, to assign all of its rights and obligations under this Agreement to a non-Affiliate successor in interest, whether by merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, to all or substantially all of the business to which this Agreement relates. In the event that a Party performs its obligations or exercises its rights under this Agreement through an Affiliate or assigns its rights and obligations to an Affiliate as permitted under this Section 18, doing so shall not
CD39 OPTION

relieve the relevant Party of its responsibilities for the performance of its obligations under this Agreement, and the relevant Party shall remain responsible for the performance by its Affiliates and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance). This Agreement shall survive any succession of interest permitted pursuant to this Section 18, whether by merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, provided, that, in the event of such merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, no Intellectual Property Rights of the acquiring corporation and its Affiliates (other than a Party and its Affiliates prior to such acquisition) shall be included in the technology licensed hereunder, unless such Intellectual Property Rights arise as a result of the performance of this Agreement by such corporation after such transaction becomes effective.

Innate may not subcontract its obligations with respect to any Development activity assigned to it under the Development Plan to any Third Party apart from a CRO, and any such subcontracting shall not relieve Innate of any of its obligations under this Agreement, and Innate shall remain responsible for the performance of its obligations under and in accordance with this Agreement.

19 ANTI-CORRUPTION LAWS

19.1 Both Parties shall ensure that in connection with this Agreement, they shall conduct their activities in a manner that is consistent with the Anti-Corruption Laws. Each Party further undertakes that none of its or its Affiliates’ employees, directors or officers shall, directly or indirectly, engage in any activities that violate any Anti-Corruption Law (a) in order to influence official action of any Government Official, or (b) with the intention of or as a condition to inducing any person to carry out a duty or function improperly or to reach a favourable decision on an improper basis, in each case in connection with the activities contemplated under this Agreement.

19.2 Innate shall promptly provide MedImmune with written notice of (a) becoming aware of a Material Anti-Corruption Law Violation by it or any of its or its Affiliates’ employees, directors or officers with respect to the subject matter of this Agreement, or (b) upon receiving a formal notification that it or any of its or its
CD39 OPTION

Affiliates’ employees, directors or officers is the target of a formal investigation by any Governmental Body for a Material Anti-Corruption Law Violation.

19.3 Innate acknowledges that its undertakings given in this Section 19.3 are material to MedImmune in entering into this Agreement. Notwithstanding any other provision of this Agreement, if MedImmune becomes aware of what it determines, acting reasonably, to be a breach of these undertakings, then MedImmune shall be entitled to terminate this Agreement in its entirety and to terminate any other agreement between the Parties, on notice with immediate effect. Subject to the accrued rights of the Parties pursuant to termination, MedImmune shall have no liability to Innate for any fees, reimbursements or other compensation or for any loss, cost, claim or damage resulting, directly or indirectly, from such termination. At the sole discretion of MedImmune, any breach of an Innate obligation with respect to its obligation in this Section 19.3 may be cured (if capable of being cured) within a reasonable period of time after learning of such material breach or Material Anti-Corruption Law Violation.

20 GOVERNING LAW AND ARBITRATION

20.1 Governing Law. The interpretation and construction of this Agreement (including non-contractual disputes and the arbitration clause set out in Section 20.2) shall be governed by the laws of England and Wales excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

20.2 Arbitration. Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the Arbitration Rules of the International Chamber of Commerce (ICC), which Rules are deemed to be incorporated by reference into this clause. One or more arbitrators shall be appointed in accordance with the said Rules. The seat, or legal place, of arbitration shall be London. The language to be used in the arbitral proceedings shall be English.
21 NOTICES

Any notice, request, or other communication permitted or required under this Agreement shall be in writing, shall refer specifically to this Agreement, and shall be deemed given only if hand delivered, sent by an internationally recognised overnight delivery service, costs prepaid, or sent by email (providing such email is read receipted and such notice is also despatched by an internationally recognised overnight delivery service, costs prepaid, on same day) to the Party to whom notice is to be given at the following address (or at such other address such Party may have provided to the other Party in accordance with this Section 21):

If to MedImmune:

MedImmune LLC
One MedImmune Way
Gaithersburg
MD 20878
USA
[***]

with a copy (which shall not constitute effective notice) to:
[***]
and with a copy (which shall not constitute effective notice) to:
CD39 OPTION

[***]

If to Innate:

Address:
Innate Pharma S.A.
17, Avenue de Luminy - BP 30191
13276 Marseille Cedex 09 FRANCE

[***]

Such notice, shall be deemed to have been given as of the date delivered by hand, or on the second business day (at the place of delivery) after deposit with an internationally recognised overnight delivery service, whichever is the earlier.

22 WAIVER

A Party’s failure to enforce, at any time or for any period of time, any provision of this Agreement, or to exercise any right or remedy shall not constitute a waiver of that provision, right or remedy or prevent such Party from enforcing any or all provisions of this Agreement and exercising any rights or remedies. To be effective any waiver must be in writing.
23 SEVERABILITY

If any provision of this Agreement is held to be invalid, illegal or unenforceable, in any respect, then such provision will be given no effect by the Parties and shall not form part of this Agreement. To the fullest extent permitted by Applicable Law and if the rights and obligations of a Party will not be materially and adversely affected all other provisions of this Agreement shall remain in full force and effect and the Parties will use all reasonable efforts to negotiate a provision in replacement of the provision held invalid, illegal or unenforceable that is consistent with Applicable Law and achieves, as nearly as possible, the original intention of the Parties. To the fullest extent permitted by Applicable Law, the Parties waive any provision of law that would render any provision in this Agreement invalid, illegal or unenforceable in any respect.

24 FURTHER ASSURANCE

Each Party shall perform all further acts and things and execute and deliver such further documents as may be necessary or as the other Party may reasonably require to implement or give effect to this Agreement.

25 ENTIRE AGREEMENT

This Agreement, including without limitation all schedules attached hereto, constitutes the entire agreement between the Parties with respect to the subject matter of the Agreement. This Agreement supersedes all prior agreements, whether written or oral, with respect to the subject matter of the Agreement. Each Party confirms that it is not relying on any representations, warranties or covenants of the other Party except as specifically set out in this Agreement. Nothing in this Agreement is intended to limit or exclude any liability for fraud. All Schedules referred to in this Agreement are intended to be and are hereby specifically incorporated into and made a part of this Agreement. In the event of any inconsistency between any such Schedules and this Agreement, the terms of this Agreement shall govern, provided that upon the entry into force of a License Agreement the terms of the License Agreement shall govern the Parties’ relationship with respect to the subject matter of the License Agreement.
AMENDMENT

Any amendment or modification of this Agreement must be in writing and signed by authorised representatives of both Parties.

COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to constitute one and the same instrument.

NO PARTNERSHIP

It is expressly agreed that the relationship between Innate and MedImmune shall not constitute a partnership, joint venture, or agency. Neither Innate nor MedImmune shall have the authority to make any statements, representations, or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior consent of such other Party to do so.

[Signature page overleaf]

88
CD39 OPTION

THIS AGREEMENT IS EXECUTED by the authorised representatives of the Parties as of the date first written above.

Signed for and on behalf of

Innate Pharma S.A.

Signature

Name

Title

Signed for and on behalf of

MedImmune Limited

Signature

Name

Title
| Schedule 1.12 | CD39 Back-Ups |
| Schedule 1.80 | License Agreement |
| Schedule 1.81 | CD39 Option Listed Patents |
| Schedule 1.135 | Third Party Agreements |
| Schedule 4.13 | Total Reimbursement Costs |
| Schedule 14.2 (a) (i) | Owned Patents |
| Schedule 14.2 (a) (ii) | Exclusively Licensed Patents |
| Schedule 14.2 (a) (iii) | Non-Exclusively Licensed Patents |
| Schedule 14.2 (a) (iv) | Owned and Licensed Know-How |
SCHEDULE 1.12
CD39 BACK-UPS

[***]
SCHEDULE 1.80

LICENSE AGREEMENT

See attachment

[***]

59
SCHEDULE 1.135

THIRD PARTY AGREEMENTS

[***]
Schedule 4.13

Total Reimbursement Costs

[***]
SCHEDULE 14.2 (a) (i)
OWNED PATENTS
[***]
SCHEDULE 14.2 (a) (ii)
EXCLUSIVELY LICENSED PATENTS

[***]
SCHEDULE 14.2 (a) (iii)

NON-EXCLUSIVELY LICENSED PATENTS

[***]
SCHEDULE 14.2(a)(iv)
OPTION KNOW-HOW

[***]
JOINT RESEARCH, DEVELOPMENT, OPTION AND LICENSE AGREEMENT

This Joint Research, Development, Option and License Agreement, made and effective as of March 28, 2006 is entered into by and between Novo Nordisk A/S (CVR-no. 24 25 67 90), a corporation existing under the laws of Denmark and having its principal place of business at Novo Allé, 2880 Bagsvaerd, Denmark (hereinafter NN), and Innate Pharma SA, a corporation existing under the laws of France and having its principal place of business at Grand Pré – 119/121, ancien chemin de Cassis, 13009 Marseille, France (hereinafter IPH); NN and IPH hereinafter are also referred to individually as “Party” and collectively as “Parties”.

WITNESSETH

WHEREAS NN is a pharmaceutical company with expertise in the discovery and global development of protein drugs;

WHEREAS IPH is a biotech company with expertise in the discovery and development of drugs and other types of therapy acting at non-conventional lymphocytes such as gamma delta T cells and natural killer (NK) cells;

WHEREAS IPH Controls certain Intellectual Property Rights, and possesses research and development skills, in respect of neutralizing monoclonal antibodies;

WHEREAS NN Controls certain Intellectual Property Rights relating to the expression, purification, production, and formulation of proteins;

WHEREAS NN has research and development skills which NN believes may enable it to further develop pharmaceutical products for human therapeutic, as well as potential diagnostic or prophylactic, use utilizing Intellectual Property Rights Controlled by IPH;

WHEREAS The Parties have previously entered into a collaboration governed by an agreement entitled “Research, Development and Licence Agreement” with an effective date of September 30, 2003 (the “Kirostim Agreement”) in respect of receptors KIR 2DL1 and KIR 2DL2/3 and wish to expand that collaboration by entering into a strategic collaboration in the Collaboration Field under which IPH and NN will work, independently, jointly, and/or together with agreed-upon Third Parties, to (a) discover or identify Drug Candidates, and (b) optimize Drug Candidates for progression to (i) Licensed Products for further development and commercialization by NN, or (ii) Niche Candidates for further development and commercialization by NN or IPH, for all uses and purposes, including therapeutic, prophylactic and, except as otherwise expressly herein provided, diagnostic uses; and
WHEREAS Each Party desires to obtain from, and is willing to grant to the other, such licenses and sublicenses to specified Intellectual Property Rights Controlled by it as are necessary or useful to enable NN and IPH to exercise their rights and perform their obligations hereunder, on the terms set out in this Agreement;

NOW, THEREFORE,

in consideration of the foregoing premises, the mutual promises and covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, NN and IPH, each intending to be legally bound, hereby agree as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions. When used in this Agreement, the following capitalized terms shall have the meanings set forth in this Section 1.1, unless the express provisions or context of their use herein clearly otherwise require:

1.1.1 “Additional Kirostim Field” shall mean any human therapeutic, prophylactic or diagnostic indications outside the Kirostim Field.

1.1.2 “Affiliates” shall mean (a) any Person which directly or indirectly owns, is owned by or is under common ownership with a Party to this Agreement to the extent of more than fifty percent (50%) of the equity (or such lesser percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction) having the power to vote on or direct the affairs of the entity, and (b) any Person actually controlled by, controlling or under common control with such Party. For purposes of this definition and Section 20.4, the terms “controlled by”, “controlling” and “under common control with”, with respect to any Person, shall mean the possession, directly or indirectly, of the power or ability to direct or cause the direction of the management or policies of that Person, or otherwise direct the affairs of such Person, whether through the ownership of equity participation, voting securities, beneficial interest, by contract relating to voting rights or corporate governance, or otherwise.

1.1.3 “Agreement” shall mean this Joint Research and Development, Option and License Agreement, including all recitals and schedules hereof, which are hereby incorporated and made part of this Agreement.

1.1.4 “Anti-KIR” shall mean ***.

1.1.5 “Background IPH IPR” shall mean any IPR in the Collaboration Field other than the Collaboration IPR that is necessary or useful for Commercial Optimization and is as of the date of this Agreement Controlled by IPH or any of its Affiliates with the exception of ***. All Patents within the Background IPH IPR as of the date of this Agreement are identified and listed in the annexed Schedule 1.1.5

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
“Background IPH Research Technology IPR” shall mean the IPR identified and listed in the annexed Schedule 1.1.6.

“Background NN IPR” shall mean the IPR in the Collaboration Field comprised of the Patents identified and listed in the annexed Schedule 1.1.7. In addition, if NN shall determine or IPH shall notify and demonstrate at any time during the Term that other or additional IPR (other than Collaboration IPR) Controlled by NN or its Affiliates as of the date of this Agreement and the date of such determination or notification is necessary for IPH’s development or commercialization of a Niche Candidate, Licensed Candidate, or Residual Product authorized for IPH’s development and commercialization under the terms of this Agreement, then (a) such IPR shall be included in the Background NN IPR (effective as of the date of such determination), and (b) Schedule 1.1.7 shall be updated accordingly, and (c) neither Party shall have, with respect to such IPR, any liability or obligation to the other during, arising out of, or relating to the period prior to the date of such determination. Should the Parties fail to agree with respect to such determination or demonstration, the matter shall be decided in accordance with Section 21.14.

“Background NN Research Technology IPR” shall mean IPR identified and listed in the annexed Schedule 1.1.8.

“Backup Product” shall mean any Drug Candidate comprised of, modulating, interacting with, or derived from the same Collaboration Target as another Drug Candidate (including any Licensed Product) comprised of, modulating, interacting with, or derived from the same Collaboration Target. The adoption of an alternative to or replacement of any Drug Candidate may be due to factors that include such alternative’s or replacement’s possession of a better drug profile than the prior Drug Candidate, or toxicity issues, formulation problems, lack of efficacy, safety issues or any other factor having an adverse effect upon the ability to effectively develop or commercialize such prior Drug Candidate with the exercise of Commercially Reasonable Efforts. For the avoidance of doubt, no Drug Candidate comprised of, modulating, interacting with or derived from NKG2A shall be a Backup Product for Anti-KIR.

“Biological Target” shall mean any molecular structure, including any protein (such as any NK cell or NK target cell receptor or receptor fragment), any lipid or any glycolipid, or any fragment or derivative of any of the foregoing, such molecular structure being a target for any molecule with pharmaceutical activity. For purposes of illustration, and not limitation, such molecules with pharmaceutical activity include, but are not limited to, antibodies, soluble receptors and other proteins, and any fragments or derivatives of any thereof, and any small molecule.
1.1.11 “Class A Licensed Products” shall mean Licensed Products comprised of, modulating, interacting with, or derived from the Collaboration Targets identified in the annexed Schedule 1.1.11.

1.1.12 “Class B Licensed Products” shall mean Licensed Products comprised of, modulating, interacting with, or derived from any of the Collaboration Targets identified in the annexed Schedule 1.1.12, as the same may be amended from time to time by written agreement of the Parties or pursuant to the terms of this Agreement. Class B Licensed Products shall not include naturally occurring ligands for Collaboration Targets, or any variants of such ligands, or any derivatives of such ligands or variants, or antibodies to such ligands, except in the case that the Background IPH IPR comprises a Valid Claim that would be infringed by the manufacture, use, sale, offer for sale, importation, or exportation of such ligand, variant, derivative, or antibody.

1.1.13 “Class C Licensed Products” shall mean Licensed Products comprised of, modulating, interacting with, or derived from any of the Collaboration Targets identified in the annexed Schedule 1.1.13 as the same may be updated or otherwise amended from time to time by written agreement of the Parties, and shall include any other Licensed Products that are not Class A Licensed Products or Class B Licensed Products pursuant to the terms of this Agreement.

1.1.14 “Collaboration” shall mean the Parties’ collective enterprise during the Collaboration Term pursuant to this Agreement to:

(a) research, discover and identify Biological Targets in the Collaboration Field (as hereinafter defined) as Collaboration Targets and further develop and progress such Collaboration Targets themselves or ligands or other molecules, compositions or formulations that interact with such Collaboration Targets to Drug Candidates in accordance with the Target Discovery Plan; and

(b) conduct additional and other research and development to optimize such Drug Candidates and further develop and progress them to M1 status in accordance with the Drug Discovery Plan.

1.1.15 “Collaboration Field” shall mean any projects, activities, biological materials (including Biological Targets), Know-How (including Materials and Research Technology), IPR and other subject matter the use of which can result in the modulation of the activity of isolated NK cells (for example resulting in the modulation of the production of cytokine or in the modulation of any biological (including any cell-regulatory) activity of NK cells), as observable in a bioassay comprising only purified NK cells or NK cell lines, with or
without any target cells, such modulation being triggered by the binding of any ligand or molecule to any of the cell surface receptors expressed on NK cells or to any of their ligands. These include, but are not limited to:

***

(f) the NK cell surface receptors and ligands thereof identified as Collaboration Targets, including but not limited to those listed in Schedule 1.1.11; 1.1.12 or 1.1.13, as well as other potential targets discovered during the course of the Collaboration, including new NK cell surface receptors and ligands thereof;

and the use of any of the foregoing (in each case (a) through (f)), for any purpose, including any prophylactic, diagnostic or therapeutic use or purpose.

Subject Matter Not Included in the Collaboration Field. Notwithstanding any other provision of this Agreement, unless the Parties shall otherwise hereafter expressly agree in writing, the Collaboration Field shall not include any:

(i) ***
(ii) ***
(iii) ***
(iv) ***
(v) ***
(vi) ***
(vii) ***

1.1.16 “Collaboration IPR” shall mean IPR (including Collaboration Know-How) that is:

(a) generated or acquired (by assignment, license or otherwise) by or on behalf of either or both of the Parties or their Affiliates during the Collaboration Term and (i) is in the Collaboration Field or (ii) originates from activities undertaken in the Collaboration Field (regardless of whether such IPR is in or outside the Collaboration Field), or

(b) expressly identified in, or identified or developed pursuant to, any of the Collaboration Plans, and is generated or acquired (by assignment, license, or otherwise) during the *** period following the expiry or earlier termination of the Collaboration Term;

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
by or on behalf of either or both of the Parties and includes the IPR listed in Schedule 1.1.16.

1.1.17 “Collaboration Know-How” shall mean Know-How generated or acquired during the Collaboration Term by either or both of the Parties or their Affiliates and shall include such Know-How that is recorded in the records of the Joint Steering Committee or the Development and Commercialization Committee. For the avoidance of doubt Collaboration Know-How includes but is not limited to that Know-How listed in Schedule 1.1.17, which Schedule shall amended or updated from time to time by the Joint Steering Committee.

1.1.18 “Collaboration Patent” shall mean any Patent within the Collaboration IPR.

1.1.19 “Collaboration Plans” shall mean the Target Discovery Plan or Drug Discovery Plan.

1.1.20 “Collaboration Research Goal” shall mean ***.

1.1.21 “Collaboration Research Technology IPR” shall mean any IPR within the Collaboration IPR that is solely in respect of Research Technology.

1.1.22 “Collaboration Targets” shall mean the Biological Targets listed in Schedule 1.1.22 as may be updated or amended by the joint Steering Committee pursuant to Article 4.

1.1.23 “Collaboration Term” shall mean ***. For the avoidance of doubt, unless otherwise expressly provided, all references in this Agreement to acts, events or occurrences taking place within a specified period after the expiration or earlier termination of the Collaboration Term shall mean the Collaboration Term excluding the aforementioned, or any other, additional holdover negotiation period.

1.1.24 “Collaboration Year” shall mean such annual period during the Collaboration Term as commences upon the date of this Agreement (“Collaboration Year 1”) or upon the anniversary of the date of this Agreement (“Collaboration Year 2”, “Collaboration Year 3”, etc.).

1.1.25 "Combination Product" means any Licensed Product, Niche Candidate or Residual Product that (a) is incorporated in a physical admixture with one or more other pharmacologically active ingredients that do not constitute Licensed Products, Niche Candidates or Residual Products, (b) is contained separately but marketed as a unit with one or more other pharmacologically active ingredients that do not constitute Licensed Products, Niche Candidates or Residual Products, or (c) is incorporated in a physical admixture with, or contained separately but marketed as a unit with,

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
one or more other Licensed Products, Niche Candidates or Residual Products, the Net Sales of which require the payment of a different royalty rate than the Licensed Product, Niche Candidate or Residual Product with which they are combined or otherwise sold (by reason of different Product Class categorization under Subsections 1.1.11; 1.1.12 or 1.1.13, different applicable Scenarios pursuant to Section [7.8, or otherwise under the terms of this Agreement).

1.1.26 “Commercial Optimization” shall mean the optimal effectiveness, productivity or success of the Collaboration, including with respect to:

(a) the execution of any Pre-project, Project, Target Discovery Plan or Drug Discovery Plan (including any project undertaken pursuant to such plans);

(b) the identification, discovery, development or commercialization of any Collaboration Targets, Drug Candidates, Licensed Products, Niche Candidates or Residual Products (including, in each case, with respect to any assessment, testing, manufacturing, pre-clinical or clinical development or use, or FDA, EMEA or other regulatory authority application, submission, authorization or approval with respect thereto;

(c) the generation or acquisition of IPR by or on behalf of either or both of the Parties or any of their respective Affiliates (including any rights in respect of any Know-How, Research Technology or Patents) with respect to any of the foregoing, or the prosecution, maintenance or enforcement of any such rights of either or both Parties or any of their respective Affiliates with respect thereto; or

(d) the exercise of any rights or licenses, performance of any obligations, or conducting of any other activities authorized or required by this Agreement.

1.1.27 “Commercially Reasonable Efforts” shall mean such commercially reasonable efforts as are consistent with the efforts that a comparable Third Party in the pharmaceutical industry would employ for other products or, where applicable, IPR, of a similar strategic importance and commercial value.

1.1.28 “Confidential Information” shall mean the specific terms of this Agreement or the Kirostim Agreement and any of the following that are, or have been, received or otherwise obtained by a Party or its Affiliate (the “Receiving Party”) directly or indirectly, from the other Party or the other Party’s Affiliate (the “Disclosing Party”) at any time in connection with the Parties’ discussions and negotiations pertaining to this Agreement or upon or after the Effective Date hereof, and that comprise or regard the existing or prospective Intellectual Property Rights, products, business, assets or objectives of the Disclosing Party, or any item or aspect thereof:
(i) Know-How, Materials and unpublished Patents (including any claims or other contents of such Patents);

(ii) any other knowledge, concepts, ideas, information or data;

(iii) any tangible embodiments of any of the foregoing items referred to in (i) or (ii), including any biological materials; or

(iv) any other tangible or intangible matter comprising, regarding or reflecting the Disclosing Party’s existing or prospective Intellectual Property Rights, products, business, assets or objectives, in each case ((i) through (iv)) whether or not the items referred to are patentable.

For the avoidance of doubt, Confidential Information shall include, without limitation, any such Know-How, Materials, information or other matter so received or obtained by the Receiving Party as comprises or regards the Disclosing Party’s existing or prospective: pre-clinical, clinical or other research (including any associated plans, practices, processes, protocols, data or results); discoveries or inventions; scientific, manufacturing, marketing, financing, business or product research, developments, opportunities, plans, methods, processes or procedures; quality controls; security controls; unpublished cost, price or pricing information; financial or personnel matters; or customer, client or supplier lists or information.

Notwithstanding the foregoing, Confidential Information shall not include Know-How, information or other matter that the Receiving Party can prove by ***:

(a) was known or used by the Receiving Party prior to its date of receipt or procurement by the Receiving Party directly or indirectly from the Disclosing Party; or

(b) either before or after the date of the receipt or procurement by the Receiving Party is lawfully disclosed to the Receiving Party by sources other than the Disclosing Party rightfully in possession of such information or other matter and not bound by confidentiality obligations to the Disclosing Party; or

(c) either before or after the date of the receipt or procurement by the Receiving Party is or becomes published or otherwise is or becomes part of the public domain through no breach hereof on the part of the Receiving Party; or

(d) is independently developed by or for the Receiving Party without reference to or reliance upon the Confidential Information of the Disclosing Party as demonstrated by written records.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
1.1.29 "Control", "Controlled", "Controls" and "Controlling" shall mean, with respect to any tangible or intangible subject matter, including, without limitation, any IPR, the possession of the legal right, power and ability (whether by ownership, license or otherwise) to grant any access to, possession or use of, or assignment, license, sublicense or other authorization or right with respect to or under, such Intellectual Property Rights or other subject matter as provided for in this Agreement (independently and other than by reason of any license, sublicense, consent or authorization by the other Party or any Affiliate of the other Party), without violating any applicable Law, agreement or arrangement, or other enforceable obligation, existing and in effect at the time of such grant.

1.1.30 "Drug Candidate" shall mean any molecule or precursor to any molecule, or any composition or formulation of any molecule or of any precursor to any molecule, which is comprised of, modulates, interacts with, or derived from any Collaboration Target or of any ligand thereof, in the Collaboration Field.

1.1.31 "Drug Discovery Plan" shall mean the Parties’ joint research plans for individual projects in the Collaboration Field that involve Drug Candidates, in respect of one or more indications, that are post-M0 but pre-M1 and are to be actively pursued by IPH and NN as set forth in the annexed Schedule 1.1.31 or in any update or amendment to such Schedule as may hereafter be directed by the Joint Steering Committee pursuant to the terms and conditions of this Agreement.

1.1.32 "Effective Date" shall mean September 30, 2003.

1.1.33 "Exploratory Targets" shall mean the Biological Targets identified in Schedule 1.1.33 and any other Biological Targets that the Joint Steering Committee finds to be of sufficient potential interest for identification, study or assessment or future identification, study or assessment in the Collaboration and are subsequently added to Schedule 1.1.33 after the date of this Agreement.

1.1.34 "Ex-vivo Cellular Therapy Candidate" shall mean any specific molecule, composition or formulation that is hereafter classified for Independent further development for use in an ex-vivo setting pursuant to the terms and conditions of such Ex-Vivo Task Force guidelines as may hereafter be agreed to by the Parties in accordance with Section 6.2.

1.1.35 "First Commercial Sale" shall mean, on a country-by-country basis, the first date that a Licensed Product, Niche Candidate or Residual Product is sold or in any other way made commercially available for marketing in such country by a Party or any of its Affiliates or Out-licensees after having obtained the applicable regulatory marketing authorization approval. First Commercial Sales shall not include any not-for-profit disposition for charitable, promotional, pre-clinical, clinical, regulatory or governmental purposes.
For the avoidance of doubt, (a) any reference in this Agreement to the First Commercial Sale of a product for a specified indication shall mean solely the First Commercial Sale of such product for the specified indication; and (b) any reference herein to a First Commercial Sale as a Development Milestone shall mean a one-time event comprised of the First Commercial Sale in any country in the Territory, such that NN shall be required to pay the specified Development Milestone amount no more than once irrespective of the number of countries in which such First Commercial Sale is ultimately achieved.

1.1.36 “Force Majeure” shall mean any event or circumstance which intervenes after the Effective Date and is beyond the control of the affected Party or other Person rendering performance hereunder and which could not reasonably have been foreseen and not reasonably prevented by that Party or other Person and which results in or causes the failure of that Party to perform any or all of its obligations under this Agreement.

1.1.37 “Independent IPH IPR” shall mean such IPR in the Collaboration Field as is generated or acquired (by assignment, license or otherwise) by IPH or any of its Affiliates (other than such IPR generated or acquired by any Third Party prior to it becoming an Affiliate of IPH):

(a) at any time during the portion of the Collaboration Term commencing upon the date of this Agreement; or

(b) within the period of *** following immediately after the expiration or termination of the Collaboration Term;

that is not within the Collaboration IPR but is Controlled by IPH or any of its Affiliates and is necessary or useful for Commercial Optimization of Licensed Products, Niche Candidates, or Residual Products.

1.1.38 “Independent IPR” shall mean Independent IPH IPR or Independent NN IPR.

1.1.39 “Independent NN IPR” shall mean such IPR in the Collaboration Field as (a) is generated or acquired (by assignment, license or otherwise) by NN or any of its Affiliates (other than such IPR generated or acquired by any Third Party prior to it becoming an Affiliate of NN) at any time during the portion of the Term commencing upon the date of this Agreement, and (b) is not within the Collaboration IPR but is Controlled by NN or any of its Affiliates and is necessary or useful for Commercial Optimization of such Niche Candidates, Residual Products or Licensed Products as IPH may hereafter become authorized to commercialize pursuant to the terms and conditions of this Agreement.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
1.1.40 “Intellectual Property Rights” or “IPR” shall mean any legally, equitably or otherwise enforceable right, title or interest (including all rights of authorship and copyrights, provisional and other Patent rights, Trade Secret rights, registered design rights, and rights in databases and data compilations) arising from, comprising, comprised in, or with respect to any Patents or Know-How.

1.1.41 “Intermediate Discovery Milestone” shall have the meaning ascribed to it in Schedule 1.1.41.

1.1.42 “Joint IPR” shall mean Collaboration IPR that is generated by one or more employees, agents, consultants or other Persons acting on behalf of IPH or any of its Affiliates (acting independently or with one or more Third Parties), on the one hand, and NN or any of its Affiliates (acting independently or with one or more Third Parties), on the other hand (so as to establish joint inventorship in the case of Patents), or that is otherwise jointly owned by (a) the Parties, (b) a Party and one or more Affiliates of the other Party, or (c) one or more Affiliates of a Party together with one or more Affiliates of the other Party.

1.1.43 “Joint Steering Committee” shall mean the committee established pursuant to Article 3.

1.1.44 “Kirostim Agreement” shall mean the Research, Development and License Agreement between IPH and NN dated September 30, 2003.

1.1.45 “Kirostim Field” shall mean any human therapeutic, prophylactic or diagnostic indications in the following fields:

(a) ***
(b) ***
(c) ***
(d) ***

1.1.46 “Know-How” shall mean any ideas, concepts, knowledge, information, skill, experience, materials (including any Materials), Research Technology, inventions, Trade Secrets or data, whether or not confidential or proprietary, patented or patentable, copyrighted or copyrightable, or in written, electronic or any other tangible or intangible form, that comprise or relate to, without limitation, discoveries, formulae, algorithms, computer programs, software, specifications, directions, instructions, libraries, biological or other materials including molecules, manufactures, compounds,

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
compositions, formulations, reagents or other biological or chemical entities, agents, targets, processes or materials (including, for example, antibodies, specialized tools, data compilations, data collections or databases, models, designs, drawings, plans, prototypes, practices, methods, processes, procedures, systems, techniques, technologies or means (including high-throughput screening, gene expression, genomics, proteomics, purification or isolation techniques, antibody generation or characterization techniques or other drug identification, research, discovery or development technologies), identification schemes, test protocols, procedures or results, data generated in pre-clinical or clinical studies (including pharmacological, toxicological or clinical information or test data), analytical, quality control or quality assurance data, manufacturing, marketing, pricing, distribution, cost or sales information, data or descriptions.

1.1.47 “Law” shall mean any law, statute, code, treaty, convention, ordinance, rule, regulation, judgment, award, order, directive or pronouncement of any domestic, foreign, federal, state, local or other government or governmental organ, agency or subdivision having the binding effect of law.

1.1.48 “Licensed Product” shall mean any Drug Candidate that has attained *** and has been discovered or developed, in whole or in part, pursuant to the Collaboration, and shall include, with respect to any such Drug Candidate any Backup Product or Backup Products for such Drug Candidate, and which shall together constitute but a single “Licensed Product” for purposes of determining the milestone payments payable under Article 7 of this Agreement. For the avoidance of doubt, Anti-KIR shall be a Licensed Product for the purpose of this Agreement.

1.1.49 “Material Adverse Effect” shall mean any material adverse effect of any nature or relevance upon the business, assets, liabilities, rights, privileges, results of operations, business or financial opportunities or prospects, or financial condition of, the affected Party or any of its Affiliates, or the ability of the Party to exercise its rights, fulfill its warranties or perform its obligations under this Agreement or consummate the transactions contemplated hereby, either directly or through permitted other Persons.

1.1.50 “Materials” shall mean all biological, chemical and other materials in the Collaboration Field that are (a) contributed by either or both Parties to the other Party or the Parties under the Collaboration; (b) generated or acquired by one or both Parties during the Collaboration Term pursuant to activities conducted pursuant to the Collaboration, (c) exchanged by the Parties pursuant to the Collaboration, or (d) exchanged between a Party and any Third Party pursuant to activities conducted pursuant to the Collaboration, during the Collaboration Term.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
1.1.51 “M0” shall have the meaning ascribed to it in the annexed Schedule 1.1.51.

1.1.52 “M1” shall have the meaning ascribed to it in the annexed Schedule 1.1.52.

1.1.53 “Net Sales” shall mean ***.

1.1.54 “Niche Candidate” shall mean any Drug Candidate or Licensed Product that NN, in the exercise of its sole discretion, has approved for independent further development by IPH (whether solely or with NN) pursuant to the provisions of Article 6.

1.1.55 “Out-license” and “Out-licensing” shall mean such a grant to a Third Party of some or all of the rights and obligations of a Party under this Agreement as includes the grant of a right to sell, have sold or otherwise commercialize the Licensed Products, Niche Candidates or Residual Products for one or more applications, uses, purposes or indications. “Out-licensor” and “Out-licensee” shall be construed accordingly.

1.1.56 “Patent” shall mean any U.S., non-U.S., international or multinational patent, patent application (petty, provisional, non-provisional and other), or other government-issued indicia of invention or industrial design ownership, including but not limited to continuations, continuations-in-part, divisionals, continued prosecutions, utility models, extensions (including but not limited to extensions under the U.S Patent Term Restoration Act, extensions of patents under the Japanese Patent Law, and supplementary protection certificates and any amendments thereof as well as any equivalent or other extensions in other jurisdictions), registrations, renewals, restorations, confirmations, substitutions and additions thereof and all reissues, validations, revalidations and reexaminations thereof, including any patents issuing therefrom and any foreign counterparts thereof.

1.1.57 “Person” shall mean any person, organization or entity, whether natural, legal or other, including any individual, corporation, firm, partnership, limited liability company, joint venture, estate, trust, unincorporated association or governmental entity.

1.1.58 “Pre-project” shall mean any Collaboration research project agreed upon by the Joint Steering Committee that both (a) deals with research of a specific idea or concept through target validation and identification of at least one lead compound until achievement of M0 status, and (b) is included in the Target Discovery Plan; and “Project” shall mean any Collaboration research project agreed upon by the Joint Steering Committee that deals with any bona fide and approved research in respect of a Drug Candidate for one or more indications between M0 and M1 pursuant to the Drug Discovery Plan.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
1.1.59 “Product Class” shall mean any class of Licensed Product referred to in Sections 1.1.11, 1.1.12 or 1.1.13.

1.1.60 “Project Review” shall mean the *** review of projects in the NN Research and Development portfolio that take place in the spring and fall of each calendar year.

1.1.61 “Research Technology” shall mean any process, or any molecule, manufacture, compound, composition, formulation, reagent or other biological or chemical entity, agent, target or material (including, for example, any antibody), used or usable primarily as a research tool (for example, as a target for screening), as distinguished from any actual or potential use primarily as a therapeutic, prophylactic, or commercializable diagnostic product.

1.1.62 “Research Technology IPR” shall mean any IPR in respect of Research Technology. For the avoidance of doubt, all licenses hereunder with respect to Research Technology IPR authorize use of Research Technology solely as a research tool (as opposed to use as a therapeutic, prophylactic, or commercializable diagnostic product).

1.1.63 “Residual Product” shall mean a Drug Candidate to which:

(a) ***
   (i) ***
   (ii) ***
   (iii) ***

(b) ***
   (i) ***
   (ii) ***

1.1.64 “Sub-license” and “Sub-licensing” shall mean the grant of a sub-license to perform some of the rights and obligations under this Agreement but shall not include the grant of a right to sell, have sold or otherwise commercialize a Licensed Product, Niche Candidate or Residual Product.”Sub-licensor” and “Sub-licensee” shall be construed accordingly.

1.1.65 “Target Discovery Plan” shall mean the joint research plans for individual projects in the Collaboration Field that are in the pre-M0 stage of development and that are to be actively pursued by IPH and NN as set forth in the annexed Schedule 1.1.65 or in any update or amendment to such Schedule pursuant to Article 4.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
1.1.66 “Term” shall mean the period commencing upon the Effective Date, and expiring, on a Licensed Product-by-Licensed Product, Niche Candidate-by-Niche Candidate, and Residual Product-by-Residual Product basis, upon the later to occur of the expiration, on a country-by-country basis, of:

(a) the last-to-expire Valid Claim of all:

(i) Collaboration Patents;

(ii) Patents within the Background IPH IPR;

(iii) Patents within the Background NN IPR;

(iv) Patents within the Independent IPH IPR listed in Schedule 9.5.4(a); and

(v) Patents within the Independent NN IPR listed in Schedule 9.5.4(b);

that would be infringed by the unlicensed manufacture, use, importation or sale in or into such country of such Licensed Product, Niche Candidate or Residual Product, or

(b) a period of ten (10) years following immediately after the First Commercial Sale of a Licensed Product, Niche Candidate or Residual Product in the relevant country.

1.1.67 “Territory” shall mean the entire world, including all countries thereof.

1.1.68 “Third Party” shall mean a Person other than the Parties or their Affiliates.

1.1.69 “Third Party Collaboration” shall mean collaborative work undertaken by independent Third Parties together with either Party, or both Parties, that (a) exist at the date of this Agreement and are listed in either Schedule 1.1.69A (NN Collaborations Relevant to this Agreement) or Schedule 1.1.69B (IPH Collaborations Relevant to this Agreement) or (b) that will be established pursuant to the terms and conditions of this Agreement. Third Party Collaborations that are entered into pursuant to the terms and conditions of this Agreement shall be listed in Schedule 1.1.69C.

1.1.70 “Third Party IPR” shall mean IPR Controlled by either or both Parties that is acquired (by assignment, license, or otherwise) from, or that is generated as part of a collaboration with, any Third Party as a result of agreement of the Parties pursuant to Section 3.4. To the extent such IPR is Controlled by a Party, Third Party IPR in the Collaboration Field shall constitute Collaboration IPR.
1.1.71 “Trade Secret” means any idea, information, data, material or other tangible or intangible matter, including any formula, pattern, compilation, program, device, method, technique, or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other Persons who can obtain economic value from its use or disclosure.

1.1.72 “Upside Revenue” shall mean ***.

1.1.73 “Valid Claim” shall mean, on a country-by-country basis, a claim of an issued and unexpired Patent which (a) has not been held permanently revoked, unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction that is unappealable or unappealed within the time allowed for appeal, and (b) has not been admitted to be invalid or unenforceable through reissue or disclaimer or otherwise. As used in this Agreement, “expire,” “expiration” and words of similar effect, when referring to a Valid Claim or Patent shall mean any expiration, revocation, invalidation or other termination of such Valid Claim or Patent, and a Valid Claim or Patent shall be deemed to expire at 00:00 a.m. on the date of such expiration.

1.2 Definitions of other terms used in this Agreement:

<table>
<thead>
<tr>
<th>Term</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affected IPH Persons</td>
<td>9.12</td>
</tr>
<tr>
<td>Arm’s Length Transaction</td>
<td>1.1.53</td>
</tr>
<tr>
<td>Buy-In-Option</td>
<td>6.5.1</td>
</tr>
<tr>
<td>Change of Control</td>
<td>20.2</td>
</tr>
<tr>
<td>Claim</td>
<td>16.1</td>
</tr>
<tr>
<td>Clinical Hold</td>
<td>12.7</td>
</tr>
<tr>
<td>Combination Product</td>
<td>1.1.25</td>
</tr>
<tr>
<td>Defending Party</td>
<td>9.15</td>
</tr>
<tr>
<td>Development and Commercialization Committee</td>
<td>4.9</td>
</tr>
<tr>
<td>Developing Party</td>
<td>12.8</td>
</tr>
<tr>
<td>Development Milestones</td>
<td>7.3</td>
</tr>
<tr>
<td>Disclosing Party</td>
<td>1.1.28</td>
</tr>
<tr>
<td>Discovery Milestones</td>
<td>7.3</td>
</tr>
<tr>
<td>First Offer</td>
<td>13.3.6(a)</td>
</tr>
<tr>
<td>FTE</td>
<td>3.9</td>
</tr>
<tr>
<td>Indemnified Party</td>
<td>16.1</td>
</tr>
<tr>
<td>Indemnifying Party</td>
<td>16.1</td>
</tr>
<tr>
<td>IPO</td>
<td>14.2</td>
</tr>
<tr>
<td>Other Indemnitees</td>
<td>16.1</td>
</tr>
<tr>
<td>Other Product</td>
<td>1.1.53</td>
</tr>
<tr>
<td>Parties</td>
<td>Introductory Paragraph</td>
</tr>
<tr>
<td>Party</td>
<td>Introductory Paragraph</td>
</tr>
</tbody>
</table>

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
1.3 Construction. As used in this Agreement, unless the express terms or context herein clearly require otherwise: (a) words denoting the singular shall include the plural and vice versa; (b) words denoting the masculine shall include the feminine and vice-versa; (c) words denoting persons shall include bodies corporate and vice-versa; (d) references to Recitals, Articles, Sections, Subsections and Paragraphs are to recitals, articles, sections, subsections and paragraphs of this Agreement; (e) references to Exhibits, Schedules or Appendices are to exhibits, schedules and appendices to this Agreement; (f) references to Laws are to such Laws as they may be amended from time to time or to any successor Laws, and references to particular provisions of a Law include any corresponding provisions of any succeeding Law; (g) references to agreements and contracts shall include any amendments and supplements thereto duly executed from time to time; (h) “include,” “including” and words of similar effect are used in the inclusive sense of “including, without limitation”; (i) “or” is used in the inclusive sense of “and/or”; (j) “any” is used in the sense of “any and/or all”; (k) section captions and headings are used for convenience of reference only and shall not affect the interpretation of this Agreement; (l)”herein,” “hereof”, “hereunder” and words of similar effect refer to the entirety of this Agreement; and (m)”days” refer to calendar days. The language of this Agreement shall be construed according to its fair meaning and not strictly against either Party. In the event of any translation of this Agreement from its original written expression in English, the original, English version of this Agreement shall control.

2. NATURE OF AGREEMENT AND PRIVILEGED COMMUNICATIONS

2.1 Collaboration Exclusivity. Save for only such activities, personnel, resources and facilities of any Affiliate of a Party that, prior to it’s becoming an Affiliate of such Party, have been made subject to a binding commitment that would conflict with such Affiliate’s performance of the exclusivity requirements set forth in this Section 2.1, below:

2.1.1 Exclusivity During Collaboration Term. During the Collaboration Term, the Collaboration shall be exclusive with respect to all matters in the Collaboration Field and each Party (including each of their respective Affiliates) shall dedicate all its activities, personnel, resources and facilities in the Collaboration Field exclusively to the Collaboration.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
2.1.2 **Exclusivity Holdover Period.** Except as otherwise expressly herein provided, (a) neither Party, nor any of such Party’s Affiliates, shall undertake or use in the Collaboration Field any such activities, personnel, resources or facilities independently of the Collaboration for *** following the expiry or earlier termination of the Collaboration Term, and (b) neither Party, nor any of such Party’s Affiliates, shall enter into collaboration with any Third Party in respect of subject matter of any Target Discovery Plan or Drug Discovery Plan for the two years following the expiry or earlier termination of the Collaboration Term.

For the avoidance of doubt, after the expiration of such *** post-Collaboration Term period, each Party and its respective Affiliates shall have the right to undertake any activities in the Collaboration Field independently of the Collaboration, whether individually or with any Third Party, including for purposes of the discovery, development or commercialization of products in the Collaboration Field, subject only to the obligations of such Party and the rights or licenses of the other Party that, by the express terms of this Agreement, survive the expiration or termination of the Collaboration Term, including, where applicable, the obligation to obtain and provide to the other Party the Third Party rights and licenses necessary to secure the freedom of operation to exercise its rights and licenses hereunder.

2.2 **Joint Research Agreement.** This Agreement is intended and shall serve, among other things, as a “joint research agreement” for purposes of Section 103(c) of the U.S. Patent Act, as amended, 35 U.S.C. § 103(c), and the Parties shall render to one another all reasonable assistance and cooperation, including the preparation and filing of such terminal disclaimers and other documents, required to procure and preserve the protections under said statute.

2.3 **Kirostim Agreement.** This Agreement shall supersede and replace the Kirostim Agreement and all amendments thereto.

3. **COLLABORATION**

3.1 **Collaboration Objective.** The undertaking and objective of the Collaboration, as set out in the Collaboration Plans, is for each Party individually, jointly with the other Party, or pursuant to one or more approved Third Party Collaborations, to research, discover and identify (i) Biological Targets within the Collaboration Field as Collaboration Targets, and (ii) ligands and other molecules, compositions, formulations and processes modulating or interacting with such Collaboration Targets, and

(a) to further develop and progress such targets, ligands and other agents to Drug Candidates possessing M0 status as set forth in the annexed Schedule 1.1.51, in accordance with the Target Discovery Plan;

(b) to conduct additional and other research and development to optimize such Drug Candidates and further develop and progress them to M1 status as further set forth in the annexed Schedule 1.1.52, in accordance with the Drug Discovery Plan, in each case in accordance with the terms and conditions of this Agreement; and

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(c) as a result of the foregoing, to enable (i) NN to further develop, and progress Licensed Products for further development and commercialization exclusively by or on behalf of NN (or its Affiliates or Out-licensees) in accordance with its rights and licenses hereunder, and/or (ii) to license or co-license to IPH pursuant to Article 6, the exclusive or co-exclusive (with NN) right (with the rights to Sub-license and Out-license) to develop and progress such Drug Candidates as may hereafter be approved by NN as Niche Candidates for further development and commercialization.

3.2 **Duration of the Collaboration.** The initial duration of the Collaboration shall be for a period of three (3) years commencing upon the date of this Agreement. In addition:

(a) **Optional Extensions of the Initial Collaboration Term.** Irrespective of whether or not the Parties have attained the Collaboration Research Goal on or before the third anniversary of the date of this Agreement, NN shall have the right to *** annual extensions of the initial term of the Collaboration, upon notice to be provided to IPH at least *** prior to the third and fourth anniversaries of the date of this Agreement, respectively, for a maximum extension of two (2) years, subject to the requirement that NN continue to provide to IPH annual research funding during each such annual extension period of no less than the amount of funding required to be provided by NN during the third year of the Collaboration pursuant to Section 3.13 (which amount shall be adjusted for inflation pursuant to the French INSEE inflation index effective upon the commencement date of each such annual extension period) and IPH shall dedicate exclusively to the Collaboration, on a full-time basis, the corresponding number of FTEs required by that Section;

(b) **Option to Discuss New Collaboration During Holdover Negotiation Period.** In the event that NN shall exercise the above renewal option for both annual extension periods, upon notice to be provided by either Party to the other at least *** prior to the expiration of the second such period, the Parties will have *** following the expiration of such extension period to negotiate in good faith the terms of a new agreement, and for the duration of such negotiation period (and any extension of such period as may be agreed to by the Parties) the Collaboration Term shall be extended and this Agreement shall remain in full force and effect, provided that, for the avoidance of doubt, NN shall have no research funding obligation to IPH with respect to such post-expiration holdover negotiation period. In the event that the Parties shall fail to agree in writing to the terms of a new agreement prior to the expiry of such negotiation period, the Collaboration Term shall expire upon the close thereof;

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(c) **Revised Objectives for Extended Collaboration.** If NN shall cause the initial term of the Collaboration to be extended for any annual period pursuant to Section 3.2(a), prior to, or within *** after, the commencement of such extension period the Joint Steering Committee shall adopt specific objectives for such extension period in substitution for the Collaboration Research Goal in accordance with the procedures set forth in Section 4.5, save that the adoption of such objectives for any such extension period shall be subject to the written approval of the senior management of both Parties; and

(d) **Failure to Attain Collaboration Research Goal.** For the avoidance of doubt, and without limitation of the Parties’ obligations to exercise Commercially Reasonable Efforts, or of any other obligations under this Agreement or remedies for the material breach thereof, the failure to attain the Collaboration Research Goal, in and of itself, shall not constitute a breach of this Agreement.

3.3 **Third Party Collaborations.** It is the intent of the Parties that IPR and Know-How in the Collaboration Field that is useful for Commercial Optimization and is acquired (by license, assignment or otherwise) under or generated within any Third Party Collaboration shall be, to the extent authorized by contract and permitted by applicable law, made available to the other Party as part of the Collaboration, during the Collaboration Term (and throughout the Term in respect of Collaboration IPR arising therefrom).

3.3.1 **Duty to Maintain.** Except as otherwise agreed to by the Parties, during the Collaboration Term, and to the extent authorized by contract and permitted by applicable Law, any Party that is also a party to a Third Party Collaboration listed in the annexed Schedules 1.1.69A, 1.1.69B, or 1.1.69C shall use Commercially Reasonable Efforts to maintain such Third Party Collaboration (including by, at its own expense, renewing any agreement that governs such Third Party Collaboration that may expire) during the Collaboration Term under similar terms to those that exist as of the date of this Agreement or when such Third Party Collaboration is otherwise added to Schedule 1.1.69C.

In the event that any such Third Party Collaboration is terminated either (a) by breach of the Party or action of the other party thereto (without reasonable possibility for revival or replacement) or (b) otherwise by approval of the Parties, during the Collaboration Term, the original Party to such terminated Third Party Collaboration shall, to the extent authorized by contract and permitted by applicable law, use Commercially Reasonable Efforts to promptly provide the other Party with, or assist the other Party in acquiring, the opportunity to enter into a similar Third Party Collaboration with the other party to such terminated Third Party Collaboration.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
3.3.2 **Reports on Progress in and Status of Third Party Collaborations.** During the Collaboration Term and to the extent authorized by contract and permitted by applicable Law, a Party to a Third Party Collaboration shall keep the other Party reasonably regularly notified regarding the status and progress of such Third Party Collaboration in respect of projects in the Collaboration Field (including by reporting such progress in the context of the Joint Steering Committee).

3.3.3 **IPR that is or may be Acquired Under Third Party Collaborations.** During the Collaboration Term, and to the extent authorized by contract and permitted by applicable Law, any Party that is also a party to a Third Party Collaboration listed in the annexed Schedule 1.1.69A, 1.1.69B, and 1.1.69C shall

(a) promptly notify the other Party of any IPR in the Collaboration Field arising from such Third Party Collaboration that is acquired (by license, assignment or otherwise) or generated as part of such Third Party Collaboration, and thereby Controlled by the Party (such IPR shall be, to the extent appropriate, be added to Schedule 1.1.16), and

(b) in the event that an opportunity to acquire IPR as part of such Third Party Collaboration arises that the Party to the Third Party Collaboration does not intend to pursue, promptly notify the other Party of such opportunity and provide the other Party with such opportunity in accordance with the provisions of Section 3.4.

3.3.4 **Procedure for New Third Party Collaborations.** During the Collaboration Term, the Parties shall enter into Third Party Collaborations only in accordance with the provisions of Section 3.4.

3.3.5 **Allocation of Pre-project or Project Responsibilities to Third Party Collaborations.** The Parties may, to the extent authorized by contract and permitted by applicable Law, by agreement of the Joint Steering Committee, allocate responsibilities for any Pre-project, Project or aspect of any such Project or Pre-project to any Third Party Collaboration, in accordance with the terms and conditions of this Agreement.

3.3.6 **Non-interference.** Except as provided for herein or otherwise agreed by the Parties, neither Party shall interfere with any Third Party Collaboration involving the other Party or any prospective renewal or expansion of the same during the Collaboration Term.
3.3.7 Third Party Collaboration Materials and Know-How. During the Collaboration Term, any Party to a Third Party Collaboration shall, to the extent authorized by contract and permitted by applicable Law, make available to the other Party reasonable quantities of any samples of Materials or other Know-How arising from such Third Party Collaboration that may be useful for Commercial Optimization.

3.4 Presentation of In-Licensing and New Third Party Collaboration Opportunities. The Parties shall present to the Joint Steering Committee all opportunities that arise during the Collaboration Term to (a) in-license or otherwise acquire Third Party Controlled IPR in the Collaboration Field or (b) generate or otherwise acquire IPR as part of a collaboration with any Third Party. All such opportunities shall be considered by the Joint Steering Committee on a case-by-case basis. The Parties shall have *** days after a Party’s presentation of such opportunity to decide whether or not to: (a) in-license or otherwise acquire such IPR as Third Party IPR; or (b) establish a new Third Party Collaboration (which shall be added to Schedule 1.1.69) pursuant to which any IPR licensed or otherwise acquired under or that arises from the Third Party Collaboration is made accessible to the other Party for the purposes of the Collaboration (any such IPR shall also be considered Third Party IPR and shall be listed in Schedule 1.1.16). The Party presenting such opportunity shall make a full written disclosure to the other Party of all material facts known by such Party with respect to the subject matter of the proposed opportunity, in such timely fashion as to permit the other Party to make an informed decision as to how to proceed in respect of such matters.

3.4.1 Determination of Responsibility for Acquisition of Approved Third Party IPR. If one Party presents such an opportunity to the Joint Steering Committee, then if the other Party agrees that the Collaboration should take one of the proposed actions, the Parties shall negotiate in good faith, on a case-by-case basis, which Party shall be responsible for negotiation of the relevant Third-Party IPR acquisition (including in-licensing) or collaboration opportunity as well as whether and in which proportions the responsibility for payment for access to or acquisition of such third-party IPR shall be borne by the respective Parties.

3.4.2 Impact of Acquired Approved Third Party IPR on Royalty Class.

(a) Acquisition by IPH. If the opportunity was presented by IPH and IPH wishes to negotiate and pay for the licensing-in or other acquisition of such Third-Party IPR, or if it is agreed by the Parties that IPH shall negotiate and pay, in whole or in part for the licensing-in or other acquisition of any such Third-Party IPR, then any product the sale of which for any purpose without a license under such IPR would infringe a Valid Claim of such IPR by virtue of such IPR comprising a Valid Claim covering the product or the prophylactic, therapeutic, or diagnostic use thereof (as opposed to the production or other use of such product), shall, except where such product already constitutes a Class A Licensed Product, constitute a Class B Licensed Product and IPH shall be entitled to NN’s payment of the corresponding Class B Licensed Product royalties on Net Sales of such product during the Term in accordance with Section 7.6.2 and in all other events shall be classified as a Class C Licensed Product; and

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
3.4.3 Non-Agreed-Upon Third-Party IPR.

(a) **Right of Acquisition by Presenting Party.** If, pursuant to the procedures set forth in Subsection 3.4.2, the Party that is not presenting the in-licensing or other acquisition opportunity does not wish the IPR of or collaboration with the Third Party to be included in the Collaboration, then the Party presenting such opportunity to the Joint Steering Committee shall have the exclusive right to take such action(s) at its own expense and on its own behalf. In the event that such Party does so, any IPR acquired or arising pursuant to such proposed in-licensing, other acquisition or Third Party collaboration shall be deemed (i) Independent IPH IPR if IPH is the Party taking such action or (ii) Independent NN IPR if NN is the Party taking such action.

(b) **Exclusive Rights of Acquiring Party.** In such event, the Party that acquires (by assignment, license or otherwise), or enters into a collaboration with a Third Party with respect to, such IPR pursuant to this Subsection 3.4.3, that Party shall have the exclusive right throughout the Territory, with the right to Sub-license and Out-License, to develop and commercialize products (in general or for one or more specific indications) encompassed by a Valid Claim in such IPR, without obligation to pay or provide any royalty or other consideration to the other Party except with respect to the Net Sales of such products the sale of which are covered by a Valid Claim of a Collaboration Patent or (i) if NN or one of its Affiliates is commercializing such product, a Valid Claim of a Patent within the Background IPH IPR or Independent IPH IPR; and (ii) if IPH or one of its Affiliates is commercializing such product, a Valid Claim of a Patent within the Background NN IPR or Independent NN IPR.
Such products covered by such Valid Claims shall be subject to the payment of either a royalty of *** on the Net Sales thereof or alternatively *** of all royalties received by either of the Parties or any of their Affiliates in respect of Net Sales during the Term by its Out-licensees of such products, as calculated, *mutatis mutandis*, pursuant to Subsection 1.1.53. Payment obligations in respect of royalties received from Out-licensees shall be subject to the Out-licensing Party’s obligation to pay to the other Party a minimum royalty equal to ***, and a maximum royalty equal to ***, of the Out-licensee’s Net Sales of such products. Any of such payments shall be made on a product-by-product and country-by-country basis until the expiration of the last to expire of the aforementioned Valid Claim covering such product in such country. For the avoidance of doubt, (a) the foregoing payment obligation is in lieu of, and not in addition to, any potential or actual Upside Revenue payment obligation, (b) the foregoing royalty obligation shall not be subject to the alternative ten- (10-) year royalty payment period prescribed by Section 1.1.66, and (c) the Party commercializing such product shall have no obligation to pay or provide any milestone fee or other consideration to the other Party in connection with its development or commercialization thereof.

(c) No NN Funding of Non-Collaboration Activities. For the avoidance of doubt, NN shall have no research funding obligation with respect to, and IPH shall not assign any FTEs funded by NN hereunder to, any activities in connection with the research, development or commercialization of or under any IPR (or any Know-How, Biological Target or other subject matter encompassed by such IPR) that is in-licensed or otherwise acquired by IPH pursuant to this Subsection 3.4.3.

3.5 Obligation to Diligently Seek Sub-License Rights in All Collaborations with Third Parties. During the Collaboration Term, each Party shall, in negotiating any in-licensing, collaboration, partnering or other agreements or arrangements in the Collaboration Field, exercise diligent efforts to obtain the right to grant to the other Party (by license, sublicense or other transfer) the rights and licenses acquired by such Party (by assignment, license or otherwise) in the Collaboration Field pursuant to such Third Party agreements or arrangements (including Third Party Collaborations) for purposes of Commercial Optimization, and to avoid, and if such avoidance is not possible, to minimize, any requirement to provide additional consideration to such third-parties for obtaining or exercising such right.

3.6 Collaboration Plans. The Target Discovery Plan and Drug Discovery Plan, including detailed work plans and performance criteria with respect to the Parties’ respective responsibilities and obligations thereunder, as contemplated by the Parties as of the date of this Agreement, are set out, respectively in Schedules 1.1.65 and 1.1.32.

Certain information has been excluded from this agreement (indicated by "[***]") because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
3.7 **Commercially Reasonable Efforts.** Each Party shall use Commercially Reasonable Efforts during the Collaboration Term:

(a) to fulfil the responsibilities assigned to such Party in the Collaboration in accordance with the applicable Target Discovery Plan or Drug Discovery Plan as the same may be amended by the Joint Steering Committee from time to time;

(b) to perform its obligations under the Collaboration in good faith in a commercially reasonable and workmanlike manner;

(c) as appropriate and to the extent authorized by contract and permitted by applicable Law, to make available to the other Party resources that are necessary or useful for Commercial Optimization (without limitation of either Party’s specific performance obligations hereunder, including the affirmative obligation to provide or make accessible to the other Party any Know-How (including reasonable quantities of samples of any relevant Materials) Controlled by the first Party that are necessary or useful for such Commercial Optimization); and

(d) to carry out all work done in the course of the Collaboration in material compliance with the Target Discovery Plan and Drug Discovery Plan and all applicable Laws and professional standards governing the conduct of such work.

3.8 **Legal Compliance.** In the course of carrying out any work under this Agreement, each Party will comply with all applicable Laws regarding the conducting of tests in animals for laboratory research purposes. IPH shall at NN’s expense comply with any additional requirements requested by NN in accordance with NN’s policy for use of animals for laboratory research purposes as set forth in the annexed Schedule 3.8 as the same may be amended by NN from time to time.

3.9 **Research Personnel.** During the Collaboration Term,

(a) each Party shall continue to contribute to the Collaboration all its research and development activities in the Collaboration Field that are ongoing as of the date of this Agreement, which shall include the activities listed, in the case of NN, in Schedule 1.1.69A and, in the case of IPH, in Schedule 1.1.69B, and

(b) each Party shall further contribute to the Collaboration as follows:

(i) IPH shall deploy and dedicate to the Collaboration, on a full-time basis at least *** of its full-time employees (“FTEs”) during Collaboration Year 1 *** of whom shall be assigned on a full-time basis to the continuation of projects under the former Kirostim Agreement) and at least *** of its FTEs during each of Collaboration Years 2 and 3, with no fewer than *** of such FTEs involved in the Drug Discovery Projects at any given time during the Collaboration, and with the precise allocation and deployment of IPH FTEs to be determined by the Joint Steering Committee twice each year during the Collaboration Term for the following six-(6) month period. In its deployment of FTEs to the Collaboration pursuant to this paragraph, IPH shall

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

25
maintain an FTE ratio of at least *** with an academic degree from a higher institution of learning (e.g., a university or an engineering school or engineering institute) to *** at all times during the Collaboration. IPH shall further dedicate to the Collaboration appropriately ample time and involvement by IPH management, including regular participation in various Collaboration committees (e.g., the Joint Steering Committee), and provide and ensure the full participation of Project Managers for each project defined by the Joint Steering Committee.

(ii) During each of Collaboration Years 1 through 3 and, if the Collaboration is thereafter extended, during each of the first two (2) annual extensions of the Collaboration Term, NN shall, in addition to its research funding of IPH pursuant to Section 3.13, provide sufficient annual research funding to cover its own research costs in relation to the Target Discovery and Drug Discovery Plans, including, but not limited to, the funding of *** NN FTEs.

3.10 Project and Pre-Project Groups. The Parties shall form one project group for each project and one or more Pre-project Group(s) (as determined by the Joint Steering Committee) for each or all Pre-Project(s), identified in the Collaboration Plans. Each such Project group or Pre-project group shall be composed of at least *** and *** representative appointed by each Party who shall have the appropriate experience, expertise, and familiarity with the scientific or intellectual property issues confronted by the Project group to which he or she has been assigned. Each Project group or Pre-project group shall meet at least once per calendar quarter in order to manage effectively each aspect of the Target Discovery Plan or Drug Discovery Plan being implemented by the Project or Pre-project to which it has been assigned.

3.11 Project Managers. For each Project and for one or more Pre-projects (as the Joint Steering Committee shall decide), each Party shall appoint a head of its research team (a "Project Manager") who shall act as the primary contact between the Parties during the Collaboration and shall be responsible for:

(a) the internal management of each Collaboration project pursuant to the Collaboration Plans;
(b) the coordination of each project with the other Party’s Project Manager;
(c) the facilitation of communication between the Parties on a regular basis to discuss the progress of each Project or Pre-project;
(d) ensuring that all raw data and results generated by or through the Project or Pre-project are freely exchanged between the Parties pursuant to the terms of this Agreement; and

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(e) the provision of regular progress reports and input to the Joint Steering Committee and the Parties’ respective management teams, including the preparation of written project reports, including all summaries and analyses of Project or Pre-project data, on a monthly basis throughout the Collaboration Term, and submission thereof to NN and IPH management. Such project reports shall

(i) describe all research, development and other Collaboration activities that have been performed, or caused to be performed, since the last such report,

(ii) evaluate the work performed in relation to the goals of the Collaboration and the applicable Target Discovery Plan or Drug Discovery Plan, and

(iii) provide such other information as may be required by this Agreement or the applicable Target Discovery Plan or Drug Discovery Plan, or that is reasonably requested by the other Party.

3.12 Research Funding. With the sole exception of the following annual research funding contributions to be made by NN to IPH to ensure IPH’s compliance with its obligation to deploy, on a full-time basis, the number and quality of full time employees required pursuant to Section 3.9, NN and IPH shall each pay all costs and expenses of the activities it is responsible to perform pursuant to the terms of this Agreement and the relevant Collaboration Plans:

• ***
• ***
• ***

With the exception of the above-noted pre-paid research funding for Collaboration Year 1, NN shall pay to IPH, as NN’s annual research funding contribution for each of the first three years of the Collaboration, *** for each of the above-specified IPH FTEs deployed by IPH on a full-time basis in compliance with Section 3.9. With the exception of the above-noted pre-paid research funding for Collaboration Year 1 upon the Parties’ execution and delivery of this Agreement on the date of this Agreement, NN shall pay in full the annual research funding contribution to IPH for Collaboration Year 1 upon the anniversary of the date of this Agreement. Commencing with the first anniversary of the date of this Agreement, with respect to each remaining Collaboration Year of the Collaboration Term, NN shall pay the annual research funding contribution to IPH for each such Collaboration Year in advance, upon the anniversary of the date of this Agreement. NN shall have no research funding obligation to IPH after the expiration of the Collaboration Term, irrespective of any continuation of this Agreement thereafter during any holdover period, as set forth in Section 3.2(b).

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
4. MANAGEMENT OF THE COLLABORATION

4.1 Project Group Decisions. Decisions in the project groups will be taken by consensus of the Parties’ respective Project Managers and any dispute that may arise between them as to such decisions shall be referred for resolution to the Joint Steering Committee in accordance with Section 4.5.

4.2 Joint Steering Committee. The Parties have previously established a Steering Committee pursuant to the Kirostim Agreement. Within *** days after the date of this Agreement, the Parties shall form a Joint Steering Committee under this Agreement. The Joint Steering Committee will function throughout the Collaboration Term as the key coordination, supervisory and liaison body in relation to the Collaboration and shall, upon its formation, supersede, replace and undertake the duties of the Steering Committee formed under the Kirostim Agreement, which Steering Committee shall be dissolved, automatically and without further action by the Parties, effective upon the formation of the Joint Steering Committee. The Joint Steering Committee shall:

(a) consist of *** members having requisite skills to enable them to make recommendations to the Parties’ management with respect to the Collaboration, *** of whom shall be appointed by and represent NN, and *** of whom shall be appointed by and represent IPH, as notified by each Party to the other from time to time in writing;
(b) accord one vote to each Party;
(c) be chaired by *** representative (for administrative purposes), as chosen by ***;
(d) hold meetings in person as frequently as the members of the Joint Steering Committee may agree shall be necessary during the period of the Collaboration, or more frequently upon the reasonable request of either Party, but in any event no less frequently than four (4) times in any Collaboration Year, two (2) of which meetings shall take place, if at all practicable, within one month prior to an NN semi-annual Project Review. Dates of Joint Steering Committee meetings to be held in person shall be agreed upon by the Joint Steering Committee not less than *** days beforehand; responsibility for arranging the meetings, including providing notice and an agenda shall rest with the chair of the Joint Steering Committee;
(e) establish its own procedural rules for the Joint Steering Committee’s operation, except as to the specifications and procedures expressly set forth in this Section 4.2;
(f) designate individuals who shall be responsible for sending draft minutes of each meeting to each of the Joint Steering Committee members without undue delay and ensuring that all such minutes are submitted for written approval by both Parties; and

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
be dissolved automatically and without further action by the Parties, upon the expiration of three (3) months after the effective date of the expiration or earlier termination of the Collaboration Term.

4.3 **Duties of Joint Steering Committee.** The Joint Steering Committee shall have the following, among other, duties and responsibilities:

(a) Following the first meeting of the Joint Steering Committee preparing a Target Discovery Plan for Projects in the Collaboration Field that are in the pre-M0 stage of development and that are to be actively pursued by one or both of the Parties or their respective Affiliates (alone or with one or more Third Parties) and annexing such Target Discovery Plan hereto as Schedule 1.1.65;

(b) monitoring and managing the progress of the Target Discovery Plan and the Drug Discovery Plan, including, but not limited to, updating all associated work plans, allocating IPH’s FTEs among projects, and providing recommendations respecting the allocation of NN’s FTEs among projects;

(c) managing the deployment, allocation and use of Collaboration Know-How or other Materials and Know-How contributed by the Parties to, or generated or acquired (by assignment, license or otherwise) by, the Parties pursuant to the Collaboration;

(d) classifying Pre-projects or Projects within any of the Collaboration Plans, or any associated or other project or aspect thereof (including any activities in respect of the discovery or development of any Drug Candidate) as being active, suspended or terminated;

(e) identifying and assessing Exploratory Targets and updating Schedule 1.1.33 accordingly;

(f) reviewing, and preparing proposed updates or other amendments (as necessary) to, Schedules 1.1.12 and 1.1.13 for review and written approval by the Parties’ respective management to record the addition and proper classification of Licensed Products;

(g) preparing, within *** days prior to the expiry or effective date of the termination of the Collaboration Term, the final version of Schedules 1.1.12 and 1.1.13 for review and written approval by the Parties’ respective management;

(h) considering and, if necessary updating, Schedule 1.1.22 (Collaboration Targets) (a) no less frequently than once during each *** period in the Collaboration Term, (b) within *** after receipt of the written request of either Party during the Collaboration Term, and (c) in a final version of such Schedule to be fixed and final as of the date of the expiration or earlier termination of the Collaboration Term;

Certain information has been excluded from this agreement (indicated by “[**]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(i) reviewing, and preparing proposed updates or other amendments (as necessary) to Collaboration Plans for review and written approval by the Parties’ respective management;

(j) assessing, evaluating and making recommendations to the management of the Parties regarding Third Party Collaborations, Third Party IPR in-licensing and acquisition opportunities, and other IPR in-licensing and acquisition opportunities in the Collaboration Field vis-à-vis any Third Party;

(k) receiving IPH’s requests, and initiating and monitoring the process by which a Drug Candidate may be referred to NN’s management for the determination, in the sole discretion of NN’s management, whether or not to classify and approve such Drug Candidate as a Niche Candidate for independent development by IPH under this Agreement;

(l) prioritizing the discovery and research activities of the Collaboration;

(m) identifying which disease states, indications and conditions might best be targeted by the Collaboration;

(n) establishing such subcommittees as the Joint Steering Committee may deem appropriate without extending the rights or obligations of the Parties under this Agreement;

(o) making proposals to the management of the Parties for the review or amendment of the Target Discovery Plan, Drug Discovery Plan, or any other work plans or time schedules under the Collaboration;

(p) liaising with the Ex-Vivo Task Force with respect to development of ex-vivo applications of Drug Candidates pursuant to Section 6.2;

(q) developing, agreeing upon and recording procedures for issuing publications and press releases with regard to the Collaboration, subject to the terms of this Agreement set forth in Article 18; and

(r) establishing a Joint Patent Committee to oversee, coordinate and monitor Patent and other IPR management, development, maintenance and enforcement efforts and strategies in accordance with Article 9, and to report to the Joint Steering Committee with respect thereto;

(s) evaluating and making proposals and recommendations to the management of the Parties with respect to the number of FTEs required to implement current and planned projects under the Collaboration Plans, including, where applicable, the retention and deployment of additional FTEs;
performing such other functions and responsibilities as the Parties may hereafter agree to in writing, provided that, for the avoidance of doubt, it is hereby acknowledged and agreed that the Joint Steering Committee shall have no authority to countermand, modify or amend the terms of this Agreement or of any other written agreement between the Parties, or to cause the Parties’ obligations (including any payment obligation) to be otherwise than as stated herein or therein; and

updating Schedule 1.1.17 (containing Collaboration Know-How.

4.4 Participation in Committee Meetings. The Joint Steering Committee and each of its members shall have power to invite persons whose special skills or influence might advance the Collaboration to attend and address meetings of the Joint Steering Committee. Persons invited may, but are not required to be, employed by the inviting Party or its Affiliates. The inviting Party shall have the obligation to secure that such persons are bound by obligations of confidentiality that are at least as stringent as those set forth in this Agreement. The Joint Steering Committee shall decide on a case-by-case basis who shall be responsible for the expenses incurred by the invitation. For the avoidance of doubt, it is agreed that such invited persons shall not be a member, and shall not have a right to vote or participate in the decision-making process of the Joint Steering Committee.

4.5 Decision-making Procedures. The Joint Steering Committee shall form a quorum when two representatives of each Party are present. Decisions of the Joint Steering Committee shall be made by unanimous consent of the Parties, with each Party having a single vote, irrespective of the number of representatives actually in attendance at a meeting, or by written resolution signed by one designated representative of each of the Parties. Draft minutes shall be prepared and circulated to the Parties for approval and signature without undue delay after each Joint Steering Committee meeting. If any issue remains unresolved after *** following the formal consideration of such issue by the Joint Steering Committee, either Party may by written notice to the other refer that issue to the Chief Scientific Officer of NN and the Chief Executive Officer of IPH, who shall in good faith negotiate to resolve that issue within *** of such notice. Except with respect to the specific issues expressly identified in Section 3.4 (which shall be decided in accordance with the terms and conditions of that Section), in the event that said officers fail to reach agreement within ***, or for such other period as the Joint Steering Committee may agree, such issue shall be determined by ***, in the good faith exercise of its sole discretion and such determination shall be final and binding upon the Parties.

4.6 Disputes and Continued Performance. For the avoidance of doubt, notwithstanding any failure of the Joint Steering Committee, or the Chief Science Officer of NN and Chief Executive Officer of IPH, to reach agreement resolving any dispute presented to them, the existence of any disputes between the Parties shall not excuse either Party from rendering full performance of its obligations under this Agreement. During the pendency of any such dispute and unless and until this Agreement is terminated in accordance with the express terms and conditions of Article 12, the provisions of this Agreement shall remain in full force and effect and the Parties shall be obligated to perform their

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
respective obligations and be entitled to their respective rights under this Agreement. Notwithstanding the foregoing, or any other provision of this Agreement: (a) in the event that this Agreement is terminated by either Party, the Parties shall be entitled to such rights and licenses, and bear such obligations, as survive such termination pursuant to the express terms hereof, and (b) no such termination shall take effect during the pendency of any dispute as to the right of the terminating Party to terminate this Agreement, provided that such dispute is submitted to arbitration in accordance with Section 21.14 within *** days after the effective date of such termination.

4.7 Expenses. ***.

4.8 Limited Authority. For the avoidance of doubt, the Joint Steering Committee shall have no competency to increase or decrease the total number of IPH or NN FTEs required by this Agreement or to make any other change in the Collaboration which would materially affect the scope, costs or other terms thereof as set forth in this Agreement. Any such change shall require a written agreement between the Parties.

4.9 Development and Commercialization Committee. The Parties have previously established a Development and Commercialization Committee pursuant to the Kirostim Agreement. Within *** after the date of this Agreement, the Parties shall form a committee to be designated as the “Development and Commercialization Committee” that shall, upon its formation, supersede, replace and assume the duties of the Development and Commercialization Committee established under the Kirostim Agreement, which prior Development and Commercialization Committee shall be thereupon be dissolved automatically without further action of the Parties. The Development and Commercialization Committee shall function throughout the Term as a forum for the Parties’ communication and discussion concerning (a) post-M1 development and commercialization, both during and after the Collaboration Term, of all Licensed Products, including all products discovered or developed pursuant to the Kirostim Agreement, and (b) any Niche Candidates. The Parties shall agree on the rules and procedures for such a Development and Commercialization Committee, which shall in any event:

(a) consist of three (3) ordinary representatives of each Party, as may be designated by each Party to the other Party from time to time in writing;
(b) be chaired by an additional *** representative to be chosen by *** and who shall constitute the seventh (7th) member of the Development and Commercialization Committee;
(c) hold meetings in person as frequently as the members of the Development and Commercialization Committee may agree shall be necessary but in any event no less frequently than once every ***. Dates of meetings to be held in person shall be agreed by the parties not less than *** beforehand with the first meeting to take place before December 31, 2006, with responsibility for arranging the meetings, including providing notice and an agenda, resting with the chairman;

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
5. GRANT OF RIGHTS

5.1 NN Licenses in the Field. IPH hereby grants to NN, and NN hereby accepts:

(a) an exclusive (even as to IPH) right and license during the Term, to practice, exercise and use all Background IPH IPR other than Background IPH Research Technology IPR;

(b) an exclusive (even as to IPH) right and license during the Collaboration Term, and non-exclusive right and license during the balance of the Term remaining after the expiration or earlier termination of the Collaboration Term, to practice, exercise and use all Background IPH Research Technology IPR; and

(c) an exclusive (even as to IPH) right and license during the Term, to practice, exercise and use all Collaboration IPR Controlled by IPH (including, for clarity, any Joint IPR or Third-Party IPR);

in the Collaboration Field and throughout the Territory, in each case ((a) through (c)), with the right to Sub-license and Out-license, for purposes of achieving Commercial Optimization, including the right and license to conduct research with and of, discover, develop, use, manufacture, have manufactured, register, package, sample, distribute, promote, market, offer for sale, import, export, sell and have sold Licensed Products, Niche Candidates and Residual Products for all uses and purposes, subject to the terms and conditions of this Agreement, including the rights and licenses granted back, or agreed to be granted back, to IPH pursuant to Sections 5.3 and 5.5(a), below.

5.2 NN License to Collaboration IPR Outside the Collaboration Field. IPH hereby further grants to NN, and NN hereby accepts, a non-exclusive, Sub-licensable right and license, without the right to Out-license, to practice exercise and use throughout the Territory during the Term, any Collaboration Research Technology IPR Controlled by IPH, for purposes of NN’s and its Affiliates’ use for the discovery, development or commercialization of biologics or other products or processes outside the Collaboration Field. In the event that NN wishes to Out-license such IPR, it shall notify IPH of its desire to do so in a written request setting forth in reasonable detail the contemplated nature and terms of, and parties to, the proposed Out-license, and the Parties shall negotiate in good faith a separate license agreement providing for such Out-license, any such agreement being subject to the final management approval of each Party.

5.3 Grant Backs to IPH. NN hereby grants back to IPH, and IPH hereby accepts for no additional consideration, a non-exclusive right and license, with the right to Sub-license (but without the right to Out-License), throughout the Territory, to practice, exercise and use (a) during the Collaboration Term, Background IPH
IPR licensed to NN pursuant to Section 5.1, and (b) during the Term, all Research Technology IPR licensed to NN during the Term pursuant to Section 5.1, in each case ((a) and (b)) solely to conduct research and development for purposes of Commercial Optimization.

5.4 IPH Licenses to NN Background Research Technology IPR and NN Controlled Collaboration IPR. NN hereby grants to IPH, and IPH hereby accepts, a non-exclusive right and license, with the right to Sub-license (but without the right to Out-License), throughout the Territory during the Term, to practice, exercise and use any Background NN Research Technology IPR or Collaboration IPR that is Controlled by NN, solely to conduct research and development for purposes of Commercial Optimization.

5.5 Future IPH License in the Field for Niche Candidates. NN hereby agrees to grant or grant back to IPH an exclusive right and license, including the right to Sub-license and Out-license, throughout the Territory during the Term, to develop and commercialize in the Collaboration Field solely such specific Niche Candidates as IPH may hereafter be authorized to commercialize pursuant to the terms and conditions of Article 6 hereof:

(a) under all Intellectual Property Rights licensed exclusively to NN pursuant to Section 5.1; and

(b) under all Background NN IPR and Collaboration IPR Controlled by NN,

to the extent that such rights and licenses are necessary or useful for purposes of achieving Commercial Optimization with respect to such specific Niche Candidates in approved indication(s). Notwithstanding the foregoing or any other provision of this Agreement, NN shall not be required to grant or grant back to IPH any such right or license if to do so is not authorized by contract or permitted by applicable Law or will require NN to pay or provide any consideration (including any royalty, sublicense fee or other payment) to any Person, save that, in the event that NN shall decline to pay or provide such consideration to procure or grant such license, IPH shall have the right to do so to the extent authorized by contract and permitted by applicable Law.

For the avoidance of doubt, the exclusivity of any license granted or granted back to IPH pursuant to this Section 5.5 shall be comprised solely of the exclusive rights of commercialization, and development for commercialization, and only as they may hereafter apply to such specific products as IPH is hereafter authorized to develop pursuant to Article 6, and shall not in any way limit or derogate from NN’s rights with respect to any IPR licensed to IPH under this Agreement (including any right of NN to practice, use or exploit such IPR), or any of the rights or licenses of NN under this Agreement to practice, use or exploit any IPR licensed to NN hereunder for any purpose other than for commercializing such specific Niche Candidates for such specific indications or uses as are hereafter licensed exclusively to IPH to commercialize pursuant to the terms and conditions of Article 6 and this Section 5.5.
5.6 **Sub-licensing.** Except as is otherwise herein expressly provided, and subject to the terms of this Agreement, each of IPH and NN shall be entitled to Sub-license their rights and obligations under this Agreement provided that (a) the Sub-licensing Party shall secure appropriate covenants, obligations and rights from any proposed Sub-licensee so as to ensure that such Sub-licensee is able to comply with the Sub-licensing Party’s covenants and obligations hereunder, and (b) during the Collaboration Term, all such Sub-licensing by the Parties shall be subject to the prior approval of the Joint Steering Committee.

A Party that Sub-licenses any rights, licenses or obligations hereunder to any Person shall ensure that, prior to and as a condition of the grant of such Sub-license, the proposed Sub-licensee enters into binding obligations of confidentiality, non-use, and IPR ownership that shall be enforceable by both Parties and at least as stringent as those set out in the text hereof, and that, with respect to Materials, shall conform to the Material Transfer Agreement and other requirements set forth in Section 10.4. Each Party shall be liable for any such work performed by its Sub-licensees hereunder as if the work had been performed by the Party itself.

For the avoidance of doubt, FTEs of the Parties’ Sub-licensees who are dedicated on a full-time basis to perform activities for or on behalf of the Collaboration and who otherwise meet the qualification requirements applicable to the respective Parties under Section 3.7 shall be counted as FTEs of the Sub-licensing Party for purposes of determining the Parties’ respective contributions of personnel to the Collaboration pursuant to that Section.

5.7 **Regulatory Exclusivity.** For no additional consideration:

(a) IPH shall grant a license or authorization to NN (and do all such reasonable acts related thereto) under any regulatory exclusivity (such as orphan drug exclusivity, new chemical entity exclusivity, pediatric exclusivity, and the like) and any regulatory reference rights, authorizations, or approvals held by IPH or any of its Affiliates with respect to the development or commercialization of a Niche Candidate, Residual Product or Licensed Product that are necessary for NN to develop or commercialize any Licensed Product, Niche Candidate or Residual Product that might otherwise be barred from regulatory approval by such exclusivity; and

(b) NN shall grant a license or authorization to IPH (and do all such reasonable acts related thereto) under any regulatory exclusivity (such as orphan drug exclusivity, new chemical entity exclusivity, pediatric exclusivity, and the like) and any regulatory reference rights, authorizations, or approvals held by NN or any of its Affiliates with respect to any Licensed Product, Niche Candidate or Residual Product that are necessary for IPH to develop or commercialize any Niche Candidate, Residual Product or Licensed Product that are necessary for IPH to develop or commercialize any Niche Candidate, Residual Product or Licensed Product authorized for commercialization by IPH hereunder that might otherwise be barred from regulatory approval by such exclusivity.
5.8 Freedom of Operation in Respect of Independent IPR. It is the Parties’ intention that each of them have and retain throughout the Term the freedom to operate necessary to enable them to exercise their respective rights and licenses, and fulfill their respective obligations, under this Agreement for the purposes of achieving Commercial Optimization of Licensed Products, and Niche Candidates and Residual Products. To this end, the Parties shall be obligated as follows:

5.8.1 IPH License to NN of Independent IPH IPR.

(a) IPH shall, and hereby does, in each case at its own expense, grant, or shall procure for NN or its Affiliates, or pay for the procurement by or on behalf of NN of, the grant of, non-exclusive rights and licenses (including the right to grant Sub-licenses and Out-licenses), throughout the Territory during the Term under all such Independent IPH IPR as (i) is generated or acquired (by assignment, license or otherwise) at any time during the Collaboration Term or the *** period following immediately after the expiration or termination thereof by or on behalf of (A) IPH or any of its Affiliates, either jointly with one another or independently, or (B) IPH, or any of its Affiliates, or any Third Party (whether independently of or jointly with IPH or any of its Affiliates) in connection with any collaboration by IPH or any of its Affiliates with such Third Party, and (ii) is necessary for the achievement of Commercial Optimization of Licensed Products, Niche Candidates, or Residual Products, and, in particular, for NN fully to exercise its rights and licenses and fulfill its obligations under this Agreement.

