PRESS RELEASE

innate pharma

THIRD QUARTER 2016 REPORT

- ***Cash, cash equivalents and financial assets amounting to €239.6 million****
- ***Continued progress with key clinical trials***
- ***Safety data for lirilumab in combination in Phase I studies presented at the ESMO 2016 Congress***
  - ***The combination of lirilumab and nivolumab in a Phase I study of advanced solid tumors showed no added toxicity over nivolumab monotherapy***
  - ***Efficacy data for the lirilumab-nivolumab combination in head and neck cancer will be presented at the SITC 2016 annual meeting***
- ***Encouraging preliminary safety and clinical activity results for IPH4102 in a Phase I study presented at the 3WCCL 2016 meeting***

Marseille, France, November 3, 2016

Innate Pharma SA (the "Company" - Euronext Paris: FR0010331421 – IPH) today announces its revenues and cash position for the first nine months of 2016.

Cash, cash equivalents and financial instruments of the Company amounted to €239.6 million at September 30, 2016, including current and non-current financial assets (€243.6 million at June 30, 2016). At the same date, its financial liabilities amounted to €5.6 million (€4.1 million at June 30, 2016).

The consumption of cash, cash equivalents and financial instruments amounted to €4.0 million for the third quarter of 2016. This includes the collection during the period of the research tax credit relating to the year 2015 (€7.0 million) and of €2.0 million relating to finance-leases.

The table below shows the revenue for the first nine months of 2015 and 2016, as well as the revenue for the third quarter of the same years:

In thousand of euros	**Nine-month period ended September 30**		**Three-month period ended September 30**	
	2016	**2015**	**2016**	**2015**
Revenue from collaboration and licensing agreements	27,900	11,300	11,214	10,039
Revenue	**27,900**	**11,300**	**11,214**	**10,039**

This revenue mainly results from:

- €27.2 million resulting from the co-development and commercialization agreement with AstraZeneca, corresponding to the recognition over the period of the initial payment received in April 2015 (€5.9 million for the same period in 2015);

* Including current and non-current financial assets

- €0.7 million from the collaboration and licensing agreement with Bristol-Myers Squibb corresponding to the recognition of the upfront payment received in July 2011 (€4.4 million from a milestone payment for the same period in 2015).

As a reminder, within the frame of the collaboration and licensing agreement signed with Bristol-Myers Squibb in July 2011, the upfront payment received (€24.9 million, $35.3 million) was recognized in revenue during the expected period of duration of the clinical program in progress at the date of the contract. This upfront payment was entirely recognized as of June 30, 2016.

Regarding the co-development and commercialization agreement with AstraZeneca, the Company recognizes the initial payment of $250 million over the period during which the Company is committed to complete the studies and based on actual expenses incurred. The measurement of progress has been based on actual expenses incurred compared to the total estimated amount of expenses to be incurred for these studies.

Hervé Brailly, Chief Executive Officer of Innate Pharma, commented: *"Innate Pharma is pleased to report another period of significant progress, as our core programs continue to advance in the clinic and we are maintaining a solid cash position. Preliminary safety and clinical activity results for IPH4102 have been presented at the world congress of cutaneous lymphomas. These results are encouraging for this wholly-owned program. Recently, our partner Bristol-Myers Squibb reported safety data for lirilumab and we now look forward to the release of efficacy data at the SITC annual meeting in a few days. Beyond our clinical programs, we have continued to invest in our proprietary preclinical pipeline as we seek to build the Company's wholly-owned portfolio of programs and improve cancer treatment and clinical outcomes for patients."*

Pipeline update:

Innate Pharma has made good progress across its portfolio of innovative immunotherapies designed to harness the innate immune system, both in the three first-in-class antibodies in clinical trials and in preclinical programs. The main advances are:

Lirilumab (anti-KIR antibody), partnered with Bristol-Myers Squibb:

- Innate Pharma's most advanced clinical candidate, lirilumab, partnered with Bristol-Myers Squibb, reported safety data for two Phase I studies at the European Society for Medical Oncology (ESMO) 2016 congress. The combination of lirilumab and nivolumab in a Phase I study of advanced solid tumors showed no added toxicity over nivolumab monotherapy.
    - Efficacy data in head and neck will be presented on November 12th, 2016, at the Society for Immunotherapy of Cancer (SITC) 2016 annual meeting.
- With regards to the Phase II trial EffiKIR, the Data and Safety Monitoring Board ("DSMB") completed its seventh assessment in September 2016 and recommended continuation of the trial without modification. Per protocol, analysis on the primary efficacy endpoint, leukemia-free survival, is event driven.

IPH4102 (anti-KIR3DL2 antibody):

- Encouraging preliminary safety and clinical activity results from the Company's wholly-owned IPH4102 program were presented at the Third World Congress of Cutaneous Lymphomas (3WCCL). While preliminary, the results showed a good safety profile for IPH4102 in an elderly and heavily pretreated population of patients with cutaneous T cell lymphomas (CTCL, an orphan disease)[†] as well as encouraging signs of clinical activity with some complete responses seen in skin and blood.

Monalizumab (anti-NKG2A antibody), partnered with AstraZeneca:

Monalizumab, partnered with AstraZeneca/MedImmune, continued to progress as planned:

- A Phase I trial investigating monalizumab as a single agent in a post-transplantation setting in hematological malignancies was opened in October. Two more trials are expected to open within the next few months.
- Innate Pharma closed new patient enrollment in the Phase I/II trial testing monalizumab in head and neck cancers in a preoperative setting. The decision to stop this trial was due to slow enrollment and not based on any safety considerations. Another trial testing monalizumab as a single agent in patients with head and neck cancer is planned, and a trial testing monalizumab in combination with cetuximab is ongoing in the same indication.
- Safety data from the dose-ranging part of the Phase I/II trial testing monalizumab as a single agent in patients with gynecological malignancies, sponsored by the Canadian Cancer Trials Group, will be presented on November 30th, 2016, at the EORTC-NCI-AACR Molecular Targets and Cancer Therapeutics Symposium.
- At the SITC annual meeting, preclinical data generated in collaboration with AstraZeneca/MedImmune on the combination of NKG2A and PD1/PD-L1 checkpoint inhibitors will be presented in a poster.

About Innate Pharma:

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

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

The Company's aim is to become a commercial stage biopharmaceutical company in the area of immunotherapy and focused on serious unmet medical needs in cancer. Innate Pharma has pioneered the discovery and development of checkpoint inhibitors to activate the innate immune system. Innate Pharma's innovative approach has resulted in three first-in-class, clinical-stage antibodies targeting natural killer cell receptors that may address a broad range

[†] CTCL is a group of rare cutaneous lymphomas of T lymphocytes with poor prognosis and few therapeutic options at advanced stages.

of solid and hematological cancer indications as well as additional preclinical product candidates and technologies. Targeting receptors involved in innate immunity also creates opportunities for the Company to develop therapies for inflammatory diseases.

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

Based in Marseille, France, Innate Pharma has more than 140 employees and is listed on Euronext Paris.

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

Practical Information about Innate Pharma shares:

ISIN code	FR0010331421
Ticker code	IPH

Disclaimer:

This press release contains certain forward-looking statements. Although the company believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated. For a discussion of risks and uncertainties which could cause the company's actual results, financial condition, performance or achievements to differ from those contained in the forward-looking statements, please refer to the Risk Factors (“Facteurs de Risque") section of the *Document de Reference* prospectus filed with the AMF, which is available on the AMF website or on Innate Pharma’s website.

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

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