NEWS RELEASE

# Inovio Pharmaceuticals Reports 2016 First Quarter Financial Results

2016-05-09

PLYMOUTH MEETING, Pa., May 09, 2016 (GLOBE NEWSWIRE) -- Inovio Pharmaceuticals, Inc. (NASDAQ:INO) today reported financial results for the quarter ended March 31, 2016.

Total revenue was $8.1 million for the three months ended March 31, 2016, compared to $5.2 million for the same period in 2015. Total operating expenses were $23.6 million compared to $13.5 million.

The net loss attributable to common stockholders for the quarter ended March 31, 2016, was $8.0 million, or $0.11 per share, compared to $10.6 million, or $0.17 per share, for the quarter ended March 31, 2015.

Revenue

The increase in revenue was primarily due to an increase in development payments from our DARPA Ebola grant.

Operating Expenses

Research and development expenses for Q1 2016 were $18.2 million compared to $9.4 million for Q1 2015. The increase in R&D expenses was generally related to increased investment in all our product development programs. General and administrative expenses were $5.4 million for Q1 2016 versus $4.1 million for Q1 2015.

Capital Resources

As of March 31, 2016, cash and cash equivalents and short-term investments were $146.8 million compared with $163.0 million as of December 31, 2015. At quarter end the company had 72.3 million shares outstanding and 80.7 million fully diluted.

Inovio's balance sheet and statement of operations are provided below. Form 10-Q providing the complete 2016 first quarter financial report can be found at: **http://ir.inovio.com/secfilings**.

Corporate Update

Clinical Development

- Subsequent to the quarter, Inovio held constructive meetings with both FDA (end of phase II) and European Medicines Agency (EMA) providing an affirmative path forward toward an indication for VGX-3100 to treat HPV-16/18-related high grade cervical dysplasia that is consistent with our previously reported expectations to start a pivotal phase III registration study in 2016.
- Interim data from the fully enrolled phase I study of INO-4212 Ebola vaccine in 75 healthy subjects showed it was safe, tolerable, and generated strong T cell and antibody responses.
- Inovio and GeneOne Life Science Inc. began recruitment of the collaborative study of GLS-5300 MERS (Middle East Respiratory Syndrome) vaccine with Walter Reed Army Institute of Research.

Corporate Development

- Subsequent to the quarter, Inovio completed the acquisition of all of Bioject Medical Technologies Inc.'s assets, including pioneering needle-free jet injection technology, devices, and intellectual property, for $5.5 million in cash and stock.
- Received $500,000 grant from the U.S. Army's Small Business Innovation Research program to advance Inovio's next generation delivery device capable of administering vaccines via skin-surface, needle-free electroporation delivery.
- Signed collaborative research agreements with the Wistar Institute for therapeutic and preventive DNA-based immunotherapy applications and products for cancers and infectious diseases developed by David B. Weiner, Ph.D., and his Wistar laboratory. Inovio will have the exclusive right to in-license new intellectual property developed in this collaboration.
- VGX-3100 HPV cervical dysplasia immunotherapy recognized as "Best Therapeutic Vaccine" by World Vaccine Congress for fourth consecutive year.

Preclinical Development

- The Journal of Infectious Diseases published the paper, "Rapid and long-term immunity elicited by DNA encoded antibody prophylaxis and DNA vaccination against Chikungunya virus," highlighting Inovio's DNA-based monoclonal antibody technology.
- Preclinical testing of Zika virus synthetic vaccine induced robust and durable immune responses. The first clinical study of Inovio's Zika vaccine is on track to start in 2016.

About Inovio Pharmaceuticals, Inc.

Inovio is taking immunotherapy to the next level in the fight against cancer and infectious diseases. We are the only immunotherapy company that has reported generating T cells in vivo in high quantity that are fully functional and whose killing capacity correlates with relevant clinical outcomes with a favorable safety profile. With an expanding portfolio of immune therapies, the company is

advancing a growing preclinical and clinical stage product pipeline. Partners and collaborators include MedImmune, Roche, The Wistar Institute, University of Pennsylvania, DARPA, GeneOne Life Science, Drexel University, NIH, HIV Vaccines Trial Network, National Cancer Institute, U.S. Military HIV Research Program, and University of Manitoba. For more information, visit **www.inovio.com**.

This press release contains certain forward-looking statements relating to our business, including our plans to develop electroporation-based drug and gene delivery technologies and DNA vaccines, our expectations regarding our research and development programs and our capital resources. Actual events or results may differ from the expectations set forth herein as a result of a number of factors, including uncertainties inherent in pre-clinical studies, clinical trials and product development programs (including, but not limited to, the fact that pre-clinical and clinical results referenced in this release may not be indicative of results achievable in other trials or for other indications, that the studies or trials may not be successful or achieve the results desired, including safety and efficacy for VGX-3100 and INO-3112, that pre-clinical studies and clinical trials may not commence or be completed in the time periods anticipated, that results from one study may not necessarily be reflected or supported by the results of other similar studies and that results from an animal study may not be indicative of results achievable in human studies), the availability of funding to support continuing research and studies in an effort to prove safety and efficacy of electroporation technology as a delivery mechanism or develop viable DNA vaccines, our ability to support our broad pipeline of SynCon® active immunotherapy and vaccine products, our ability to advance our portfolio of immuno-oncology products independently, the ability of our collaborators to attain development and commercial milestones for products we license and product sales that will enable us to receive future payments and royalties, the adequacy of our capital resources, the availability or potential availability of alternative therapies or treatments for the conditions targeted by the company or its collaborators, including alternatives that may be more efficacious or cost effective than any therapy or treatment that the company and its collaborators hope to develop, our ability to enter into partnerships in conjunction with our research and development programs, evaluation of potential opportunities, issues involving product liability, issues involving patents and whether they or licenses to them will provide the company with meaningful protection from others using the covered technologies, whether such proprietary rights are enforceable or defensible or infringe or allegedly infringe on rights of others or can withstand claims of invalidity and whether the company can finance or devote other significant resources that may be necessary to prosecute, protect or defend them, the level of corporate expenditures, assessments of the company's technology by potential corporate or other partners or collaborators, capital market conditions, the impact of government healthcare proposals and other factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2015, our Form 10-Q for the quarter ended March 31, 2016, and other regulatory filings from time to time. There can be no assurance that any product in Inovio's pipeline will be successfully developed or manufactured, that final results of clinical studies will be supportive of regulatory approvals required to market licensed products, or that any of the forward-looking information provided herein will be proven accurate.