***

(b) For the avoidance of doubt, NN shall not be required to pay or provide any fee, royalty or other consideration (such as the payment of any premium or performance of any obligation) by reason of or in consideration of IPH’s grant or procurement of the grant to NN of any right or license pursuant to this Subsection 5.8.1, other than or in addition to such royalty obligations as might apply to NN’s use of Independent IPH IPR pursuant to Subsection 5.8.1(a) hereof

(c) For the avoidance of doubt, it is understood that NN may need to pay or provide consideration to Third Parties by the terms of such agreements or arrangements as NN may need to enter into (or authorize IPH to enter into) with such Third Parties to secure NN’s freedom of operation pursuant to the express, post-purchase/acquisition exclusion to IPH’s payment obligation set forth in the second paragraph of Subsection 5.8.1(a) with respect to IPR that is first generated or acquired by IPH or an IPH Affiliate after the effective date of a purchase or acquisition of IPH.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
NN Assistance, and License of Independent NN IPR, to IPH for Niche Candidates or Abandoned Licensed Products. To the extent authorized by contract and permitted by applicable Law, NN shall grant to IPH, or provide reasonable cooperation and assistance to IPH to procure the grant to IPH of, non-exclusive rights and licenses (including the right to grant Sub-licenses and Out-licenses), throughout the Territory during the Term under all such Independent NN IPR as (a) is generated or acquired (by assignment, license or otherwise) at any time during the Term by or on behalf of (i) NN or any of its Affiliates, either jointly with one another or independently, or (ii) NN, or any of its Affiliates, or any Third Party (whether independently of or jointly with NN or any of its Affiliates) in connection with any collaboration by NN or any of its Affiliates with such Third Party, and (b) is necessary for (i) the achievement of Commercial Optimization of such Niche Candidates, Licensed Products or Residual Products as IPH may hereafter be authorized to develop for commercialization (and, in particular, for IPH fully to exercise such rights and licenses in respect of such Niche Candidates, Licensed Products or Residual Products as may hereafter be granted hereunder, and (ii) IPH to fulfill its obligations under this Agreement. In no case shall NN be required to procure or exercise the right to grant any such rights or licenses to IPH in the event that to do so would require NN to provide or pay any consideration (including any royalty, license fee or other payment) to any Person, save that IPH may elect to pay for and obtain the right to such procurement or exercise to the extent authorized by contract and permitted by applicable Law.

NN License to IPH of Independent NN IPR for Residual Products. To the extent authorized by contract and permitted by applicable Law, NN shall grant to IPH or provide reasonable cooperation and assistance to IPH to procure the grant to IPH of non-exclusive rights and licenses (including the right to grant Sub-licenses and Out-licenses), throughout the Territory during the Term under all such Independent NN IPR as (a) is generated or acquired (by assignment, license or otherwise) at any time during the Collaboration Term or the *** period following immediately after the expiration or termination thereof (or in the case of Sections 13.4 and 13.5 during the Term) by or on behalf of (i) NN independently, or (ii) NN or any Third Party (whether independently of or jointly with NN) in connection with any collaboration by NN with such Third Party, and (b) is necessary for the achievement of Commercial Optimization of such Residual Products as IPH may hereafter be authorized to develop for commercialization. In no case shall NN be required to procure or exercise the right to grant any such rights or licenses to IPH in the event that to do so would require NN to provide or pay any consideration (including any royalty, license fee or other payment) to any Person, save that IPH may elect to pay for and obtain the right to such procurement or exercise to the extent authorized by contract and permitted by applicable Law.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
5.8.4 **Discussion Regarding Other Independent IPR Necessary for Freedom of Operation.** Notwithstanding the time limitations in Subsections 5.8.1(a) and 5.8.3 in respect of the obligations of the Parties to grant or procure the grant of Independent IPR, the Parties shall negotiate in good faith the terms under which any other Independent IPR (i.e., Independent IPR arising subsequently during the Term) may be licensed during the remainder of the Term with respect to any Residual Product.

5.9 **Terminated Collaboration Properties and Out-licensing.** Upon the request of either Party (which request shall not, save for extraordinary circumstances, be more frequent than ***), with respect to any:

(a) terminated Collaboration Pre-projects or Projects, or any aspects or elements of either thereof, or

(b) Collaboration IPR that the Parties agree no longer has any value for Commercial Optimization,

the Parties shall confer to evaluate and assess:

*first*, the possibility and conditions pursuant to which the grant or grant back of a license may be made to one of the Parties as necessary for such Party independently to conduct further research, development or commercialization of the subject matter described in the above paragraph (a) or to practice, use or exploit any of the IPR described in the above paragraph (b), in each case on written terms to be mutually agreed and satisfactory to the Parties; and

*second*, the possibility of Out-licensing to a Third Party or entering into a arrangement with a Third Party with respect to the IPR or other subject matter described in the above paragraphs (a) or (b) of this Subsection upon Arm’s Length Transaction terms.

5.9.1 With respect to any such terminated Pre-projects, Projects, or any aspect of either thereof as the Parties determine should be Out-licensed or made subject to such Third Party arrangement in order to maximize its commercial potential, the Parties shall assess and evaluate the feasibility and desirability of such Out-licensing or arrangement upon Arm’s Length Transaction terms.

5.9.2 In the event that the Parties shall decide to go forward with such Third Party Out-licensing or arrangement in accordance with this Section 5.9, the Parties shall:

(a) agree upon the allocation of all revenues and profits that result from each such Out-licensing or arrangement prior to the undertaking of any commitment to enter into such Out-licensing or other arrangement, which allocation shall take into account the stage of development of, and contribution of each of the Parties with respect to, the Pre-project, project, or aspect thereof to be submitted for Out-licensing to or arrangement with such Third Party; and

**Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.**

38
(b) appoint one of the Parties as the Party responsible for such Out-licensing or arrangement, who shall bear responsibility for entering into and implementing such Out-licensing or arrangement on Arm’s Length commercial terms, and shall keep the other Party regularly and fully informed of all material activities and developments and other relevant facts in respect of such Out-licensing or Third Party arrangement, including all Net Sales and required payments of royalties in connection therewith.

5.9.3 In the event that the Parties reach no agreement regarding Out-Licensing or other arrangement regarding such Collaboration IPR, the Party responsible for prosecution or maintenance of such IPR pursuant to Article 9 may abandon such IPR without any further obligation to the other Party.

5.10 Procedure for Terminating Background IPR. Upon the written request of either Party with respect to any Background IPR which such Party believes no longer has any value for the development or commercial exploitation of any Licensed Products, Niche Candidates or Residual Products, (a) during the Collaboration Term, the Joint Steering Committee (by unanimous decision), and (b) thereafter, the Parties, shall confer to evaluate and assess jointly and in good faith whether such IPR has value for purposes of such development or commercial exploitation.

5.10.1 Decision Not to Terminate IPR. In the event that the Joint Steering Committee determines unanimously, or the Parties agree, that such Background IPR has value for the development or commercial exploitation of any Licensed Products, Niche Candidates or Residual Products, then such determination or agreement shall be set forth in writing and the Party Controlling such IPR shall retain such Control in accordance with the terms and conditions of its obligations hereunder.

5.10.2 Decision to Terminate IPR. In the event that the Joint Steering Committee determines unanimously, or the Parties agree, in writing that such IPR does not have value for the development or commercial exploitation of any Licensed Products, Niche Candidates or Residual Products, then such IPR shall no longer constitute or be licensed hereunder as Background IPH IPR or Background NN IPR, as the case may be, and shall be deleted or otherwise excluded from the applicable IPR Schedule, and the Party in Control of such IPR (a) shall have no further obligation to retain such Control, and (b) shall have the right to assign, license or otherwise transfer all or any part of its right, title and interest in and to such IPR, including the Control thereof, to a Third Party.
5.10.3 Failure to Reach Decision Whether to Terminate IPR. If the Joint Steering Committee shall fail to reach a unanimous decision, or the Parties shall fail to agree, within *** of receipt of the Controlling Party’s written request pursuant to this Section 5.10 (or such longer period as the Parties may hereafter agree in writing), as to whether or not such IPR has value for the development or commercial exploitation of any Licensed Products, Niche Candidates or Residual Products, then the Joint Steering Committee or the Parties, as applicable, shall consider in good faith the possibility and conditions pursuant to which the grant of a license or assignment, or other transfer, may be made by the Party in Control of such IPR to the other Party (or such other Party’s Affiliate) as necessary for such other Party (or its Affiliate) independently to conduct further, research, development or commercialization of such IPR, or to practice, use or exploit such IPR, in each case on written terms to be mutually agreed and satisfactory to the Parties. In the event that the Parties shall fail to enter into such a written agreement within *** of the Joint Steering Committee’s or other Party’s receipt of the Controlling Party’s written request pursuant to the first paragraph of this Section 5.10, the matter shall be decided by the arbitration procedure set forth in Section 21.14, provided that:

(a) if the Party not in Control of such IPR shall fail to commence an arbitration proceeding seeking the resolution of such matter within *** after the expiration of the aforementioned *** period, or if such arbitration proceeding is commenced within such *** period and the arbitral body deciding such matter shall determine that the IPR does not have such value, then, in each case, it shall be conclusively established that such IPR does not have such value, this determination shall be final and binding upon the Parties, and the Party in Control of such IPR shall have all the rights set forth in Subsection 5.10.2 with respect to such IPR; and

(b) if such arbitration is commenced within such *** period and the arbitral body deciding such matter shall determine that the IPR does have such value, and the Parties shall fail to agree, in writing, to the terms of a settlement providing for the Party in Control’s transfer of rights in the IPR to the other Party, then the Party in Control of such IPR shall be required to retain such Control in accordance with the terms and conditions of its obligations hereunder.

5.11 NN Out-licensing and Upside Revenue. Pursuant to the terms and conditions of Section 5.1, NN shall be entitled to Out-license its rights and licenses under this Agreement with respect to Licensed Products in Out-licensing, partnering and other agreements or arrangements, provided that it may do so only on the following conditions:

(a) If NN or any of its Affiliates Out-licenses any Licensed Product to a Third Party before the first use of same in human clinical trials, NN shall pay to IPH *** of all Upside Revenue received by NN in consideration of its grant of such Out-license. NN shall pay all amounts due to IPH in respect of Upside Revenue described in this Section 5.11(a) within *** after the date of actual receipt by it of any such Upside Revenue payment.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(b) If NN or any of its Affiliates Out-licenses any Licensed Product to a Third Party after the first use of same in human clinical trials but prior to the start of the first use of the same in Phase III clinical trials, NN shall pay to IPH *** of all Upside Revenue received by NN in consideration of its grant of such Out-license. The payment obligations under Section 5.11(a) and this Section 5.11(b) are non-cumulative and mutually exclusive. NN shall pay all amounts due to IPH in respect of Upside Revenue described in this Section 5.11(b) within *** days after the date of actual receipt by it of any such Upside Revenue payment.

(c) IPH shall not be entitled to any percentage of Upside Revenue received by NN in consideration of the Out-licensing of any Licensed Products, Niche Candidates or Residual Products at any time after the start of the first use of same in Phase III clinical trials.

5.12 Cumulative Payments. All payment obligations set forth in this Article 5 in respect of Out-licensing shall be in addition to, and not in lieu of, any milestone, royalty, or other payment obligations expressly provided for by this Agreement.

5.13 Future Obligation to Provide Licenses Under Specific Third Party Agreements if Deemed Necessary

5.13.1 NN Obligation to Grant Sublicense Under *** License In Respect of an NN Approved Niche Candidate. In the event that IPH shall hereafter request to become authorized to develop and commercialize any Drug Candidate as a Niche Candidate pursuant to Article 6, then, if NN shall grant such request, and IPH shall further request, in good faith and upon an opinion of intellectual property counsel or such other reasonable basis as shall be reasonably satisfactory to NN, that a license from *** is necessary for IPH’s development of such Niche Candidate, NN shall grant a sublicense to IPH under the IPR Licensed to NN under the agreement between NN and *** dated October 26, 2004, within *** of such request, as necessary for the development or commercialization of such Niche Candidate, throughout the Territory and during the Term (including the right to Sub-license and Out-license).

(a) If NN fails to grant such a sublicense for IPH, upon satisfaction of the requirements of this Subsection 5.13.1, NN shall pay to IPH an increase of *** with respect to the next Discovery Milestone payment to IPH under this Agreement. NN’s failure to grant such sublicense shall not in any event be deemed to constitute a breach of this Agreement and the payment obligation of NN under this Subsection 5.13.1 shall be IPH’s sole remedy for NN’s failure to obtain such license.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(b) If NN grants such sublicense to IPH, IPH shall be responsible for complying with all obligations to *** under such a sublicense including payment of all applicable sublicensing royalties, milestones, or maintenance fees, maintenance of requisite insurance, and compliance with applicable production requirements thereunder.

5.13.2 *** IPR. In the event that the Joint Steering Committee acting in good faith recommends the grant of a non-exclusive sub-license to NN (with right to sublicense with respect to Licensed Products) of any IPR which is the subject of IPH’s agreements with *** (the “Licensors”) dated June 24, 2005, and February 19, 2003, respectively, IPH shall, during a period of *** following immediately after such recommendation, seek to negotiate amended sub-licensing terms under such agreements which are acceptable to IPH. IPH shall be obligated to seek such amended sublicensing terms, save that IPH not to be obligated to pay *** more than ***, respectively, in order to obtain a sublicense including such amended terms.

5.13.2.1 In the event that ***, respectively, requires payment of more than *** for the grant such sublicense including such amended terms (as IPH shall reasonably require), IPH shall promptly notify NN of such fact and NN shall thereafter have the right (without obligation) to pay such additional amounts to obtain such sublicense(s).

5.13.2.2 In the event that IPH is unsuccessful in obtaining such a license within such *** period, the sum of *** shall be deducted from the next Discovery or Development Milestone payment due to IPH under this Agreement in full and final settlement of its obligations to seek such sublicense.

5.13.3 *** IPR. In the event that the Joint Steering Committee acting in good faith recommends that IPH seek to negotiate an exclusive license including the right to sublicense to NN to any IPR which is the subject of IPH’s agreements with *** dated April 28, 2000 (reference number 97097), IPH shall during a period of *** following immediately after such recommendation, seek to negotiate the terms of such a license acceptable to IPH.

5.13.3.1 In the event that IPH is unsuccessful in obtaining such a license including such terms within such *** period the sum of *** shall be deducted from the next Discovery Milestone payment due to IPH under this Agreement in full and final settlement of its obligations to seek such a license from ***.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
5.13.3.2 If *** requires a payment of more than *** in order for IPH to obtain such a license (including such terms), IPH shall promptly notify NN of such fact and NN shall thereafter have the right (without obligation) to pay such additional amounts to obtain such licenses.

5.13.4 IAP Technology. In the event that the Joint Steering Committee acting in good faith recommends that IPH seek to negotiate a non-exclusive license to NN (without right to sublicense other than with respect to a Licensed Product) to any IPR which may be the subject of IPH’s future agreement with *** concerning US provisional patent applications *** (and any related Patents) (the “IAP Technology”), IPH shall during a period of *** following immediately after such recommendation, seek to negotiate the terms of such a license on terms acceptable to IPH.

5.13.4.1 In the event that IPH is unsuccessful in obtaining such a license including such terms within such *** period the sum of *** shall be deducted from the next Discovery Milestone payment due to IPH under this Agreement in full and final settlement of its obligations to seek such a license from ***.

5.13.4.2 If *** requires a payment of more than *** in order for IPH to obtain such a license (including such terms), IPH shall promptly notify NN of such fact and NN shall thereafter have the right (without obligation) to pay such additional amounts to obtain such licenses.

6. NICHE CANDIDATES AND EX-VIVO CELLULAR THERAPY CANDIDATES

6.1 Niche Candidates.

(a) Upon IPH’s request at any time during the Collaboration Term, the Joint Steering Committee shall consider and address to the Development and Commercialization Committee whether a Drug Candidate or Licensed Product identified by IPH may be classified as a Niche Candidate for IPH’s further development and commercialization for one or more indications specified by IPH relative to such proposed Niche Candidate. After due consideration, and in any event within *** of presentation of IPH’s request to the Joint Steering Committee (or such other period as the Parties may hereafter agree to in writing), the Development and Commercialization Committee shall submit a recommendation or recommendations respecting the matter to NN’s senior management. NN’s senior management shall review the recommendation(s) of the Development and Commercialization Committee and, after having given due consideration of the matter, decide, in the exercise of NN’s sole discretion, whether such Drug Candidate or Licensed Product shall be classified as a Niche Candidate for any such indication(s), which decision shall be set forth in writing and be final and binding upon the Parties.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(b) Upon and subject to NN’s written approval pursuant to Section 6.1(a) of the development and commercialization of such Drug Candidate or Licensed Product as a Niche Candidate for any indication:

(i) IPH shall have the exclusive right to conduct the development and commercialization of such Drug Candidate or Licensed Product as a Niche Candidate solely for the indication(s) specified by such approval, and shall diligently undertake such development and commercialization pursuant to a license that shall be granted by NN to IPH in conformity with Section 5.5 and the other terms and conditions of this Agreement. IPH shall not conduct, or cause to be conducted, any such development or commercialization of such Drug Candidate or Licensed Product as a Niche Candidate for any use or indication without having first obtained NN’s written approval in accordance with this Section 6.1.

(ii) NN shall provide IPH with all information (regulatory, clinical, CMC and other) in its possession or control that is necessary or useful for purposes of IPH’s development or commercialization of the such Niche Candidates for all such approved indications, and, to the extent authorized by contract and permitted by applicable Law, IPH shall have the right to reference all NN regulatory filings (including all Drug Master Files) for IPH to pursue registrations in respect of such indications. NN’s reasonable out-of-pocket costs connected with providing IPH such information and arranging for such rights of reference, including the use of NN staff resources shall be paid by IPH on an hourly basis reflecting the actual cost to NN but in no circumstances shall such costs exceed a total of ***.

6.2 Ex-Vivo Cellular Therapy Candidates.

(a) Upon or within *** after the date of this Agreement, the Parties shall form an Ex-Vivo Task Force having the purpose of preparing, for submission to the Joint Steering Committee and Development and Commercialization Committee within *** after the date of this Agreement, a recommendation or recommendations setting forth proposed substantive and procedural guidelines in respect of the further development and commercialization of ex-vivo applications of Drug Candidates, which may include, among other relevant factors, business, market, manufacturing and regulatory considerations in respect of the development and commercialization of potential Ex-vivo Cellular Therapy Candidates. The Joint Steering Committee and the Development and Commercialization Committee shall, upon receipt of the recommendation(s) of the Ex-Vivo Task Force, present the recommendation(s) to the senior management of the respective Parties.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Subject to and upon the finalization and written approval by the Parties’ respective senior management of the Ex-Vivo Task Force’s recommended guidelines described in Section 6.2(a), such guidelines will be annexed as an amendment to this Agreement. Particulars as to the objectives, mandate and procedures of the Ex-Vivo Task Force shall be set forth in the annexed Schedule 6.2. In the event of a dispute with respect to the adoption or implementation of the Ex-Vivo Task Force guidelines, the matter shall be referred to the Joint Steering Committee and the provisions of Sections 4.5 and 4.6 shall control.

6.3 **IPH Royalty Obligation.** For each Niche Candidate under development and commercialization by IPH and for which NN has not exercised its Buy-In Option rights under Section 6.5, IPH shall pay to NN royalties on Net Sales of such Niche Candidate in accordance with the schedule set forth in Section 7.8 and the other royalty provisions of Article 7.

6.4 **IPH Access to Materials.** In the event that IPH undertakes the development and commercialization of a Niche Candidate in accordance with Section 6.1, IPH shall, solely for purposes of the exercise of its license pursuant to Section 5.5(b), have the right to access reasonable quantities of samples of such Materials in NN’s Control as are (a) claimed or otherwise covered by the Collaboration IPR or Background NN Research Technology IPR licensed to IPH under Section 5.5(b), and (b) comprise or are directed to such Niche Candidate, for purposes of its Commercial Optimization.

6.5 **NN Buy-In Option.** The Parties shall have the following rights in respect of such Niche Candidates as may be developed and commercialized by IPH pursuant to Section 6.1 hereof:

6.5.1 NN and its Affiliates shall, with respect to each indication for each such Niche Candidate being developed and commercialized by IPH, have the exclusive right and option, hereby irrevocably granted by IPH to participate on a co-exclusive basis with IPH in the further development and commercialization of such Niche Candidate for such indication and to share on *** basis all profits derived from the commercial exploitation thereof (after deduction and reimbursement of the marketing and other costs expended by the respective Parties’ in developing and commercializing such Niche Candidate after NN’s exercise of this option), subject to NN’s payment to IPH of *** of all reasonable, documented out-of-pocket costs expended by IPH prior to NN’s exercise of this option for the development and commercialization of the subject Niche Candidate for such indication, and NN’s undertaking to share with IPH, on *** basis, responsibility for all costs incurred for the purposes of the further development and commercialization of such Niche Candidate for such indication incurred after the exercise of this option (the "Buy-In-Option").

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
NN may exercise this exclusive right and option any time prior to notice from IPH of IPH’s good faith intent to enter into the first Phase III clinical trial with respect to such indication for such Niche Candidate or the expiration of *** after NN’s receipt of such notice. In each case, IPH shall, within *** after its decision to proceed to any Phase III trial, provide NN with notice of its intention to enter into such trial together with a draft Phase III trial protocol and all preceding Phase I and Phase II trial data in respect of the Niche Candidate IPH proposes to progress to Phase III trial.

6.5.2 **IPH Option to Discontinue Participation In Development Upon NN Execution of Buy-In Option.** In the event that NN exercises the foregoing Buy-In-Option pursuant to Subsection **6.5.1** with respect to any Niche Candidate, IPH shall have the option to discontinue its participation in the further development and commercialization of such Niche Candidate for the indication(s) with respect to which NN has exercised the Buy-In-Option, which opt-out option may only be exercised by IPH’s delivery to NN of written notice thereof within *** after IPH’s receipt of notice of NN’s exercise of the Buy-In-Option. In the event that NN exercises the Buy-In-Option and IPH exercises the foregoing opt-out right:

(a) NN or its Affiliates shall assume the sole and exclusive right and license (with the rights to Sub-license and Out-license) to further develop and commercialize such Niche Candidate for such indication(s) in the Territory during the Term, subject to NN’s payment to IPH of (i) one hundred percent of all reasonable, documented out-of-pocket costs expended by IPH for the development and commercialization of such Niche Candidate for such indication(s) prior to NN’s exercise of the Buy-In-Option (in lieu of and not in addition to the *** of such costs payable under Subsection **6.5.1**), (ii) IPH’s *** share of all reasonably documented out-of-pocket costs incurred by the Parties during the period between NN’s exercise of the Buy-In-Option and the effective date of IPH’s exercise of its option to discontinue its participation in the development and commercialization of such Niche Candidate for such indication(s)), and (iii) royalties in accordance with Subsection **7.8.3 (Scenario 3(A), 3(B) or 3 (C))**; and

(b) NN or its Affiliates shall bear the sole and exclusive responsibility for all costs of such further development and commercialization, and have the exclusive right to all revenues derived from the commercialization, of such Niche Candidate for such indication(s) incurred after the effective date of IPH’s election to opt out of such further development and commercialization pursuant to this Subsection **6.5.2**; and

(c) IPH shall have no further right or license to develop or commercialize such Niche Candidate for such indication(s) and all rights and licenses granted to IPH hereunder in respect of the relevant indication(s) for such Niche Candidate shall be granted or granted back to NN.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
6.5.3 IPH Out-License of Niche Candidates; NN Right of First Offer. In the event that IPH desires to Out-license any Niche Candidate before its determination to initiate the first Phase III trials for such Niche Candidate for any indication(s) with respect to which IPH has acquired exclusive rights under Section 6.1, NN and its Affiliates shall have an irrevocable first right of offer, hereby granted, to negotiate an Out-license with IPH in respect of such Niche Candidate pursuant to the procedures set forth in Subsection 13.3.6. If such an Out-license agreement is signed by NN and IPH, IPH shall have no further right or license to develop or commercialize such Niche Candidate in the indication(s) covered by such agreement, save that if no such agreement is executed within the period of *** after such First Offer NN shall have no further right and option under Subsection 6.5.1.

6.6 NN Co-Marketing Option. In addition to the foregoing rights, save where IPH has previously Out-licensed any rights in respect of a Niche Candidate to a Third Party, NN and its Affiliates shall have the exclusive right and option, hereby irrevocably granted by IPH, to co-market any such Niche Candidate for any indication(s) with respect to which IPH has acquired exclusive rights under Section 6.1 on terms to be negotiated between the Parties in good faith, which option may be exercised by NN at any time during the first *** following the First Commercial Sale anywhere in the Territory with respect to each such Niche Candidate for such indication(s). In the event that the Parties are unable to agree to the terms of co-marketing in good faith any remaining disputed terms shall be determined in accordance with Section 21.14.

6.7 IPH Assistance to NN Upon NN Exercise of Buy-In or Co-Marketing Option. If NN shall exercise any of its rights or options under Subsections 6.5.1 or Section 6.6, or enter into any Out-license with IPH pursuant to Subsection 6.5.3 IPH shall provide NN with all information (regulatory, clinical, CMC and other) in its possession or control that is necessary or useful for purposes of NN’s development or commercialization of the affected Niche Candidates for all indications concerned, and NN shall have the right to reference all IPH regulatory filings (including all Drug Master Files) for NN to pursue registrations in respect of such indications. IPH’s reasonable out-of-pocket costs connected with providing NN such information and arranging for such rights of reference, including the use of IPH staff resources shall be paid by NN on an hourly basis reflecting the actual cost to IPH but in no circumstances shall such costs exceed a total of ***.

6.8 Licenses to NN for Niche Candidates. If NN shall exercise its options pursuant to either Section 6.5 or 6.6, IPH shall, for no additional consideration, grant to NN:

(a) the necessary licenses under any IPR under its Control that is necessary for NN to develop and commercialize the relevant Niche Candidates pursuant to this Article 6; and

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
With respect to co-marketing, in the event that such trade marks do not exist, the Parties shall in good faith agree upon the adoption and use of trade marks and similar trade designations (including trade dress) for the marketing of such Niche Candidates without any obligation of further payment or consideration.

6.9 Exclusion of Funded FTEs. For the avoidance of doubt, references in this Agreement to IPH’s out-of-pocket costs shall not include any employee compensation or other costs or expenses that have been underwritten by any NN research funding contributions, including any such funding contributions pursuant to Section 3.12.

7. TECHNOLOGY FEES, MILESTONES AND ROYALTIES

7.1 Consideration. In consideration of the rights and licenses granted to NN hereunder, NN agrees to pay to IPH the upfront technology access fee, milestone payments and royalties set forth in this Article 7 in accordance with the terms and conditions set forth therein. Notwithstanding any other provisions of this Agreement, but subject to each Party’s obligations to pay royalties to the other Party during the ten (10) years following First Commercial Sale, IPH and NN shall have no obligation to pay any royalty or other consideration whatsoever for or upon any Net Sales of any product (including any Licensed Product, Niche Candidate or Residual Product) in any country, ***.

7.2 Technology Access Fee. NN shall pay to IPH, upon the Parties’ execution and delivery of this Agreement on the date of this Agreement, a total non-refundable, non-creditable technology access fee of ***.

7.3 Discovery Milestones. NN shall pay to IPH the following milestone payments for the Collaboration achievements in research set out below (“Discovery Milestones”) within *** of the achievement of each such Discovery Milestone:

*** as defined in Schedule 1.1.51 after the date of this Agreement during the Collaboration Term or within the *** period following immediately after the Collaboration Term:

***

*** as defined in Schedule 1.1.41 after the date of this Agreement during the Collaboration Term or within the *** period following immediately after the Collaboration Term:

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
as defined in Schedule 1.1.52 after the date of this Agreement during the Collaboration Term or within the *** period following immediately after the Collaboration Term:

For the avoidance of doubt, the Parties acknowledge and agree that all Discovery Milestones have been paid in full in respect of Anti-KIR.

7.4 Development Milestone Payments. NN shall pay to IPH the following milestone payments for the achievements in development set out below (“Development Milestones”) within *** of the achievement of each such Development Milestone.

7.4.1 Class B Licensed Products and Class C Licensed Product Development Milestones

Development Milestones shall be payable for each Class B Licensed Product or Class C Licensed Product, on a one-time, non-duplicative Licensed Product-by-Licensed Product basis, irrespective of the number of indications or Backup Products per Licensed Product and any Out-licensing or Sub-licensing by NN:

(a) ***
(b) ***
(c) ***
(d) ***
(e) ***
(f) ***
(g) ***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
7.4.1.1 Milestone Payment Terms. All the above Development Milestone payments (specified in Section 7.4.1) are:

(a) ***
(b) ***
(c) ***

7.4.2 Class A Licensed Product Development Milestones.

7.4.2.1 First Developed in Kirostim Field. *** for a Class A Licensed Product first occurs in the Kirostim Field the payment of the Development Milestones for each such Class A Licensed Product shall be, on a Licensed Product-by-Licensed Product basis, irrespective of the number of indications or Backup Products for such Class A Licensed Product, and any Out-licensing or Sub-licensing by NN as follows:

(a) ***
(b) ***
(c) ***
(d) ***
(e) ***
(f) ***
(g) ***
(h) ***

For the avoidance of doubt, each of the foregoing Development Milestone payments (a), (b), (c), (d), (e), (f), (g) and (h) shall be payable only once regardless of the number of indications in the Kirostim Field for which a Class A Licensed Product is developed.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
If a Class A Licensed Product achieves First Commercial Sale in a cancer indication in the Kirostim Field, Development Milestone (g) shall be payable. If a Class A Licensed Product achieves First Commercial Sale in a non-cancer indication in the Kirostim Field, Development Milestone (h) shall be payable. If a Class A Licensed Product achieves First Commercial Sale in both a cancer indication and a non-cancer indication in the Kirostim Field, Development Milestones (g) and (h) shall both be payable. For the avoidance of doubt, if any Class A Licensed Product is first developed in the Kirostim Field, the Development Milestones will amount to a maximum of ***.

7.4.2.1.1 Milestone Payment Terms. All the above Development Milestone payments (specified in Subsection 7.4.2.1) are:

(a) ***
(b) ***
(c) ***

7.4.2.2 Subsequent Development in the Additional Kirostim Field. If a Class A Licensed Product has achieved Development Milestone (a) in the table of Subsection 7.4.2.1 in respect of development in the Kirostim Field, and the development of such Class A Licensed Product in the Additional Kirostim Field commences after the achievement of Development Milestone (a) in the Kirostim Field, then Development Milestones (c), (d), (e), (f), and (g) in the table of Subsection 7.4.2.1 shall be payable for each indication for which that Class A Licensed Product is developed in the Additional Kirostim Field. For the avoidance of doubt, for each Class A Licensed Product developed for any given indication in the Additional Kirostim Field, the maximum Development Milestones payable shall be *** per indication in the Additional Kirostim Field in addition to the Development Milestone payments in the Kirostim Field.

7.4.2.2.1 Milestone Payment Terms. All the above Development Milestone payments (specified in Subsection 7.4.2.2) are:

(a) ***
(b) ***
(c) ***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
7.4.2.3 First Developed in Additional Kirostim Field. In the event that the *** for each Class A Licensed Product first occurs in the Additional Kirostim Field the Development Milestones for each Class A Licensed Product, in every separate indication in the Additional Kirostim Field, on a Licensed Product-by-Licensed Product basis, irrespective of the number of Backup Products per Licensed Product and any Out-licensing or Sub-licensing by NN shall be as follows:

(a) ***
(b) ***
(c) ***
(d) ***
(e) ***
(f) ***
(g) ***

For the avoidance of doubt if such a Class A Licensed Product is developed in the Additional Kirostim Field in such circumstances, the Development Milestones payable to IPH shall amount to a maximum of *** per indication in the Additional Kirostim Field.

7.4.2.3.1 Milestone Payment Terms. All the above milestone payments (specified in Subsection 7.4.2.2) are:

(a) ***
(b) ***
(c) ***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
7.4.2.3.2 Subsequent Development in the Kirostim Field.

If a Class A Licensed Product has achieved Development Milestone (a) in respect of development in the Additional Kirostim Field (under Subsection 7.4.2.3), and the development of such Class A Licensed Product in the Kirostim Field commences after the achievement of such Development Milestone (a) in respect of development in the Additional Kirostim Field, then Development Milestones (c), (d), (e), (f), (g) and (h) in the following table shall be payable, only once per Class A Licensed Product, regardless of the number of Backup Products to such Licensed Product or the number of indications for which such Class A Licensed Product is developed in the Kirostim Field.

(c) ***
(d) ***
(e) ***
(f) ***
(g) ***
(h) ***

For the avoidance of doubt, the maximum Development Milestones payable under this Subsection 7.4.2.3.2 for development in the Kirostim Field shall be *** for each Class A Licensed Product based on the achievement of all of the foregoing Development Milestones (c), (d), (e), (f), (g), and (h) in addition to the Development Milestone payments payable in the Additional Kirostim Field.

All the above milestone payments (specified in Subsection 7.4.2.3.2) are:

(a) ***
(b) ***
(c) ***

7.5 Royalty Calculation and Payments. In addition to all fees and other amounts payable by the Parties under this Agreement, each Party shall pay to the other, on a quarterly basis throughout the Term, commencing with the First Commercial Sale by Selling Parties comprised of such Party, any of its Affiliates, or any of such Party’s or its Affiliates’ respective Out-licensees, on a Licensed Product-by-Licensed Product, Niche Candidate-by-Niche Candidate or Residual Product-by-Residual Product.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Product basis (as the case may be), incremental running royalties on the aggregate Net Sales attained by such Selling Parties throughout the Territory during the immediately preceding calendar quarter, in accordance with the schedules set forth in Sections 7.6 and 7.7 and the other terms and conditions of this Agreement. Each Party shall further calculate and pay to the other Party within *** of the end of each calendar year during the Term all royalty payments remaining due and payable by that Party in respect of that calendar year.

7.6 Royalties on Licensed Products. Each Party shall pay to the other the following percentage royalties on all Net Sales of Licensed Products in the Territory by such Party (or its associated Selling Parties) on a Licensed-Product-by-Licensed-Product basis during the Term for each such Licensed Product in accordance with Section 7.11:

7.6.1 Percentage Royalties on Net Sales of Class A Licensed Products. Percentage royalties on Net Sales of Class A Licensed Products (notwithstanding any royalties that such Party or its associated Selling Parties may have to pay to Third Parties with respect to the affected Licensed Products):

***

For the purposes of illustration, in the event that the annual Net Sales in a calendar year are *** the royalties payable to IPH will be calculated as follows:

***

7.6.2 Percentage Royalties on Net Sales of Class B Licensed Products. Percentage royalties on Net Sales of Class B Licensed Products (notwithstanding any royalty that such Party or its associated Selling Parties may have to pay to Third Parties with respect to the affected Licensed Products):

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
7.6.3 **Percentage Royalties on Net Sales of Class C Licensed Products.** Percentage royalties on Net Sales of Class C Licensed Products (notwithstanding any royalty that such Party or its associated Selling Parties may have to pay to Third Parties with respect to the affected Licensed Products):

7.7 **Royalties on Residual Products.** Drug Candidates that; (a) would have been classified as being Class A Licensed Products, Class B Licensed Products, or Class C Licensed Products provided they had passed M1; and (b) subsequently are designated as Residual Products pursuant to Subsection 1.1.63 and Article 13; shall retain that classification and be treated as Licensed Products of the applicable Product Class for the purposes of calculating royalties payable in respect of such products except for products that would have been classified as being Class C Licensed Products and where M0 approval has occurred less than *** prior to the expiry of the Collaboration Term, which royalty payments shall be according to Subsection 13.3.3.

7.8 **Royalties on Niche Candidates.** Each Party identified below shall pay to the other Party the following royalties on all Net Sales by the first Party (or any of its associated Selling Parties) in the Territory of each Niche Candidate commercialized by the first Party pursuant to Article 6 on a Niche Candidate-by-Niche Candidate basis for each such Niche Candidate (in each case notwithstanding any royalty the first Party or any of its associated Selling Parties may have to pay to Third Parties with respect to the affected Niche Candidate) during the Term for each such Niche Candidate in accordance with Section 7.11:

7.8.1 **Scenario 1:** IPH’s payment to NN of royalties on Net Sales of any Niche Candidate that IPH develops independently of NN to M1 status and subsequently commercializes shall be:

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
7.8.2 **Scenario 2**: IPH’s payment to NN of royalties on Net Sales of any Niche Candidate that IPH develops independently of NN commencing after such Niche Candidate attains M1 status and subsequently commercializes shall be:

***

7.8.3 **Scenario 3**: NN’s payment to IPH of royalties on Net Sales of any Niche Candidate with respect to which NN has exercised its Buy-In-Option and IPH has exercised its opt out option pursuant to Subsection 6.5.2 shall be as follows:

7.8.3.1 **Scenario 3(A)**: If NN assumes exclusive development and commercialization of such Niche Candidate prior to the filing of the first IND for such Niche Candidate:

***

7.8.3.2 **Scenario 3(B)**: If NN assumes exclusive development and commercialization of such Niche Candidate after the filing of the first IND for such Niche Candidate but before the dosing of the first patient in the first Phase II trial for such Niche Candidate:

***

7.8.3.3. **Scenario 3(C)**: If NN assumes exclusive development and commercialization of such Niche Candidate after the dosing of the first patient in the first Phase II trial but prior to the expiration of *** after its receipt of notice of IPH’s decision to proceed to Phase III trials for such Niche Candidate in accordance with Subsection 6.5.1:

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
7.9 **Records of Net Sales.** Each Party shall keep complete and correct records of its Net Sales and the Net Sales of its associated Selling Parties and shall provide to the other Party on a quarterly basis a summary report indicating all Net Sales giving rise to royalties payable to the other Party on a product-by-product and country-by-country basis for the preceding quarter. Quarterly royalty payments under this Agreement shall be calculated at the royalty rates set out in Sections 7.6m, 7.7 and 7.8 or Article 13 and 3, as applicable, save that the royalty rate(s) applicable to the whole or any portions of any quarterly royalty payment shall be calculated by adding together on a product-by-product basis all Net Sales made by a Party and its associated Selling Parties so far during that calendar year. Such quarterly payments shall be due and payable within *** after March 31, June 30, September 30 and December 31 of each calendar year. Exchange rates applicable for the calculation of quarterly royalty payments shall be based on ***. For the avoidance of doubt, only one (1) royalty shall be payable on the Net Sales of any item of Licensed Product, Niche Candidate or Residual Product, irrespective of (a) the number of indications for which such Licensed Product, Niche Candidate or Residual Product, or any combination thereof, is sold or used, or (b) the number of Valid Claims that cover such Licensed Product, Niche Candidate or Residual Product, and shall end all further payment obligations to the licensor Party in respect of the commercial exploitation of such item, including any obligation of any end user or other Person to whom or which such item is sold.

7.10 **Annual Recalculation and Report.** Each Party shall within *** after the end of each calendar year during the Term deliver a final report including a calculation of the annual Net Sales in the preceding calendar year and a final calculation of the total annual royalty payments due for that calendar year. Exchange rates for this calculation shall follow that for the quarterly calculation. Any difference between the sum of the quarterly royalty payments made by a Party for the calendar year in reference and the total annual royalty payments due and payable by such Party for the calendar year shall be paid by to the other Party within *** after delivery of the final report.

7.11 **Royalty Term.** Except as otherwise herein expressly provided, the Parties’ respective obligations to pay royalties on Net Sales of Licensed Products, Niche Candidates and Residual Products under this Agreement shall commence, on a product-by-product and country-by-country basis with the First Commercial Sale of such product in the relevant country and expire, on a product-by-product and country-by-country basis, with the expiration of the Term with respect to such

Certain information has been excluded from this agreement (indicated by "[***]") because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
product in such country, as set forth in Subsection 1.1.66. After the expiration of the Term with respect to any Licensed Product, Niche Candidate or Residual Product in any country(ies), no further royalties or other consideration shall be required to be paid or provided for or upon any Net Sales or other commercial exploitation of such Licensed Product, Niche Candidate or Residual Product in such country(ies), and the rights and licenses granted herein with respect to such Licensed Product, Niche Candidate or Residual Product in such country(ies) shall be deemed fully paid-up and without obligation to provide any further consideration.

7.12 **No Effect of Out-licensing on Royalties.** Each Party shall pay the milestones payments and royalty rates it has herein agreed to in this Agreement whether or not such Party enters into any Out-licenses with different milestones or royalty rates.

8. **FINANCIAL PROVISIONS**

8.1 **Payment by Wire Transfer.** All amounts due under this Agreement shall be paid by wire transfer to such bank account as the Party to whom such amounts are due may direct in writing from time to time.

8.2 **Currency.** All payments shall be made in Euro. All amounts to be paid are intended to be net of any deduction imposed by a government authority including any tax, duty, levy, fee or charge that may be applied to such amount. To the extent income is received or expenses are incurred in a currency other than Euro, the applicable income or expenses shall be converted into Euro using such bona fide publicly quoted commercial rate of exchange contemporaneously in general use by the paying Party at the given time.

8.3 **Withholding Tax.** If any payment made by a Party under this Agreement is subject to recoverable withholding tax, the Parties shall support legal efforts of minimizing such withholding taxes, and provide each other with information about any documentation to reduce the withholding tax to a legal minimum.

8.4 **Audits.** If either Party requests, the other Party shall allow its books and records to be audited by an independent major certified public accountant selected by the requesting Party, to whom the other Party has no reasonable objection. The objective of such audits shall only be to examine the calculation of the royalties payable under this Agreement. Such audits shall take place upon reasonable (but not less than *** notice, only during normal business hours and no more than one time in any calendar year, shall not cover transactions that occurred before for more than the preceding *** shall not cover entries in books and records which predate the Effective Date and shall cover only the transactions relating to Net Sales under this Agreement. Such auditor shall not in any way be compensated (in whole or in part) contingent on the outcome of the audit. Any information gathered or obtained during any such audit shall be deemed the Confidential Information of the audited Party, and the auditor must sign a confidentiality agreement undertaking that he shall not disclose to any Person, including the Party who has requested the audit, any information obtained in the course of the audit other than information relating solely to the accuracy and validity of the royalty statements provided by the audited Party. Such audits shall

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
be (a) conducted in accordance with generally accepted auditing standards; (b) limited to those books and records described in this Section 8.4; and (c) undertaken for the sole purpose of verifying the accuracy and validity of the royalty information, statements and documentation information provided by the audited Party. A copy of the auditor’s report shall be furnished to each Party promptly after the completion of such audit.

8.5 **Cost of Audit.** The cost of any audit pursuant to Section 8.4 shall be the responsibility of the Party that has requested such audit. In the event that such audit discloses that the royalties have not been calculated accurately and this has resulted in an underpayment of *** or more by either Party in total during a calendar year, the costs of the audit shall be borne by the audited Party.

8.6 **Right to Audit Third Parties.** In the event that Net Sales are generated by the Affiliates or Out-licensees of either Party, such Party shall ensure that the books of such Affiliates and Out-licensees may also be audited by the other Party in accordance with Section 8.4 above.

9. **INTELLECTUAL PROPERTY RIGHTS**

9.1 **Disclosure of Know-How.** During the Collaboration Term, each Party shall promptly disclose to the other Party the conception, reduction to practice, or other generation or acquisition of potentially patentable, otherwise legally protectable, or commercially useful Know-How in the Collaboration Field (including any relevant invention disclosures), by employees or others acting on behalf of such Party, and shall freely share data and results obtained in the Collaboration. During the Collaboration Term, each Party shall also provide the other with such technical information and assistance as is sufficient to enable the other Party to assess the progress of the work performed by such Party pursuant to the Collaboration and to assist the other Party in achieving Commercial Optimization. All disclosures of Know-How under this Section 9.1 shall be made at least *** prior to any public disclosure of such Know-How or any required submission to government agencies in compliance with the requirements of government supported research. Any Patent filed after the date of this Agreement (and any Patents related to any such Patent), in respect of Know-How that is the subject matter of an invention disclosure listed as Background IPR of a Party as of the date of this Agreement in a relevant Schedule hereto shall be treated as Background IPR of that Party.

9.2 **Ownership of Collaboration IPR.** All right, title and interest, as between the Parties, in all Collaboration IPR shall be owned as follows:

(a) IPH shall own all Collaboration IPR that is invented or otherwise generated or acquired solely by one or more employees, agents, or other Persons acting on behalf of IPH, either alone or together with Persons other than NN, NN Affiliates, or any employees, agents or other Persons acting on behalf of NN or any of NN’s Affiliates;

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(b) NN shall own all Collaboration IPR that is invented or otherwise generated or acquired solely by one or more employees, agents or other Persons acting on behalf of NN, either alone or together with Persons other than IPH, IPH’s Affiliates, or any employees, agents or other Persons acting on behalf of IPH or any of IPH’s Affiliates; and

(c) Each of IPH and NN shall jointly own all Joint IPR.

All questions of inventorship shall be determined in accordance with United States Patent Laws (Title 35, United States Code). All determinations of inventorship shall be documented to ensure that any divisional or continuation Patent applications reflect appropriate inventorship. The Parties acknowledge and agree that the ownership rights set out in this Section 9.2 are subject to the rights and licenses granted pursuant to this Agreement.

9.3 Disputes Regarding Inventorship or Ownership of Collaboration IPR. During the Collaboration Term, if a dispute shall arise regarding the inventorship, ownership, validity or enforceability of any Collaboration Patent or other Collaboration IPR, the Joint Steering Committee shall establish a procedure to resolve such dispute, which may include engaging a Third Party neutral patent attorney jointly selected by agreement of the Parties to assist them regarding the resolution of any such dispute. The Joint Steering Committee, however, shall not have the authority to resolve any such dispute. If (a) the Joint Steering Committee or the executive officers of the Parties cannot agree upon a procedure to resolve such dispute within *** or (b) the dispute arises after the expiration or earlier termination of the Collaboration Term, such dispute shall be submitted for resolution by arbitration in accordance with Section 21.14.

9.4 Duty to Require Assignment of Collaboration IPR by Employees, Consultants, and Collaboration Partners. Each Party shall ensure that all employees acting on behalf of itself or any of its Affiliates in performing such Party’s obligations under the Collaboration shall be obligated to assign to such Party, or as such Party shall direct, all Collaboration IPR conceived or reduced to practice by such employees as part of the activities conducted under this Agreement. In the case of consultants, Third-Party collaboration partners and other non-employees working with or on behalf of a Party, that Party shall exercise best efforts to obtain, at its own cost (unless hereafter otherwise decided in writing by the Joint Steering Committee or the Parties), either an assignment or an exclusive license establishing its exclusive Control of all Collaboration IPR conceived or reduced to practice by such non-employees and, at a minimum, an exclusive option or first right of negotiation to secure such exclusive rights. In all events, each Party shall perform its obligations pursuant to Section 5.8 to preserve the other Party’s freedom of operation to exercise its rights and fulfill its obligations hereunder.

9.5 Obligations to Maintain Control of Licensed IPR. Subject to Section 5.10, throughout the Term:

9.5.1 IPH Obligation. IPH shall maintain Control of Background IPH IPR, Collaboration IPR, and Independent IPH IPR, to the extent such IPR is Controlled by IPH as of the date of this Agreement or acquired by IPH during the Term, throughout the Term, and

*** Portions of this page have been omitted pursuant to a request for Confidential Treatment and filed separately with the Commission.
9.5.2 **NN Obligation.** NN shall maintain Control of Background NN IPR, Collaboration IPR, and Independent NN IPR, to the extent such IPR is Controlled by NN as of the date of this Agreement or acquired by NN during the Term, throughout the Term, except that NN shall have no obligation to retain Control of Independent NN IPR if doing so will require NN’s provision or payment of any additional consideration to any Person for such retention save that IPH may pay for and obtain the right to such procurement or exercise to the extent authorized by contract and permitted by applicable Law.

9.5.3 **Exception for Third Party Diligence Obligations.** The Parties’ obligations under this Agreement to maintain Control of IPR shall be subject to the limitations set forth in agreements with Third Parties with respect to development and commercialization diligence obligations and neither Party shall be in breach of this Agreement in the event of the termination of rights to such IPR resulting from its failure to fulfil such diligence obligations, provided that such failure does not result from the failure of the Party to exercise Commercially Reasonable Efforts.

9.5.4 **Limitation of Obligation regarding Identified Independent IPR.** The obligation of either Party to Control Independent IPR shall only apply to Independent IPR that one Party has specifically identified to the other Party as being necessary for the identifying Party’s freedom of operation to commercialize products in accordance with its rights and licenses hereunder. Independent NN IPR identified by IPH pursuant to this Section shall be listed in Schedule 9.5.4(a) and Independent IPH IPR identified by NN pursuant to this Subsection 9.5.4 shall be listed in Schedule 9.5.4(b). NN shall within *** of any reasonable request by IPH update Schedule 9.5.4(a) and IPH shall within *** of request by NN update Schedule 9.5.4(b) (e.g. to provide the serial number and publication number of related patent applications, the patent number of related patents, and to provide the status of listed patents and patent applications to the Patents initially listed therein). At the request of a Party that is obligated to maintain Control of any Independent IPR pursuant to this Subsection 9.5.4, the Parties shall determine in good faith whether continued maintenance of Control over such IPR is required and, in cases where the Parties agree such continued maintenance of Control is no longer required the Party previously required to maintain such control shall have no further obligation to maintain Control of such IPR.

9.6 **Prosecution of Patents.**

9.6.1 **Correspondence Regarding Proposed Patent Submissions.** Subject to the terms and conditions of Section 21.2 and the Common Interest Agreement annexed as Schedule 21.2 hereto, the Party responsible for prosecuting any Patent under this Article 9 shall promptly, and in any event no less than *** prior to any final deadline for submission of such documents or required filing date, deliver or have delivered to the other Party copies of:

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(a) all proposed amendments,

(b) all proposed Patents (including drafts of new original applications, proposed continuations, proposed divisional applications, proposed reissue applications, and proposed continuations-in-part) or, in instances where several proposed Patents are substantially similar, a representative Patent for such proposed Patents (such as in the case of national phase filing of an International (PCT) patent application),

(c) all substantive documents proposed to be filed in patent authority appeal proceedings,

(d) all substantive documents proposed to be filed in inter partes disputes (including opposition, reexamination, or interference proceedings) before patent authorities or before any judicial body on appeal of such proceedings, and

(e) any other substantive proposed patent authority submissions reasonably and specifically requested by the other Party,

in respect of such Patents (except for Patents in the Independent IPR of either Party), so as to provide the other Party with a sufficient opportunity to review and comment on such proposed submissions. However, except as otherwise provided for in this Section 9.6, the prosecuting Party shall have no obligation to act in accordance with any such comments.

9.6.2 Patent Authority Correspondence. The Party responsible for prosecuting any Patent under this Article 9 shall with respect to such Patent (other than any Patent included in the Independent IPR of either Party):

(a) notify the other Party of receipt of all office actions or other substantive patent authority correspondence requested by the other Party and filing of responses thereto in the prosecution of (i) any U.S., European, or Japanese patent application, (ii) any other specific patent application specifically requested by the other Party, or (iii) patent applications of any other country, region, or patent examining authority specifically and reasonably requested by the other Party, in such Patent, and provide all copies of such documents to the other Party that are not readily publicly available,

(b) notify the other Party of the allowance of any such Patent, giving the other Party the expected date of issuance thereof, allowed claims, and its plans with respect to filing of any continuation, divisional, or similarly related patent application to such allowed Patent, and

62
notify the other Party of the issuance of any such Patent.

9.6.3 **Patents Prosecuted by NN.** NN shall, during the Term, have the exclusive right and sole discretion to file, prosecute, and maintain Patents with respect to any discoveries or inventions encompassed by the Joint IPR, NN owned Collaboration IPR, Background NN IPR, or Independent NN IPR, provided that NN has such rights to file, prosecute, and maintain vis-à-vis Third Parties. NN shall bear sole responsibility for the preparation of and all costs of procuring the filing, prosecution, and maintenance of such Patents, including attorneys’ fees and payments due to Patent authorities to maintain such Patents. NN may, at its option, prepare, file, prosecute, and maintain all such Patents, including any Patents within the Joint IPR, by using NN’s in-house patent attorneys/patent agents, and IPH acknowledges and agrees that this does not create an attorney-client relationship between NN and IPH. NN may enter into any arrangement it deems appropriate with any relevant Third Party (ies) regarding prosecution of Patents that are owned by NN and IPH together with one or more such Third Parties, and IPH shall provide to NN all reasonable assistance with respect to entering into such arrangements as may be requested by NN.

9.6.4 **IPH Prosecution of Patents in Independent IPH IPR.** IPH shall, during the Term, have the exclusive right and sole discretion (to the extent authorized by contract and permitted by applicable Law) to file, prosecute and maintain Patents with respect to any discoveries or inventions encompassed by Independent IPH IPR provided that IPH has such rights to file, prosecute, and maintain vis-à-vis Third Parties. IPH shall bear sole responsibility for the preparation of and all costs of procuring the filing, prosecution and maintenance of such Patents, including attorneys’ fees and payments due to Patent authorities to maintain such Patents.

9.6.5 **IPH Prosecution of Patents in Background IPH IPR and IPH Owned Collaboration Patents.** IPH shall be responsible for the prosecution of Patents in the Background IPH IPR and Collaboration IPR owned by IPH but not by NN. IPH shall bear sole responsibility for the preparation of and all costs of procuring the filing, prosecution, and maintenance of such Patents, including attorneys’ fees and payments due to Patent authorities to maintain such Patents, provided that IPH has such rights to file, prosecute, and maintain vis-à-vis Third Parties. IPH may, at its option, prepare, file, prosecute and maintain such Patents by using IPH’s in-house patent attorneys/patent agents, and NN acknowledges and accepts this and that this does not create an attorney-client relationship between NN and IPH.

9.6.5.1 **NN’s Limited Right to Comment On or Direct Prosecution of Patents Prosecuted by IPH Under Subsection 9.6.5.** With respect to Patents prosecuted by IPH under this Section 9.6.5, NN may, (i) any time prior to *** before the deadline for filing

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

63
any response, application, or the like in respect of any proposed filing or submission concerning such Patents provided to NN by IPH under Subsection 9.6.1 or (ii) at any other time with respect to prosecution of such Patents, provide comments to IPH regarding such proposed submission or prosecution. IPH shall consider NN’s comments in good faith and shall notify NN within the shorter of either *** of its receipt of such comments or *** before any deadline for filing or submission as to whether it intends to adopt or reject NN’s suggestions. In the event that IPH notifies NN that it will not adopt NN’s suggestions, NN may at any time thereafter:

(a) direct IPH to make additions, modifications, or deletions in proposed Patents and patent authority correspondence to be filed after the date of this Agreement; and

(b) to adopt or modify the prosecution strategy for such Patents and for Patents that have already been filed by the date of this Agreement (such as by accelerating prosecution or adding additional claims with respect to such Patents).

IPH shall comply with any such directions provided by NN provided that such directions do not materially impact IPH’s ability to prosecute or obtain claims of its choice in at least one related Patent in any applicable patent family in any country or region in such Patents or limit the term of such related Patent. In cases where NN has provided such directions to IPH in respect of a Patent of a particular patent family and country or region, IPH shall have the right to file one or more continuation applications, divisional applications, or the like with respect to such Patent, wherein NN shall not have such right to direct prosecution so long as IPH’s prosecution of such other applications does not materially limit the term of any Patent in which NN has the right to provide such directions.

9.6.6 IPH Right to Pursue Patents in Joint IPR and NN-Owned Collaboration IPR for Licensed Products, Niche Candidates or Residual Products. In the event that IPH shall become licensed hereunder to commercialize a Licensed Product, Niche Candidate or Residual Product, IPH shall, at its own expense and to the extent permitted by contract and applicable Law, during the Term, have the exclusive right and sole discretion to file, prosecute, maintain, and defend such Joint Patents and Patents in NN solely owned Collaboration IPR that claim solely, specifically, and exclusively, such products provided that IPH’s prosecution, maintenance, or defense of such Patents does not materially prejudice NN’s ability to obtain patent protection relevant to Licensed Products, Niche Candidates or Residual Products licensed to NN hereunder.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
9.6.7 Rights of the Parties to Pursue Continuations of Allowed Patents. Where either Party notifies the other of the allowance of a Patent prosecuted pursuant to this Article 9 (except for Patents within the Independent IPR of either Party) and indicates that it does not intend to pursue a continuation application, divisional application, or similarly related patent application to such allowed Patent, the other Party shall have the right to file such a related patent application at its own expense and the notifying Party shall assign its rights in such Patent to the other Party and provide any other assistance reasonably requested by the other Party in connection with the filing and prosecution of such related patent application (including providing the other Party with power of attorney to file and prosecute such patent application). The other Party shall thereafter grant to the notifying Party a worldwide, non-exclusive license under such Patent for no additional consideration.

9.6.8 Notice and Effects of Either Party’s Decision to Abandon; Disclaim; or Discontinue Prosecution, Maintenance, or Defense of Patents. In the event that either Party decides in respect of any Patent for which it is responsible for prosecution hereunder (except for Patents within the Independent IPR of that Party):

(a) to discontinue the prosecution or maintenance of any Patent,

(b) to discontinue the defense of any Patent (such as by discontinuing efforts to defend a Patent that is the subject of an opposition, reexamination, nullity, or interference proceeding),

(c) to not file a priority patent application with respect to (i) an invention disclosure in the Collaboration IPR or (ii) any Patent to which it is the prosecuting Party (including by decision (A) not to enter the national or regional phase in any country or region that is a designated state of a PCT application filed by such Party or (B) not to pursue an application in a country wherein an application claiming priority to another application filed by such Party may be filed), or

(d) to abandon or disclaim (in whole or in part, other than by terminal disclaimer), without possibility of restoration, any Patent,

it shall provide written notice to the other Party at least *** in advance of such abandonment or deadline for such filing – except in the case of national phase filing, in which case such notice shall be provided at least *** in advance of the date of the first applicable deadline for national phase entry – so as to allow the other Party the opportunity to file, defend, maintain (including by payment of annuities, issue fees, maintenance fees, or the like), or continue prosecution of such Patent, at its own expense. In such an event, the notifying Party shall provide any assistance reasonably requested of it by the other Party (including providing the other Party with power of attorney to perform such tasks) and, to the extent authorized by contract and permitted by applicable Law, assign its rights to such Patent to the other Party. The notified Party shall thereafter grant to the notifying Party a worldwide, non-exclusive

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
license with respect to such Patent for no additional consideration. The Parties acknowledge that any abandoned Patents listed as Background IPR as of the date of this Agreement in the applicable Schedules hereto represent Know-How of the Party associated with such IPR and that such party shall, during the Term, be entitled to file, prosecute, and maintain Patents in respect of such subject matter and any Patent arising therefrom shall be deemed Background IPR of such Party.

9.6.9 Obligation to Provide Assistance With Respect to Other Party's Patent Prosecution. Except with respect to Patents in the Independent IPR of either Party, each Party shall support a prosecuting Party's efforts to obtain Patent protection, including participating in or causing the preparation, execution, and filing of appropriate formal documents in national and international patent offices and obtaining the cooperation of inventors in supporting Patents prosecuted pursuant to this Article 9. The other Party shall make available to such prosecuting Party (or to such prosecuting Party's authorized attorneys, agents or representatives) the other Party's employees, agents, consultants, and, to the extent possible, Third Party collaboration partners to the extent necessary or reasonably useful to enable the prosecuting Party to file, prosecute, maintain, and defend said Patents for such periods of time as are sufficient for the prosecuting Party to obtain the necessary assistance from such Persons.

9.6.10 Discovered Information. Each Party shall provide the other Party with timely notification regarding any information it discovers during the Term that may be reasonably considered to materially impact the validity, enforceability, scope or term of any Patent under this Article 9, except with respect to Patents in the Independent IPR of either Party.

9.6.11 Diligence in Patent Prosecution. Each Party shall exercise diligent endeavours in its filing, prosecution, and maintenance of Patents for which it is the prosecuting Party under this Article 9. Such duty shall not apply, however, with respect to Patents in the Independent IPR of either Party.


9.7.1 NN shall, (a) within *** of any reasonable request from IPH, update Schedule 1.1.7 or Schedule 1.1.8 to include Background NN IPR and Background NN Research Technology IPR, respectively (including providing the application and publication numbers for any counterparts of patent applications originally listed therein and indicating the status of such applications and any related patents), (b) provide any information reasonably requested concerning Collaboration Patents prosecuted by NN, and (c) provide any information reasonably requested regarding Patents in Third Party IPR acquired or licensed by NN or arising from a Third Party collaboration to which NN is a party, and

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
9.7.2 **IPH shall**, (a) **within *** of any reasonable request from NN, update Schedule 1.1.5 or Schedule 1.1.6** to include Background IPH IPR and Background IPH Research Technology IPR, respectively (including providing the application and publication numbers for any counterparts of patent applications originally listed therein and indicating the status of such applications and any related patents), (b) **provide any information reasonably requested concerning Collaboration Patents prosecuted by IPH**, and (c) **provide any information reasonably requested regarding Patents in Third Party IPR acquired or licensed by NN or arising from a Third Party collaboration to which NN is a party.**

9.7.3 **NN shall**, **within *** of any reasonable request by IPH, update Schedule 1.1.16 including using information provided to it by IPH under Subsection 9.7.2.**

9.8 **Patent Term Extension.** IPH shall advise NN of any communications between IPH and any regulatory agency (including the FDA or EMEA) or other governmental body that may be reasonably considered pertinent to an extension of the term of a Patent exclusively licensed to NN hereunder (including, without limitation, patent term restoration under the U.S. Patent Statutes (35 U.S.C. §§1-376) and supplementary protection certificates in the member states of the European Union or European Economic Area, or Switzerland).

9.8.1 **NN, at its sole discretion and cost, may seek, or direct IPH to seek, where appropriate, an extension of the term of any Patent licensed exclusively to NN hereunder or other patent Controlled by IPH covering a Licensed Product (including, without limitation, filing for patent term restoration under the U.S. Patent Statutes (35 U.S.C. §§1-376) and seeking supplementary protection certificates in the member states of the European Union or European Economic Area, or Switzerland).**

9.8.2 **IPH shall not seek an extension of the term of any patent exclusively licensed to NN hereunder without NN’s prior written consent.**

9.8.3 **IPH hereby authorizes NN to act as IPH’s agent before any patent authority (including the United States Patent and Trademark Office) and agrees that NN is entitled to rely on any activities of IPH as a marketing applicant before any Regulatory Agency in any seeking of an extension of any patent for a Licensed Product. IPH shall cooperate with any efforts by NN to extend the term of such patent for a Licensed Product, including diligently supplying all information relating to such extension to NN, and executing supporting documents required to comply with all laws pertaining to the extension of patent term including granting NN or its representatives any power of attorney necessary to seek such extension.**

9.9 **License Registration.** Either Party may, at its own expense and to the extent possible, register information concerning the rights licensed to it herein, in whole or in part, with appropriate patent or other government authorities, where

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
necessary to fully enjoy the rights and licenses provided to it hereunder, provided that the Party proposing to do so provides the other Party with a copy of any information or documents it proposes to file in association with such registration at least *** prior to the filing thereof. Each Party shall endeavour to maintain as much confidentiality as possible regarding this Agreement in making such disclosures. Any such disclosures, not objected to by the other Party, and made in accordance with this Section, shall not constitute a breach of the Confidentiality Provisions of this Agreement.

9.10 No Implied Rights. Except as otherwise expressly provided in this Agreement, this Agreement does not grant, license, or otherwise transfer or convey to either Party any ownership interest or other right, title or interest in or to the Patents, other IPR, or Confidential Information of the other Party, including any Materials or Know-How Controlled by the other Party (whether or not delivered by the other Party to said Party), at any time. For the avoidance of doubt, the combination of a Licensed Product, Niche Candidate or Residual Product with Other Products as a Combination Product shall not grant or confer any right or license to either Party in respect of such Other Products.

9.11 Notice of Infringement or Misappropriation. Within *** of its discovery thereof, IPH or NN notify the other in writing of any known, alleged or threatened (i) infringement of any Patents described in this Article 9 other than Patents in the Independent IPR of either Party (ii) infringement or misappropriation of any other IPR that threatens to have an adverse affect upon Commercial Optimization, or (iii) attempt to invalidate any Collaboration Patent, or any other Patents described in this Article 9 other than Patents in the Independent IPR of either Party, or

(b) if either Party, or any of their respective Affiliates, is named as a defendant in a legal proceeding by a Third Party for infringement of a Patent or infringement or misappropriation of any other IPR because of the manufacture, use, importation or sale of any Licensed Product, Niche Candidate, or Residual Product, or use of any Know-How comprised in Collaboration IPR.

Any notice provided under Section 9.11 shall set forth all relevant facts (to the extent known by the Party giving notice) in reasonable detail and shall include a reasonable description of available evidence associated therewith or copies of any readily available documentary evidence associated therewith.

9.12 Exclusive First Right of Enforcement of Licensed IPR. Each Party shall have the exclusive right, without obligation, to initiate or defend any suit, opposition, interference, other legal action (including proceedings before the US International Trade Commission), or to take other appropriate action, that it, in its sole discretion, believes is reasonably required to protect or enforce (i.e., prevent or abate actual or threatened misappropriation or infringement of, or otherwise enforce) any Patents or other IPR to which it has been granted an exclusive license under this Agreement (in its own name or, if authorized by contract and

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
permitted by applicable Law and required by applicable Law, in the name of the other Party or an Affiliate of the other Party, and shall bear its own costs and expenses in respect thereof and be represented by counsel of its choice. Where any uncertainty exists regarding which Party has the right to bring such legal action, NN shall be presumed to have the first right.

9.12.1 **Required Joinder.** If the other Party is required under applicable law to join any such legal action initiated pursuant to this Section 9.12 or if the failure of such other Party be a party to such suit, action, or proceeding would in the opinion of counsel of the initiating or defending Party risk dismissal thereof, the other Party shall execute all papers and perform such other acts as may be reasonably required to permit the litigation to be initiated or conducted (including initiating a suit before a court or tribunal at the initiating or defending Party’s request or permitting the initiating or defending Party to initiate a legal action under this Section 9.12 in the name of itself and the other Party). In such an event, the initiating or defending Party shall reimburse the other Party for its expenses relating to its joining thereto and participation therein. If the other Party is required to be joined as a party in any such action, then upon the request of the initiating Party, it shall waive any objection to such joinder on the grounds of personal jurisdiction, venue, or forum non conveniens. The Party joined in such proceedings shall be represented by counsel for the initiating Party in such litigation or other proceedings at the initiating Party’s cost.

9.12.2 **Settlement.** A Party initiating or defending a proceeding under Section 9.12 shall have the exclusive right, in its sole discretion, to settle any such suit or other dispute, whether by settlement or other voluntary final disposition, without the prior written approval of the other Party or the other Party’s Affiliate, provided that the terms of such resolution do not:

(a) enjoin any future action by the other Party or any of its Affiliates, Out-licensees, Sub-licensees, or Third-Party collaboration partners (“Affected Persons”);
(b) derogate from or diminish any of the other Party’s rights or licenses under this Agreement;
(c) require any of the Affected Persons to make any payment;
(d) fail to grant the other Parties and its Affiliates a release of all claims in the dispute;
(e) require the admission or concession that any claim or aspect of any Patent Controlled by the other Party or its Affiliates is invalid or unenforceable, or require any waiver or disclaimer of any rights with respect to such claim or Patent; or

69
otherwise have a Material Adverse Affect upon any of the Affected Persons or any of their assets, or any IPR licensed under this Agreement.

9.13 Second (“March-In”) Enforcement Rights. In the event a Party having an exclusive license to IPR under this Agreement does not exercise its rights to initiate or defend a proceeding under Section 9.12 within *** of its receipt of notice under Section 9.11, the other Party shall have the exclusive right to initiate or defend such proceeding at its own expense as if it were the Party initiating proceedings in accordance with the provisions of Section 9.12 and the other Party shall comply with the terms of that Section accordingly.

9.14 Share of Recoveries. Any recoveries resulting from the enforcement of Patents or other IPR by the Party authorized to undertake such enforcement pursuant to Section 9.12 or Section 9.13 shall first be used to cover the reasonable prosecution costs of such Party and any remaining sums shall be divided between the Parties as follows:

(a) if the infringement has taken place before the First Commercial Sale of the Licensed Product, Niche Candidate, or Residual Product claimed or covered by the IPR or Valid Claim(s) of the Patent enforced by such enforcing Party’s action, such remaining sums shall be (i) retained by or paid to the Party Controlling such IPR or Patent in the event that it is not jointly owned by the Parties; and (ii) shared in the proportion *** in the event of the Parties’ joint ownership of such Patent or other IPR, or if the subject matter of such enforcement has been any Patent(s) or other IPR Controlled by more than one of the Parties;

(b) if infringement has taken place after the First Commercial Sale but continues after the First Commercial Sale of a Licensed Product, Niche Candidate, or Residual Product claimed or covered by the IPR or Valid Claim(s) of the Patent enforced by such enforcing Party’s action, (i) to the extent that such recovery is expressly for, or attributable to, lost profits on lost sales of such Licensed Product, Niche Candidate, or Residual Product, such remaining sums shall be treated as Net Sales of the Party engaged in the sale (or Out-licensing to a Third Party of such sale) of such Licensed Product, Niche Candidate, or Residual Product and shall be paid to or retained by such Party subject to the payment of royalties to the other Party in the applicable percentages set forth, respectively, in Article 7 or 13, and (ii) to the extent that the recovery is other than expressly for, or attributable to, such lost profits, it shall be allocated in accordance with the above Section 9.14(a).

9.15 Third Party Litigation. If the manufacture, use, or sale of any Licensed Product, Niche Candidate, or Residual Product, or performance of any other activity conducted pursuant to this Agreement results in any claim, suit, or proceeding by a Third Party alleging IPR infringement or misappropriation by either Party (the “Defending Party”), or any of the Defending Party’s Affiliates, Sub-licensees, or

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Out-licensees, such Defending Party will within *** of its discovery notify the other Party thereof in writing. The Defending Party (or its Affiliate, Sub-licensee, or Out-licensee) shall have the exclusive right to defend and control the defense of such claim, suit or proceeding at its own expense, using counsel of its own choice, provided that each Party shall in all events have exclusive control over the defense of any claim, suit, or proceeding, or any part thereof, that challenges any Patent or IPR that is subject to such Party’s exclusive enforcement rights under Section 9.12, and neither the other Party nor any of its Affiliates, Sub-licensees, or Out-licensees may, without such enforcing Party’s prior written consent, enter into any settlement or other voluntary final disposition of such claim, suit or proceeding containing terms respecting such IPR or Patent and, in particular, but without limitation, that admits or concedes that any claim or aspect of such Patent or IPR is invalid or unenforceable or requires any waiver or disclaimer thereof. Each Party will keep the other reasonably informed of all material developments in connection with any such claim, suit, or proceeding. The Defending Party shall provide the other Party with copies of all pleadings filed in the action and allow the other Party reasonable opportunity to participate in the defense of the claims.

9.16 Cooperation in Legal Proceedings. If either Party shall become engaged in or participate in any suit or proceeding described in this Article 9, or any investigation, claim, interference or other proceeding with any Third Party (including any proceeding before a relevant regulatory authority or government body) relating in any way to any Drug Candidate, Licensed Product, Niche Candidate, or Residual Product, or any Know-How affecting either Party’s ability to attain Commercial Optimization, the other Party, at the request of such Party, shall cooperate and endeavour to cause its and its Affiliates’, Sub-licensees’, and Out-licensees’ employees to cooperate, in all reasonable respects with such Party (including by providing such documents, information, witnesses, and testimony; attending such conferences, discovery proceedings, hearings, trials and appeals; and negotiating such Third-Party licenses, as may be reasonably be requested by such Party in connection with, and using diligent efforts to make reasonably available to such Party, free of charge (other than reimbursement of actually incurred, reasonable out-of-pocket expenses), such employees and agents who may be helpful with respect to, such suit, investigation, claim, interference or other proceeding), and joining, or authorizing and empowering such Party to act in its name and stead, in such suit, investigation, claim, interference or other proceeding where necessary for the effective prosecution or defense thereof or for securing full and appropriate relief therein.

9.17 Trademarks.

9.17.1 Acquisition and Ownership of Product Marks. NN shall, in its sole discretion, select and own all trade marks and service marks associated with Licensed Products (collectively, “Product Marks”). NN shall also own any domain names associated with Licensed Products, including any domain names which contain Product Marks.

9.17.2 Obligation to Respect Trade Mark Rights. Except as otherwise specified herein or as the other Party may otherwise hereafter agree in writing, at no time shall either Party or any of such Party’s Affiliates

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(a) use or register (i) any trade marks, trade names, logos, or other designations of source, affiliation, or sponsorship of the other Party or any of the other Party’s Affiliates, or of any of the other Party’s or its Affiliates’ respective businesses, products or services, or (ii) any trade marks, trade names, logos, or other designations confusingly similar to, such trademarks, trade names, or other designations of the other Party or its Affiliates, used to identify any business, products, or services of itself or any of its Affiliates, or for any other commercial purposes, or

(b) take any other action with a view to or that may reasonably be viewed as resulting in damaging the rights or goodwill in any of such trade marks, trade names, logos, or other designations of the other Party or its Affiliates in any country.

Notwithstanding the foregoing or any other provision of this Agreement, each Party and its Affiliates shall have the right to make truthful references to or identifications of the other Party or its Affiliates, or to the business, services, or products of the other Party or its Affiliates, in compliance with the provisions of Article 18 hereof.

9.17.3 No Implied Grant of Right or License In Respect of Trade Mark Rights. Nothing contained in this Agreement shall be construed as conferring any rights to use in advertising, publicity, or other promotional materials or activities any name, trade name, trade mark, trade dress, or other designation of a Party hereto, including any contraction, abbreviation, or simulation of any of the foregoing, unless the express written permission of such Party has been obtained.

9.18 Determination of Patent Issues to be Made Under Applicable National Law. Except as provided for under Section 9.2 (which shall control issues of inventorship) and Section 9.20, any dispute regarding infringement, validity or enforceability (other than based on inventorship) of Patents between the Parties shall be made under applicable national law.

9.19 Acknowledgment of Intellectual Property Rights; Termination of License with Respect to Specific Patents. Each of the Parties hereby acknowledges and agrees that its obligation to pay royalties pursuant to this Agreement is supported by good and valuable consideration comprised, among other things, of its receipt of a license under secret, substantial and identifiable Know-How, including Collaboration Know-How and under certain specified Patents Controlled by the other Party.

Either Party may terminate its license to the other Party under any Patent or any Collaboration Know-How under this Agreement immediately by notice in writing to the other Party in the event that the other Party shall challenge the validity or enforceability of any such Patent or the secret, substantial and identified nature of the Collaboration Know-How. For the avoidance of doubt, such challenge of the validity or enforceability shall not be a breach of this Agreement.
The Parties further acknowledge and agree that one Party may not avoid the payment of royalties to the other during the Term on the basis that Collaboration Know-How has ceased to be secret, substantial and identified as a result of any action or omission by or on behalf of the first Party.

The Parties acknowledge and agree that royalties payable under this Agreement shall, for the purpose of the commercial convenience of the Parties, be payable during the Term pursuant to the terms and conditions of this Agreement.

9.20 Survival. The Parties’ rights and obligations under this Article 9 shall survive the expiration or earlier termination of this Agreement for any reason (whether before or after the expiration of the Collaboration Term), provided that, (a) neither Party shall be required to pay any royalty to the other in respect of Net Sales of any product (including any Licensed Product, Niche Candidate or Residual Product) in any country after the expiration of the Term of this Agreement with respect to such product in such country.

10. CONFIDENTIAL INFORMATION AND MATERIALS

10.1 Superseding of Prior Agreements. The confidentiality and use provisions of this Agreement, as set forth in this Article 10, Subsection 1.1.28 and elsewhere in this Agreement, terminate, supersede and replace in their entirety the provisions of the Confidentiality Agreements between the Parties dated April 29, 2003, January 28, 2005 and November 10, 2005 as well as any other confidentiality and non-use agreements entered into between the Parties prior to the date of this Agreement.

10.2 Confidentiality and Use Restrictions. The Receiving Party in respect of any Confidential Information undertakes from the date of disclosure to treat all received Confidential Information as strictly confidential during the Term of this Agreement and for a minimum term of five (5) years thereafter and, therefore, not to disclose it without the prior written and express consent of the Disclosing Party and to make no use of it, except as specifically provided for in this Article 10 without the prior written and express consent of the Disclosing Party in each case; provided that, (a) in the event that such Confidential Information shall constitute a Trade Secret, the Receiving Party shall be obligated to continue to comply with the foregoing requirements until such time, if ever, as it shall lose its character as a Trade Secret through no fault of the Receiving Party and (b) in the event that either Party shall enter or have obligations under an agreement with a Third Party which entails a longer period for maintaining Confidential Information the Receiving Party shall comply with such obligations.

10.3 Disclosures to Authorized Persons. The Receiving Party may disclose Confidential Information only to its reliable employees, and to such of its agents, consultants, Sub-licensees, Out-licensees and other Third Parties it may authorize hereunder to receive such Confidential Information, who, in each case, need to know such Confidential Information in order to carry out, or to consider carrying out, such evaluations, and other discovery, development or
commercialization activities with respect to IPR, Licensed Products, Niche Candidates, Residual Products and such other subject matter as is encompassed by the Receiving Party’s rights, licenses or performance obligations under this Agreement, provided that such Persons are bound by obligations of confidentiality and non-use to the Receiving Party that are no less protective of the Disclosing Party’s rights or interests in respect of Confidential Information than those set forth in this Agreement. The Receiving Party shall ensure that such employees and other Persons are made fully aware of the obligations of this Agreement in respect of Confidential Information and shall be responsible for all acts and omissions of such employees and other Persons to whom it directly or indirectly makes available, discloses or provides Confidential Information, which, if committed by the Receiving Party, would constitute a breach of the Receiving Party’s obligations under this Article 10, and shall take appropriate action, whether by instruction, agreement or otherwise, to ensure the protection, confidentiality and security of Confidential Information.

10.4 Material Transfer Agreement. No Materials may be transferred, or caused or authorized to be transferred, directly or indirectly to any Third Party for any research or other purposes except by a Party or its Affiliate, or the Out-licensee of a Party or its Affiliate, pursuant to a legally binding, written material transfer agreement identical in substance to the Material Transfer Agreement annexed as Schedule 10.4. Except as provided for in Subsection 10.4.1, the Parties shall use the Material Transfer Agreement annexed as Schedule 10.4, which may be modified by the Joint Steering Committee from time to time.

10.4.1 Procedure for IPH Obtaining Approved Exceptions to Material Transfer Agreement Requirements. In the event that IPH shall contemplate entering into a material transfer agreement that deviates in substance from the annexed Material Transfer Agreement, prior to entering into such agreement IPH shall submit a copy thereof to NN for NN’s approval. IPH shall not enter into such agreement without having received such approval from NN, provided that, if NN shall fail to respond to IPH’s submission to NN of such proposed agreement within *** of its receipt thereof, NN shall be deemed to have approved of IPH’s entry into such agreement. Each Party shall provide all such Third Party material transfer agreements entered into pursuant to this Section 10.4 to the other Party for archival purposes. With respect to any Materials transferred to any Third Party pursuant to any material transfer agreement as described by this Section 10.4, in the event of a conflict between the provisions of this Article 10 or Subsection 1.1.28 with any term or condition of such material transfer agreement that conforms to the provisions of the Material Transfer Agreement, such conforming term or condition of the material transfer agreement shall prevail.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
10.5 Additional Terms of Confidentiality. Except as expressly set forth herein the following provisions shall apply:

10.5.1 The Receiving Party shall not use Confidential Information for any purpose other than for purposes of exercising its rights or licenses or performing its obligations under this Agreement.

10.5.2 Confidential Information is the sole property of the Disclosing Party and nothing in this Agreement, other than the licenses set forth herein, shall be construed as granting to the Receiving Party, by implication or otherwise, any right or license with respect to Confidential Information or any Patents or any claims of Patents now or hereafter filed or issued with respect to Confidential Information and the Receiving Party shall refrain from filing applications or otherwise seeking proprietary rights and protection in respect of Confidential Information.

10.5.3 The Receiving Party shall keep the Disclosing Party informed of all uses made of Confidential Information. With the exception of such Confidential Information as is required for the Receiving Party’s exercise of such rights or performance of such obligations as survive such expiration or termination, upon the termination or expiration of this Agreement, the Receiving Party shall return to the Disclosing Party all surviving tangible embodiments of Confidential Information received hereunder and any material, data, and results derived from such Confidential Information.

10.5.4 Except as expressly set forth herein or in another written agreement relating to Confidential Information in force between the Parties, neither Party shall incur any obligation or liability to the other Party merely by disclosing or receiving Confidential Information to or from the other Party. It is further agreed that the furnishing of Confidential Information shall not constitute any grant, option or license under any Patent or other rights now or hereinafter held by either Party.

10.5.5 At the Disclosing Party’s reasonable request, the Receiving Party shall provide to the Disclosing Party a copy of such written agreements as have been entered into by the Receiving Party with any Persons to whom or which the Receiving Party has disclosed Confidential Information, including the provisions of such agreements that set forth such Person’s or Persons’ agreement to be bound by the confidentiality and use obligations set forth herein.

10.5.6 Except as reasonably necessary in connection with the exercise of the Receiving Party’s rights or licenses, or the performance of its obligations, under this Agreement, the Receiving Party shall not copy or authorize the copying, in whole or in part, of any Confidential Information received by it, directly or indirectly, from the Disclosing Party without first receiving written consent from the Disclosing Party. Any copyright, confidentiality or other proprietary notices appearing on or in connection with such Confidential Information shall be reproduced and included on all copies made by or under the authorization of the Receiving Party.
10.5.7 The Receiving Party acknowledges that all Confidential Information is provided “as is” and without any representation or warranty, express or implied, as to the accuracy or completeness of such Confidential Information, including, without limitation, any implied warranty of merchantability or fitness for a particular purpose, or, except as expressly provided in Article 15, any warranty that the use of Confidential Information will not infringe or violate any Patent or other proprietary rights of any Third Party.

