Coherus Announces Agreement to Divest UDENYCA® Franchise for up to $558 million to Intas Pharmaceuticals Ltd.

- Coherus to focus exclusively on innovative immuno-oncology programs that include LOQTORZI®, an FDA approved, next-generation programmed cell death protein 1 (PD-1) inhibitor -

- Proceeds to fund development of key combination programs with LOQTORZI, including casdozokitug, a first-in-class, clinical-stage interleukin-27 (IL-27) antagonist, and CHS-114, a highly selective chemokine receptor 8 (CCR8) antibody -

- Post-closing proceeds to repay the entirety of the company's $230 million convertible notes due April 2026 -

- Coherus management to host investor conference call today, Tuesday, December 3, 2024, at 8:00 a.m. Eastern Time -

REDWOOD CITY, Calif., Dec. 03, 2024 (GLOBE NEWSWIRE) -- Coherus BioSciences, Inc. (Coherus or the Company NASDAQ: CHRS,) today announced that it has entered into an asset purchase agreement (the Agreement) dated December 2, 2024, with Intas Pharmaceuticals Ltd. (Intas) for the divestiture of the UDENYCA (pegfilgrastim-cbqv) franchise for up to $558.4 million. This includes an upfront payment of $483.4 million, to be adjusted for inventory at close, and $75.0 million in potential net sales milestone payments. Coherus plans to use a portion of the transaction proceeds to fully repay the entirety of the Company's $230.0 million in existing convertible notes due April 2026 and $49.1 million to buy-out certain royalty obligations related to UDENYCA.

"The proposed divestiture of UDENYCA represents the successful execution of our strategy to focus R&D and commercial resources on Coherus' innovative immuno-oncology portfolio and to strengthen our financial position," said Denny Lanfear, Coherus Chairman and Chief Executive Officer. "We have created significant value with our UDENYCA franchise, and this proposed transaction allows us to monetize that value in order to maximize the opportunity ahead for LOQTORZI (toripalimab-tpzi), a novel PD-1 inhibitor with growing sales and the only FDA-approved treatment for nasopharyngeal carcinoma (NPC), allowing us to accelerate and advance the development of our I-O pipeline in combination with LOQTORZI."

“In addition, by paying off our convertible notes in their entirety, we will significantly improve our capital structure and align our operational footprint with our strategic focus. As we enter this new phase of growth, we are well positioned to drive significant value for both patients and shareholders as we advance our mission to extend cancer patient survival.”

Terms of the Agreement

Under the terms of the Agreement filed as an exhibit to Coherus’ Current Report on Form 8-K today, Coherus will receive an upfront cash payment of $483.4 million, subject to closing adjustments for final inventory valuation, plus two net sales milestone payments totaling $75.0 million. In exchange, Intas will receive identified assets related to the UDENYCA franchise, including the UDENYCA pre-filled syringe, the UDENYCA autoinjector, and UDENYCA ONBODY™ and will assume identified liabilities. Accord BioPharma, Inc., the U.S. specialty division of Intas Pharmaceuticals, Ltd., focused on the development of oncology, immunology, and critical care therapies, plans to assume full responsibility for the UDENYCA franchise in the U.S. following the Agreement closing.

The Coherus Board of Directors unanimously recommends that Coherus shareholders vote in favor of the proposed UDENYCA divestiture described by the Agreement. A Coherus proxy statement relating to the proposed transaction will be filed with the Securities and Exchange Commission (the SEC) and mailed to Coherus shareholders when available.

The closing of the proposed transactions contemplated by the Agreement is subject to customary closing conditions, including approval by Coherus shareholders, expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, any required approval by the Committee on Foreign Investment in the United States (CFIUS) as well as certain other conditions. The proposed transaction is expected to close by the end of Q1 2025.

Financial Considerations of the Divestiture

Importantly, upon close of the proposed transaction, the Company expects to use tax attributes, which were previously not deemed realizable, to offset substantially all of the U.S. federal income taxes related to the divestiture.

- Following close of the proposed transaction, Coherus plans to initiate a process to fully repay the Company’s outstanding $230.0 million in aggregate principal amount of 1.5% Convertible Senior Subordinated Notes due 2026.
- At closing Coherus will pay $49.1 million to buy out the right to receive royalties on net sales of UDENYCA in accordance with the Revenue Participation Right and Sale Agreement with Coduet Royalty Holdings, LLC that commenced May 8, 2024.

The Company expects to realize substantial cost savings on a going forward basis by:

- Paying off certain financial liabilities resulting in expected annual financing cash savings exceeding $10.0 million, with the remaining $38.7 million in secured debt (maturing May 2029) costing approximately $5 million to service annually;
- Transferring certain full-time employees to Intas to support UDENYCA; and
- Eliminating UDENYCA-related overhead and commercial expenses.

The Company plans to provide an updated Q4 2024 sales projection and Q1 2025 cash projection in early January 2025. However, current post-close cash runway projections exceed two years, past key data readouts expected in 2026.

Focus on Immuno-Oncology Portfolio and Key Upcoming Milestones
Coherus intends to strengthen and sharpen its focus on the advancement of its innovative, next-generation, immuno-oncology portfolio in combination with LOQTORZI.

LOQTORZI is a next-generation, differentiated PD-1 marketed in the U.S. in two indications. Coherus plans to maximize the value of this product by:

- Continuing to build launch momentum as the first and only FDA-approved treatment for recurrent, locally advanced or metastatic NPC;
- Developing new indications by combining LOQTORZI with internal pipeline assets to advance two drug candidates; and
- Entering into capital-efficient external partnerships for additional label expansions. Additional partnerships evaluating LOQTORZI with novel promising cancer agents are planned for 2025.

Casdozokitug is a first-in-class, clinical-stage IL-27 antagonist, with demonstrated monotherapy activity in treatment-refractory non-small cell lung cancer (NSCLC) and clear cell renal cell carcinoma (ccRCC) and combination activity in hepatocellular carcinoma (HCC). The Company plans to:

- Initiate a Phase 2 randomized trial of casdozokitug/toripalimab/bevacizumab in first-line (1L) HCC in Q4 2024;
- Announce final data from its Phase 2 trial of casdozokitug/atezolizumab/bevacizumab in 1L HCC in Q1 2025; and
- Report data from its Phase 1 study of casdozokitug/toripalimab in second to fourth line (2-4L) NSCLC in 1H 2025.

CHS-114 is a highly selective cytolytic CCR8 antibody that specifically binds and preferentially depletes CCR8+ tumor regulatory T cells (Tregs) with no off-target binding. Phase 1 dose escalation is complete, establishing safety and proof of mechanism. Coherus plans to:

- Report Phase 1 monotherapy biopsy data as well as CHS-114/toripalimab combination safety data in head and neck squamous cell carcinoma (HNSCC) in 1H 2025;
- Initiate a Phase 1b CHS-114/toripalimab combination dose optimization study in 2L head and neck squamous cell carcinoma (HNSCC) in Q1 2025 with a first data readout expected in Q2 2026; and
- Initiate a Phase 1b CHS-114/toripalimab combination dose optimization study in 2L gastric cancer in Q1 2025 with a first data readout expected in Q2 2026.