Inovio Pharmaceuticals, Inc.
CONSOLIDATED BALANCE SHEETS

| | March 31, 2016 (Unaudited) | December 31, 2015 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 41,624,045 | $ 57,632,693 |
| Short-term investments | 105,163,382 | 105,357,277 |
| Accounts receivable | 11,152,759 | 7,333,059 |
| Prepaid expenses and other current assets | 1,122,707 | 917,257 |
| Prepaid expenses and other current assets from affiliated entity | 1,538,563 | 610,652 |
| Total current assets | 160,601,456 | 171,850,938 |
| Fixed assets, net | 8,393,322 | 7,306,695 |
| Investment in affiliated entity- GeneOne | 22,422,255 | 14,941,277 |
| Investment in affiliated entity - PLS | 5,026,917 | 5,045,915 |
| Intangible assets, net | 3,696,318 | 3,905,860 |
| Goodwill | 10,113,371 | 10,113,371 |
| Other assets | 1,034,753 | 676,803 |
| Total assets | $ 211,288,392 | $ 213,840,859 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | $ 12,102,303 | $ 13,064,899 |
| Accounts payable and accrued expenses due to affiliated entity | 207,233 | 165,047 |
| Accrued clinical trial expenses | 4,150,796 | 2,600,483 |
| Common stock warrants | 1,707,387 | 1,301,138 |
| Deferred revenue | 14,538,426 | 13,449,768 |
| Deferred revenue from affiliated entity | 376,042 | 504,442 |
| Deferred rent | 316,617 | 380,629 |
| Total current liabilities | 33,398,804 | 31,466,406 |
| Deferred revenue, net of current portion | 434,695 | 103,074 |
| Deferred revenue from affiliated entity, net of current portion | 367,944 | 677,371 |
| Deferred rent, net of current portion | 5,693,594 | 5,485,313 |
| Deferred tax liabilities | 175,642 | 175,642 |
| Total liabilities | 40,070,679 | 37,907,806 |
| Inovio Pharmaceuticals, Inc. stockholders' equity: | | |
| Common stock | 72,268 | 72,218 |
| Additional paid-in capital | 537,131,310 | 534,004,564 |
| Accumulated deficit | (369,140,716 ) | (361,097,896 ) |
| Accumulated other comprehensive income | 2,909,023 | 2,708,339 |
| Total Inovio Pharmaceuticals, Inc. stockholders' equity | 170,971,885 | 175,687,225 |
| Non-controlling interest | 245,828 | 245,828 |
| Total stockholders' equity | 171,217,713 | 175,933,053 |
| Total liabilities and stockholders' equity | $ 211,288,392 | $ 213,840,859 |

Inovio Pharmaceuticals, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| Revenues: | | |
| Revenue under collaborative research and development arrangements | $ 1,796,857 | $ 4,245,571 |
| Revenue under collaborative research and development arrangements with affiliated entity | 137,000 | 112,500 |
| Grants and miscellaneous revenue | 6,176,298 | 808,566 |

| | | |
|---|---|---|
| Total revenues | 8,110,155 | 5,166,637 |
| Operating expenses: | | |
| Research and development | 18,189,160 | 9,426,320 |
| General and administrative | 5,371,613 | 4,107,928 |
| Total operating expenses | 23,560,773 | 13,534,248 |
| Loss from operations | (15,450,618 ) | (8,367,611 ) |
| Other income (expense): | | |
| Interest and other income, net | 333,070 | 138,276 |
| Change in fair value of common stock warrants | (406,249 ) | (1,227 ) |
| Gain (loss) on investment in affiliated entity | 7,480,977 | (2,352,309 ) |
| Net loss | (8,042,820 ) | (10,582,871 ) |
| Net loss attributable to non-controlling interest | — | 1,092 |
| Net loss attributable to Inovio Pharmaceuticals, Inc. | $ (8,042,820 ) | $ (10,581,779 ) |
| Net loss per common share attributable to Inovio Pharmaceuticals, Inc. stockholders: | | |
| Basic | $ (0.11 ) | $ (0.17 ) |
| Diluted | $ (0.11 ) | $ (0.18 ) |
| Weighted average number of common shares outstanding used in per share calculations: | | |
| Basic | 72,230,411 | 60,741,082 |
| Diluted | 72,230,411 | 60,913,423 |


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