10.6 Permitted Disclosures. Notwithstanding any provisions of this Agreement to the contrary, the Receiving Party may disclose Confidential Information:

10.6.1 required to be disclosed to comply with applicable Laws, to defend or prosecute litigation or to comply with governmental regulations, provided that the Receiving Party provides prior written notice of such disclosure to the Disclosing Party with no undue delay so that the Disclosing Party may contest such potential disclosure, and further provided that the Receiving Party takes reasonable and lawful actions to avoid or minimize the degree of such disclosure, including without limitation by seeking confidential treatment (to the extent available) from the applicable governmental or regulatory body;

10.6.2 if the Receiving Party is the Party authorized to prosecute, maintain or enforce any Patent pursuant to Article 9, for purposes of any such action with respect to which such Party is so authorized, including for purposes of compliance with any Laws or regulations requiring any such disclosure relating to such Patent, provided that the Receiving Party takes any and all reasonable and lawful actions to avoid or minimize the degree of such disclosure, including by seeking confidential treatment (to the extent available) from the applicable governmental or regulatory body;

10.6.3 on a confidential basis to its legal or financial advisors who are bound by professional obligations of confidentiality; or

10.6.4 on a confidential basis to the Receiving Party’s (a) Affiliates; (b) existing or potential acquirers or merger candidates; (c) investment bankers; (d) existing or potential investors, venture capital firms or related financial service providers, for purposes of obtaining financing, each (a) through (d) of whom or which, prior to such disclosure, shall have first entered into a binding written agreement to be bound by use and disclosure restrictions that are at least as protective as those set forth in this Article 10, provided, however, that (i) the Persons described in clauses (b) through (d) shall only be allowed to view such Confidential Information (including this Agreement or the Share Purchase Agreement (as hereinafter defined)) at the premises of one of the Parties or its legal advisors and shall not be allowed to make copies (electronically or in hard copy) of such Confidential Information (other than this Agreement or the Share Purchase Agreement) without the prior written approval of
the Disclosing Party and (ii) IPH shall not disclose any Confidential Information of NN (other than this Agreement or its terms) to any Person, including any existing or potential acquirer or merger partner, who or that is substantially involved in the discovery, development, manufacture, sale or other exploitation of any drug candidates, biologics or other products developed, marketed or used for the same indications as any Drug Candidates, Licensed Products, Niche Candidates, Residual Products or any other products discovered, developed or commercialized under this Agreement, without first providing NN with reasonable advance written notice of such proposed disclosure and obtaining NN’s written consent thereto.

10.7 Required Notices. The Receiving Party shall promptly notify the Disclosing Party if it becomes aware that any Confidential Information has been made available to any Third Party, or of any breach of confidence by any Person to whom or which the Receiving Party has disclosed any of the Disclosing Party’s Confidential Information, and shall give the Disclosing Party all reasonable assistance in connection with any action, demand, claim or proceeding that the Disclosing Party may institute against such Person in respect of such disclosure. Each Party shall keep the other Party informed in the event that this Agreement or the Share Purchase Agreement has been made available to any Third Party.

10.8 Relief. Each Party acknowledges that Confidential Information is of a special and unique nature and agrees that the other Party’s remedies at law for a breach by it of its obligations under this Article 10 would be inadequate and that the Disclosing Party shall, without need to post any bond or prove actual damages, be entitled to seek and, if prevailing, obtain, in arbitration pursuant to Section 21.14 (or where necessary to avoid irreparable harm, in any court of competent jurisdiction), specific performance and provisional, permanent and mandatory injunctive and other equitable relief, as well as recovery of its court costs, expenses and reasonable attorneys’ fees, as remedies for any breach or threatened breach of any of the provisions of this Article 10.

11. DURATION OF THE AGREEMENT

This Agreement shall be in full force and effect from the Effective Date and shall expire, on a product-by-product and country-by-country basis, with the Parties’ respective obligations to pay royalties on the Net Sales of such products in such countries, pursuant to the terms and conditions of this Agreement.

12. MATERIAL BREACH AND TERMINATION

12.1 Material Breach, Damages and Termination. Except as otherwise expressly provided in this Agreement, each Party shall have a remedy in compensatory damages for any injuries caused by the other Party’s material breach of this Agreement. Except as otherwise expressly provided in this Article 12, (a) neither Party may terminate this Agreement, in whole or in part, for any reason, and (b) such termination shall not be of the entirety of this Agreement, but shall be on a product-by-product, project-by-project, or country-by-country basis.
12.2 Breach of Confidentiality Resulting in Loss of Patent Rights. Without limitation of the foregoing, in the event that either Party shall at any time commit a material breach of its obligations under Articles 10 or 18 and such breach shall directly result in a material loss of Patent coverage for any Drug Candidate, Licensed Product, Niche Candidate or Residual Product being commercialized or developed for commercialization by the other Party, then the royalty rate thereafter required to be paid by such other Party on the Net Sales of such Licensed Product, Niche Candidate or Residual Product (or such product as results from the development of such Drug Candidate) shall be reduced by *** from the rate otherwise payable pursuant to the terms of this Agreement, and such royalty reduction shall be such commercializing Party’s sole and exclusive remedy, and the breaching Party’s sole liability, for such breach. In this Section 12.2 whether a loss of Patent coverage is material shall be determined, in default of agreement between the Parties, in accordance with Section 21.14.

12.3 Termination for Convenience. NN may, for any reason or no reason, at any time during the Collaboration Term terminate this Agreement, in whole or in part, on *** written notice to IPH. Termination pursuant to this Section 12.3 shall not constitute a breach of this Agreement, and NN’s only liability and obligation, and IPH’s only rights and remedies in respect of each termination shall be those set forth in Section 13.4.

12.4 Termination for Material Breach. Either Party may immediately terminate this Agreement with respect to the affected product(s), project(s), and country(ies) upon the material breach by the other Party of any material term or material condition of this Agreement with respect to such product(s), project(s) and country(ies), if such breach continues for *** after the receipt by the breaching Party of written notice thereof from the non-breaching Party, provided that, (other than a payment obligation) if the noticed breach is such that cure can be made, but cannot reasonably be completed within said *** period, then the Party complaining of such breach shall have the right to terminate this Agreement by reason of such breach only if the defaulting Party shall have failed to commence to cure such breach within the specified *** notice period and to thereafter promptly and diligently complete such cure. Notwithstanding the foregoing, if the Party in breach disputes the existence, materiality, nature or extent of any default set forth above, (i) the Parties shall use good faith efforts to resolve the dispute amicably and, (ii) if resolution cannot be thereby reached, then the dispute shall be resolved pursuant to Section 21.14. This Agreement shall, however, continue to remain in full force and effect during the pendency of any such dispute as to the existence, materiality, nature or extent of such breach, as set forth in Section 4.6.

12.5 Establishing Materiality and Scope of Alleged Breach. For the avoidance of doubt, the Parties must agree on whether a breach of this Agreement has been committed and, if so, the scope and effect of the alleged breach and whether such breach amounts to a material breach in any particular case. If, after exercising good faith efforts to resolve these issues amicably, the Parties do not agree that such a breach exists or is material, or agree as to the scope of a breach, the dispute shall be resolved pursuant to the procedures described in Section 21.14. In the event that a dispute shall arise as to whether a material breach has been committed so as to establish the right to terminate all or any

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

78
aspect of this Agreement, the Parties shall have the continued right to exercise their rights and licenses, and shall continue to perform their obligations, hereunder during the pendency of such dispute in respect of this Agreement or aspect, and, except as otherwise expressly permitted by this Agreement, neither Party shall commence any work in the Collaboration Field in respect of such matter(s) independently of the Collaboration (whether individually or with any Third Party), until a final resolution has been reached either by the Parties’ written agreement or by arbitration pursuant to Section 21.14 establishing that the termination of this Agreement has been properly effected by reason of a material breach.

12.6 Termination Upon Bankruptcy. This Agreement may be terminated, in whole or in part, by either Party upon written notice to the other: in the event that (a) the other Party (i) adopts a resolution for, or undertakes to effect, a discontinuance of its business or dissolution, or otherwise terminates or suspends its business operations for a period of more than *** other than by reason of Force Majeure; (ii) becomes insolvent or unable to pay its debts when due; (iii) makes an assignment in bankruptcy or other assignment or general arrangement for the benefit of its creditors; (iv) commences a proceeding, or files for or seeks relief, under any bankruptcy, insolvency or other Law of any jurisdiction, now or hereafter in effect, regarding the bankruptcy, insolvency or relief of debtors, including any petition in bankruptcy, petition or application to any tribunal for the appointment of any custodian, receiver, trustee or similar functionary for it or a substantial part of its assets, or for any arrangement, reorganization, composition, dissolution, liquidation, business rehabilitation, business preservation, readjustment of debt or similar relief; (v) is made subject to any attachment, seizure or other legal process against a substantial part of its assets or against any right, title or interest in this Agreement or any material product, IPR or other subject matter of this Agreement; (vi) is made subject to any bona fide petition, application or proceeding described in (iv) above that is filed or commenced against it, in which an order for relief is entered or which remains undismissed for a period of *** or more; or (vii) by any act or omission shall indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief, or the appointment of a custodian, receiver, trustee or similar functionary for it or any substantial part of its assets, or shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of *** or more; or (b) anything analogous to any of the foregoing occurs in any applicable jurisdiction. Termination shall be effective upon the date specified in such notice.

12.7 Development Diligence Requirements. For the purposes of this Section 12.7, each Party shall be obliged to promptly notify the other Party in writing of any decision to abandon the development, marketing or sale of any Licensed Product, Residual Product or Niche Candidate for any indication(s) and with respect to any country(ies) and in the absence of notification the first Party shall be deemed to have abandoned the development of such Licensed Product, Niche Candidate, or Residual Product for such indication being developed for commercialization exclusively by or on behalf of that Party if:

(i) ***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(ii) ***

(iii) ***

provided that the time periods in (i)-(iii), above:

(A) shall not include any time period during which the relevant Licensed Product, Niche Candidate or Residual Product shall have been subject to a Clinical Hold (as defined below) and the Party developing same shall have been using Commercially Reasonable Efforts to remove such Clinical Hold; and

(B) shall be altered by the Parties to take into consideration unforeseen delays or obstacles in continuing the development of the relevant Licensed Product, Niche Candidate or Residual Product outside the reasonable control of the developing Party, in which case the Parties shall agree to a reasonable extension having regard to the delay, provided that the developing Party must make a request for such extension to the other Party at the time of, and not solely after, the delay.

Within *** of any of the occurrence of any of the events specified in (i), (ii), or (iii) above, the developing Party may, by paying to the other Party the relevant fee provided for below, extend the deadline for achievement of the required step on an annual basis for up to a period of *** the relevant fee being:

(a) ***

(b) ***

(c) ***

provided that the developing Party shall only have the right to such extension under two of events (a), (b) or (c) of this Section 12.7, unless the Parties hereafter agree otherwise in writing.

“Clinical Hold”, as used in this Section 12.7, shall mean a bona fide decision of the developing Party or a decision of a regulatory authority or another governmental body to suspend a clinical trial or other study when it does not believe that such clinical trial or other study can be conducted without unreasonable risk to the subjects in such clinical trial or study, and the existence of such circumstances shall be subject to arbitration in accordance with Section 21.14.

12.8 Termination for Failure to Employ Commercially Reasonable Efforts. Notwithstanding any other provision of this Agreement, in the event of the abandonment of the development by a Party (the “Developing Party”) (by express notice to the other Party or by operation of this Section 12), or a non-transient material failure of the Developing Party to employ Commercially Reasonable Efforts in respect of the marketing or sale of any Licensed Product, Residual Product or Niche Candidate in any country, all licenses granted to the

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Developing Party under this Agreement for the purposes of Commercial Optimization of any such Licensed Product, Residual Product or Niche Candidate a Party is authorized to develop but that has been abandoned in such country(ies) shall terminate immediately and the following provisions shall apply:

(a) The Developing Party shall have an obligation to grant to the other Party, at the other Party’s request, an irrevocable, world-wide, fully paid up, exclusive license under all its right, title and interest to the Collaboration IPR, Background NN IPR or Background IPH IPR (as applicable) and Independent IPR, and grant the right set out in Section 5.7, in the county(ies) and for the specific indication(s) with respect to which such specific Licensed Product, Residual Product or Niche Candidate has been abandoned, solely for the purposes of Commercial Optimization of such specific Licensed Product, Residual Product, or Niche Candidate for such indication(s) in such country(ies), and all supporting regulatory documentation, to the other Party only for no additional consideration other than as provided for herein; and

(b) if the other Party shall, in its discretion, assume such license it shall notify the Developing Party to this effect within *** of the Developing Party’s abandonment or the determination of abandonment, whichever is the later, upon which assumption the other Party shall have the exclusive right to exploit such IPR solely with respect to such abandoned product(s), for such specific indication(s), in such country(ies) and for such purposes as are specified in clause (a) above, provided that such right shall not include the right or license to develop or commercialize any product comprised of, interacting with, modulating or is derived from the same Biological Target for the same indications(s) as any (i) Licensed Product or Residual Product encompassed by the Developing Party’s exclusive rights or license hereunder; or (ii) Niche Candidate marketed by the Developing Party (or its out-licensee) pursuant to the Buy-In-Option.

(c) If the date of such abandonment is prior to the first dosing of humans in clinical trials with such abandoned Licensed Product, Residual Product or Niche Candidate, Sections 12.8(a) and 12.8(b) shall apply, save that, in consideration of the grant of such rights, if and only if the other Party subsequently Out-licenses such IPR within the period of *** following the date of the other Party’s assumption of rights, the other Party shall pay to the Developing Party a percentage of all revenue actually received by IPH in respect of such license on the following basis:

• ***
• ***
• ***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(d) If the effective date of abandonment is after the first dosing of humans in clinical trials with such abandoned Licensed Product, Residual Product or Niche Candidate but prior to the first dosing in Phase III, the above Sections 12.7(a) and (b) shall apply save that in consideration of the grant of such rights, if and only if the other Party subsequently Out-licenses such IPR within the period of *** following the date of the other Party’s assumption of rights the other Party shall pay to the Developing Party a percentage of all revenue actually received by the other Party in respect of such license on the following basis:

- ***
- ***
- ***
- ***
- ***
- ***

(e) If the date of such abandonment is after the beginning of the first dosing in Phase III then NN and IPH shall ***.

(f) In the event of its abandonment of a Licensed Product, Residual Product or Niche Candidate and irrespective of the effective date of such abandonment, the Developing Party shall:

(i) make no further representation regarding its status as a licensee of the other Party in respect of such abandoned Licensed Product, Residual Product or Niche Candidate for the specific indications and with respect to the specific country(ies) with respect to which it has been abandoned;

(ii) cease any activities with respect to the marketing, promotion, sale or distribution of such abandoned Licensed Product, Residual Product or Niche Candidate for the specific indications and with respect to the specific country(ies) with respect to which it has been abandoned;

(iii) in the event that at the date of such abandonment there are ongoing clinical trials of such abandoned Licensed Product, Residual Product or Niche Candidate, pay for the completion of such clinical trials in respect of all patients enrolled at the effective date of abandonment except if the Agreement is terminated because of adverse events in the clinical trial(s) causing the trials (s) to cease due to regulatory requirements or regulatory considerations (including an actual or anticipated regulatory warning);

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(iv) at the other Party’s option and at the other Party’s expense, and to the extent such transfer is authorized by contract and permitted by applicable Law, to transfer to the other Party, the benefit of any contracts between the Developing Party and any Third Party in respect of the manufacture of such abandoned Licensed Product, Residual Product or Niche Candidate, with respect to the supply thereof for marketing for the indication(s) and in the country(ies) with respect to which such product has been abandoned, provided that for the avoidance of doubt the Developing Party shall not be required to cause or effect any such transfer if to do so will require the Developing Party’s payment or provision of additional consideration to any Person save that the other Party may pay for and obtain the right to such procurement or exercise to the extent authorized by contract and permitted by applicable Law;

(v) at the other Party’s option, and at the other Party’s expense, and to the extent authorized by contract and permitted by applicable Law, assign or cause to be assigned to IPH any regulatory submissions and approvals with respect to such abandoned Licensed Product, Residual Product or Niche Candidate and take such actions and execute such other instruments, assignments and documents as may be necessary to effect the transfer of all rights thereunder to the other Party;

(vi) at the other Party’s option and at the other Party’s expense, provide to the other Party all pre-clinical and clinical data in respect of such abandoned Licensed Product, Residual Product or Niche Candidate and all research reagents and materials intended for use in clinical trials of such abandoned Licensed Product, Residual Product or Niche Candidate, in the Developing Party’s possession or control; and

(vii) the other Party shall pay the Developing Party’s reasonable costs in connection with the above activities at a reasonable hourly rate representing the actual cost of the Developing Party of providing such services up to a maximum of ***.

Following the transfer of rights from one Party to another pursuant to this Section 12.8 the other Party shall have no further obligations under Sections 12.7, 12.8, 12.9 or 12.10 in respect of the development, sale or marketing of any such product.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

83
Without limitation of the Parties’ obligations to exercise Commercially Reasonable Efforts, or of any other obligations under this Agreement or remedies for the material breach thereof, the failure to attain any benchmark or objective set forth in any of Sections (i), (ii) or (iii) of Section 12.7 shall not constitute a breach of this Agreement, and the provisions of this Section 12 prescribe the Developing Party’s sole and exclusive liability, and the other Party’s sole and exclusive remedy for such failure.

12.9 Development or Marketing of Other Products. The development, sale or marketing, by a Party its Affiliates or Out-licensees having the obligation to use Commercially Reasonable Efforts, of a product (other than a Licensed Product, Niche Candidate or Residual Product) that is directed to the same indication as, and that results in substantial material prejudice to the development or commercialization of, a Licensed Product, Niche Candidate or Residual Product, shall constitute a failure to exercise Commercially Reasonable Efforts in respect of such Licensed Product, Niche Candidate or Residual Product in such indication.

12.10 Determination of Abandonment and Opportunity to Remedy. At any time after the end of the Collaboration Term IPH or NN shall have the right to request a determination as to whether abandonment has occurred in respect of any Licensed Product, Residual Product, or Niche Candidate in accordance with Section 21.14 and this Article 12, and for the purposes of Sections 12.7, 12.8 and 12.9 (except as otherwise specified in Section 12.7), a non-transient material failure to use Commercially Reasonable Efforts shall constitute abandonment. Following a request for such determination the other Party shall have *** to seek to cure or remedy such alleged abandonment and any such efforts shall be considered as a part of such arbitration.

12.11 Termination for IPH Transfer. In addition to its right to terminate this Agreement and other remedies in the event of IPH’s material breach of the terms of Section 20.1, NN shall have the right to request a determination as to whether abandonment has occurred in respect of any Licensed Product, Residual Product, or Niche Candidate in accordance with Section 21.14 and this Article 12, and for the purposes of Sections 12.7, 12.8 and 12.9 (except as otherwise specified in Section 12.7), a non-transient material failure to use Commercially Reasonable Efforts shall constitute abandonment. Following a request for such determination the other Party shall have *** to seek to cure or remedy such alleged abandonment and any such efforts shall be considered as a part of such arbitration.

12.12 Survival of Terms. All provisions of this Agreement (including all terms, representations, rights and obligations) consisting of or relating to representations, warranties, confidentiality, specified licenses, indemnification, limitations of liability, ownership rights, or defined terms, and all other provisions hereof that by their express terms or sense and context are intended to survive the expiration or earlier termination of this Agreement, shall each survive any expiration or termination hereof for any reason. In furtherance and not in limitation of the foregoing, this Section 12.9 and the following Articles and other Sections shall survive any such expiration or termination of this Agreement: all obligations under Article 10 (Confidential Information and Materials) or Section 20.15 (Further Assurances) that relate to the preservation or protection of any right, title or interest that itself survives such expiration or termination.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
13. CONSEQUENCES OF TERMINATION

13.1 General. Except as otherwise expressly provided in this Agreement, the expiration or earlier termination of this Agreement for any reason will not release either Party from any obligation or liability arising by reason of any breach that occurred prior to such expiration or termination, or as a result of such termination, or which may thereafter come into being as the result of any breach of any of the terms or conditions of this Agreement that survive such expiration or termination of this Agreement in accordance with the provisions of Section 12.12 hereof.

13.2 Costs for Regulatory Documentation. A Party required to provide regulatory documentation under this Agreement shall bear the reasonable cost for providing such documentation to the other Party, up to a limit of ***. Any additional reasonable costs of obtaining such documentation shall be the responsibility of the other Party.

13.3 Expiration of Collaboration Term. Upon and after the expiration of the Collaboration Term:

13.3.1 Limitation of NN Payment Obligation Upon Expiration of Collaboration Term. NN shall have no obligation to pay to IPH any annual research funding pursuant to Section 3.11 other than such outstanding amounts as then may be due and unpaid, or any royalties, fees or other amounts other than such royalties, fees and other amounts as are expressly required to be paid by the terms of this Section 13.3.

13.3.2 NN Retained Rights to Licensed Products, Niche Candidates and Drug Candidates Upon Expiration of Collaboration Term. NN shall retain all rights and licenses granted to NN under this Agreement that are necessary or useful for the Commercial Optimization of Licensed Products, Niche Candidates or, subject to IPH’s rights under Subsections 13.3.4 and 13.3.5, Drug Candidates including:

(a) the exclusive rights and licenses (with the rights to Sub-license and Out-license) granted to NN pursuant to the terms and conditions of Section 5.1; and

(b) to the extent authorized by contract and permitted by applicable Law, the right, pursuant to Section 5.8, to IPH’s grant or procurement of the grant to NN of the rights and licenses required for NN’s freedom of operation to exercise the foregoing exclusive rights and licenses,

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
in each case without any limitation, restriction or other derogation of such rights or licenses occurring as a result of such expiration of the Collaboration Term, provided that the exclusivity of NN’s rights and licenses under this Subsection 13.3.2 shall be subject to such, if any, of IPH’s rights and licenses as have been granted to IPH under Article 6 and retained by IPH pursuant to Subsection 13.3.4, and further provided that, (A) with respect to Licensed Products, NN shall continue to be bound by the terms and conditions of this Agreement in respect of the payment to IPH of (i) the applicable amount(s) specified by Section 7.3 for the achievement of the M0 status Discovery Milestone, the Intermediate Discovery Milestone and the M1 status Discovery Milestone, but only if such milestones are achieved as of the effective date of such expiration or within the *** following immediately thereafter, (ii) the applicable amount(s) specified by Section 7.4 for the achievement of Development Milestones with respect to the Licensed Products, (iii) royalties on Net Sales of such Licensed Products during the Term pursuant to the terms and conditions of Article 7, and (iv) the percentage of Upside Revenue realized by NN that is applicable pursuant to the terms and conditions of Section 5.11.

13.3.3 NN Residual Rights in the Field Upon Expiration of Collaboration Term. Without limitation of NN’s rights under Subsection 13.3.2 and in addition thereto, NN shall have the exclusive right and license throughout the Territory during the Term, pursuant to the terms and conditions of the rights and licenses granted to it under Sections 5.1 and 5.8, to develop and commercialize Residual Products from Drug Candidates that have attained at least M0 status but not M1 status during the Collaboration Term or prior to the expiration of the *** period following immediately after the effective date of the expiration of the Collaboration Term. The royalties payable to IPH on Net Sales of such Residual Products shall be governed by the terms and conditions of Article 7 save that royalties payable to IPH on Net Sales of such Residual Products that would, upon achievement of M1, be classified as Class C Licensed Products and for which M0 status has been achieved less than *** prior to the expiry of the Collaboration Term shall be reduced by *** from the applicable royalties set forth in Article 7.

13.3.4 IPH Retained Rights to Niche Candidates Upon Expiration of Collaboration Term. IPH shall retain, throughout the Territory during the Term:

(a) the right pursuant to the terms and conditions of Section 5.5, to the grant back by NN to IPH of an exclusive right and license, with the rights to Sub-license and Out-license; and

(b) the right to NN’s reasonable cooperation and assistance, pursuant to the terms and conditions of Section 5.8, in granting to IPH, or procuring the grant to IPH of, the rights and licenses required for IPH’s freedom of operation to exercise said right and license,

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
to develop and commercialize only such, if any, Niche Candidates as IPH has, prior to the effective date of such expiration, received exclusive authorization to develop and commercialize pursuant to the terms and conditions of Article 6 of this Agreement, without any limitation or other derogation of such rights or licenses occurring as a result of such expiration, provided that (i) the exclusivity of IPH’s rights and licenses under this Subsection 13.3.4 shall be subject to NN’s rights and licenses under Subsection 13.3.2 and apply solely to the commercialization and development for commercialization of those, if any, specific Niche Candidates with respect to which IPH has received such exclusive authorization to develop and commercialize pursuant to Article 6, (ii) NN’s obligations under this Subsection 13.3.4 shall not include any requirement that NN grant to IPH or assist IPH in obtaining any grant of any rights or licenses if doing so would fail to be authorized by contract or permitted by applicable Law, or would require NN’s payment or provision of any additional consideration to any Person save that IPH may elect to pay for and obtain the right to such procurement or exercise to the extent authorized by contract and permitted by applicable Law, and (iii) IPH shall continue to be bound by the terms and conditions of this Agreement in respect of the payment to NN of royalties on Net Sales during the Term pursuant to the terms and conditions of Article 7.

13.3.5 IPH Residual Rights in the Field Upon Expiration of Collaboration Term. Without limitation of IPH’s rights under Subsection 13.3.4 and in addition thereto, IPH shall have, throughout the Territory during the Term, under all Background NN Research Technology IPR and Collaboration IPR Controlled by NN, the exclusive right and license, with the rights to Sub-license and Out-license, to develop and commercialize Residual Products from Drug Candidates that have not attained at least M0 status, as of the effective date of the expiration or earlier termination of the Collaboration Term or prior to the expiration of the *** period following immediately thereafter, and shall retain, throughout the Territory during the Term, the right, pursuant to the terms and conditions of Section 5.8, to NN’s reasonable cooperation and assistance in granting or procuring the grant to IPH of the rights and licenses required for IPH’s freedom of operation to exercise the aforementioned exclusive right and license, provided that

(a) IPH shall pay royalties to NN on Net Sales during the Term of such Residual Products covered by a Valid Claim of a Patent forming part of the Background NN IPR, Collaboration IPR invented solely by NN or Independent NN IPR in accordance with Scenario 1 of Section 7.8,

(b) IPH shall pay to NN (i) royalties of *** of the Net Sales by IPH or any of its Affiliates during the Term or (ii) *** of all royalties received by IPH or any of its Affiliates in respect of Net Sales during the Term by any of their respective Out-licensees of all Residual Products resulting from the development and commercialization of such Drug Candidates, as calculated, mutatis mutandis, pursuant to Subsection 1.1.53, which payment obligation in respect of royalties received from Out-licensees shall be subject to IPH’s obligation to pay to NN a minimum royalty equal to ***, and maximum royalty equal to ***, of the Out-licensee’s Net Sales of such Residual Products,

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

87
(c) no grant of any right or license pursuant to this Subsection 13.3.5 shall include, in respect of such right and license, the right or license to develop or commercialize any Residual Product comprised of or directed to the same Biological Target as any Licensed Product, Residual Product or Niche Candidate being developed or marketed by NN or its Affiliates (or Out-licensee of either thereof) pursuant to the Buy-In-Option (for the avoidance of doubt, the limitations on the licenses and rights otherwise granted to IPH, pursuant to this Subsection 13.3.5, shall not in any way impose a limitation of any other rights IPH may have to develop or commercialize such Residual Product),

(d) IPH hereby covenants and agrees that subject to the terms of this Agreement neither IPH nor any of its Affiliates will at any time during the Term develop or commercialize, or cause or authorize to be developed or commercialized, any product comprised of or directed to the same Biological Target as any Licensed Product, Residual Product or Niche Candidate being developed or marketed solely by NN or its Affiliates (or Out-licensees thereof). This covenant and agreement shall not apply at any time after the effective date of any purchase or acquisition of IPH, except in respect of products that would infringe a Valid Claim of a Patent in the Collaboration IPR or Background NN IPR to the extent that NN retains exclusive rights of commercialization under this Agreement.

(e) NN’s obligations under this Subsection 13.3.5 to grant or assist in the procurement of the grant to IPH of specified rights or licenses shall not include any requirement that NN do so if such undertaking would not be authorized by contract or permitted by applicable Law or would require NN’s payment or provision of any consideration to any Person, save that, should NN decline to make any payment or provision of consideration required to make or obtain such grant, IPH may elect to do so and obtain the grant of such rights and licenses to the extent authorized by contract and permitted by applicable Law, and

(f) NN and its Affiliates shall have the right of first negotiation in the event that IPH proposes to Out-License any of its rights or licenses under this Subsection 13.3.5, to any Third Party pursuant to the provisions of Subsection 13.3.6.

13.3.6 NN Right of First Negotiation In Respect of IPH Out-License of Retained or Residual Rights Arising Upon Expiration of Collaboration Term. If IPH or any of its Affiliates intends to Out-license any of its rights or licenses under Subsections 13.3.4 or 13.3.5 at any time during the Term for any purpose, then the following provisions shall apply.
(a) **First Offer to NN.** IPH and its Affiliates shall, prior to offering such rights or licenses to any Third Party, offer the same to NN and its Affiliates on such financial and other terms and conditions as IPH shall present in the form of a definitive written agreement proposal (“First Offer”). As part of the First Offer, IPH shall include: ***. Upon receipt of the First Offer, NN may accept it as such, or request negotiations based thereon.

(b) **Negotiation of Out-License.** The Parties agree to negotiate in good faith and on an exclusive basis with the objective of executing a mutually acceptable definitive written agreement granting the contemplated Out-license to NN or its designated Affiliate(s), **provided that**, in the event the Parties fail within *** of IPH’s First Offer, or any separately agreed written extension of such period, to execute a mutually acceptable definitive agreement, then IPH or its Affiliates shall be free, subject to Subsection 13.3.6(c), to enter negotiations regarding an Out-license of the subject matter of the contemplated Out-license to NN with any Third Party.

(c) **Limitations on IPH Entering Into Agreement More Favorable to Third Party During NN Consideration of First Offer.** Neither IPH nor any of its Affiliates shall within *** of a First Offer enter into any definitive agreement or commitment with any Person in respect of such Out-license on any terms that when taken as a whole are, more favorable to such Person when compared to the terms proposed in NN’s or NN’s Affiliate’s last offer without first offering such terms to NN (or its Affiliates), save that after the expiry of such twelve month period NN shall have no further rights and IPH shall have no further obligations pursuant to this Subsection 13.3.6.

(d) **IPH Offer of Similar Terms to NN.** In the event that IPH or any of its Affiliates is prepared to enter into a definitive agreement with any Person other than NN or NN’s designated Affiliate(s) on such more favourable terms, IPH shall, prior to entering into such agreement, first offer such terms to NN or NN’s designated Affiliate(s). NN and its designated Affiliate(s) shall have *** after the receipt of such offer to accept or reject it. If NN or any of its Affiliates accepts such offer, the Parties shall enter into a definitive written agreement incorporating the material substantive terms of such offer, **provided that**, in the event the Parties fail within *** of such IPH offer, or any separately agreed written extension of such period, to execute a mutually acceptable definitive agreement, or if NN and its Affiliates reject such offer, IPH and its Affiliates shall be free to enter into a definitive agreement with such other Person incorporating the material substantive terms of such offer.

(e) **Any IPH Breach of Its Obligations to NN Upon Expiration of Collaboration Term is Material.** The breach by IPH of any of its obligations under this Subsection 13.3.6 shall constitute a material breach of this Agreement. If, after such Out-license agreement is

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
entered into by IPH with a Third Party, NN shall have a good faith basis for believing that IPH’s entry into such agreement was in violation of NN’s rights or in breach of IPH’s obligations under this Subsection 13.3.6, NN shall have the right to commence a proceeding pursuant to Section 21.14 for recovery of its resulting damages.

13.3.7 Rights Outside the Collaboration Field Upon Expiration of Collaboration Term. In addition to, and without limitation of, NN’s rights and licenses under Subsection 13.3.2;

(a) NN shall retain the right and license granted to NN pursuant to Section 5.2 on a perpetual, irrevocable, fully-paid-up, royalty-free basis; and

(b) To the extent that any Collaboration IPR other than that governed by Section 5.2 has application outside of the Collaboration Field, if either of the Parties wishes to exploit such Collaboration IPR their rights shall be as follows:

(i) if such IPR is owned solely by one of the Parties pursuant to Section 9.2(a) or 9.2(b) (i.e., is not owned jointly with the other Party or with any of the other Party’s Affiliates) that Party shall have the exclusive right to exploit such IPR outside the Collaboration Field;

(ii) if such IPR is Joint IPR then the Parties shall negotiate in good faith on a case by case basis the terms on which a Party shall have exclusive rights to exploit such IPR outside the Collaboration Field, which terms shall be fair and reasonable and have due regard to the relative contribution of the Parties to the discovery and development of such Joint IPR and comparable agreements entered into by the respective Parties or observable in the industry; and

(iii) if such IPR is Third-Party IPR then (A) if such IPR was acquired in exchange for consideration provided or paid solely by one of the Parties, that Party shall have the exclusive right to exploit such IPR outside the Collaboration Field, or (B) if such IPR was acquired in exchange for consideration provided or paid by both Parties then the Parties shall negotiate in good faith on a case by case basis the terms on which a Party shall have exclusive rights to exploit such IPR outside the Collaboration Field, which terms shall be fair and reasonable and have due regard to the relative contribution of the Parties to the acquisition and development of such Third Party IPR and comparable agreements entered into by the respective Parties or observable in the industry.
13.4 NN Termination for Convenience Prior to Expiration of Collaboration Term. In the event that this Agreement is terminated, prior to the expiration of the Collaboration Term, by NN for convenience pursuant to Section 12.3 the following shall apply:

13.4.1 NN’s Research Funding Obligation Upon NN Termination for Convenience Prior to Collaboration Term Expiration. NN shall continue to pay to IPH all remaining unpaid amounts, if any, payable to IPH in respect of the annual research funding contribution prescribed by Section 3.11 for the Collaboration Year in which such termination takes effect, such payment to be made pursuant to the terms and conditions of that Section.

13.4.2 IPH Residual Pre-M1 Rights Upon NN Termination for Convenience Prior to Expiration of the Collaboration Term. Subject to such rights and licenses of NN as shall survive the termination of this Agreement pursuant to this Section 13.4, IPH shall have, throughout the Territory during the Term, under all Background NN Research Technology IPR and Collaboration IPR Controlled by NN and necessary for such purpose the exclusive right and license, with the rights to Sub-license and Out-license, to commercialize, and develop for commercialization, Residual Products from Drug Candidates that have not attained M1 status, as of the effective date of such termination or within the *** period following immediately thereafter, provided that

(a) IPH shall pay to NN during the Term:

(i) a flat royalty rate of *** of Net Sales of such Residual Products sold by IPH or its Affiliates as are covered by a Valid Claim of a Patent forming part of the Background NN IPR, Collaboration IPR invented solely by NN or Independent NN IPR and a flat royalty rate of *** of Net Sales of such Residual Products sold by IPH or its Affiliates as are covered by a Valid Claim of a Patent forming part of the Joint IPR; or

(ii) *** of all royalties received by IPH or any of its Affiliates in respect of Net Sales during the Term by their respective Out-licensees of all such Residual Products, as calculated, mutatis mutandis, pursuant to Subsection 1.1.53, which payment obligation in respect of royalties received from Out-licensees shall be subject to IPH’s obligation to pay to NN a minimum royalty equal to ***, and maximum royalty equal to ***, of the Out-licensee’s Net Sales of such Residual Products; and

(b) Limitations on Licenses to IPH for Such Residual Products. The foregoing rights and licenses granted to IPH shall not include, in respect of such rights and licenses, a right or license to develop or commercialize any Residual Product comprised of or directed to

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
the same Biological Target as any (i) Licensed Product, (ii) Residual Product or (iii) Niche Candidate being developed or marketed by NN (or its Out-licensee) pursuant to the Buy-In-Option. For the avoidance of doubt, the limitations on the licenses and rights otherwise granted to IPH, pursuant to this Subsection, shall not in any way impose a limitation of any other rights IPH may have to develop or commercialize such Residual Product.

(c) IPH’s Limited Covenant Not to Compete by Marketing or Sale of Other Products. IPH covenants and agrees that neither IPH nor any of its Affiliates will at any time during the Term develop or commercialize any therapeutic, prophylactic or diagnostic product comprised of or directed to the same Biological Target as any Licensed Product, Residual Product or Niche Candidate being developed or marketed solely by NN or its Affiliates (or Out-licensees thereof). This covenant and agreement shall not apply at any time after the effective date of any purchase or acquisition of IPH except in respect of products that would infringe a Valid Claim of a Patent in the Collaboration IPR or Background NN IPR to the extent that NN retains exclusive rights of commercialization under this Agreement.

(d) Limitation on NN’s Obligations to Provide Licenses. NN’s obligations under this Subsection 13.4.2 shall not include any requirement that NN grant to IPH or assist IPH in obtaining any grant of any rights or licenses if doing so should fail to be authorized by contract or permitted by applicable Law, or would require NN’s payment or provision of any consideration to any Person save that, should NN decline to make any payment or provision or consideration required to make or obtain such grant, IPH may elect to pay for and obtain the right to such procurement or exercise to the extent authorized by contract and permitted by applicable Law.

13.4.3 NN Retained Rights Upon NN Termination for Convenience Prior to Expiration of the Collaboration Term. NN shall retain, throughout the Territory during the Term, all rights and licenses granted to NN under this Agreement that are necessary or useful for the Commercial Optimization of Licensed Products (including Drug Candidates that have attained M1 status as of the effective date of such termination or within the *** period following immediately thereafter) or any Niche Candidates with respect to which it has been granted or acquired the exclusive right to commercialize hereunder, including:

(a) the exclusive rights and licenses (with the rights to Sub-license and Out-license) granted to NN pursuant to the terms and conditions of Section 5.1; and

(b) to the extent authorized by contract and permitted by applicable Law, the right, pursuant to Section 5.8, to IPH’s grant to NN of the rights and licenses required for NN’s freedom of operation to exercise the foregoing exclusive license throughout the Territory during the Term,

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
in each case to develop and commercialize such Licensed Products and Niche Candidates without any limitation, restriction or other derogation of such rights or licenses occurring as a result of such termination, provided that the exclusivity of NN’s rights and licenses under this Subsection 13.4.3 shall be subject to such, if any, IPH’s rights and licenses as have been granted to IPH under Article 6 and retained by IPH pursuant to Subsection 13.4.5, and further provided that NN shall continue to be bound by the terms and conditions of this Agreement in respect of the payment to IPH of (i) the applicable amount(s) specified by Section 7.3 for the achievement of the M1 milestone, but only if such milestone is achieved as of the effective date of such expiration or within the *** following immediately thereafter, (ii) the applicable amount(s) specified by Section 7.3 for the achievement of Development Milestones with respect to the Licensed Products, in each case ((i) and (ii)) pursuant to the terms and conditions of Sections 7.4, (iii) royalties on Net Sales of Licensed Products and Niche Candidates during the Term pursuant to the terms and conditions of Article 7, and (iv) the percentage of Upside Revenue realized by NN that is applicable pursuant to the terms and conditions of Section 5.11.

13.4.4 NN Rights Outside the Field Upon NN Termination for Convenience Prior to Expiration of the Collaboration Term. In addition to, and without limitation of, NN’s rights and licenses under Subsection 13.4.3, NN shall retain its nonexclusive right and license under Section 5.2 to practice, exercise and use throughout the Territory all Collaboration Research Technology IPR Controlled by IPH, for NN’s internal use outside the Collaboration Field, which right and license shall be on a perpetual, irrevocable, fully-paid-up, royalty-free and non-exclusive basis.

13.4.5 IPH Retained Rights Upon NN Termination for Convenience Prior to Expiration of the Collaboration Term. IPH shall retain, throughout the Territory during the Term:

(a) the right pursuant to the terms and conditions of Section 5.5, to the grant back by NN to IPH of an exclusive right and license, with the rights to Sub-license and Out-license; and

(b) the right to NN’s reasonable cooperation and assistance, pursuant to the terms and conditions of Section 5.8, in obtaining for IPH the rights and licenses required for IPH’s freedom of operation to exercise said right and license,

to develop and commercialize only such, if any, Niche Candidates as IPH has, prior to the effective date of such termination, received exclusive authorization to develop and commercialize pursuant to the terms and conditions of Article 6 of this Agreement, without any limitation or other derogation of such rights or licenses occurring as a result of such termination, provided that

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(i) the exclusivity of IPH’s rights and licenses under this Subsection 13.4.5 shall be subject to NN’s rights and licenses under Subsection 13.4.3 and apply solely to the commercialization, and development for commercialization, of such, if any, specific Niche Candidates as IPH has received such exclusive authorization to develop and commercialize pursuant to Article 6,

(ii) NN’s obligations under this Subsection 13.4.5 shall not include any requirement that NN grant to IPH or assist IPH in obtaining any grant of any rights or licenses if doing so should fail to be authorized by contract or not permitted under applicable Law, or would require NN’s payment or provision of any consideration to any Person save that, should NN decline to make any payment or provision or consideration required to make or obtain such grant, IPH may elect to pay for and obtain the right to such procurement or exercise to the extent authorized by contract and permitted by applicable Law, and

(iii) IPH shall continue to be bound by the terms and conditions of this Agreement in respect of the payment to NN of royalties on Net Sales during the Term, save that IPH shall only pay to NN either (A) royalties of *** of the Net Sales during the Term by IPH or any of its Affiliates; or alternatively (B) *** of all royalties received by IPH or any of its Affiliates in respect of Net Sales during the Term by their respective Out-licensees of all products resulting from the development and commercialization of such Niche Candidates, as calculated, mutatis mutandis, pursuant to Subsection 1.1.53, which payment obligation in respect of royalties received from Out-licensees shall be subject to IPH’s obligation to pay to NN a minimum royalty equal to ***, and maximum royalty equal to ***, of the Out-licensee’s Net Sales of such products in lieu of the royalties specified by Section 7.8.

13.4.6 Right to Third-Party Collaborations Upon NN Termination for Convenience Prior to Expiration of the Collaboration Term. Subject to the Parties’ respective rights, licenses and obligations hereunder that, by the terms of this Agreement, survive such termination of this Agreement, in the event that this Agreement is terminated in its entirety pursuant to Section 12.4, IPH shall, commencing with the effective date of such termination, have the right to conduct all activities in the Collaboration Field independently of the Collaboration, both individually and with Third Parties.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
13.4.7 No Additional Consideration. NN and IPH shall have and enjoy their respective rights and licenses pursuant to this Section 13.4 without requirement that either of them pay or provide any consideration other than or in addition to such consideration as is expressly specified by the applicable Subsection thereunder and, except for the rights and licenses described in this Section 13.4 and such other rights and licenses that by their express terms shall survive the termination of this Agreement, all rights and licenses granted under this Agreement by NN to IPH or by IPH to NN shall terminate automatically and immediately upon the effective date of such termination without requirement of any further action by the Parties.

13.4.8 Exclusive IPH Remedies. The sole liability and obligations of NN and sole rights and remedies of IPH in the event of any termination of this Agreement for convenience by NN pursuant to Section 12.3 shall be those set forth above in this Section 13.4.

13.5 Termination for IPH Transfer. In the event that NN shall terminate this Agreement pursuant to Section 12.11 for IPH’s Change of Control or other Transfer, the terms and conditions of Section 13.3 (Expiration of Collaboration Term) shall apply and the respective rights and obligations of the Parties shall be as set forth in that Section, save that (i) the rights set forth in Subsection 13.4.6 shall be enjoyed by both Parties such that both IPH and NN shall, commencing with the effective date of such termination, have the right to conduct all activities in the Collaboration Field independently of the Collaboration, both individually and with Third Parties, and (ii) (A) NN shall be obligated to pay only the outstanding and unpaid portion of such pro rata share of the research funding contribution for the Collaboration Year in which such notice of termination is effective as corresponds to the portion of that Collaboration Year consisting of the period commencing with the first day of such Collaboration Year and ending on the effective date of such termination, (B) IPH shall reimburse NN for any amounts paid by NN in respect of such research funding contribution for that Collaboration Year that exceed NN’s payment obligation under the foregoing clause (A), and (C) NN shall have no obligation to pay any additional annual research funding contribution.

13.6 Termination for NN’s Material Breach. In the event that IPH shall terminate this Agreement pursuant to Section 12.3 for NN’s Material Breach, the terms and conditions of Section 13.4 shall be incorporated, mutatis mutandis, into this Section 13.6 and the respective rights, remedies and obligations of the Parties shall be as set forth in Section 13.4, subject solely to the following exception, modifications and addition:

(a) The provisions of Section 13.4.4 shall not apply;

(b) The royalty percentage terms set forth in Subsections 13.4.2 (a) (i) and (ii) shall be superseded and replaced by the following:

(i) “IPH shall pay to NN during the Term a flat royalty rate of *** of Net Sales of such Residual Products sold by IPH or its Affiliates as are covered by a Valid Claim of a Patent forming part of the IPR solely Controlled by NN or Joint IPR”;

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
“IPH shall pay to NN (i) royalties of *** of Net Sales of such Residual Products during the Term by IPH or any of its Affiliates; or (ii) *** of all royalties received by IPH or any of its Affiliates in respect of Net Sales during the Term by its Out-licensees of all such Residual Products, as calculated, mutatis mutandis, pursuant to Subsection 1.1.53, which payment obligation in respect of royalties received from Out-licensees shall be subject to IPH’s obligation to pay to NN a minimum royalty equal to ***, and maximum royalty equal to ***; of the Out-licensee’s Net Sales of such Residual Products;”

(c) The royalty percentage terms set forth in Subsection 13.4.5 shall be superseded and replaced by the following: “(iii) IPH shall continue to be bound by the terms and conditions of this Agreement in respect of the payment to NN of royalties on Net Sales during the Term, save that IPH shall only pay to NN either (A) royalties of *** of the Net Sales during the Term by IPH or any of its Affiliates; or alternatively (B) *** of all royalties received by IPH or any of its Affiliates in respect of Net Sales during the Term by its Out-licensees of all products resulting from the development and commercialization of such Niche Candidates, as calculated, mutatis mutandis, pursuant to Subsection 1.1.53, which payment obligation in respect of royalties received from Out-licensees shall be subject to IPH’s obligation to pay to NN a minimum royalty equal to ***, and maximum royalty equal to ***; of the Out-licensee’s Net Sales of such products”; and

(d) IPH Damages for NN’s Breach. In addition to the other rights and remedies of IPH under this Section 13.6, and subject to the terms and conditions of Section 21.8, in the event that IPH shall terminate this Agreement prior to the expiration of the Collaboration Term pursuant to Section 12.4 for NN’s material breach, IPH shall have the right to commence an arbitration proceeding against NN pursuant to Section 21.14 and to recover compensatory damages for such losses it incurs as a direct and proximate result of such breach to the extent that such losses have not been fully remedied by its rights and remedies under this Section 13.6.

13.7 Termination for IPH’s Material Breach. In the event that NN shall terminate this Agreement prior to the expiration of the Collaboration Term pursuant to Section 12.4 for IPH’s material breach:

13.7.1 Limitation of NN Payment Obligations Upon IPH’s Material Breach. NN shall have no obligation to pay to IPH any royalties, fees or other amounts (including any research funding contribution pursuant to Section 3.11) in addition to or other than those expressly set forth

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
in this Section 13.7. Further to and not by way of limitation of the foregoing, (a) NN shall be obligated to pay only the outstanding and unpaid portion of such pro rata share of the research funding contribution for the Collaboration Year in which such notice of termination is effective as corresponds to the portion of that Collaboration Year consisting of the period commencing with the first day of such Collaboration Year and ending on the effective date of such termination, and (b) IPH shall reimburse NN for any amounts paid by NN in respect of such research funding contribution for that Collaboration Year that exceed NN’s payment obligation under the foregoing clause (a).

13.7.2 IPH Assignment of IPR to NN Upon IPH’s Material Breach. Subject to the rights and licenses retained by IPH under Subsection 13.7.5 and such other rights and licenses of IPH as, pursuant to the terms of this Agreement, survive such termination by NN, IPH shall, for no additional consideration, assign to NN its entire right, title and interest in the Collaboration IPR without any limitation or restriction as to NN’s (or its transferees’) right to exercise, practice or use such Collaboration IPR within the Collaboration Field.

13.7.3 NN Retained Rights to Licensed Products, Residual Products and Niche Candidates Upon IPH’s Material Breach. NN shall retain, throughout the Territory during the Term, all rights and licenses granted to NN under this Agreement that are necessary or useful for the Commercial Optimization of Drug Candidates (or any Residual Products resulting from the development thereof), Licensed Products or Niche Candidates, including:

(a) the exclusive rights and licenses (with the rights to Sub-license and Out-license) granted to NN pursuant to the terms and conditions of Section 5.1; and

(b) to the extent authorized by contract and permitted by applicable Law, the right, pursuant to Section 5.8, to IPH’s grant or procurement of the grant to NN of the rights and licenses required for NN’s freedom of operation to exercise the foregoing exclusive license, to develop and commercialize such Drug Candidates, Residual Products, Licensed Products or Niche Candidates, in each case without any limitation, restriction or other derogation of such rights or licenses occurring as a result of such termination, provided that

(i) the exclusivity of NN’s rights and licenses under this Subsection 13.7.3 shall be subject to such, if any, IPH’s rights and licenses as have been granted to IPH under Article 6 and retained by IPH pursuant to Subsection 13.7.5, and

(ii) NN shall pay to IPH:
(A) the applicable amount(s) specified by Section 7.3 pursuant to the terms and conditions of that section for the achievement of the M1 milestone, but only if such milestone is achieved as of the effective date of such termination or within the *** period following immediately thereafter,

(B) the applicable amount(s) specified by Section 7.4 pursuant to the terms and conditions of that section for the achievement of Development Milestones with respect to the Licensed Products; and

(C) the all Licensed Products as of the date of termination, the royalties specified in Article 7 on Net Sales during the Term of all Classes of Licensed Products (Classes A, B and C) on a product-by-product and country-by-country basis, in accordance with the terms and conditions of Article 7;

***

NN shall also pay to IPH during the Term a flat royalty rate of *** of Net Sales of Residual Products as are covered by a Valid Claim of a Patent forming part of the Background IPH IPR, Collaboration IPR invented solely by IPH, Joint IPH IPR or Independent IPH IPR.

13.7.4 NN Rights Outside the Field. In addition to, and without limitation of, NN’s rights and licenses under Subsection 13.7.3, NN shall retain its nonexclusive right and license under Section 5.2 to practice, exercise and use throughout the Territory all Collaboration Research Technology IPR Controlled by IPH, for NN’s internal use outside the Collaboration Field, which right and license shall be on a perpetual, irrevocable, fully-paid-up, royalty-free and non-exclusive basis and without the right to Out-license, for purposes of the discovery, development and commercialization of products outside the Collaboration Field.

13.7.5 IPH Retained Rights. IPH shall retain, throughout the Territory during the Term:

(a) the right pursuant to the terms and conditions of Section 5.5, to the grant back by NN to IPH of an exclusive right and license, with the rights to Sub-license and Out-license; and

(b) the right to NN’s reasonable cooperation and assistance, pursuant to the terms and conditions of Section 5.8, in granting to IPH, or procuring the grant to IPH of, the rights and licenses required for IPH’s freedom of operation to exercise said right and license,

 Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

98
to develop and commercialize only such, if any, Niche Candidates as IPH has, prior to the effective date of such termination, received exclusive authorization to develop and commercialize pursuant to the terms and conditions of Article 6 of this Agreement, without any limitation or other derogation of such rights or licenses occurring as a result of such termination, provided that (i) IPH’s rights and licenses under this Subsection 13.7.5 shall be subject to NN’s rights and licenses under Subsection 13.7.3 and apply solely to the commercialization, and development for commercialization, of such, if any, specific Niche Candidates with respect to which IPH has received such exclusive authorization to develop and commercialize pursuant to Article 6, (ii) NN’s obligations under this Subsection 13.7.5 shall not include any requirement that NN grant to IPH or assist IPH in obtaining any grant of any rights or licenses if doing so would not be authorized by contract or permitted by applicable Law or would require NN’s payment or provision of any additional consideration to any Person save that IPH may pay for and obtain the right to such procurement or exercise to the extent authorized by contract and permitted by applicable Law, and (iii) IPH shall continue to be bound by the terms and conditions of this Agreement in respect of the payment to NN of royalties on Net Sales during the Term pursuant to the terms and conditions of Article 7.

13.7.6 NN Damages for IPH’s Breach. In addition to the other rights and remedies of NN under this Section 13.7, and subject to the terms and conditions of Section 21.8, in the event that NN shall terminate this Agreement prior to the expiration of the Collaboration Term pursuant to Section 12.4 for IPH’s material breach, NN shall have the right to commence an arbitration proceeding against IPH pursuant to Section 21.14 and to recover compensatory damages for such losses it incurs as a direct and proximate result of such breach to the extent that such losses have not been fully remedied by its rights and remedies under this Section 13.7.

13.8 M1 Grace Period and Audit Rights. In addition to the other consequences of termination set forth in this Article 13, in the event that (i) the Collaboration Term expires or (ii) this Agreement is terminated prior to the expiration of the Collaboration Term by either Party for any permitted reason

(a) any Drug Candidate that shall have achieved M1 status within *** after the effective date of such termination shall be deemed to have achieved such M1 status prior to such effective termination date for the purposes of this Article 13, and

(b) each Party, upon written request to the other Party, shall have the right to conduct an examination of all documents, information, materials and facilities generated or maintained by or on behalf of the other Party (or of any Affiliate or Sub-licensee of the other Party) in or in connection with the Collaboration, including all laboratory and other notebooks, records and reports, reference

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
samples of Drug Candidates and Biological Targets, all assay and other test protocols, data and results, and all summaries and analyses of any of the foregoing, that relate to the discovery, research or development of any Drug Candidate, solely for purposes of the examining Party’s determination of whether such Drug Candidate has attained M1 status prior to the effective date of such termination.

13.8.1 All such examinations under this Section 13.8 shall be: (i) conducted only once with respect to any single Drug Candidate, in each case within *** after the expiration of the *** period following immediately after the effective date of such termination; (ii) upon not less than *** prior written notice by the examining Party to the other Party; (iii) conducted only by qualified personnel or representatives of the examining Party; and (iv) conducted without undue interference with the business or operations of the examined Party’s facility(ies) or operations.

13.8.2 The documents, information, materials and facilities required to be made available for purposes of such examination shall be limited to only those that are relevant to assessing whether the Drug Candidate(s) in question have attained M1 Status prior to the effective date of such termination or during the one-hundred-eighty day period following immediately thereafter.

13.8.3 The Party made subject to any examination pursuant to this Section 13.8, whether directly or by or through its Affiliate(s) or Sub-licensee(s), shall render, or cause to be rendered, all reasonable cooperation and assistance to the examining Party in connection with such examination.

13.8.4 The examining Party shall, within *** after the completion of such examination, provide to the other Party notice of its conclusion as to whether the Drug Candidate(s) under examination have or have not attained M1 status prior to the effective date of such termination or within the *** period following immediately thereafter, in which the examining Party shall specify, in reasonable detail (a) the affected Drug Candidate(s), and (b) the basis for the examining Party’s conclusion as to whether or not such Drug Candidate(s) has or have attained M1 status prior to the effective date of such termination or the following *** period. If the examined Party disagrees with such conclusion it shall, within *** after its receipt of such notice, respond to the examining Party’s conclusion with a written statement setting forth in reasonable detail the basis for its disagreement.

13.8.5 In the event that the examined Party shall fail to provide such reasonably detailed written statement of disagreement within the above-specified *** period with respect to any Drug Candidate, it shall be deemed to have accepted and agreed to the examining Party’s conclusion as to the M1 or non-M1 status of such Drug Candidate, and such conclusion shall be final and binding upon the Parties for purposes of determining their respective rights, licenses and obligations with respect to such Drug Candidate under this Article 13.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
13.8.6 If the examined Party shall have provided to the examining party a reasonably detailed written statement of disagreement within the *** period specified in Subsection 13.8.4 with respect to any Drug Candidate, the Parties shall submit such disagreement for resolution pursuant to Section 21.14.

13.9 Cumulative Remedies. Except as otherwise expressly provided in this Agreement, the provisions under which this Agreement may be terminated shall be in addition to any other remedies which either Party may have hereunder or at law, in equity or otherwise, for the actual or anticipated breach of any terms hereof, and do not in any way limit any such other remedies such Party may have. Without limitation of the generality of the foregoing, such remedies may include an award of specific performance or provisional, permanent or mandatory injunctive or other equitable remedies in those instances in which an award of damages does not afford an adequate remedy, or where such remedies are otherwise necessary to avoid irreparable harm. Relief pursuant to the above clause may be sought from any court of competent jurisdiction in the event that the granting of such relief is not within the authorization, power or policy of any arbitral authority selected by the Parties, or is not expressly denied on the merits by such arbitral authority but nevertheless will not adequately be enforced by the relevant courts or be obtainable from the arbitral authority in such time and manner as will avoid irreparable harm,

14. EQUITY FINANCING AND FUTURE IPO

14.1 Equity Investment. Subject to and conditioned upon NN’s satisfactory completion of its due diligence review and the Parties’ execution and delivery of this Agreement:

(a) NN intends to invest *** to acquire *** newly-issued preferred shares of IPH at a purchase price of *** per share.

(b) In the event that this transaction shall take place, it shall take effect and be governed in all respects pursuant to the terms and conditions of a separate equity purchase agreement (the "Share Purchase Agreement") executed by the Parties contemporaneously with this Agreement and containing provisions customary in this type of investment.

(c) Pursuant to the Share Purchase Agreement, in connection with the contemplated equity purchase, NN will also receive from IPH warrants which will afford NN anti-dilution rights comparable to those provided in the warrants attached to IPH’s Series D Stock.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
The above-described equity purchase shall close *** after the date of this Agreement of this Agreement, unless provided otherwise in the Share Purchase Agreement or the Parties hereafter agree otherwise in writing.

14.2 ***

15. REPRESENTATIONS AND WARRANTIES

15.1 Mutual Representations and Warranties. Each Party hereby covenants, represents and warrants to the other Party that:

15.1.1 Organization and Good Standing. As of the date of this Agreement such Party (a) is a corporation duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted, (b) is duly qualified or authorized to do business as a foreign corporation and is in good standing under the Laws of (i) each jurisdiction in which it leases real property and (ii) each other jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization, except where the failure to be so qualified or authorized would not have a Material Adverse Effect on such Party, the other Party, the Collaboration, or the attainment of Commercial Optimization.

15.1.2 Authority. Such Party (a) as of the date of this Agreement has, and at all times during the Term shall have, the full right, power and authority to (i) execute and deliver this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement or required by this Agreement to be executed by such Party, (ii) to grant all rights and licenses herein granted by such Party (including all rights to Out-license and Sub-license), and to fully perform its obligations hereunder and thereunder; and (b) as of the date of this Agreement has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly and validly executed and delivered on behalf of such Party, constitutes a legal, valid and binding obligation of such Party, and is enforceable against such Party in accordance with its terms subject to the effects of bankruptcy, insolvency or other Laws of general application affecting the enforcement of creditor rights, judicial principles affecting the availability of specific performance, injunctions and other remedies, and binding public policy constraints (including those pertaining to limitations or exclusions of liability, competition law, penalties and jurisdictional issues, including conflicts of laws).

15.1.3 No Conflict. The execution and delivery of this Agreement and the performance of such Party’s obligations hereunder do not, as of the date of this Agreement (a) conflict with or violate any requirement of applicable Law or any provision of the articles of incorporation, bylaws or any comparable charter or constitutional instrument of

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
such Party, in any material way, or (b) conflict with, violate, result in a breach or termination of, or constitute a default (or, with notice or the lapse of time, become a default), require any consent, or give rise to any "take back" right or right of termination or acceleration or right to increase or modify the obligations under, any contractual obligation, permit or court or administrative order to which such Party is a party or by which such Party or the properties or assets of such Party is or are bound; (c) conflict with any right previously granted by such Party to another Person; (d) constitute a violation of any law applicable to such Party, provided that any required clearance by any EU Competition Law authority, shall have been received; or (e) result in the creation of any encumbrance upon the properties or assets of such Party, other than, in the case of clauses (a), (b), (c) or (d), any such conflicts, violations, breaches, terminations, defaults, rights or encumbrances that, individually or in the aggregate, would not (i) have a Material Adverse Effect on such Party, the other Party, the Collaboration or the attainment of Commercial Optimization, (ii) impair in any material respect the ability of such Party to perform any obligation under this Agreement, or (iii) prevent or materially delay the consummation of any of the material transactions contemplated by this Agreement.

15.1.4 Warranty of No Litigation. As of the date of this Agreement there is no claim, investigation, litigation, proceeding or dispute (including any opposition, interference or re-examination) pending or threatened with respect to, (a) for NN’s covenant, representation and warranty hereunder, the Background NN IPR, and (b) for IPH’s covenant, representation and warranty hereunder, the Background IPH IPR, and such Party has not received any communication respecting and is not aware of any other claim, investigation, litigation or proceeding or dispute pending or threatened against it that, individually or in the aggregate, could reasonably be expected to materially impair the ability of such Party to perform any obligation under this Agreement or have a Material Adverse Effect upon such Party, the other Party, the Collaboration or the attainment of Commercial Optimization other than matters (i) raised in the ordinary course of Patent prosecution that are publicly available or (ii) any matter that was disclosed to the other Party prior to the date of this Agreement.

15.1.5 Consents and Approvals. As of the date of this Agreement all necessary consents, approvals, orders, registrations and authorizations of all regulatory authorities and other Persons required to be obtained by such Party in connection with the entry into this Agreement have been obtained, except for (a) the filing with any EU Competition Law authority, of such, if any, notifications and reports as may be required under EU Competition Law, and (b) such other consents, approvals, orders, authorizations and registrations, the failure of which to be obtained or made would not (i) have a Material Adverse Effect on either Party, the Collaboration or the attainment of Commercial Optimization, (ii) impair in any
material respect the ability of such Party to perform its obligations under this Agreement, or (iii) prevent or materially delay the consummation of any of the material transactions contemplated by this Agreement, and such Party has obtained, or will exercise diligent, commercially reasonable efforts to obtain, all such consents, approvals, orders, authorizations and registrations required for its performance hereunder.

15.1.6 **Legal Compliance.** Such Party shall carry out, and shall cause all its Affiliates, and its and their respective officers, employees and agents and require all its contractors, Sub-licensees and Out-licensees, and all Persons under their control or for whose actions they are otherwise liable, to carry out all obligations and activities hereunder in material compliance with the terms and conditions of this Agreement and all material applicable Laws.

15.1.7 **Necessary Capacity.** Such Party will use all reasonable efforts during the Collaboration Term to have the requisite facilities, personnel, equipment, expertise, experience, knowledge and skill to timely and effectively perform the obligations contemplated to be performed by or on behalf of such Party under this Agreement in all material respects.

15.1.8 **Disclosure.** Such Party has not, in connection with the Parties’ entry into this Agreement, communicated or otherwise provided to the other Party any statement of material fact, which it has failed to correct, or failed to communicate or otherwise provide to the other Party any material fact, the communication or omission of which is, as of the date of this Agreement, known, or should, upon reasonable inquiry, have been known by such Party to be, false, misleading or deceptive in any material respect, including any information provided or communicated by such Party that is set forth in this Agreement (including any Schedule hereto). Such Party has, prior to the date of this Agreement, provided, and shall throughout the Term provide, to the other Party all material information, data and documents (including any licenses, assignments, agreements or other instruments, any documents evidencing or relating to any Patent, and any legal notices or other legal documents) that is in the possession, custody or control of such Party or any of its Affiliates, or such Party’s Sub-licensees or Out-licensees, or, in the case of information and data, that is otherwise known to such Party or any of its Affiliates, Sub-licensees or Out-licensees, and that has been requested by the other Party with respect to, or that is otherwise material to, the Collaboration or Commercial Optimization, including the research, development or commercialization of any Licensed Product, Niche Candidate, or Residual Product under development or commercialization by the other Party pursuant to license hereunder (including with respect to any IPR comprising or relating to any of the foregoing), and, as of the date of this Agreement, neither such Party nor any of its Affiliates is aware, nor after reasonable inquiry should be aware, that any such information, data
or document is inauthentic, inaccurate, untrue or misleading in any material respect. Should such Party or any of its Affiliates become aware that any such information, data or document is inauthentic, inaccurate, untrue or misleading, such Party will promptly notify the other Party of this fact. The provisions of this Subsection 15.1.8 are subject in all respects to the exception of such binding obligations of confidentiality and non-disclosure to Third Parties as (a) the Parties have incurred prior to, and that remain in effect as of, the date of this Agreement, or (b) the Parties are unable to avoid or negate in their agreements with their respective Sub-licensees or Out-licensees after having made diligent good faith efforts to do so, in each case ((a) and (b)) for so long as such obligations shall remain in effect.

15.1.9 Unauthorized Disclosure. Such Party has not delivered or otherwise made accessible, and will not deliver or make accessible, to the other Party confidential or proprietary Know-How of any Third Party without disclosing to the other Party, in writing in advance of such disclosure, the source thereof and such Party’s right to make such disclosure.

15.2 Disclaimer of Warranty. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, no warranty is given by either Party as to the validity of any Patents, Know-How or other IPR licensed by it under this Agreement or that any activity covered by such Patents, Know-How or other IPR licensed hereunder will not infringe the Intellectual Property Rights of any Third Party.

15.3 IPH Representations and Warranties In Respect of IPR. IPH hereby covenants, represents and warrants to NN that:

15.3.1 Exclusive Ownership and Control.

(a) As of the date of this Agreement, IPH possesses exclusive Control, within the Collaboration Field, of all Background IPH IPR and Collaboration IPR in existence and Controlled by IPH as of the date of this Agreement, free of any security interest, lien or encumbrance other than the restrictions in IPH’s agreements with Third Parties which have previously been disclosed to NN. Subject to the other provisions of this Agreement in cases in which IPH shall, in the first instance, have or obtain such exclusive Control of Background IPH IPR, it shall retain exclusive Control throughout the Term, and in such cases in which IPH shall, in the first instance, have or obtain non-exclusive Control of Background IPH IPR, it shall retain such non-exclusive Control, and where necessary for Commercial Optimization, exercise diligent efforts to obtain exclusive Control, throughout the Term, and in all cases such Control shall be free of any security interest, lien or encumbrance.
Except as expressly authorized pursuant Articles 5 and 6 or 13 of this Agreement, or as NN may hereafter otherwise expressly agree in writing, IPH shall not at any time during the Term grant, transfer or convey to any Third Party any license or any other right, title or interest in respect of, or otherwise encumber, any Background IPH IPR or Collaboration IPR, or grant, transfer or convey to any Third Party.

IPH shall promptly secure and retain throughout the Term any and all licenses, assignments and transfers of all rights required to maintain the rights of Control described in Subsections 15.3.1(a) and 15.3.1(b) or to otherwise fulfill its warranties under those Subsections.

15.3.2 Patent Validity. As of the date of this Agreement, no Patent within the Background IPH IPR has, in whole or in part, been waived, disclaimed, or held revoked, unenforceable or invalid by decision of any court or other governmental agency of competent jurisdiction, or is or has been subject to any claim, or threat to assert a claim, of invalidity in any proceeding (other than (i) proceedings in the ordinary course of Patent prosecution as would be reflected in publicly available documents as of the date of this Agreement or (ii) that was disclosed to NN prior to the date of this Agreement) and IPH is not aware of any reason (other than (i) proceedings in the ordinary course of Patent prosecution as would be reflected in publicly available documents as of the date of this Agreement or (ii) that was disclosed to NN prior to the date of this Agreement) to believe that any such Patent is, in whole or in part, invalid or unenforceable, or requires any waiver or disclaimer of any rights with respect thereto.

15.3.3 Infringement of Third Party IPR. As far as IPH is aware, as of the date of this Agreement, (a) none of this Agreement or the exercise of any of the rights or licenses, or performance of any of the obligations under this Agreement, pursuant to the terms and conditions hereof, infringes, misappropriates or otherwise violates any IPR or other rights of any Person and (b) no Person has alleged any such infringement, misappropriation or violation and there is no basis for any claim thereof.

15.3.4 Patents; Third-Party Infringement. As far as IPH is aware, as of the date of this Agreement: (a) there is no material unauthorized use, infringement or misappropriation by any Third Party of any of the Patents or other IPR within the Background IPH IPR; (b) none of the Patents within the Background IPH IPR is the subject of any pending re-examination, opposition or interference proceedings, or any litigation or similar proceedings, and no claim has been made asserting the misuse, unregistrability, unenforceability or non-infringement of any of such Patents or challenging IPH’s or any of its Affiliates’ right to use or ownership of any of such Patents (other than (i) proceedings in the ordinary course of Patent prosecution as
would be reflected in publicly available documents as of the date of this Agreement or (ii) that was
disclosed to the other Party prior to the date of this Agreement), or making any adverse claim of
ownership with respect thereto; and (c) there has been and currently is no threat of such a
proceeding, or any facts that likely would be the basis for instituting any such proceeding.

15.3.5 Limitations on IPH Awareness for Purposes of Section 15.3. For the purposes of this Section 15.3,
awareness of IPH shall mean the actual knowledge of ***.

16. INDEMNIFICATION

16.1 Mutual Indemnification. Each Party (the "Indemnifying Party") agrees to indemnify, hold harmless, and defend the other
Party (the "Indemnified Party") and its Affiliates, and each of such Indemnified Party’s and its Affiliates’ respective
officers, employees, and agents, Sub-licensees and Out-licensees (collectively, the "Other Indemnitees"), against any
claims, suits, losses, damages, costs, fees and expenses against the Indemnified Party or any of the Other Indemnitees by,
or incurred by any of them to, any Third Party (collectively, "Claim"), including reasonable legal costs, expenses and
attorneys’ fees, resulting from or arising out of or in connection with the willful misconduct of the Indemnifying Party or
any of its employees, agents or other Persons for whom such Party may be held legally responsible; (b) any breach by the
Indemnifying Party of any of its representations, warranties, covenants, agreements or obligations under this Agreement,
(c) the Indemnifying Party’s activities (including the exercise of its rights or performance of its obligations) under this
Agreement, or (d) or the sale or use of any Licensed Product, Niche Candidate or Residual Product by the Indemnifying
Party, its Affiliates, Sub-licensees or Out-licensees, except in each case ((a) through (d)) to the extent that such Claim
results from or arises out of or in connection with the acts or omissions of the Indemnified Party or any employees, agents
or other Persons for whom the Indemnified Party may be held legally responsible.

16.2 Indemnification Procedure.

16.2.1 Notice of Claim. The Indemnified Party shall promptly notify the Indemnifying Party in writing of
any Claim or the discovery of any fact upon which the Indemnified Party intends to base a request
for indemnification under Section 16.1, but the failure or delay to provide such notice shall not,
however, relieve the Indemnifying Party of any of its indemnification obligations hereunder except
to the extent that the Indemnifying Party is materially prejudiced thereby. Each such notice shall
contain a description of the nature and amount of the asserted Claim to the extent then known by the
Indemnified Party. The Indemnified Party shall furnish promptly to the Indemnifying Party copies of
all papers and official documents received in respect of such Claim. All requests or demands for
indemnification by or on behalf of the Other Indemnitees shall be made solely by the Indemnified
Party.

Certain information has been excluded from this agreement (indicated by "[***]") because such information (i) is not material and (ii)
would be competitively harmful if publicly disclosed.
16.2.2 **Other Indemnification Procedures.** The obligations of an Indemnifying Party under this Article 16 shall be governed by the following additional terms and conditions:

(a) **Control of Defense.** The Indemnifying Party shall have the obligation to assume and the right to exclusive control of the defense of all Claims, provided that the Indemnified Party shall have the right and option to assume and control such defense by giving written notice to the Indemnifying Party of such assumption within *** after providing the Indemnifying Party with notice of the relevant Claim under Section 16.2.1. The Party assuming the defense of a Claim shall have the right to appoint legal counsel of its own choice as lead counsel in such defense. In the event that the Indemnified Party shall assume control of such defense, the Indemnifying Party shall be responsible for all reasonable costs and expenses (including reasonable attorneys’ and experts’ fees) incurred by the Indemnified Party in connection therewith. Should the Indemnifying Party assume the defense of a Claim, the Indemnifying Party shall not be liable to the Indemnified Party or any of the Other Indemnitees for any legal costs or expenses subsequently incurred by such Indemnified Party or Other Indemnitees in connection with such defense.

(b) **Right to Participate in Defense.** Without limitation of the Parties’ rights and obligations under Subsection 16.2.2(a), in the event that the Indemnifying Party shall assume control of the defense of a Claim, the Indemnified Party and each of the Other Indemnitees shall be entitled to participate in, but not control, the defense of such Claim and to employ counsel of its choice for such purpose, provided that such employment shall be at its own cost and expense unless specifically requested and authorized by the Indemnifying Party in writing.

(c) **Settlement of Claims.** The Party in control of the defense of a Claim shall have the exclusive right, in its sole discretion, to settle such Claim, whether by settlement or other voluntary final disposition, without the prior written approval of the other Party (or, if the Indemnified Party controls such defense, the approval of the Other Indemnitees), provided that the terms of such resolution do not:

(a) enjoin any future action by the other Party (or, if the Indemnified Party controls such defense, such action by any of the Other Indemnitees); (b) derogate from or diminish any of the other Party’s rights under this Agreement; (c) require the payment or provision of consideration by the other Party (or, if the Indemnified Party controls such defense, by any of the Other Indemnitees); (d) fail to grant a release of such Claim to the other Party (and, if the Indemnified Party controls such defense, to any of the Other Indemnitees); (e) require the admission or concession that any claim or aspect of any Patent Controlled by the other Party or its Affiliates is invalid or unenforceable, or require any waiver or disclaimer of any rights with respect to such claim or Patent; or (f) otherwise have a Material Adverse Affect upon the other Party (or, if the Indemnified Party controls such defense, on any of the Other Indemnitees).

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(d) **Cooperation.** Regardless of which Party controls the defense of any Claim, the Indemnified Party shall, and shall diligently endeavor to cause each of the Other Indemnitees to, cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to the indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Claim, and making Indemnitees and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the indemnifying Party shall reimburse the Indemnified Party for all its reasonable out-of-pocket expenses in connection therewith.

(e) **Expenses.** In the event that the Indemnified Party assumes control of the defense of a Claim pursuant to Subsection 16.2.2(a), the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with such Claim shall be reimbursed by the Indemnifying Party on a calendar quarter basis, without prejudice to the Indemnifying Party’s right to contest the Indemnified Party’s right to indemnification and subject to refund in the event the Indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party by a legally binding final decision of a court or arbitrator that is unappealable or unappealed within the time allowed for appeal.

(f) **Non-Waiver.** The assumption of the defense of a Claim by the Indemnifying Party shall not be construed as an acknowledgment that the Indemnifying Party is liable to indemnify any Person in respect of the Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against any claim for indemnification hereunder. In the event that it is ultimately determined that the Indemnifying Party is not obligated to indemnify, defend or hold harmless an Indemnitee from and against the Claim, the Indemnified Party shall reimburse the Indemnifying Party for any and all costs and expenses (including attorneys’ fees and costs of suit) and any and all losses, damages, liabilities, costs and expenses (including reasonable attorneys’ fees and expenses) incurred by the Indemnifying Party in its defense of the Claim with respect to such Indemnitee.
17. **FORCE MAJEURE**

**Force Majeure.** In the event of Force Majeure, a Party thereby prevented from performing its obligations or duties shall not be held liable or responsible to the other Party, nor be deemed to be in default under or in breach of any provision of this Agreement, by reason thereof. The Party prevented from performing its obligations because of Force Majeure shall promptly notify the other Party of the occurrence and particulars of such Force Majeure and shall provide such other Party, from time to time, with its best estimate of the duration of such Force Majeure and with notice of the cessation thereof. The Party so affected shall use diligent, commercially reasonable efforts to avoid or remove such causes of nonperformance and, upon cessation of Force Majeure, shall resume performance as soon as practicable.

18. **PUBLICATIONS AND DISCLOSURES**

18.1 **Publication.** Each Party shall furnish, and shall cause its Affiliates, and to the extent authorized by contract and permitted by applicable Law, contractually require all its new Sub-licensees and Third Party licensors, investigators and collaboration partners, to furnish, to the other Party copies of any proposed publication or public disclosure (including any oral disclosure made with or without obligation of confidentiality) by or on behalf of such Party or other Person of any Collaboration Know-How, in advance of such publication or disclosure.

The receiving Party shall have *** after receipt of such proposed publication or disclosure to object to such proposed publication or disclosure because there is patentable subject matter or other confidential information contained therein, which may need protection, and shall have the right, upon written request, to

(a) a delay in publication or presentation for up to *** in order to protect patentable subject matter,

(b) propose modifications to the publication or presentation for patent or confidentiality reasons, or

(c) request that the information be maintained in confidence.

In the event that the receiving Party objects to such publication or disclosure, the other Party shall refrain from making such publication or disclosure, and to the extent authorized by contract and permitted by applicable Law, contractually require its Sub-licensees and Third Party licensors, investigators and collaboration partners to refrain from making, such publication or disclosure, until approved by the other Party, which approval shall not be unreasonably withheld or delayed.

In no event, shall a Party publish or present the other Party’s Confidential Information without prior written approval of such other Party. The Parties shall obtain and maintain throughout the Term all authorizations, consents and agreements of their respective Affiliates, and employees and agents, and shall exercise diligent, commercially reasonable efforts to obtain and maintain throughout the Term all authorizations, consents and agreements of their Sub-licensees and Third-Party licensors, investigators and collaboration partners, necessary to perform their obligations under this Section **18.1**.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
18.2 Communication Guidelines. The Parties have agreed to the communication guidelines set forth in Schedule 18.2.

18.3 Press Releases. Following the date of this Agreement, the Parties shall issue one or more press releases, to be approved by both Parties, regarding this Agreement and the Share Purchase Agreement, the timing and content of which shall be mutually agreed.

18.3.1 Unless agreed otherwise, no press releases or other public announcements with respect to this Agreement, the Share Purchase Agreement, or any subject matter or terms of either of them, shall include any information about funding conditions or monetary amounts. Except to the extent required by Law or the rules of a relevant Stock Exchange or as otherwise permitted in accordance with this Section 18.3, neither Party shall make any further press releases or other public announcements concerning this Agreement or the Share Purchase Agreement or the terms or subject matter hereof or thereof, or that explicitly refers to the other Party or its trade name or trademark(s), without the prior written consent of the other Party, which shall not be unreasonably delayed, conditioned or withheld.

18.3.2 Any copy of this Agreement or the Share Purchase Agreement required to be filed with any governmental or regulatory authority shall, if permitted by applicable Law, be redacted to the reasonable satisfaction of both Parties; provided that, in the event that such governmental or regulatory authority objects to the redaction of any portion of the Agreement after the initial submission, the filing Party shall consult with the other Party respecting the objections and shall in good faith respond to the objections in an effort to limit the disclosure required by such authority.

18.3.3 Notwithstanding the foregoing, the Parties agree that each Party may desire or be required to issue press or other public announcements releases relating to this Agreement, the Share Purchase Agreement or activities hereunder or thereunder, and each of the Parties agrees to consult with the other Party reasonably and in good faith with respect to the text and timing of such press releases or other public announcements and not to issue any such press releases or public announcements without the prior written consent of the other Party prior to the issuance thereof, provided that (a) a Party may not unreasonably delay, condition or withhold consent to such press releases or public announcements, (b) either Party may issue such press releases or public announcements as it determines, based on advice of counsel, are reasonably necessary to comply with Law or for appropriate market disclosure, and (c) the contents of any such press release or public announcement or similar publicity which has been reviewed and approved by the reviewing Party may be re-released by either Party without a requirement for re-approval.
18.3.4 The principles to be observed by the Parties in any press releases or other public disclosures with respect to this Agreement or the Share Purchase Agreement shall be: accuracy, compliance with applicable legal requirements, the requirements of confidentiality under Article 10 and as set forth in this Section 18.3 and elsewhere in this Agreement, and normal business practice in the pharmaceutical and biotechnology industries for disclosures by companies comparable to IPH and NN.

18.3.5 Notwithstanding any provision hereof to the contrary, in the event of any such proposed press release or public announcement by IPH, NN shall be afforded a minimum of *** after its receipt thereof in which to review, comment and approve (or request modifications or conditions of approval of) such press release or public announcement, unless a shorter period is required by applicable Law or the rules of a relevant Stock Exchange, in which event IPH shall provide NN with a copy of the contemplated press release or public announcement immediately upon the completion thereof, together with written notice of such shorter period, unless such prior submission to NN is contrary to applicable Law or otherwise impossible due to circumstances beyond IPH’s control.

18.4 Disclosure of Agreement. Except as permitted by this Agreement, and subject to applicable Law, the terms and conditions of this Agreement, the activities hereunder and the existence of the Agreement shall be kept confidential by the Parties and shall not be disclosed in any way without the prior written approval of the other Party, provided that each Party may disclose the contents of this Agreement to Affiliates or professional advisors who agree or are under a professional obligation to maintain the same in confidence. However, such approval shall be unnecessary if the Disclosing Party is subject to a legal requirement to disclose the existence and terms of this Agreement. In such event, the Disclosing Party shall notify the other Party without delay and provide the other Party with a copy of the contemplated disclosure prior to its being made, unless notifying is impossible due to circumstances beyond the Party’s control. The other Party may provide comments to the proposed disclosure and the Disclosing Party shall in such case take into consideration all such reasonable comments. Unless otherwise agreed upon in writing with the other Party the Disclosing Party shall only disclose such information that is needed to comply with applicable Law.

19. NOTICES

Except as otherwise specified herein, all notices, requests, demands, approvals, consents, tenders, offers, acceptances, rejections or other communications required or permitted hereunder (other than routine communications lacking legal effect), must be written and in English and shall be deemed to have been duly given if (a) delivered personally, (b) mailed, certified or registered mail, return receipt requested, postage prepaid, (c) sent by internationally recognized overnight courier service or overnight express mail, postage prepaid, or (d) sent by telecopy, followed with an original sent in accordance with (b) or (c) above, as follows:

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

112
20. ASSIGNMENT

20.1 General. Except as set forth in Section 20.2 below, or as otherwise expressly provided with respect to any right to Sub-license, Out-license or subcontract set forth in this Agreement, neither this Agreement nor any rights, licenses or obligations hereunder may be sold, transferred, assigned, assumed, delegated, mortgaged, pledged, hypothecated or encumbered, in whole or in part (each of the foregoing a “Transfer”), by either Party, without the prior written consent of the other Party, which consent shall not unreasonably be delayed, conditioned or withheld.

20.2 Permitted Transfers. Notwithstanding the provisions of the above Section 20.1, either Party may, without the consent of the other Party, transfer or assign this Agreement and any or all of its rights, licenses and obligations hereunder (a) to any Affiliate or successor in interest, or (b) in connection with a Change of Control or sale, merger or consolidation of all or substantially all of its business or assets related to this Agreement, provided that, (i) such Affiliate or other assignee, transferee or successor shall enter into a binding written agreement by which it shall assume all of such Party’s agreements, undertakings and obligations hereunder; and (ii) NN shall, pursuant to Section 12.11, have the right to terminate this Agreement in the event of any Transfer (including any Change of Control) by IPH pursuant to this Section 20.2. “Change of Control” for purposes of this Section 20.2 shall mean, with respect to a Party, the occurrence of any one or more of the following:

(a) a merger or consolidation of such Party in which the Party’s shareholders or equity owners immediately prior to such merger or consolidation do not in the aggregate own directly or indirectly at least a majority equity interest and a majority of the voting capital stock or interests in the surviving entity (if the Party is a constituent corporation in such merger or consolidation) or in the Party (if the Party is not a constituent corporation in such merger or consolidation), as the case may be, immediately following such merger or consolidation;

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
the sale, lease, exchange or other disposition (in one transaction or a series of transactions) of all or substantially all of the assets of such Party; or

any transaction, circumstance or event that would result in any Person, or any group of Persons acting in concert, acquiring direct or indirect beneficial ownership of more than fifty percent (50%) of the equity interests or voting capital stock or interests of such Party.

