

Selling Innate short



[Jacob Plieth](#)

Ordinarily a \$250m up-front payment for a phase I/II asset would seem generous, but when it comes in a bull market and concerns a red-hot immuno-oncology project – Innate Pharma’s IPH2201 – some investors might wonder whether the French group is selling itself short.

That said, the markets did not exactly support Innate holding out for more, at least not in Paris, where the group has its main listing; the stock was up 45% this afternoon, in value terms barely equivalent to the signing fee it has secured from AstraZeneca. How different things might have been were the company listed on Nasdaq.

The benefit of European biotechs listing on the other side of the Atlantic is exemplified by GW Pharmaceuticals – up over 1,000% since pulling off the trick in 2013. Others include Cellectis, so far with less success, while Adaptimmune and Cardio3 plan to follow.

Innate has so far resisted the trend, staying loyal to France and not wanting to send a message that it is in immediate need of cash, its head of finance, Catherine Moukheibir, told *EP Vantage*, adding that the real value of the deal would percolate later.

But she admitted: “I am a full partisan of doing a Nasdaq listing in time, and that time is getting closer.”

\$250m

Under this morning’s deal Astra has secured rights to the French group’s anti-NKG2A MAb, IPH2201, for \$250m up front plus \$100m before the start of phase III, future milestones, tiered double-digit ex-Europe royalties and a 50/50 Europe profit share.

This proves that termination of an earlier deal by Novo Nordisk had been due simply to IPH2201 lying outside Novo’s area of interest. In terms of signing fees, however, the collaboration barely beats the \$240m Astra gave Moderna Therapeutics for a research project and is vastly exceeded by the Pfizer/Merck KGaA anti-PD-L1 tie-up ([Astra deals add to ballooning up-front payments, April 24, 2015](#)).

Ms Moukheibir categorically denied that Innate had sold IPH2201 for too little or done the deal too early. “This is a huge deal in France. For us this is a mega deal. It’s the whole value ... I doubt we could have had a similar deal in terms of structure with a much higher up-front.”

Not only has Astra validated IPH2201, it has also made a bet on combining the anti-NKG2A approach with its own anti-PD-L1 project, MEDI4736. NKG2A is an inhibitory checkpoint present on natural killer as well as CD8 T cells, and its interaction with the HLA-E ligand is thought to damp down immune response.

HLA-E has been found to be upregulated in certain tumour types, including colorectal, ovarian and oesophageal cancers, and these provide obvious initial targets. Innate is already running a phase I/II monotherapy trial in head and neck cancer, and plans to begin another in ovarian this year, as well as a combo with Imbruvica in CLL.

Astra plans a phase II study combining IPH2201 with MEDI4736 in an undisclosed solid tumour, and will carry out HLA-E biomarker work. Expression of both PD-L1 and HLA-E is upregulated by interferon-gamma, which itself is enhanced by blocking either NKG2A or the PD-1 pathway, said Innate’s science chief, Nicolai Wagtmann, providing hints of the rationale behind a combination.

Immuno-oncology flurry

The move came amid a flurry of immuno-oncology deals; yesterday Astra struck a non-exclusive alliance to combine MEDI4736 with Juno Therapeutics’ CAR-T therapies, and today it carved out MEDI4736’s haematological oncology rights to Celgene ([Celgene signals bigger immuno-oncology push into blood cancers, April 24, 2015](#)).

Elsewhere, Jounce Therapeutics, a US start-up targeting the stimulatory immune signal ICOS, raised \$56m in a series B round including Nextech Invest, Pharmastandard and several crossover investors.

Followers of Innate might well look forward to a secondary Nasdaq listing increasing liquidity and boosting its valuation, though for now they can only guess when the IPO trigger might be pulled. It could be that Innate is awaiting data from its lead project, the anti-KIR MAb lirilumab, partnered with Bristol-Myers Squibb.

Recommendation that one of two arms in lirilumab's all-important [Effikir study](#) be terminated last month prompted a selloff in Innate shares. However, it likely concerned the lower of two doses, whose efficacy had in any case been seen as highly doubtful.

With just one arm Effikir will now not read out before the second quarter of next year, but at least those investors who jumped in on the dip can today celebrate having taken advantage of a real buying opportunity.

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