20.3 Deemed Approval. In the event that either Party shall propose a Transfer required to be approved by the other Party pursuant to Section 20.1, such Transfer shall be deemed approved by the other Party in the event that said other Party shall fail to object to the proposed Transfer by written notice to the Party proposing such Transfer sent within *** after its receipt of the Transferring Party's written notice of the proposed Transfer setting forth in reasonable detail particulars as to the identity, financial strength and ability of the Person contemplated to receive such Transfer to perform the agreements, undertakings and obligations of such Party under this Agreement.

20.4 Noncompliant Transfers. Any Transfer not in compliance with this Article 20 will be void ab initio and of no force or effect and shall constitute a material breach of this Agreement.

21. MISCELLANEOUS

21.1 Obligation to Obtain Assignments. Each Party shall cause all principals, officers, employees, contractors, Sub-licensees, Out-licensees and other Persons who or that perform any research, services or other activities on its behalf in connection with this Agreement, including any research, discovery, development, improvement or commercialization of any Collaboration Targets, Drug Candidates, Licensed Products, Niche Candidates or Residual Products, or of any Research Technology, Research Technology IPR, or other IPR comprising or relating to any of the foregoing, to take all actions and sign all documents and instruments (including any work-made-for-hire agreements or assignments) required to confer upon such Party exclusive ownership of all rights arising from such research, services or activities, so as to enable such Party fully to: (a) grant the rights and licenses it has herein granted; (b) maintain said rights and licenses in full force and effect throughout the Territory during the applicable Term of their grants hereunder, (c) exercise its rights and perform its obligations hereunder, and (d) consummate the transactions contemplated by this Agreement.

21.2 Privileged Communications. In furtherance of this Agreement, it is expected that NN and IPH will, from time to time, disclose to one another privileged communications with counsel, including opinions, memoranda, letters and other written, electronic and verbal communications. Such disclosures shall be made with the understanding that they shall remain confidential and that they are made in connection with the shared community of legal interests existing between NN and IPH, including the Parties’ common legal interest in avoiding infringement of any valid, enforceable Patents and protecting the ability of the Parties to enforce any IPR that it licensed under this Agreement. In furtherance of the foregoing,

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
the Parties shall enter into a mutually acceptable Common Interest Agreement on or within *** after the date of this Agreement in substantive conformity with the form annexed as Schedule 21.2 hereto and the Parties shall retain and have benefit of all applicable joint defense, common interest and other privileges and immunities with respect to such documents and information to the full extent available under applicable Law.

21.3 Non-Solicitation of Employees. Until the expiration of at least *** following expiration or termination of the Agreement, neither of the Parties nor any of their respective Affiliates shall intentionally solicit for employment, employ or hire the employees of the other Party. Notwithstanding the foregoing or any other provisions of this Agreement, neither Party nor any of its Affiliates shall be prohibited from placing help wanted advertisements in its own internal publications, its Web site or any media of general circulation, from posting position openings at such Person’s places of business, or from hiring an employee of the other Party who answers any advertisement or who otherwise voluntarily applies for hire without having been initially personally solicited or recruited by the hiring Party.

21.4 Competition Law Submissions. If it is determined that any transaction under this Agreement needs to be notified to the European Commission or other European Competition Law authority, the Parties shall cooperate in making such notification and in seeking a conclusion of the notification process satisfactory to both Parties. If at any time the European Commission or controlling authority determines that any provision of this Agreement is unenforceable or otherwise not permitted under the Laws of the European Union or member states, the Parties agree to initiate good faith negotiations aimed at modifying such provision in a manner that is acceptable to the European Commission or such member states and the Parties and that is consistent with the intent of the Parties under this Agreement.

21.5 Relationship of the Parties. The relationship between NN and IP H is that of independent contractors. This Agreement does not constitute either Party as being the agent or legal representative of the other for any purpose whatsoever. Neither Party is granted any right or authority to assume or to create any obligation or responsibility, express or implied, on behalf of, or in the name of the other, with regard to any manner or thing whatsoever, unless otherwise specifically and expressly agreed upon in writing. No joint venture, co-venture, franchise, business opportunity, fiduciary, partnership, employment or principal-agent relationship between the Parties is intended, established or evidenced by this Agreement, and neither Party shall have any authority or responsibility with respect to the other Party’s employees, including in respect of the hiring, termination, compensation or employee benefits of such employees. In furtherance and not in limitation of the foregoing, no fiduciary or quasi-fiduciary relationship does or shall exist between the Parties by reason of or in connection with this Agreement, and the Parties hereby irrevocably waives any claims and causes of action against the other for the breach of any fiduciary or quasi-fiduciary duty arising out of or in connection with this Agreement or any performance or non-performance hereunder.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
21.6 **Effect of Rejection in Bankruptcy.** The Parties expressly acknowledge and agree that the subject matter of this Agreement, including the Intellectual Property Rights licensed hereunder, are unique and irreplaceable, and that the loss thereof cannot adequately be remedied by an award of monetary compensation or damages. Accordingly, in the event that IPH, whether directly, or by or through a trustee or similar functionary in bankruptcy acting on behalf of its estate, terminates or rejects this Agreement or NN’s right to continue the licenses under this Agreement, it is the Parties’ express intention and agreement that NN shall continue to have the benefit of all licenses granted to it under this Agreement, which licenses shall remain in full force and effect for the stated Term regardless of any termination or rejection in bankruptcy of this Agreement or any other terms hereof, such that NN shall have the right, should it so elect, to retain all its license rights under this Agreement under applicable Law (including any applicable principles under, or correlative to, or no less favourable than, those set forth in Section 365(n) of the U.S. Bankruptcy Code, 11 U.S.C. § 365(n)).

21.7 **Costs and Expenses.** Except as otherwise expressly provided in this Agreement, each Party shall bear its own costs and expenses (including, without limitation, the fees of any attorneys, accountants, investment bankers, consultants or other representatives) incurred in connection with its entry into this Agreement, the transactions contemplated by this Agreement (whether or not such transactions are consummated), and the exercise of its rights and licenses, and performance of its activities and obligations, hereunder, without charge or expense to the other Party.

21.8 **Limitation of Liability.** EXCEPT FOR CLAIMS FOR INDEMNIFICATION PURSUANT TO ARTICLE 16, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INJURY TO OR LOSS OF DATA, GOODWILL, REPUTATION, BUSINESS (IRRESPECTIVE OF WHETHER ANY SUCH INJURY OR LOSS IS DEEMED TO CONSTITUTE GENERAL, DIRECT OR ANY OTHER CATEGORY OF DAMAGES), OR ANY SPECIAL, INDIRECT, PUNITIVE, EXEMPLARY, ENHANCED, TREBLED, INCIDENTAL OR CONSEQUENTIAL DAMAGES WHATSOEVER, ARISING OUT OF OR IN CONNECTION IN ANY WAY WITH THIS AGREEMENT OR ANY SUBJECT MATTER HEREOF (INCLUDING ANY EXERCISE OF ANY RIGHTS OR LICENSES, OR PERFORMANCE, OR FAILURE TO PERFORM, ANY OBLIGATIONS OR ACTIVITIES HEREUNDER), EVEN IF THE PARTY AGAINST WHOM SUCH LIABILITY IS CLAIMED HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES, DAMAGES OR LIABILITIES, AND WHETHER OR NOT SUCH LOSSES, DAMAGES OR LIABILITIES ARISE IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, PRODUCT LIABILITY OR ANY OTHER THEORY OF LIABILITY, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE. IN THE EVENT THAT ANY FOREGOING EXCLUSION OR LIMITATION OF LIABILITY IS NOT ALLOWED PURSUANT TO APPLICABLE LAW IN A JURISDICTION, THE LIABILITY OF EACH PARTY IN SUCH JURISDICTION SHALL BE LIMITED TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW.
21.9 **Severability.** If any provision of this Agreement is adjudged to be illegal, invalid or unenforceable in its current form or scope under any applicable present or future Law, and if the rights or obligations of either Party under this Agreement shall not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and (d) in lieu of such severed provision, there shall be substituted as a part of this Agreement, a legal, valid and enforceable provision as similar in terms to such severed provision as may be possible so as to effect, as closely as possible, the intent of the Parties in entering into this Agreement.

21.10 **IPH Financial Information.** IPH agrees to keep NN informed as to its financial condition throughout the Term of this Agreement. If at any time the financial resources of IPH are not reasonably sufficient to enable it to continue to meet its obligations hereunder for at least the coming ***, the Parties will meet to review and consider steps that might be taken to preserve the objectives of the Agreement.

21.11 **Waiver.** Either Party may waive any term, condition, or obligation of this Agreement which is for its benefit, but only in a signed writing. The failure or delay of either Party to enforce at any time any provision of this Agreement, or any right with respect thereto, or to exercise any election herein provided, shall in no way be considered to be a waiver of such provision, right or election, or in any way affect the validity of this Agreement. Except as otherwise expressly herein provided, the exercise by either Party of any right or election under the terms or covenants herein shall not preclude or prejudice such Party from exercising the same or any other right it may have under this Agreement, irrespective of any previous action or proceeding taken by the Parties hereunder.

21.12 **Amendment.** Except as otherwise expressly provided herein or required by Law, this Agreement may be modified or amended only by a written document signed by both Parties.

21.13 **Applicable Law.** Except as otherwise indicated herein, this Agreement, and the rights and obligations of the Parties hereunder, shall be construed and governed, including, without limitation, as to validity, interpretation and effect, by the internal laws of England.

21.14 **Dispute Resolution.** Both Parties will use their best efforts to settle all matters in dispute amicably. In the event that a dispute of any kind related to this Agreement cannot be solved amicably by the Parties, then either Party may submit the dispute for determination by binding arbitration before a panel of three arbitrators (one arbitrator chosen by each of the parties and the third arbitrator chosen by the first two, unless the parties agree otherwise), the third arbitrator having a minimum of *** of experience in the field of biotechnology or pharmaceuticals and shall be administered under the WIPO Expedited Arbitration Rules except as to the number of arbitrators which shall be three (3). The venue for the arbitration shall be in London, England, conducted in the English language, and, except to the extent otherwise expressly herein provided, the governing law shall be that of England and Wales without regard to the conflicts-of-laws provisions of such laws. The arbitrators shall have the authority to grant

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

117
specific performance and to allocate between the parties the costs of arbitration, including but not limited to reasonable attorney’s fees, in such equitable manner as they determine. Notwithstanding the foregoing dispute resolution and governing law provisions, each of Licensor and Licensee retains the right to seek judicial injunctive relief.

21.15 **Further Assurances.** Each Party shall provide such full and continuing cooperation and assistance to the other Party as may be reasonable and necessary to secure, perfect, defend, protect or enforce any of such other Party’s rights or licenses under this Agreement, including any right, title or interest of such other Party in respect of any Intellectual Property Rights that are subject to the terms hereof, and shall duly execute and deliver, or cause to be duly executed and delivered, such documents and instruments and do and cause to be done such acts and things, including the execution and filing of such assignments, agreements, powers and other documents and instruments, as may be necessary, or as the other Party may reasonably request, to carry out more effectively the provisions and purposes of, or to better assure and confirm unto the other Party its rights and remedies under, this Agreement.

21.16 **Entire Agreement.** This Agreement, including all annexed schedules and exhibits, together with the Share Purchase Agreement, sets forth the entire agreement between the Parties, fully superseding any and all prior and contemporaneous negotiations, agreements, representations or understandings between them, whether oral or written, pertaining to the subject matter hereof. The Parties hereby expressly confirm that there are no other oral or written agreements, “side-deals,” arrangements or understandings between them with respect to the subject matter hereof other than as expressly stated otherwise in this Agreement or the Share Purchase Agreement.

21.17 **Counterparts.** This Agreement may be executed in two (2) or more counterparts, each of which shall constitute an original for all purposes, including for purposes of any delivery of this Agreement required by the terms hereof, and all of which together shall constitute one and the same instrument with the same effect as if all Parties hereto had signed the same document. Once this Agreement has been duly executed, any faithful reproduction by reliable means (such as by photocopying or facsimile) of a duly executed original of this document shall constitute and be effective as an original of this Agreement for all purposes, including for purposes of any delivery of this Agreement required by the terms hereof.
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed, under seal, by their respective duly authorized representatives as of the day and year first above written.

Marseille

Date: March 28, 2006

Innate Pharma SA

/s/ Hervé Brailly
By: Hervé Brailly
Title: Chief Executive Officer

Bagsvaerd

Date: March 28, 2006

Novo Nordisk A/S

/s/ Terje Kalland
By: Terje Kalland
Title: Senior Vice President, Biopharmaceuticals Research Unit
# Table of Contents

1. DEFINITIONS AND CONSTRUCTION  
   1.1 Definitions  
   1.2 Definitions of other terms used in this Agreement:  
   1.3 Construction  

2. NATURE OF AGREEMENT AND PRIVILEGED COMMUNICATIONS  
   2.1 Collaboration Exclusivity  
   2.2 Joint Research Agreement  
   2.3 Kirostrem Agreement  

3. COLLABORATION  
   3.1 Collaboration Objective  
   3.2 Duration of the Collaboration  
   3.3 Third Party Collaborations  
   3.4 Presentation of In-Licensing and New Third Party Collaboration Opportunities  
   3.5 Obligation to Diligently Seek Sub-License Rights in All Collaborations with Third Parties  
   3.6 Collaboration Plans  
   3.7 Commercially Reasonable Efforts  
   3.8 Legal Compliance  
   3.9 Research Personnel  
   3.10 Project Groups  
   3.11 Project Managers  
   3.12 Research Funding  

4. MANAGEMENT OF THE COLLABORATION  
   4.1 Project Group Decisions  
   4.2 Joint Steering Committee  
   4.3 Duties of Joint Steering Committee  
   4.4 Participation in Committee Meetings  
   4.5 Decision-making Procedures  
   4.6 Disputes and Continued Performance  
   4.7 Expenses  
   4.8 Limited Authority  
   4.9 Development and Commercialization Committee  

5. GRANT OF RIGHTS  
   5.1 NN Licenses in the Field  
   5.2 NN License to Collaboration IPR Outside the Collaboration Field  
   5.3 Grant Backs to IPH  
   5.4 IPH Licenses to NN Background Research Technology IPR and NN Controlled Collaboration IPR  
   5.5 Future IPH License in the Field for Niche Candidates  
   5.6 Sub-licensing  
   5.7 Regulatory Exclusivity
5.8 Freedom of Operation 36
5.9 Terminated Collaboration Properties and Out-licensing 38
5.10 Procedure for Terminating Background IPR 39
5.11 NN Out-licensing and Upside Revenue 40
5.12 Cumulative Payments 41
5.13 Future Obligation to Provide Licensees Under Specific Third Party Agreements in Deemed Necessary 41

6. NICHE CANDIDATES AND EX-VIVO CELLULAR THERAPY CANDIDATES 43
   6.1 Niche Candidates 43
   6.2 Ex-Vivo Cellular Therapy Candidates 44
   6.3 IPH Royalty Obligation 45
   6.4 IPH Access to Materials 45
   6.5 NN Buy-In Option 45
   6.6 NN Co-Marketing Option 47
   6.7 IPH Assistance to NN Upon NN Exercise of Buy-In or Co-Marketing Option 47
   6.8 Licenses to NN for Niche Candidates 47
   6.9 Exclusion of Funded FTEs 48

7. TECHNOLOGY FEES, MILESTONES AND ROYALTIES 48
   7.1 Consideration 48
   7.2 Technology Access Fee 48
   7.3 Discovery Milestones 48
   7.4 Development Milestone Payments 49
   7.5 Royalty Calculation and Payments 53
   7.6 Royalties on Licensed Products 54
   7.7 Royalties on Residual Products 55
   7.8 Royalties on Niche Candidates 55
   7.9 Records of Net Sales 57
   7.10 Annual Recalculation and Report 57
   7.11 Royalty Term 57
   7.12 No Effect of Out-licensing on Royalties 58

8. FINANCIAL PROVISIONS 58
   8.1 Payment by Wire Transfer 58
   8.2 Currency 58
   8.3 Withholding Tax 58
   8.4 Audits 58
   8.5 Cost of Audit 59
   8.6 Right to Audit Third Parties 59

9. INTELLECTUAL PROPERTY RIGHTS 59
   9.1 Disclosure of Know-How 59
   9.2 Ownership of Collaboration IPR 59
   9.3 Disputes Regarding Inventorship or Ownership of Collaboration IPR 60
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.4</td>
<td>Duty to Require Assignment of Collaboration IPR by Employees, Consultants, and Collaboration Partners</td>
<td>60</td>
</tr>
<tr>
<td>9.5</td>
<td>Obligations to Maintain Control of Licensed IPR</td>
<td>60</td>
</tr>
<tr>
<td>9.6</td>
<td>Prosecution of Patents</td>
<td>61</td>
</tr>
<tr>
<td>9.7</td>
<td>Updating of Patent Schedules and Patent Information</td>
<td>66</td>
</tr>
<tr>
<td>9.8</td>
<td>Patent Term Extension</td>
<td>67</td>
</tr>
<tr>
<td>9.9</td>
<td>License Registration</td>
<td>67</td>
</tr>
<tr>
<td>9.10</td>
<td>No Implied Rights</td>
<td>68</td>
</tr>
<tr>
<td>9.11</td>
<td>Notice of Infringement or Misappropriation</td>
<td>68</td>
</tr>
<tr>
<td>9.12</td>
<td>Exclusive First Right of Enforcement of Licensed IPR</td>
<td>68</td>
</tr>
<tr>
<td>9.13</td>
<td>Second (“March-In”) Enforcement Rights</td>
<td>70</td>
</tr>
<tr>
<td>9.14</td>
<td>Share of Recoveries</td>
<td>70</td>
</tr>
<tr>
<td>9.15</td>
<td>Third Party Litigation</td>
<td>70</td>
</tr>
<tr>
<td>9.16</td>
<td>Cooperation in Legal Proceedings</td>
<td>71</td>
</tr>
<tr>
<td>9.17</td>
<td>Trademarks</td>
<td>71</td>
</tr>
<tr>
<td>9.18</td>
<td>Determination of Patent Issues to be Made Under Applicable National Law</td>
<td>72</td>
</tr>
<tr>
<td>9.19</td>
<td>Acknowledgment of Intellectual Property Rights</td>
<td>72</td>
</tr>
<tr>
<td>9.20</td>
<td>Survival</td>
<td>73</td>
</tr>
<tr>
<td>10.</td>
<td>CONFIDENTIAL INFORMATION AND MATERIALS</td>
<td>73</td>
</tr>
<tr>
<td>10.1</td>
<td>Superseding of Prior Agreements</td>
<td>73</td>
</tr>
<tr>
<td>10.2</td>
<td>Confidentiality and Use Restrictions</td>
<td>73</td>
</tr>
<tr>
<td>10.3</td>
<td>Disclosures to Authorized Persons</td>
<td>73</td>
</tr>
<tr>
<td>10.4</td>
<td>Material Transfer Agreement</td>
<td>74</td>
</tr>
<tr>
<td>10.5</td>
<td>Additional Terms of Confidentiality</td>
<td>75</td>
</tr>
<tr>
<td>10.6</td>
<td>Permitted Disclosures</td>
<td>76</td>
</tr>
<tr>
<td>10.7</td>
<td>Required Notices</td>
<td>77</td>
</tr>
<tr>
<td>10.8</td>
<td>Relief</td>
<td>77</td>
</tr>
<tr>
<td>11.</td>
<td>DURATION OF THE AGREEMENT</td>
<td>77</td>
</tr>
<tr>
<td>12.</td>
<td>MATERIAL BREACH AND TERMINATION</td>
<td>77</td>
</tr>
<tr>
<td>12.1</td>
<td>Material Breach, Damages and Termination</td>
<td>77</td>
</tr>
<tr>
<td>12.2</td>
<td>Breach of Confidentiality Resulting in Loss of Patent Rights</td>
<td>78</td>
</tr>
<tr>
<td>12.3</td>
<td>Termination for Convenience</td>
<td>78</td>
</tr>
<tr>
<td>12.4</td>
<td>Termination for Material Breach</td>
<td>78</td>
</tr>
<tr>
<td>12.5</td>
<td>Establishing Materiality and Scope of Alleged Breach</td>
<td>78</td>
</tr>
<tr>
<td>12.6</td>
<td>Termination Upon Bankruptcy</td>
<td>79</td>
</tr>
<tr>
<td>12.7</td>
<td>Development Diligence Requirements</td>
<td>79</td>
</tr>
<tr>
<td>12.8</td>
<td>Termination for Failure to Employ Commercially Reasonable Efforts</td>
<td>80</td>
</tr>
<tr>
<td>12.9</td>
<td>Development or Marketing of Other Products</td>
<td>84</td>
</tr>
<tr>
<td>12.10</td>
<td>Determination of Abandonment and Opportunity to Remedy</td>
<td>84</td>
</tr>
<tr>
<td>12.11</td>
<td>Termination for IPH Transfer</td>
<td>84</td>
</tr>
<tr>
<td>12.12</td>
<td>Survival of Terms</td>
<td>84</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>13. CONSEQUENCES OF TERMINATION</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>13.1 General</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>13.2 Costs for Regulatory Documentation</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>13.3 Expiration of Collaboration Term</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>13.4 NN Termination for Convenience Prior to Expiration of Collaboration Term</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td>13.5 Termination for IPH Transfer</td>
<td>95</td>
<td></td>
</tr>
<tr>
<td>13.6 Termination for NN’s Material Breach</td>
<td>95</td>
<td></td>
</tr>
<tr>
<td>13.7 Termination for IPH’s Material Breach</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>13.8 M1 Grace Period and Audit Rights</td>
<td>99</td>
<td></td>
</tr>
<tr>
<td>13.9 Cumulative Remedies</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>14. EQUITY FINANCING AND FUTURE IPO</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>14.1 Equity Investment</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>14.2 Underwriting of IPO</td>
<td>102</td>
<td></td>
</tr>
<tr>
<td>15. REPRESENTATIONS AND WARRANTIES</td>
<td>102</td>
<td></td>
</tr>
<tr>
<td>15.1 Mutual Representations and Warranties</td>
<td>102</td>
<td></td>
</tr>
<tr>
<td>15.2 Disclaimer of Warranty</td>
<td>105</td>
<td></td>
</tr>
<tr>
<td>15.3 IPH Representations and Warranties In Respect of IPR</td>
<td>105</td>
<td></td>
</tr>
<tr>
<td>16. INDEMNIFICATION</td>
<td>107</td>
<td></td>
</tr>
<tr>
<td>16.1 Mutual Indemnification</td>
<td>107</td>
<td></td>
</tr>
<tr>
<td>16.2 Indemnification Procedure</td>
<td>107</td>
<td></td>
</tr>
<tr>
<td>17. FORCE MAJEURE</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>18. PUBLICATIONS AND DISCLOSURES</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>18.1 Publication</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>18.2 Communication Guidelines</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td>18.4 Disclosure of Agreement</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td>19. NOTICES</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>20. ASSIGNMENT</td>
<td>113</td>
<td></td>
</tr>
<tr>
<td>20.1 General</td>
<td>113</td>
<td></td>
</tr>
<tr>
<td>20.2 Permitted Transfers</td>
<td>113</td>
<td></td>
</tr>
<tr>
<td>20.3 Deemed Approval</td>
<td>114</td>
<td></td>
</tr>
<tr>
<td>20.4 Noncompliant Transfers</td>
<td>114</td>
<td></td>
</tr>
<tr>
<td>21. MISCELLANEOUS</td>
<td>114</td>
<td></td>
</tr>
<tr>
<td>21.1 Obligation to Obtain Assignments</td>
<td>114</td>
<td></td>
</tr>
<tr>
<td>21.2 Privileged Communications</td>
<td>114</td>
<td></td>
</tr>
<tr>
<td>21.3 Non-Solicitation</td>
<td>115</td>
<td></td>
</tr>
<tr>
<td>21.4 Competition Law Submissions</td>
<td>115</td>
<td></td>
</tr>
<tr>
<td>21.5 Relationship of the Parties</td>
<td>115</td>
<td></td>
</tr>
<tr>
<td>21.6 Effect of Rejection in Bankruptcy</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>Section</td>
<td>Title</td>
<td>Page</td>
</tr>
<tr>
<td>---------</td>
<td>--------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>21.7</td>
<td>Costs and Expenses</td>
<td>116</td>
</tr>
<tr>
<td>21.8</td>
<td>Limitation of Liability</td>
<td>116</td>
</tr>
<tr>
<td>21.9</td>
<td>Severability</td>
<td>117</td>
</tr>
<tr>
<td>21.10</td>
<td>IPH Financial Information</td>
<td>117</td>
</tr>
<tr>
<td>21.11</td>
<td>Waiver</td>
<td>117</td>
</tr>
<tr>
<td>21.12</td>
<td>Amendment</td>
<td>117</td>
</tr>
<tr>
<td>21.13</td>
<td>Applicable Law</td>
<td>117</td>
</tr>
<tr>
<td>21.14</td>
<td>Dispute Resolution</td>
<td>117</td>
</tr>
<tr>
<td>21.15</td>
<td>Further Assurances</td>
<td>118</td>
</tr>
<tr>
<td>21.16</td>
<td>Entire Agreement</td>
<td>118</td>
</tr>
<tr>
<td>21.17</td>
<td>Counterparts</td>
<td>118</td>
</tr>
<tr>
<td>Number</td>
<td>Subject Matter</td>
<td>Content on date of Agreement</td>
</tr>
<tr>
<td>-------</td>
<td>----------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>1.1.5</td>
<td>Background IPH IPR</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.6</td>
<td>Background IPH Research Technology IPR</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.7</td>
<td>Background NN IPR</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.8</td>
<td>Background NN Research Technology IPR</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.11</td>
<td>Class A Licensed Products</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.12</td>
<td>Class B Licensed Products</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.13</td>
<td>Class C Licensed Products</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.15</td>
<td>Biological Targets for which IPH has previously licensed diagnostic rights</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.16</td>
<td>Collaboration IPR</td>
<td>Yes (Kirostim Patents)</td>
</tr>
<tr>
<td>1.1.17</td>
<td>Collaboration Know-How</td>
<td>Yes (Kirostim Know-How)</td>
</tr>
<tr>
<td>1.1.22</td>
<td>Collaboration Targets</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.31</td>
<td>Drug Discovery Plan</td>
<td>Yes</td>
</tr>
<tr>
<td>Number</td>
<td>Subject Matter</td>
<td>Content on date of Agreement</td>
</tr>
<tr>
<td>--------</td>
<td>----------------------------------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>1.1.33</td>
<td>Exploratory Targets</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.41</td>
<td>Intermediate Discovery Milestone</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.51</td>
<td>M0</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.52</td>
<td>M1</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.65</td>
<td>Target Discovery Plan</td>
<td>No</td>
</tr>
<tr>
<td>1.1.69 A</td>
<td>NN Third Party Collaborations</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.69 B</td>
<td>IPH Third Party Collaborations</td>
<td>Yes</td>
</tr>
<tr>
<td>1.1.69 C</td>
<td>New Collaborations</td>
<td>No</td>
</tr>
<tr>
<td>3.8</td>
<td>NN policy for use of animals for laboratory research purposes</td>
<td>Yes</td>
</tr>
<tr>
<td>6.2</td>
<td>Ex vivo Task Force Particulars</td>
<td>No</td>
</tr>
<tr>
<td>9.5.4 A</td>
<td>Independent NN IPR</td>
<td>No</td>
</tr>
<tr>
<td>9.5.4 B</td>
<td>Independent IPH IPR</td>
<td>No</td>
</tr>
<tr>
<td>10.4</td>
<td>Material Transfer Agreement</td>
<td>Yes</td>
</tr>
<tr>
<td>18.2</td>
<td>Communication Guidelines</td>
<td>Yes</td>
</tr>
<tr>
<td>21.2</td>
<td>Community Interest Agreement</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Schedule 1.1.5
Background IPH IPR

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.6

Background IPH Research Technology IPR

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.7
Background NN IPR

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.8
Background NN Research Technology IPR

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.11
Class A Licensed Products

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.12
Class B Licensed Products

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.13
Class C Licensed Products

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.15
Specified antibodies excluded from use in the Collaboration for diagnostics purposes

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.16
Collaboration IPR

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.17
Collaboration Know-How

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.31
Drug Discovery Plan
Part 2 of 2

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.41
Intermediate Discovery Milestone Criteria for NKG2A and NKG2D Collaboration projects

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.51
Definition of M0 criteria: NN Biopharmaceutical Research Board

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.52
Definition of M1 criteria: NN Biopharmaceutical Research Board

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.65
Target Discovery Plan

Research Program: Pre-project activities
Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.69 B
Third-Party Collaborations
Innate Pharma Collaborations Relevant to this Agreement

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 1.1.69 C
Third-Party Collaborations
Schedule 3.8
Novo Nordisk Principles for the Use of Animals

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Schedule 6.2
Recommendations of the Ex-vivo Task Force
Schedule 9.5.4 A
Independent NN IPR
Schedule 9.5.4 B
Independent IPH IPR
Schedule 10.4
MATERIAL TRANSFER AGREEMENT

Between Innate Pharma S.A.
Gran Pre 119/121 ancien chemin de Casiss
13009 Marseille
France
(hereinafter referred to as INNATE PHARMA)

and

[XXXX]
[Address]
(hereinafter referred to as RECIPIENT)

INNATE PHARMA and RECIPIENT are hereinafter also referred to individually as “Party” and collectively as “Parties”.

PREAMBLE
WHEREAS INNATE PHARMA has valuable material and information concerning non-conventional lymphocytes such as natural killer (NK) cells; and
WHEREAS RECIPIENT desires to obtain such material and/or information solely for evaluation purposes;

NOW THEREFORE, the Parties have agreed on the following terms:

ARTICLE 1 - DEFINITIONS

1.1 Definitions to this Agreement:

a) “Samples” shall mean those biological, chemical or other materials described in Article 2.1 and listed in Appendix A, or such other compounds and/or tangible material as INNATE PHARMA should deliver to RECIPIENT.

b) “Information” shall mean any and all information disclosed by INNATE PHARMA to RECIPIENT in oral, visual, written, or electronic form under this Agreement. “Information” shall also mean any and all technical or non-technical information obtained in any form by RECIPIENT during observation or examination of the foregoing or the samples, which may include, but is not limited to, technical processes, specifications, instrumentation, chemical formulae, assays, manufacturing techniques, sales and marketing information, material, or data. This also includes any other confidential information about INNATE PHARMA obtained through the disclosure of information and samples, as well as the fact that disclosure has taken place.

c) “Samples” and “Information” are hereinafter referred to as INFORMATION.
ARTICLE 2 - CONFIDENTIALITY

2.1 This Agreement will come into force on the date of the last signature hereto. In consideration of any disclosure at any time by INNATE PHARMA to RECIPIENT of INFORMATION in whatever form on the subject of natural killer cells and natural killer cell inhibitory receptors, as well as their applications in human therapeutics and diagnostics.

RECIPIENT undertakes from the date of disclosure to treat all received INFORMATION as strictly confidential for a period of *** from date of disclosure and therefore not to disclose it to any third party without the prior written and express consent of INNATE PHARMA and to make no use of it, except as specifically provided for in Article 4, without the prior written and express consent of INNATE PHARMA in each case.

2.2 RECIPIENT may disclose INFORMATION only to reliable employees who need to know in order to carry out the evaluations under this Agreement, provided that such persons are bound by obligations of confidentiality and non-use to RECIPIENT which are equal to the terms of this Agreement. RECIPIENT shall ensure that such employee(s) are fully aware of the obligations of this Agreement and shall be responsible for any breach of these provisions by its employee(s).

ARTICLE 3 - NON-DISCLOSURE AND EXCEPTIONS

3.1 The obligations set forth in Article 2 above shall not apply to:

a) INFORMATION which at the time of disclosure is already in the public domain;

b) INFORMATION which, after disclosure, becomes part of the public domain through no violation of this Agreement;

c) INFORMATION which RECIPIENT is able to prove to have been in possession of prior to disclosure by INNATE PHARMA. In this case, RECIPIENT will, in writing and within *** from the date of disclosure, demonstrate to the satisfaction of INNATE PHARMA that it was in possession of such INFORMATION;

d) INFORMATION which is hereafter lawfully disclosed by a third party to RECIPIENT, which INFORMATION such third party did not acquire under a still effective obligation of confidentiality to INNATE PHARMA;

e) INFORMATION that can be demonstrated as independently developed or acquired by RECIPIENT without reference to or reliance upon confidential INFORMATION defined in this Agreement, as evidenced by RECIPIENT’s written records;

f) INFORMATION disclosed to the extent required by law or regulation provided that RECIPIENT shall give INNATE PHARMA prompt written notice and sufficient opportunity to object, time permitting, to such disclosure.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
3.2 RECIPIENT shall keep INNATE PHARMA fully and effectively indemnified against any and all losses, expenses, and damages suffered by INNATE PHARMA arising from any unauthorised disclosure or use of any part of INFORMATION by RECIPIENT or RECIPIENT’s employees, including, but not limited to, reasonable attorney’s fees and costs.

3.3 RECIPIENT shall not publish or otherwise disseminate such results of the disclosure of INFORMATION, or any raw data generated thereby without the prior and express written permission of INNATE PHARMA. At least *** prior to making any submission for publication or other public disclosure in which any direct or indirect reference is made to INFORMATION, RECIPIENT agrees to provide INNATE PHARMA with a copy thereof for review and comment. INNATE PHARMA shall be entitled to postpone the intended publication or other disclosure if in the opinion of INNATE PHARMA, publication or other disclosure is believed to interfere with INNATE PHARMA patent work or involves know-how, results or other confidential information developed by INNATE PHARMA or RECIPIENT and relating to INFORMATION.

ARTICLE 4 - USE OF THE INFORMATION

4.1) RECIPIENT hereby agrees to use INFORMATION in compliance with any and all applicable law or regulation. RECIPIENT shall keep INNATE PHARMA informed of all uses made of INFORMATION. RECIPIENT shall provide INNATE PHARMA with a full copy of its protocol and study design for approval by INNATE PHARMA prior to the furnishing of INFORMATION. Any and all changes in such protocol and study design shall forthwith be submitted, in writing, to INNATE PHARMA.

4.2) RECIPIENT shall not use INFORMATION for any purpose other than the evaluation purposes described in this Agreement. Samples provided under this Agreement shall not be analysed or used except to the extent necessary to carry out such evaluation. RECIPIENT also agrees not to use INFORMATION to make more compound, and not to use INFORMATION in research subject to consulting, licensing, or other obligations, to any third party. RECIPIENT certifies that it is regularly engaged in conducting tests in vitro or in laboratory research animals. INFORMATION will be used for tests in vitro or in laboratory research animals only and will not be administered to humans. No animal used in such tests will be used for any food purposes, as domestic pets, or as livestock.

4.3 INFORMATION is the sole property of INNATE PHARMA and nothing in this Agreement shall be construed as granting to RECIPIENT, by implication or otherwise, any right or license with respect to INFORMATION, or any patent applications, patents or any claims of patent now or hereafter filed or issued with respect to INFORMATION, and RECIPIENT is obligated to refrain from filing applications or otherwise seeking proprietary rights and protection in respect of INFORMATION.

4.4 Any and all industrial and/or intellectual property rights including, but not limited to, results, inventions, improvements, and know-how relating to INFORMATION or use by RECIPIENT of INFORMATION shall be the sole property of INNATE PHARMA and shall be included in the secrecy obligation of this Agreement. To safeguard the interests of INNATE PHARMA in

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
results, inventions, improvements, and know-how, RECIPIENT shall forthwith inform INNATE PHARMA in the event of these in full detail, including all raw data. RECIPIENT undertakes to assign free of charge to INNATE PHARMA any such result, invention, improvement, and/or know-how. RECIPIENT agrees to do any reasonable act or thing or execute any reasonably required document to give effect to the foregoing. Upon completion of the evaluation by RECIPIENT of INFORMATION, RECIPIENT undertakes to return to INNATE PHARMA all INFORMATION received hereunder and any material, data, and results derived from such INFORMATION and all copies hereof as well as any remaining sample.

4.5 RECIPIENT acknowledges that INFORMATION is provided “as is” and without any representation or warranty, express or implied, as to the accuracy or completeness of INFORMATION, including, without limitation, any implied warranty of merchantability or fitness for a particular purpose, or any warranty that the use of INFORMATION will not infringe or violate any patent or other proprietary rights of any third party. Acceptance of INFORMATION will constitute acceptance by RECIPIENT of liability for any damages or injuries resulting from its possession or use of INFORMATION.

ARTICLE 5 - GOVERNING LAW AND DISPUTE RESOLUTION

5.1 Both parties will use their best efforts to settle all matters in dispute amicably. All disputes and differences of any kind related to this Agreement, which cannot be solved amicably by the parties, shall be referred to arbitration.

5.2 All disputes arising out of or in connection with the present contract shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one arbitrator appointed in accordance with the said Rules.

5.3 The arbitration shall take place in Copenhagen and shall be conducted in the English language. The award of the arbitrator shall be final and binding on both parties. The parties bind themselves to carry out the awards of the arbitrator.

5.4 This contract shall be construed and interpreted pursuant to the laws of Denmark to the exclusion of any rule that would refer the subject matter to another forum. The English wording in this Agreement shall prevail.

ARTICLE 6 - SIGNATURE

6.1 Each person signing below and each Party on whose behalf such person executes this Agreement warrants that he or it, as the case may be, has the authority to enter into this Agreement and perform the obligations herein.
SIGNED BY:

Date: 

INNATE PHARMA A/S

[XXXX]

By: [Insert full name and title in print] 

By: [Insert full name and title in print]
APPENDIX A

Complete list of samples/quantities provided to RECIPIENT:
Schedule 18.2
Communication Guidelines

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Whereas Novo Nordisk A/S ("NN") and Innate Pharma SA ("IPH"), are considering entering into a relationship concerning certain technology relating to the Collaboration Field as defined and described in a Joint Research, Development, Option and License Agreement by and between the parties dated March 28, 2006 (TECHNOLOGY);

Whereas NN and IPH believe that litigation concerning such TECHNOLOGY may occur;

Whereas NN and IPH share a common interest concerning this potential litigation concerning the TECHNOLOGY;

Whereas NN and IPH have mutually concluded that their interests will be best served by sharing certain work product and privileged information concerning this potential litigation in confidence for their common purpose and mutual interest and benefit;

Whereas NN and IPH wish to avoid any suggestion of waiver of the confidentiality of trade secret, work product and privileged information and documents,

NN and IPH have agreed to enter into this COMMUNITY OF INTEREST Agreement (the "Agreement") regarding potential litigation concerning the TECHNOLOGY.

1. **Definitions**

   The term TECHNOLOGY includes without limitation the parties’ respective interests in and actions concerning the certain technology discussed above, and party or non-party United States patents concerning such technology.

   Solely for purposes of this Agreement, the term “NN” includes any and all of its corporate affiliates.

   Solely for purposes of this Agreement, the term “IPH” includes any and all of its corporate affiliates.

   The term “NN” includes (i) any employees or agents of NN; (ii) all outside, in-house and other counsel for NN; and (iii) any experts or consultants retained by NN.
The term “IPH” includes (i) any employees or agents of IPH; (ii) all outside, in-house and other counsel for IPH; and (iii) any experts or consultants retained by IPH.

The term “party” refers to NN or IPH.

The term “parties” refers to NN and IPH.

The term “non-party” refers to any person or entity other than the parties.

The term “COMMUNITY OF INTEREST communications” means all ideas, information, data, materials and other tangible or intangible matter comprising, concerning or relating to TECHNOLOGY in whatever form transmitted by and between the parties that would (if not so transmitted) otherwise be subject to the work product doctrine or the attorney-client, trade secret or any other applicable protection or privilege. COMMUNITY OF INTEREST communications includes, but is not limited to all communications between NN and IPH including witness interviews and communications among counsel.

2. Agreement

In view of the foregoing, the parties agree as follows:

COMMUNITY OF INTEREST communications shall be used solely in connection with the preparation, prosecution or defense of potential, agreed upon litigation concerning the TECHNOLOGY. The parties will not use one another’s COMMUNITY OF INTEREST communications or disclose one another’s COMMUNITY OF INTEREST communications to any third party without prior consent from the party who originally provided such COMMUNITY OF INTEREST communication (the “disclosing party”).

It is the desire, intention, and mutual understanding of the parties that

(a) the parties’ disclosure of COMMUNITY OF INTEREST communications to one another is not intended to, and shall not, waive or diminish in any way the confidentiality of such COMMUNITY OF INTEREST communications or their continued protection under the attorney-client privilege, the work product doctrine or any other applicable privileges or protections,

(b) all COMMUNITY OF INTEREST communications provided by a party pursuant to this Agreement that are entitled to protection under the attorney-client privilege, the work product doctrine or other applicable privileges or protections, shall remain entitled to such protection under the joint defense doctrine and common interest privilege, and may not be disclosed to any non-party except as provided in Paragraph 3 or 5, as applicable, and

(c) all COMMUNITY OF INTEREST communications shall be treated and maintained by the parties as privileged and confidential communications in pursuit of their common interest.
3. **Disclosure To Any Non-Party**
COMMUNITY OF INTEREST communications may not be disclosed to any non-party, except on the explicit advance written consent of the disclosing party.

4. **Confidentiality**
COMMUNITY OF INTEREST communications shall continue to be held confidential by the parties as joint prosecution defence communications fully subject to the nondisclosure use and other terms and conditions of this Agreement even if adversity of interests should be subsequently be discerned or arise between the parties and regardless of whether the COMMUNITY OF INTEREST relationship becomes inapplicable thereafter. In the event that a party determines that it no longer has a mutuality of interest with the other party with regard to litigation in respect of the TECHNOLOGY, such party shall terminate this Agreement. Each party has a duty to terminate the Agreement when, in good faith, it reasonably believes that a commonality of interest no longer exists and to give prompt written notice of such termination to the other party pursuant to Paragraph 7.

5. **Non-Party’s Request Of COMMUNITY OF INTEREST Communication**
If any non-party requests or demands, by subpoena or otherwise, any COMMUNITY OF INTEREST communication from either party, the party receiving such request or demand will (i) immediately notify the other Party and (ii) decline to produce the requested COMMUNITY OF INTEREST communication, unless the privilege is waived by the disclosing party. Each party shall take all steps necessary to permit the assertion of all applicable rights, privileges and protections with respect to such COMMUNITY OF INTEREST communications and the parties shall cooperate fully with one another in any proceedings relating to the disclosure of COMMUNITY OF INTEREST communications. Nothing in this Agreement shall require either party to refuse to obey any court order which has not been stayed.

6. **Violation Of Agreement**
A violation of this Agreement by either party shall not be deemed to destroy the COMMUNITY OF INTEREST privilege, or be deemed a waiver of the attorney-client privilege, the work product doctrine or any other subject matter whatsoever, including any applicable doctrine or privilege.
7. **Termination**

Either party may terminate its participation in this Agreement by providing notice in writing to the other party. Such notice shall become two (2) business days after receipt of the notice of termination by the non-terminating Party and shall operate prospectively only. Such termination shall not affect the privileged nature of COMMUNITY OF INTEREST communications made between the parties prior to the termination of this Agreement. Upon termination of this Agreement or demand, each party shall return all COMMUNITY OF INTEREST communications to the disclosing party.

8. **Exchange Of Materials**

All materials that are exchange pursuant to this Agreement shall be marked and identified as being provided with the following language: “Confidential and privileged communication produced pursuant to joint defence agreement.”

9. **Disclosure of COMMUNITY OF INTEREST Communications**

Each party shall provide reasonable advance notice to the other party of the identity of any counsel, experts or consultants to whom the party intends to convey COMMUNITY OF INTEREST communications. Unless prior written consent to such disclosure is received from the disclosing party, the receiving party may not disclose any COMMUNITY OF INTEREST communications received from the disclosing party to any counsel, experts or consultants of the receiving party except:

(a) attorneys for the receiving party (and their legal assistants and support staff) who are (1) directly employed by the receiving party or by an affiliate of such party (including such party’s direct or indirect parent or a direct or indirect subsidiary of a direct or indirect parent of such party); and (2) responsible, on behalf of their employer, for agreed upon litigation concerning the TECHNOLOGY as set forth above;

(b) outside counsel of record in such litigation for the receiving party; and

(c) legal assistants and support staff who are directly employed by or retained by such outside counsel in the prosecution or defence of such litigation.

10. **Written Records**

Each party shall maintain written records identifying persons having access to COMMUNITY OF INTEREST communications received from the other party. Any expert witness, consultant or counsel to whom COMMUNITY OF INTEREST communications are provided shall agree, in writing, to be bound by the terms of this Agreement and to ensure that those of their employees who are permitted access to any COMMUNITY OF INTEREST communications are specifically advised of, and bound by, the terms hereof.
11. **Disclosures Between The Parties**

This Agreement does not create any duty requiring disclosure between the parties. Each party retains the right to refuse to produce to the other Party any COMMUNITY OF INTEREST communication.

12. **Attorney-Client Relationship**

Nothing in this Agreement shall be construed to create a new attorney-client relationship whether express or implied. Each party represents and acknowledges that it is represented exclusively by its own Attorney and agrees that nothing in this Agreement shall be construed to affect the separate and independent representation of either Party by its own respective counsel. Each Attorney participating in the joint defence is obligated to maintain the confidentiality of information as specified in this Agreement, but each Attorney does not act on behalf of any person other than his or her own party.

13. **Applicable Law**

This Agreement shall be construed according to and governed by the law of England, with giving effect to principles of choice or conflicts of law.

14. **Effective Date**

The effective date of this Agreement is _March 28, 2006_.

15. **Entire Agreement**

This Agreement memorializes and supersedes any prior or contemporaneous oral understanding or agreement between the parties regarding COMMUNITY OF INTEREST communications or any of the other subject matter hereof and applies to all communications and other exchanges of information (whether written or oral) between the parties prior to the execution of this Agreement that relate to litigation in respect of the TECHNOLOGY.

16. **Modifications And Amendments**

The provisions of this Agreement may be modified or amended only by written agreement by the parties.
17. **Agreements With Third Parties**

Neither this Agreement, nor any of the provisions hereof, shall limit the freedom of either party to independently negotiate or enter into any settlement, compromise or other agreement or arrangement with any third party respecting the TECHNOLOGY or any litigation in respect thereof, provided that the parties hereby agree to comply with the terms and conditions of this Agreement and acknowledge that such terms and conditions do not derogate from their exercise of such freedom.

18. **Disqualification Of Counsel**

The disqualification of counsel for a party shall not require or constitute grounds for the disqualification of counsel for the other Party by reason of the parties’ entry into or exchange of information pursuant to this Agreement, and the party whose counsel has been disqualified hereby waives the right to seek such disqualification of the other party’s counsel by reason of such entry into this Agreement or the sharing of such other party, or such other party’s counsel, of any COMMUNITY OF INTEREST communications pursuant to the terms hereof.

19. **Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together will constitute one and the same instrument.

NN

by

Bagsvaerd  March 28, 2006  

/s/ Terje Kalland  
Terje Kalland  
Senior Vice President, Biopharmaceutical Research Unit

IPH

By

Marseille  March 28th 2006  

/s/ Hervé Brailly  
Hervé Brailly  
Chief Executive Officer
Certain information has been excluded from this agreement (indicated by “[*]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

**AMENDMENT AND SUPPLEMENT NO. 1**

to the

**JOINT RESEARCH, DEVELOPMENT, OPTION AND LICENCE AGREEMENT**

dated

**MARCH 28, 2006**

between

**NOVO NORDISK A/S**

and

**INNATE PHARMA SA**

October 6, 2008
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. DEFINITIONS</td>
<td>4</td>
</tr>
<tr>
<td>2. RECLASSIFICATION OF ANTI-KIR AS A NICHE CANDIDATE</td>
<td>4</td>
</tr>
<tr>
<td>3. AMENDMENT OF AGREEMENT TO PROVIDE FOR THE DEVELOPMENT AND COMMERCIALIZATION OF ANTI-KIR AS A NICHE CANDIDATE BY IPH</td>
<td>5</td>
</tr>
<tr>
<td>4. OTHER AMENDMENT OF AGREEMENT</td>
<td>21</td>
</tr>
<tr>
<td>5. KNOW-HOW TRANSFER</td>
<td>26</td>
</tr>
<tr>
<td>6. CLINICAL TRIALS</td>
<td>27</td>
</tr>
<tr>
<td>7. TRANSFER OF ANTI-KIR SUPPLIES</td>
<td>28</td>
</tr>
<tr>
<td>8. REGULATORY OR SAFETY DELAY</td>
<td>30</td>
</tr>
<tr>
<td>9. FEES</td>
<td>30</td>
</tr>
<tr>
<td>10. POST-DOCTORATE RESEARCH</td>
<td>30</td>
</tr>
<tr>
<td>11. MISCELLANEOUS</td>
<td>31</td>
</tr>
<tr>
<td>Exhibit A</td>
<td>A-1</td>
</tr>
<tr>
<td>Exhibit B</td>
<td>B-1</td>
</tr>
<tr>
<td>Exhibit C</td>
<td>C-1</td>
</tr>
<tr>
<td>Exhibit D</td>
<td>D-1</td>
</tr>
<tr>
<td>Exhibit E</td>
<td>E-1</td>
</tr>
<tr>
<td>Exhibit F</td>
<td>F-1</td>
</tr>
<tr>
<td>Exhibit G</td>
<td>G-1</td>
</tr>
<tr>
<td>Exhibit H</td>
<td>H-1</td>
</tr>
</tbody>
</table>
AMENDMENT AND SUPPLEMENT NO. 1
to the
JOINT RESEARCH, DEVELOPMENT, OPTION AND LICENCE AGREEMENT

Amendment and Supplement dated as of October 6, 2008 (the “Amendment No.1”) to the Joint Research, Development, Option and Licence Agreement (hereinafter the “Agreement”) dated March 28, 2006 between Novo Nordisk A/S (CVR-no. 24 25 67 90), a corporation existing under the laws of Denmark and having its principal place of business at Novo Allé, 2880 Bagsvaerd, Denmark (hereinafter “NN”), and Innate Pharma SA, a corporation existing under the laws of France and having its principal place of business at Grand Pré – 119/121, ancien chemin de Cassis, 13009 Marseille, France (hereinafter “IPH”).

WITNESSETH

WHEREAS Pursuant to the Agreement, NN and IPH agreed to work, independently, jointly, and/or together with agreed-upon Third Parties, to (a) discover or identify Drug Candidates, and (b) optimize Drug Candidates for progression to (i) Licensed Products for further development and commercialization by NN, or (ii) Niche Candidates for further development and commercialization by IPH (either alone or together with NN), in each case for all uses and purposes, including therapeutic, prophylactic and, except as otherwise expressly therein provided, diagnostic uses;

WHEREAS NN desires to cease its development of Anti-KIR as a Licensed Product and IPH desires that Anti-KIR be reclassified as a Niche Candidate for IPH’s sole independent further development and commercialization, and NN and IPH desire to amend and supplement the Agreement to provide for such future development of Anti-KIR;

WHEREAS NN and IPH have agreed to enter into an Amendment and Supplement No. 2 to the Agreement (“Amendment No. 2”) dated and effective as of the date hereof that provides that (i) the Agreement shall be amended to exclude Anti-NKG2D (as defined in Amendment No. 2) from the scope of the Agreement, (ii) the Assigned IPR (as defined in Amendment No. 2) and certain assets and materials relating to Anti-NKG2D shall be assigned to NN, and (iii) IPH shall grant NN an exclusive, royalty-free, worldwide licence under the Licensed IPR (as defined in Amendment No. 2) and a non-exclusive royalty-free, worldwide licence under the Innate Anti-NKG2D FoO IPR (as defined in Amendment No. 2) for the purposes of research, development and commercialisation of Anti-NKG2D Products (as defined in Amendment No.2).
NOW, THEREFORE,

in consideration of the foregoing premises, the mutual promises and covenants set forth in this Amendment No.1, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, NN and IPH, each intending to be legally bound, hereby agree as follows:

1. DEFINITIONS

1.1. Unless otherwise specifically defined herein, each term used herein that is defined in the Agreement has the meaning assigned to such term in the Agreement. Each reference to “hereof”, “hereunder”, “herein” and “hereby” and each other similar reference and each reference to “this Agreement” and each other similar reference contained in the Agreement shall, after the Amendment No.1 Effective Date, refer to the Agreement as amended hereby.

1.2. “Amendment No.1 Effective Date” shall mean the date of this Amendment No.1.

2. RECLASSIFICATION OF ANTI-KIR AS A NICHE CANDIDATE

2.1. Subject to the terms and conditions of this Amendment No.1 and with effect from the Amendment No.1 Effective Date, NN hereby classifies Anti-KIR as a Niche Candidate for independent further development and commercialization by IPH for any human therapeutic, prophylactic or diagnostic indication or application.

2.2. IPH acknowledges and agrees that, with effect from the Amendment No.1 Effective Date, Anti-KIR shall be classified as a Niche Candidate and IPH further agrees that, notwithstanding any non-compliance by either Party with the procedures set out in Section 6.1 of the Agreement, neither the discontinuation of development of Anti-KIR by NN nor the subsequent classification by NN in this Amendment No.1 of Anti-KIR as a Niche Candidate constitutes the abandonment of any Licensed Product or Niche Candidate for the purposes of the Agreement or gives rise to any right to terminate the whole or part of the Agreement or any of the associated remedies under Articles 12 and 13 of the Agreement.

2.3. Notwithstanding any provision of the Agreement, IPH acknowledges that, with effect from the Amendment No.1 Effective Date, NN shall have no further obligations under the Agreement, this Amendment No.1 or otherwise to develop or commercialize Anti-KIR and NN acknowledges that IPH shall have the exclusive right to conduct the development and commercialisation of Anti-KIR as a Niche Candidate for any human therapeutic, prophylactic or diagnostic indication or application.
3. AMENDMENT OF AGREEMENT TO PROVIDE FOR THE DEVELOPMENT AND COMMERCIALIZATION OF ANTI-KIR AS A NICHÉ CANDIDATE BY IPH

3.1. With effect from the Amendment No.1 Effective Date, Article 1 of the Agreement is hereby amended by:

3.1.1. adding the following *proviso* to the definition of “Background NN IPR” immediately following the current text of such definition:

“Provided, however, that for the purposes of the licences granted to IPH pursuant to Section 5.5 hereof to develop and commercialize Anti-KIR as a Niche Candidate and otherwise in connection with the interpretation of this Agreement in connection with such development and commercialization by IPH of Anti-KIR as a Niche Candidate, “Background NN IPR” shall mean only the IPR identified and listed in Schedule 1.1.7A to the Agreement. Such Schedule 1.1.7A shall not be subject to the aforementioned notification, demonstration and updating process applicable to Schedule 1.1.7 and may not be amended except with the express consent in writing of the Parties hereto.”;

3.1.2. adding the following *proviso* to the definition of “Collaboration IPR” immediately following the current text:

“Provided, however, that for the purposes of the licences granted to IPH pursuant to Section 5.5 hereof to develop and commercialize Anti-KIR as a Niche Candidate and otherwise in connection with the interpretation of this Agreement in connection with such development and commercialization by IPH of Anti-KIR as a Niche Candidate, “Collaboration IPR Controlled by NN” shall mean only the IPR comprised of (x) (i) the Patents identified and listed in Schedule 1.1.16A to the Agreement and (ii) any Patents in which any Anti-KIR Know-How is disclosed but not including any Patent listed in Schedule 5.8.2A and (y) the Know-How listed in Schedule 1.1.17A to the Agreement. Such Schedules 1.1.16A and 1.1.17A shall not be subject to any updating process that is otherwise applicable to Schedules 1.1.16 and 1.1.17 and may not be amended except with the express consent in writing of the Parties hereto.”;

3.1.3. deleting the final sentence from the definition of “Licensed Product”;

3.1.4. inserting the words “Anti-KIR as well as” immediately following the words “shall mean” in the definition of “Niche Candidate”; and

3.1.5. adding the following definitions:

“Anti-KIR Know-How” shall mean Collaboration Know-How listed in Schedule 1.1.17A.
“Anti-KIR Patent” shall mean (i) a Patent listed in Part A of Schedule 1.1.16A and (ii) a Patent in which any Anti-KIR Know-How is disclosed but not including any Patent listed in Schedule 5.8.2 A;

“Anti-KIR Product” shall mean ***.

“Anti-KIR Regulatory Milestones” shall have the meaning ascribed to it in Section 7.4A.

“Anti-KIR Sales Milestones” shall have the meaning ascribed to it in Section 7.4B.

“Anti-NKG2A Product” shall mean any product that contains fully human or humanized monoclonal antibodies, antibody fragments, or derivatives of either thereof, which are reactive against wild type, variant or mutant human natural killer cell receptor NKG2A.

“Anti-NKG2D Product” shall mean any product that contains fully human or humanized monoclonal antibodies, antibody fragments, or derivatives of either thereof, which are reactive against wild type, variant or mutant human natural killer cell receptor NKG2D.

“Continuation” shall mean, with respect to any patent or patent application, any continuation, continuation-in-part, divisional, continued prosecution or other similar application.

“Medarex Sublicence” shall mean ***.

“NN Anti-KIR FoO IPR” shall mean (a) such Patents listed in Schedule 5.8.2 A, (b) such Patents that are either (i) Controlled, through exclusive ownership, by NN or its Affiliates during the Term and claim the benefit of a priority date on or before October 6, 2011 or (ii) Controlled, through licence or otherwise but not exclusive ownership, by NN or its Affiliates at October 6, 2008, (c) such Know-How that is either (i) Controlled, through exclusive ownership, by NN or its Affiliates during the Term and generated on or before October 6, 2011 or (ii) Controlled, through licence or otherwise but not exclusive ownership, by NN or its Affiliates at October 6, 2008 and (d) such Patents based in part or in whole on Know-How that is (i) Controlled, through exclusive ownership, by NN or its Affiliates during the Term and (ii) generated on or before October 6, 2011, in each of (a), (b) and (d) that are or is (y) not within the Background NN IPR or Collaboration IPR and (z) necessary for the development and commercialization of an Anti-KIR Product.

“Shared Anti-KIR Patent” shall mean an Anti-KIR Patent listed in Part B of Schedule 1.1.16A.”

3.2. Background NN IPR Licensed by NN to IPH for development and commercialization by IPH of Anti-KIR as a Niche Candidate. With effect from the Amendment No.1 Effective Date, the Agreement is hereby amended by inserting Exhibit A to this Amendment No.1 as Schedule 1.1.7A to the Agreement.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
3.3. Collaboration IPR Controlled by NN and Licensed by NN to IPH for development and commercialization by IPH of Anti-KIR as a Niche Candidate – Anti-KIR Patents and Anti-KIR Know-How. With effect from the Amendment No.1 Effective Date, the Agreement is hereby amended by inserting Exhibit B to this Amendment No.1 as Schedule 1.1.16A to the Agreement and Exhibit C to this Amendment No.1 as Schedule 1.1.17A to the Agreement.

3.4. Schedule 5.8.2A NN Anti-KIR FoO Patent. With effect from the Amendment No.1 Effective Date, the Agreement is hereby amended by inserting Exhibit D to this Amendment No.1 as Schedule 5.8.2A to the Agreement.

3.5. No Exclusivity Holdover Period. With effect from the Amendment No. 1 Effective Date, Section 2.1.2 of the Agreement shall be deleted and replaced with the following:

“2.1.2[Reserved]”.

3.6. No Development and Commercialization Committee Input for Anti-KIR. With effect from the Amendment No. 1 Effective Date, Section 4.9 is hereby amended by inserting the following text in the first paragraph after the words “(b) any Niche Candidates”:

“(other than Anti-KIR)”.

3.7. No JSC Approval of Sub-licensing by IPH of an Anti-KIR Niche Candidate. With effect from the Amendment No.1 Effective Date, Article 5 of the Agreement is hereby amended by deleting the words “that shall be enforceable by both Parties” from the second paragraph of Section 5.6 and by inserting the following text immediately following Section 5.6:

“5.6A No JSC Approval of Sub-licensing by IPH of Anti-KIR as a Niche Candidate. Notwithstanding Section 5.6, the JSC shall not be required to approve any Sub-licensing by IPH of its rights and obligations under this Agreement if such Sub-licensing by IPH is reasonably necessary for the development and commercialization of Anti-KIR as a Niche Candidate or any Anti-KIR Product.”

3.8. No Licence by NN to IPH of Independent NN IPR for development and commercialization by IPH of Anti-KIR as a Niche Candidate; FoO for Anti-KIR as a Niche Candidate. With effect from the Amendment No.1 Effective Date, Article 5 is hereby amended by inserting the following text immediately following Section 5.8.2:

“5.8.2A No Licence by NN to IPH of Independent NN IPR for development and commercialization by IPH of Anti-KIR as a Niche Candidate; FoO for Anti-KIR as a Niche Candidate. Notwithstanding
Section 5.8.2, NN shall not be obliged to grant to IPH, or to provide reasonable cooperation and assistance to IPH to procure the grant to IPH of, non-exclusive rights and licences under any Independent NN IPR for the purposes of IPH’s development and commercialization of Anti-KIR as a Niche Candidate or any Anti-KIR Product; provided, however, that NN shall grant to IPH a non-exclusive licence (with the right to Sub-license and Out-license) under any NN Anti-KIR FoO IPR to develop and commercialize Anti-KIR Products for no additional consideration."

3.9. No IPH Access to Materials; No NN Buy-In and Co-Marketing Options. With effect from the Amendment No.1 Effective Date, Article 6 is hereby amended by inserting the following text immediately following Section 6.1:

“6.1A No IPH Access to Materials. Notwithstanding Section 6.4, IPH shall have no rights to access Materials pursuant to such Section 6.4 with respect to the development or commercialisation of Anti-KIR as a Niche Candidate pursuant to Section 6.1 hereof.

6.1B No NN Buy-In and Co-Marketing Options for Anti-KIR Niche Candidate. Notwithstanding Sections 6.5, 6.6, 6.7 and 6.8, NN shall have no rights pursuant to such Sections 6.5, 6.6, 6.7 and 6.8 with respect to Anti-KIR as a Niche Candidate being developed and commercialized by IPH pursuant to Section 6.1 hereof.

6.1.C IPH Access to Raw Data. If reasonably required by IPH to respond to any request from, or fulfill any requirement of, any regulatory authority in connection with IPH’s development and commercialization of Anti-KIR as a Niche Candidate or any Anti-KIR Product, NN shall, upon reasonable notice from IPH, provide IPH or any regulatory authority with a reasonable opportunity to review any original documentation and raw data archived by NN for no additional consideration. NN shall not destroy or otherwise dispose of any original documentation and raw data related to NN’s development of Anti-KIR that IPH or a regulatory authority may reasonably be expected to require in connection with IPH’s development and commercialization of Anti-KIR as a Niche Candidate or any Anti-KIR Product without the prior written consent of IPH which shall not be unreasonably delayed or withheld.

6.1.D Reporting Obligations. IPH shall prepare written annual reports (each a “Development Report”) in respect of IPH’s development of Anti-KIR as a Niche Candidate during each calendar year commencing January 1, 2009 and deliver such Development Report to NN no later than *** in the calendar year following that calendar year to which such Development Report relates. Each Development Report shall include a description of preclinical and clinical work carried out during the calendar year, any clinical trial reports received during such calendar year and projected development time lines. Within *** days of NN receiving a Development Report and upon reasonable written notice by NN to IPH, the Anti-KIR project leader at IPH shall meet with representatives of NN to discuss such Development Report.

*** Portions of this page have been omitted pursuant to a request for Confidential Treatment and filed separately with the Commission.
6.1.E NN Corporate Alliance Management. NN shall, for so long as IPH shall develop and commercialize Anti-KIR as a Niche Candidate during the Term, assign a member of its Corporate Alliance Management Department to serve as the liaison officer between NN and IPH on all matters relating to the development and commercialization of Anti-KIR as a Niche Candidate. Such NN Corporate Alliance Management Department liaison officer shall respond in a reasonably timely manner to all reasonable requests for information made by IPH.

3.10. Regulatory Milestones. With effect from the Amendment No.1 Effective Date, Article 7 of the Agreement is hereby amended by inserting the following text immediately following Section 7.4:

“7.4A Anti-KIR Niche Candidate Regulatory Milestone Payments. Notwithstanding Section 7.4, in respect of Anti-KIR Products IPH shall only pay to NN the following milestone payments for the achievement of the following regulatory milestone events by an Anti-KIR Product pursuant to IPH’s development of Anti-KIR as a Niche Candidate (“Anti-KIR Regulatory Milestones”) within *** days of the achievement of each such Anti-KIR Regulatory Milestone.

Such milestone payments shall be made for the first Anti-KIR Product that achieves an Anti-KIR Regulatory Milestone and, subsequently, for each Anti-KIR Product that *** previously achieved such Anti-KIR Regulatory Milestone, but ***, in each case on a one-time, non-duplicative basis, irrespective of the number of indications per Anti-KIR Product and any Out-licensing or Sub-licensing by IPH.

(a) ***
(b) ***
(c) ***

To the extent that IPH is required to license (or sublicense) Third Party IPR for the development and commercialization of Anti-KIR Products, IPH shall be responsible for all costs associated with such licences (or sublicences) other than amounts previously paid by NN before the Amendment No. 1 Effective Date and there shall be no reduction in the milestone payments set forth above as a result of such payments.”

3.11. Sales Milestones. With effect from the Amendment No.1 Effective Date, Article 7 of the Agreement is hereby amended by inserting the following text immediately following Section 7.4A:

“7.4B Anti-KIR Niche Candidate Sales Milestone Payments. Notwithstanding Section 7.4, in respect of Anti-KIR Products IPH shall

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
only pay to NN the following milestone payments for the achievement of the following sales milestone events by an Anti-KIR Product pursuant to IPH’s development of Anti-KIR as a Niche Candidate (“Anti-KIR Sales Milestones”) within *** days of the achievement of each such Anti-KIR Sales Milestone.

Such milestone payments shall be made for the first Anti-KIR Product that achieves an Anti-KIR Sales Milestone and, subsequently, for each Anti-KIR Product that *** previously achieved such Anti-KIR Regulatory Milestone, but ***, in each case on a one-time, non-duplicative basis, irrespective of the number of indications per Anti-KIR Product and any Out-licensing or Sub-licensing by IPH.

(a) ***
(b) ***
(c) ***

To the extent that IPH is required to licence (or sublicence) Third Party IPR for the development and commercialization of Anti-KIR Products, IPH shall be responsible for all costs associated with such licences (or sublicences) other than amounts previously paid by NN before the Amendment No. 1 Effective Date and there shall be no reduction in the milestone payments set forth above as a result of such payments.”

3.12. Royalties. With effect from the Amendment No.1 Effective Date, Article 7 of the Agreement is hereby amended by inserting the following text immediately following Section 7.8:

“7.8A Royalties on Anti-KIR Products. Notwithstanding Section 7.8 hereof, in respect of Anti-KIR Products IPH shall only pay to NN the following percentage royalties on all Net Sales of the first Anti-KIR Product and, subsequently, for each Anti-KIR Product *** that previously achieved such Anti-KIR Regulatory Milestone, but ***, in the Territory by IPH (or its associated Selling Parties) during the Term in accordance with Section 7.11 (notwithstanding any royalties that IPH or its associated Selling Parties may have to pay to Third Parties with respect to the affected Anti-KIR Product):

(a) ***
(b) ***

To the extent that IPH is required to licence (or sublicense) Third Party IPR for the development and commercialization of Anti-KIR Products, IPH shall be responsible for all costs associated with such licences (or

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
3.13. Records of Net Sales. With effect from the Amendment No. 1 Effective Date, Article 7 of the Agreement is hereby further amended by inserting “and 7.8A” immediately after “7.8” in Section 7.9.

3.14. Anti-KIR Patents. With effect from the Amendment No. 1 Effective Date, Article 9 of the Agreement is hereby amended by inserting the following text immediately following Section 9.1:

“9.1A Anti-KIR Patents. The provisions of this Section 9.1A shall apply in relation to IPH Controlled Patents (as defined below) (including Shared Anti-KIR Patents) but no other Patents.

9.1A.1 Anti-KIR Patents. Notwithstanding anything to the contrary in this Agreement, as between the Parties:

(a) Except as otherwise set forth in Section 9.1A.1(b) hereof, IPH shall have the exclusive right and sole discretion during the Term to prepare, file, prosecute, and maintain the Anti-KIR Patents and any Patent claiming a therapeutic, prophylactic or diagnostic use of Anti-KIR in which any NN Anti-KIR FoO IPR (but not including any Patent listed in Schedule 5.8.2 A) is disclosed (“IPH Controlled Patents”) and to conduct any interferences, re-examinations, reissues, limitations, and oppositions with respect to such IPH Controlled Patents; provided, however, that IPH may neither disclose any Anti-KIR Know How or NN Anti-KIR FoO IPR related to either (x) manufacturing methods, processes or procedures or (y) formulation, assay and delivery methodologies in the preparation, filing, prosecution or maintenance of any Patent nor prepare, file or prosecute any Patent which would require the disclosure of any Anti-KIR Know How or NN Anti-KIR FoO IPR related to either (x) manufacturing methods, processes or procedures or (y) formulation, assay and delivery methodologies. IPH shall bear sole responsibility for the preparation, filing, prosecution and maintenance of any Patent contemplated by this Section 9.1A.1 (a) and all costs associated therewith accruing after October 6, 2008, including attorneys’ fees and payments due to patent authorities to maintain such Patents.

(b) With respect to the Shared Anti-KIR Patents, NN shall have the exclusive right and sole discretion during the Term to (A) at NN’s sole cost and expense, direct IPH to take any steps required to ensure that all Anti-NKG2A Products, Anti-NKG2D Products and/or any other Licensed Products and their respective uses are excluded from the scope of any claims of any Shared Anti-KIR Patents to the extent reasonably possible, and (B) at NN’s sole cost and expense, prepare, file, prosecute and maintain Continuations thereof to the extent the claims of any such Continuations cover any...
Anti-NKG2A Products, Anti-NKG2D Products and/or any other Licensed Products or their respective uses (the “NN Continuations”) and to conduct any interferences, re-examinations, reissues, limitations, and oppositions with respect to such NN Continuations.

9.1A.2 Correspondence Regarding Proposed Patent Submissions. IPH, with respect to the Shared Anti-KIR Patents, and NN, with respect to the NN Continuations, shall promptly, and in any event no less than *** prior to any final deadline for submission of such documents or required filing date, deliver or have delivered to the other Party copies of:

(a) all proposed amendments or other applications in relation to such Shared Anti-KIR Patents or NN Continuations or, in instances where several such proposed amendments or applications are substantially similar (such as multiple national phase filings of a single international (PCT) application), a representative sample of such proposed amendments or applications;

(b) all substantive documents proposed to be filed in any patent authority appeal proceedings relating to such Shared Anti-KIR Patents, NN Continuations and any applications in relation to the foregoing;

(c) all substantive documents proposed to be filed in any inter partes disputes (including opposition, reexamination, or interference proceedings) before any patent authority or before any judicial body on appeal of such proceedings which relate to such Shared Anti-KIR Patents, NN Continuations and any applications in relation to the foregoing; and

(d) any other substantive documents proposed to be submitted to any Patent authority which relate to such Shared Anti-KIR Patents, NN Continuations or any applications in relation to the foregoing which are reasonably requested by the other Party, in each case, in a manner which provides the other Party with a sufficient opportunity to review and comment on such documents.

9.1A.3 Patent Authority Correspondence. IPH, with respect to the Shared Anti-KIR Patents, and NN, with respect to the NN Continuations, shall:

(a) notify the other Party of its receipt of all office actions from any Patent authority or any other substantive correspondence from any Patent authority notification of which has been requested by such other Party (and any planned responses to the foregoing) which relate to any Shared Anti-KIR Patent; NN Continuation or any applications in relation to the foregoing,

(b) notify the other Party of the allowance of any Shared Anti-KIR Patent, NN Continuation or any applications in relation to the foregoing

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
foregoing (including notifying such other Party of the expected date of issuance, providing copies of all allowed claims and whether or not such Party intends to file any further applications with respect to such Shared Anti-KIR Patent or NN Continuation), and

(c) notify the other Party of the issuance of any Shared Anti-KIR Patent or NN Continuation or any applications in relation to the foregoing.

9.1A.4 Limited Right to Comment. With respect to the Shared Anti-KIR Patents, IPH shall notify NN at least *** before either any applicable deadline of any patent authority for filing, or the date that IPH intends to file, any response, application or the like in respect of any proposed filing or submission concerning any such Shared Anti-KIR Patent. IPH shall give reasonable consideration to any comments, suggestions, recommendations or other requests (“Requests”) regarding the preparation, filing, prosecution or maintenance of any such Anti-KIR Patent that NN shall provide to IPH at any time prior to *** before such deadline or intended filing date and IPH shall notify NN in writing within *** of its receipt of any Request (but in no event later than *** before any applicable deadline of any patent authority for filing any response, application or the like to which such Request applies) whether it intends to adopt or reject such Request. In the event that IPH notifies NN that it will not adopt any Request of NN, and the failure to adopt such Request would be reasonably expected to materially impair NN’s business or rights in any NN Continuations, NN may direct IPH to implement such Request at any time following the receipt of such notice and IPH shall implement any such Request, provided that IPH shall have no obligation to implement such Request to the extent that such Request would reasonably be expected to materially impair IPH’s business or ability to prosecute or obtain claims of its choice in at least one of the Anti-KIR Patents.

9.1A.5 Notice and Effects of IPH’S Decision to Abandon; Disclaim; or Discontinue Prosecution, Maintenance, or Defense of Shared Anti-KIR Patents. In the event that IPH decides in respect of any Shared Anti-KIR Patent:

(a) to discontinue the prosecution or maintenance of such Shared Anti-KIR Patent,

(b) to discontinue the defense of such Shared Anti-KIR Patent (such as by discontinuing efforts to defend such Shared Anti-KIR Patent in any opposition, reexamination, nullity, or interference proceeding),

(c) to not file an application for a Continuation (or, as the case may be, further Continuation) with respect to such Shared Anti-KIR Patent (including by decision (A) not to enter the national or regional phase in any country or region that is a designated state of a PCT application filed by IPH or (B) not to pursue an application in a country wherein an application claiming priority from a Shared Anti-KIR Patent may be filed), or

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(d) to abandon or disclaim (in whole or in part, other than by terminal disclaimer), without possibility of restoration, any Shared
Anti-KIR Patent,

in each case, IPH shall provide written notice to NN at least *** in advance of the deadline relating to any of the events
described above (except in the case of national or regional phase filing, in which case such notice shall be provided at least
*** in advance of the date of the first applicable deadline for national or regional phase entry) so as to allow NN the
opportunity to file, defend, maintain (including by payment of annuities, issue fees, maintenance fees, or the like), or
continue prosecution of such Shared Anti-KIR Patent, at its own expense. In such an event, IPH shall provide any assistance
reasonably requested of it by NN (including providing NN with power of attorney to perform such tasks) and, to the extent
authorized by contract and permitted by applicable Law, assign its rights to such Shared Anti-KIR Patent to NN. NN shall
thereafter grant to IPH a worldwide, non-exclusive licence (including the right to sub-license and further sublicense) with
respect to such Shared Anti-KIR Patent for no additional consideration.

9.1A.6 Future Limitations on Continuations. Upon the occurrence of an event following which the Laws of the United States or
the Laws now or hereinafter in effect in any jurisdiction (including any regulations of the U.S. Patent and Trademark Office or any
similar foreign governmental agency) are likely to be amended in the near future to limit the number of Continuations that a
Person may file in connection with any Patent, either Party may provide written notice to the other Party of such event and the
Parties shall meet in a timely manner in advance of the date such Laws are expected to become effective and negotiate in good
faith a revised paradigm addressing the manner in which any Continuations (or, as the case may be, further Continuations) of the
Shared Anti-KIR Patents may be filed. From the time such notice is provided until the time the Parties agree on such a revised
paradigm, neither Party shall take any action that could limit the other Party’s right to file or prosecute any Continuations (or, as
the case may be, further Continuations) of any Shared Anti-KIR Patents.

9.1A.7 Enforcement of IPH Controlled Patents, Shared Anti-KIR Patents and NN Claims.

(a) Except as otherwise provided in Sections 9.1A.7(b) and 9.1A.7(c) and subject to Sections 9.12.1 and 9.12.2, IPH shall have
the exclusive right (but not the obligation) to initiate or defend any suit, opposition, interference or other legal action
(including proceedings before the US International Trade Commission) or to take other appropriate action that IPH, in its
sole discretion,

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii)
would be competitively harmful if publicly disclosed.
believes is reasonably required to protect or enforce (i.e., prevent or abate actual or threatened misappropriation or infringement of, or otherwise enforce) any IPH Controlled Patent (in its own name or, if authorized by contract and permitted by applicable Law and required by applicable Law, in the name of the NN or an Affiliate of NN), and shall bear its own costs and expenses in respect thereof and be represented by counsel of its choice and shall further indemnify NN and any of its Affiliates for any costs incurred by NN or any of its Affiliates in connection with such suit, opposition, interference or action.

(b) Notwithstanding anything to the contrary in this Agreement, except as otherwise provided in Section 9.1A.7(c) and subject to Sections 9.12.1 and 9.12.2, IPH shall have the exclusive right (but not the obligation) to initiate or defend any suit, opposition, interference, other legal action (including proceedings before the US International Trade Commission) or to take other appropriate action that IPH, in its sole discretion, believes is reasonably required to protect or enforce (i.e., prevent or abate actual or threatened misappropriation or infringement of, or otherwise enforce) any Shared Anti-KIR Patent (in its own name or, if authorized by contract and permitted by applicable Law and required by applicable Law, in the name of the NN or an Affiliate of NN) against any Person for infringement of any claims of such Shared Anti-KIR Patent and shall bear its own costs and expenses in respect thereof and be represented by counsel of its choice and shall further indemnify NN and any of its Affiliates for any costs incurred by NN or any of its Affiliates in connection with such suit, opposition, interference or action. To the extent that such infringement relates to any Anti-NKG2A Product or Anti-NKG2D Product or their respective uses, IPH shall give reasonable consideration to any comments or suggestions of NN in connection with any such suit, opposition, interference or legal action, including with respect to any negative impact such suit, opposition, interference or legal action could reasonably be expected to have on the Shared Anti-KIR Patents.

c) Notwithstanding anything to the contrary in this Agreement, subject to the provisions of 9.12.1 and 9.12.2, NN shall have the exclusive right (but not the obligation) to initiate or defend any suit, opposition, interference, other legal action (including proceedings before the US International Trade Commission) or to take other appropriate action that NN, in its sole discretion, believes is reasonably required to protect or enforce (i.e., prevent or abate actual or threatened misappropriation or infringement of, or otherwise enforce) any NN Continuation (in its own name or, if authorized by contract and permitted by applicable Law, in the name of the IPH or an Affiliate of IPH), and shall bear its own costs and expenses in respect thereof and be represented by counsel of its choice and shall further indemnify IPH and any of its Affiliates for any costs incurred by IPH or any of its Affiliates in connection with such suit, opposition, interference or action.

15
9.1A.8 **Dispute Resolution.** The Parties acknowledge that all disputes arising under this Section 9.1A shall be subject to the dispute resolution procedures set forth in Section 21.14.”

3.15. **Development Diligence Requirements for Anti-KIR as a Niche Candidate.** With effect from the Amendment No.1 Effective Date, Article 12 of the Agreement is hereby amended by inserting the following text immediately following Section 12.7 and Section 12.7 shall no longer apply to Anti-KIR as a Niche Candidate or the marketing or sale of an Anti-KIR Product:

“12.7A Development Diligence Requirements for Anti-KIR Niche Candidate. Notwithstanding Section 12.7 hereof, with respect to either the development of Anti-KIR as a Niche Candidate or the marketing or sale of an Anti-KIR Product, IPH shall be obliged to promptly notify NN in writing of any decision to abandon the development of Anti-KIR as a Niche Candidate or the marketing or sale of an Anti-KIR Product.

In the absence of notification, IPH shall be deemed to have abandoned the development of Anti-KIR as a Niche Candidate if:

(i) ***

(ii) ***

provided that the time periods in (i)-(iii), above:

(A) shall not include any time period during which the relevant Anti-KIR Product shall have been subject to a Clinical Hold (as defined below) and IPH shall have been using Commercially Reasonable Efforts to remove such Clinical Hold; and

(B) shall be extended by a reasonably appropriate amount of time to reflect any delays or obstacles to the development of the relevant Anti-KIR Product that (i) occur following the designation of Anti-KIR as a Niche Candidate, (ii) result from unexpected or unclear clinical trial efficacy or safety data not reasonably foreseeable by IPH at the date of the designation of Anti-KIR as a Niche Candidate and (iii) are not caused by an inability of IPH to secure appropriate financing or a development partner, provided, however, that IPH shall have notified NN of such delays or obstacles promptly upon such delays or obstacles becoming reasonably foreseeable and shall have been using Commercially Reasonable Efforts to overcome such delay or obstacle.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Within *** of any of the occurrence of any of the events specified in (i), (ii), or (iii) above, IPH may, by paying to NN the relevant fee provided for below, extend the deadline for achievement of the required step on an annual basis for up to a period of ***, the relevant fee being:

(a) ***

(b) ***

“Clinical Hold”, as used in this Section 12.7A, shall mean a bona fide decision of IPH or a decision of a regulatory authority or another governmental body to suspend a clinical trial or other study when it does not believe that such clinical trial or other study can be conducted without unreasonable risk to the subjects in such clinical trial or study, and the existence of such circumstances shall be subject to arbitration in accordance with Section 21.14."

3.16. Termination upon Abandonment of Development of Anti-KIR Niche Candidate. With effect from the Amendment No.1 Effective Date, Article 12 of the Agreement is hereby amended by inserting the following text immediately following Section 12.8 and Section 12.8 shall no longer apply to Anti-KIR Products:

“12.8A Notwithstanding Section 12.8 hereof, in the event of the abandonment by IPH of its development of Anti-KIR as a Niche Candidate (by express notice to NN or by operation of this Article 12), the following provisions shall apply and supersede Section 12.8 with respect to such abandonment:

(c) all licences granted to IPH under this Agreement for the purposes of Commercial Optimization of Anti-KIR as a Niche Candidate that IPH is authorized to develop and commercialize shall terminate immediately;

(d) IPH shall have an obligation to grant to NN, at NN’s request, an irrevocable, world-wide, fully paid up, exclusive licence under all its right, title and interest to the Collaboration IPR or Background IPH IPR (as applicable) and Independent IPH IPR, and grant the right set out in Section 5.7 (including all supporting regulatory documentation), for the development and commercialization of Anti-KIR, for no additional consideration other than as provided for herein;

(e) if NN shall, in its discretion, assume such licence it shall notify IPH to this effect within *** of IPH’s abandonment or the determination of abandonment, whichever is the later, upon which assumption NN shall have the exclusive right to exploit such IPR for the development and commercialization of Anti-KIR;

(f) if the date of such abandonment is prior to the first dosing of humans in Phase II clinical trials of Anti-KIR as a Niche Candidate,

Certain information has been excluded from this agreement (indicated by “[**]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Sections **12.8A(a)** and **12.8A(b)** shall apply, save that, in consideration of the grant of such rights, if and only if NN subsequently Out-licences such IPR within the period of *** following the date of NN’s assumption of rights, NN shall pay to IPH a percentage of all revenue actually received in respect of such licence on the following basis:

- ***
- ***
- ***
- ***
- ***
- ***

(g) if the effective date of abandonment is after the first dosing of humans in Phase II clinical trials of Anti-KIR as a Niche Candidate but prior to the first dosing in Phase III, the above Sections **12.8A(a)** and **12.8A(b)** shall apply save that in consideration of the grant of such rights, if and only if NN subsequently Out-licences such IPR within the period of *** following the date of NN’s assumption of rights NN shall pay to IPH a percentage of all revenue actually received by NN in respect of such licence on the following basis:

- ***
- ***
- ***
- ***
- ***
- ***

(h) in the event of its abandonment of the development of Anti-KIR as a Niche Candidate and irrespective of the effective date of such abandonment, IPH shall:

(i) make no further representation regarding its status as a licencee of NN in respect of Anti-KIR;

(ii) in the event that at the date of the abandonment by IPH of its development of Anti-KIR as a Niche Candidate there are ongoing clinical trials with respect to such development, IPH shall pay for the completion of such clinical trials in respect of all patients enrolled at the effective date of abandonment except if the Agreement is terminated because of adverse events in the clinical trial(s)

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
causing the trials(s) to cease due to regulatory requirements or regulatory considerations (including an actual or anticipated regulatory warning);  

(iii) at NN’s option, and at NN’s expense, and to the extent authorized by contract and permitted by applicable Law, assign or cause to be assigned to NN any regulatory submissions and approvals with respect to Anti-KIR and take such actions and execute such other instruments, assignments and documents as may be necessary to effect the transfer of all rights thereunder to NN;  

(iv) at NN’s option and at NN’s expense, provide to NN all pre-clinical and clinical data in respect of Anti-KIR and all research reagents and materials intended for use in clinical trials of Anti-KIR in IPH’s possession or control.

Following the transfer of rights from IPH to NN pursuant to this Section 12.8A IPH shall have no further obligations under Sections 12.7, 12.8, 12.8A, 12.8B, 12.9 or 12.10 in respect of the development or commercialization of Anti-KIR.”

3.17. Termination upon Abandonment of Marketing or Sale of Anti-KIR Product. With effect from the Amendment No.1 Effective Date, Article 12 of the Agreement is hereby amended by inserting the following text immediately following Section 12.8A and Section 12.8 shall no longer apply to Anti-KIR Products:

“12.8B Notwithstanding Section 12.8 hereof, in the event of the abandonment by IPH of its marketing or sale of any Anti-KIR Product, the following provisions shall apply and supersede Section 12.8 with respect to such abandonment:

(a) all licences granted to IPH under this Agreement for the marketing or sale of such Anti-KIR Product, shall terminate immediately;

(b) IPH shall have an obligation to grant to NN, at NN’s request, an irrevocable, world-wide, fully paid up, exclusive licence under all its right, title and interest to the Collaboration IPR or Background IPH IPR (as applicable) and Independent IPH IPR, and grant the right set out in Section 5.7 (including all supporting regulatory documentation) with respect to which such Anti-KIR Product has been abandoned, solely for the purposes of the commercialization of such specific Anti-KIR Product, for no additional consideration other than as provided for herein;

(c) if NN shall, in its discretion, assume such licence it shall notify IPH to this effect within *** of IPH’s abandonment, upon which assumption NN shall have the exclusive right to exploit such IPR for solely with respect to such abandoned Anti-KIR Product and for such purposes as are specified in clause (a);

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(d) the above Sections 12.8B(a) and 12.8B(b) shall apply save that in consideration of the grant of such rights, if and only if NN subsequently Out-licences such IPR within the period of *** following the date of NN’s assumption of rights, NN shall pay to IPH a percentage of all revenue actually received by NN in respect of such licence on the following basis:

- ***
- ***
- ***
- ***
- ***

(e) in the event of its abandonment of the marketing or sale of any Anti-KIR Product irrespective of the effective date of such failure, IPH shall:

(i) cease any activities with respect to the marketing, promotion, sale or distribution of the Anti-KIR Product with respect to which such abandonment has occurred;

(ii) at NN’s option and at NN’s expense, and to the extent such transfer is authorized by contract and permitted by applicable Law, to transfer to NN the benefit of any contracts between IPH and any Third Party in respect of the manufacture of such abandoned Anti-KIR Product, with respect to the supply thereof for marketing with respect to which such abandonment has occurred, provided that for the avoidance of doubt IPH shall not be required to cause or effect any such transfer if to do so will require IPH’s payment or provision of additional consideration to any Person save that NN may elect to pay for and obtain the right to such procurement or exercise to the extent authorized by contract and permitted by applicable Law;

(iii) at NN’s option, and at NN’s expense, and to the extent authorized by contract and permitted by applicable Law, assign or cause to be assigned to NN, any regulatory submissions and approvals related to the Anti-KIR Product with respect to which such abandonment has occurred and take such actions and execute such other instruments, assignments and documents as may be necessary to effect the transfer of all rights thereunder to NN;

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(iv) NN shall pay IPH’s reasonable costs in connection with the above activities at a reasonable hourly rate representing
the actual cost of IPH of providing such services up to a maximum of ***.

Following the transfer of rights from IPH to NN pursuant to this Section 12.8B IPH shall have no further obligations under
Sections 12.7, 12.8, 12.8A, 12.8B, 12.9 or 12.10 with respect to the marketing and sale of the Anti-KIR Product with respect to
which the abandonment has occurred.”

3.18. Publication concerning an Anti-KIR Niche Candidate. With effect from the Amendment No.1 Effective Date, Article 18 of the
Agreement is hereby amended by inserting the following text immediately following Section 18.1:

“Section 18.1A Publication concerning Anti-KIR as a Niche Candidate or Anti-KIR Products. Notwithstanding Section 18.1, NN
shall have no rights pursuant to such Section 18.1 with respect to publications or disclosures concerning the development or
commercialization of Anti-KIR as a Niche Candidate pursuant to Section 6.1 hereof or any Anti-KIR Product; provided, however
that (a) IPH shall provide to NN a copy of such publication or disclosure as soon as reasonably practicable following such
publication or disclosure and (b) in no event shall IPH publish Confidential Information of NN relating to (i) manufacturing,
marketing, financing or business developments, opportunities, plans, methods, processes or procedures, (ii) quality controls, (iii)
security controls, (iv) unpublished cost, price or pricing information, (v) financial or personnel matters, or (vi) customer, client or
supplier lists or information, in each case without prior written approval of NN.”

4. OTHER AMENDMENT OF AGREEMENT.

4.1 With effect from the Amendment No.1 Effective Date, the Definitions “Out-license” and “Out-licensing” (set forth in Section
1.1.55) and “Sub-license” and “Sublicensing” (set forth in Section 1.1.64) shall be interpreted by the Parties to mean the grant by a
Party of an Out-license or Sub-licence to any Out-licensee or Sub-licensee or any further grant of a Sub-licence or Out-license by
such Out-licensee or Sub-licensee or its Out-licensees or Sub-licensees.

4.2 With effect from the Amendment No.1 Effective Date, Article 12 of the Agreement is hereby amended by:

4.2.1 deleting the text of Section 12.7 in its entirety and replacing it with the following:

“12.7 Development Diligence Requirements. For the purposes of this Section 12.7, each Party shall be obliged to promptly notify
the other Party in writing of any decision to abandon the development, marketing or sale of any Licensed Product, Residual
Product or Niche Candidate

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii)
would be competitively harmful if publicly disclosed.
and in the absence of notification the first Party shall be deemed to have abandoned the development of such Licensed Product, Niche Candidate, or Residual Product being developed for commercialization exclusively by or on behalf of that Party if:

(i) ***
(ii) ***
(iii) ***

provided that the time periods in (i)–(iii), above:

(C) shall not include any time period during which the relevant Licensed Product, Niche Candidate or Residual Product shall have been subject to a Clinical Hold (as defined below) and the Party developing same shall have been using Commercially Reasonable Efforts to remove such Clinical Hold; and

(D) shall be altered by the Parties to take into consideration unforeseen delays or obstacles in continuing the development of the relevant Licensed Product, Niche Candidate or Residual Product outside the reasonable control of the developing Party, in which case the Parties shall agree to a reasonable extension having regard to the delay, provided that the developing Party must make a request for such extension to the other Party at the time of, and not solely after, the delay.

Within *** of any of the occurrence of any of the events specified in (i), (ii), or (iii) above, the developing Party may, by paying to the other Party the relevant fee provided for below, extend the deadline for achievement of the required step on an annual basis for up to a period of ***, the relevant fee being:

(a) ***
(b) ***
(c) ***

provided that the developing Party shall only have the right to such extension under two of events (a), (b) or (c) of this Section 12.7, unless the Parties hereafter agree otherwise in writing.

“Clinical Hold”, as used in this Section 12.7, shall mean a bona fide decision of the developing Party or a decision of a regulatory authority or another governmental body to suspend a clinical trial or other study when it does not believe that such clinical trial or other study can be conducted without unreasonable risk to the subjects in such clinical trial or study, and the existence of such circumstances shall be subject to arbitration in accordance with Section 21.14.”

*** Portions of this page have been omitted pursuant to a request for Confidential Treatment and filed separately with the Commission.
4.2.2 deleting the text of Section 12.8 in its entirety and replacing it with the following:

“12.8 Termination for Failure to Employ Commercially Reasonable Efforts. Notwithstanding any other provision of this Agreement, in the event of the abandonment of the development by a Party (the “Developing Party”) (by express notice to the other Party or by operation of this Article 12), or a non-transient material failure of the Developing Party to employ Commercially Reasonable Efforts in respect of the marketing or sale of any Licensed Product, Residual Product or Niche Candidate, all licences granted to the Developing Party under this Agreement for the purposes of Commercial Optimization of any such Licensed Product, Residual Product or Niche Candidate that a Party is authorized to develop but that has been abandoned shall terminate immediately and the following provisions shall apply:

(a) The Developing Party shall have an obligation to grant to the other Party, at the other Party’s request, an irrevocable, worldwide, fully paid up, exclusive licence under all its right, title and interest to the Collaboration IPR, Background NN IPR or Background IPH IPR (as applicable) and Independent IPR, and grant the right set out in Section 5.7, with respect to which such specific Licensed Product, Residual Product or Niche Candidate has been abandoned, solely for the purposes of Commercial Optimization of such specific Licensed Product, Residual Product, or Niche Candidate, and all supporting regulatory documentation, to the other Party for no additional consideration other than as provided for herein; and

(b) if the other Party shall, in its discretion, assume such licence it shall notify the Developing Party to this effect within *** of the Developing Party’s abandonment or the determination of abandonment, whichever is the later, upon which assumption the other Party shall have the exclusive right to exploit such IPR solely with respect to such abandoned product(s) and for such purposes as are specified in clause (a) above, provided that such right shall not include the right or licence to develop or commercialize any product comprised of, interacting with, modulating or is derived from the same Biological Target for the same indication(s) as any (i) Licensed Product or Residual Product encompassed by the Developing Party’s exclusive rights or licences hereunder; or (ii) Niche Candidate marketed by the Developing Party (or its Out-licencsee) pursuant to the Buy-In-Option.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(c) If the date of such abandonment is prior to the first dosing of humans in clinical trials with such abandoned Licensed Product, Residual Product or Niche Candidate, Sections 12.8(a) and 12.8(b) shall apply, save that, in consideration of the grant of such rights, if and only if the other Party subsequently Out-licences such IPR within the period of *** following the date of the other Party’s assumption of rights, the other Party shall pay to the Developing Party a percentage of all revenue actually received in respect of such licence on the following basis:

- ***
- ***
- ***
- ***
- ***

(d) If the effective date of abandonment is after the first dosing of humans in clinical trials with such abandoned Licensed Product, Residual Product or Niche Candidate but prior to the first dosing in Phase III, the above Sections 12.7(a) and (b) shall apply save that in consideration of the grant of such rights, if and only if the other Party subsequently Out-licences such IPR within the period of ten years following the date of the other Party’s assumption of rights the other Party shall pay to the Developing Party a percentage of all revenue actually received by the other Party in respect of such licence on the following basis:

- ***
- ***
- ***
- ***
- ***

(e) If the date of such abandonment is after the beginning of the first dosing in Phase III then NN and IPH shall ***.

(f) In the event of its abandonment of a Licensed Product, Residual Product or Niche Candidate and irrespective of the effective date of such abandonment, the Developing Party shall:

*** Portions of this page have been omitted pursuant to a request for Confidential Treatment and filed separately with the Commission.
(i) make no further representation regarding its status as a licensee of the other Party in respect of such abandoned Licensed Product, Residual Product or Niche Candidate;

(ii) cease any activities with respect to the marketing, promotion, sale or distribution of such abandoned Licensed Product, Residual Product or Niche Candidate;

(iii) in the event that at the date of such abandonment there are ongoing clinical trials of such abandoned Licensed Product, Residual Product or Niche Candidate, pay for the completion of such clinical trials in respect of all patients enrolled at the effective date of abandonment except if the Agreement is terminated because of adverse events in the clinical trial(s) causing the trials(s) to cease due to regulatory requirements or regulatory considerations (including an actual or anticipated regulatory warning);

(iv) at the other Party’s option and at the other Party’s expense, and to the extent such transfer is authorized by contract and permitted by applicable Law, to transfer to the other Party, the benefit of any contracts between the Developing Party and any Third Party in respect of the manufacture of such abandoned Licensed Product, Residual Product or Niche Candidate, with respect to the supply thereof for marketing, provided that for the avoidance of doubt the Developing Party shall not be required to cause or effect any such transfer if to do so will require the Developing Party’s payment or provision of additional consideration to any Person save that the other Party may elect to pay for and obtain the right to such procurement or exercise to the extent authorized by contract and permitted by applicable Law;

(v) at the other Party’s option, and at the other Party’s expense, and to the extent authorized by contract and permitted by applicable Law, assign or cause to be assigned to IPH any regulatory submissions and approvals with respect to such abandoned Licensed Product, Residual Product or Niche Candidate and take such actions and execute such other instruments, assignments and documents as may be necessary to effect the transfer of all rights thereunder to the other Party;
(vi) at the other Party’s option and at the other Party’s expense, provide to the other Party all pre-clinical and clinical data in respect of such abandoned Licensed Product, Residual Product or Niche Candidate and all research reagents and materials intended for use in clinical trials of such abandoned Licensed Product, Residual Product or Niche Candidate, in the Developing Party’s possession or control; and

(vii) the other Party shall pay the Developing Party’s reasonable costs in connection with the above activities at a reasonable hourly rate representing the actual cost of the Developing Party of providing such services up to a maximum of ***.

Following the transfer of rights from one Party to another pursuant to this Section 12.8 the other Party shall have no further obligations under Sections 12.7, 12.8, 12.9 or 12.10 in respect of the development, sale or marketing of any such product.

Without limitation of the Parties’ obligations to exercise Commercially Reasonable Efforts, or of any other obligations under this Agreement or remedies for the material breach thereof, the failure to attain any benchmark or objective set forth in any of Subsections (i), (ii) or (iii) of Section 12.7 shall not constitute a breach of this Agreement, and the provisions of this Article 12 prescribe the Developing Party’s sole and exclusive liability, and the other Party’s sole and exclusive remedy for such failure.”

4.2.3 deleting the text of Section 12.9 in its entirety and replacing it with the following:

“12.9 [Reserved]”.

5. KNOW-HOW TRANSFER

5.1. IPH has requested that NN transfer to IPH the Know-How comprising the information (regulatory, clinical, CMC and other) listed in Exhibit C to this Amendment No. 1.

5.2. NN shall transfer, and take such actions as are reasonably required to ensure the effective transfer of, the Know-How listed in Exhibit C to Innate as soon as possible and in any event no later than December 30, 2008 in accordance with the terms of this Amendment No. 1 including the guidelines set out in Exhibit G.

5.3. In the event of any dispute between NN and IPH regarding the actions of NN that are reasonably required to ensure the effective transfer of the Know-How listed in Exhibit C, such dispute shall in the first instance be referred to the CSO of NN and the CEO of IPH who shall seek to resolve

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
such dispute. In the event that the CSO of NN and the CEO of IPH are unable to resolve the dispute, NN or IPH may seek the non-binding opinion of an expert, in accordance with the procedures set forth in Exhibit H, on whether or not any additional actions of NN are reasonably required to effect such transfer; provided, however, that neither NN nor IPH shall be obliged to take any actions based on such expert’s opinion. Notwithstanding the above, either Party may at any time refer any such dispute to arbitration in accordance with Section 21.14 of the Agreement.

5.4. If, on or before December 30, 2008, IPH gives notice to NN that IPH has identified Know-How that is (x) Controlled by NN at that date, (y) not listed in Exhibit C and (z) necessary for the purposes of IPH’s development or commercialization of the Anti-KIR Niche Candidate, then NN shall deliver to IPH the documents, files and materials containing such Know-How as soon as reasonably practicable.

5.5. IPH acknowledges and agrees that, subject to Section 5.8.2A of the Agreement (as amended by this Amendment No. 1) and Sections 5.2 and 5.4 of this Amendment No. 1, NN shall have no further obligation to transfer Know-How to IPH pursuant to Section 6.1 of the Agreement or otherwise in connection with IPH’s development and commercialization of Anti-KIR as a Niche Candidate.

6. CLINICAL TRIALS

6.1. Definitions. The following terms, as used in this subsection herein, shall have the following meanings:

“Clinical Trial” shall mean any of the ongoing clinical trials of ***, as further described below.

“*** Clinical Trial” shall mean ***

“*** Clinical Trial” shall mean ***

“*** Clinical Trial” shall mean ***

6.2. Each of NN and IPH shall use all reasonable endeavours to cause the sponsorship of the Clinical Trials to be transferred to IPH no later than December 1, 2008.

6.3. IPH or NN, as appropriate based on the regulatory guidelines applicable, shall use reasonable endeavours to file with the appropriate regulatory authority an application to transfer sponsorship of each Clinical Trial from NN to IPH no later than November 1, 2008, and NN or IPH, as the case may be, shall reasonably cooperate with the other Party in the preparation of such application.

6.4. (a) From the date of the approval of the transfer of sponsorship from NN to IPH of a Clinical Trial, IPH shall assume responsibility for such Clinical Trial, including any reporting obligations to appropriate regulatory authorities.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

27
(b) In no event will NN be liable to IPH for any claims, suits, losses, damages, costs, fees, or expenses resulting from the conduct of a Clinical Trial after the date of the approval of the transfer of sponsorship from NN to IPH of such Clinical Trial.

(c) IPH agrees to indemnify, hold harmless, and defend NN and its Affiliates, against any claims, suits, losses, damages, costs, fees, or expenses resulting from the conduct of a Clinical Trial after the date of the approval of the transfer of sponsorship from NN to IPH of such Clinical Trial.

6.5. Where not prohibited by its terms or applicable Law, or not requiring any payment by NN, NN shall use all reasonable endeavours to assign the rights, benefits and obligations of each agreement set forth in Exhibit F to IPH, and IPH shall accept such assignment, as and from the date on which approval of the transfer of sponsorship from NN to IPH of the Clinical Trial to which such agreement relates is granted by the appropriate regulatory authority. Pending such assignment to IPH or where such assignment is not possible, IPH shall reimburse NN within *** of NN’s presentation of an invoice to IPH for payments, falling due pursuant to the agreements set forth in Exhibit F from the earlier of (x) 1 November 2008 or (y) the date on which approval of the transfer of sponsorship from NN to IPH of the Clinical Trial to which such payment or cost relates is granted by the appropriate regulatory authority.

6.6. IPH shall notify NN upon the completion (i.e., last patient, last visit) of each Clinical Trial.

7. TRANSFER OF ANTI-KIR SUPPLIES

7.1. NN shall transfer to IPH the materials described further in Exhibit E (the “Anti-KIR Supplies”) as follows:

(a) Subject to Section 7.3, within *** of the Amendment No. 1 Effective Date, NN shall cause those Anti-KIR Supplies set forth in Part of A of Exhibit E to be shipped to IPH;

(b) NN shall cause those Anti-KIR Supplies set forth in Part B of Exhibit E which are reasonably required to conduct a Clinical Trial to be shipped to IPH, or to a location directed by IPH, acting reasonably, as soon as practicable following a request by IPH; and

(c) Subject to Section 7.3,

(i) NN shall update the “Quality Investigational Medicinal Product Dossier” or Q-IMPD documents in e-submission format related to the implementation of the second drug product batch of

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
the Anti-KIR Supplies set forth in Part C of Exhibit E for the re-supply of Clinical Trials *** and ***, and NN or IPH, as NN reasonably deems appropriate, shall file such updated Q-IMPD with the appropriate regulatory authorities; and

(ii) NN shall label using NN labels and package the Anti-KIR Supplies set forth in Part C of Exhibit E which are reasonably required to conduct the re-supply of Clinical Trials ***, and NN shall use all reasonable endeavours to cause such Anti-KIR Supplies to be shipped to IPH no later than 1 January 2009; provided, however, that NN shall not cause any of such Anti-KIR Supplies to be shipped to IPH if such Anti-KIR Supplies shall fail, in NN’s reasonable determination, the stability testing ongoing at the Amendment No. 1 Effective Date. IPH acknowledges that it is responsible for any re-labeling of such Anti-KIR Supplies as may be required by applicable regulatory guidelines in connection the use of such Anti-KIR Supplies in Clinical Trials for which sponsorship has been transferred to IPH.

(d) NN shall transfer those Anti-KIR Supplies set forth in Part D of Exhibit E to IPH at such time as the Parties agree but no later than January 1, 2009.

7.2. Title to the Anti-KIR Supplies shall transfer to IPH upon delivery of such Anti-KIR Supplies to IPH or to a third party for shipment to IPH and IPH shall be responsible for all storage costs for such Anti-KIR Supplies as and from such date; provided, however, that NN shall be responsible for all shipment (but not including insurance) costs with respect to such shipment of Anti-KIR Supplies.

7.3. (a) If the 61 gram batch of Anti-KIR active product ingredient (“API”) identified in Part A of Exhibit E as “API – hybridoma” (the “Current Batch”) does not meet the ‘30-month appearance stability specification reasonably required by IPH to conduct clinical trials, NN acknowledges that IPH will reprocess the Current Batch using a subcontractor and IPH acknowledges that IPH will be responsible for the cost of any such reprocessing.

(b) If such reprocessing by a subcontractor does not yield a drug product that meets the specifications reasonably required by IPH for the conduct of clinical trials, then NN will use reasonable efforts to manufacture a new batch of API from the 146 gram batch of API at the K1-eluate step at Novo Nordisk at the Amendment No. 1 Effective Date, identified in Part A of Exhibit E as “Hybridoma captured intermediate material”, either by using Novo Nordisk’s facilities or by seeking a subcontractor to do so. IPH will be responsible for any direct costs associated with such manufacture. NN will use reasonable efforts to manufacture or seek a subcontractor to manufacture such new batch of API as soon as reasonably practicable and in as cost-effective a manner as reasonably practicable.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
7.4. AT THE AMENDMENT NO. 1. EFFECTIVE DATE, THE ANTI-KIR SUPPLIES ARE BEING SOLD “AS IS” AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES BY NN. NN MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY TYPE WHATSOEVER, REGARDING THE ANTI-KIR SUPPLIES, AND TO THE FULLEST EXTENT PERMITTED BY LAW, NN EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, CONSISTENCY OR COMPLIANCE WITH ANY SAMPLES PREVIOUSLY PROVIDED OR NONINFRINGEMENT.

8. REGULATORY OR SAFETY DELAY

8.1. Notwithstanding any provision of this Amendment No. 1:
   (a) NN may delay the transfer of any Anti-KIR Know-How, any Anti-KIR Supplies or the sponsorship of any Clinical Trial to IPH; and
   (b) if transfer of any Anti-KIR Know-How, any Anti-KIR Supplies or the sponsorship of any Clinical Trial shall have occurred, IPH shall permit access by NN to such Anti-KIR Know-How, Anti-KIR Supplies or Clinical Trial documentation; in each case as may be required, in NN’s reasonable determination, to respond to any request from, or fulfill any requirement of, any regulatory authority, or otherwise to ensure Clinical Trial patient safety.

8.2. IPH shall use all reasonable endeavours to cooperate with NN to permit NN to respond to any request from, or fulfill any requirement of, any regulatory authority, or otherwise to ensure Clinical Trial patient safety.

9. FEES

9.1. Fees. In consideration of the grant by NN to IPH of the rights under this Amendment No. 1, the grant by IPH to NN of the rights under Amendment No. 2 and the transfer of the Anti-KIR Supplies IPH shall pay to Novo Nordisk: *** in each case by wire transfer of immediately available funds to such bank account as NN may designate in writing.

10. POST-DOCTORATE RESEARCH

10.1. NN has disclosed to IPH that an Employee of NN is currently working on a non-competitive Anti-KIR monoclonal antibody. NN agrees to grant to IPH, or procure the grant to IPH of, an exclusive right and licence, including the right to Sub-license and Out-license, throughout the Territory to develop and commercialize any Anti-KIR Product under all IPR created by such Employee (as defined below) that relates to Anti-KIR arising from his research during his employment by NN. NN shall promptly disclose to IPH the results of such research, shall not publish or otherwise disclose to a Third Party any results arising from such research without the prior written consent of IPH and shall not utilize the results of such research that relate to Anti-KIR for any pre-clinical or clinical activity with respect to Anti-KIR.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
10.2. “Employee” means any employee of NN carrying out research in relation to Anti-KIR.

11. MISCELLANEOUS

11.1. Effectiveness and Integration. This Amendment shall become effective as of the Amendment No.1 Effective Date and the amendments made to the Agreement pursuant to Article 3 and Article 4 hereof shall thereafter be deemed an integral part of the Agreement.

11.2. No Other Changes or Repetition of Warranties. Except as expressly set forth herein, all provisions of the Agreement shall remain unchanged and in full force and effect. Nothing in this Amendment No.1 shall cause, or shall be deemed to cause, any representation or warranty set out in the Agreement to be repeated.

11.3. Conflicts Between Agreement and Amendment No.1. To the extent that the Agreement is explicitly amended by this Amendment No.1, the terms of the Amendment No.1 will control where the terms of the Agreement are contrary to or conflict with the provisions of this Amendment. Where the Agreement is not explicitly amended by this Amendment No.1, the terms of the Agreement will remain in force.

11.4. Applicable Law. This Amendment No.1 shall be construed and interpreted pursuant to the Laws stipulated in the Agreement.

11.5. Dispute Resolution. All disputes arising out of or in connection with this Amendment No.1 shall be finally settled as stipulated in the Agreement.

11.6. Counterparts. This Amendment No.1 may be executed in two (2) or more counterparts, each of which shall constitute an original for all purposes, including for purposes of any delivery of this Amendment No.1 required by the terms hereof, and all of which together shall constitute one and the same instrument with the same effect as if all parties hereto had signed the same document.
IN WITNESS WHEREOF, the Parties have caused this Amendment No.1 to be executed, under seal, by their respective duly authorized representatives as of the day and year first above written.

Marseille

Innate Pharma SA

/s/ Hervé Brailly
By: Hervé Brailly
Title: Chief Executive Officer

Bagsvaerd

Novo Nordisk A/S

/s/ Jesper Brandgaard
By: Jesper Brandgaard
Title: Executive Vice President and Chief Financial Officer
Exhibit A

Schedule 1.1.7A

Background NN IPR for the development and commercialization of Anti-KIR as a Niche Candidate

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

A-1
Exhibit B

Schedule 1.1.16A

Part A – Anti-KIR Patents

***

Part B – Shared Anti-KIR Patents

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Exhibit C

Schedule 1.1.17A

Anti-KIR Know-How

[See attached]

C-1
Exhibit C

Schedule 1.1.17A

Anti-KIR Know-How

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Exhibit D

Schedule 5.8.2A

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

D-1
Exhibit E

Anti-KIR Supplies

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

E-1
Exhibit F

Clinical Trial Agreements

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

F-1
Exhibit G

Basic Guidelines for NN’s and IPH’s Collaboration on Transfer of the Anti-KIR Project from NN to IPH

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

G-1
Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

DATED 2008

NOVO NORDISK A/S
and
INNATE PHARMA SA

AMENDMENT AND SUPPLEMENT NO. 2
to the
JOINT RESEARCH, DEVELOPMENT, OPTION AND LICENCE AGREEMENT

TAYLOR WESSING LLP
Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0DX

+44 (0)20 7300 7000
+44 (0)20 7300 7100
DX41 London

Ref: MRB/TAW
THIS AMENDMENT AND SUPPLEMENT NO. 2 TO THE JOINT RESEARCH, DEVELOPMENT, OPTION AND LICENCE AGREEMENT (the “Amendment”) is made on October 6th, 2008

BETWEEN:

(1) NOVO NORDISK A/S (CVR-no. 24 25 67 90), a corporation existing under the laws of Denmark and having its principal place of business at Novo Allé, 2880 Bagsvaerd, Denmark (“NN”); and

(2) INNATE PHARMA SA a corporation existing under the laws of France and having its principal place of business at Grand Pré – 119/121, ancien chemin de Cassis, 13009 Marseille, France (“IPH”).

BACKGROUND

(A) NN is a pharmaceutical company with expertise in the discovery and global development of protein drugs.

(B) IPH is a biotech company with expertise in the discovery and development of drugs and other types of therapy acting at non-conventional lymphocytes such as gamma delta T cells and natural killer (NK) cells.

(C) NN and IPH have previously entered into a collaboration governed by an agreement entitled “Joint Research, Development, Option and License Agreement” with an effective date of 28 March 2006 (the “Agreement”).

(D) Pursuant to the Agreement, NN and IPH agreed to work, independently, jointly, and/or together with agreed-upon Third Parties, to (i) discover or identify Drug Candidates, and (ii) optimize Drug Candidates for progression to (a) Licensed Products for further development and commercialization by NN, or (b) Niche Candidates for further development and commercialization by NN or IPH, for all uses and purposes, including therapeutic, prophylactic and, except as otherwise expressly therein provided, diagnostic uses.

(E) NN and IPH have agreed that (i) the Agreement shall be amended to remove Anti-NKG2D (as defined below) from the scope of the Agreement, (ii) the Assigned IPR (as defined below) and certain assets and materials relating to Anti-NKG2D shall be assigned to NN, and (iii) IPH shall grant NN royalty-free, worldwide licences under Licensed IPR (as defined below) and the IPH Anti-NKG2D FoO IPR (as defined below) for the purposes of research, development and commercialisation of Anti-NKG2D Products (as defined below).

AGREED TERMS

1. DEFINITIONS

1.1 In this Amendment (including its recitals and any Schedules), unless otherwise stated, all defined terms shall have the meaning given to them in the Agreement.

1.2 Without prejudice to clause 1.1, the following words and expressions shall have the following meanings, provided that where a term is defined both in the Agreement and in this Amendment, the meaning given to that term in this Amendment shall prevail:

1
“Amendment No. 1” means the Amendment and Supplement No. 1 to the Agreement, of the same date as this Amendment;

“Anti-NKG2D” fully human or humanized monoclonal antibodies, antibody fragments, or derivatives of either thereof, which are reactive against wild type, variant or mutant human natural killer cell receptor NKG2D;

“Anti-NKG2D IPR” means the Intellectual Property Rights Controlled by IPH at the Effective Date that relate exclusively to Anti-NKG2D;

“Anti-NKG2D Product” means any product that contains Anti-NKG2D;

“Anti-NKG2D Project” means the research and collaboration project relating solely to Anti-NKG2D as carried out under or pursuant to the Agreement;

“Assigned Assets” means those assets listed in Schedule 1;

“Assigned IPR” means such of the Anti-NKG2D IPR as IPH is able to assign to NN, including without limitation the Intellectual Property Rights listed in Schedule 2;

“Effective Date” means the date of this Amendment;

“IPH Anti-NKG2D FoO IPR” means:

(a) such Patents that are either (i) Controlled, through exclusive ownership, by IPH or its Affiliates during the Term and claim the benefit of a priority date on or before [30 September 2011] or (ii) Controlled, through licence or otherwise but not exclusive ownership, by IPH or its Affiliates at [30 September 2008],

(b) such Know-How that is either (i) Controlled, through exclusive ownership, by IPH or its Affiliates during the Term and generated on or before [30 September 2011] or (ii) Controlled, through licence or otherwise but not exclusive ownership, by IPH or its Affiliates at [30 September 2008], and

(c) such Patents based in part or in whole on Know-How that is (i) Controlled, through exclusive ownership, by IPH or its Affiliates during the Term and (ii) generated on or before [30 September 2011],

in each of (a) and (c), that are or is:

(y) not within the Background IPH IPR or Collaboration IPR; and

(z) necessary to conduct the research, development and commercialization of Anti-NKG2D Products;

provided that IPH Anti-NKG2D FoO IPR shall not include any IPR that is generated or acquired by a Third Party prior to it becoming an IPH Affiliate.
“Licensed IPR” means the Anti-NKG2D IPR other than the Assigned IPR. Licensed IPR comprises the Patents listed in Schedule 3 and such Intellectual Property Rights covered by the licences listed in Schedule 3.

1.3 In this Amendment (except where the context otherwise requires):

1.3.1 any statute or statutory provision includes a reference to that statute or statutory provision as amended, extended or re-enacted and to any regulation, order, instrument or subordinate legislation under the relevant statute or statutory provision;

1.3.2 the singular includes a reference to the plural and vice versa;

1.3.3 any paragraph of the introduction, clause, sub-clause or schedule is to a paragraph of the introduction, clause, sub-clause or schedule (as the case may be) of or to this agreement;

1.3.4 the word “include” or “including” is, unless otherwise stated, to be construed without limitation to the generality of the preceding words; and

1.3.5 any person includes any reference to a body corporate, unincorporated association or a partnership and any reference to any party who is an individual is also deemed to include his respective legal personal representative(s).

2. RELATIONSHIP WITH AMENDMENT NO 1

2.1 This Amendment shall not be effective until Amendment No. 1 is in effect.

3. AMENDMENT OF THE AGREEMENT WITH RESPECT TO ANTI-NKG2D

3.1 NN and IPH agree that, with effect from the Effective Date, the Agreement shall be amended to exclude any application to Anti-NKG2D and the Anti-NKG2D Project. In particular, and without limitation, all licences granted by one Party to another under the Agreement for the purposes of the research, development and commercialization of Anti-NKG2D shall cease to have effect on the Effective Date.

4. ASSIGNMENT OF IPR

4.1 IPH hereby assigns and transfers absolutely to NN all of its existing rights, title and interest in and to the Assigned IPR and the Assigned Assets.

4.2 IPH shall execute, sign and do all such further documents, acts and things as NN may reasonably require to vest fully in it all of IPH’s right, title and interest in the Assigned IPR and the Assigned Assets.

5. TRANSFER OF ASSETS AND KNOW-HOW

5.1 Within sixty (60) days of the end of the Collaboration Term, IPH shall deliver to NN:

5.1.1 the documents, files, materials and other assets comprised in the Assigned Assets; and

5.1.2 any further materials that embody the Anti-NKG2D IPR.
5.2 If, on or before [December 30, 2008], NN gives notice to IPH that NN has identified Know-How that is (x) Controlled by IPH at that date, (y) not set forth in Schedule [3] and (z) necessary for the purposes of NN’s research, development or commercialization of Anti-NKG2D Products, then IPH shall deliver to NN the documents, files and materials containing such Know-How as soon as reasonably practicable.

6. LICENCE

6.1 IPH hereby grants to NN an exclusive, worldwide, royalty-free licence under the Licensed IPR to conduct research, development and commercialisation of Anti-NKG2D Products, save that the licence in respect of the antibody ON72 and US patent application No 10/898,003 is limited solely to such rights as IPH may have in respect of such assets.

6.2 IPH hereby grants to NN a worldwide, royalty-free non-exclusive licence (with the right to Sub-license and Out-license) under any IPH Anti-NKG2D FoO IPR to conduct the research, development and commercialisation of Anti-NKG2D Products.

7. NO WARRANTY

7.1 The Assigned IPR and the Assigned Assets are assigned and transferred under this Amendment “as is”, without any representation or warranty by IPH.

7.2 The Licensed IPR and the IPH Anti-NKG2D FoO IPR are licensed under this Amendment “as is”, without any representation or warranty by IPH.

7.3 IPH makes no representation or warranty, express or implied (whether by statute, custom, trade practice or otherwise), regarding any of the Assigned IPR, the Assigned Assets, the Licensed IPR or the IPH Anti-NKG2D FoO IPR, and to the fullest extent permitted by law, IPH expressly disclaims any implied warranties, including without limitation warranties of merchantability fitness for a particular purpose or non-infringement.

8. LIMITATION OF LIABILITY

8.1 Except for injury or loss arising from wilful misconduct, including fraud, of IPH, in no event will IPH be liable to NN for any injury to or loss of, data, goodwill, or reputation (irrespective of whether any such injury or loss is deemed to constitute general, direct or any other category of damages), or any special, indirect, punitive, exemplary, enhanced, trebled, incidental or consequential damages whatsoever, arising out of or in connection in any way with this Amendment or any subject matter hereof (including any exercise of any rights or licenses, or performance, or failure to perform, any obligations or activities hereunder), even if IPH has been advised of the possibility of such losses, damages or liabilities, and whether or not such losses, damages or liabilities arise in contract, warranty, tort (including negligence), strict liability, product liability or any other theory of liability. In the event that any foregoing exclusion or limitation of liability is not allowed pursuant to applicable law in a jurisdiction, the liability of IPH in such jurisdiction shall be limited to the maximum extent permitted by applicable law.

9. GENERAL

9.1 Failure by a Party to exercise or enforce any right conferred by this Amendment shall not be deemed to be a waiver of any such right nor operate so as to bar the exercise or enforcement of such right or of any other right on any other occasion.
9.2 If any part, term or provision of this Amendment not being of a fundamental nature is held illegal or unenforceable, the validity or enforceability of the remainder of this Amendment shall not be affected.

9.3 This Amendment may only be modified if such modification is in writing and signed by a duly authorised representative of each Party.

9.4 A person who is not a party to this Amendment has no rights (and the parties hereby exclude any such rights) under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Amendment but this does not affect any third party right or remedy which exists or is available apart from that Act.

9.5 This Amendment may be executed in any number of counterparts, each of which, when executed and delivered, is an original, but all the counterparts taken together shall constitute one document. This Amendment shall not take effect until it has been executed by all the Parties.

9.6 This Amendment shall be governed by and construed in accordance with English law.

9.7 Both Parties will use their best efforts to settle all matters in dispute amicably. In the event that a dispute of any kind related to this Amendment cannot be solved amicably by the Parties, then either Party may submit the dispute for determination by binding arbitration before a panel of three arbitrators (one arbitrator chosen by each of the parties and the third arbitrator chosen by the first two, unless the parties agree otherwise), the third arbitrator having a minimum of five (5) years of experience in the field of biotechnology or pharmaceuticals and shall be administered under the WIPO Expedited Arbitration Rules except as to the number of arbitrators which shall be three (3). The venue for the arbitration shall be in London, England, conducted in the English language, and the governing law shall be that of England and Wales without regard to the conflicts-of-laws provisions of such laws. The arbitrators shall have the authority to grant specific performance and to allocate between the parties the costs of arbitration, including but not limited to reasonable attorney’s fees, in such equitable manner as they determine. Notwithstanding the foregoing dispute resolution and governing law provisions, each of IPH and NN retains the right to seek judicial injunctive relief.

9.8 In the case of any conflict between the terms of this Amendment, the Agreement and Amendment No 1, the terms of this Amendment shall prevail.
IN WITNESS WHEREOF, the Parties have caused this Amendment No.1 to be executed, under seal, by their respective duly authorized representatives as of the day and year first above written.

Marseille

Innate Pharma SA

/s/ Hervé Brailly

By: Hervé Brailly
Title: Chief Executive Officer

Bagsvaerd

Novo Nordisk A/S

/s/ Jesper Brandgaard

By: Jesper Brandgaard
Title: Executive Vice President and Chief Financial Officer
SCHEDULE 1

Assigned Assets

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
SCHEDULE 2

Assigned IPR

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
SCHEDULE 3

Licensed IPR

***

Certain information has been excluded from this agreement (indicated by “[* ***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
With regard to the Joint Research, Development, Option and License Agreement dated March 28, 2006, as amended by Amendment and Supplement No. 1, dated October 8, 2008, and Amendment and Supplement No. 2, dated October 8, 2008 (collectively “the Agreement”) between Innate Pharma SA, a corporation existing under the laws of France (“IPH”), and Novo Nordisk A/S, a corporation existing under the laws of Denmark (“NN”) (NN and IPH may each individually be referred to as a “Party” and collectively as “Parties”); and

Whereas the Parties wish to extend the period in which NN may achieve M0 in respective of the NKp46 and LLT-1 Projects;

Whereas the Parties wish to simplify the management of patent prosecution matters in and arising from the Collaboration;

Whereas the Parties can amend the Agreement upon written mutual agreement; and

Whereas The Parties have agreed to execute this amendment (the “Amendment”);

Now, therefore, intending to be legally bound, the Parties agree as follows:

1. The Parties agree that the terms of this Amendment are intended to be supplemental to the terms of the Agreement. The terms of the Agreement remain in full force and effect and shall apply to the Amendment as well. To the extent the Agreement is explicitly amended by this Amendment, the terms of this Amendment will control.

2. In this Amendment the phrase “Amendment and Supplement No. 3 Effective Date” means the date of this Amendment and Supplement No. 3.

3. The Agreement is hereby amended as follows (for convenience all modifications are bolded, additions are underlined, and deletions are identified by strikethroughs).

4. The beginning portion of Section 1.1.63 is amended by substitution with the following amended passage:

1.1.63 “Residual Product” shall mean a Drug Candidate to which:

(a) NN is granted the exclusive rights to develop and commercialize under this Agreement by virtue of such Drug Candidate having achieved at least M0 status but less than M1 status as of either

   (x) the expiration of the *** period following immediately after:

      (i) the expiration of the Collaboration Term pursuant to Subsection 13.3.3,

      (ii) NN’s termination of the Agreement prior to the expiration of the Collaboration Term for an IPH Change of Control or other IPH Transfer, pursuant to Section 13.5, or

      (iii) NN’s termination of the Agreement prior to the expiration of the Collaboration Term for IPH’s material breach pursuant to Section 13.7; or

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
5. Section [4.3(h)] is substituted with the following amended Section 4.3(h):

(h) considering and, if necessary updating, Schedule 1.1.22 (Collaboration Targets) (i) no less frequently than once during each six-(6-) month period in the Collaboration Term, (b) within fifteen (15) days after receipt of the written request of either Party during the Collaboration Term, and (c) in a final version of such Schedule to be fixed and final as of September 28, 2009 the date of the expiration or earlier termination of the Collaboration Term, which final version shall include the designation of CD147, NKp46 and LLT-1 as Collaboration Targets.

6. The beginning portion of Section 7.3 is substituted with the following amended portion:

7.3 Discovery Milestones. NN shall pay to IPH the following milestone payments for the Collaboration achievements in research set out below (“Discovery Milestones”) within *** of the achievement of each such Discovery Milestone:

Approval by NN of M0 status as defined in Schedule 1.1.51 after the date of this Agreement (a) during the Collaboration Term, (b) or prior to the expiration of the *** period following immediately after the Collaboration Term, or (c) by December 31, 2009 in the case of achievement of M0 status for a Drug Candidate that modulates action of NKp46 and/or LLT-1:

Each of the first three Pre-projects passing M0: ***

Each of the subsequent Pre-projects passing M0: ***

7. Section 13.3.3 is substituted with the following amended Section 13.3.3:

13.3.3 NN Residual Rights in the Field Upon Expiration of Collaboration Term. Without limitation of NN’s rights under Subsection 13.3.2 and in addition thereto, NN shall have the exclusive right and license throughout the Territory during the Term, pursuant to the terms and conditions of the rights and licenses granted to it under Sections 5.1 and 5.8, to develop and commercialize Residual Products from Drug Candidates that have attained at least M0 status but not M1 status during (a) the Collaboration Term, (b) or prior to the expiration of the *** period following immediately after the effective date of the expiration of the Collaboration Term, or (c) by December 31, 2009 in the case of Drug Candidates that modulate action of NKp46 and/or LLT-1. The royalties payable to IPH on Net Sales of such Residual Products shall be governed by the terms and conditions of Article 7 save that royalties payable to IPH on Net Sales of such Residual Products that would, upon achievement of M1, be classified as Class C Licensed Products and for which M0 status has been achieved less than *** prior to the expiry of the Collaboration Term shall be reduced by *** from the applicable royalties set forth in Article 7.

8. Section 13.3.5 is substituted with the following amended Section 13.3.5:

13.3.5 IPH Residual Rights in the Field Upon Expiration of Collaboration Term.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Without limitation of IPH’s rights under Subsection 13.3.4 and in addition thereto, IPH shall have, throughout the Territory during the Term, under all Background NN Research Technology IPR and Collaboration IPR Controlled by NN, the exclusive right and license, with the rights to Sub-license and Out-license, to develop and commercialize Residual Products from Drug Candidates that have not attained at least M0 status, either (a) as of the effective date of the expiration or earlier termination of the Collaboration Term, (b) or prior to the expiration of the *** period following immediately thereafter, or (c) by December 31, 2009 in the case of Drug Candidates that modulate action of NKp46 and/or LLT-1, and shall retain, throughout the Territory during the Term, the right, pursuant to the terms and conditions of Section 5.8, to NN’s reasonable cooperation and assistance in granting or procuring the grant to IPH of the rights and licenses required for IPH’s freedom of operation to exercise the aforementioned exclusive right and license, provided that

9. Sections 9.1A.2, 9.1A.3, 9.1A.4, and 9.1A5 are deleted.

10. Section 9.6 is amended by the addition of a new Section 9.6.0:

9.6.0 Group I Patents

“Group I Patents” means all Patents in Schedule 1.1.5, item 1 (NKG2A Autoimmune/INNA-041228), Schedule 1.1.5 item 7 (Anti-KIR/ADCC/INNA-030724), and Schedule 1.1.16, item 2.5 (LDGL CIP/INNA-051014), and any continuations or divisionals thereof or patents issuing from any such patent applications and all patent applications claiming priority to ***, any patent application directed to an invention made before December 31, 2009 relating to agents that modulate NKp46 and/or LLT-1 and that is based on a new original application not listed in the update to the Schedules of May 22, 2008, and any continuations or divisionals thereof or patents issuing from any such patent applications).

11. Section 9.6.1 is amended by substitution with the following amended Section:

9.6.1 Correspondence Regarding Proposed Patent Submissions. Subject to the terms and conditions of Section 21.2 (and the Common Interest Agreement annexed as Schedule 21.2 hereto), the Party responsible for prosecuting any Group I Patent under this Article 9 shall promptly, and in *** prior to any final deadline for submission of such documents or required filing date, deliver or have delivered to the other Party copies of:

(a) all proposed amendments,

(b) all proposed Patents (including drafts of new original applications, proposed continuations, proposed divisional applications, proposed reissue applications, and proposed continuations-in-part) or, in instances where several proposed Patents are substantially similar, a representative Patent for such proposed Patents (such as in the case of national phase filing of an International (PCT) patent application),

(c) all substantive documents proposed to be filed in patent authority appeal proceedings,

Certain information has been excluded from this agreement (indicated by “[**]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(d) all substantive documents proposed to be filed in inter partes disputes (including opposition, reexamination, or interference proceedings) before patent authorities or before any judicial body on appeal of such proceedings, and

(e) any other substantive proposed patent authority submissions reasonably and specifically requested by the other Party,

in respect of such **Group I** Patents (except for Patents in the Independent IPR of either Party), so as to provide the other Party with a sufficient opportunity to review and comment on such proposed submissions. However, except as otherwise provided for in this Section 9.6, the prosecuting Party shall have no obligation to act in accordance with any such comments.

12. Section 9.6.8 is amended by substitution with the following amended section:

9.6.8 Notice and Effects of Either Party’s Decision to Abandon; Disclaim; or Discontinue Prosecution, Maintenance, or Defense of Patents. In the event that either Party decides in respect of any Patent for which it is responsible for prosecution hereunder (except for Patents within the Independent IPR of that Party):

(a) to discontinue the prosecution or maintenance of any Patent,

(b) to discontinue the defense of any Patent (such as by discontinuing efforts to defend a Patent that is the subject of an opposition, reexamination, nullity, or interference proceeding),

(c) to not file a priority patent application with respect to (i) an invention disclosure in the Collaboration IPR or (ii) any Patent to which it is the prosecuting Party (including by decision (A) not to enter the national or regional phase in any country or region that is a designated state of a PCT application filed by such Party or (B) not to pursue an application in a country wherein an application claiming priority to another application filed by such Party may be filed), or

(d) to abandon or disclaim (in whole or in part, other than by terminal disclaimer), without possibility of restoration, any Patent,

it shall **employ its best efforts to** provide written notice to the other Party at least *** in advance of such abandonment or deadline for such filing – except in the case of national phase filing, in which case the notifying Party shall employ its best efforts to provide such notice at least *** in advance of the date of the first applicable deadline for national phase entry – so as to allow the other Party the opportunity to file, defend, maintain (including by payment of annuities, issue fees, maintenance fees, or the like), or continue prosecution of such Patent, at its own expense. In such an event, the notifying Party shall provide any assistance reasonably requested of it by the other Party (including providing the other Party with power of attorney to perform such tasks) and, to the extent authorized by contract and permitted by applicable Law, assign its rights to such Patent to the other Party. **Automatically upon any such assignment, the notified Party hereby automatically grants the notifying Party a worldwide, non-exclusive license, including the right to sublicense through multiple tiers, with respect to such Patent for no additional**

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
consideration. The Parties acknowledge that any abandoned Patents listed as Background IPR as of the date of this Agreement in the applicable Schedules hereto represent Know-How of the Party associated with such IPR and that such Party shall, during the Term, be entitled to file, prosecute, and maintain Patents in respect of such subject matter and any Patents arising therefrom shall be deemed Background IPR of such Party.

13. With effect from the Amendment No. 3 Effective Date, Schedule 21.2 of the Agreement will be deleted and replaced with the following Common Interest Agreement:
NN and IPH hereby set forth their agreement regarding the Parties’ common legal interests.

Prosecution and maintenance of Patents under the Agreement has required, and prosecution, maintenance, enforcement, and exploitation of Patents may in the future require, the disclosure by one Party to the other Party of privileged information including, for example, information relevant to a Party’s strategy for prosecuting, maintaining, or exploiting the Patents and/or information regarding a Party’s proprietary business strategy, technology, products, or methods. The Parties have believed, and on the basis of currently available information continue to believe, that they share common and substantially identical legal interests relating to the Patents and Agreement (“Joint Interest Matters”).

Any such exchange or disclosure of materials among the Parties and their counsel has been done and will be done solely to further the Parties’ separate but common interests, and will be treated as confidential and protected from disclosure to any third parties by the attorney-client privilege. It is the Parties’ mutual understanding that such exchanges or disclosures are not intended to diminish in any way the confidentiality of privileged materials. It is their additional understanding that any exchange of privileged materials does not constitute a waiver of any otherwise available privileges and immunities.

The Parties agree that any privileged materials they exchange pursuant to this Agreement will be used solely in connection with the Joint Interest Matters.

The Parties also agree that nothing in this Common Interest Agreement requires any Party to make available any specific documents, materials, information, or communications, unless otherwise agreed.

The Parties further agree to take all actions necessary to maintain the privilege of such materials unless otherwise agreed by the Parties.

The Parties additionally agree that any Party may withdraw from this Common Interest Agreement upon written notice to the other Party at their regular place of business and, upon such notice, this Common Interest Agreement will be terminated as to that Party; provided, however, that no such termination will affect or impair the obligations of the confidentiality or the privilege or immunities with respect to privileged materials previously furnished pursuant to this Agreement.

Except as provided in this Agreement, each Party is responsible for its own legal expenses.

If any person or entity requests or demands, by subpoena or otherwise, any privileged materials from any Party, such Party will promptly notify the other Party to this Agreement of the request or demand and provide such Party with a copy of said request or demand prior to making the disclosure. The Party in receipt of the request or demand will assert all applicable rights, privileges and objections with respect to such request or demand, and cooperate fully with the other Party, with the other Party paying the Party’s reasonable expenses, in making every reasonable effort to prevent the disclosure of the privileged materials.

Nothing in this Agreement shall be construed to affect the separate and independent representation of each Party by its respective counsel according to what its counsel believes to be in its Party’s best interest.

This Common Interest Agreement by and between the Parties memorializes the understandings between the Parties as to the sharing of information relating to the Joint Interest Matters.

Each Party understands that this Common Interest Agreement does not, and will not, create an attorney-client relationship with the other Party’s counsel.
14. By signing below, each person signing this Amendment acknowledges his/her acceptance of the above-described changes that are to be effective as of the day of the last to sign and that such changes will become an integral part of the Agreement. Further, each person who executes this Amendment represents and warrants that he/she has the authority to cause the Party he or she is associated with to enter into this Amendment and be obligated to perform the obligations set forth herein.

Signed by:

Date: 2009-06-26
On behalf of Novo Nordisk A/S

/s/ Terje Kalland
Name: Terje Kalland
Title: Senior Vice President, Biopharmaceutical Research Unit

Date: 2009-06-26
On behalf of the Innate Pharma SA

/s/ Hervé Brailly
Name: Hervé Brailly
Title: Chief Executive Officer
AMENDMENT NO. 4

This Amendment No. 4 is made and entered into as of December 13th 2010 (“Effective Date of this Amendment”) between Innate Pharma SA, a corporation existing under the laws of France (“IPH”) and Novo Nordisk A/S, a corporation existing under the laws of Denmark (“NN”) with regards to the Joint Research, Development, Option and License Agreement dated March 28, 2006, as amended by Amendment and Supplement No. 1, dated October 8, 2008, and Amendment and Supplement No. 2, dated October 8, 2008, and Amendment and Supplement No. 3, dated June 26, 2009 (collectively the “Agreement”). NN and IPH may each individually be referred to as “Party” and collectively as “Parties”.

Whereas under the Agreement, the Parties have agreed to collaborate and conduct research on the targets LLT-1 (Lectin-like Transcript-1, also known as CLEC2D) and NKp46 (Natural Cytotoxicity triggering receptor-1, also known as NCR1). Originally these targets were designated as Exploratory Targets according to Schedule 1.1.33 of the Agreement. However, in Amendment and Supplement No. 3 as mentioned above, the Parties agreed to designate these targets as Collaboration Targets in Schedule 1.1.22 of the Agreement. In addition to these targets the Parties have separately agreed to collaborate and conduct research on MICA/B (MHC class I polypeptide-related sequence A and -B). LLT-1, NKp46 and MICA/B are in this Amendment No. 4 jointly referred to as the Targets.

Whereas the Parties now wish to discontinue the collaboration regarding the Targets, including discontinuing designating the Targets as Collaboration Targets and/or Exploratory Targets. Each Party will as of the Effective Date of this Amendment have the right to freely conduct research with regards to the Targets.

Whereas NN shall have the right to use IPH’s Know-How (as defined in the Agreement) developed under the Agreement and existing as of the Effective Date of this Amendment, if any, in any future research, use or exploitation relating to the LLT-1.

Whereas IPH shall have the right to use NN’s Know-How (as defined in the Agreement) developed under the Agreement and existing as of the Effective Date of this Amendment, if any, in any future research, use or exploitation relating to the NKp46 and MICA/B.

Whereas the Parties can amend the Agreement upon written mutual agreement and have agreed to do so in this Amendment No. 4.

Now, therefore, the Parties, intending to be legally bound agree as follows:

1. The terms defined in the Agreement shall have the meaning herein as therein, unless otherwise defined herein or unless the context otherwise requires. To the
extent that the Agreement is explicitly amended by this Amendment, the terms of the Amendment will control where the terms of the Agreement are contrary to or conflict with the following provisions. Where the Agreement is not explicitly amended by this Amendment, the terms of the Agreement will remain in force.

2. The Parties agree that the Targets, as defined above, will as of the Effective Date of this Amendment, discontinue being part of the Parties’ collaborative research activities, including discontinuing being in the definition of Collaborative Target or Exploratory Target. As of the Effective Date of this Amendment any rights or obligations of the Parties pertaining to (i) the Targets and (ii) the Parties collaboration under the Agreement are exclusively stipulated in this Amendment No. 4. Hence, as of the Effective Date of this Amendment, the Parties will have no rights or obligations (including any payment obligations) under the Agreement in relation to the Targets except for what is specifically stated in this Amendment No. 4. For the sake of clarity, NN will have no obligations to make any payments to IPH relating to the Targets (including Discovery Milestones as set out in 7.3 of Amendment No. 3).

3. IPH hereby grants to NN a world-wide, non-exclusive, perpetual license, with the right to sublicense, to IPH’s Know-How relating to LLT-1 developed under the Agreement and existing as of the Effective Date of this Amendment, if any, to research, develop, make, have made, use, import, export, distribute, sell, offer for sale, and otherwise transfer LLT-1 products. The consideration for the license granted herein is the mutual granting of the license and no payments will be made by either Party to the other Party under this Amendment or at any time for this license. For the sake of clarity, this license does not include any rights to Know-How developed by IPH (i) outside the Agreement, or (ii) after the Effective Date of this Amendment No. 4.

4. NN hereby grants to IPH a world-wide, non-exclusive, perpetual license, with the right to sublicense, to NN’s Know-How relating to NKp46 and MICA/B developed under the Agreement and existing as of the Effective Date of this Amendment, if any, to research, develop, make, have made, use, import, export, distribute, sell, offer for sale, and otherwise transfer NKp46 and MICA/B products. The consideration for the license granted herein is the mutual granting of the license and no payments will be made by either Party to the other Party under this Amendment or at any time for this license. For the sake of clarity, this license does not include any rights to Know-How developed by NN (i) outside the Agreement, or (ii) after the Effective Date of this Amendment No. 4.

5. Without limiting the aforementioned, as of the Effective Date of this Amendment, each Party, by itself or in collaboration with any third party, has the right to (i) freely conduct any research relating to the Targets; (ii) file any patent application without providing notification to the other Party relating to the Targets.

6. This Amendment does not cause any of the Parties to transfer any documents, materials or other Know-How to the other Party.

7. This Amendment shall be deemed an integral part of the Agreement. Except as expressly set forth herein, all provisions of the Agreement shall remain unchanged and in full force and effect. The Parties expressly affirm their mutual intention that this Amendment to the Agreement shall constitute a legally binding Amendment to the Agreement.
8. This Amendment shall be construed and interpreted pursuant to the laws stipulated in the Agreement. All disputes arising out of or in connection with the present Amendment shall be finally settled by arbitration as stipulated in the Agreement.

IN WITNESS HEREOF the Parties have executed and delivered this Amendment.

On behalf of Novo Nordisk A/S

/s/ Esper Boel
Name: Esper Boel
Title: Corp. Vice President
Date: Jan. 5/2011

On behalf of Innate Pharma SA

/s/ Hervé Brailly
Name: Hervé Brailly
Title: C.E.O.
Date: 16 December 2010
AMENDMENT NO. 5

This Amendment No. 5 is made and entered into as of 13 December 2010 (“Effective Date of this Amendment”) between Innate Pharma SA, a corporation existing under the laws of France (“IPH”) and Novo Nordisk A/S, a corporation existing under the laws of Denmark (“NN”) with regards to the Joint Research, Development, Option and License Agreement dated March 28, 2006, as amended by Amendment and Supplement No. 1, dated October 8, 2008, and Amendment and Supplement No. 2, dated October 8, 2008, Amendment and Supplement No. 3, dated June 26, 2009, Amendment No. 4, dated [                    ] (collectively the “Agreement”). NN and IPH may each individually be referred to as “Party” and collectively as “Parties”.

Whereas under the Amendment and Supplement No. 1, dated October 8, 2008, the Parties have agreed to classify Anti-KIR as a Niche Candidate for IPH’s sole independent further development and commercialisation, and the Parties have inserted Exhibit B of the Amendment and Supplement No. 1, dated October 8, 2008 as Schedule 1.1.16A to the Agreement, listing the Anti-KIR patents licensed by NN to IPH.

Whereas NN has now been assigned rights in patents filed by the Trustees of Indiana University, the patents arising out of a material transfer agreement between NN and Trustees of Indiana University dated February 27, 2007.

Whereas the Parties now wish to update Parts A and B of Schedule 1.1.16A to the Agreement to include the patents filed by the Trustees of Indiana and assigned to Novo Nordisk.

Whereas the Parties can amend the Agreement upon written mutual agreement and have agreed to do so in this Amendment No. 5.

Now, therefore, the Parties, intending to be legally bound agree as follows:

1. The terms defined in the Agreement shall have the meaning herein as therein, unless otherwise defined herein or unless the context otherwise requires. To the extent that the Agreement is explicitly amended by this Amendment, the terms of the Amendment will control where the terms of the Agreement are contrary to or conflict with the following provisions. Where the Agreement is not explicitly amended by this Amendment, the terms of the Agreement will remain in force.

2. NN and IPH hereby agree that as from the Effective Date of this the following Patents shall be deemed incorporated into Part A and Part B of Schedule 1.1.16A.

<table>
<thead>
<tr>
<th>Country</th>
<th>Application No.</th>
<th>Filing date</th>
<th>Title</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>***</td>
<td></td>
<td>Combination therapy to enhance NK cell mediated cytotoxicity</td>
<td>Abandoned</td>
</tr>
<tr>
<td>PCT</td>
<td>***</td>
<td></td>
<td>Combination therapy to enhance NK cell mediated cytotoxicity</td>
<td>Pending</td>
</tr>
</tbody>
</table>

3. This Amendment shall be deemed an integral part of the Agreement. Except as expressly set forth herein, all provisions of the Agreement shall remain unchanged and in full force and effect. The Parties expressly affirm their mutual intention that this Amendment to the Agreement shall constitute a legally binding Amendment to the Agreement.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
4. This Amendment shall be construed and interpreted pursuant to the laws stipulated in the Agreement. All disputes arising out of or in connection with the present Amendment shall be finally settled by arbitration as stipulated in the Agreement.

IN WITNESS HEREOF the Parties have executed and delivered this Amendment.

On behalf of Novo Nordisk A/S

/s/ Esper Boel  
Name: Esper Boel  
Title: Corp. Vice President  
Date: Jan. 5/2011

On behalf of Innate Pharma SA

/s/ Hervé Brailly  
Name: Hervé Brailly  
Title: CEO  
Date: December 16th, 2010
This Amendment No. 6 (the “Amendment”) is made and entered into as of 1 July, 2011 (“Amendment No. 6 Effective Date”) between Innate Pharma SA, a corporation existing under the laws of France (“IPH”) and Novo Nordisk A/S, a corporation existing under the laws of Denmark (“NN”) with regards to the Joint Research, Development, Option and License Agreement dated March 28, 2006, as amended by Amendment and Supplement No.1, dated October 8, 2008, Amendment and Supplement No. 2, dated October 8, 2008, Amendment and Supplement No. 3, dated June 26, 2009, Amendment No. 4, dated December 13, 2010, and Amendment No. 5, dated December 13, 2010 (collectively, the “Agreement”). NN and IPH may each individually be referred to as “Party” and collectively as “Parties”.

Whereas pursuant to the Agreement, NN and IPH agreed to work, independently, jointly and/or together with agreed-upon Third Parties, to (a) discover or identify Drug Candidates, and (b) optimize Drug Candidates for progression to (i) Licensed Products for further development and commercialization by NN or (ii) Niche Candidates for further development and commercialization by IPH (either alone or together with NN), in each case for all uses and purposes, including therapeutic, prophylactic and, except as otherwise expressly therein provided, diagnostic uses;

Whereas pursuant to Amendment No.1 and with effect from the Amendment No.1 Effective Date, NN classified Anti-KIR as a Niche Candidate for independent further development and commercialization by IPH for any human therapeutic, prophylactic or diagnostic indication or application;

Whereas as a condition precedent to its entry into a license agreement with IPH pursuant to which Bristol-Myers Squibb Company (“BMS”) will become an Out-licensee under the Agreement (the “Outlicense”), BMS has requested that NN and IPH further amend the Agreement to clarify certain matters with respect to the rights and obligations of the Parties and of BMS thereunder with respect to Anti-KIR; and

Whereas the Parties can amend the Agreement upon written mutual agreement and have agreed to do so in this Amendment No. 6.

Now, therefore, the Parties, intending to be legally bound, agree as follows:

1. The terms defined in the Agreement shall have the meaning herein as therein, unless otherwise defined herein or unless the context otherwise requires. To the extent that the Agreement is explicitly amended by this Amendment, the terms of the Amendment will control where the terms of the Agreement are contrary to or
2. The Collaboration Term expired as of March 28, 2009.

3. With effect from the Amendment No. 1 Effective Date, Section 1.1.4 is hereby amended as follows:

   “1.1.4  “Anti-KIR” or “Anti-KIR Antibody” shall mean ***.

4. With effect from the Amendment No. 1 Effective Date, the definition of “Anti-KIR Product” is hereby amended as follows:

   “Anti-KIR Product” shall mean any pharmaceutical product containing an Anti-KIR Antibody (alone or with any other pharmaceutically active ingredient), in all forms, presentations, formulations and dosage forms.”

5. Notwithstanding anything in Section 5.5 of the Agreement to the contrary but subject to amendments made applicable to Section 5.5 in Sections 3.1.1 and 3.1.2 of Amendment No. 1, IPH obtained a grant (or grant back, as the case may be) from NN of an exclusive right and license, including the right to Sub-license and Out-license, throughout the Territory during the Term, under (a) all Intellectual Property Rights licensed exclusively to NN pursuant to Section 5.1, and (b) all Background NN IPR and Collaboration IPR Controlled by NN, to the extent that such rights and licenses are necessary or useful to conduct research with and of, discover, develop, use, manufacture, have manufactured, register, package, sample, distribute, promote, market, offer for sale, import, export, sell and have sold Anti-KIR Antibodies and/or Anti-KIR Products for all uses and purposes.

6. BMS’s status under the Agreement as a result of the rights granted to it by IPH under the Outlicense is as an Out-licensee and not as a Sub-licensee or Third Party Collaborator, and those provisions of the Agreement that apply to Sub-licensees or Third Party Collaborators, but not to Out-licensees, including Sections 3.3, 3.4, 3.5 and 5.6, shall not apply to BMS.

7. The Anti-KIR Antibodies and Anti-KIR Products that are subject of the rights and licenses set forth in Paragraph 5 above shall not be considered Licensed Products or Residual Products under the Agreement.

8. NN has provided to IPH copies of all research results developed by the NN Employee referenced in Section 10.1 of Amendment No.1 to the Agreement, and any and all Intellectual Property Rights generated by such Employee relating to Anti-KIR Antibodies are included in the scope of the grant set forth in Paragraph 5 above.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

- 2 -
With effect from the Amendment No. 6 Effective Date, Section 12.7A (as amended in 3.15 of the Amendment No. 1) is hereby deleted in its entirety and replaced by the following:

“12.7A Development and Commercialization Diligence Requirements for Anti-KIR Niche Candidate.

(a) Diligent Efforts.

(i) Development. Notwithstanding Section 12.7 hereof, with respect to the Development of Anti-KIR as a Niche Candidate, IPH, by itself or through its Affiliates, Sub-licensees or Out-licensees, shall use Diligent Efforts to Develop an Anti-KIR Antibody or Anti-KIR Product for the treatment, prevention or control of any human disease, disorder or condition for the purpose of obtaining a Regulatory Approval in each Major Market. For clarity, it is understood and acknowledged that Diligent Efforts in the Development of Anti-KIR Antibodies and Anti-KIR Products may include sequential implementation of clinical trials or intervals between clinical trials for data interpretation and clinical program planning and approval. IPH, by itself or through its Affiliates, Sub-licensees or Out-licensees, shall initiate at least two Phase 1 Clinical Trials with respect to an Anti-KIR Antibody or Anti-KIR Product within twelve (12) months following the completion of IPH’s ongoing Phase 1 Clinical Trial [2102-101], provided that such twelve (12) month period shall be extended to the extent of any delay that is attributable to any of the following factors: (I) any safety reason arising from such Phase 1 Clinical Trial [2102-101], (II) insufficient quantities of the applicable Anti-KIR Product are available to initiate and complete such two Phase 1 Clinical Trials, (III) approval of regulatory authorities for IPH, its Affiliates, Sub-licensees or Out-licensees to conduct such Phase 1 Clinical Trials, if required by applicable law, is not received or (IV) any required consent of a Third Party collaborator of IPH, its Affiliates, Sub-licensees or Out-licensees for the use of a compound other than an Anti-KIR Antibody or Anti-KIR Product in such Phase 1 Clinical Trial is not received. For purposes of the preceding sentence, (A) the initiation of a Clinical Trial shall mean the first administration of the Anti-KIR Product to the first patient and (B) the completion of IPH’s Phase 1 Clinical Trial [2102-101] shall mean the availability of the full data set of such Clinical Trial.
(ii) Commercialization. Notwithstanding Section 12.7 hereof, with respect to the Commercialization of an Anti-KIR Product, IPH, by itself or through its Affiliates or Out-licensees, shall use Diligent Efforts to Commercialize an Anti-KIR Product in each Major Market for which IPH, its applicable Affiliate, Sub-licensee or Out-licensee receives Approval for such Anti-KIR Product.

(b) Termination for Failure to Employ Diligent Efforts. Notwithstanding Section 12.8 hereof, and subject to Sections 12.7A(b)(i) and 12.7A(b)(ii), NN shall have the right to terminate this Agreement with respect to Anti-KIR on a Major Market-by-Major Market basis with respect to all Anti-KIR Antibodies and Anti-KIR Products if IPH is in material breach of its obligation to use Diligent Efforts, alone or through its Affiliates, Sub-licensees or Out-licensees, as set forth in Section 12.7A(a) with respect to such Major Market; provided however, such license shall not so terminate unless (A) IPH is given *** prior written notice by NN of NN’s intent to terminate, stating the reasons and justification for such termination and recommending steps which NN believes IPH, alone or through its Affiliates, Sub-licensees or Out-licensees, should take to cure such alleged breach, and (B) IPH, or its Affiliates, Out-licensees or Sub-licensees, has not (1) during the *** period following such notice, provided NN with a plan for the diligent Development or Commercialization of Anti-KIR Products in such Major Market as set forth in Section 12.7A(a) and (2) during the *** period following such notice carried out such plan and cured such alleged breach by diligently pursuing the Development or Commercialization of Anti-KIR Products in such Major Market as set forth in Section 12.7A(a).

(i) If IPH disputes in good faith the existence or materiality of an alleged breach specified in a notice provided by NN pursuant to this Section 12.7A(b), and if IPH provides notice to NN of such dispute within the *** following such notice provided by NN, NN shall not have the right to terminate this Agreement with respect to Anti-KIR unless and until the existence of such material breach or failure by IPH has been determined in accordance with Section 21.14 and IPH, alone or through its Affiliates, Sub-licensees or Out-licensees, fails to cure such breach within *** following such determination. It is understood and acknowledged that during the pendency of such a dispute, all of the terms and conditions of this Agreement shall remain in effect and the Parties shall continue to perform all of their respective obligations hereunder.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(ii) Notwithstanding anything herein to the contrary, in the event that: (A) NN terminates, or has the right to terminate, this Agreement pursuant to this Section 12.7A(b) with respect to an Anti-KIR Product in the U.S., the EU, and Japan, then NN shall have the right to terminate this Agreement with respect to such Anti-KIR Product in the entire Territory, and (B) NN has the right to terminate this Agreement pursuant to this Section 12.7A(b) with respect to an Anti-KIR Product in one or two Major European Countries, then NN may not terminate this Agreement with respect to such Major European Country(ies); provided, that if IPH has such right to terminate this Agreement with respect to such Anti-KIR Product with respect to any three Major European Countries, then NN shall have the right to terminate this Agreement with respect to such Anti-KIR Product in all of the EU.

**Definitions.** The following terms, as used in this Section 12.7A or in Sections 12.8A and 12.8B, shall have the following meanings:

“Approval” shall mean, with respect to an Anti-KIR Product in any regulatory jurisdiction, Regulatory Approval and, where applicable, receipt of pricing and reimbursement approvals.

“Commercialize” or “Commercialization” shall mean the marketing, promotion, sale (and offer for sale or contract to sell), distribution, importation or other commercial exploitation (including pricing and reimbursement activities) for an Anti-KIR Product. Commercialization shall include commercial activities conducted in preparation for Anti-KIR Product launch.

“Develop” or “Development” shall mean all activities that relate to (a) obtaining, maintaining or expanding Regulatory Approval of an Anti-KIR Product and to support appropriate usage for such Anti-KIR Product, for one or more indications. This includes: (i) preclinical/nonclinical research and testing, toxicology, and clinical trials; (ii) preparation, submission, review, and development of data or information and regulatory materials for the purpose of submission to a governmental authority to obtain, maintain or expand Regulatory Approval of an Anti-KIR Product (including contacts with regulatory authorities), and outside counsel regulatory legal services related thereto; provided, however, that Development shall exclude Commercialization and manufacturing activities (including manufacturing activities related to Development).

“Diligent Efforts” shall mean the carrying out by IPH, BMS, or their Affiliates, Sub-licensees or Out-licensees of such obligations or
tasks with a ***. Such efforts may take into account, without limitation, issues of safety and efficacy, regulatory authority-approved labeling, product profile, the competitiveness of alternative products in the marketplace, pricing/reimbursement for the product in a country relative to other markets, the likely timing of the product’s entry into the market, the patent and other proprietary position, the likelihood of regulatory approval and other relevant scientific, technical and commercial factors.

“Major European Countries” shall mean ***.

“Major Market” shall mean each of the ***.

“Regulatory Approval” shall mean, with respect to a country, extra-national territory, province, state, or other regulatory jurisdiction, any and all approvals, licenses, registrations or authorizations of any regulatory authority necessary in order to commercially distribute, sell, manufacture, import, export or market a product in such country, state, province, or some or all of such extra-national territory or regulatory jurisdiction, but which shall exclude any pricing and reimbursement approvals.”

10. With effect from the Amendment No. 6 Effective Date, the following passage of Section 12.8A (as amended in 3.16 of Amendment No. 1):

12.8A Notwithstanding Section 12.8 hereof, in the event of the abandonment by IPH of its development of Anti-KIR as a Niche Candidate (by express notice to NN or by operation of this Article 12), the following provisions shall apply and supersede Section 12.8 with respect to such abandonment:

is hereby deleted and replaced by the below first paragraph:

“12.8A Effects of Termination of Agreement for Failure to Employ Diligent Efforts in Development. With effect from the Amendment No. 1 Effective Date, upon any termination pursuant to Section 12.7A(b) due to IPH’s failure, by itself or through its Affiliates, Sub-licensees or Out-licensees, to use Diligent Efforts to Develop an Anti-KIR Antibody or Anti-KIR Product as set forth in Section 12.7A(a)(i), the following shall apply and supersede Section 12.8 with respect to the terminated Anti-KIR Antibody(ies)/Product(s) and terminated country(ies):”

and the remainder of Section 12.8A shall remain unchanged.

11. With effect from the Amendment No. 6 Effective Date, the following passage of Section 12.8B (as amended in 3.17 of Amendment No. 1):

12.8B Notwithstanding Section 12.8 hereof, in the event of the abandonment by IPH of its marketing or sale of any Anti-KIR Product, the following provisions shall apply and supersede Section 12.8 with respect to such abandonment:

is hereby deleted and replaced by the below first paragraph:

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
“12.8B Effects of Termination of Agreement for Failure to Employ Diligent Efforts in Commercialization. With effect from the Amendment No. 1 Effective Date, upon any termination pursuant to Section 12.7A(b) due to IPH’s failure, by itself or through its Affiliates or Out-licensees, to use Diligent Efforts to Commercialize an Anti-KIR Product as set forth in Section 12.7A(a)(ii), the following shall apply and supersede Section 12.8 with respect to the terminated Anti-KIR Antibody(ies)/Product(s) and terminated country(ies):

and the remainder of Section 12.8B shall remain unchanged.

12. The provisions of Sections 12.7A(b), 12.8A and 12.8B shall be NN’s sole and exclusive remedy for any breach by IPH of Section 12.7A(a).

13. Section 13.3.6 of the Agreement shall not apply to the Outlicense or to any future grant of rights thereunder by BMS to any other person.

14. Notwithstanding Section 15.3.1(a) and 15.3.1(b) of the Agreement, IPH may grant to BMS a security interest, lien or other encumbrance on any Intellectual Property Right owned by IPH and licensed by IPH to BMS under the Outlicense.

15. Notwithstanding Section 9.8 of the Agreement, BMS shall have the sole right, but not the obligation, to apply for any patent term adjustment, patent term extension, supplemental patent protection or related extension of rights with respect to the Patents, set out in a list attached to this Amendment No. 6 as Attachment 1, licensed to BMS under the Outlicense. Without limiting the foregoing, NN covenants that it will not seek patent term extensions, supplemental protection certificates, or similar rights or extensions for such Patents without the prior written consent of BMS. NN will cooperate fully with and provide all reasonable assistance to BMS and use all Commercially Reasonable Efforts consistent with its obligations under applicable Law (including any applicable consent order or decree) in connection with obtaining any such adjustments or extensions for such Patents. To the extent reasonably and legally required in order to obtain any such adjustment or extension in a particular country, NN will make available to BMS a copy of the necessary documentation to enable BMS to use the same for the purpose of obtaining the adjustment or extension in such country.

16. NN shall not exercise its “March-In” right under Section 9.13 with respect to any IPR licensed to BMS under the Outlicense without the prior written consent of BMS, which consent shall not be unreasonably withheld.

17. As of the Amendment No. 6 Effective Date, there are no information, materials or Intellectual Property Rights controlled by UCSF, HSS, Tours and/or INSERM that are necessary or useful for the development, manufacture or commercialization of Anti-KIR Antibodies or Anti-KIR Products, which Intellectual Property Rights could become Controlled by NN and/or IPH as the result of any action contemplated by the provisions of Section 5.13 of the Agreement.
18. Notwithstanding Section 21.1 or anything else in the Agreement to the contrary, BMS shall not be required, during or following the term of the Outlicense, to maintain, grant, assign or otherwise convey to IPH, NN, or any other Third Party, any rights under any IPR that BMS or its Affiliates may own or control (other than such IPR as is licensed to BMS under the Outlicense).

19. BMS may exercise any right as an Out-licensee under the Agreement and may exercise IPH’s right to cure under Sections 12.4 and 12.7A(b) of the Agreement and any right of IPH under Article 9 with respect to the patent rights listed in Attachment 1.

20. BMS shall have no obligation under the Agreement other than those obligations expressly imposed on Out-licensees and, for clarity, BMS’s obligations under Section 15.1.6 shall only apply to other terms and conditions of the Agreement that are expressly imposed on Out-Licensees.

21. Provided that BMS becomes an Out-licensee and effective as of the Amendment No. 6 Effective Date, NN has terminated that certain Exclusive Commercial License between NN and Medarex, Inc. (now a wholly owned subsidiary of BMS), effective as of December 7, 2004, relating to the Antibody ***. It is understood and agreed that in the proposed license between BMS and IPH, BMS will grant to IPH the right to prosecute and maintain the patent rights that are listed in Attachment 1, in the event that BMS would discontinue such prosecution or maintenance. As between IPH and NN, in the event that BMS discontinues the prosecution or maintenance of such patents rights, IPH shall exercise its right to prosecute and maintain such patent rights pursuant to the agreement between BMS and IPH.

22. BMS may disclose Confidential Information of NN relating to Anti-KIR Antibodies and IPR licensed to BMS under the Outlicense that it obtains from IPH without any obligation to obtain consent therefor from NN.

23. Notwithstanding Section 15.1.8 or anything else in the Agreement to the contrary, BMS shall have no obligation to provide any information to NN regarding any activity under the Outlicense beyond such information that BMS provides to IPH under the Outlicense.

24. NN has transferred to IPH ownership of all regulatory filings held by NN relating to Anti-KIR Antibodies, including INDs and other such filings as may be necessary for the conduct of clinical trials of Anti-KIR Antibodies.

25. Notwithstanding anything in the Agreement to the contrary, BMS’s rights under the Outlicense shall survive any termination of the Agreement (other than a termination directly resulting from a material breach by BMS of its obligations under the Outlicense or as an Out-licensee under the Agreement), subject to (a) the payment by BMS to NN of any milestones or royalties with respect to Anti-KIR that IPH would have been required to pay NN under the Agreement and (b) the provision by BMS to NN of information consistent with Paragraph 23 above.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

- 8 -
26. IPH’s obligation to make royalty payments to NN under the Agreement on the Net Sales of IPH’s Out-licensees with respect to any Anti-KIR Antibody or Anti-KIR Product shall be cancelled and replaced by the following obligation:

IPH shall pay to NN *** of all royalty payments based on Net Sales of Anti-KIR Products, as received by IPH from its Out-licensees.

27. The provisions of this Amendment confer a benefit on and are intended to be (and shall be) enforceable by BMS in the event BMS becomes an Out-licensee by virtue of the Contracts (Rights of Third Parties) Act 1999. Otherwise no person who is not a Party shall have the right to enforce any term of this Amendment by virtue of the Contracts (Rights of Third Parties) Act 1999.

28. The rights of the Parties to terminate or rescind, or agree any variation of or waiver or settlement under, this Amendment is subject to the consent of BMS as long as BMS is an Out-licensee (and the Parties shall not do any such thing unless BMS has given its prior written consent).

29. BMS may assign the benefits conferred on it by this Amendment, without the consent of NN or IPH, to any Person to which BMS also assigns the Outlicense.

30. Unless otherwise agreed by the Parties in writing, this Amendment shall be of no further force or effect after the date, if any, that BMS ceases to be either an Out-licensee under the Agreement or a direct licensee of NN pursuant to Paragraph 25 above.

31. This Amendment shall be deemed an integral part of the Agreement. Except as expressly set forth herein, all provisions of the Agreement shall remain unchanged and in full force and effect. The Parties expressly affirm their mutual intention that this Amendment to the Agreement shall constitute a legally binding Amendment to the Agreement.

32. This Amendment shall be construed and interpreted pursuant to the laws stipulated in the Agreement. All disputes arising out of or in connection with the present Amendment shall be finally settled by arbitration as stipulated in the Agreement.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
IN WITNESS HEREOF the Parties have executed and delivered this Amendment.

On behalf of Novo Nordisk N/S

/s/ Lars Fruegaard Jørgensen

Name: Lars Fruegaard Jørgensen
Title: Senior Vice President
Date: 1-July-2011

On behalf of Innate Pharma SA

/s/ Hervé Brailly

Name: Hervé Brailly
Title: CEO
Date: 5 July 2011
Attachment 1

A. KIR-specific patents

1. Antibodies, antibody fragments, and derivatives thereof that cross-react with two or more inhibitory receptors (KIR2DL1 and KIR2DL2,3) which potentiate NK cell cytotoxicity. Applicant/owner: Innate Pharma and University of Genoa.

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

- 11 -
2. Cross-reactive (KIR2DL1 and KIR2DL2,3) anti-KIR antibodies. Applicant/owner: Novo Nordisk, Innate Pharma and University of Genoa.

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
3. Human anti-KIR antibodies, including Anti-KIR (1-7F9). Novo Nordisk, Innate Pharma and University of Genoa.

***

Certain information has been excluded from this agreement (indicated by “[* ***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

- 13 -
4. Treatment of viral infection, including but not limited to HIV treatment. Applicant/owner: Novo Nordisk and Innate Pharma.

***

5. Anti-KIR combination treatments, including but not limited to combination with cytokines. Applicant/owner: Novo Nordisk and Innate Pharma.

***

Certain information has been excluded from this agreement (indicated by "[***]") because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

***


***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

- 16 -
B. Multiple target patents

1. Use of blocking anti-KIR mAbs (as well as anti-NK receptor mAbs) in combination with depleting mAbs, where the anti-KIR mAb-mediated NK cell activation enhances ADCC toward a target cell. Applicant/owner: Innate Pharma. (see Patent Assignment agreement of February 2006 between IPH and the University of Perugia).

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
2. Use of depleting anti-KIR (and other NK receptor) mAbs for the treatment of LGL and other suitable and/or related diseases including T-cell type LDGL, autoimmune disorders, and any other immunoproliferative or malignant disorders involving NK or other KIR-expressing lymphocytes. Applicant/owner: Innate Pharma and University of Genoa.

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
3. Use of depleting Anti-KIR (and other NK receptor mAbs) mAbs for eliminating NK cells in inflammatory indications. 
Applicant/Owner: Novo Nordisk, Innate Pharma and University of Genoa.

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

- 19 -
AMENDMENT AND SUPPLEMENT NO. 7

to the

JOINT RESEARCH, DEVELOPMENT, OPTION AND LICENSE AGREEMENT

Dated

MARCH 28, 2006

Between

NOVO NORDISK A/S

and

INNATE PHARMA SA

Relating to the Buy Back of Anti-NKG2A

February 5, 2014
## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th></th>
<th>Definition</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DEFINITIONS</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>RECLASSIFICATION OF ANTI-NKG2A AS A NICHE CANDIDATE</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>AMENDMENT OF AGREEMENT TO PROVIDE FOR THE DEVELOPMENT AND COMMERCIALIZATION OF ANTI-NKG2A AS A NICHE CANDIDATE BY IPH</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>KNOW-HOW TRANSFER</td>
<td>21</td>
</tr>
<tr>
<td>5</td>
<td>CLINICAL TRIALS</td>
<td>22</td>
</tr>
<tr>
<td>6</td>
<td>TRANSFER OF ANTI-NKG2A SUPPLIES</td>
<td>22</td>
</tr>
<tr>
<td>7</td>
<td>NO WARRANTY</td>
<td>22</td>
</tr>
<tr>
<td>8</td>
<td>REGULATORY OR SAFETY DELAY</td>
<td>23</td>
</tr>
<tr>
<td>9</td>
<td>FINANCIAL CONSIDERATION</td>
<td>24</td>
</tr>
<tr>
<td>10</td>
<td>PRESS RELEASE</td>
<td>24</td>
</tr>
<tr>
<td>11</td>
<td>OTHER ADJUSTMENTS</td>
<td>26</td>
</tr>
<tr>
<td>12</td>
<td>MISCELLANEOUS</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Exhibit A</td>
<td>A-1</td>
</tr>
<tr>
<td></td>
<td>Exhibit B</td>
<td>B-1</td>
</tr>
<tr>
<td></td>
<td>Exhibit C</td>
<td>C-1</td>
</tr>
<tr>
<td></td>
<td>Exhibit D</td>
<td>D-1</td>
</tr>
<tr>
<td></td>
<td>Exhibit E</td>
<td>E-1</td>
</tr>
<tr>
<td></td>
<td>Exhibit F</td>
<td>F-1</td>
</tr>
<tr>
<td></td>
<td>Exhibit G</td>
<td>G-1</td>
</tr>
</tbody>
</table>
AMENDMENT AND SUPPLEMENT NO. 7 to the JOINT RESEARCH, DEVELOPMENT, OPTION AND LICENSE AGREEMENT

Amendment and Supplement dated as of February 5, 2014 (the “Amendment No. 7”) to the Joint Research, Development, Option and License Agreement dated March 28, 2006 as amended (hereinafter the “Agreement”) between Novo Nordisk A/S (CVR-no. 24 25 67 90), a corporation existing under the laws of Denmark and having its principal place of business at Novo Allé, 2880 Bagsvaerd, Denmark (hereinafter “NN”), and Innate Pharma SA, a corporation existing under the laws of France and having its principal place of business at avenue de Luminy, 13009 Marseille, France (hereinafter “IPH”).

WITNESSETH

WHEREAS Pursuant to the Agreement, NN and IPH agreed to work, independently, jointly, and/or together with agreed-upon Third Parties, to (a) discover or identify Drug Candidates, and (b) optimize Drug Candidates for progression to (i) Licensed Products for further development and commercialization by NN, or (ii) Niche Candidates for further development and commercialization by IPH (either alone or together with NN), in each case for all uses and purposes, including therapeutic, prophylactic and, except as otherwise expressly therein provided, diagnostic uses;

WHEREAS NN desires to cease development of Anti-NKG2A as a Licensed Product and IPH desires to buy back the rights to Anti-NKG2A (as defined below). To that effect, the Parties have agreed that Anti-NKG2A be reclassified as a Niche Candidate for IPH’s sole independent further development and commercialization, and NN and IPH desire to amend and supplement the Agreement to provide for NN’s grant or grant back to IPH of an exclusive right and license, including the right to Sub-license and Out-license, throughout the Territory during the Term, under (a) all Intellectual Property Rights licensed exclusively to NN pursuant to Section 5.1, and (b) all Background NN IPR and Collaboration IPR Controlled by NN, to the extent that such rights and licenses are necessary or useful to conduct research with and of, discover, develop, use, manufacture, have manufactured, register, package, sample, distribute, promote, market, offer for sale, import, export, sell and have sold Anti-NKG2A Antibodies and/or Anti-NKG2A Products for all uses and purposes.

NOW, THEREFORE,

in consideration of the foregoing premises, the mutual promises and covenants set forth in this Amendment No. 7, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, NN and IPH, each intending to be legally bound, hereby agree as follows:

1. DEFINITIONS

1.1 Unless otherwise specifically defined herein, each term used herein that is defined in the Agreement has the meaning assigned to such term in the Agreement. Each reference to “hereof”, “hereunder”, “herein” and “hereby” and each other similar reference and each reference to “this Agreement’ and each other similar reference contained in the Agreement shall, after the Amendment No. 7 Effective Date, refer to the Agreement as amended hereby.
1.2 “Amendment No. 7 Effective Date” shall mean the date of this Amendment No. 7.

2. RECLASSIFICATION OF ANTI-NKG2A AS A NICHE CANDIDATE

2.1 Subject to the terms and conditions of this Amendment No. 7 and with effect from the Amendment No. 7 Effective Date, NN hereby classifies Anti-NKG2A as a Niche Candidate for independent further development and commercialization by IPH for any therapeutic, prophylactic or diagnostic indication or application.

2.2 IPH acknowledges and agrees that, with effect from the Amendment No. 7 Effective Date, Anti-NKG2A shall be classified as a Niche Candidate and IPH further agrees that, notwithstanding any non-compliance by either Party with the procedures set out in Section 6.1 of the Agreement, neither the discontinuation of development of Anti-NKG2A by NN nor the subsequent classification by NN in this Amendment No. 7 of Anti-NKG2A as a Niche Candidate constitutes the abandonment of any Licensed Product or Niche Candidate for the purposes of the Agreement or gives rise to any right to terminate the whole or part of the Agreement or any of the associated remedies under Articles 12 and 13 of the Agreement.

2.3 Notwithstanding any provision of the Agreement, IPH acknowledges that, with effect from the Amendment No. 7 Effective Date, NN shall have no further obligations under the Agreement, this Amendment No. 7 or otherwise to develop or commercialize Anti-NKG2A and NN acknowledges that IPH shall have the exclusive right to conduct the development and commercialization of Anti-NKG2A as a Niche Candidate for any therapeutic, prophylactic or diagnostic indication or application.

2.4 The Anti-NKG2A Antibodies and Anti-NKG2A Products that are subject of the rights and licenses pursuant to this Amendment No. 7 shall not be considered Licensed Products or Residual Products under the Agreement.

3. AMENDMENT OF AGREEMENT TO PROVIDE FOR THE DEVELOPMENT AND COMMERCIALIZATION OF ANTI-NKG2A AS A NICHE CANDIDATE BY IPH

3.1 With effect from the Amendment No. 7 Effective Date, Article 1 of the Agreement is hereby amended by:

3.1.1 adding the following proviso to the definition of “Background NN IPR” immediately following the current text of such definition:
“Provided, however, that for the purposes of the licenses granted to IPH pursuant to Section 5.5 hereof to develop and
commercialize Anti-NKG2A as a Niche Candidate and otherwise in connection with the interpretation of this
Agreement in connection with such development and commercialization by IPH of Anti-NKG2A as a Niche
Candidate, “Background NN IPR” shall mean only the IPR identified and listed in Schedule 1.1.7B to the Agreement.
Such Schedule 1.1.7B shall not be subject to the aforementioned notification, demonstration and updating process
applicable to Schedule 1.1.7 and may not be amended except with the express consent in writing of the Parties
hereto.”;

3.1.2 adding the following proviso to the definition of “Collaboration IPR” immediately following the current text:

“Provided, however, that for the purposes of the licenses granted to IPH pursuant to Section 5.5 hereof to develop and
commercialize Anti-NKG2A as a Niche Candidate and otherwise in connection with the interpretation of this
Agreement in connection with such development and commercialization by IPH of Anti-NKG2A as a Niche
Candidate, “Collaboration IPR Controlled by NN” shall mean only the IPR comprised of (x) (i) the Patents identified
and listed in Schedule 1.1.16B (Parts A and B) to the Agreement and (ii) any Patents in which any Anti-NKG2A
Know-How is disclosed but not including any Patent listed in Schedule 5.8.2B and (y) the Know-How listed in
Schedule 1.1.17B to the Agreement. Such Schedules 1.1.16B and 1.1.17B shall not be subject to any updating process
that is otherwise applicable to Schedules 1.1.16 and 1.1.17 and may not be amended except with the express consent
in writing of the Parties hereto.”;

3.1.3 deleting the final sentence from the definition of “Licensed Product”;

3.1.4 inserting the words “Anti-NKG2A as well as” immediately following the words “shall mean” in the definition of
“Niche Candidate”; and

3.1.5 adding the following definitions:

“Anti-NKG2A Know-How” shall mean Know-How generated or acquired by either or both Parties or their Affiliates
in relation to Anti-NKG2A, within the categories listed in Schedule 1.1.17B.

“Anti-NKG2A Patent” shall mean (i) a Patent listed in Part A of Schedule 1.1.16B and (ii) a Patent in which any Anti-
NKG2A Know-How is disclosed but not including any Patent listed in Schedule 5.8.2B. “Anti-NKG2A” or “Anti-
NKG2A Antibody” means any antibody or antigen-binding fragment or derivative thereof, whether human,
humanized, chimeric, murine or from another source (and including bispecific antibodies, single chain antibodies and
immunoconjugated antibodies) that has been raised, engineered, or otherwise optimized to bind Anti-NKG2A (in
addition to any other target or receptor such antibody may bind to).
“Anti-NKG2A Product” means any pharmaceutical product containing any Anti-NKG2A Antibody (alone or together with any other pharmaceutical active ingredients), in all forms, presentations, formulations and dosage forms.

“Anti-NKG2A Regulatory Milestones” shall have the meaning ascribed to it in Section 7.4C.

“Continuation” shall mean, with respect to any patent or patent application, any continuation, continuation-in-part, divisional, continued prosecution or other similar application.

“Formulation Patent” shall mean the Patents listed in Part B of Schedule 1.1.16B.

“*** License” shall mean the license between Novo Nordisk A/S and *** dated as of December 8, 2004.

“*** License” shall mean the license between Novo Nordisk A/S and *** with respect to inter alia the manufacturing of any Anti-NKG2A Antibody or Anti-NKG2A Product.

“NN Anti-NKG2A FoO IPR” shall mean (a) such Patents listed in Schedule 5.8.2B, (b) such Patents that are either (i) Controlled, through exclusive ownership, by NN or its Affiliates during the Term and claim the benefit of a priority date on or before February 5, 2017 or (ii) Controlled, through license or otherwise but not exclusive ownership, by NN or its Affiliates at February 5, 2014, (c) such Know-How that is either (i) Controlled, through exclusive ownership, by NN or its Affiliates during the Term and generated on or before February 5, 2017 or (ii) Controlled, through license or otherwise but not exclusive ownership, by NN or its Affiliates at February 5, 2014 and (d) such Patents based in part or in whole on Know-How that is (i) Controlled, through exclusive ownership, by NN or its Affiliates during the Term and (ii) generated on or before February 5, 2017, in each of (a), (b) and (d) that are or is (y) not within the Background NN IPR or Collaboration IPR and (z) necessary for the development and commercialization of an Anti-NKG2A Product.

3.2 Background NN IPR Licensed by NN to IPH for development and commercialization by IPH of Anti-NKG2A as a Niche Candidate. With effect from the Amendment No. 7 Effective Date, the Agreement is hereby amended by inserting Exhibit A to this Amendment No. 7 as Schedule 1.1.7B to the Agreement.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
3.3 Collaboration IPR Controlled by NN and Licensed by NN to IPH for development and commercialization by IPH of Anti-NKG2A as a Niche Candidate — Anti-NKG2A Patents and Anti-NKG2A Know-How. With effect from the Amendment No. 7 Effective Date, the Agreement is hereby amended by inserting Exhibit B to this Amendment No. 7 as Schedule 1.1.16B (Parts A and B) to the Agreement and Exhibit C to this Amendment No. 7 as Schedule 1.1.17B (Parts A and B) to the Agreement.

3.4 Schedule 5.8.2B NN Anti-NKG2A FoO Patent. With effect from the Amendment No. 7 Effective Date, the Agreement is hereby amended by inserting Exhibit D to this Amendment No. 7 as Schedule 5.8.2B to the Agreement.

3.5 No Development and Commercialization Committee Input for Anti-NKG2A. With effect from the Amendment No. 7 Effective Date, Section 4.9 is hereby amended by inserting the following text in the first paragraph after the words “(b) any Niche Candidates”:

“(other than Anti-KIR and Anti-NKG2A)”.

3.6 No JSC Approval of Sub-licensing by IPH of an Anti-NKG2A Niche Candidate. With effect from the Amendment No. 7 Effective Date, Article 5 of the Agreement is hereby amended by deleting the words “that shall be enforceable by both Parties” from the second paragraph of Section 5.6 and by inserting the following text immediately following Section 5.6A:

“5.6B No JSC Approval of Sub-licensing by IPH of Anti-NKG2A as a Niche Candidate. Notwithstanding Section 5.6, the JSC shall not be required to approve any Sub-licensing by IPH of its rights and obligations under this Agreement if such Sub-licensing by IPH is reasonably necessary for the development and commercialization of Anti-NKG2A as a Niche Candidate or any Anti-NKG2A Product.”

For the avoidance of doubt, it is acknowledged and agreed that the provisions of Section 5.6 shall not apply to Out-Licensing and further sublicenses by the Out-Licensee.

3.7 No License by NN to IPH of Independent NN IPR for development and commercialization by IPH of Anti-NKG2A as a Niche Candidate; FoO for Anti-NKG2A as a Niche Candidate. With effect from the Amendment No. 7 Effective Date, Article 5 is hereby amended by inserting the following text immediately following Section 5.8.2A:

“5.8.2B No License by NN to IPH of Independent NN IPR for development and commercialization by IPH of Anti-NKG2A as a Niche Candidate; FoO for Anti-NKG2A as a Niche Candidate. Notwithstanding Section 5.8.2, NN shall not be obliged to grant to IPH, or to provide reasonable cooperation and assistance to IPH to procure the grant to IPH of, non-exclusive rights and licenses under any Independent NN IPR for the purposes of IPH’s development and commercialization of Anti-NKG2A as a Niche Candidate or any Anti-NKG2A Product; provided, however, that NN shall grant to IPH a non-exclusive
license (with the right to Sub-license and Out-license; however, IPH shall not be entitled to Sub-license or Out-license any Patent in-licensed by NN under the *** Agreement until the earlier of: (i) *** approval of such right to Sub-license and Out-license (which approval NN shall use reasonable efforts to obtain by September 30, 2014, subject to no additional payments by NN in connection with such right to Sub-license and Out-license, without prejudice to NN’s payment obligations in Section 7,8D), or (ii) the expiry of the last Valid Claim of any such Patents) under any NN Anti-NKG2A FoO IPR to develop and commercialize Anti-NKG2A Products for no additional consideration.”

3.8 **No IPH Access to Materials; No NN Buy-in and Co-Marketing Options.** With effect from the Amendment No. 7 Effective Date, Article 6 is hereby amended by inserting the following text immediately following Section 6.1E:

“6.1F No IPH Access to Materials. Notwithstanding Section 6.4 and except as otherwise set forth in this Amendment, IPH shall have no rights to access Materials pursuant to such Section 6.4 with respect to the development or commercialization of Anti-NKG2A as a Niche Candidate pursuant to Section 6.1 hereof.

6.1G No NN Buy-in and Co-Marketing Options for Anti-NKG2A Niche Candidate. Notwithstanding Sections 6.5 (NN Buy-In), 6.6 (NN Co-Marketing Options), 6.7 (IPH Assistance), 6.8 (Licenses to NN for Niche Candidates), NN shall have no rights pursuant to such Sections 6.5, 6.6, 6.7 and 6.8 with respect to Anti-NKG2A as a Niche Candidate being developed or commercialized by IPH pursuant to Section 6.1 hereof, provided however that if within *** following the Amendment No. 7 Effective Date, IPH intends to Out-License any Anti-NKG2A in a field that substantially relates to diabetes or inflammation (the “Restricted Field”), then NN shall have a right of first offer as follows:

(i) IPH shall provide to NN the data package relating to such Anti-NKG2A as prepared by IPH for such Out-Licensing process and NN shall have *** to review such package and indicate to IPH whether it is interested in entering into negotiation for an Out-License;

(ii) If NN notifies its interest within such *** timeline, IPH and NN shall engage in exclusive negotiations for an Out-License for *** following NN’s notice of interest (the “Exclusive Negotiation Period”);

(iii) If NN does not notify its interest within the above *** timeline or the Parties fail to enter into an Out-License within the Exclusive Negotiation Period, IPH shall be free to enter into an agreement for the Out-License such Anti-NKG2A in the Restricted Field to a Third Party without further notice to NN, provided that for *** following the expiry of the Exclusive Negotiation Period, any such Third Party Out-License shall not be at terms that are, taken as a whole, less favorable to IPH than the latest terms offered in writing by NN during the Exclusive Negotiation Period.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
If the proposed Out-License does not relate substantially to diabetes and/or inflammation but relates to any broader field including diabetes or inflammation, then the above procedure shall apply provided that the *** and *** timelines set forth above shall be reduced by half to be brought to respectively *** and the negotiation period shall not be exclusive. For the avoidance of doubt, and by way of example, the Parties agree that if the proposed Out-License relates to any oncology indication or to all indications, it shall not be regarded as substantially related to diabetes or inflammation.

6.IH IPH Access to Raw Data. If reasonably required by IPH to respond to any request from, or fulfill any requirement of, any regulatory authority in connection with IPH’s development and commercialization of Anti-NKG2A as a Niche Candidate or any Anti-NKG2A Product, NN shall, upon reasonable notice from IPH, provide IPH or any regulatory authority with a reasonable opportunity to review any original documentation and raw data archived by NN for no additional consideration. NN shall not destroy or otherwise dispose of any original documentation and raw data related to NN’s development of Anti-NKG2A that IPH or a regulatory authority may reasonably be expected to require in connection with IPH’s development and commercialization of Anti-NKG2A as a Niche Candidate or any Anti-NKG2A Product without the prior written consent of IPH which shall not be unreasonably delayed or withheld.

6.1.I Reporting Obligations. IPH shall prepare written annual reports (each a “Development Report”) in respect of IPH’s development of Anti-NKG2A as a Niche Candidate during each calendar year commencing January 1, 2015 and deliver such Development Report to NN no later than January 31 in the calendar year following that calendar year to which such Development Report relates. Each Development Report shall include a high level description of clinical studies carried out during the calendar year. Anti-NKG2A

6.1.J NN Corporate Alliance Management. In order to facilitate the transfer of Know How and supplies to IPH pursuant to this Amendment, NN shall assign a member of its Corporate Alliance Management Department to serve as the liaison officer between NN and IPH on all matters relating to such transfer. Such NN Corporate Alliance Management Department liaison officer shall respond in a reasonably timely manner to all reasonable requests for information made by IPH.

3.9 Regulatory Milestones. With effect from the Amendment No. 7 Effective Date, Article 7 of the Agreement is hereby amended by inserting the following text immediately following Section 7.4B:

“7.4C Anti-NKG2A Niche Candidate Regulatory Milestone Payments. Notwithstanding Section 7.4, in respect of Anti-NKG2A Products and subject to Section

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
7.8D, IPH shall only pay to NN the following milestone payments for the achievement of the following regulatory milestone events by an Anti-NKG2A Product pursuant to IPH’s development of Anti-NKG2A as a Niche Candidate ("Anti-NKG2A Regulatory Milestones") within *** of the achievement of each such Anti-NKG2A Regulatory Milestone.

Such milestone payments shall be made for the first Anti-NKG2A Product that achieves an Anti-NKG2A Regulatory Milestone and, subsequently, for each Anti-NKG2A Product that includes an antibody, antibody fragment, or derivative of either thereof that is different in terms of amino acid sequence or chemical derivation from each Anti-NKG2A Product that previously achieved such Anti-NKG2A Regulatory Milestone, but not different dosages or formulations of the Anti-NKG2A product nor any post-translational modifications arising as a result of different cell culture conditions, in each case on a one-time, non-duplicative basis, irrespective of the number of indications per Anti-NKG2A Product and any Out-licensing or Sub-licensing by IPH.

(a) ***
(b) ***
(c) ***

3.10 Sales Milestones. With effect from the Amendment No. 7 Effective Date, Article 7 of the Agreement is hereby amended by inserting the following text immediately following Section 7.4C:

“7.4D Anti-NKG2A Niche Candidate Sales Milestone Payments. Notwithstanding Section 7.4, in respect of Anti-NKG2A Products IPH shall have no payment obligation with respect to the achievement of sales milestone events by any Anti-NKG2A Product pursuant to IPH’s development or commercialization of Anti-NKG2A.”

3.11 Royalties. With effect from the Amendment No. 7 Effective Date, Article 7 of the Agreement is hereby amended by inserting the following text immediately following Section 7.8:

“7.8C Royalties on Anti-NKG2A Products. Notwithstanding Section 7.8 hereof and subject to Section 7.8D, 7.8E, 7.8F and 7.8G below, in respect of Anti-NKG2A Products IPH shall during the Term pay to NN the following percentage royalties (the “Base Royalty Rates”) on Net Sales of each Anti-NKG2A Product on an Anti-NKG2A Product basis in the Territory by IPH, its Affiliates, Sub-Licensees or Out-Licensees (or its associated Selling Parties) in accordance with Section 7.11. For purposes of the foregoing, an Anti-NKG2A Product that includes an antibody, antibody fragment, or derivative of either thereof and an Anti-NKG2A Product that include that an antibody, antibody fragment, or derivative of either thereof is different in terms of amino acid sequence or chemical derivation shall be regarded as two different Anti-NKG2A Products, but not Anti-NKG2A Products having solely different dosages or formulations nor any post-translational modifications arising as a result of different cell culture conditions.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
With respect to aggregate Net Sales of any Anti-NKG2A Product that is Out-Licensed by IPH in any given country prior to the first administration in patient of such Anti-NKG2A Product in a Phase III Trial on a country-by-country basis:

***

With respect to aggregate Net Sales of any Anti-NKG2A Product that is not Out-Licensed in any given country by IPH prior to the first administration in patient of such Anti-NKG2A Product in a Phase III Trial on a country-by-country basis.

***

3.12 Reductions. With effect from the Amendment No. 7 Effective Date, Article 7 of the Agreement is hereby amended by inserting the following text immediately following Section 7.8C:

```
7.8D ***

Subject to the other provisions of this Section 7.8D, IPH shall bear the following payments that NN represented to IPH would be due by NN to ***, as a result of the sublicense granted by NN pursuant to this Amendment (together the “*** Fee”):

• starting as of calendar year 2015, a minimum yearly payment not to exceed £***; and
• one or two regulatory milestone payments *** upon initiation of the first phase II for each Anti-NKG2A and *** upon initiation of the first Phase III in each clinical indication for each Anti-NKG2A).
```

Except for the *** Fee, NN shall bear all royalty and other payments if any that would be due by NN to ***, as a result the sublicense granted by NN pursuant to this Amendment.

IPH shall negotiate its own license with *** with respect to the Patent and Know How Controlled by *** and necessary to manufacture Anti-NKG2A and shall bear all payments related thereto, subject to the other provisions of this Section 7.8D.

Notwithstanding Section 7.8 hereof, IPH shall be entitled to deduct:

• *** of the royalty payments due by IPH to *** in connection with Anti-NKG2A under IPH’s own license with *** from the royalty payable by IPH to NN pursuant to Section 7.8B, provided that such deduction shall not exceed *** of Net Sales.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
• each payment of the *** Fee, from any milestone payment that is subsequently payable by IPH to NN pursuant to Section 7.4B above.

“7.8E Patent Expiry. If there is no Valid Claim covering any Anti-NKG2A in any given country, the Base Royalty Rates applicable to such Anti-NKG2A in such country shall be reduced by ***.

“7.8F Generic Competition. During the portion of the applicable Term in a particular country where there are one or more products being sold in such country that are Generic Products with respect to such Anti-NKG2A Product, then the applicable royalty, with respect to such Anti-NKG2A Product shall be reduced as follows:

(i) by *** in the event that in any two consecutive calendar quarters such Generic Product(s), by unit equivalent volume in such country, exceed a *** share of the market; and

(ii) by *** in the event that in any two consecutive calendar quarters such Generic Product(s), by unit equivalent volume in such country, exceed a *** share of the market.

For purposes of this Section 7.8F, “market” refers to the aggregate of the sales of the Generic Product(s) and the applicable Product in a country.

“7.8G If IPH enters into an Out-License covering at least one Major Market containing additional royalty adjustments to those set forth in Sections 7.8E and 7.8F (including a broader anti-stacking royalty adjustment) or similar royalty adjustments to those set forth in Sections 7.8E and 7.8F but with less favorable terms to IPH, then IPH may request to NN that IPH and NN enter into good faith negotiations in order to preserve the economic balance of this Amendment with respect to the Anti-NKG2A Products and countries covered by such Out-License, provided that the royalty mechanism resulting from this renegotiation shall not cause the royalties due by IPH to NN hereunder to be lower than *** of applicable Base Royalty Rate plus the deductible portion of the Lonza royalty pursuant to Section 7.8D.

3.13 Records of Net Sales. With effect from the Amendment No. 7 Effective Date, Article 7 of the Agreement is hereby further amended by inserting “and 7.8C” immediately after “7.8” in Section 7.9.

3.14 Anti-NKG2A Patents. With effect from the Amendment No. 7 Effective Date, Article 9 of the Agreement is hereby amended by inserting the following text immediately following Section 9.1:

“9.1B1 Anti-NKG2A Patents. The provisions of this Section 9.1B shall apply to Anti-NKG2A Patents but no other Patents.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
9.1B2 Anti-NKG2A Patents. Notwithstanding anything to the contrary in this Agreement, as between the Parties, IPH shall have the exclusive right and sole discretion during the Term to prepare, file, prosecute, and maintain the Anti-NKG2A Patents listed in Schedule 1.1.16B Parts A (which for avoidance of doubt excludes the Formulation Patent) and to conduct any interferences, re-examinations, reissues, limitations, and oppositions with respect to such Anti-NKG2A Patents; provided, however, that IPH may neither disclose any Anti-NKG2A Know How or NN Anti-NKG2A FoO IPR related to either (x) manufacturing methods, processes or procedures or (y) formulation, assay and delivery methodologies in such preparation, filing, prosecution or maintenance of any Patent nor prepare, file or prosecute any Patent which would require the disclosure of any Anti-NKG2A Know How or NN Anti-NKG2A FoO IPR related to either (x) manufacturing methods, processes or procedures or (y) formulation, assay and delivery methodologies. IPH shall bear sole responsibility for the preparation, filing, prosecution and maintenance of any Patent contemplated by this Section 9.1B.1 (a) and all costs associated therewith accruing after February 5, 2014 including attorneys’ fees and payments due to patent authorities to maintain such Patents.

9.1B.3 Notice and Effects of NN’s Decision to Abandon; Disclaim; or Discontinue Prosecution, Maintenance, or Defense of Formulation Patents. In the event that NN decides in respect of any Formulation Patent:

(a) to discontinue the prosecution or maintenance of such Formulation Patent,

(b) to discontinue the defense of such Formulation Patent (such as by discontinuing efforts to defend such Formulation Patent in any opposition, reexamination, nullity, or interference proceeding),

(c) to not file an application for a Continuation (or, as the case may be, further Continuation) with respect to such Formulation Patent (including by decision (A) not to enter the national or regional phase in any country or region that is a designated state of a PCT application filed by NN or (B) not to pursue an application in a country wherein an application claiming priority from a Formulation Patent may be filed), or

(d) to abandon or disclaim (in whole or in part, other than by terminal disclaimer), without possibility of restoration, any Formulation Patent,

in each case, NN shall provide written notice to IPH at least *** in advance of the deadline relating to any of the events described above so as to allow IPH the opportunity to file, defend, maintain (including by payment of annuities, issue fees, maintenance fees, or the like), or continue prosecution of such Formulation Patent, at its own expense. In such an event, NN shall provide any assistance reasonably requested of it by NN (including providing IPH with power of attorney to perform such tasks) and, to the extent authorized by

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
contract and permitted by applicable Law, assign its rights to such Formulation Patent to IPH, IPH shall thereafter
grant to NN a worldwide, non-exclusive licence (including the right to sub-license and further sublicense) with respect
to such Formulation Patent for no additional consideration.

9.1B.4 Enforcement of Anti-NKG2A Patents, Formulation Patents and NN Claims.

(a) Except as otherwise provided in Sections 9.1B.4(b) and 9.1B.4(c) and subject to Sections 9.12.1 and 9.12.2, IPH shall
have the exclusive right (but not the obligation) to initiate or defend any suit, opposition, interference or other legal
action (including proceedings before the US International Trade Commission) or to take other appropriate action that
IPH, in its sole discretion, believes is reasonably required to protect or enforce (i.e., prevent or abate actual or
threatened misappropriation or infringement of, or otherwise enforce) any Anti-NKG2A Patent listed in Schedule 1.1.16B Part A (which for avoidance of doubt excludes the Formulation Patent) (in
its own name or, if authorized by contract and permitted by applicable Law and required by applicable Law, in the
name of the NN or an Affiliate of NN), and shall bear its own costs and expenses in respect thereof and be represented
by counsel of its choice and shall further indemnify NN and any of its Affiliates for any costs incurred by NN or any
of its Affiliates in connection with such suit, opposition, interference or action.

(b) Notwithstanding anything to the contrary in this Agreement, except as otherwise provided in Section 9.1B.4(c) and
subject to Sections 9.12.1 and 9.12.2, NN shall have the primary right (but not the obligation) to initiate or defend any
suit, opposition, interference, other legal action (including proceedings before the US International Trade
Commission) or to take other appropriate action that NN, in its sole discretion, believes is reasonably required to
protect or enforce (i.e., prevent or abate actual or threatened misappropriation or infringement of, or otherwise
enforce) any Formulation Patent (in its own name or, if authorized by contract and permitted by applicable Law and
required by applicable Law, in the name of the NN or an Affiliate of NN) against any Person for infringement of any
claims of such Formulation Patent and shall bear its own costs and expenses in respect thereof and be represented by
counsel of its choice and shall further indemnify IPH and any of its Affiliates for any costs incurred by IPH or any
of its Affiliates in connection with such suit, opposition, interference or action.

(c) Notwithstanding anything to the contrary in this Agreement, except as otherwise provided in Section 9.1B.4(c) and
subject to Sections 9.12.1 and 9.12.2, if within *** following IPH’s notice to NN, NN does not initiate or defend any
suit, opposition, interference, other legal action (including proceedings before the US International Trade
Commission), then IPH shall

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii)
would be competitively harmful if publicly disclosed.
have the right to initiate or defend any suit, opposition, interference, other legal action (including proceedings before
the US International Trade Commission) or to take other appropriate action that IPH, in its sole discretion, believes is
reasonably required to protect or enforce (i.e., prevent or abate actual or threatened misappropriation or infringement
of, or otherwise enforce) any Formulation Patent (in its own name or, if authorized by contract and permitted by
applicable Law and required by applicable Law, in the name of the NN or an Affiliate of NN) against any Person for
infringement of any claims of such Formulation Patent, to the extent that such infringement relates to an anti-NKG2A
antibody and would be materially detrimental to the development/commercialization of any Anti-NKG2A Product, or
has resulted in sales by the infringing product of excess of *** in the aggregate. IPH shall bear its own costs and
expenses in

respect thereof and be represented by counsel of its choice and shall further indemnify NN and any of its Affiliates for
any costs incurred by NN or any of its Affiliates in connection with such suit, opposition, interference or action.

(d) **Monetary Awards.** Any damages or other monetary awards recovered in a legal action initiated or conducted by IPH
under Section 9.1B.4(c) will be allocated to the Parties in the following manner: (1) IPH will be reimbursed for its
internal and external expenses (including reasonable attorneys’ fees and costs) incurred in the legal action; and (2) the
remaining balance from such recovery will be allocated to IPH and will be treated as Net Sales.

9.1B.5 **Dispute Resolution.** The Parties acknowledge that all disputes arising under this Section 9.1B shall be subject to the
dispute resolution procedures set forth in Section 21.14.”

3.15 Development Diligence Requirements for Anti-NKG2A as a Niche Candidate. With effect from the Amendment No. 7
Effective Date, Article 12 of the Agreement is hereby amended by inserting the following text immediately following
Section 12.7 and Section 12.7 shall no longer apply to Anti-NKG2A as a Niche Candidate or the marketing or sale of an Anti-
NKG2A Product:

"12.7B Development and Commercialization Diligence Requirements for Anti-NKG2A Niche Candidate.

(a) **Diligent Efforts.**

(i) **Development.** Notwithstanding Section 12.7 hereof, with respect to the Development of Anti-NKG2A as a
Niche Candidate, IPH, by itself or through its Affiliates, Sub-licensees or Out-licensees, shall use Diligent
Efforts to Develop an Anti-NKG2A Antibody or Anti-NKG2A Product for the treatment, prevention or
control of any

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii)
would be competitively harmful if publicly disclosed.
human disease, disorder or condition for the purpose of obtaining a Regulatory Approval in each Major Market. For clarity, it is understood and acknowledged that Diligent Efforts in the Development of Anti-NKG2A Antibodies and Anti-NKG2A Products may include sequential implementation of clinical trials or intervals between clinical trials for data interpretation and clinical program planning and approval. IPH, by itself or through its Affiliates, Sub-licensees or Out-licensees, shall initiate at least one Clinical Trial with respect to an Anti-NKG2A Antibody or Anti-NKG2A Product within *** following later of: (i) the completion by NN of the Ongoing Clinical Trial (as defined below) and the (ii) the complete transfer by NN to IPH of all Know How and Anti-NKG2A supplies pursuant to this Amendment, provided that such *** period shall be extended to the extent of any delay that is attributable to any of the following factors: (I) any safety reason arising from the Ongoing Clinical Trial, (II) insufficient quantities of the applicable Anti-NKG2A Product are available to initiate and complete such two Phase 1 Clinical Trials, (III) approval of regulatory authorities for IPH, its Affiliates, Sub-licensees or Out-licensees to conduct such Phase 1 Clinical Trials, if required by applicable law, is not received or (IV) any required consent of a Third Party collaborator of IPH, its Affiliates, Sub-licensees or Out-licensees for the use of a compound other than an Anti-NKG2A Antibody or Anti-NKG2A Product in such Phase 1 Clinical Trial is not received. For purposes of the preceding sentence, (A) the initiation of a Clinical Trial shall mean the first administration of the Anti-NKG2A Product to the first patient and (B) the completion of the Ongoing Clinical Trial shall mean the availability of the full data set of such Ongoing Clinical Trial.

(ii) Commercialization. Notwithstanding Section 12.7 hereof, with respect to the Commercialization of an Anti-NKG2A Product, IPH, by itself or through its Affiliates or Out-licensees, shall use Diligent Efforts to Commercialize an Anti-NKG2A Product in each Major Market for which IPH, its applicable Affiliate, Sub-licensee or Out-licensee receives Approval for such Anti-NKG2A Product.

(b) Termination for Failure to Employ Diligent Efforts. Notwithstanding Section 12.8 hereof, and subject to Sections 12.7B(b)(i) and 12.7B(b)(ii), NN shall have the right to terminate this Agreement with respect to Anti-NKG2A on a Major Market-by-Major Market basis with respect to all Anti-NKG2A Antibodies and Anti-NKG2A Products if IPH is in material breach of its obligation to use Diligent Efforts, alone or through its Affiliates, Sub-licensees or Out-licensees, as set forth in Section 12.7B(a) with respect to

Certain information has been excluded from this agreement (indicated by "[***]") because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
such Major Market; provided however, such license shall not so terminate unless (A) IPH is given *** prior written notice by NN of NN’s intent to terminate, stating the reasons and justification for such termination and recommending steps which NN believes IPH, alone or through its Affiliates, Sub-licensees or Out-licensees, should take to cure such alleged breach, and (B) IPH, or its Affiliates, Out-licensees or Sub-licensees, has not (1) during the *** period following such notice, provided NN with a plan for the diligent Development or Commercialization of Anti-NKG2A Products in such Major Market as set forth in Section 12.7B(a) and (2) during the *** following such notice carried out such plan and cured such alleged breach by diligently pursuing the Development or Commercialization of Anti-NKG2A Products in such Major Market as set forth in Section 12.7B(a).

(i) If IPH disputes in good faith the existence or materiality of an alleged breach specified in a notice provided by NN pursuant to this Section 12.7B(b), and if IPH provides notice to NN of such dispute within the *** following such notice provided by NN, NN shall not have the right to terminate this Agreement with respect to Anti-NKG2A unless and until the existence of such material breach or failure by IPH has been determined in accordance with Section 21.14 and IPH, alone or through its Affiliates, Sub-licensees or Out-licensees, fails to cure such breach within *** following such determination. It is understood and acknowledged that during the pendency of such a dispute, all of the terms and conditions of this Agreement shall remain in effect and the Parties shall continue to perform all of their respective obligations hereunder.

(ii) Notwithstanding anything herein to the contrary, in the event that: (A) NN terminates, or has the right to terminate, this Agreement pursuant to this Section 12.7B(b) with respect to an Anti-NKG2A Product in ***; then NN shall have the right to terminate this Agreement pursuant to this Section 12.7B(b) with respect to an Anti-NKG2A Product in ***; provided, that if IPH has such right to terminate this Agreement with respect to such Anti-NKG2A Product with respect to any *** then NN shall have the right to terminate this Agreement with respect to such Anti-NKG2A Product in all of the EU.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Definitions. The following terms, as used in this Section 12.7B or in Sections 12.8C and 12.8D, shall have the following meanings:

“Approval” shall mean, with respect to an Anti-NKG2A Product in any regulatory jurisdiction, Regulatory Approval and, where applicable, receipt of pricing and reimbursement approvals.

“Commercialize” or “Commercialization” shall mean the marketing, promotion, sale (and offer for sale or contract to sell), distribution, importation or other commercial exploitation (including pricing and reimbursement activities) for an Anti-NKG2A Product. Commercialization shall include commercial activities conducted in preparation for Anti-NKG2A Product launch.

“Develop” or “Development” shall mean all activities that relate to (a) obtaining, maintaining or expanding Regulatory Approval of an Anti-NKG2A Product and to support appropriate usage for such Anti-NKG2A Product, for one or more indications. This includes: (i) preclinical/nonclinical research and testing, toxicology, and clinical trials; (ii) preparation, submission, review, and development of data or information and regulatory materials for the purpose of submission to a governmental authority to obtain, maintain or expand Regulatory Approval of an Anti-NKG2A Product (including contacts with regulatory authorities), and outside counsel regulatory legal services related thereto; provided, however, that Development shall exclude Commercialization and manufacturing activities (including manufacturing activities related to Development).

“Diligent Efforts” shall mean the carrying out by IPH, or its Affiliates, Sub-licensees or Out-licensees of such obligations or tasks with a level of effort and resources consistent with the commercially reasonable practices devoted by the applicable entity for the research, development, manufacture or commercialization of a pharmaceutical product owned by it (or to which it has rights) at a similar stage of development or commercialization and of similar market potential, profit potential and strategic value, based on conditions then prevailing. Such efforts may take into account, without limitation, issues of safety and efficacy, regulatory authority-approved labeling, product profile, the competitiveness of alternative products in the marketplace, pricing/reimbursement for the product in a country relative to other markets, the likely timing of the product’s entry into the market, the patent and other proprietary position, the likelihood of regulatory approval and other relevant scientific, technical and commercial factors.

“Major European Countries” shall mean ***.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
“Major Market” shall mean each of ***.

“Regulatory Approval” shall mean, with respect to a country, extra-national territory, province, state, or other regulatory jurisdiction, any and all approvals, licenses, registrations or authorizations of any regulatory authority necessary in order to commercially distribute, sell, manufacture, import, export or market a product in such country, state, province, or some or all of such extra-national territory or regulatory jurisdiction, but which shall exclude any pricing and reimbursement approvals.”

The provisions of Sections 12.7B(b), 12.8C and 12.8D shall be NN’s sole and exclusive remedy for any breach by IPH of Section 12.7B(a).

3.16 Termination upon Abandonment of Development of Anti-NKG2A Niche Candidate. With effect from the Amendment No. 7 Effective Date, Article 12 of the Agreement is hereby amended by inserting the following text immediately following Section 12.8B and Section 12.8 shall no longer apply to Anti-NKG2A Products:

“12.8C Effects of Termination of Agreement for Failure to Employ Diligent Efforts in Development. With effect from the Amendment No. 1 Effective Date, upon any termination pursuant to Section 12.7B(b) due to IPH’s failure, by itself or through its Affiliates, Sub-licensees or Out-licensees, to use Diligent Efforts to Develop an Anti-NKG2A Antibody or Anti-NKG2A Product as set forth in Section 12.7B(a)(i) (such termination may be designated for purposes as this Amendment as the “abandonment”), the following shall apply and supersede Section 12.8 with respect to the terminated Anti-NKG2A Antibody(ies)/Product(s) and terminated country(ies):

(a) all licenses granted to IPH under this Agreement for the purposes of Commercial Optimization of Anti-NKG2A as a Niche Candidate that IPH is authorized to develop and commercialize shall terminate immediately;

(b) IPH shall have an obligation to grant to NN, at NN’s request, an irrevocable, world-wide, fully paid up, exclusive license under all its right, title and interest to the Collaboration IPR or Background IPR (as applicable) and Independent IPH IPR, and grant the right set out in Section 5.7 (including all supporting regulatory documentation), for the development and commercialization of Anti-NKG2A, for no additional consideration other than as provided for herein;

(c) if NN shall, in its discretion, assume such license it shall notify IPH to this effect within *** of IPH’s abandonment or the determination of abandonment, whichever is the later, upon which assumption NN shall have the exclusive right to exploit such IPR for the development and commercialization of Anti-NKG2A;

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(d) if the date of such abandonment is prior to the first dosing of humans in Phase II clinical trials of Anti-NKG2A as a Niche Candidate, Sections 12.8C(a) and 12.8C(b) shall apply, save that, in consideration of the grant of such rights, if and only if NN subsequently Out-licenses such IPR within the period of *** following the date of NN’s assumption of rights, NN shall pay to IPH a percentage of all revenue actually received in respect of such license on the following basis:

- ***

(e) if the effective date of abandonment is after the first dosing of humans in Phase II clinical trials of Anti-NKG2A as a Niche Candidate but prior to the first dosing in Phase III, the above Sections 12.8C(a) and 12.8C(b) shall apply save that in consideration of the grant of such rights, if and only if NN subsequently Out-licenses such IPR within the period of *** following the date of NN’s assumption of rights NN shall pay to IPH a percentage of all revenue actually received by NN in respect of such license on the following basis:

- ***

(f) in the event of its abandonment of the development of Anti-NKG2A as a Niche Candidate and irrespective of the effective date of such abandonment, IPH shall:

(i) make no further representation regarding its status as a licensee of NN in respect of Anti-NKG2A;

(ii) in the event that at the date of the abandonment by IPH of its development of Anti-NKG2A as a Niche Candidate there are ongoing clinical trials with respect to such development, IPH shall pay for the completion of such clinical trials in respect of all patients enrolled at the effective date of abandonment except if the Agreement is terminated because of adverse events in the clinical trial(s) causing the trials(s) to cease due to regulatory requirements or regulatory considerations (including an actual or anticipated regulatory warning);

(iii) at NN’s option, and at NN’s expense, and to the extent authorized by contract and permitted by applicable Law, assign or cause to be assigned to NN any regulatory submissions and approvals with respect to Anti-NKG2A and take such actions and execute such other instruments, assignments and documents as may be necessary to effect the transfer of all rights thereunder to NN;

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(iv) at NN’s option and at NN’s expense, provide to NN all pre-clinical and clinical data in respect of Anti-NKG2A and all research reagents and materials intended for use in clinical trials of Anti-NKG2A in IPH’s possession or control.

Following the transfer of rights from IPH to NN pursuant to this Section 12.8C IPH shall have no further obligations under Sections 12.7, 12.8, 12.8C, 12.8D, 12.9 or 12.10 in respect of the development or commercialization of Anti-NKG2A.”

3.17 Termination upon Abandonment of Marketing or Sale of Anti-NKG2A Product. With effect from the Amendment No. 7 Effective Date, Article 12 of the Agreement is hereby amended by inserting the following text immediately following Section 12.8C and Section 12.8 shall no longer apply to Anti-NKG2A Products:

“12.8D Effects of Termination of Agreement for Failure to Employ Diligent Efforts in Commercialization. With effect from the Amendment No. 1 Effective Date, upon any termination pursuant to Section 12.7B(b) due to IPH’s failure, by itself or through its Affiliates or Out-licensees, to use Diligent Efforts to Commercialize an Anti-NKG2A Product as set forth in Section 12.7B (a)(ii) (such termination may be designated for purposes of this Amendment as the “abandonment”), the following shall apply and supersede Section 12.8 with respect to the terminated Anti-NKG2A Antibody(ies)/Product(s) and terminated country(ies):”

(a) all licenses granted to IPH under this Agreement for the marketing or sale of such Anti-NKG2A Product, shall terminate immediately;

(b) IPH shall have an obligation to grant to NN, at NN’s request, an irrevocable, world-wide, fully paid up, exclusive license under all its right, title and interest to the Collaboration IPR or Background IPH IPR (as applicable) and Independent IPH IPR, and grant the right set out in Section 5.7 (including all supporting regulatory documentation) with respect to which such Anti-NKG2A Product has been abandoned, solely for the purposes of the commercialization of such specific Anti-NKG2A Product, for no additional consideration other than as provided for herein;

(c) if NN shall, in its discretion, assume such license it shall notify IPH to this effect within *** of IPH’s abandonment, upon which assumption NN shall have the exclusive right to exploit such IPR for solely with respect to such abandoned Anti-NKG2A Product and for such purposes as are specified in clause (a);

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(d) the above Sections 12.8D(a) and 12.8D(b) shall apply save that in consideration of the grant of such rights, if and only if NN subsequently Out-licenses such IPR within the period of *** following the date of NN’s assumption of rights, NN shall pay to IPH a percentage of all revenue actually received by NN in respect of such license on the following basis:

• ***
• ***
• ***
• ***
• ***
• ***

(e) in the event of its abandonment of the marketing or sale of any Anti-NKG2A Product irrespective of the effective date of such failure, IPH shall:

(i) cease any activities with respect to the marketing, promotion, sale or distribution of the Anti-NKG2A Product with respect to which such abandonment has occurred;

(ii) at NN’s option and at NN’s expense, and to the extent such transfer is authorized by contract and permitted by applicable Law, to transfer to NN the benefit of any contracts between IPH and any Third Party in respect of the manufacture of such abandoned Anti-NKG2A Product, with respect to the supply thereof for marketing with respect to which such abandonment has occurred, provided that for the avoidance of doubt IPH shall not be required to cause or effect any such transfer if to do so will require IPH’s payment or provision of additional consideration to any Person save that NN may elect to pay for and obtain the right to such procurement or exercise to the extent authorized by contract and permitted by applicable Law;

(iii) at NN’s option, and at NN’s expense, and to the extent authorized by contract and permitted by applicable Law, assign or cause to be assigned to NN, any regulatory submissions and approvals related to the Anti-NKG2A Product with respect to which such abandonment has occurred and take such actions and execute such other instruments, assignments and documents as may be necessary to effect the transfer of all rights thereunder to NN;

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(iv) NN shall pay IPH’s reasonable costs in connection with the above activities at a reasonable hourly rate representing the actual cost of IPH of providing such services up to a maximum of ***.

Following the transfer of rights from IPH to NN pursuant to this Section 12.8D, IPH shall have no further obligations under Sections 12.7, 12.8, 12.8C, 12.8D, 12.9 or 12.10 with respect to the marketing and sale of the Anti-NKG2A Product with respect to which the abandonment has occurred.”

3.18 Publication concerning an Anti-NKG2A Niche Candidate. With effect from the Amendment No. 7 Effective Date, Article 18 of the Agreement is hereby amended by inserting the following text immediately following Section 18.1A:

“Section 18.1B Publication concerning Anti-NKG2A as a Niche Candidate or Anti-NKG2A Products. Notwithstanding Section 18.1, NN shall have no rights pursuant to such Section 18.1 with respect to publications or disclosures concerning the development or commercialization of Anti-NKG2A as a Niche Candidate pursuant to Section 6.1 hereof or any Anti-NKG2A Product; provided, however in no event shall IPH publish Confidential Information of NN relating to (1) manufacturing, marketing, financing or business developments, opportunities, plans, methods, processes or procedures, (ii) quality controls, (iii) security controls, (iv) unpublished cost, price or pricing information, (v) financial or personnel matters, or (vi) customer, client or supplier lists or information, in each case without prior written approval of NN.”

4. KNOW-HOW TRANSFER

4.1 IPH has requested that NN transfer to IPH the Know-How comprising the information (regulatory, non-clinical, clinical, CMC and other) listed in Exhibit C to this Amendment No. 7. The Parties agree to update Exhibit C no later than 30 days after the Amendment No. 7 Effective Date.

4.2 NN shall transfer, and take such actions as are reasonably required to ensure the effective transfer of, the Know-How listed in Exhibit C to Innate as soon as possible and in any event no later than June 30, 2014 and no later than October 31, 2014 with respect to the final report and database of the Ongoing Clinical Study in accordance with the terms of this Amendment No. 7 including the guidelines set out in Exhibit F. In the event of any dispute between NN and IPH regarding the actions of NN that are reasonably required to ensure the effective transfer of the Know-How listed in Exhibit C, such dispute shall in the first instance be referred to the CSO of NN and the CEO of IPH who shall seek to resolve such dispute. In the event that the CSO of NN and the CEO of IPH are unable to resolve the dispute, NN or IPH may seek the non-binding opinion of an expert, in accordance with the procedures set forth in Exhibit H, on whether or not any additional actions of NN are reasonably required to effect such transfer; provided, however, that neither NN nor IPH shall be obliged to take any actions based on such expert’s opinion. Notwithstanding the above, either Party may at any time refer any such dispute to arbitration in accordance with Section 21.14 of the Agreement.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
4.3 If, on or before June 30, 2014, IPH gives notice to NN that IPH has identified Know-How that is (x) Controlled by NN at that date, (y) not listed in Exhibit C and (z) necessary for the purposes of IPH’s development or commercialization of the Anti-NKG2A Niche Candidate, then NN shall deliver to IPH the documents, files and materials containing such Know-How as soon as reasonably practicable.

4.4 IPH acknowledges and agrees that, subject to Section 5.8.2A of the Agreement (as amended by this Amendment No. 7) and Sections 4, 5 and 6 of this Amendment No. 7, NN shall have no further obligation to transfer Know-How to IPH pursuant to Section 6.1 of the Agreement or otherwise in connection with IPH’s development and commercialization of Anti-NKG2A as a Niche Candidate.

5. CLINICAL TRIALS

5.1 Definitions. The following terms, as used in this subsection herein, shall have the following meanings:

“Ongoing Clinical Trial” shall mean the ongoing clinical trial conducted by NN on Anti-NKG2A.

5.2 NN shall complete the Ongoing Clinical Trial and comply with all sponsorship obligations relating thereto at its own costs.

5.3 NN agrees to indemnify, hold harmless, and defend IPH and its Affiliates, against any claims, suits, losses, damages, costs, fees, or expenses resulting from the conduct of the Ongoing Clinical Trial.

5.4 NN shall notify IPH upon the completion (i.e., last patient, last visit) of the Ongoing Clinical Trial and shall provide IPH for prior review and comment drafts of all submissions to be made to the regulatory authorities or ethic committees and copies of all correspondence with the regulatory authorities or ethic committees in connection with the Ongoing Clinical Trial.

6. TRANSFER OF ANTI-NKG2A SUPPLIES

6.1 NN shall transfer to IPH the materials described further in Exhibit E (the “Anti-NKG2A Supplies”) as follows:
(a) Subject to Section 6.4, within *** of the Amendment No. 7 Effective Date, NN shall cause those Anti-NKG2A Supplies set forth in Part A of Exhibit E to be shipped to IPH;

(b) NN shall cause those Anti-NKG2A Supplies set forth in Part B of Exhibit E which are reasonably required to conduct a Clinical Trial to be shipped to IPH, or to a location directed by IPH, acting reasonably, as soon as practicable following a request by IPH after the Inmate shareholder vote as described in 9.3.2; and

(c) NN shall transfer those Anti-NKG2A Supplies set forth in Part D of Exhibit E to IPH at such time as the Parties agree but no later than June 30, 2014 (the “In-Process Batch”).

6.2 Title to the Anti-NKG2A Supplies shall transfer to IPH upon delivery of such Anti-NKG2A Supplies to IPH or to a Third Party for shipment to IPH and IPH shall be responsible for all storage costs for such Anti-NKG2A Supplies as and from such date; provided, however, that NN shall be responsible for all shipment (but not including insurance) costs with respect to such shipment of Anti-NKG2A Supplies.

6.3 IPH shall reimburse NN for internal costs related to the transfer of the Anti-NKG2A Supplies to IPH of *** to be paid within *** from receipt of an invoice from NN to be issued following the satisfactory completion of the transfer of Know How within the timelines set forth in Section 4.2, and provided that such transfer occurs within such timelines.

6.4 NN shall analyze all on-going stability studies relating to Anti-NKG2A and make available to IPH all related data. After analyses NN shall transfer to IPH all stability samples.

7. NO WARRANTY


Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
8. REGULATORY OR SAFETY DELAY

8.1 Notwithstanding any provision of this Amendment No. 7:

(a) NN may delay the transfer of any Anti-NKG2A Know-How, any Anti-NKG2A Supplies to IPH; and

(b) if transfer of any Anti-NKG2A Know-How, any Anti-NKG2A Supplies shall have occurred, IPH shall permit access by NN to such Anti-NKG2A Know-How, Anti-NKG2A Supplies;

in each case as may be required, in NN’s reasonable determination, to respond to any request from, or fulfill any requirement of, any regulatory authority.

8.2 IPH shall use all reasonable endeavours to cooperate with NN to permit NN to respond to any request from, or fulfill any requirement of, any regulatory authority, or otherwise to ensure Clinical Trial patient safety.

9. FINANCIAL CONSIDERATION

9.1 In partial consideration for the buy back of Anti-NKG2A, including the licenses and rights granted hereunder to IPH pursuant to this Amendment, IPH shall pay to NN *** in cash within thirty (30) days of the Innate shareholder vote as described in 9.3.2.

9.2 IPH shall also pay *** of any upfront payment(s) received by IPH in connection with any Out-License for Anti-NKG2A to be entered into by IPH, minus *** to the extent that such difference is positive. For this avoidance of doubt, “upfront payment(s)” shall mean the payment(s) made immediately following the execution of the Out-license in partial consideration of the grant of rights, and shall exclude any other payments (including any development or regulatory milestone payments).

9.3 In addition, IPH shall for the sale and partial cost reimbursement for the Anti-NKG2A supplies, toxicology, pre-clinical and clinical data and results owe to NN a payment of *** (the “Additional Payment”), which payment will become due and payable as follows:

9.3.1 subject to the vote by its shareholders, IPH will issue and allocate to NN *** new shares forming the share capital of IPH (the “Shares”);

9.3.2 as soon as possible after this Amendment no. 7, IPH will convene an extraordinary shareholders’ meeting to be set for March 27, 2014, for the purpose of voting on a resolution authorizing the issue of shares to NN (the “Resolution”);
9.3.3 the chairman of the extraordinary shareholders’ meeting, which shall be the chairman of the Supervisory Board of IPH, as per article R225-100 of the French Commercial Code, shall vote the unnamed proxies in favor of the Resolution, as provided in article L.225-106 III al. 5 of the French Commercial Code;

9.3.4 as of the date of this Amendment No. 7 and until the expiry of a 180 day period starting on the closing of the Innate Fundraising (as defined below), NN irrevocable undertakes that neither it nor any of its Affiliates will (i) directly or indirectly, offer, transfer, issue or agree to offer, transfer, issue, the Shares or any financial instruments giving right, of immediately or in the future to the

Shares, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of the Shares or in other securities, or in cash or otherwise; or (iii) grant options to subscribe for or purchase the Shares.

For the purposes of this Amendment No. 7, “Innate Fundraising” shall mean a capital increase realized by IPH with a closing date occurring on or before December 31, 2014. For the purpose of clarity, if the Innate Fundraising does not occur by December 31, 2014, then the restrictions set forth in this 9.3.4 shall not apply to NN with respect to the Shares.

9.3.5 Subject to section 9.4, the Additional Payment shall become due and payable (“liquide et exigible”) on the date on which IPH issues and allocates the Shares to NN, which date shall be no later than 10 business days following the approval of the resolution;

9.3.6 NN shall subscribe the Shares and the subscription price shall be paid by the setoff against the Additional Payment. IPH shall provide all necessary documents and assistance to facilitate NN’s subscription of the Shares and will take the necessary steps for the Shares to be listed on Euronext Paris. If despite such steps and NN receiving such assistance, NN fails to subscribe the Shares as allocated to NN by IPH, and such failure is notified in writing by Innate to NN, the Additional payment shall no longer be due and payable by IPH to NN.

9.4 If the Resolution is not approved by the shareholders of IPH on March 27, 2014, this Amendment No. 7 may be terminated by either Party upon notice to the other Party. In such event of termination, all rights, license and obligations provided in this Amendment No. 7 shall terminate effective upon the date of the termination notice, provided that IPH shall return to NN all materials and documents provided by NN to IPH pursuant to Section 4, Section 5 and Section 6 of this Amendment No. 7 within thirty (30) days of the termination date, except for those materials which have been consumed by IPH prior to the termination date.
9.5 NN shall submit an invoice to IPH corresponding to the payments of Section 9.1 and 9.3, at IPH’s request and no later than fifteen days prior to the due date of such payments, which invoice shall include the term “reverse charge” in consideration of VAT.

9.6 If by September 30, 2014, NN has delivered less than 500g of the In-Process Batch, then NN shall pay to IPH liquidated damages in the amount of ***. If by September 30, 2014, NN has delivered to IPH at least 500g but less than 1000g of the In-Process Batch, then NN shall pay to IPH liquidated damages in the amount following the formula: liquidated damages (in Millions euros) = *** x quantity (in grams). By way of example: if only 750g of the In-Process Batch have been delivered on September 30, 2014, the liquidated damages amount shall be *** x 750 = ***. If by September 30, 2014, NN has delivered to IPH more than 1000g of the In-Process Batch then no liquidated damages will be due. The amount of liquidated damages, if any, will invoiced by IPH to NN and paid by NN within *** following the receipt of such invoice. Such payment shall not be subject to any setoff right. The Parties agree that the amounts payable under this Section 9.6 are a genuine pre-estimate of the loss that IPH will suffer as a result of the failures to deliver the In-Process Batch as required by Section 6.1 (c).

10. PRESS RELEASE.

Simultaneously with the execution of the Amendment No. 7, the Parties shall issue a joint press release on the buy back by IPH of the Anti-NKG2A program in the form attached as Exhibit G.

11. OTHER ADJUSTMENTS

11.1 Notwithstanding Section 15.3.1(a) and 15.3.1(b) of the Agreement, IPH may grant to any Out-Licensee a security interest, lien or other encumbrance on any Intellectual Property Right owned by IPH and licensed by IPH to any Out-Licensee under the Outlicense.

11.2 Notwithstanding Section 9.8 of the Agreement, upon execution of an Out-License, IPH may request that its Out-Licensee shall have the sole right, but not the obligation, to apply for any patent term adjustment, patent term extension, supplemental patent protection or related extension of rights with respect to the Patents licensed to any Out-Licensee under the Outlicense. Without limiting the foregoing, NN covenants that it will not seek patent term extensions, supplemental protection certificates, or similar rights or extensions for such Patents without the prior written consent of IPH. NN will cooperate fully with and provide all reasonable assistance to IPH or its designated Out-Licensee and use all Commercially Reasonable Efforts consistent with its obligations under applicable Law.

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
(including any applicable consent order or decree) in connection with obtaining any such adjustments or extensions for such Patents. To the extent reasonably and legally required in order to obtain any such adjustment or extension in a particular country, NN will make available to IPH or its designated Out-Licensee a copy of the necessary documentation to enable IPH or its designated Out-Licensee to use the same for the purpose of obtaining the adjustment or extension in such country.

11.3 NN shall not exercise its “March-In” right under Section 9.13 with respect to any IPR licensed to any Out-Licensee under the Out-license without the prior written consent of any Out-Licensee, which consent shall not be unreasonably withheld.

11.4 Notwithstanding Section 21.1 or anything else in the Agreement to the contrary, any Out-Licensee shall not be required, during or following the term of the Outlicense, to maintain, grant, assign or otherwise convey to IPH, NN, or any other Third Party, any rights under any IPR that any Out-Licensee or its Affiliates may own or control (other than such IPR as is licensed to any Out-Licensee under the Outlicense).

11.5 Any Out-Licensee may exercise any right as an Out-licensee under the Agreement and may exercise IPH’s right to cure under Sections 12.4 and 12.7B(b) of the Agreement and any right of IPH under Article 9 with respect to the patent rights listed in Exhibit B of this Amendment.

11.6 Any Out-Licensee shall have no obligation under the Agreement other than those obligations expressly imposed on Out-licensees and, for clarity, any Out-Licensee’s obligations under Section 15.1.6 shall only apply to other terms and conditions of the Agreement that are expressly imposed on Out-Licensees.

11.7 Any Out-Licensee may disclose Confidential Information of NN relating to Anti-NKG2A Antibodies and IPR licensed to any Out-Licensee under the Outlicense that it obtains from IPH without any obligation to obtain consent therefor from NN.

11.8 Notwithstanding Section 15.1.8 or anything else in the Agreement to the contrary, any Out-Licensee shall have no obligation to provide any information to NN regarding any activity under the Outlicense beyond such information that any Out-Licensee provides to IPH under the Outlicense.

11.9 Notwithstanding anything in the Agreement to the contrary, any Out-Licensee’s rights under the Outlicense shall survive any termination of the Agreement (other than a termination directly resulting from a material breach by any Out-Licensee of its obligations under the Outlicense or as an Out-licensee under the Agreement), subject to (a) the payment by any Out-Licensee to NN of any milestones or royalties with respect to Anti-NKG2A that IPH would have been required to pay NN under the Agreement and (b) the provision by any Out-Licensee to NN of information consistent with Section 11.6.
11.10 The provisions of this Amendment confer a benefit on and are intended to be (and shall be) enforceable by any Out-Licensee in the event any Out-Licensee becomes and as long as it remains an Out-licensee by virtue of the Contracts (Rights of Third Parties) Act 1999. Otherwise no person who is not a Party shall have the right to enforce any term of this Amendment by virtue of the Contracts (Rights of Third Parties) Act 1999.

12. MISCELLANEOUS

12.1 **Effectiveness and Integration.** This Amendment shall become effective as of the Amendment No. 7 Effective Date and the amendments made to the Agreement hereunder shall thereafter be deemed an integral part of the Agreement.

12.2 **No Other Changes or Repetition of Warranties.** Except as expressly set forth herein, all provisions of the Agreement shall remain unchanged and in full force and effect. Nothing in this Amendment No. 7 shall cause, or shall be deemed to cause, any representation or warranty set out in the Agreement to be repeated.

12.3 **Conflicts Between Agreement and Amendment No. 7.** To the extent that the Agreement is explicitly amended by this Amendment No. 7, the terms of the Amendment No. 7 will control where the terms of the Agreement are contrary to or conflict with the provisions of this Amendment. Where the Agreement is not explicitly amended by this Amendment No. 7, the terms of the Agreement will remain in force.

12.4 **Applicable Law.** This Amendment No. 7 shall be construed and interpreted pursuant to the Laws stipulated in the Agreement.

12.5 **Dispute Resolution.** All disputes arising out of or in connection with this Amendment No. 7 shall be finally settled as stipulated in the Agreement.

12.6 **Counterparts.** This Amendment No. 7 may be executed in two (2) or more counterparts, each of which shall constitute an original for all purposes, including for purposes of any delivery of this Amendment No. 7 required by the terms hereof, and all of which together shall constitute one and the same instrument with the same effect as if all parties hereto had signed the same document.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the Parties have caused this Amendment No. 7 to be executed by their respective duly authorized representatives as of the day and year first above written.

Marseille                      Bagsvaerd
Innate Pharma SA              Novo Nordisk A/S

/s/ Herve Brailly             /s/ Lars Fruegaard Jorgensen
By:   Herve Brailly          By:   Lars Fruegaard Jorgensen
Title: Chief Executive/Officer Title: Chief Information Officer
                               Novo Nordisk A/S

[Signature page to Amendment No. 1 to the joint Research, Development, Option and License Agreement]
Exhibit A

Schedule 1.1.7B

Background NN IPR for the development and commercialization of Anti-NKG2A as a Niche Candidate

To be mutually agreed upon as needed.

Exhibit A-1
Exhibit B

Schedule 1.1.16B

Part A — Anti-NKG2A Patents

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit B-1
Exhibit B

Schedule 1.1.16B

Part B- Formulation Patent

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit B-2
Exhibit C

Schedule 1.1.17B

Anti-NKG2A Know-How Categories

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit C-1
Exhibit D

Schedule 5.8.2B

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit D-1
Exhibit E

Anti-NKG2A Supplies

***

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit E-1
Exhibit F

Basic Guidelines for NN’s and IPH’s Collaboration on Transfer of the Anti-NKG2A Project from NN to IPH

***

End of Document

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit F-1
Exhibit G

Press Release

INMATE PHARMA ACQUIRES FULL RIGHTS TO ANTI-NKG2A CHECKPOINT INHIBITOR FROM NOVO NORDISK A/3

NOVO NORDISK A/S TO REINFORCE ITS EQUITY STAKE IN INMATE PHARMA

• Anti-NKG2A is a first-in-class therapeutic mAb that is Phase II ready
• NKG2A is a NK and T cell checkpoint relevant in both inflammatory disorders and immuno-oncology
• Innate Pharma will prioritize development of anti-NKG2A in immuno-oncology and trials are expected to start in 2014
• Agreement subject to approval by Innate’s shareholders on March 27, 2014

Marseille, France, and Bagvaerd, Denmark, February 5, 2014

Innate Pharma SA and Novo Nordisk A/S today announce that Innate Pharma has acquired full development and commercialization rights to the anti-NKG2A antibody (“anti-NKG2A”), a first-in-class immune checkpoint inhibitor ready for Phase II development in oncology from Novo Nordisk.

Novo Nordisk conducted a large Phase I safety trial with NKG2A in patients with rheumatoid arthritis, demonstrating a good safety profile for both iv and sc routes at single and multiple administrations. Novo Nordisk has decided to advance other compounds for further development in inflammation, including anti-NKG2D¹, currently in Phase II development and generated within the collaboration between Innate Pharma and Novo Nordisk.

Novo Nordisk will receive €2 million euros in cash and six hundred thousand (600,000) shares for licencing anti-NKG2A to Innate and be eligible to a total of €20m in potential registration milestones and single-digit tiered royalties on future sales. The acquisition of the Innate shares is subject to approval by Innate’s shareholders’ at an extraordinary general meeting on March 27, 2014.

¹ Innate Pharma has no remaining rights on this candidate
Herve Brailly, CEO of Innate Pharma noted: “This is a superb opportunity for Innate Pharma. In addition to lirilumab partnered to Bristol-Myers Squibb and currently in Phase II, we now have a proprietary Phase II ready, first-in-class, immunomodulating antibody with favorable Phase I safety data and the promise of broad development potential. Our initial clinical development plan is in oncology and we expect to start the clinical program before the end of this year. This licence consolidates Innate Pharma’s leadership in immunomodulating antibodies targeting the innate immune system”.

Nicolaï Wagtmann, CSO of Innate Pharma, said: “Anti NKG2A is a very exciting immune checkpoint inhibitor targeting both NK and T cells that was selected in the Novo Nordisk - Innate Pharma research alliance for development in cancer and inflammatory disorders. We are very pleased with the progress in the development of this drug candidate, and we look forward to now taking it forward in cancer indications where there is a great need for better treatments and where drugs of this type have shown tremendous benefit in recent years.”

Per Falk, Senior Vice President Biopharmaceutical Research, Novo Nordisk A/S, added: “The new field of innate immunity pharmacology opened by IPH has proven highly productive, as exemplified by anti-KIR and anti-NKG2D now in Phase II clinical trials. In view of recent successes with this type of drug candidates in cancer patients, we believe that anti-NKG2A has its greatest potential in oncology and that Innate Pharma is in the best position to pursue its development.”

About IPH2201, anti-NKG2A antibody

IPH2201 (anti-NKG2A) is a first-in-class humanized IgG4 antibody. NKG2A is a checkpoint receptor that inhibits anti-cancer functions of cytotoxic NK and T lymphocytes. NKG2A recognizes HLA-E ligands, and by expressing HLA-E, cancer cells can protect themselves from killing by CD94/NKG2A-positive NK-, NKT-, and T-cells (αβ and γδ). HLA-E is frequently up-regulated on cancer cells and this occurs in patients with different types of solid tumors or haematological malignancies. In some types of cancers, high-levels of HLA-E appear to confer poorer prognosis. IPH2201 blocks the inhibitory function of CD94/NKG2A, thereby unleashing NK and T cells to kill cancer cells, despite expression of HLA-E. IPH2201 enhances NK and T cell killing of a variety of cancer cell types. Hence, IPH2201 may potentially re-establish a broad anti-tumor response mediated by NK and T cells. Anti-NKG2A mAb may also enhance the cytotoxic potential of other therapeutic antibodies. In an on-going single- and multiple-dose Phase I dose-escalation safety trial in patients with rheumatoid arthritis, IPH2201 appears to have a safe and well-tolerated profile at all doses tested.

IPH2201 was the third therapeutic antibody generated in the Novo Nordisk A/S – Innate Pharma partnership to enter clinical trials, and the second targeting a checkpoint receptor (after lirilumab). Under this agreement, Novo Nordisk A/S had licenced anti-NKG2A from Innate Pharma in 2006 as part of a multi-year research and collaboration agreement. That initial license included total milestones of €25 million and single-digit royalties.
**About Novo Nordisk A/S:**

Headquartered in Denmark, Novo Nordisk is a global healthcare company with 90 years of innovation and leadership in diabetes care. The company also has leading positions within haemophilia care, growth hormone therapy and hormone replacement therapy. Headquartered in Denmark, Novo Nordisk employs approximately 37,000 employees in 75 countries, and markets its products in more than 180 countries. For more information, visit novonordisk.com.

Further information

- Media:
  - Katrine Sperling
  - +45 4442 6718
  - krsp@novonordisk.com

Investors:

- Kasper Roseeuw Poulsen
  - +45 4442 4303
  - krop@novonordisk.com

- Daniel Bohsen
  - +45 3079 6376
  - dabo@novonordisk.com

- Lars Borup Jacobsen
  - +45 3075 3479
  - lbpj@novonordisk.com

**About Innate Pharma:**

Innate Pharma S A. is a biopharmaceutical company conducting research and development of innovative immunotherapy drug candidates for cancer and inflammatory diseases.

Exhibit G-3
The company specializes in the development of first-in-class therapeutic antibodies targeting receptors and pathways controlling the activation of the innate immune system. Three product-candidates resulting from the company’s research platform are currently being tested in clinical trials, two of which by partners Bristol-Myers Squibb and Novo Nordisk A/S.

Listed on Euronext-Paris, Innate Pharma is based in Marseilles, France, and had 84 employees as at September 30, 2013. Learn more about Innate Pharma at www.innate.pharma.com.

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

**Practical Information about Innate Pharma shares:**

<table>
<thead>
<tr>
<th>ISIN code</th>
<th>FR0010331421</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticker code</td>
<td>IPH</td>
</tr>
</tbody>
</table>

**Disclaimer:**

Exhibit G-4
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.

For additional information, please contact:

**Innate Pharma**
Laure-Hélène Mercier  
Director, Investor Relations  
Phone: +33 (0)4 30 30 30 87  
investors@innate-pharma.com

**ATCG Press**
Marielle Bricman  
Mob.: +33 (0)6 26 94 18 53  
mb@atcg-partners.com

Exhibit G-5
AMENDMENT AND SUPPLEMENT NO. 8

to the

JOINT RESEARCH, DEVELOPMENT, OPTION AND LICENSE AGREEMENT

Dated

MARCH 28, 2006

Between

NOVO NORDISK A/S

and

INNATE PHARMA SA

Relating to the Buy Back of Anti-NKG2A

16 September, 2016
AMENDMENT AND SUPPLEMENT NO. 8

to the

JOINT RESEARCH, DEVELOPMENT, OPTION AND LICENSE AGREEMENT

Amendment and Supplement dated as of September 16, 2016 (the “Amendment No. 8”) to the Joint Research, Development, Option and License Agreement dated March 28, 2006 as amended (hereinafter the “Agreement”) between Novo Nordisk A/S (CVR-no. 24 25 67 90), a corporation existing under the laws of Denmark and having its principal place of business at Novo Allé, 2880 Bagsvaerd, Denmark (hereinafter “NN”), and Innate Pharma SA, a corporation existing under the laws of France and having its principal place of business at avenue de Luminy, 13009 Marseille, France (hereinafter “IPH”).

WITNESSETH

WHEREAS NN and IPH wish to amend the Agreement in order to change the payment obligations regarding the *** License;

NOW, THEREFORE,

in consideration of the foregoing premises, the mutual promises and covenants set forth in this Amendment No. 8, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, NN and IPH, each intending to be legally bound, hereby agree as follows:

1.1 Unless otherwise specifically defined herein, each term used herein that is defined in the Agreement has the meaning assigned to such term in the Agreement. Each reference to “hereof”, “hereunder”, “herein” and “hereby” and each other similar reference and each reference to “this Agreement’ and each other similar reference contained in the Agreement shall, after the Amendment No. 8 Effective Date, refer to the Agreement as amended hereby.

1.2 “Amendment No. 8 Effective Date” shall mean 16 September 2016.

1.3 With effect from the Amendment No. 8 Effective Date, Subsection 7.8D (*** is deleted in its entirety and replaced with the following wording:

7.8D ***.

Subject to the other provisions of this Section 7.8D, IPH shall bear the following payments that NN represented to IPH would be due by NN to ***, as a result of the sublicense granted by NN pursuant to this Amendment (together the “*** Fee”):

- Starting as of calendar year 2015, a minimum yearly payment not to exceed ***, and
- as of calendar year 2017, a minimum yearly payment equal to the payment that *** is invoicing Novo Nordisk which is *** indexed to the Retail Price Index from 2004 and adjusted periodically to take account of increases in the Retail Price Index; and
- one regulatory milestone payment (*** upon initiation of the first Phase III in each clinical indication for each Anti-NKG2A).

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
Except for the *** Fee, NN shall bear all royalty and other payments if any that would be due by NN to ***, as a result of the sublicense granted by NN pursuant to Amendment No. 7.

NN shall notify IPH of the expiration of the *** License promptly upon expiration or abandonment of the last patent that is issued from the Application (International patent application ***).

IPH has negotiated its own license with *** with respect to the Patent and Know How Controlled by *** and necessary to manufacture Anti-NKG2A and shall bear all payments related thereto, subject to the other provisions of this Section 7.8D.

Notwithstanding Section 7.8 hereof, IPH shall be entitled to deduct:

- *** of the royalty payments due by IPH to *** in connection with Anti-NKG2A under IPH’s own license with ***, from the royalty payable by IPH to NN pursuant to Section 7.8B, provided that such deduction shall not exceed *** of Net Sales.

- each payment of the *** Fee, from any milestone payment that is subsequently payable by IPH to NN pursuant to Section 7.4B above.”

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 8 to be executed by their respective duly authorized representatives as of the day and year first above written.

Marseille

Innate Pharma SA

/s/ Herve Brailly

/s/ Peter Haahr

By: Herve Brailly

Title: Chief Executive/Officer

By: Peter Haahr

Title: Corporate Vice President

Certain information has been excluded from this agreement (indicated by “[***]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.
EXHIBIT 10.5

08-05182

REGISTERED WITH THE SIE (SERVICE DES IMPOTS DES ENTREPRISES Corporate Income Tax Department) CORPORATE INCOME TAX DEPARTMENT OF EUROPE ROME ON JUNE 23, 2008 Docket: 1996 Box: 4
Registration fees received handwritten: one hundred twenty-five euros

Jérôme ROUSSEAU
Tax Agent

379758 01
/59/LH

FINANCIAL PROPERTY LEASE
by the Company “SOGEBAIL”
in favor of the Company “INNATE PHARMA”

THE YEAR TWO THOUSAND EIGHT
The ninth of June

In MARSEILLE (13006) 65 avenue Jules Cantini, Tour Méditerranée,

Maître Annick DOMENECH, Associate Notary for the Civil Professional Partnership “GIUSTINIANI Alain, ZERBIB Jean-Charles, DOMENECH Annick, and FINO Eric”, holder of a Notarial Office having its registered office in MARSEILLE (13008), 28 avenue Alexandre Dumas.

Standing in for her Colleague

Maître Eliane FREMEAUX, associate Notary in the Company “Nicolas THIBIERGE, André PÔNE, Eliane FREMEAUX, Henri PALUD, Hervé SARAZIN, Jean-François SAGAUT, and Jean-Christophe CHAPUT”, Civil Professional Partnership holding a Notarial Office having its registered office in PARIS (eighth arrondissement), 9 rue d’Astorg.

With the participation of Maître Annick DOMENECH, Notary in MARSEILLE (Bouches-du-Rhône), attorney for the FINANCIAL LESSEE.

Certified true copy issued on 110 pages Sogebail
Received, in true form, this deed, containing:

**FINANCIAL PROPERTY LEASE**

**BETWEEN:**

The company “SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER – SOGEBAIL”, business corporation, having its registered office in PARIS (9th Arrondissement), 29 Boulevard Haussmann, identified under SIREN number 775 675 077 in the PARIS Companies and Trade Register.

Represented by:

Ms. Yasmina OUELAA, Chargée d’Affaires, domiciled in COURBEVOIE (Hauts-de-Seine) La Défense 3 – 18 Avenue d’Alsace – Immeuble “Les Miroirs”.

IN LIGHT OF the powers entrusted to her by Mr. Claude MAINBOURG, domiciled in COURBEVOIE (Hauts-de-Seine) Tour “les miroirs” Bâtiment D, LA DEFENSE 3, 18, avenue d’Alsace under a power of attorney under private seal dated June 6, 2008 at COURBEVOIE, the original of which has remained attached and appended hereto after mention.

Mr. MAINBOURG, himself having acted under the powers granted to him by Mr. POUGIN, following a deed under private seal dated February 13, 2006, the original of which was filed in the minutes of the Notarial Office located in PARIS (8th) 9 rue d’Astorg on February 24, 2006.

THE AFOREMENTIONED Mr. POUGIN having acted himself in his capacity as Assistant Managing Director, to which position he was appointed under deliberations of the Board of Directors of that company on September 17, 2002, renewed in his position under the minutes of the board of directors’ meeting on April 8, 2004, a certified true copy of those minutes having been filed in the minutes of the notarial office located in PARIS (8th) 9 rue d’Astorg, on February 24, 2006.

That Company hereinafter being referred to in the body of the deed as “THE FINANCIAL LESSOR”.

**AND:**

The company INNATE PHARMA, Business Corporation with Board of Directors and Supervisory Board, having its registered office in MARSEILLE (13009), 121 Ancien Chemin de Cassis, identified under SIREN number 424 365 336 RCS MARSEILLE.

Represented by:

Mr. Hervé BRAILLY, acting on behalf of the chairman of the Board of Directors of INNATE PHARMA, domiciled in that capacity in 13009 MARSEILLE – 121 Ancien Chemin de Cassis

Appointed to that position under the deliberations of the Supervisory Board of that company dated June 13, 2005,
Specially authorized for the purposes hereof under deliberations of the Supervisory Board on March 13, 2008 in Marseille, an excerpt of the certified true minutes of which shall remain appended hereto after mention.

Also appended hereto is an excerpt of the company’s registration in the Companies and Trade Register issued by the Clerk of the MARSEILLE Commercial Court on June 5, 2008.

The petitioner states that no event has occurred that should be mentioned in the company’s registration nor that should appear in the appended excerpt.

Which Company is hereinafter referred to in the body of the deed as “THE FINANCIAL LESSEE”.

FOR THE SECOND PART

The parties, prior to the agreements covered by this document, stated following:

BACKGROUND

- I -

The FINANCIAL LESSEE wishes to have, for the purposes of its activity, but without assigning ownership thereof, a building for use as industrial and activity premises, laboratories, located in MARSEILLE (Bouches-du-Rhône).

For the financing of this operation, it has approached the FINANCIAL LESSOR, the purpose of which, defined by Article L. 313-7 of the Monetary and Financial Code (codification of law number 66-455 dated July 2, 1966) relative to financial lease businesses, is the leasing of unequipped buildings for professional use.

- II -

The FINANCIAL LESSEE has asked the FINANCIAL LESSOR in particular to:

* acquire, to that end, an existing building located in the territory of the Commune of MARSEILLE;
* finance the development work for the building under a project management delegation agreement;
* lease the above to it as a whole, under a financial property lease agreement, for a term of TWELVE (12) years beginning on the effective date of section A defined below.

The FINANCIAL LESSOR has granted the request by the FINANCIAL LESSEE.
The building permit related to the development work was issued by the Mayor of the Commune of MARSEILLE (Bouches-du-Rhône) on August 31, 2007 under number 13055.07.H.0127.PC.P0.

The FINANCIAL LESSEE declares that, in accordance with the provisions of Article R. 421-39 of the Urban Development Code, the aforementioned building permit was displayed, namely:

* in the City Hall: and on the land, as shown by the affidavit prepared by Maître Frédéric ARLAUD, Bailiff in MARSEILLE Cédex 02 (13472) 9 rue Chevalier Paul, La Joliette M5, on October 22, 2007

The FINANCIAL LESSEE declares and guarantees to the FINANCIAL LESSOR that the aforementioned building permit has, to date, not been subject to:

* any contentious recourse by third parties;
* any administrative recourse (voluntary or hierarchical);
* any cancellation or withdrawal.

An attestation prepared by the City of MARSEILLE on December 20, 2007 shows that this building permit has not been subject to any voluntary or contentious recourse.

An amended building permit was issued by the Mayor of the Commune of MARSEILLE on December 18, 2007 under number 13055 07 H 0127 PC M1.

The FINANCIAL LESSEE declares that, in accordance with the provisions of Article R. 421-39 of the Urban Development Code, the aforementioned amended building permit was displayed, i.e.:

* in the City Hall and on the land, as shown by the affidavit prepared by Maître Xavier TITTON, Bailiff in MARSEILLE Cédex 02 (13472) 9 rue Chevalier Paul, La Joliette M5, on January 8, 2008.

The FINANCIAL LESSEE declares and guarantees to the FINANCIAL LESSOR, and it is additionally shown by two attestations from the City Hall dated April 30 and May 26, 2008, that the aforementioned amended building permit has, to date, not been subject to:

* any contentious recourse by third parties;
* any administrative recourse (voluntary or hierarchical);
* any cancellation or withdrawal.
Copies of the following documents:
- building permit decree dated August 31, 2007
- affidavit recognizing the display on October 22, 2007
- attestation of nonrecourse dated December 20, 2007,
- amended building permit decree dated December 18, 2007,
- affidavit recognizing the display dated January 8, 2008,
- attestation of non-recourse dated April 30, 2008,
- attestation of non-withdrawal dated May 26, 2008,

have remained attached and appended hereto after mention.

- IV -

**Classified facilities**

The **FINANCIAL LESSEE** declares and guarantees to the **FINANCIAL LESSOR** that the activity it plans to perform on the premises covered by this financial lease agreement does not fall within the scope of application of the regulation on Facilities Classified for the Protection of the Environment.

- V -

Under a deed received by Maître Martine AFLALOU-TAKTAK, notary in MARSEILLE (Bouches-du-Rhône), dated this day (June 9, 2008).

The **FINANCIAL LESSOR** has acquired from:

The city of MARSEILLE, territorial collectivity having its seat at Quai du Port, MARSEILLE City Hall, identified under SIREN number 211 300 553.

The existing building covered by this financial lease agreement.

This sale was granted and accepted in return for the price of ONE MILLION, FIVE HUNDRED AND FORTY-FOUR THOUSAND EUROS (1,544,000.00 EUR), excluding value-added tax, paid in cash under the aforementioned deed, which contains discharge therefor.

All of the costs, duties, and emoluments for the sale have been borne by the buyer.

Under the aforementioned deed, the parties have made the standard and usual declarations in such matters.

The portion of the price related to the non-amortizable charge, i.e., the land, is assessed at the amount of SEVEN HUNDRED AND SEVENTY-TWO THOUSAND EUROS (€772,000.00).

In the aforementioned deed, the following has in particular been declared and is reported literally below:

**NATURAL AND TECHNOLOGICAL RISKS**

THE SELLER declares that in light of the information provided to it by the Prefect of the department or the Mayor of the commune, THE PROPERTY covered by this document has a prevention plan for the following foreseeable natural risks:
• plan approved on October 20, 2002, hazards: land movement (collapse),
• plan stipulated on December 12, 2003, hazard: flooding,
• plan stipulated on July 6, 2005: land movement (withdrawal - swelling of clay, drought),
• plan stipulated on April 8, 2005: forest fire,

The PROPERTY is not located in a zone covered by a stipulated or approved technological risk prevention plan, or in an earthquake zone defined by decree in Conseil d’Etat.

A statement of natural and technological risks done within the last six months has been signed by the parties and has remained appended hereto after mention. (Appendix 13)

Likewise, it declares that to the best of its knowledge, THE PROPERTY has never experienced accidents resulting from natural or technological disasters.

A copy of the aforementioned risk statement has remained appended hereto.

- VI -

Under a deed under private seal dated June 9, 2008 in MARSEILLE, a precarious occupancy agreement was regularized between the city of MARSEILLE and the FINANCIAL LESSOR authorizing the temporary occupation of a strip of communal land, a copy of which has remained appended hereto.

It is expressly agreed between the parties that the charges and obligations resulting from that agreement are transferred to the FINANCIAL LESSEE;

WHEREFORE, the agreements below covered by this document have been reached.

TITLE ONE

PRELIMINARY AGREEMENTS FOR THE RENTAL PERIOD

These preliminary agreements will govern the relations between the parties as of this day and until the date of completion of the development work of the building, as will emerge from the provision of the premises established between the parties as set out in the project management delegation agreement analyzed below, but only as it regards section B.

CHAPTER I

1) Delegation of project management

By deed under private seal dated this day in PARIS, a copy of which with the special technical specifications will remain attached and appended to the minute hereof,

The parties hereto have entered into a project management delegation agreement, which in particular indicates the following:
* The work shall be done at the liability of the **FINANCIAL LESSEE**, acting as assistant project owner, in accordance with the stipulations of the building permit, as well as the plans and descriptive quotation, the references of which appear in the special technical specifications.

* The cost of the work has been set at a maximum amount of **FOUR MILLION, EIGHT HUNDRED AND FORTY-ONE THOUSAND, ONE HUNDRED AND TWENTY-THREE EUROS AND EIGHTY-SEVEN CENTS (4,841,123.87 EUR)** excluding value-added tax, including any accessories.

* The cost of the work will be reimbursable by the **FINANCIAL LESSOR** to the **FINANCIAL LESSEE** over the course of the advancement of that work upon reports equivalent to invoices.

* The work shall be continued without breaks so as to be completed no later than December 31, 2009.

* The recognition of the proper performance of the work, covered by the project management delegation agreement, will be reflected by the drafting of a letter signed by the **FINANCIAL LESSOR** that will be equivalent to provision of the premises on the date of receipt of the work reached between the assistant project owner and the companies that have participated in that work.

* The assistant project owner will be required to obtain the certificate of compliance set out by the regulation on building permits, at its expense, risk, and peril.

Given that the **FINANCIAL LESSOR** is the sole owner of the structures for their erection, the **FINANCIAL LESSEE** notes the following points:

* **The development or extension work** will be covered by open coverage subscribed for by the SOCIETE GENERALE from AGF IART via the firm GRAS SAVOYE, i.e., a Builders Risk Insurance (BRI) policy No. 213,203,000, a Renovation Works (RW) policy No. 213,200,000, and a Property Developer (PD) policy No. 213,202,000, with the understanding that the Property Developer policy is subscribed for both on behalf of the **FINANCIAL LESSOR**, Project owner, and the **FINANCIAL LESSEE**, Assistant Project owner.

* The Civil Liability – Construction, both for the **FINANCIAL LESSOR** in its capacity as owner of the structures over the course of their erection, and the **FINANCIAL LESSEE**, Assistant Project owner, will be covered under Civil Liability by Renovation Works policy No. 213,203,000, both on behalf of the **FINANCIAL LESSOR**, Project owner, and the **FINANCIAL LESSEE**, Assistant Project owner.

* The loss of advance rents, resulting from material disorders affecting the constructed work, will be covered in part under a Builders Risk Insurance policy No. 213,203,000.
A notice stating in particular the main characteristics of the terms and covered limitations, as well as financial terms, has been provided for information to the ASSISTANT PROJECT OWNER for all of the aforementioned policies, with the understanding that the ASSISTANT PROJECT OWNER is still free to complete the coverage of the policies subscribed for by the SOCIETE GENERALE, going through the insurer of its choice.

The ASSISTANT PROJECT OWNER remains solely liable for the effective establishment of the aforementioned policies to cover the construction operation in question and has undertaken to conduct all diligence to establish the guarantees, and in particular to:

- complete the “builders insurance” questionnaire at its sole liability.
- provide GRAS SAVOYE, at its sole liability, with all useful information on the technical conditions of the operation (contents and value of the existing and adjacent works, worsening of risks), both before beginning work and during the work.
- monitor and obtain the issue of insurance certificates from GRAS SAVOYE.
- send GRAS SAVOYE all of the essential documents to draw up the policies, listed below:

1) BEFORE THE SUBSCRIPTION:
   a) the presentation questionnaire
   b) the Technical Inspection agreement
      - of at least type L for work sites with an anticipated amount below €1,000,000 excluding tax.

   In the absence of a type L inspection, the ASSISTANT PROJECT OWNER will be required to pay an extra premium of 50% of the premium rate on the RW/PD policy.
      - type LP for work sites with an anticipated amount exceeding €1,000,000 excluding tax.
      - type LE for work sites including an intervention on existing structures.

   In the absence of an LE-type inspection, the ASSISTANT PROJECT OWNER will be required to pay an extra premium of 100% of the premium rate of the coverage for existing structures under the RW/PD policy.
   c) The initial report from the technical inspector
   d) the blueprints of the work (mass, cross-section, elevation)
   e) the technical description of all building trades or estimated quotations for work
   f) the ten-year Civil Liability insurance certificates and capitalization for the architect, project owner, technical engineering firm, and soil study firm (for work sites exceeding €1,000,000 excluding tax)
These certificates must:

• Be signed by an insurance company or a broker
• Be valid on the date of declaration of the opening of the work site
• Expressly target the work site in question
• Include the list of covered activities, these activities having to correspond strictly to those appearing in the contracts or assignments held by the company.

g) the declaration of opening of the work site

2) DURING THE WORK:

a) The interim reports by the technical inspector

b) The technical experimentation notices, if uncommon techniques are used by a company

If these notices are not provided, the insurer may apply the proportional reduction in compensation in case of accident.

3) UPON RECEIPT OF THE WORK:

a) the list of all participants in the building act

b) the ten-year Civil Liability insurance certificates in capitalization for all builders participating on the work site (except subcontractors).

These certificates must:

• Be signed by an insurance company or broker
• Be valid on the date of declaration of opening of the work site
• Expressly target the work site in question
• Include the list of covered activities, which have to correspond strictly to those appearing in the contracts corresponding to the lot held by the company.

If the ten-year Civil Liability attestations for companies holding large-scale, foundation, enclosure, breezeway, ceiling, or façade lots are not provided within three months after receipt, the ASSISTANT PROJECT OWNER will be required to pay an extra premium of 50% of the premium rates on the RW/PD policy.

c) the receipt reports and, if applicable, the lifting of reserves

If the receipt reports are not provided within two months following receipt, an extra premium of 50% of the premium rate will be received on the RW/PD policy.
d) the final report by the technical inspector.

If this document is not provided within two months following receipt, the ASSISTANT PROJECT OWNER will be required to pay an extra premium of 50% of the premium rates on the RW/PD policy.

It is also recalled that the reserves not lifted by the Technical Inspector in the initial, interim, and final reports, may cause exclusion from coverage for damage resulting directly therefrom or an extra premium.

e) the definitive closure of the accounts, lot by lot, including technical fees.

If this document is not communicated within six months following receipt, an increase of 20% will be applied to the cost of the provisional work, and consequently to the BRI and RW/PD premiums.

All extra premiums are founded by the fact that failure to provide certain documents essential to assemble the technical file constitutes a worsening of risk for the insurer. The amount of these extra premiums will be included in the amount of the final premium.

The amount of the premiums will be paid by the ASSISTANT PROJECT OWNER, upon direct invoicing by the insurer, with the possibility, if applicable, of incorporation into the financing base of the financial lease.

Inasmuch as, on the market, insurance policies do not exist that are able to cover all construction-related risks, the subscription for this insurance may not in any case exempt the ASSISTANT PROJECT OWNER, even partially, from the results obligation that it will have contracted with respect to the PROJECT OWNER, or from any other obligations contracted as FINANCIAL LESSEE under this agreement.

The ASSISTANT PROJECT OWNER shall, in case of accident, personally cover any difference between the cost of complete rebuilding of the works and the amount of the compensation paid by the insurers.

Lastly, the FINANCIAL LESSEE will verify the scope and validity of the insurance policies subscribed for by the various participants in the construction, and in particular by the project owner, engineering firms, technical inspectors, coordinators, contractors, in light of the legal obligations for which they are responsible and in particular as coverage for presumptions of liability emerging from Articles 1792 et seq. of the Civil Code.

2) Performance of the construction

The coordination of the work site, in terms of design, study, and development of the project and the performance of the construction, shall be entrusted to one or more coordinators—within the meaning of Article L. 235-3 of the Labor Code—chosen by the FINANCIAL LESSEE, after verifying its competence, and which must be suitably insured.
The **FINANCIAL LESSEE** will represent the project owner on the work site and must see that the constructions are erected according to the contract, the regulatory stipulations, the obligations of the building permit, the general principles of prevention in accordance with the provisions of the [Labor Code](#), and all regulatory texts applicable to the work site.

It is agreed, due to the strictly financial nature of this agreement, regarding the role of the **FINANCIAL LESSEE** in the field of designing the work, the choice of its location and operators, and the monitoring of the construction, that the **FINANCIAL LESSOR** does not intend to participate in the design or technical and safety monitoring of the structures, or the prevention of risks, nor will it bear any liability to that effect. With respect to this aspect of the financial lease operation, the **FINANCIAL LESSEE** assumes—with respect to third parties—sole technical and safety liability for the construction operation and undertakes to guarantee the **FINANCIAL LESSOR** if it were to be sought out to that end.

The **FINANCIAL LESSEE** undertakes to provide the **FINANCIAL LESSOR**, if the terms set out in Articles R. 238.1 and 238.2 of the Labor Code are met, no later than one month after opening of the work site, with a copy of the prior declarations set out in Articles L. 235.2, R. 238.1, and R. 238.2 of the Labor Code and in accordance with the decree dated March 7, 1995.

Lastly, the **FINANCIAL LESSEE** is expressly required to provide the **FINANCIAL LESSOR**, aside from the receipt report, the declaration of completion of the work and the certificate of compliance set out above, as of the end of the work site, with the subsequent operating file on the work prepared by the coordinator relative to health and safety pursuant to Article R. 238-38 of the Labor Code.

**CHAPTER II - INVALIDITY OF THE PRELIMINARY AGREEMENTS**

This document will become null and void, if the **FINANCIAL LESSOR** deems it appropriate, if the anticipated development work is not completed by the agreed-upon date for technical or legal reasons, not imputable to the **FINANCIAL LESSOR**, such as refusal by the assistant project owner to perform his assignment, recourse against the building permit, material impossibility of erecting the structure set out in the project management delegation agreement.

The same will be true if the development work is not completed in accordance with the project management delegation agreement (building not usable or not operable in its condition, serious breaches of the stipulations of the building permit, etc.).

In these cases, this document may be terminated at the request of the **FINANCIAL LESSOR**. This termination will take effect one month after receipt of a formal notice sent to the **FINANCIAL LESSEE**, by registered letter with return receipt, containing a declaration by the **FINANCIAL LESSOR** of its intent to activate this termination clause.

This termination will cause, automatically and without any formalities, the payment by the **FINANCIAL LESSEE** to the **FINANCIAL LESSOR** of compensation equal to the total of the sums disbursed by the latter for this operation increased by an amount equal to one percent (1.00%) of its amount, except in case of force majeure.
This compensation, the amount of which is expressly agreed upon between the parties, will serve as lump sum monetary damages to compensate the prejudice suffered by the **FINANCIAL LESSOR** due to the nonperformance of the financial lease operation and will be payable on the very date of expiration of the aforementioned time frame.

Furthermore, the advance rents, regular rents, study costs, commitment fees, and any other financial charges stipulated below for which the **FINANCIAL LESSEE** is responsible, due on the termination date and actually paid by the **FINANCIAL LESSEE**, will definitively remain the property of the **FINANCIAL LESSOR**, which will not be required to return any of them; those due on the termination date but not actually paid by the **FINANCIAL LESSEE** will become due immediately.

Likewise, the **FINANCIAL LESSEE** will remain responsible, with no ability to claim the return thereof from the **FINANCIAL LESSOR**, for all of the costs, advances, and any other expenses that it may have incurred, on its own behalf or on behalf of the **FINANCIAL LESSOR**, for the performance of the financial lease operation or the fulfillment of the obligations for which it is responsible.

**TITLE TWO**

**FINANCIAL PROPERTY LEASE**

**CHAPTER I**

**Article 1 - Financial property lease**

Under this document, the representative of the **FINANCIAL LESSOR**, in an official capacity,

Grants a lease and rents out, under the provisions of Article L. 313-7 of the Monetary and Financial Code (codification of Law No. 66-455 dated July 2, 1966, as modified and completed), on the financial lease,

In favor of the **FINANCIAL LESSEE**, which is accepted by its representative, in an official capacity,

The real property designated, after completion of the work, as follows:

**DESIGNATION**

In the commune of MARSEILLE (13009) Quartier du Redon, Route de Cassis (1), a building for business use, industrial premises, laboratories, with a net floor area of approximately 2,838 m².

Land Register Section 851 M, numbers:

- 34 locality route de Cassis for 96 a 48 ca
- 39 locality route de Cassis for 02 a 99 ca
- 38 locality route de Cassis for 02 a 39 ca
- 37 locality route de Cassis for 04 a 64 ca

Or a total of 1 ha 06 a 50 ca
Article 2 - Term of the financial lease

This financial lease is granted for a term that begins as of:

- Regarding the investment part related to the acquisition of the existing building and related costs (section A), on the date of acquisition by the FINANCIAL LESSEE, i.e., this day;
- Regarding the investment part related to the cost of the development work (section B), the first day of the month following the date of completion of the development work, as it will result from the provision of the premises established between the parties as set out in the project management delegation agreement analyzed above;
- And will end, for both sections, TWELVE (12) years after section A takes effect.

Article 3 - Termination ability by the FINANCIAL LESSEE

Pursuant to Article L. 313-9 of the Financial and Monetary Code (codification of Article 1-2 of Law No. 66-455 dated July 2, 1966, as modified and completed, the provisions of Article L.145-1 of the New Commercial Code (Codification of Decree No. 53-960 dated September 30, 1953) granting the lessee of the premises for commercial or industrial use the ability to give notice at the end of each three-year period are not applicable to these lease-management agreements.

However, and subject to what will be stated below regarding cases of accident or expropriation, the FINANCIAL LESSEE will have the ability, as of the end of the seventh year following the taking of effect of section A, and on the condition that it has effectively obtained the certificate of compliance for the building, to terminate these agreements, subject to:

- six months’ notice given to the FINANCIAL LESSOR by registered letter with return receipt sent to the registered office of the FINANCIAL LESSEE,
- the simultaneous payment to the FINANCIAL LESSOR of the lump sum termination compensation stipulated in article 28 below.

In all cases, the termination may only take place at the end of the calendar year in progress.

The termination thus requested may be recorded by a true deed that will be received by the Notarial Office named at the beginning of this document and published with the competent Mortgage Office. The costs of this true deed and its publication will be borne by the FINANCIAL LESSEE, which will have expressly agreed, as needed, that if the FINANCIAL LESSEE does not sign this true deed and pay the cost thereof, its termination request will be considered null and void.
Article 4 - Inventory - Bringing up to standards

A - Inventory

By express agreement, no inventory will be prepared upon entry into possession.

Consequently, the FINANCIAL LESSEE will be considered to have taken the building covered by the financial lease in a perfect state of upkeep.

The signature by the FINANCIAL LESSEE, in its capacity as assistant project owner and future lessee, of the report for receipt of the work set out above, will entail automatic recognition by it of the compliance of the building with the plans and quotations and the finishing of the work according to the provisions and stipulations of the aforementioned quotations.

As a result, the FINANCIAL LESSEE will take the building covered by this financial lease in the condition in which it is found upon entry into position and may not make any claim in this respect against the FINANCIAL LESSOR. It is prohibited from exercising any recourse against the FINANCIAL LESSOR due to faults, flaws, or defects, visible or hidden, even if they prevent use of the leased building.

The FINANCIAL LESSOR will not guarantee the condition of the building even due to construction flaws and the like, whether visible or hidden, or the state of the soil or subsoil due to digging or excavation that may have been done below that building, presence of asbestos, askarel, party walls, or errors or omissions in the designation of the building or the contents of the land, even exceeding one / twentieth (1/20th), irrespective of the date of completion of the structures.

Furthermore, the FINANCIAL LESSEE undertakes to inform the FINANCIAL LESSOR, within one month of noticing them, of all defects or flaws that it may detect in the structure.

The FINANCIAL LESSEE, to which all powers are given to that end, must immediately, at its expense, bring any recourse against the companies, the project owner, or any other relevant third party.

The FINANCIAL LESSEE shall keep the FINANCIAL LESSOR informed by sending it a copy of all useful documents.

However, if the management of the recourse against the companies proves unsatisfactory, the FINANCIAL LESSOR will have the ability to request, at any time, that the FINANCIAL LESSEE abandon its proceedings in favor of the FINANCIAL LESSOR, here having specified that the costs resulting therefrom will in any case remain the responsibility of the FINANCIAL LESSEE.

However, the FINANCIAL LESSEE may ask the FINANCIAL LESSOR to interrupt the proceedings to avoid the costs, inasmuch as the FINANCIAL LESSEE will personally see to the repair of the observed defects and disorders.
B - Bringing up to standards

The FINANCIAL LESSEE shall comply, in the context of its activity and the management of the leased buildings, with the requirements set out by the national and European standards, in particular regarding safety and health.

It must ensure the compatibility of all supplies and materials located in the building with the same standards, whether it involves personal or real property by intended use.

It may not claim any modification or work from the FINANCIAL LESSOR to bring the building or a piece of equipment of that building covered by this financial lease up to standards, even if that upgrade results from a legislative or regulatory requirement.

* Asbestos:

It shall satisfy all regulations, and in particular the research, verification, periodic inspection, and work resulting from decree No. 96-97 dated February 7, 1996, as modified by decree No. 97-855 dated September 12, 1997, decree number 2001-840 dated September 13, 2001, and decree No. 2002-839 dated May 3, 2002, specifying the rules for protection against risks related to asbestos exposure: the FINANCIAL LESSOR transferring all of the obligations resulting from this regulation to the FINANCIAL LESSEE.

If applicable, it shall also prepare an asbestos technical file within the time frames set out by the aforementioned decree dated September 13, 2001.

* Termites:

The FINANCIAL LESSEE shall also comply with the provisions of Law number 99-471 dated June 8, 1999, which defines the terms under which the prevention and eradication of termites and other wood-eating insects are organized, in order to protect the buildings, and decree number 2000-613 dated July 3, 2000 implementing that law.

Once the FINANCIAL LESSEE becomes aware of the presence of termites or other wood-eating insects in the building, it shall declare them to the City Hall, in accordance with the provisions of the aforementioned decree.

If the Building covered by this document is located within the perimeter of a contaminated zone, defined by the competent authority, it is specially agreed between the parties that the FINANCIAL LESSEE shall, within six (6) months, check for termites and undertake the necessary preventive or eradication work, and provide proof thereof to the FINANCIAL LESSOR by providing a diagnostic regarding the search, issued by an approved entity or an attestation delivered by the approved company having performed, if applicable, the necessary prevention or eradication work, in accordance with Article R. 133-1 of the Building and Residential Code, subject to the application of the penalties set out by Article R. 133-1 of the Building and Residential Code.
In its capacity as guardian of the Building, the **FINANCIAL LESSEE** undertakes to comply with all current or future provisions regarding the regulation relative to combating the spread of termites and other wood-eating insects.

It is further specified that in case of total or partial demolition of a building located in a contaminated zone, as set out in the texts in force, the contaminated wood and materials will be incinerated, or if on-site incineration is not possible, treated before any transport, a declaration having to be made to the City Hall by the person having conducted these operations in accordance with the texts in force, and in particular the provisions resulting from Article 3 et seq. of the decree dated July 3, 2000.

The **FINANCIAL LESSEE** may not be sought out or bothered in any way to that end, regarding compliance with all of the provisions and obligations resulting from the text currently in force and any subsequent text, the **FINANCIAL LESSEE** personally covering any liability in that respect.

* Legionnaires’ disease:

It shall comply with the stipulations resulting from circular No. 98-771 dated December 31, 1998, supplementary circular 2002.243 dated April 22, 2002 and the subsequent texts relative to the monitoring and prevention of Legionnaires’ disease.

The **FINANCIAL LESSEE** shall assume, at its expense and without any recourse against the **FINANCIAL LESSOR**, the cost of all work that may be done to meet all legal or regulatory provisions, all such that the **FINANCIAL LESSOR** is never sought out to that end.

**Article 5 - Liability possibly resulting from the use of the leased building or its structure**

All of the decisions pertaining to the choice of the location, nature, configuration, and intended use of the building covered by this document have been made by the **FINANCIAL LESSEE**. The **FINANCIAL LESSOR** assumes no part of these decisions and is limited, at the request of the **FINANCIAL LESSEE**, to ensuring, within the limits set out above, the financing of the operations made necessary by the decisions in question.

Throughout the entire term of this agreement, the **FINANCIAL LESSEE** will possess the use, management, and oversight of the leased building. It is then considered to be the guardian thereof, and this building is placed under its sole liability, this liability having to be assumed in full without it being able to exercise any recourse whatsoever, for any reason whatsoever, against the **FINANCIAL LESSOR**.

The **FINANCIAL LESSEE** alone will bear and satisfy all obligations for which the building owners may be responsible through any national or European legal or regulatory text.

Damage that may be caused either to the **FINANCIAL LESSEE** or to third parties, due to the very structure of the leased building (in particular that of the floors), which it should be recalled here have been chosen by the **FINANCIAL LESSEE**, shall be fully covered by the **FINANCIAL LESSEE**, who may not, as in the previous scenario, bring any recourse against the **FINANCIAL LESSOR** for any reason whatsoever.
If an activity is performed on the premises that may cause risks of pollution, in particular in the subsoil, it is agreed, as an essential and deciding condition of the undertaking by the **FINANCIAL LESSOR**, which is expressly accepted by the **FINANCIAL LESSEE**, as follows:

* The **FINANCIAL LESSEE** will assume the burden, in strict compliance with the current and future laws applicable to the type of activity and installation done, for the elimination of waste and the collection of materials so as to avoid any harmful effects and so that the **FINANCIAL LESSOR** may never be sought out due to damage caused to others.

* The **FINANCIAL LESSEE** will inform the **FINANCIAL LESSOR** of:
  
  • any formal notice by the Administration seeking to obtain the backfitting of the Building with national or community laws and regulations and international agreements (subject to their integration and applicability in French law) relative to protection of the environment, and in particular relating to discharge into the water, soil or subsoil, emissions into the air, noise, waste treatment, storage of flammable or hazardous products, PCB (Polychlorobiphenyls) and PCT (Polychloroterphenyls), asbestos, the rules for protection and safety of workers within the Building;

  • any accident or incident resulting from the operation of the Building and that may have harmful consequences for the environment or that may create a risk of damage to the environment and must be subject to a declaration to the classified facilities inspectorate under Article 38 of Decree number 77-1133 dated September 21, 1977 implementing the Law dated July 13, 1976 and any subsequent text;

  • any judicial decisions or injunctions following complaints filed by third parties or by an administrative authority seeking to compensate any injury whatsoever to the environment or seeking to end any annoyance resulting from the activity;

  • any obligation to repair all or part of the Building following a temporary or permanent cessation of any activity or following the modification of any activity conducted in the Building.

* The **FINANCIAL LESSEE** will be considered the owner of this waste, if it exists, and waives the right to any recourse against the **FINANCIAL LESSOR** in that respect, undertaking on the contrary to hold it harmless in any disputes, and that the aforementioned **FINANCIAL LESSOR** may never be implicated, in case of subsequent sale of the building (whether it involves an option exercised by the **FINANCIAL LESSEE** or any assignee, or a sale to a third party following the termination of this financial lease).

* All of the expenses necessary for the implementation of all laws, all regulations, and more generally, for all consequences of the activity of the **FINANCIAL LESSEE**, will be the responsibility of the **FINANCIAL LESSEE** or its assignees, if they are claimed from the **FINANCIAL LESSOR**.
* In case of termination of the financial lease for any reason whatsoever, if the activity performed by the FINANCIAL LESSEE may be considered to generate pollution, an audit will be conducted so as to determine the condition of the soil and subsoil, at the exclusive expense of the FINANCIAL LESSEE.

* All fees and costs that the FINANCIAL LESSOR may incur for the foregoing under this article and to comply with the conditions stated therein as well as any deposit to which the FINANCIAL LESSOR may be subject will constitute a charge for the FINANCIAL LESSEE.

* When an option is exercised in favor of the FINANCIAL LESSEE or any assignee, the declarations made above will be reiterated by the BUYER with respect to the FINANCIAL LESSOR, having become the seller.

CHAPTER II - TERMS

This financial lease is granted by the FINANCIAL LESSOR under the general terms and conditions stipulated in articles 6 to 15 below, which the representative of the FINANCIAL LESSEE undertakes to perform and accomplish subject to the penalties stipulated in Chapter V below.

Article 6 - Occupancy terms

A - Allocation of the premises

The premises covered by this document are intended for use as industrial premises, activity premises, laboratories.

The FINANCIAL LESSEE shall give them the same intended use throughout the entire term of the financial lease and is prohibited from allocating them, even temporarily, to another use.

B - Enjoyment of the premises

The FINANCIAL LESSEE must enjoy the leased premises as a good administrator.

The FINANCIAL LESSEE undertakes to comply with all current or future regulations relative to the activity performed by it, and more specifically with the safety rules, in particular those relative to the protection of persons and prevention of risks.

It is expressly prohibited from using, for the intended use set out above, the building covered by this financial lease, until it has proven to the FINANCIAL LESSOR that it has performed the required formalities, as well as any authorizations that may be necessary, in particular set out in Article R. 123-46 of the Building and Residential Code relative to protection against fire and panic risks in establishments receiving the public.

The safety of persons and property, due to the premises, covered by this financial lease, falls to the FINANCIAL LESSEE.

It shall, both on its own behalf and on behalf of the FINANCIAL LESSOR, obtain a subscription with any approved entity for periodic inspection visits, when it involves satisfying any law or regulation.
The inspections done to that end shall pertain to all of the buildings, elements, installations, and equipment subject, on any grounds whatsoever, to any regulation regarding the safety of people and property.

C - Operating authorizations

The FINANCIAL LESSEE will personally see to obtaining any administrative authorizations that may be necessary for the exploitation of its activity on the premises covered by this financial lease.

D - Easements

The FINANCIAL LESSEE will bear any easements of any nature that may affect the building given under the financial lease, without recourse against the FINANCIAL LESSOR for reduction of rents or other financial charges of the financial lease. It will benefit, as compensation, from active easements for that building, if any exist, at its sole expense, risk, and peril, and with the burden of participating, if applicable, in the repair and upkeep of the equipment from which it benefits.

Article 7 - Work during the financial lease

A - Upkeep - Repairs

The FINANCIAL LESSEE undertakes to maintain and return, at the end of the financial lease, the leased premises in a good state of upkeep and rental or other repair (in particular including repairs and reworking of enclosures, doors, windows, floors, ceilings, locks, equipment items, toilets, etc.).

The FINANCIAL LESSEE will further be bound to perform, on behalf of the FINANCIAL LESSOR, at its sole expense, risk, and peril and without recourse against or claiming back from the FINANCIAL LESSOR, all major repairs that become necessary during the financial lease, in particular including those that Article 606 of the Civil Code in principle makes the responsibility of the owner and which, incorporated in the building, automatically become its property.

The FINANCIAL LESSEE shall in particular keep the equipment and installations necessary for the normal use of the leased premises in a good state of upkeep and operation, in particular the heating, air-conditioning facilities, the elevator(s) or freight elevator, the sprinkler system, when the leased premises have such equipment.

In this respect, it is expressly agreed that the FINANCIAL LESSEE may not, without prior written agreement from the FINANCIAL LESSOR, finance the replacement of the aforementioned equipment under a contract that would grant temporary ownership thereof to the financial lessor (in particular under a financial property lease agreement).

It will also be required to perform any repairs that may prove necessary following flaws, defects, or faults in the construction, whether visible or hidden, even when no external sign has revealed the need to undertake such repairs.
For the performance of the work set out in the previous three paragraphs, the **FINANCIAL LESSEE** may not claim the benefit of the provisions of the second paragraph of Article 1724 of the Civil Code.

Furthermore, the **FINANCIAL LESSEE** may never ask the **FINANCIAL LESSOR**, during the financial lease, to perform any work, developments, or repairs.

The above work will be handled by the **FINANCIAL LESSEE** without recourse against or claiming back from the **FINANCIAL LESSOR** and without it being able to perform any compensation of their amount with the amounts due to the **FINANCIAL LESSOR** on other grounds.

It is further specified that the obstacles that may affect the terms for coverage of the costs of the work by the **FINANCIAL LESSEE** may not prejudice the principle of that handling.

**B - Equipment work - Enlargement - Extension**

The **FINANCIAL LESSEE** may, at its sole expense, risk, and peril and without recourse against or claiming back from the **FINANCIAL LESSOR**, perform any equipment and installation work on the leased premises necessary or specific to their professional use.

It may only, with prior express and written agreement from the **FINANCIAL LESSOR**, perform, in the building covered by this financial lease, within the limit of any administrative authorizations that may be necessary, any enlargement, extension, or raising of the structure that it deems necessary or useful for its needs.

It shall also perform all work that may be required by any legislative or regulatory provisions, and in particular, work relative to the safety of persons and property, and consequently it shall perform any work that may be stipulated, following inspection visits, by the entities or the various affected administrations.

The work targeted in the previous three paragraphs shall be performed at the exclusive risk and peril of the **FINANCIAL LESSEE** and under the oversight of an architect or a technical engineering firm.

The **FINANCIAL LESSEE** will subscribe for any insurance policies that the nature or scope of the work makes necessary.

The cost of such work, including the insurance premiums, architect or technical engineering fees, will be borne by the **FINANCIAL LESSEE** without recourse against or claiming back from the **FINANCIAL LESSOR**, which will not be required to pay their cost, or to reimburse building occupancy expenses.

The property additions resulting from the above work will be considered the property of the **FINANCIAL LESSEE** throughout the entire term of the financial lease. However, notwithstanding the postponement of the accession of the **FINANCIAL LESSOR** to the ownership of the works thus produced, the **FINANCIAL LESSEE** may not, throughout the entire term of the financial lease, remove, destroy, or eliminate the works thus done by it without express and written permission from the **FINANCIAL LESSOR**.
Furthermore, these property additions will automatically become the property of the **FINANCIAL LESSOR** at the end of the financial lease; consequently, the **FINANCIAL LESSEE** shall, upon its departure for any reason, and in particular due to the end or early termination of the financial lease, leave all work, embellishments, improvements, or structures of a real property nature that it may have done in the building, without being able to require any compensation to that end or reimbursement for its building occupancy expenses, and without being able to perform any compensation with the sums it owes to the **FINANCIAL LESSOR**.

Nevertheless, the **FINANCIAL LESSOR** may always (except for work expressly authorized by it) request, upon departure of the **FINANCIAL LESSEE**, the return of the premises to their original state, at the expense, risk, and peril of the **FINANCIAL LESSEE**.

Conversely, the equipment, materials, and installations not permanently fixed and which, as a result, may not be considered immovable by intended use, will still remain the property of the **FINANCIAL LESSEE** and must be removed by it, upon its departure, it being responsible for returning the premises to their condition after that removal.

**C - Changes in distribution**

Any changes in distribution by demolition, drilling of walls, beams, or floors, shall be subject to prior written authorization by the **FINANCIAL LESSOR**, and potentially, the obtainment of a building permit.

The work set out above thus authorized by the **FINANCIAL LESSOR** shall be performed at the sole expense, risk, and peril of the **FINANCIAL LESSEE**, and under the oversight of an architect or a technical engineering firm.

Such work constituting development or improvement work, the cost thereof as well as the premiums for the insurance policies that the **FINANCIAL LESSEE** subscribes for on that occasion, the fees for the architect or technical engineering firm, will be borne in full by the **FINANCIAL LESSEE**, without recourse against or claiming back from the **FINANCIAL LESSOR** and without it being able to perform any compensation with the sums due to the **FINANCIAL LESSOR** for any other reason.

However, in the event such work, due to its significance or nature, is taken into account by the **FINANCIAL LESSOR** for fiscal or accounting reasons, the coverage of the corresponding costs by the **FINANCIAL LESSEE** will assume the form of a specific rent supplement.
D - Liability of the FINANCIAL LESSEE due to work

The FINANCIAL LESSEE, having the initiative for the aforementioned work and the liability for its legal qualification, will alone assume the financial or fiscal consequences that its performance may cause for the FINANCIAL LESSOR, irrespective of whether it has been authorized by the FINANCIAL LESSOR, even if it results from a legal or regulatory obligation. Consequently, the FINANCIAL LESSEE undertakes to reimburse the FINANCIAL LESSOR for all costs, taxes and fees or tax adjustments, insurance premiums, or other charges that the FINANCIAL LESSOR may bear due to the performance of the work under the FINANCIAL LESSEE’s responsibility.

Likewise, the latter shall repay the FINANCIAL LESSOR the amount of any necessary work that the FINANCIAL LESSOR must perform following a breach by the FINANCIAL LESSEE.

E - Monitoring visits

Throughout the entire term of the financial lease, the FINANCIAL LESSEE must allow the representatives of the FINANCIAL LESSOR to visit the leased premises at any time to ensure their condition, and it must provide, upon first request by the FINANCIAL LESSOR, all supporting documentation that may be requested from it demonstrating the proper performance of the terms of the financial lease.

Article 8 - Decoration

The leased premises must be decorated, at all times, with material, fixtures, furniture, and goods, in sufficient quantity and value to guarantee the FINANCIAL LESSOR the payment of rent and the performance of the terms of this financial lease.

Article 9 - Pledge - Audit of the financial situation of the FINANCIAL LESSEE

A - Pledge

The FINANCIAL LESSEE is prohibited from pledging the rights that it holds under this financial lease agreement.

If this clause is violated, this financial lease agreement will, if the FINANCIAL LESSOR deems it appropriate, be terminated under the clause stipulated in article 25 below, without prejudice for the FINANCIAL LESSOR’s ability to seek, if it prefers, the invalidity of the pledge granted in spite of this clause.

B - Audit of the financial situation of the FINANCIAL LESSEE

The FINANCIAL LESSEE will be required to provide the FINANCIAL LESSOR, annually, with a copy of the balance sheet and income statement for the past fiscal year as well as the text of the report by the Management or Board of Directors or Supervisory Board to the Ordinary General Shareholders’ Meeting called upon to rule on the accounts for that fiscal year.

These documents must be produced within one month following their approval by the Ordinary General Shareholders’ Meeting.
**Article 10 - Subleasing**

The building subject to this financial lease may be subleased to natural persons or legal entities, in order to perform the activity specified in article 6, paragraph A above, on these premises.

The subleases may either be total, in favor of a single natural person or legal entity, or partial, in favor of several natural persons or legal entities.

They shall be subject to prior written agreement with the **FINANCIAL LESSOR**.

In the case of termination for any reason whatsoever of one or all of the subleases, a new sublease may only be granted after the **FINANCIAL LESSOR** has agreed, under the terms defined above, expressly and in writing, to the person of the sublessee as well as the draft sublease agreement and in return for the irrevocable undertaking by the **FINANCIAL LESSEE** and the sublessee with respect to the **FINANCIAL LESSOR** not to alter the terms of the sublease agreement throughout the entire term of the sublease agreement, without prior written agreement from the **FINANCIAL LESSOR**.

In any case, the subleases may not in any case be enforced against the **FINANCIAL LESSOR** for any reason whatsoever.

* The sublessee(s) shall comply with all terms and conditions of the financial lease agreement, with no exception or reserve.

* The sublease(s) shall not in any case last longer than the financial lease.

It shall be expressly stipulated, in the sublease agreement(s), that the termination of the financial lease agreement for any reason shall automatically cause termination of the sublease(s).

* The **FINANCIAL LESSEE** shall inform the **FINANCIAL LESSOR**, by registered letter with return receipt, of the names and capacities of the sublessee(s) and provide it, within eight days of signature, with an original copy of each sublease agreement.

* The leased premises forming an indivisible whole by the mutual intent of the parties, in any case, in the event of partial sublease, the sublease(s) shall not be enforceable against the **FINANCIAL LESSOR**.

The **FINANCIAL LESSEE** undertakes to assume, with respect to its total sublessee and/or its partial sublessee(s), the payment of any compensation of any nature, in particular that which may be due by the **FINANCIAL LESSEE** to its sublessee pursuant to Articles L. 145-1 *et seq.* of the New Commercial Code (codification of Decree number 53-960 dated September 30, 1953) on the commercial property.

The **FINANCIAL LESSEE** undertakes to see personally to any relationship with its sublessee(s).
The **FINANCIAL LESSEE** shall reimburse the **FINANCIAL LESSOR** for any amounts that the latter may be required to pay to any sublessee, in case of its own breach, as eviction compensation, or upon expiration of the financial lease agreement if the promise of sale that completes it is not exercised, or at any time in case of its termination for any reason whatsoever.

(1)

The sublease agreement shall include the following clause:

“The company **INNATE PHARMA**, hereinafter referred to as the **LESSOR**, hereby grants a sublease to the company **LESSEE**, under the terms of this agreement.

The **LESSEE** declares and recognizes that it has been fully informed of the fact that it is occupying the premises as sublessee.

The **LESSEE** declares and recognizes that the sublease is not enforceable against SOGEBAIL in its capacity as financial lessor and owner of the premises.

The **LESSEE** expressly waives its ability to assert, with respect to the aforementioned financial lessor, any rights that it may have under this sublease.

The **LESSEE** declares and recognizes that if the aforementioned financial property lease agreement is terminated for any reason, this sublease will be terminated automatically without legal formalities and without compensation at the responsibility of the owner.

The **LESSEE** shall immediately vacate the premises as of denunciation of the termination of the financial lease done by bailiff affidavit.

If it refuses to leave the premises, it may be forced to do so by a simple interim order handed down by the District Court of the location of the subleased building.

It is expressly understood that if the **LESSOR** exercises the purchase option contained in the aforementioned financial property lease agreement and thus becomes the owner of the premises, this sublease shall become a primary lease as of the transfer of ownership.”

If the aforementioned sublease is terminated, one or several subleases may only be granted after the **FINANCIAL LESSOR** has agreed, expressly and in writing, to the person of the sublessee as well as the draft sublease agreement and in return for the irrevocable undertaking by the **FINANCIAL LESSEE** and the sublessee, with respect to the **FINANCIAL LESSOR**, not to modify the terms of the aforementioned sublease agreement throughout the entire term of the financial lease, without prior and written agreement from the **FINANCIAL LESSOR**.
Article 11 - Assignment of the right to the financial lease

A - Assignment of the right to the financial lease

The FINANCIAL LESSEE may only assign its right to this financial lease, in whole or in part, with express and written consent from the FINANCIAL LESSOR, subject to invalidity of the assignment granted in spite of this clause, and even termination of the financial lease agreement, if the FINANCIAL LESSOR so decides.

The potential assignment of this financial lease will necessarily and automatically cause the transfer in favor of the assignee of the benefit of the promise of sale granted below to the FINANCIAL LESSEE.

If the right to the financial lease is assigned, the assigning FINANCIAL LESSEE will be jointly bound, with its assignees, by all obligations for which it is responsible hereunder, and in particular the payment of rents by their due dates and the full performance of all of the terms of this financial lease.

Consequently, all of the successive financial lessees, even those who, having assigned the right to the financial lease, no longer occupy the leased premises, will be jointly bound to one another with respect to the FINANCIAL LESSOR for the payment of rents and charges and the performance of all of the terms and conditions of the financial lease, such that the FINANCIAL LESSOR can act against all or any one of the successive lessees, jointly bound for the whole, without being able to have the benefit of discussion or division enforced against them.

Furthermore, the assignment will not release the guarantees from their obligations with respect to the FINANCIAL LESSOR, such that they will remain jointly bound with the assignor and the assignee, for all obligations for which the FINANCIAL LESSEE is responsible under this financial lease.

The above stipulations apply to all cases of assignment in any form and the contribution of the right to the financial lease to any company in any form, whether this contribution is done to a new company or a pre-existing company.

The company assignment or contribution shall be done in the presence of the FINANCIAL LESSOR, or the latter shall be duly called thereto by simple registered letter with return receipt sent to its registered office at least fifteen days in advance.

The assignment or contribution will be recorded by a true deed, an enforceable copy of which will be issued at no cost to the FINANCIAL LESSOR to serve as an enforceable document for it against the assignee(s).

The assignor shall provide the assignee, as of the assignment of the financial property lease agreement, with the technical and legal documentation related to the building covered by this document.

The assignment of this financial lease agreement will lead to the collection, by the FINANCIAL LESSOR, of transfer costs, the amount of which is set at the sum, excluding value-added tax, of THREE THOUSAND, ONE HUNDRED EUROS (€3,100).
The assignee will be responsible for these costs.

**B - Bankruptcy or liquidation - Dissolution of the financial lessee**

The assignment of the right to the financial lease as part of collective proceedings may only be done in accordance with Article L. 620-1 *et seq.* of the New Commercial Code and after having been duly authorized.

In case of dissolution of the lessee, the assignment of the right to the financial lease may only be done under the conditions set out in paragraph A above and subject to the provisions of Article L. 237-5 of the New Commercial Code.

**Article 12 - Obligation of the FINANCIAL LESSOR in case of sale of the building**

In accordance with the provisions of Article L. 313-7 of the Financial and Monetary Code as modified, the **FINANCIAL LESSOR** undertakes, in case of sale or assignment of the property covered by this financial lease during the term thereof, to require its buyer, assignee, or agent to perform all of the terms and conditions of these agreements of the financial lease.

**Article 13 - Contributions - Taxes - Fees - Charges**

**A - Contributions**

The **FINANCIAL LESSEE** will pay directly or reimburse the **FINANCIAL LESSOR**, in addition to rent, for its personal contributions, occupancy tax, professional fees, and the like, and will pay all city and police charges to which lessees are ordinarily bound, all such that the **FINANCIAL LESSOR** is never bothered in this respect; it must provide proof thereof to the **FINANCIAL LESSOR** upon any request, and especially at the end of the financial lease.

**B - Taxes and Fees**

Furthermore, the **FINANCIAL LESSEE** shall pay or reimburse the **FINANCIAL LESSOR**, in addition to the rent, for:

* All taxes, fees, and contributions, property or other, of any nature, to which the leased premises or the lease itself may be subject, as well as all municipal taxes or city or State charges and any royalties, based now or in the future on these premises.

The **FINANCIAL LESSOR** tasks the **FINANCIAL LESSEE** with sending the “Tax Declaration” form (model U, P, or CDB depending on the nature of the building), duly completed and signed, to the Property Tax Center to which the building reports, within 90 days of the date of its completion.

The **FINANCIAL LESSEE** will send the **FINANCIAL LESSOR** a copy of that form, completed and signed.

It is recalled here that the information must be accurate and truthful and will serve as a basis for calculating the property tax. The **FINANCIAL LESSEE** waives any right of recourse against the **FINANCIAL LESSOR** to that end.

* Any taxes, duties, and royalties that may be created later in any form, in addition to or as a replacement for those set out above, irrespective of the taxation mode and even if these taxes assume the form of taxation on the capital of the **FINANCIAL LESSOR** represented by the premises hereby given under the financial lease.

* More generally, any charges of any nature that are or become payable on the leased premises or the lease, all such that the rents set out below are collected by the **FINANCIAL LESSOR** net of any real charges, to the full exclusion of taxes that may affect the rental income due to the **FINANCIAL LESSOR**, and which are and will remain the responsibility of the **FINANCIAL LESSOR**.
The **FINANCIAL LESSEE**, which ultimately owes the taxes, fees, and charges affecting the leased premises or the lease, will have the ability to contest the amount or principle of any taxation for which it is directly or indirectly liable, but it may only submit this dispute to the relevant administration or collectivities at its sole expense, risk, and peril on behalf of the **FINANCIAL LESSOR**, which hereby delegates it, as needed, all useful powers to that end. Any claims or disputes that may be formulated by the **FINANCIAL LESSEE** with respect to the **FINANCIAL LESSOR** shall be considered inoperative, the **FINANCIAL LESSOR** not intending to personally assume the burden of any disputes with respect to administrations or entities. However, such a dispute may not result in delaying the due date of these charges.

Any reimbursement of taxes or fees, as well as any tax deductions that may be obtained, will benefit the **FINANCIAL LESSEE** exclusively.

**Free zones:**

The **FINANCIAL LESSEE** undertakes to inform the **FINANCIAL LESSOR** if it meets the conditions allowing it to benefit from special exemptions for free zones or any others benefiting from a special specific status.

If the administration has not taken the specific exemption regime into account, the **FINANCIAL LESSOR** tasks the **FINANCIAL LESSEE** with filing any tax exemption request with any competent administration. The **FINANCIAL LESSEE** undertakes to keep the **FINANCIAL LESSOR** apprised of the requests and responses provided by the tax administration.

In any case, the **FINANCIAL LESSEE** shall reimburse the **FINANCIAL LESSOR** for the amount of the property taxes paid by the latter.

**C - Charges for audit and inspection visits**

The various charges resulting from the audits or inspections to which the building covered by this financial lease, and its development, as well as the installations and equipment that they contain, may be subject to the various regulations applicable to them, and in particular those on the safety of people and property, shall be directly and fully assumed by the **FINANCIAL LESSEE**, which is solely liable for the premises safety covered by this financial lease and their use.

**Article 14 - Value-Added Tax**

By express agreement between the parties, this financial lease will be subject to the value-added tax in accordance with the regulations in force and thus exempt from any lease registration duties.

The amount of the value-added tax affecting each term of rent, at the rate in force on each due date, will be borne by the **FINANCIAL LESSEE** in addition to the rent and other charges stipulated below.

**Article 15 - Expenses - Duties - Emoluments**

All of the expenses, duties, and emoluments under this financial lease agreement, and those that are the result and consequences thereof, will be borne by the **FINANCIAL LESSEE**, as well as its representative, which agrees thereto.
CHAPTER III - SAFETY - INSURANCE - ACCIDENTS

Article 16 - Safety

The safety of people and property, due to the building covered by this financial lease agreement and its use, falls to the operating FINANCIAL LESSEE.

If the leased building constitutes an “establishment receiving the public” within the meaning of Articles R. 123-2 and R. 123-18 to 20 of the Building and Residential Code, the FINANCIAL LESSEE undertakes to comply and ensure strict compliance by any person in its service with the regulations relative to the type and category of this establishment.

To that end, it in particular undertakes to:

* see to the maintenance, upkeep, and inspection, at its expense, throughout the entire term of the financial lease, of all of the equipment and facilities with which the leased premises are equipped, at the times and in the manner indicated in the texts set out above,

* not make any change to these premises that is not in line with the provisions of those texts,

* open and keep up-to-date, or have opened and kept up-to-date, a security ledger,
* throughout the financial lease, have the inspections set out in Article R. 123-43 of the Building and Residential Code carried out periodically, by the entity of its choice approved under the conditions set out in the aforementioned article.

If, following noncompliance with the above obligations, the **FINANCIAL LESSOR** is sued, in any manner whatsoever, the **FINANCIAL LESSEE** shall reimburse it for the amount of any order handed down against it, as well as the costs and fees incurred for its defense.

**Article 17 - Insurance**

1) **Content of the coverage that must be subscribed for.**

1) **Insurance for the building.**

The premises covered by the financial lease, and all elements and installations of an immovable nature with which they are equipped, will be insured, for an indexed amount allowing them to be rebuilt or replaced identically at any time, and covering them against any damage, in particular caused by fire, lightning, explosions, storms, hurricanes, snow on the roof, crossing of the sound barrier, hail, falling aircraft, impacts from land vehicles, electricity or fluids, including damage from acts of terrorism or sabotage, strikes, riots, or popular uprisings.

This coverage will be completed by an “Indirect Losses” coverage of at least 10%.

The expert fees, demolition costs, and backfill costs following an accident will also be covered, as well as the amount of the premiums for the “Renovation Works” insurance policy, which will be subscribed for upon the reconstruction or repair of the buildings.

2) **Insurance for personal property, materials, and goods.**

The real property, materials, and goods located on the premises under financial lease with the **FINANCIAL LESSOR** will also be covered.

3) **Lost Rent - Deprivation of Enjoyment insurance.**

A Lost Rent - Deprivation of Enjoyment Insurance policy, covering at least two years of financial charges under the financial lease, will also be subscribed for.

The compensation that the **FINANCIAL LESSOR** may receive from the insurance company to that end will be handed over by it to the **FINANCIAL LESSEE** inasmuch as the charges stipulated in the financial lease agreement have indeed been paid by the latter, in accordance with the financial lease agreement.

4) **Civil Liability Insurance.**

The Civil Liability of the **FINANCIAL LESSOR** as well as that of the **FINANCIAL LESSEE** with respect to third parties, including, if applicable, sublessees, will be covered against:
* The pecuniary consequences of the civil liability that may be incurred by the FINANCIAL LESSOR, owner of the premises, and/or the FINANCIAL LESSEE, due to the building covered by the financial lease agreement (Art. 1382, 1383, 1384 paragraphs 1, 1386 of the Civil Code), for the minimum amount of €4.5 M for bodily injury and €4.5 M for material and immaterial damages, including €1.5 M per accident for immaterial damage, irrespective of whether it is consecutive.

* The pecuniary consequences of the civil liability that may be incurred by the FINANCIAL LESSOR, owner of the premises, and/or the FINANCIAL LESSEE, due to the building covered by the financial lease agreement, due to fire, explosion, or fluid (Art. 1384 par. 2 of the Civil Code – “Recourse by Neighbors and Third Parties”), for a minimum amount of €4.5 M for bodily injury and €3.3 M for other damage.

II) Terms for establishment of coverage.

* Pursuant to Article L. 121-10 par. 2 of the Insurance Code, the FINANCIAL LESSOR, in its capacity as new owner, tasks the FINANCIAL LESSEE with proceeding immediately with the termination of the Multi-risk policy that has covered the building thus far, if that policy was set up by the seller.

* All of the aforementioned coverage, outside the furniture, goods, and Civil Liability of the FINANCIAL LESSEE, will be insured under an “All risks except” policy subscribed for by the SOCIETE GENERALE exclusively on behalf of its subsidiaries.

* The coverage regarding the furniture and goods as well as the Civil Liability of the FINANCIAL LESSEE will be subscribed for by the FINANCIAL LESSEE with an insurer of its choice.

* All of these policies will include a mutual waiver of all recourse clause. This waiver of recourse by the insurer will also extend to the respective insurers of each of the parties to this deed, as well as against authorized sublessees.

* The amount of the premium regarding all of the coverage, excluding furniture, goods, and the Civil Liability of the FINANCIAL LESSEE, will be reinvoiced to the FINANCIAL LESSEE at the same time as the rent, by way of charges.

III) Liability of the FINANCIAL LESSEE in setting up the insurance.

Given that the FINANCIAL LESSEE cannot, in light of the factual elements specific to each of the buildings that it gives under lease management, decide itself on the amount of the capital that will serve as a basis to establish the aforementioned policies, in order for the coverage set out by this deed to be obtained, it is expressly agreed that the covered amounts will be determined between the insurer and the FINANCIAL LESSEE, under the sole liability of the latter, and may not be lower than the amount of reconstruction at new value, including costs and fees.
The brokerage firm GRAS SAVOYE will establish a relationship with the FINANCIAL LESSEE in order to allow the latter to assess the risks precisely. Based on this information, a pricing structure will then be established by the broker, based on the coverage appearing in the notice prepared by the insurer, defining the essential terms of the contract. The FINANCIAL LESSEE recognizes that it is already aware of this notice.

The FINANCIAL LESSEE will see, at its sole liability, to the issuance of the insurance certificate by the insurer.

Inasmuch as there is no insurance policy on the market able to cover all of the risks for unlimited amounts and with no deductibles; if the amount of the compensation awarded by the insurance companies, following any accident, is insufficient to provide full pecuniary compensation for the damage caused by the accident, in particular:

- in case of error, omission, or reticence in the declarations made to the insurers.
- or because the amount of the capital covered by the subscribed policies is lower than that which would normally have been subscribed for in order for this compensation to provide full reparations,
- or because, this amount being sufficient, the insurance companies, for any reason, would only pay compensation lower than that to which the aforementioned insurance would entitle the holder,
- or because the deductibles were left by the insurer(s) to the responsibility of the beneficiaries of the compensation,

the FINANCIAL LESSEE will owe the FINANCIAL LESSOR the difference between the amount of the full pecuniary compensation for the damage caused by the accident and the amount of the compensation awarded by the insurance companies.

IV) Maintenance of the coverage over time

If the “All risks except” policy subscribed for by the SOCIETE GENERALE on behalf of its subsidiaries is terminated by the insurer and in the state of the market, the FINANCIAL LESSOR is unable to find equivalent coverage on the market in the form of a group contract for all of the buildings of which it is the owner, the FINANCIAL LESSOR shall inform the FINANCIAL LESSEE by Registered Letter with return receipt.

The FINANCIAL LESSEE will then have one month to offer equivalent coverage to the FINANCIAL LESSOR to cover the building under this deed, as well as the Civil Liability coverage related thereto.

All of the coverage set out above, excluding the personal property and goods, shall be subscribed for by the FINANCIAL LESSEE, acting on its own behalf and on behalf of the FINANCIAL LESSOR, owner of the premises.
The various insurance coverage indicated above will be subscribed for by the FINANCIAL LESSEE at its sole liability with one or several companies known to be solvent, it being responsible for maintaining the validity thereof throughout the entire term of the financial lease agreement. It shall regularly pay the premiums for this insurance, increased by the related fees and taxes.

The insurance companies with which the various coverage described above is subscribed for shall expressly undertake, for each of the subscribed policies, to:

- notify the FINANCIAL LESSEE, in writing, one month before any cancellation or reduction of the coverage requested by the FINANCIAL LESSEE, without the latter having simultaneously provided express agreement from the FINANCIAL LESSOR;
- notify the FINANCIAL LESSEE of any delay in the payment of the premiums and only suspend the coverage granted for one month after receipt by the FINANCIAL LESSOR of that notice; notify the FINANCIAL LESSOR, with one month’s notice, of any termination of the policy to take place at its initiative;
- pay the FINANCIAL LESSOR alone, except with express authorization from the latter, any compensation related to the rents and property damage;
- not assert, with respect to the FINANCIAL LESSOR, any omission, insufficient declaration, or inaccurate declaration by the FINANCIAL LESSEE and, consequently, not enforce against the FINANCIAL LESSOR, the invalidity, or coinsurance clause, or forfeiture in case of breach by the injured party of its obligations committed after an accident; the insurance company nevertheless retaining all recourse against the FINANCIAL LESSEE, subscriber for the policy;
- waive any recourse against the FINANCIAL LESSOR in case of an accident damaging the personal property, materials, and goods contained in the building;
- not assert any clause limiting the compensation to the cost of the materials if the building is erected on land belonging to another.

VI - Obligation of the FINANCIAL LESSEE in case of accident.

* The FINANCIAL LESSEE shall notify the FINANCIAL LESSOR in writing, within five business days of its occurrence, of any accident suffered or caused by the premises covered by the financial lease agreement. It shall also, under the terms and time frames set out by each insurance policy, make all declarations to the insurance companies: the FINANCIAL LESSOR henceforth gives it, as needed, a mandate to make these declarations. The FINANCIAL LESSEE is prohibited from any proceedings or action against the FINANCIAL LESSOR relative to the accident.

* It shall also take the necessary measures to obtain, from the insurance companies, the quick payment of compensation, and in particular either on its own behalf, or on behalf of the FINANCIAL LESSOR, which henceforth gives it all useful mandates to that end, to take all measures, perform all formalities, obtain all expert assessments, assist therein; in case of difficulties, bring any proceedings, constraints, and diligence.
However, in case of judicial proceedings, the FINANCIAL LESSOR shall be notified beforehand by the FINANCIAL LESSEE of any action undertaken, as plaintiff or defendant, the FINANCIAL LESSOR having the deciding vote relative to the choice of attorney, who may not be appointed by the FINANCIAL LESSEE without its agreement. All duties, costs, and fees of any nature, including the legal fees and those of an architect or engineering firm appointed by the FINANCIAL LESSOR to monitor the court-ordered assessment operations, that may remain due because of the performance of the obligations set out above, will be paid directly by the FINANCIAL LESSEE.

The FINANCIAL LESSEE will relieve the FINANCIAL LESSOR of any orders that may be handed down against it due to the nonexistence or insufficiency of coverage by the aforementioned policies, and more generally, in case of total or partial coverage refusal by the insurer. It will further take responsibility for the costs and fees that the FINANCIAL LESSOR may have incurred for its defense.

In case of an accident involving the construction insurance policies (Builders Risk Insurance or Renovation Works Policy), the FINANCIAL LESSEE further undertakes to reconstitute, at its sole expense, the coverage such that the amount thereof is at least equivalent to what it was before the occurrence of the accident and to allow, in any case, full reconstruction of the premises covered by the financial lease, and to provide evidence thereof to the FINANCIAL LESSOR upon first demand by the latter.

In any case, the compensation paid following any accident will be collected beforehand by the FINANCIAL LESSOR, the latter being responsible for subsequently passing it on to the FINANCIAL LESSEE, upon justification of the full performance of the work and presentation of paid invoices.

The FINANCIAL LESSEE shall also pay the FINANCIAL LESSOR the management costs of the accident, in the amount of ZERO point FIVE ZERO percent (0.50%) of the amount the accident, not to exceed TWO THOUSAND, THREE HUNDRED EUROS (€2,300), excluding value-added tax.

Article 18 - Accident - Reconstruction

A - Partial accident

By derogation from the provisions of Article 1722 of the Civil Code, the partial destruction, even by act of God or force majeure, of the leased building will not authorize the FINANCIAL LESSEE to request termination of the financial lease, or the payment of any compensation.

The FINANCIAL LESSEE will be required to repair the premises having suffered the accident, at its sole expense, risk, and peril, after having obtained the necessary administrative authorizations.

The FINANCIAL LESSOR will pass on to the FINANCIAL LESSEE, upon provision of supporting documentation for the work done, any compensation that it may collect from insurance companies or any entity whatsoever, after, however, deducting any taxes and fees that may affect that compensation.
If the repair of the premises cannot be done for lack of the necessary administrative authorizations, the FINANCIAL LESSEE will have the ability to:

* either request the termination of the financial lease, without waiting for the expiration of the minimum time frames set out in article 3 above, and in return for the payment to the FINANCIAL LESSOR of compensation equal to the entire price, stipulated below in article 32, of the sale of the building set out in article 31, determined on the day of the termination,

* or realize the promise of sale granted in its favor, under the conditions set out in article 31, and in return for the price stipulated in article 32, even before the expiration of the minimum time frame set out below,

* or continue this financial lease on the usable part of the building. In this case, the FINANCIAL LESSEE will pay the FINANCIAL LESSOR compensation representing the depreciation of the building determined on the date of the accident by mutual agreement between the parties or, otherwise, by expert statement designated by the most diligent party.

The amount of the rent will be reduced in proportion to the amount of this compensation (net of all taxes and fees that may affect it) relative to the price stipulated in article 32 below of the sale of the building promised to the FINANCIAL LESSEE, determined on the date of payment of that compensation. The sales price stipulated in article 32 itself will be reduced by the amount of the collective compensation (net of any taxes and fees that may affect it).

These reductions will take effect as of the date of payment of the compensation by the FINANCIAL LESSEE and not from the date of the accident.

In all three cases set out above (termination of the financial lease, early exercise of the promise of sale, or continuation of the financial lease on the remaining part of the building), if the FINANCIAL LESSOR collects compensation from the insurance companies or any entity, it will forward that compensation to the FINANCIAL LESSEE, having deducted any taxes and fees that may affect it.

The compensation collected from the Insurance Companies by the FINANCIAL LESSOR and passed on to the FINANCIAL LESSEE will be deducted from the compensation paid to the FINANCIAL LESSOR by the FINANCIAL LESSEE in the cases set out above, i.e., the termination of the financial lease or the continuation of this financial lease on the usable part of the building.

The FINANCIAL LESSEE shall indicate its option by registered letter with return receipt, within one (1) month of receipt of the letter sent by the FINANCIAL LESSOR requesting its agreement regarding the amount of the compensation proposed by the insurance company and asking for the selected option.

If no response is received from the FINANCIAL LESSEE within the aforementioned time frame, the FINANCIAL LESSEE will be considered to have opted for termination of this agreement.
B - Total accident

In case of an accident causing the total destruction of the building, this financial lease will be terminated automatically, but only upon expiration of the time frames stipulated below in favor of the FINANCIAL LESSEE, to optionally exercise the option reserved for it and except in case of express and written waiver by the FINANCIAL LESSEE regarding the benefit of this ability.

Nevertheless, by express agreement between the parties and by derogation from Article 1722 of the Civil Code, such a termination will cause the obligation for the FINANCIAL LESSEE to pay the FINANCIAL LESSOR compensation equal to the sales price of the building, as stipulated in article 32 determined on the date of the termination, increased, if applicable, by any repair costs for the land after the accident (in particular destruction and removal of remains). In return, the FINANCIAL LESSOR will pay the FINANCIAL LESSEE the amount of any compensation received from the insurance companies or any entity, after deducting any taxes and fees that may affect that compensation.

However, and notwithstanding the preceding provisions, the FINANCIAL LESSEE will have the ability to:

* either realize the promise of sale under the terms indicated in paragraph A above,

* or (by express derogation from the provisions of Article 1722 of the Civil Code) continue this financial lease by having the premises rebuilt at its sole expense, risk, and peril, after having obtained the necessary administrative authorizations.

The FINANCIAL LESSEE shall indicate its option by registered letter with return receipt, within one (1) month of receipt of the letter sent by the FINANCIAL LESSOR requesting its agreement regarding the amount of the compensation proposed by the insurance company and asking for the selected option.

If no response is received from the FINANCIAL LESSEE within the aforementioned time frame, the FINANCIAL LESSEE will be considered to have opted for termination of this agreement.

If the FINANCIAL LESSEE opts for the continuation of the financial lease, the necessary administrative authorizations must be obtained by the FINANCIAL LESSEE within one year from the date of notification of its option; otherwise, the financial lease will be terminated automatically under the terms set out above, unless the FINANCIAL LESSEE prefers, within the same one-year period, to opt for realization of the promise of sale.

Irrespective of the option chosen by the FINANCIAL LESSEE, the FINANCIAL LESSOR will pay it the amount of the compensation collected from the insurance companies or the other entities, having deducted any taxes and fees that may affect that compensation.
The forwarding to the **FINANCIAL LESSEE** of any compensation that may be due to it under the provisions of this article 18 will only take place after the effective payment by the **FINANCIAL LESSEE** of any amounts that it owes to the **FINANCIAL LESSOR** under this agreement, the **FINANCIAL LESSOR** nevertheless reserving the right to automatically perform compensation between these amounts.

**C - Rebuilding authorization**

In all of the cases set out in paragraphs A and B above, the **FINANCIAL LESSEE** is required to obtain any administrative authorizations that may be necessary. It is specified that the **FINANCIAL LESSEE** will also be required to obtain, if applicable, the authorizations resulting from the coownership agreement and/or documents governing the zone on which the building under the financial lease depends.

**D - Rebuilding - Repair**

In all of the cases set out in this article, the rebuilding of the building that has been completely destroyed or the repair of a building that is partially affected by an accident will be done by the **FINANCIAL LESSEE**:

* based on a work quotation and plans prepared by the **FINANCIAL LESSEE** at its expense and under its liability,

* and under the oversight and monitoring of an architect or a technical engineering firm approved by the **FINANCIAL LESSOR** and whose fees will be included in the rebuilding or repair costs.

**E - Provisions relative to rents**

In all cases of accident where the **FINANCIAL LESSEE** has opted for the repair or rebuilding of the leased building and therefore for the continuation of the financial lease, the **FINANCIAL LESSEE** will continue, during the period elapsed between the date of the accident and the actual rebuilding, to bear all of the rents, charges, and accessories stipulated in this deed.

In return, the compensation that the **FINANCIAL LESSOR** may collect from insurance companies under the “Lost Rents” coverage or the “Deprivation of enjoyment” coverage (or any other equivalent coverage), when this coverage has indeed been subscribed for by the **FINANCIAL LESSEE** under the terms specified in article 17 above, will be passed on by the **FINANCIAL LESSOR** to the **FINANCIAL LESSEE**.
CHAPTER IV - FINANCIAL CHARGES

This financial lease is respectively granted and accepted in return for the financial charges (study and assembly costs, advance rents, rents, and other royalties) set out below.

Article 19 - Study and assembly costs - Commitment - Management costs - Advance rents - Interest on the value-added tax

1) Study and assembly costs

A lump sum, excluding value-added tax, of FIVE THOUSAND EUROS (€5,000.00), or the sum, all taxes included, of FIVE THOUSAND, NINE HUNDRED EIGHTY EUROS (€5,980.00), has been paid by the FINANCIAL LESSEE to the FINANCIAL LESSOR as of this day.

2) Commitment

The FINANCIAL LESSOR will receive a commitment commission set at ZERO POINT ZERO FIVE PERCENT (0.05%) per quarter of the amount of the investment excluding tax.

This commission is calculated, prorata temporis, as of the date of the financing offer, or January 7, 2008, until today, on which date it will be withdrawn in a single operation.

3) Management costs

The FINANCIAL LESSOR will collect, from the FINANCIAL LESSEE, if applicable, throughout the entire term of the financial property lease, the following costs excluding tax, in case of:

| Costs on rents if withdrawal outside Société Générale rent | € 55/par |
| Management of a dispute related to the construction or an accident | € 2,300 |
| Modification of the agreement at the request of the FINANCIAL LESSEE causing the preparation of an amendment | € 1,550 |
| Exercise of the early option | € 1,550 |
| Quantification of exercise of the early option | € 300 |
| Contract management costs | €115/year |

4) Lessee advance

The FINANCIAL LESSEE grants the FINANCIAL LESSOR, which is accepted by their above-mentioned representative, a loan in an amount of ONE MILLION, FIVE HUNDRED THOUSAND EUROS (€1,500,000.00), which will be pledged by the FINANCIAL LESSEE in favor of the FINANCIAL LESSOR throughout the entire term of the financial lease as of this date.

The cashing and repayment of this loan will be done as follows:

• The FINANCIAL LESSEE pays, this day, to the FINANCIAL LESSOR, the amount of the loan, i.e., ONE MILLION, FIVE HUNDRED THOUSAND EUROS (1,500,000.00 EUR),
• The **FINANCIAL LESSOR** will open, in its writings in the name of the **FINANCIAL LESSEE**, a special account corresponding to the amount of the above loan granted and accepted and intended to trace the relations of the **FINANCIAL LESSOR** and the **FINANCIAL LESSEE**, on the occasion of this loan.

• This loan will be repaid at the nominal rate of the contract applied to the non-indexed rent element decreased by 0.20 points.

• The repayment of this loan will be done by compensation with the rent excluding value-added tax due to the **FINANCIAL LESSOR** by the **FINANCIAL LESSEE** under this financial lease agreement.

• It will be done over the same duration, i.e., TWELVE (12) years, and with identical due dates.

• The repayment of this loan may also be done, if applicable, by compensation with any other amounts due on any grounds to the **FINANCIAL LESSOR** by the **FINANCIAL LESSEE**, which will then be imputed to the amount of the financial lease payments as they become due.

• The **FINANCIAL LESSEE** recognizes, to the **FINANCIAL LESSOR**, the ability to modify the terms for repayment of the loan defined above, in case of default, bankruptcy, or liquidation, subject only to being informed thereof.

• The **FINANCIAL LESSOR** will be considered to have met its obligations in the capacity of borrower, due solely to the repayment in full of the loan no later than upon the conventional expiration date of the financial lease, if applicable, in a single payment.

• The **FINANCIAL LESSEE** waives, in advance, the right to claim the repayment of the loaned sum before the expiration of the financial lease agreement and to invoke, for any reason whatsoever, the provisions of Article 1944 of the Civil Code.

• In case of termination of this financial lease agreement or in case of realization of the promise of sale before the conventional expiration of the financial lease, the balance of the loan will be repaid by the **FINANCIAL LESSOR** in advance.

5) Advance rents

Advance rents calculated on the basis specified below are due for the period elapsed from the first disbursement by the **FINANCIAL LESSOR** of any amount excluding tax under section B until the effective date of that section.

The amount of these advance rents will be calculated at the Mean Monthly Rate (MMR) of the Financial Market for the past month increased by 0.80 points per year on the amount excluding tax disbursed by the **FINANCIAL LESSOR** for the performance of this financial lease operation, by way of cost of the development work for the building, in principle and accessories, as well as any royalty, costs, or other amounts paid on the occasion of this financial lease operation.
This amount, increased by the value-added tax affecting it, will be paid at the end of each month directly by the **FINANCIAL LESSEE** by withdrawal from its account open with the SOCIETE GENERALE, as will be stated below.

### 6) Interest on the value-added tax

During an inclusive term of four (4) months from each payment made by the **FINANCIAL LESSOR** under this operation, the **FINANCIAL LESSEE** will be required to pay it, in addition to the financial charges stipulated below, and as additional rent, interest calculated at the Mean Monthly Rate of the Financial Market for the past month increased by ZERO POINT EIGHT ZERO (0.80) points per year on the amount of the value-added tax credit corresponding to this disbursement.

This interest, increased by the value-added tax that affects it, will be payable at the end of each calendar month.

### Article 20 - Basis for calculating the rent (investment)

The rent stipulated below will be calculated based on the following elements, representing the sums invested by the **FINANCIAL LESSOR** in this financial lease operation, and which will be expressed below using the term “investment”:

* The price, excluding value-added tax, for the acquisition of the existing building paid by the **FINANCIAL LESSOR** (section A);

* The amount of the costs, duties, and emoluments, excluding value-added tax, borne by the **FINANCIAL LESSOR** on the occasion of this acquisition (section A);

* The cost, excluding the value-added tax, of the development work for the building, as set out in the aforementioned project management delegation agreement (section B).

The amount of this investment will not in any case be higher than the amount, excluding value-added tax, of SIX MILLION, FOUR HUNDRED ONE THOUSAND EUROS (€6,401,000.00).

No excess of the maximum amount specified above may be required from the **FINANCIAL LESSOR**, even if that sum proves, for any reason, insufficient to carry out this operation.
Article 21 - Financial lease rent

A - Determination of the rent

The rent under this financial lease will be due by the FINANCIAL LESSEE to the FINANCIAL LESSOR as of this date regarding section A and the first day of the month following the date of completion of the development work, as it results from the provision of the premises established between the parties as set out in the project management delegation agreement analyzed above regarding section B.

It is expressly specified in this respect that the term “rent”, used in this document for convenience of language, must be likened to a financial royalty covering the amortization and remuneration at the agreed rate of the capital invested by the FINANCIAL LESSOR for the performance of this operation.

Consequently, and except in case of an expressed legislative provision targeting the financial property lease, the rents agreed upon below may not suffer any modification or revision for any reason whatsoever, whether it relates to a state of affairs depending on the FINANCIAL LESSEE or legislative texts regulating, temporarily or permanently, the amount or the rate of the rent for premises for commercial or industrial use, or any revision based on the provisions of Articles L. 145-1 et seq. of the New Commercial Code governing the relations between the lessors and lessees of premises for commercial use.

The rent shall be made up of a financial amortization and interest.

* The financial amortization makes it possible to amortize all of the investment over the term of the financial lease agreement.

The amortization rhythm selected is one that makes it possible to obtain, for each element of rent before indexing, constant charges throughout the entire term of the financial lease.

The rents will be made up of the sum of the following elements:

1. First rent element calculated on 80% of the investment

A first, non-indexed element, including a financial amortization and interest discounted on the financial amounts outstanding remaining due after amortization of the period at the following annual nominal rate T:

\[ T = TEC_{10} + 0.85 \]

\[ TEC_{10} = \text{Yield to maturity of a fictitious value of the Treasury, the lifetime of which will, at all times, be equal to 10 years, published daily by the French Treasury Agency.} \]

The value of the selected TEC 10 will be that published on the third business day preceding the payment of rent for each of Sections A and B.
2. Second rent element calculated on 20% of the investment

A second indexed element, including a financial amortization and interest deducted from the financial outstanding amounts remaining due after amortization of the period at the fixed and definitive annual rate equal to FOUR PERCENT (4%) before indexing.

This rent element will be indexed in full on the index of the cost of construction published quarterly by the INSEE, as this indexing is specified below. Irrespective of the variation of the index, the amount of this portion of rent may not be less than the amount of that rent element before indexing.

**Terms for indexing of the first rent element**

The indexing of the second rent element will be done annually based on the variation of the Quarterly Construction Cost Index published by the *Institut National de la Statistique et des Etudes Economiques* (INSEE).

The revision will lead to the application in full of the variation of the index over ONE HUNDRED PERCENT (100%) of the second rent element for the year in question, before indexing, as defined above.

The variation of the aforementioned index will be taken into consideration both in the case of an increase and a decrease of the index; however, and in no case, will account be taken of an index lower than that the base index agreed upon below.

The annual indexing product will be calculated by applying, to ONE HUNDRED PERCENT (100%) of the second rent element, an index increase coefficient determined using the following formula:

\[
\frac{\text{I.C.c} - \text{I.C.b}}{\text{I.C.b}}
\]

In this formula:

- I.C.b.: represents the base index of the Construction Cost
- I.C.c.: represents the comparison index of the Construction Cost.

It is expressly agreed that in no case may a variation period of the index be taken into account longer than the duration elapsed between each revision.

Consequently:

* the number of quarterly periods separating the base index from each of the successive comparison indices taken into account to calculate the indexing product is determined below, so as to represent a duration at least equal to that elapsed between each effective date of the contract and the date of each revision in question.
* the duration elapsed between each revision of the second rent element is determined below so as to be at least equal to the number of quarterly periods separating the comparison indices respectively taken into account for those revisions.

Thus:

1) The single base index for the entire term of the contract will be that relative to the calendar quarter preceding the effective date of this agreement, and cannot be after that of the second quarter of the year during which the contract takes effect.

2) The indexing beginning one year after the effective date of the financial lease, the comparison index will be one year later than the base index.

The **FINANCIAL LESSEE** will owe, as of the starting date of the indexing, the indexing product related to the period between the start date of the indexing and the end of the calendar year then in progress.

3) The revisions next taking place on each January 1, the determination of the indexing product for each of the subsequent calendar years until expiration of the agreement will be done by using, as a comparison index, that of the second calendar quarter of each of the preceding years.

In case of cessation of publication or disappearance of the selected index before the expiration of the financial lease and if the *Institut National de la Statistique et des Etudes Economiques* publishes a new construction cost index intended to replace the one currently in force, the rent will automatically be indexed on that new index and the transition from the old index to the new one will be done using the necessary linking coefficient. If the *Institut National de la Statistique et des Etudes Economiques* does not publish the new index intended to replace that which has disappeared, the parties will be responsible for reaching an agreement regarding the choice of the new index reflecting, as accurately as possible, the construction cost on the national scale or, otherwise, in the department where the property under the financial lease is located, on the variation of which the indexing will be calculated.

If they do not reach an agreement, the replacement index will be determined by two experts chosen by mutual agreement or appointed by the President of the PARIS District Court. In case of disagreement, these experts will have the option of adding a third expert to break the tie. This third expert may be appointed by the same President upon simple request by the most diligent party.

In no case may the effects of the preceding index clause lead the second rent element to an amount lower than the rent element as determined above.

**B - Disappearance of the selected rates**

If, for any reason, the rate(s) selected above is (are) no longer available, they will be replaced by the rates officially substituted for them. If no officially substitute rates exist, substantially equivalent rates will be chosen by mutual agreement between the parties.
Article 22 - Payability of the rent - Definitive financial table - Summary statement and tables prepared pursuant to Decree number 95-617 dated May 6, 1995

The rent thus determined is payable quarterly and in advance on the 1st of January, April, July, and October of each year.

However, the first rent term payable upon taking of effect of section A has been calculated *prorata temporis*. Likewise, the first term of rent payable upon taking of effect of section B and the last term of rent will also be calculated *prorata temporis*.

**Regarding section A:**

Pursuant to Decree number 95-617 dated May 6, 1995 implementing Article 57 of Law number 95-115 dated February 4, 1995, the **FINANCIAL LESSOR** has prepared:

1) A summary statement in particular including the price agreed upon for the acquisition of the building at the end of the agreement or the information making it possible to determine that price and the price of the non-amortizable elements and amortizable elements appearing in the assets of the balance sheet of the **FINANCIAL LESSOR**, as well as the acquisition cost of the building.

If the economy of this agreement would be modified due to changes in the situation of the **FINANCIAL LESSEE** or property subject to the financial lease, a modified summary statement would be prepared by the **FINANCIAL LESSOR**.

2) A breakdown showing, for each term of rent, the portion of rent relative to the amortization of the capital taken into account to determine the sales price of the building at the end of the contract or the information making it possible to determine the sales price, as well as its allocation to the respective financing of the acquisition cost, the amortizable elements, and non-amortizable elements.

The summary statement and breakdown will remain attached and appended hereto after mention.

**Regarding section B:**

Once section B takes effect, the **FINANCIAL LESSOR** will begin rent for that section.

**First scenario:**

The **FINANCIAL LESSOR** then has, as of the beginning of rent, all of the supporting documentation necessary for the payment of all of the investment under section B: it then prepares a definitive scale regarding the actual total amount of the investment, stating the due date and amount of each term of rent.
Second scenario:

The **FINANCIAL LESSOR** does not have, upon the beginning of rent, all of the supporting documentation necessary for payment of all of the investment under section B: it establishes a provisional scale on the contractual amount of the investment set out above, stating the due date and the amount of each term of rent.

The **FINANCIAL LESSEE** will have a period of six (6) months as of the effective date of section B to produce the supporting documentation necessary for the payment of all of the investment. At the end of this period, the **FINANCIAL LESSOR** may determine the amount of the investment for section B at the amounts effectively disbursed on that date, after notice sent to the **FINANCIAL LESSEE** by registered letter with return receipt. It will inform the **FINANCIAL LESSEE** that the payments not taken into account will remain the latter’s responsibility.

Furthermore, pursuant to Decree No. 95-617 dated May 6, 1995 implementing Article 57 of Law number 95-115 dated February 4, 1995, the **FINANCIAL LESSOR** will then establish, upon the taking of effect of section B:

1) A summary statement in particular including:
   * the date of conclusion and the term of the agreement,
   * the price agreed upon for the acquisition of the building at the end of the agreement or the information making it possible to determine that price,
   * the price of the non-amortizable elements and the amortizable elements appearing in the assets of the balance sheet of the **FINANCIAL LESSOR** as well as the acquisition cost of the building,
   * the location,

2) A breakdown of showing, for each rent, the portion of rent relative to the amortization of the capital taken into account to determine the sales price as well as its allocation to the respective financing: acquisition costs, amortizable elements, and non-amortizable elements.

The **FINANCIAL LESSOR** will send the **FINANCIAL LESSEE** a letter of amendment to the financial lease, to which the summary statement, the breakdown, and the final scale will be appended: the **FINANCIAL LESSEE** must return this letter of amendment to the **FINANCIAL LESSOR** after approving it, within ten days of its receipt, failing which the letter of amendment will be considered to have been approved.

If the economy of this agreement is modified after the financial lease agreement takes effect, due to changes in the situation of the **FINANCIAL LESSEE** or goods given under the financial lease, an amended summary statement will be prepared by the **FINANCIAL LESSOR**.
Article 23 - Payment of the value-added tax and charges and taxes

The FINANCIAL LESSEE will pay the FINANCIAL LESSOR, upon each due date of a term of rent, the amount of the value-added tax affecting that term of rent at the rate in force on the due date.

The FINANCIAL LESSEE will directly pay the insurance companies the premiums for all insurance subscribed for covering the leased premises as indicated above, including those payable for the policies subscribed for on behalf of the FINANCIAL LESSOR.

The FINANCIAL LESSEE will provide evidence of these payments upon first request by the FINANCIAL LESSOR.

Furthermore, the FINANCIAL LESSEE will reimburse the FINANCIAL LESSOR for the amount of all taxes, fees, charges, and expenses of any nature, as well as, if applicable, the charges that may be due for a Zone, a Lot, or a property management payment regarding the property subject to the financial lease, that the FINANCIAL LESSOR may have paid itself, relative to the leased premises or the lease, increased if applicable by the value-added tax that may affect such repayments.

All payments, the value-added tax, and in general, all amounts due by the FINANCIAL LESSEE to the FINANCIAL LESSOR under this agreement will be recovered by the FINANCIAL LESSOR by withdrawal from the account of the FINANCIAL LESSEE, in particular open:

With the SOCIETE GENERALE

Branch: MARSEILLE ENTREPRISES

Under number: 00020294991, RIB key 57

Article 24 - Late interest

After expiration of a period of fifteen days from receipt of the rent invoices and any other requests for payment by the FINANCIAL LESSOR, their lack of payment will cause the FINANCIAL LESSEE to owe the FINANCIAL LESSOR late interest calculated prorata temporis at the overnight Mean Monthly Financial Rate (MMR) increased by FIVE points per year, not to be less than 9%, from the due date until the payment date, increased by the value-added tax at the rate in force, all without prejudice to the ability of the FINANCIAL LESSOR to seek the termination of the financial lease.

Furthermore, nonpayment of any invoice will lead, on its due date, by way of management costs for outstanding amounts, to the collection by the FINANCIAL LESSOR of a lump sum, excluding value-added tax, of EIGHTY EUROS (€80).
CHAPTER V - TERMINATION OF THE FINANCIAL LEASE

Article 25 - Termination by the FINANCIAL LESSOR

In case of nonperformance of any of the obligations for which the FINANCIAL LESSEE is responsible under this agreement, the financial lease will be terminated automatically and with no judicial formality, if the FINANCIAL LESSOR so desires, two months after notification to the FINANCIAL LESSEE of an order to pay or formal notice, which has remained fully or partially ineffective, and which contains a declaration by the FINANCIAL LESSOR of its intent to exercise the benefit of this clause, having specified that any offer of payment or performance done after the expiration of the two-month time frame shall remain ineffective.

In this case, the expulsion of the FINANCIAL LESSEE or its assignees may be ordered by simple interim order by the President of the District Court, provisionally enforceable, notwithstanding opposition or appeal.

The FINANCIAL LESSEE shall then be required to return the leased premises to the FINANCIAL LESSOR immediately, in good state of repair and upkeep, and provide proof of the payment of all of its taxes, fees, and services, as well as its insurance premiums.

In addition to back rent, it shall pay the FINANCIAL LESSOR the termination compensation stipulated in article 28 below.

Article 26 - Bankruptcy or liquidation - Dissolution of the lessee

In case of collective proceedings against the FINANCIAL LESSEE, and subject to the enforcement of Articles L. 620-1 et seq. of the New Commercial Code, this financial lease may be terminated at the request of the FINANCIAL LESSOR.

In case of dissolution of the financial lessee, this financial lease will only be terminated if the FINANCIAL LESSOR requests it.

In all cases, this termination automatically causes the payment by the FINANCIAL LESSEE of the termination compensation stipulated in article 28 below.

Article 27 - Failure to obtain the certificate of compliance

The FINANCIAL LESSEE undertakes to perform all diligence in order to obtain, within two years of completion of the construction work, as stated in the project management delegation agreement, a certificate from the competent authority confirming that it has not issued formal notice to the FINANCIAL LESSEE to bring the work into compliance pursuant to Article R. 462-10 of the Urban Development Code.

If the issue of the certificate is made subject by the Administration to the performance of modifying or additional work, the FINANCIAL LESSEE must perform that work at its expense, so that the certificate may be obtained within the aforementioned period of two years.
After this two-year period, the **FINANCIAL LESSEE** will owe the **FINANCIAL LESSOR** a lump sum compensation for each month late at one percent of the rent in force.

Failure to issue the certificate may not be held by the **FINANCIAL LESSOR** or the **FINANCIAL LESSEE** as grounds for termination.

However, if the termination of the financial lease takes place for any other reason at the request of either of the parties, and in particular for failure to make payment by the **FINANCIAL LESSEE** for the lump sum compensation stipulated above, the amount of the termination compensation will be increased under the terms set out in the “termination compensation” article below.

In all cases, the **FINANCIAL LESSEE** will personally see to the payment of all tax adjustments for which the **FINANCIAL LESSOR** may be responsible if it is considered not to have fulfilled its commitment to build under the conditions and time frame set out by Article 691 of the General Tax Code.

**Article 28 - Termination compensation for the financial lease**

The termination of this financial lease before its conventional expiration for any reason, and in particular in fulfillment of the clause set out in article 25 above or for any other cause, irrespective of whether it is provided for in this agreement, including termination at the request of the **FINANCIAL LESSEE**, will automatically and without any formality lead to the payment by the **FINANCIAL LESSEE** of compensation calculated based on the sales price, which will be discussed in article 32 below, determined on the actual termination date.

As an essential condition of this agreement, this compensation, related to the specific nature of the financial lease, will have the nature of lump sum monetary damages to compensate the prejudice suffered by the **FINANCIAL LESSOR** due to the early termination of the financial lease.

However, no compensation will be due by the **FINANCIAL LESSEE** if the cancellation of the financial lease has been the result of the realization of the promise of sale granted below by the **FINANCIAL LESSOR**.

Likewise, no compensation will also be due by the **FINANCIAL LESSEE** in case of total or partial expropriation.

The amount of the compensation will be equal to half of the sales price in all termination cases. It will be increased to three quarters of the same sales price if, on the termination date of the financial lease, the certificate of compliance of the building has not yet been granted.

It is observed here that the provisions included in this article do not novate those stipulated in article 18 above for cases of accident affecting the building, the provisions of article 18 expressly remaining in force.

All costs, duties, and taxes, in particular the value-added tax, that may be applied to that agreement, which is stipulated excluding tax, will be the responsibility of the **FINANCIAL LESSEE**.
CHAPTER VI - EXPROPRIATION - REQUISITION

Article 29 - Expropriation of the building

A - Total expropriation

In case of total expropriation of the building, the financial lease will be terminated automatically.

However, from the order bringing about the transfer of ownership and until the date of effective taking of possession of the building by the expropriating Authority, the FINANCIAL LESSEE will owe the FINANCIAL LESSOR occupancy compensation equal to the amount of the rent payable during that period.

If the expropriation compensation awarded to the FINANCIAL LESSOR, after deducting all taxes and fees that may affect the collection of that compensation as a result, is in an amount exceeding the sales price defined in article 32 below, determined on the date of payment of the compensation, the FINANCIAL LESSOR will pay the FINANCIAL LESSEE the difference between those two amounts.

Otherwise, the FINANCIAL LESSEE will owe this difference to the FINANCIAL LESSOR.

B - Partial expropriation

In case of partial expiration of the building subject to the financial lease, the financial lease will continue to bear its full and complete effect on the part of the building remaining available.

The rent will be reduced in proportion to the ratio of the amount of the expropriation compensation, net of all taxes and fees that may affect it, with the sales price defined in article 32 below, determined on the date of payment of that compensation.

This reduction will only take effect as of the date of cashing by the FINANCIAL LESSOR of the appropriation compensation.

The same sales price defined in article 32 below will itself be reduced by the amount of the received compensation (net of all taxes and fees that may affect it).

C - Dispute regarding the expropriation compensation

The determination of the amount of the compensation that may be due in case of total or partial expropriation of the building currently given under the financial lease may only be agreed upon by the FINANCIAL LESSOR in the presence of the FINANCIAL LESSEE, or with the latter having been duly called.

The FINANCIAL LESSOR shall indicate its position in this respect no later than eight days before the expiration of the time frame granted to the FINANCIAL LESSOR to accept or refuse the amount of the expropriation compensation and, in any case, no later than one month after it has been informed by registered letter with return receipt of its intention to accept the offers made. This notice from the FINANCIAL LESSEE must be given to the FINANCIAL LESSOR by registered letter with return receipt.
The FINANCIAL LESSEE may not oppose a refusal of the offers accepted by the FINANCIAL LESSOR except in accordance with the stipulations below.

In case of dispute regarding the amount of the compensation, the FINANCIAL LESSEE, to whom all powers are given to that end, shall exercise any useful judicial recourse and keep the FINANCIAL LESSOR apprised of the progression of the proceedings by sending a copy of the exhibits for those proceedings.

In case of total expropriation, the FINANCIAL LESSEE may only oppose a refusal of the offers accepted by the FINANCIAL LESSOR inasmuch as it has paid, within one month as set out in the second paragraph above, to the FINANCIAL LESSOR, an amount equal to the residual value defined in article 32 below, determined on the last day of the civil semester during which the payment has been made.

In the case at hand and for the duration of the deposit, no rent or compensation will be due to the FINANCIAL LESSOR. The amount deposited will be pledged in favor of the FINANCIAL LESSOR as guarantee for the amounts that may be due to it under this agreement. The deposited amount will not be remunerated, its remuneration consisting of the abandonment of all rents or compensation by the FINANCIAL LESSOR.

Regarding the partial expropriation, the dispute of the amount of the compensation offered will always be reserved for the FINANCIAL LESSEE under the terms stipulated above, without any deposit or other obligation, but it of course remains that the reduction in rent set out in this article, paragraph B above, shall only take place when the FINANCIAL LESSOR has in fact received the amount of the expropriation compensation.

**Article 30 - Requisition of the building**

In case of requisition or total or partial occupation of the building currently subject to the financial lease, by any competent authority or entity occurring during this financial lease, this financial lease will continue to produce its full and complete effect. The rents agreed upon will continue to be payable with no decrease. The requisition or occupation compensation will be paid in full to the FINANCIAL LESSEE.
UNILATERAL PROMISE OF SALE

Article 31 - Promise of sale

Pursuant to Article L. 313-7 2° of the Financial and Monetary Code on financial lease operations, these agreements must allow the FINANCIAL LESSEE to become, if it so desires, the owner of the premises currently given under the financial lease.

To that end, the representative of the FINANCIAL LESSOR promises the FINANCIAL LESSEE, which is accepted by its representative, but only as a promise, to sell it the building covered by this financial lease.

This promise of sale is granted for a term beginning as of the end of the seventh calendar year following the effective date of section A of the financial lease, and ends upon the conventional expiration thereof.

The realization request must be made by the expiration date of the financial lease or during the financial lease for the end of a calendar year, via a registered letter with return receipt sent to the FINANCIAL LESSOR at its registered office, six (6) months in advance; it shall, subject to invalidity, be followed within three (3) months by the deposit to the FINANCIAL LESSOR of a sufficient amount to cover both the price of the sale and the costs and duties caused by the performance of the sale.

(1)

This promise of sale will become null and void, if the FINANCIAL LESSOR deems it appropriate, in case of nonperformance by the beneficiary of any clauses and stipulations of the financial lease, with no exceptions.

The sale will be granted in return for a price determined on the date of the performance of the sale by true deed, pursuant to article 32 below.

This price will be payable in cash upon signature of this deed.

If the sale is done, it will be recorded by a true deed.

The transfer of ownership will be subject to the payment of the entire sales price and any amount remaining due on any grounds whatsoever by the FINANCIAL LESSEE to the FINANCIAL LESSOR.

The entry into enjoyment will take place upon the actual and effective taking of possession.

The sale will take place under the regular and de jure conditions in such matters.

However, pursuant to Article 1627 of the Civil Code, the FINANCIAL LESSOR will not be bound by any guarantee, even for hidden flaws, by express derogation from the provisions of Article 1641 of the Civil Code.

The costs, duties, and emoluments of the sale will be borne by the buyer.
Article 32 - Sales price

A - Determination of the sales price

The price of the sale promised above will be equal, upon conventional expiration of the financial lease, to ONE EURO (€1).

For the prior years, the sales price will be calculated as follows:

**For the non-indexed rent element:**

The sales price on this rent element will be the updated value, on the date of the sale, of all amounts due (rents and residual value at the end of the financial lease) until the expiration of the agreement on that rent element.

In any case, this amount may not be less than the financial amount outstanding remaining due on the date of exercise of the option on this rent element increased by THREE PERCENT (3%).

The nominal update rate will be equal to the nominal rate of the agreement on this rent element decreased by TWO (2) POINTS.

**For the indexed rent element:**

The sales price before indexing on this rent element will be equal to the financial outstanding amounts remaining due on this rent element.

This element of the sales price will be indexed in full on the INSEE construction cost index on the same index as the one used for the second rent element, the base index being the one used upon the taking of effect of the financial lease, the comparison index being that of the second quarter preceding the sale, its amount, after indexing, can never be less than the financial outstanding amount remaining due on the second rent element.

If the sale is not regularized on the expiration date of the contract, the FINANCIAL LESSEE will owe the FINANCIAL LESSOR quarterly occupancy compensation equal to the financial lease rent due for the last full civil quarter.

Any started quarter will be due in full.

These values will be calculated based on the effective date of the contract such that, in light of the cashing on the due date of the annual base rents, the sales price applicable at the end of each calendar year ensures an annual rate equivalent to the actuarial rate of the operation.
It is expressly agreed that the sales price thus determined forms, in the minds of the party, with the rents paid on the contractual due date, a whole for the expression of the financial terms of this agreement. Consequently, if for any reason, the FINANCIAL LESSOR were to be forced to grant a reduction of the contractual rent for one or more terms or deadlines for its payment, the sales price would be recalculated taking into account on the one hand the amounts actually cashed and their payment date, and on the other hand the rents that the FINANCIAL LESSOR would have received on the contractual due date without any reduction or payment delay, all such that the FINANCIAL LESSOR receives, through the price thus recalculated, the profitability resulting from the strict enforcement of the provisions of this agreement.

Pursuant to the provisions of Decree number 95-617 dated May 6, 1995 pursuant to Article 57 of Law number 95-115 dated February 4, 1995, the FINANCIAL LESSOR will prepare a summary statement in particular including the price agreed upon for the acquisition of the building at the end of the agreement or the information making it possible to determine that price, and a breakdown in particular showing, for each term of rent, the portion thereof taken into account to determine the sales price set out above as provided under article 21 of this agreement.

B - Any increase in the sales price

If applicable, the sales price, thus determined as specified in paragraph A above, will be increased by the amount of any sums that the FINANCIAL LESSOR may be called upon to pay to the Tax Administration to regularize the deduction of the value-added tax having previously affected the amount of its investment, in fulfillment of the provisions of Article 207 II of Appendix II of the General Tax Code, as modified and completed in particular by Decree No. 79-1163 dated December 29, 1979 and Decree No. 95-1328 dated December 28, 1995.

In return for this increase, the FINANCIAL LESSOR will issue the buyer the attestation set out in Article 207 III 3 of the General Tax Code, which will allow the buyer to deduct the value-added tax, the amount of which will appear on the attestation under the conditions set out for the acquisitions of property constituting real property.

This potential increase in the price will be applied in all cases of sale of the building, subject to this financial lease, as set out in this agreement, whether in fulfillment of the promise of sale above or in fulfillment of any of the other provisions of the agreement, in particular those relative to accidents.

Furthermore and by express agreement between the parties, it is stipulated that:

1) in case of partial accident causing the reduction of the rent and the sales price, the FINANCIAL LESSEE shall pay the FINANCIAL LESSOR, in addition to the compensation representing the amount of the depreciation of the building, the amount of which will be used as a basis for calculating the reduction of the rent and the sales price, the amount of all sums that the FINANCIAL LESSOR may be called upon to pay to the Tax Administration in fulfillment of the stipulations of Article 207 II of Appendix II of the General Tax Code, as modified, as set out above,
2) In case of total expropriation, on the expiration compensation that will be paid to the **FINANCIAL LESSOR**, first the amount of all sums the **FINANCIAL LESSOR** may be called upon to pay to the Tax Administration for the regularization of the value-added tax having previously affected the investment will be withdrawn; only the balance of the expropriation compensation, after this withdrawal, will be taken into consideration to determine the difference with respect to the sales price set out in the terms of paragraph A of this article, the difference having to be the profit or loss of the **FINANCIAL LESSEE**.

3) In case of partial expropriation, the amount of the expropriation compensation, which will serve as a basis for determining the reduction rate of the rent and the sales price, will only be taken into consideration after deducting the amount of the value-added tax that the **FINANCIAL LESSOR** may be called upon to pay under Article 207 II of Appendix II of the General Tax Code as modified.

In the last three scenarios, the **FINANCIAL LESSOR** will issue the **FINANCIAL LESSEE** an attestation that will allow it, pursuant to Article 210 set out above, to deduct the amount of the tax paid by the **FINANCIAL LESSOR** under the terms set out for the acquisitions of good constituting real property.

It is expressly stipulated, with respect to all of the provisions under this paragraph B, that they will apply, if applicable, both to the **FINANCIAL LESSEE** as well as its assignees or future beneficiaries on any grounds, and also any assignees, even when the **FINANCIAL LESSEE**, its assignee(s), economic beneficiary or beneficiaries or transferee(s) could not, through the attestation issued by the **FINANCIAL LESSOR**, benefit from the right to deduction of the tax thus paid, for any reason whatsoever, even not imputable to the **FINANCIAL LESSOR**, its assignees, economic beneficiaries, or transferees.

**TITLE FOUR**

**GUARANTEES**

**Article 33 - Pledge of the financial lease agreement**

To guarantee all of the debts that may result from this financial lease, and the performance of all obligations resulting therefrom, the **FINANCIAL LESSEE** pledges, to the **FINANCIAL LESSOR**, which is accepted by its representative, the intangible elements resulting in favor of the **FINANCIAL LESSEE** from this financial lease, together with the right to the lease and the benefit of the promise of sale, with no exception or reserve.

Through this pledge, the **FINANCIAL LESSOR** will have and exercise, over the various elements of this financial lease, all of the rights, actions, and privileges granted by the Law to pledge creditors.

In accordance with the Civil Code, the effectiveness of the privilege resulting from the pledge granted will be ensured as follows:
• the appearing parties request that the undersigned Notary only issue one copy of this deed; this copy will bear the note: “Special and sole financial copy subject to the pledge contained in the financial lease dated June 9, 2008”;

• the **FINANCIAL LESSEE** undertakes not to request any true copy of this document.

This stipulation cannot, however, hinder the issue of the enforceable copy to the **FINANCIAL LESSOR**.

**Article 34 - Pledge of the positive balance of the Lessee Advance account**

To guarantee all sums in principle, interest, and any accessories that the **FINANCIAL LESSEE** may owe the **FINANCIAL LESSOR** under the financial lease, on any grounds whatsoever, the **FINANCIAL LESSEE** specially pledges, in favor of the **FINANCIAL LESSOR**, which is accepted by its representative, the positive balance of the account indicated above in article 19-4°) (lessee advance), under the terms and according to the provisions of the Civil Code.

The **FINANCIAL LESSOR** will exercise, over the sums thus pledged in its favor, all of the rights and prerogatives set out by the law in favor of pledge creditors. Furthermore, and by compensation, the **FINANCIAL LESSOR** may still directly withdraw the amounts that may be owed to it by the **FINANCIAL LESSEE** for any reason, under the financial lease.

The pledge will continue even after the extension or termination of the financial lease, until the liquidation of all accounts between the parties relative to this financial lease.

The representative of the **FINANCIAL LESSOR** declares acceptance of the above pledge and holds it as validly served.

**TITLE FIVE**

**MISCELLANEOUS PROVISIONS**

**Article 35 - Powers - Relative effect**

The parties, acting in a mutual interest, grant all necessary powers to any Head Clerk or Assistant Clerk of the Notarial Office named at the beginning of this document, in order to prepare and sign all additional, amending, or correcting deeds relative hereto, so as to harmonize them with any mortgage, land registry, and public records documents and make all additional tax declarations to ensure the publication thereof.

It is specified that the **FINANCIAL LESSOR** is the owner of the existing building given under the financial lease, as shown by a deed received by Maître Gilles DURAND, notary in MARSEILLE (Bouches-du-Rhône), on June 9, 2008, a true copy of which will be published with the competent Mortgage office before or no later than at the same time as this document.
Article 36 - Evaluation

To calculate costs only, the parties declare that:

* the amount of the investment by the **FINANCIAL LESSOR**, for the performance of this financial lease operation, is evaluated at the sum excluding tax of SIX MILLION, FOUR HUNDRED ONE THOUSAND EUROS (€6,401,000.00) and the sum including the value-added tax of SEVEN MILLION, SIX HUNDRED FIFTY-FIVE THOUSAND, FIVE HUNDRED NINETY-SIX EUROS (€7,655,596.00).

Article 37 - Declarations

The representatives of the **FINANCIAL LESSOR** and **FINANCIAL LESSEE** declare that:

• the Companies they represent are French companies having their registered office in France,

• they are not subject to any action for invalidity or dissolution,

• they are not nor have they ever been in cessation of payments and have not been subject to any of the measures set out by Law No. 67-563 dated July 13, 1967 on legal settlement, liquidation, personal bankruptcy,

• they are not subject to any collective proceedings or any of the proceedings of the same type or having the same purpose set out by Law No. 2005-845 dated July 26, 2005 for company safeguards.

Article 38 - Forum

By express agreement, any disputes that may arise during the performance of these financial lease agreements will be submitted to the competent PARIS courts, to which exclusive jurisdiction is awarded as needed.

Article 39 - Data processing and civil liberties law and professional secrecy

The personal information collected under this agreement and in the future is intended for the **FINANCIAL LESSOR**, which, by express agreement, is authorized to keep it in computer memory, to use it, and communicate it for the same purposes to the companies in its group, to its brokers and insurers, or to third parties or subcontractors for management needs.

The right of access and the right of correction may be exercised with the **FINANCIAL LESSOR**.

The **FINANCIAL LESSEE** authorizes:

The **FINANCIAL LESSOR** to obtain any confidential information regarding it held by the entities in the GROUPE SOCIETE GENERALE and/or brokers, which are consequently authorized by express agreement to provide that information.
The FINANCIAL LESSOR to communicate all confidential information regarding it to those same persons.

Of course, all measures will be taken to ensure the confidentiality of the information transmitted to the FINANCIAL LESSOR.

Legal note

Pursuant to the “Data Processing and Civil Liberties” law dated January 6, 1978, the Notarial Office performs computer processing to carry out notarial activities, in particular formalities for deeds. To that end, the Office is called upon to store data regarding the parties and send it to certain administrations, in particular to the Mortgage Registry for property, accounting, and tax publication purposes. The parties may exercise the rights of access and correction with respect to their personal data with the Notarial Office (SCP THIBIERGE et Associés, located at 9 rue d’Astorg in PARIS 8th arrondissement, telephone: 01.40.17.86.00, fax: 01.42.66.54.29, e-mail: thibierge.associés@paris.notaires.fr or via the “Data Processing and Civil Liberties” Correspondent appointed by the Office: cpd-adsn@notaires.fr). Solely for activities relative to property transfers, certain data on the property and its price, unless opposed by them with respect to the Office, will be recorded in a property database for statistical purposes.

Article 40 - Election of domicile

For the performance hereof, the appearing parties in their official capacities elect domicile as follows:

The FINANCIAL LESSOR in its administrative offices at Tour Les Miroirs – Bâtiment D 92978 PARIS – LA DEFENSE CEDEX

The FINANCIAL LESSEE at the registered office of the company that it represents.

Article 41 - Issue of enforceable copy

The parties ask the undersigned associate Notary to issue an enforceable copy of this financial lease deed to the FINANCIAL LESSOR.

IN WITNESS WHEREOF

Prepared on fifty-nine pages.

The substitute notary read this document to the parties, obtained their signatures, and signed this deed.
This document will be entered in the ledgers of the Offices of the substitute and replaced notaries and will remain in the minutes of the Office of the replaced notary.

Referral (1) page 26: The FINANCIAL LESSOR hereby authorizes the sublease in favor of the company “INNATE PHARMA FRANCE”, simplified joint-stock company, having its registered office in MARSEILLE (13009) 121 Ancien Chemin de Cassis, Immeuble le Grand Pré, identified under SIREN number 502 563 679 in the MARSEILLE Companies and Trade Register.

Referral (1) page 52: If the FINANCIAL LESSOR has not received, at least six months before the end of the financial lease, the request to realize the promise of sale, the FINANCIAL LESSOR will ask the FINANCIAL LESSEE, if the latter intends to exercise the promise under the indicated terms.

Referral (1) page 14: and whose mailing address is 117 avenue de Luminy.

APPROVED NUMBER:

Of referrals three
Of crossed out words eleven
Of crossed out lines none
Of crossed out numbers four
Of barred blank spaces one

/s/ [Illegible Signature]
/s/ [Illegible Signature]
/s/ [Illegible Signature]
/s/ [Illegible Signature]
/s/ [Illegible Signature]
/s/ [Illegible Signature]
AMENDMENT TO PROPERTY LEASE AGREEMENT

by the Company “SOGEBAIL”

in favor of the Company “INNATE PHARMA”

THE YEAR TWO THOUSAND AND SIXTEEN
ON
IN MARSEILLE (Bouches du Rhône) 28/30 Avenue A Dumas

Maître Roselyne BOTELLA, a notary in the “SCP THIBIERGE ET ASSOCIES, Notaries, members of a private professional partnership holding a Notarial Office,” with headquarters in PARIS (eighth district), 9 rue d’Astorg,

With the participation of:

• Maître Annick DOMENECH notary in MARSEILLE Lawyer for the Lessee,

Established in authentic form this deed containing AMENDMENT TO LEASE AGREEMENT, between the Parties identified below
1. IDENTIFICATION OF THE PARTIES

LESSOR

1/ The Company called SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER - SOGEBAIL, a Public Limited Company whose registered office is located in PARIS (9th District), 29 Boulevard Haussmann, identified by the SIREN (Système informatique du répertoire des entreprises [French Business Directory Identification System]) number 775 675 077 RCS (Registre du commerce et des sociétés [Trade and Companies Registry]) of PARIS,

Represented by:

Ms. Justine KRAMER manager, with professional address at COURBEVOIE (Hauts de Seine), Tour les Miroirs, 18 avenue d’Alsace, under the powers granted to her by Ms. Frédérique BEGNEZ Director, with professional address at COURBEVOIE (Hauts de Seine), Tour les Miroirs, 18 avenue d’Alsace, pursuant to a power of attorney by private agreement in COURBEVOIE dated September 23, 2016, the original of which is the Appendix.

(APPENDIX 1: POWERS OF SOGEBAIL)

Ms. Frédérique BEGNEZ herself having acted under the powers conferred upon her with right of substitution, by Mr. Rémi DANIS, pursuant to a deed established by Mr. Hervé SARAZIN, associated Notary in PARIS (8th District) 9 rue d’Astorg, on January 23, 2015.

Said Mr. Rémi DANIS who himself acted as General Manager of "SOGEBAIL," a position to which it was appointed and that it accepted pursuant to a decision of the Board of Directors of said Company dated December 15, 2014, a certified true copy of the extract of the minutes of which is attached to the deed of January 23, 2015, referred to above.

Said company hereinafter referred to in the body of the deed as the “Lessor”

PARTY OF THE FIRST PART

LESSEE

The company called INNATE PHARMA, Public Limited Company with a Board of Directors and a Supervisory Board, whose registered office is located in MARSEILLE (13009), 117 avenue de Luminy, identified by the SIREN number 424 365 336 RCS of MARSEILLE.

Represented by Ms. Irène BERKOWITZ Director of Legal Affairs, under the powers which were conferred upon her by Mr. Hervé BRAILLY pursuant to a power of attorney by private agreement established in MARSEILLE (Bouches-du-Rhône) on September 22, 2016, the original of which is the Appendix.

The said Mr. Hervé BRAILLY Chairman of the Board, domiciled at the registered office of the company

Having himself acted under of the powers which were granted to it pursuant to a meeting of the supervisory board on September 7, 2016, a certified true copy of an extract of the minutes of which is the Appendix.

It is observed here that by deliberations that took place on September 26, 2008, the supervisory board of the company INNATE PHARMA decided to transfer its registered office to MARSEILLE (13009) 117 avenue de Luminy.

A certified true copy of this decision is attached.
Said company hereinafter referred to in the body of the deed as the “Lessee.”

PARTY OF THE SECOND PART

2. DEFINITIONS

To simplify, certain terms will, over the course of this deed, have the definitions below:

**Deed of Sale or Sale**: refers to the deed established by Ms. Martine AFLALOU-TAKTAK, notary in MARSEILLE (Bouches-du-Rhône) dated June 9, 2008 and by which the Lessor acquired ownership of the Property.

**Appendix**: refers to an appendix to the Amendment and which is an integral part of it.

**Down payment**: refers to the amount made available by the Lessee to the Lessor under the conditions agreed in the original Lease Agreement

**Amendment**: refers to this deed concluded between the Lessor and the Lessee

**Financial Expenses**: refers to amounts owed by the Lessee for pre-rental fees, rent, and other charges, as specified in Chapter III of PART II.

**Agreement or Lease Agreement**: refers to the Property lease agreement between the Lessor and the Lessee pursuant to a deed established by Ms. Annick DOMENECH, notary in MARSEILLE, on June 9, 2008, replacing Ms. Eliane FREMEAUX

**Lessor**: refers to the company “SOGEBAIL.”

**Lessee**: refers to the company “INNATE PHARMA”

**Effective Date**: refers to effective date of the Amendment which is today’s date

**Reference Date**: refers to the day that will be taken into account to determine the rate applicable to the Pre-rental fees namely: will be the day of disbursement.

**Disbursement**: refers to any amount paid by the Lessor in respect of this transaction.
**Financial Amount Outstanding:** refers to, at a given date, the amount of the Investment, less financial amortization applied quarterly.

**EURIBOR** (Euro Inter Bank Offered Rate) is the interbank offered rate in EUROS between major banks in the Eurozone. It is calculated with three (3) decimals using the average of fifty-seven (57) quotes. It is published by the Fédération Bancaire de l'Union Européenne [European Union Banking Federation] (F.B.E.) at around 11:00 a.m. (Brussels time).

**Building or Property:** refers to the Property that is the subject of the Lease Agreement and the Amendment

**Investment:** refers to the amount dedicated by the Lessor for the financing of the Amendment

**Business Day:** refers to any entire day (other than Saturday or Sunday) on which credit institutions are open in Paris in order to perform banking operations and transactions on the interbank market.

**TARGET Business Day:** Refers to a day when the target PAYMENT SYSTEM is open. The European real time gross settlement system, referred to as TARGET, connects the European Central Bank to the national central banks of the states participating in the Economic and Monetary Union via their respective real time gross settlement systems (hereinafter RTGS). The TARGET interconnection system is open every day when at least two RTGS are open, except Saturday and Sunday. It is closed according to the TARGET schedule (currently January 1 and December 25).

**Rent:** refers to the financial charges due by the Lessee to the Lessor under the Amendment

**Parties:** refers to the Lessor and Lessee together and where the context so provides, all those appearing.

**VAT Pre-rental fees** refers to the financial charges due by the Lessee to the Lessor for any disbursement by the latter of the Value Added Tax.

**Work or Development Work** refers to the development work carried out in the Building and financed by the Lessor

**Residual Value:** refers to the Financial Amount Outstanding remaining due at the expiration of the Agreement after payment of the final installment of rent.

These definitions are not exhaustive. Other definitions are given in the body of the Agreement and they have the same contractual power.
3. SUMMARY

1. IDENTIFICATION OF THE PARTIES
2. DEFINITIONS
3. SUMMARY
4. PRESENTATION

LEASE AGREEMENT OF JUNE 9, 2008

5. PRESENTATION OF THE PROJECT - FINANCING AGREEMENT - GENERAL PRINCIPLES

6. AMENDMENT TO PROPERTY LEASE AGREEMENT

PART I
PURPOSE - DURATION - FINANCIAL CHARACTERISTICS

CHAPTER I
PURPOSE OF THE LEASE

ARTICLE 1. DESCRIPTION OF THE BUILDING
ARTICLE 2. INTENDED USE OF THE BUILDING

CHAPTER II
DURATION - EFFECTIVE DATE

ARTICLE 3. DURATION OF THE AMENDMENT
ARTICLE 4. EFFECTIVE DATE

CHAPTER III
FINANCIAL CONDITIONS

ARTICLE 5. INVESTMENT
ARTICLE 6. FEES

6.1. COMMITMENT FEE
4. PRESENTATION

**Acquisition of June 9, 2008**

Under a deed established by Ms. Martine AFLALOU-TAKTAK, notary in MARSEILLE on June 9, 2008, the Lessor acquired, from the City of MARSEILLE, the building whose description is as follows:

In the municipality of MARSEILLE (13009) Area of Redon, Route de Cassis, whose postal address is 117 avenue de Luminy, a building used for business, industrial premises, laboratories, with a net floor area of 2,838 m².

Registered in the land registry in Section 851 M, numbers:
- 34 locality known as route de Cassis for 96 a 48 ca
- 39 locality known as route de Cassis for 02 a 99 ca
- 38 locality known as route de Cassis for 02 a 39 ca
- 37 locality known as route de Cassis for 04 a 64 ca

For a total of 1 ha 06 a 50 ca

This acquisition took place for a price paid in cash pursuant to the deed which contains the discharge.

An authentic copy of this deed was published in the Land Registry Department of MARSEILLE 3rd District on July 10, 2008 volume 2008P number 5846.

**Lease Agreement of June 9, 2008**

Pursuant to a deed established on June 9, 2008 by Ms. Annick DOMENECH, notary in MARSEILLE, replacing Ms. Eliane FREMEAUX,

The Lessor granted to the Lessee a Lease Agreement on the Building and the financing of development work as part of a contracting authority delegation agreement.
This agreement was granted:

• For a period that started to run on June 9, 2008 for Tranche A and on January 1, 2009 for Tranche B, the two tranches ending twelve (12) years after Tranche A takes effect, i.e. June 8, 2020

• For an estimated investment excluding tax of SIX MILLION FOUR HUNDRED ONE THOUSAND EUROS (6,401,000.00 EUR) definitively approved for the amount of SIX MILLION FIVE HUNDRED FIFTY-ONE THOUSAND EUROS (6,551,000.00 EUR)

It included the following guarantees:

• Pledge of the lease agreement
• Pledge of the down payment

It was also agreed to under the obligations and conditions that it is unnecessary to recall here, as the parties declare to know them perfectly.

5. PRESENTATION OF THE PROJECT - FINANCING AGREEMENT - GENERAL PRINCIPLES

PRESENTATION OF THE PROJECT / Financing Agreement

The Lessee wants to have, but without taking immediate ownership of, premises for industrial uses, businesses, laboratories located in MARSEILLE (Bouches du Rhône) 117, avenue de Luminy

To finance this transaction, it contacted the Lessor whose purpose defined by Article L.313-7 of the Monetary and Financial Code is renting unequipped buildings for professional uses and asked it:

• To reimburse it for the cost of the Development Work that it carried out on the Building,
• to lease the whole thing to it under an Amendment to the Lease Agreement, for the remaining duration of the latter.

This work consists of development work to transform an office space into a research laboratory

The Work does not require the issuance of a building permit or a prior declaration, as established by a certification from CCD Architecte dated July 1, 2016, appended hereto.

(APPENDIX 3: ARCHITECT CERTIFICATION)

The Lessee represents and warrants that the Work does not change the classification of the Building with respect to the regulations relating to Facilities Classified for the Protection of the Environment and the activity carried out in the Building does not fall under these regulations.
The Work was accepted on June 16, 2016 as is clear from the Acceptance Report attached

( APPENDIX 4: WORK ACCEPTANCE REPORT )

The Lessor agreed to this financing request within the limit of an amount excluding value-added tax of EIGHT HUNDRED FORTY-SIX THOUSAND THREE HUNDRED AND THIRTY-SEVEN EUROS AND EIGHTY CENTS (846,337.80 EUR)

The Lessor repays on this date as is clear from the accounts of the undersigned notary, the sum of EIGHT HUNDRED FORTY-SIX THOUSAND THREE HUNDRED AND THIRTY SEVEN EUROS AND EIGHTY CENTS (846,337.80 EUR) excluding tax plus ONE HUNDRED SIXTY-NINE THOUSAND TWO HUNDRED SIXTY-SEVEN EUROS AND FIFTY-SIX CENTS (169,267.56 EUR) for the value added tax, for a total including tax of ONE MILLION FIFTEEN THOUSAND SIX HUNDRED FIVE EUROS AND THIRTY-SIX CENTS (1,015,605.36 EUR) to the Lessee, which recognizes and agrees to this and grants it good and valid discharge.

FOR WHICH DISCHARGE IS DULY GIVEN

GENERAL PRINCIPLES

Risk transfer

The Lessee acknowledges having perfect knowledge of the legal, technical, administrative and environmental characteristics of the Property, having chosen it to meet its own needs.

It acknowledges that the role of the Lessor is limited in this transaction to ensuring, according to the following agreed conditions, the financing of Development Work

In these conditions, and although the ownership of the Property is legally attributed to the Lessor for the duration of the Lease Agreement and the Amendment, it became justified for the Lessee to assume all the risks and obligations of any kind, even those resulting from a force majeure event, which would fall, according to general law, to the builder or the owner of the Property.

Responsibilities arising from the ownership, use or structure of the Building

All decisions relating to the choice of location, the nature, quality and intended use of the Property were made previously hereeto by the Lessee. The Lessor took no part in these decisions and agreed, at the request of Lessee, to ensure, within the limits set above in the Presentation, the financing of the Property.

It is hereby specified that in the event of non-compliance with all current and future regulations applicable to the Property and to the activity carried out in the premises, the Lessee shall bear all the financial consequences, including any compensation for damages so that the Lessor is in no way either sought or disturbed about this matter.
In addition, if the administrative or judicial authorities require the closure of the leased premises, the Rent will continue to be due with no recourse against the Lessor.

The Lessee shall be personally responsible, without recourse against the Lessor, for obtaining and maintaining all administrative authorizations required for the activity carried out in the Property, the occupancy of the premises and their opening to the public.

The Lessee also shall be personally responsible, without recourse against the Lessor, for easements of any kind, as well as current and future regulations that may change or restrict the options regarding the use, layout and consistency of the premises without being able to claim a reduction in the Rent.

It will bear at its expense and without any recourse against the Lessor, the cost of work and/or any other measures and obligations required by the relevant authorities and that would have to be done to meet the current or future legal or regulatory mandatory provisions set by national or European standards rendered applicable in France.

For the duration of the Lease Agreement, the Lessee shall hold the use, management and control of the Property. It is therefore considered to be the caretaker and this Property is placed under its exclusive responsibility, which it will have to assume or have assumed by its sub-tenants in its entirety without being able to exercise any recourse whatsoever for any reason whatsoever, against the Lessor.

The Lessee intends, despite the acquisition by the Lessor of the Property, during the period of financing, to maintain full control over the Property from a technical and economic point of view.

For the duration of the transaction, the role of the Lessor, owner of the Property, is limited, although it is the legal owner of the Property, to financing the Property within the limits agreed between the Parties and subject to the Lessee exactly fulfilling its contractual obligations.

Any damage that may be caused, both to the Lessee and to third parties, due to the structure of the Property (including that of the soil), will be fully supported by the latter, which may not, as in the previous case, exercise any recourse whatsoever for any reason whatsoever against the Lessor.

In this spirit, the Lessee shall assume alone all the rights that could be exercised against anyone, particularly with regard to non-compliant defects, constraints on the use of the Property, easements...

In this context and because of the Lessee’s responsibilities under the Lease Agreement, the Lessor gives the Lessee all powers to conduct any action, take any initiative and if necessary conduct any proceedings.
The Lessee will be solely responsible, at its sole expense, for any proceedings that may be initiated and continued, though it will keep the Lessor informed of these.

The Lessor, if desired, can always intervene regardless of the status of the proceedings.

The Lessee agrees to keep the Lessor informed of these actions or proceedings by forwarding the documents or exhibits concerning these actions to the Lessor.

It is in light of these introductory statements, which should always be referred to in order to justify as necessary the distribution between the Parties of the charges, obligations, responsibilities and risks and to seek their shared purpose, that the Lease Agreement is concluded.

6. AMENDMENT TO PROPERTY LEASE AGREEMENT

The Lessor hereby finances as a property lease, under the provisions of Articles L 313-7 to L 313-10 of the Monetary and Financial Code of Act No. 95-115 of February 4, 1995 (Article 57), of Decree No. 95-617 of May 6, 1995 and following texts, to the Lessee, which is accepted by its representative, the Work which is the subject matter of the Amendment

The Amendment is divided into four parts:

- The first part contains the purpose, duration and the financial characteristics of the Amendment
- The second part relates to the termination of the Lease Agreement and the Amendment, the tax system of the Amendment, insurance and claims.
- The third part contains the guarantees afforded to the Lessor
- The fourth part contains various provisions.
PART I
PURPOSE - DURATION - FINANCIAL CHARACTERISTICS

CHAPTER I
PURPOSE OF THE LEASE

ARTICLE 1. DESCRIPTION OF THE BUILDING
In the municipality of MARSEILLE (13009) Area of Redon, Route de Cassis, whose postal address is 117 avenue de Luminy, a building used for business, industrial premises, laboratories, with a net floor area of 2,838 m².

Registered in the land registry in Section 851 M, numbers:
• 34 locality known as 117 avenue de luminy for 96 a 48 ca
• 37 locality known as avenue de luminy for 04 a 64 ca
• 38 locality known as avenue de luminy for 02 a 39 ca
• 39 locality known as avenue de luminy for 02 a 99 ca

For a total of 1 ha 06 a 50 ca

ARTICLE 2. INTENDED USE OF THE BUILDING
The Property is intended to be used as industrial premises, laboratory activities.

This intended use will not be subject to any changes without the express written agreement of the Lessor.

CHAPTER II
DURATION - EFFECTIVE DATE

ARTICLE 3. DURATION OF THE AMENDMENT
The Amendment is agreed for the period ending on the same date as the Lease Agreement, which is June 8, 2020.

ARTICLE 4. EFFECTIVE DATE
The leasing starts on this date
CHAPTER III
FINANCIAL CONDITIONS

ARTICLE 5. INVESTMENT

The investment by the Lessor is an amount excluding value added tax of EIGHT HUNDRED FORTY-SIX THOUSAND THREE HUNDRED AND THIRTY-SEVEN EUROS AND EIGHTY CENTS (846,337.80 EUR) and is as follows:

- Cost of the Development Work

No amount in excess of the amount excluding tax of EIGHT HUNDRED FORTY-SIX THOUSAND THREE HUNDRED AND THIRTY-SEVEN EUROS AND EIGHTY CENTS (846,337.80 EUR) may be demanded from the Lessor, even if said Investment would turn out to be insufficient for any reason whatsoever for the realization of this transaction.

ARTICLE 6. FEES

6.1. COMMITMENT FEE

The Lessee shall be liable to pay, from the issue of the financing offer, i.e. June 14, 2016, until the Effective Date, which is today, a commitment fee equal to zero point ten per cent (0.10%) per quarter of the Lessor’s maximum investment excluding tax

This fee, plus the Value Added Tax, will be payable by the Lessee quarterly in arrears by debiting its account as will be described below.

6.2. STUDY AND STRUCTURING COSTS

A lump sum, excluding value added tax of TWO THOUSAND FIVE HUNDRED EUROS (2,500.00 EUR) for an amount including tax of THREE THOUSAND EUROS (3,000.00 EUR) was paid by the Lessee to the Lessor before today.

6.3. MANAGEMENT FEES

The company “SOGEBAIL” will invoice the Lessee for the cost of the specific services listed in the schedule appended hereto.

(APPENDIX 5: PRICE SCHEDULE)

The costs set out in said schedule are valid for the current year.

They will be revised on July 1 of each year and will be communicated free of charge on first demand of the Lessee.

Any new obligation placed under the Lessor’s responsibility by legal or regulatory provisions may be subject to new fees.
It is specified here that the management fees stated above will apply to all the transactions (Lease Agreement and Amendment) excluding all those that may be listed in the previous deed.

**ARTICLE 7. PRE-RENTAL FEES**

**7.1. PRE-RENTAL FEES ON THE VALUE ADDED TAX**

The Value Added Tax paid by the Lessor will give rise to the payment of VAT Pre-rental fees for a fixed period of four (4) months from each payment made by the Lessor under the Lease Agreement.

The Lessee shall be liable to pay VAT Pre-rental fees calculated according to banking practice on the amounts of Value Added Tax disbursed, at the following annual nominal rate of “T”:

"T": 3 month EURIBOR + one hundred fifty basis points (150 bp) per annum

The rate “T” is calculated on a calculation basis corresponding to the exact number of days of the calculation period of the VAT Pre-rental fees calculated on a 360 day year.

The 3-month EURIBOR as defined above, to be used, will be the one published two TARGET Business Days prior to the Reference Date also defined above.

These VAT Pre-rental fees, plus the Value Added Tax that may encumber them, will be charged at the end of each calendar month and payable by the Lessee within fifteen (15) Business Days of the following month.

It being specified here that the 3-month EURIBOR used may not be less than zero percent (0%).

**ARTICLE 8. DEFINITION OF THE RENT**

It is explicitly specified that the term “Rent” as used herein for the language purposes, must be treated as a financial fee to cover amortization and remuneration, at the agreed rate, of the capital invested by the Lessor for the realization of this transaction.

Accordingly, and unless there is a specific legislative provision affecting the Lease Agreement, the Rents will not be subject to any modification or revision for any reason whatsoever, whether they are due to an existing situation of the Lessee or legislation regulating, temporarily or not, the amount or rate of rent for premises for commercial or industrial use, or lastly no revision based on the provisions of Articles L.145-1 et seq. of the Commercial Code, governing relationships between lessors and the tenants of commercial premises.
ARTICLE 9. DETERMINATION OF THE RENT

The Rent will be due by the Lessee to the Lessor from the Effective Date of the Amendment, which is today and is established as follows.

9.1. CALCULATION OF THE RENT

The rents will be composed of financial amortization and interest.

- Financial amortization depreciates the entire Investment for the duration of the Amendment

The chosen amortization rate is the one that obtains constant maturities.

- The interest will be calculated by applying to the Financial Amount Outstanding due before amortization for the period, a fixed annual nominal rate equal to one point twenty-five percent (1.25%)%

9.2 DISAPPEARANCE OF THE SELECTED REFERENCE RATES

If there are changes affecting the composition and/or the definition of one or more reference rates mentioned in the Lease Agreement or if the rate or rates should disappear, and if there is a change affecting one of the bodies publishing these reference rates or the publication procedures, the parties agree to refer to the rate resulting from the modification or the substitution, and the transition from the old rate to the new rate will be carried out using the required link ratio, as appropriate.

If there is no replacement rate or link ratio, if it is necessary, it will be up to the parties to agree on the selection of a new reference rate.

In the absence of agreement between them, the replacement rate will be determined by an Arbitral Tribunal composed of three (3) selected experts, one by the Lessor, the other by the Lessee and third by agreement between the Parties. Failing agreement, this third expert will be appointed by the other two experts or otherwise by the Judge in Summary Proceedings ruling at the request of either party. This Arbitral Tribunal shall decide by a majority of its members and will make its decision within sixty (60) days of its constitution.

It is expressly agreed that the lack of a reference rate will not authorize the Lessee to delay payment of rents. The Rents will continue to be billed when due based on the rate of the last Rents billed before the reference rate ceased to be published or disappeared.

The Rents will be adjusted as soon as the replacement rate is determined.

ARTICLE 10. SUMMARY - BREAKDOWN TABLE - APPROVED BASIS

In accordance with the provisions of Decree No. 95-617 of May 6, 1995, taken on the basis of Article 57 of Act No. 95-115 of February 4, 1995, the Lessor provided the Lessee the following elements established on the amount of the Investment as provided in this agreement, namely:

1 / A summary

2 / A table (Official)

3 / the financial table established and calculated on the amount and according to the above procedures provided for in Article 12.1.

The summary and the tables form the Appendix.
ARTICLE 11. RENT DUE DATE - PAYMENT - DEFAULT INTEREST

11.1. RENT DUE DATE
The Rents thus determined are payable quarterly and in advance, on the 1st of January, the 1st of April, the 1st of July and the 1st of October each year.

However, the first term of Rent due on the Effective Date of the Lease Agreement was calculated on a pro rata temporis basis. Similarly, the last term of rent will also be calculated on a pro rata temporis basis.

11.2. PAYMENT
All Rents, and, in general, all amounts owed by the Lessee to the Lessor under the Lease Agreement will be collected by the Lessor by deducting the amount from the Lessee’s bank account, whose details are shown below.

- Bank: SOCIETE GENERALE
- Branch: MARSEILLE ENTREPRISES
- IBAN (International Bank Account Number): FR76 3000 3012 4000 0202 9499 157
- BIC (Bank Identifier Code): SOGEFRPPXXX
- ICS (SEPA Creditor Identifier): FR76ZZZ003492
- RUM (Single Mandate Reference): 000000100000000000000005565301

Lessee's EU VAT Number:

11.3. DEFAULT INTEREST
If the Lessee fails to pay any amount due under this Lease Agreement, it will be liable to pay default interest to the Lessor calculated on a pro rata temporis basis at the nominal annual rate equal to the rate of the Amendment plus five hundred basis points (500 bp) per annum from the due date until payment, all without prejudice to the possibility for Lessor to pursue termination of the Lease Agreement and the Amendment under the conditions set out below.
ARTICLE 12. SALE AGREEMENT

12.1. UNILATERAL AGREEMENT TO SELL

The “sale agreement” article of the Lease Agreement is canceled and replaced by the following:

12.1.1 Conditions for fulfilling the sale agreement

In accordance with the provisions of Article L 313-7 of the Monetary and Financial Code on Leasing transactions, the agreements resulting from the Lease Agreement must enable the Lessee to become, if desired, the owner of the Property that is the subject of the Lease Agreement and the Amendment, inseparably.

To this effect, the Lessor promises to the Lessee, which is accepted by its representative, but only as a promise, to sell the Property, subject of the Lease Agreement and the Amendment, to the Lessee.

This sale agreement may only be exercised and implemented if the Lessee is current with all its obligations under the Lease Agreement and the Amendment.

The implementation of the sale agreement thus granted by the Lessor may be requested by the Lessee:

- either in advance from the date mentioned below under Article 12.1.2,
- or upon the contractual expiration of the Lease Agreement and the Amendment

12.1.2. Implementation date

This sale agreement is valid for a period starting to run from the end of the third (3rd) year from the Effective Date of the Amendment.

12.1.3. Procedures for exercising the option

The request to exercise the option may, from that date, be made, for the contractual expiration date of the Lease Agreement or during the Lease Agreement, at the end of each calendar quarter, by a registered letter with acknowledgment of receipt addressed to the Lessor, at its registered office, at least six (6) months in advance.

It must, under penalty of invalidity, be followed within three (3) months, by the consignment in the hands of the Lessor of a sum sufficient to cover both the sale price and the costs and fees incurred by the completion of the sale.

12.1.4. Sale fees and taxes

In addition to the price determined below, the Lessee shall pay all costs, duties, taxes and fees associated with this transfer and also all taxes, duties and contributions that the Administration may require from either party for any reason whatsoever (excluding corporate taxes that may be owed by the Lessor or any new tax owed by the Lessor, as a leasing company).
12.2. CONDITIONS OF THE SALE

The sale will be granted in return for the set price on the date of the completion of the sale by authenticated deed, in accordance with Article 12.3 below.

This price will be payable in cash upon signature of this deed.

The Lessee will be required to establish at its expense all diagnoses, certifications, expert assessments and other formalities imposed on building owners by the legislation in force related to Property transfers.

The signing of the deed of sale will occur on the expiration date of the Lease Agreement. In the event that the deed of sale would not be regularized on that date, the Lessee shall be liable to pay a quarterly occupancy fee to the Lessor equal to the Rent due for the last full calendar quarter.

The sale will take place under the ordinary and statutory terms and conditions in such cases, and in particular under the following terms:

- **Charges and conditions**

  *The Buyer:*

- *will take the Building in the condition it was found on the day of the sale, the Lessee having perfect knowledge of this for having had the enjoyment of it under the lease agreement, without any guarantee of the good, or poor condition of the buildings, defects of any kind, visible or hidden, condition of the soil and subsoil, shared walls, misalignment, errors in the description, and any difference in capacity even if it were to be in excess by one-twentieth, pursuant to the provisions of Article 1627 of the Civil Code, and by way of express derogation to the provisions of Article 1641 of the Civil Code.*

- *Will be personally responsible for the absence of all administrative deeds or authorizations related to the Building.*

- *Shall bear all passive easements of any kind and will benefit from all active easements that may exist, as those easements result especially from:*
  - *property titles, building lease, long-term lease, condominium rules, volume division, subdivision, particular areas, and any document concerning the Building,*
  - *the provisions of development plans that will be in force at that time,*
  - *the Law.*
• will pay, on the day of signing the authenticated deed of sale, all amounts due which have not yet been paid by the Lessee, and will make a provision covering the entire property tax (established based on the billing of the previous year), and undertakes to pay and/or reimburse any additional amount that could be claimed by the tax authorities for the ownership or use of the Building, under the conditions provided in the Property lease agreement, as well as the charges related to the Building.

• Will be personally responsible for the situation of the Building with respect to former or future pollution, without recourse against the Lessor in accordance with the provisions of the Lease Agreement.

• **Transfer of ownership**

The Lessee will be the owner of the Building from the date of signing the authenticated deed of sale, the transfer of ownership being subject to full payment by the Lessee of the sale price, as well as the amounts due referred to above, to the Lessor and payment of the sufficient sum - assessed by the Lessee’s notary - to meet the payment of costs, taxes and fees.

The authenticated deed of sale will be established by the notary of the Lessee with the participation of notary of the Lessor.

• **Taking possession**

Starting on the same day, the Lessee shall take possession of the Building by its combining its status as Lessee and Buyer.

**12.3. Sale price under the amendment**

It is expressly agreed that the sale price thus determined forms, in the minds of the parties, with the rents paid on their contractual due date, a unit for the expression of the financial conditions of this agreement. Accordingly, if for any reason the Lessor was forced to grant a reduction in the contractual rent over one or more terms or payment periods, the sale price would be recalculated taking into account firstly, the amounts actually collected and their date of payment, and secondly, the rents that would have received by the Lessor on their contractual due date without any reduction of the rent or payment period, all so that the Lessor receives, using the recalculated price, the profit resulting from the strict application of the provisions of the Lease Agreement.

**12.3.1. Sale Price at the end of the Agreement**

At the contractual expiration of the Amendment

The price of the sale promised above, will be equal to ONE EURO (1 EUR) excluding tax.
12.3.2. **Advance Asking Price**

The sale price as of the end of the third (3rd) year following the Effective Date of the Amendment will be equal to the present value, on the date of the sale, of all the amounts due (rent and Residual Value at the end of the Agreement) until the agreement expires.

In any event, this amount may not be less than the Financial Amount Outstanding remaining due on the date the option is exercised, plus three percent (3%)

The nominal discount rate will be equal to the nominal rate of the Agreement minus one hundred basis points (100 bp)

12.3.3 **Subjugation of the price to value added tax**

Pursuant to the provisions of Article 260-5 e (a) of the French Tax Code, the sale price, determined as specified in Article 12.3 above, may be increased by the VAT, if the Lessor, subject to pay the VAT, has the option of being taxed at the VAT of the exercise of the option.

This increase in the sale price by the VAT will be applied in all cases of Property sale as provided in the Lease Agreement, whether in implementing the sale agreement above or in implementing any of the other provisions of the Lease Agreement, in particular, those relating to claims, referred to below.

**PART II**

TERMINATION OF THE LEASE AGREEMENT AND THE AMENDMENT—TAX PROVISIONS – INSURANCE - CLAIMS

**ARTICLE 13. TERMINATION**

*Articles related to termination as requested by the Lessee or the Lessor contained in the Lease Agreement, are canceled and replaced by the following:*

The termination of the Lease Agreement and the Amendment before their contractual expiration for any reason whatsoever: termination at the request of the Lessee or the Lessor, will lead automatically and without any formalities, to the payment by the Lessee of compensation calculated according to the following terms determined at the date of the effective termination, to which will be added where applicable exceptional charges.

As an essential condition, this compensation, related to the special nature of the Lease Agreement, will have the character of a lump-sum compensation for damages to offset the loss suffered by the Lessor by the early termination of the Lease Agreement and the Amendment.
The Lessee formally acknowledges that this compensation corresponds to the essentially financial nature of the Agreement, as the transaction was conducted by the Lessor at the express request of the Lessee out of consideration for the person.

13.1. TERMINATION AT THE REQUEST OF THE LESSEE

13.1.1. Conditions

Pursuant to the provisions of Article L 313-9 of the Monetary and Financial Code, the Lessor and the Lessee agreed, by mutual agreement, the conditions according to which the Lease Agreement and the Amendment may be terminated at the request of Lessee.

These conditions take into account the specific nature of the Property, as recalled in the presentation.

The Lessee expressly accepts the consequences of the termination of the Lease Agreement and the Amendment.

The Lessee may only exercise its right to terminate as of the end of the third (3rd) year following the Effective Date of the Amendment, and according to the following conditions:

- The termination may only occur at the end of a calendar year,
- The termination shall imply the termination of the sale agreement granted to the Lessee under the Lease Agreement and the Amendment,
- The Lessee shall notify the Lessor about the termination of the Lease Agreement and the Amendment at least six (6) months in advance by registered letter with postal acknowledgment of receipt sent to the registered office of the Lessor,
- The Lessee must be current with its obligations under the Lease Agreement and the Amendment.

It will have to justify, moreover, the good state of maintenance and repair of the Property by the production of an inventory drawn up by a recognized expert in this field, chosen by the Lessor at the Lessee’s expense.

The termination of the Lease Agreement and the Amendment will revert to the Lessee against simultaneous payment to the Lessor of the lump-sum termination compensation stipulated below, which will be recognized pursuant to a deed to be regularized by the Parties.

The compensation will be due even if the termination of the Lease Agreement and the Amendment was requested by the Lessee or its successors after a safeguarding, reorganization or liquidation procedure.

The Lessee will also bear the cost of any tax implications associated with the termination of the Lease Agreement and Amendment, as well as the cost of the deed of termination and any publication of such termination.

22
13.1.2. Compensation

The compensation shall be equal to fifty percent (50%) of the Sale Price of the Building determined according to the provisions of the Lease Agreement and Article 12.3 above.

All fees, duties and taxes including the value added tax that may apply to said compensation, which is stipulated excluding tax, will be charged to the Lessee.

13.2. TERMINATION AT THE REQUEST OF THE LESSOR

13.2.1. Conditions

In case of failure to perform any of the obligations imposed by the Lease Agreement and this agreement under the responsibility of the Lessee, the Lease Agreement and the Amendment shall be terminated automatically and without any legal formality, if the Lessor sees fit to do so, two (2) months after a notification sent to the Lessee of a payment order or a formal notice by extrajudicial deed remained totally or partly ineffective, and containing the statement by Lessor its intention to use the benefit of this clause, it being specified that any offer of payment made after the expiration of two (2) months will be ineffective.

The Lessee shall pay the Lessor, in addition to arrears of rent and charges, the termination compensation specified below.

It must return to the Lessor, without delay, the Building in good a state of good repair and maintenance and justify the payment of taxes, duties and services as well as its insurance premiums.

The termination of the Lease Agreement and the Amendment shall automatically imply the termination of the sale agreement granted to the Lessee under this agreement.

13.2.2. Compensation

The compensation shall be equal to fifty percent (50%) of the Sale Price of the Building stipulated above. It will be increased to seventy-five percent (75%) of the Sale Price if on the date of termination letter, the certificate of non-objection was not issued.

All fees, duties and taxes including the value added tax that may apply to said compensation, which is stipulated excluding tax, will be charged to the Lessee.

All amounts and compensation due on the date of termination and / or because of it, will produce, for the benefit of Lessor, automatically, without requiring any summons or formal notice, late payment interest at the rate stipulated under Article 11.3 above.
ARTICLE 14. CONSEQUENCES OF THE TERMINATION OR FAILURE TO EXERCISE THE OPTION

14.1. TERMINATION OF THE SALE AGREEMENT

Termination of the Lease Agreement and the Amendment or the failure to exercise the purchase option at the expiration of the Lease Agreement and the Amendment shall imply automatic termination of the sale agreement granted to the Lessee under this agreement.

14.2. RELEASE OF THE PROPERTY BY THE LESSEE

Failure to request the exercise of the purchase option within the agreed time, as in the case of termination of the Agreement, the Lessee, any beneficiary or successor, must remove any occupant and all furniture from the Property.

14.3. INVENTORY STATEMENT

If the request to exercise the purchase option is not made within the agreed time, as in case of termination of the Lease Agreement and this Agreement, the Lessor may have an inventory report drawn up by a recognized expert in this area, who it will choose to appoint. If the outcome of this inventory reveals that the Property is not in a good state of maintenance and operation, the Lessee will be required to restore or replace the equipment and materials that are in bad condition that are considered to be fixtures, and which are necessary for the normal operation of the Property.

The Lessee shall, at its own expense, remove signs and exterior panels and refurbish what results from this removal.

14.4. DELIVERY OF DOCUMENTS

Failure to request the exercise of the purchase option within the agreed time, as in case of termination of the Lease Agreement and the Amendment, the Lessee undertakes to deliver to the Lessor, on or before the date of expiration or termination of the Lease Agreement and the Amendment for the Property, the following documents (without the list below being exhaustive), namely:

- the technical file containing in particular the technical reports, inspection reports and safety reports,
- the maintenance file containing in particular the maintenance contracts, and possibly employment contracts (concerning contracts related to maintenance and not to the activity of the Lessee).

In addition, the Lessee agrees:

- To bear the consequences of termination of the current contracts, which would result from their non-recovery by the Lessor
- To submit to the Lessor all the documents in its possession that would be necessary for the proper management and operation of the Property by Lessor.
ARTICLE 15. TAXATION OF THE AMENDMENT

By express agreement between the Parties, the Amendment shall be subject to the Value Added Tax in accordance with current regulations and thus exempt from all lease registration fees.

The amount of value added tax levied on each term of Rent, at the rate in force at each term, will be borne by the Lessee in addition to the Rent and other charges specified below.

ARTICLE 16. INSURANCE UNDER THE AMENDMENT

16.1 CONSTRUCTION INSURANCE

The Lessee states that it did not purchase STRUCTURAL WARRANTY and TEN-YEAR MANUFACTURES LIABILITY insurance with respect to the Work, subject of the Amendment, which the Lessor accepts.

Therefore, the Lessee undertakes to assume all the consequences of any kind that may arise from the lack of purchase of said policies.

16.2 ALL RISKS EXCEPT INSURANCE

• The coverage provided under the “All Risks Except” policy purchased by SOCIETE GENERALE including building insurance, Lost Rent -Loss of Use insurance, and Lessor Civil Liability insurance will be maintained throughout the duration of the Work.
• The coverage amounts will be adjusted to new features of the property upon partial or total acceptance of the Work.
• It is expressly agreed that the guaranteed amounts will be determined between the insurer and the Lessee, under the sole responsibility of the latter, and will not be less than the amount for reconstruction at replacement value, costs and fees included.
• The Brokerage firm AON FRANCE has been in touch with the Lessee to enable the latter to accurately assess the risks. Based on this information, a pricing was established by the broker, according to the guarantees contained in the manual issued by the insurer, defining the essential conditions of the contract. The Lessee acknowledges to have read this manual.
• The Lessee will ensure, under its sole responsibility, that the certificate of insurance is issued by the insurer.
• There is no waiver of the provisions of the original property lease contract concerning insurance.
ARTICLE 17. LOSSES

The article “losses” of the Lease Agreement is canceled and replaced by the following:

17.1. OBLIGATIONS OF THE LESSEE IN THE EVENT OF A LOSS

The Lessee shall give written notice to the broker and the Lessor, within forty-eight (48) hours of its occurrence in the case of theft and within five (5) business days in other cases, of any loss suffered or caused by the Property, subject of the Lease Agreement.

It must also make all reports to the insurance companies under the conditions and within the time limits provided in each insurance policy: the Lessor hereby gives it, as necessary, a mandate to make such reports. The Lessee is prohibited from initiating any proceeding or action against the Lessor for the loss.

It will also take the necessary steps to obtain the rapid payment of compensation from the insurance companies, either on its own behalf or on behalf of the Lessor who hereby gives it all useful mandates for this purpose to perform all procedures, carry out all formalities, cause all expert assessments, participate in them; in case of difficulties, take all recourse excluding legal action.

It must, in respect of losses activating the guarantees of the structural warranty policy, use all the compensation paid by the insurance companies to repair the damage to the structures. Otherwise, the Lessee will risk an action for recovery of undue payments being initiated against it by the insurer.

In the event of legal proceedings, the Lessor shall first be warned by the Lessee of any action to be taken both as plaintiff and defendant. The Lessee shall appoint a lawyer whose specialty is directly related to the subject matter of the dispute. The Lessor reserves in any event the right to appoint its own lawyer. All fees and duties will be paid directly by the Lessee.

The Lessee agrees to keep the Lessor informed of developments in the proceedings.

The Lessee will show the Lessor all convictions that could be imposed against the latter in case of absence or inadequacy of the coverage of said policies and more generally in the event of total or partial coverage refusal by the insurer. It also will bear the costs and fees that the Lessor shall have incurred in its defense.

In the event of a loss activating the construction insurance policies (All Risks Construction or Structural Warranty policy), the Lessee undertakes to reconstitute, at its sole expense, the guarantee so that the amount of the latter is at least equivalent to what it was before the occurrence of the loss and enables, in any case, a complete reconstruction of the Property, and to justify this to the Lessor at the first request of the latter.
17.2. INSURANCE COMPENSATION

For losses whose compensation exceeds FIVE THOUSAND EUROS (5,000.00 EUR), the Lessor will only accept the compensation offer with the written consent of the Lessee, which shall notify its position within one month of receiving the offer.

The compensation paid after any loss shall be collected first by the Lessor, with the requirement that the Lessor repays the compensation to the Lessee upon proof that the work was done and the invoices paid.

The Lessor gives all powers to the Lessee to challenge the amount of compensation from the insurance companies or any other third party liable for this compensation, with the requirement that the Lessee keeps the Lessor informed of the progress of these challenges.

In any case the Lessee may not invoke such challenges to avoid its obligation to pay all the Rents, charges and accessories stipulated in the Lease Agreement.

The Lessee shall, in all cases, be personally responsible for any difference between the cost of full reconstruction of the structures and the amount of compensation paid by the insurers.

For losses for which the compensation is less than FIVE THOUSAND EUROS (5,000.00 EUR), the Lessee is permitted to collect the compensation to use it to carry out the repair work, the Lessor reserving the right to request any proof.

17.3. PARTIAL LOSS

As an exemption to the provisions of Article 1722 of the Civil Code, the partial destruction of the Property, even by an unforeseeable or force majeure event, will not allow the Lessee to request termination of the Lease Agreement, or payment of any compensation.

The Lessee must restore the damaged Property, at its sole expense and risk, after having obtained the necessary administrative authorizations.

If the rehabilitation of the Property cannot be done for lack of the necessary administrative authorizations, the Lessee shall have the right, without waiting for the expiration of the minimum period provided for in Article 12.1 above:

i) to either request the termination of the Lease Agreement and the Amendment upon payment by the Lessee to the Lessor of compensation equal to the sale price stipulated in Article 12.3.2 above, and determined at the date of termination,

ii) or to implement the sale agreement for the Property granted in its favor, under the conditions stipulated in article 12 “SALE AGREEMENT” and for a sale prices determined in Article 12.3.2 “Advance asking price,” even before the expiration of the minimum period prescribed above.
iii) or continue the Lease Agreement and the Amendment on the useable part of the Property. The Rent will be reduced in proportion to the ratio of the amount of insurance compensation net of any taxes that may encumber it, with the sale price determined in Article 12.3.2 “Advance Asking Price” approved on the date of payment of the compensation.

This reduction will take effect only from the date of the receipt by the Lessor of the insurance compensation.

The Lessee must inform of its option by registered letter with acknowledgment of receipt within a period of one (1) month following the date on which it became aware of the impossibility to restore the Property for failure to obtain the administrative authorizations.

Otherwise, it will be deemed to have opted for the case iii) above.

The Lease Agreement will be subject to an amendment modifying the description and financial conditions to reflect the amount of compensation actually received by the Lessor, net of all fees and expenses incurred by it in particular with respect to any duties, taxes and capital gains.

Whichever option is taken by the Lessee, in cases i) and ii) above, the Lessor will transfer to it, on the day of the deed recording either the termination of the Lease Agreement or the exercise of the option, the amount of compensation received from insurance companies or any other organizations, net of all taxes and duties that may encumber this compensation, excluding corporate income tax.

The repayment to the Lessee of all compensation that can revert to it under the provisions of this Article 17.3 will not occur until the actual payment by the Lessee of all amounts that it may owe to the Lessor under the Lease Agreement, the Lessor however reserving the right to automatically offset these amounts.

17.4. TOTAL LOSS

In the event of a loss causing the total destruction of The Property, the Lease Agreement will be terminated automatically, but only at the expiration of the time periods set forth below for the benefit of the Lessee, to possibly exercise the option right reserved for it.

Nevertheless by express agreement between the Parties and by derogation to Article 1722 of the Civil Code, such termination will trigger the obligation for the Lessee to pay the Lessor compensation equal to the sale price of the Property determined in Article 12.3.2 of the Lease Agreement, “Advance Asking Price,” said price calculated on the date of termination, plus, if applicable, any costs of restoring the land after the loss (including demolition and removal of remains).
Notwithstanding the foregoing provisions, the Lessee shall have the option:

- either to implement the sale agreement under the conditions specified in Articles 12.2 and 12.3 above,
- or (and by express derogation to the provisions of Article 1722 of the Civil Code) to continue the Lease Agreement by proceeding with the reconstruction of the Property at its sole expense and risk, after having obtained the necessary administrative authorizations.

The Lessee must inform of its option within six (6) months from the day of the loss, by means of a registered letter with acknowledgment of receipt.

In the event that the Lessee would opt for the continuation of the Lease Agreement, the necessary administrative authorizations should be obtained by the Lessee within one (1) year from the date of notification of its option; otherwise the Lease Agreement would be automatically terminated under the conditions stipulated above, unless the Lessee prefers, in the same period of one (1) year, to opt for the implementation of the sale agreement.

Whichever option is taken by the Lessee, the Lessor will transfer to it the amount of compensation received from insurance companies or any other organizations, net of all taxes and duties that may encumber this compensation, excluding corporate income tax.

The repayment to the Lessee of all compensation that can revert to it under the provisions of this Article 17.4 will not occur until the actual payment by the Lessee of all amounts that it may owe to the Lessor under the Lease Agreement, the Lessor however reserving the right to automatically offset these amounts.

17.5. RECONSTRUCTION AUTHORIZATION

In all the cases provided in Articles 17.3 and 17.4 above, the Lessee is required to obtain any necessary administrative authorizations.

17.6. RECONSTRUCTION - RESTORATION

In all the cases provided in this article, the reconstruction of the completely destroyed Property or the restoration of the partially affected Property will be carried out by the Lessee:

- as part of a project management delegation contract that will be regularized with the Lessor and under which the Lessee will, in particular, agree to purchase the necessary construction insurance,
- on the basis of an estimate of the work and plans established by the Lessee at its own expense and under its responsibility,
- and under the control and supervision of an architect or an engineering firm chosen by the Lessee, authorized, if necessary by the Lessor. Fees for the architects and engineering firms will be included in the reconstruction or restoration costs.

17.7. PROVISIONS RELATING TO RENTS

In all cases of a loss where the Lessee opted for the repair or reconstruction of the Property and thus for the continuation of the Lease Agreement and the Amendment,
the Lessee will continue to pay, for the period elapsed since the date of the loss until the actual reconstruction, all Rents, charges and accessories stipulated in the Lease Agreement and the Amendment as long as the Lessor has not been compensated by the insurance company, under the Loss of Rent guarantee.

PART III

GUARANTEES

ARTICLE 18. PLEDGE OF THE AMENDMENT

To the guarantee of all claims that may result from the Amendment and the implementation of all obligations resulting herefrom, the Lessee pledges as collateral to the Lessor, which is accepted by its representative, the intangible elements resulting from this Amendment for the Lessee, together the right to lease and the benefit of the sale agreement, without exception or reservation.

Through this pledge, the Lessor shall have and exercise, on the different elements of this Amendment, all the rights, actions and privileges conferred by the Law to secured creditors.

In compliance with the Civil Code, the efficacy of the lien resulting from the pledge granted will be ensured as follows:

- those appearing request that the Undersigned Notary deliver only an authentic copy of this deed; This authentic copy shall be marked: “special and single authentic copy submitted to the pledge contained in the Amendment of September 28, 2016;”
- the Lessee agrees to not request any authentic copy hereof.

This stipulation does not however preclude the issuance of the enforceable copy to the Lessor.

PART IV

MISCELLANEOUS

ARTICLE 19. COSTS - ASSESSMENTS

All the costs hereof and all those that will follow or result from it will be the responsibility of the Lessee, who agrees.

For the calculation of the costs only, the parties declare that the amount of the Investment of the Lessor is valued at the sum excluding tax of EIGHT HUNDRED FORTY-SIX THOUSAND THREE HUNDRED THIRTY-SEVEN EUROS AND EIGHTY CENTS
This Lease Agreement will be subject to registration formalities.

ARTICLE 20. INSEPARABILITY OF THE CONTRACTS

All the provisions of the Lease Agreement that are not contrary hereto, shall continue to apply to all agreements.

It is expressly stipulated between the parties that the Lease Agreement and the Amendment will be inseparable from each other and will form, in relations between the parties, a single and indivisible agreement.

Accordingly, all events whatsoever that could, by reason of the provisions of the Lease Agreement and the Amendment, affect either of the two agreements, will apply ipso facto and automatically to both agreements which are considered to be one transaction.

This will be the case in particular:

- for the termination of the lease agreement at the request of the Lessee, such a request applying automatically to both agreements, even if it is made for only one of them.
- for any transfer of the right to the lease agreement which will necessarily concern the subject matter of both lease agreements, this agreement being necessary even in case of transfer of the benefit of only one of the agreements to the successor in the business.
- for the termination or rescinding of either of the two contracts under the termination clause inserted in it, for failure by the LESSEE to perform any of its obligations: such a rescinding would affect both agreements automatically and the compensation which would be due would be established by the addition of the compensation due under each of the contracts.
- in the event of a loss affecting all or part of the premises given in lease the agreement: it is expressly agreed in this regard, for the application of the provisions of the two contracts in question relating to the total loss, that only a loss that would cause the total destruction of the object of the two agreements would be considered a total loss. Any other loss, even one that caused the total destruction of the object of only one agreement, will be considered a partial loss.

In addition, it is expressly stipulated that:

- For the application of the provisions relating to losses, the termination of the lease agreement or early implementation of the sale agreement will apply automatically to both lease agreements, even if the request of the Lessee was limited to only one of these two agreements
• In the case of partial loss not followed by reconstruction for failure to obtain the necessary administrative authorizations: that the compensation payable by the Lessee to the Lessor like the reduction in rent and the sale price will therefore be determined based on the financial conditions of the agreement applying to the partially damaged property.

• But however, if the loss partially affects the object of both lease agreements, the amount of compensation payable by the Lessee as well as the reduction of rent and the sale price will be determined separately for the object of each of the two agreements, according to the financial conditions of the relevant agreement; to this end, the assessment of the building’s depreciation (either by the agreement of the parties or by an expert) will be made separately for the object of each of the two agreements.

• in the event of the expropriation of the building: in this regard, it was agreed that only expropriation that would affect the entire building, object of both agreements, would be considered as expropriation, and that partial expropriation would be considered subject to the provisions for this case, the expropriation which would concern part of the premises, that part would itself constitute the entire object of one of the two agreements. Furthermore, the above rules established for the reduction of rent and the sale price in the event of a partial loss not followed by reconstruction, will be applied to the reduction of rent and the sale price set for the case of partial expropriation.

• for the sale agreement for the premises which may only be exercised by the LESSEE for the entire building, the object of both lease agreements. Any request to execute the sale of only part of the premises, should that part constitute the entire object of one of the two agreements, would be considered null and void.

ARTICLE 21. POWERS - RELATIVE EFFECT

21.1. POWERS

Parties acting in the common interest confer all powers necessary to any Clerk of a Notarial Office designated in the beginning hereof, in order to prepare and sign all deeds that are additional to, or that amend or correct these, in order to ensure their harmony with all mortgage, land registration, and civil status documents, and make any additional tax declarations.

21.2. RELATIVE EFFECT

The Lessor owns the Building, for having acquired it pursuant to a deed established by Ms. Martine AFLALOU-TAKTAK, a notary in MARSEILLE, on June 9, 2008, an authenticated copy of which was published in Land Registry Department of MARSEILLE 3rd District on July 10, 2008 volume 2008P number 5846.
ARTICLE 22. REPRESENTATIONS AND WARRANTIES OF THE PARTIES

The representative in his official capacity of the Lessor warrants, on behalf of the company it represents, the accuracy of the following information and statements:

• The company is a French company duly incorporated and validly existing, whose characteristics listed above are accurate and current;
• The company has not been and is not subject to measures related to the application of the provisions of Articles L. 611-1 et seq. and Articles L. 620-1 et seq. of the Commercial Code, covering ad hoc mandate, conciliation, safeguarding, receivership and liquidation procedures, pursuant to the provisions referred to above;
• The company is not affected by any claim for nullity or dissolution;
• The company and its agent have legal capacity and have obtained all consents and authorizations of its corporate bodies and, where appropriate, the competent administrative authorities, and all other possibly necessary consents and authorizations to allow it to conclude and perform its obligations under the Deed;
• The signing and implementation of this agreement by the Lessor do not contravene any material contract or obligation to which it is a party, or any law, regulation, or administrative, judicial or arbitral decision which is binding on it and for which a failure to comply could negatively affect or impede the proper performance of the obligations arising from the Agreement.

The representative of the Lessee, in its official capacity, states on behalf of the company it represents:

• that it is a French legal entity, having its head office in France;
• that it has full power and authority to enter into and perform this agreement in accordance with its articles of association and any other corporate document;
• that the signatory of this deed received all the powers and authorizations necessary for this purpose by decision, a certified true copy of which is appended hereto or to a deed established by the undersigned notary recording the receipt;
• that the signatory has received full authority to enter into all agreements relating to the Lease Agreement;
• that to its knowledge neither the signing, nor the performance of any provision of this deed and other planned agreements to said deed violate any agreement, deed, judgment, arbitral award, legislative, regulatory or other provision, that would apply to it or to which it would be subject;
• that to its knowledge, there is currently no, and there is no risk of there existing, a dispute, legal action or claim that could adversely or materially affect the financial position, activity or the property that are the object of the Lease Agreement, or incur the validity and force of this deed and other planned agreements to said deed;
• the obligations hereunder constitute direct and unconditional obligations vis-à-vis the Lessor and are equally ranked in all respects as any other similar obligations of the Lessee;
• that it is not the subject of any action for nullity or dissolution;
• The company has not been and is not subject to measures related to the application of the provisions of Articles L. 611-1 et seq. and Articles L. 620-1 et seq. of the Commercial Code, on receivership and the appointment of an ad hoc representative, conciliator, legal administrator or liquidator pursuant to the provisions referred to above;
ARTICLE 23. NOTICES

Any notice between the Parties hereunder will be sent by Email (confirmed by registered letter with acknowledgment of receipt), express courier and delivered personally or sent to the Party to whom it is intended, at the address below (or any other address that they may subsequently notify to the Parties).

Alternatively, the notice may be supplemented by sending, by email, a copy of the registered letter with acknowledgment of receipt or by a bailiff’s writ.

• As regards the Lessor
  Company: “SOGEBAIL”
  Administrative address:
  BDDF/DAI/CBI
  189 rue d’Aubervilliers
  75886 PARIS CEDEX 18
  Registered office address:
  29, boulevard Haussmann
  75008 PARIS
  Telephone: 01 42 14 38 80
  Email Address: justine.kramer@socgen.com

• As regards the Lessee:
  Company: “INNATE PHARMA”
  Attention:
  Address:
  Telephone:
  Email Address:

The date on which a notice shall be deemed validly made will be the date of its actual receipt by the recipient, that is to say, the date on the notice of receipt or the notice of delivery in person.

ARTICLE 24. ADDRESS FOR SERVICE - JURISDICTION

The legal entities that are party to, and participants in the Agreement, for its implementation, elect domicile in their respective registered offices except the SOGEBAIL company which elects domicile at its administrative address

Any dispute concerning the interpretation or implementation of these agreements will be submitted to the competent Paris Court to which jurisdiction or authority is expressly granted by the parties without prejudice to the provisions enacted by Article 48 of the Code of Civil Procedure.
ARTICLE 25. DATA PROTECTION ACT

In accordance with Article 27 of Act No. 78-17 of January 6, 1978 relating to data protection, the personal information collected as part of this agreement and subsequently are intended for the Lessor who, by express agreement, is allowed to keep it in electronic memory, to use it and to communicate it for the same purposes to companies in its group, its brokers and insurers, or to a third party to which the Lessor entrusted the management of its business. In this case the Lessor will inform the Lessee.

The right of access and the right of rectification may be exercised with the Lessor.

Legal Notice

In accordance with the “Data Protection” Act of January 6, 1978, the Notarial Office carries out data processing for the performance of notarial activities, including deed formalities. To this end, the Office is required to save data concerning the parties and transmit it to certain administrations, including the Mortgage Registry for land registration, accounting and tax administrations. The parties may exercise their rights of access and rectification of data concerning them at the Notarial Office (“SCP THIBIERGE ET ASSOCIES, Notaries, members of a private professional partnership holding a Notarial Office,” located at 9 rue d’Astorg in PARIS 8th district, telephone: 01.40.17.86.00 fax: 01.42.66.54.29, email: thibierge.associes@paris.notaires.fr or via the “Data Protection” Correspondent appointed by the Office: cpd-adsm@notaires.fr ). Only for deeds relating to Property transfers, some information about the property and its price, unless they object at the Office, will be transcribed in a Property database for statistical purposes.

ARTICLE 26. ISSUE OF AN ENFORCEABLE COPY

The Parties request that the undersigned Associate Notary issue, at the expense of the Lessee, an enforceable copy of lease agreement to the Lessor.

ARTICLE 27. LIST OF APPENDICES

- **APPENDIX 1: POWERS OF SOGEBAIL**
- **APPENDIX 2: DELIBERATIONS AND POWERS OF THE COMPANY INNATE PHARMA**
- **APPENDIX 3: ARCHITECT CERTIFICATION**
- **APPENDIX 4: WORK ACCEPTANCE REPORT**
- **APPENDIX 5: PRICE SCHEDULE**
- **APPENDIX 6: SUMMARY AND TABLES**

IN WITNESS WHEREOF

Established on 35 pages.
And after reading, those appearing signed this deed with the undersigned notary, named above.

Ms. Justine KRAMER  
On behalf of the LESSOR/ SOGEFIMUR  
/s/ Justine Kramer

Ms. Irene BERKOWITZ  
On behalf of the LESSEE/ INNATE PHARMA  
/s/ Irene Berkowiz

Participating notary  
Maitre Annick DOMENECH  
/s/ Annick Domenech

Notary

36
Subsidiaries of the Registrant

<table>
<thead>
<tr>
<th>Name of Subsidiary</th>
<th>Jurisdiction of Incorporation or Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innate Pharma, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>Innate Pharma France SAS</td>
<td>France</td>
</tr>
</tbody>
</table>
CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form F-1 of our report dated June 6, 2019, relating to the consolidated financial statements of Innate Pharma S.A. (which report expresses an unqualified opinion and includes an explanatory paragraph regarding the adoption of IFRS 15 and IFRS 9) appearing in the Prospectus, which is a part of this Registration Statement, and to the reference to us under the heading “Experts” in such Prospectus.

/s/ Deloitte & Associés

Marseille, France
September 20, 2019