NEWS RELEASE

Inovio Pharmaceuticals Reports 2017 Third Quarter Financial Results

2017-11-08

PLYMOUTH MEETING, Pa., Nov. 08, 2017 (GLOBE NEWSWIRE) -- Inovio Pharmaceuticals, Inc. (NASDAQ:INO) today reported financial results for the quarter ended September 30, 2017.

Total revenue was $2.6 million for the three months ended September 30, 2017, compared to $12.5 million for the same period in 2016. Total operating expenses were $31.8 million for the current year quarter compared to $32.7 million for the prior year quarter.

The net loss attributable to common stockholders for the quarter ended September 30, 2017 was $34.1 million, or $0.39 per basic share, compared to $20.8 million, or $0.28 per share, for the quarter ended September 30, 2016. The increase in net loss for the quarter resulted primarily from lower revenue recognized from our DARPA Ebola grant and a higher non-cash accounting expense related to the change in fair value of our investment in an affiliated entity.

Revenue

The decrease in revenue was primarily due to lower revenues recognized due to the nearing of successful completion of our DARPA Ebola grant.

Operating Expenses

Research and development expenses for the third quarter of 2017 were $25.5 million compared to $27.0 million for the third quarter of 2016. The decrease in R&D expenses was primarily the result of lower expenses incurred related to our DARPA Ebola grant. General and administrative expenses were $6.3 million for the third quarter of 2017 versus $5.8 million for the third quarter of 2016. The increase in G&A expenses was primarily related to an increase in employee headcount.

Capital Resources

As of September 30, 2017, cash and cash equivalents and short-term investments were $141.9 million compared with $104.8 million

as of December 31, 2016. At quarter end the company had 90.3 million shares of common stock outstanding and 99.7 million shares of common stock outstanding on a fully diluted basis.

Inovio's balance sheet and statement of operations are provided below. The Form 10-Q providing the complete 2017 third quarter financial report can be found at: **http://ir.inovio.com/investors/financial-reports/default.aspx**.

Corporate Update

Cancer Immunotherapies

VGX-3100: Cervical Pre-Cancer (Phase 3)

In June, Inovio commenced its phase 3 clinical program to evaluate the efficacy of Inovio's DNA-based immunotherapy, VGX-3100, to treat cervical dysplasia caused by human papillomavirus (HPV). In a little over three months since trial initiation, Inovio has opened nearly 35 sites, recruiting and dosing patients. The company is on track to open at least 50 sites by the end of the year.

VGX-3100: Vulvar Pre-Cancer (Phase 2)

In April, Inovio commenced a randomized, open-label phase 2 trial to evaluate the efficacy of VGX-3100 in women with high-grade HPV-related vulvar high-grade intraepithelial lesions (HSIL), a disease with a high unmet medical need. The primary endpoint of the study is histologic clearance of high-grade lesions and virologic clearance of the HPV virus in vulvar tissue samples. The study will also evaluate safety and tolerability. There are 10 sites in the U.S. open and recruiting patients.

MEDI0457: HPV-Related Head & Neck Cancer (Phase 1/2)

In May, Inovio announced that MedImmune, AstraZeneca's global biologics research and development arm, commenced a new clinical trial investigating the combination of MEDI0457 (formerly INO-3112, in-licensed from Inovio), an immunotherapy designed to generate antigen-specific killer T cell responses targeting HPV-associated tumors, and durvalumab (IMFINZI™), MedImmune's PD-L1 checkpoint inhibitor. The combination trial will enroll patients with metastatic HPV-associated squamous cell carcinoma of the head and neck (SCCHN) with persistent or recurrent disease after chemotherapy treatment. This study marks a significant moment for Inovio as it transitions into a late-stage biotechnology company. MedImmune is investigating elevating the response rate of checkpoint inhibitors by using durvalumab in combination with a DNA plasmid vaccine originally licensed from Inovio, which has shown the ability to generate killer T cells.

INO-5401: Metastatic bladder cancer phase 1/2 trial initiated in combination with Genentech's TECENTRIQ®

In October, Inovio initiated a phase 1b/2 immuno-oncology trial to evaluate Genentech/Roche's atezolizumab (TECENTRIQ®) in combination with Inovio's INO-5401, a T cell activating immunotherapy encoding multiple antigens, and INO-9012, an immune

activator encoding IL-12. The multi-center, open-label efficacy trial will be managed by Inovio, and Genentech will supply atezolizumab. The trial is evaluating the safety, immune response and clinical efficacy of the combination therapy in approximately 80 patients with advanced bladder cancer, specifically advanced unresectable or metastatic urothelial carcinoma (UC), the most common type of bladder cancer. The majority of the patients to be enrolled in the trial will have previously received and failed to demonstrate meaningful response to an anti-PD-1 or PD-L1 checkpoint inhibitor alone. Thus, the study will evaluate the potential benefit of a checkpoint inhibitor combined with a DNA-based immunotherapeutic and T cell activator within a bladder cancer patient population with very limited treatment options and poor outcomes.

INO-5401: Glioblastoma phase 1/2 trial initiated in combination with Regeneron's PD-1 inhibitor

In November, Inovio initiated a phase 1b/2a immuno-oncology trial in patients with newly diagnosed glioblastoma (GBM) designed to evaluate Regeneron's PD-1 inhibitor, REGN2810, in combination with Inovio's INO-5401 and INO-9012. The open-label trial of 50 patients will be conducted at approximately 30 U.S. sites, and will evaluate safety, tolerability, immune responses as well as progression-free survival and overall survival. GBM is the most aggressive brain cancer and its prognosis is extremely poor, despite a limited number of new therapies approved over the last 10 years. The median overall survival for patients receiving standard of care therapy is approximately 15 months, and the average five-year survival rate is less than three percent.

INO-5150: Prostate cancer immunotherapy slowed PSA rise in patients with recurrent prostate cancer

An interim data analysis from an ongoing open-label phase 1b study showed that Inovio's INO-5150 cancer immunotherapy product generated antigen-specific CD8+ killer T cell responses measured in peripheral blood from subjects with biochemically recurrent prostate cancer. In the study, INO-5150 treatment as a monotherapy generated prostate specific antigen (PSA) and prostate specific membrane antigen (PSMA) specific T cell responses in peripheral blood in 60% of the subjects. Moreover, patients with specific CD8+ T cell responses experienced dampening in the rise of PSA and significant increases in PSA Doubling Times (PSADT). PSA is a prostate cancer-associated biomarker, and positive changes in PSA levels could signal INO-5150's potential positive impact on the treatment of prostate cancer.

dMAb™ shrunk prostate tumors and protected against antibiotic-resistant bacterial infection in published preclinical studies

Two peer-reviewed scientific papers highlighted the potential impact of dMAb constructs on prostate tumors and in preventing infection from a pneumonia-causing bacteria in preclinical studies. A journal article detailed how Inovio's dMAb construct against PSMA produced monoclonal antibodies that shrank prostate tumors in a preclinical animal model. This research publication is significant because it is the first to report on the use of Inovio dMAb technology to develop novel monoclonal antibody-based therapies against cancer targets. In another first, Inovio also published results of studies in which its dMAb constructs targeting antibiotic-resistant bacteria protected mice when challenged with a lethal dose of drug-resistant pseudomonas, a pneumonia-causing bacteria.

Infectious Disease Vaccines

Positive Zika vaccine clinical data published in New England Journal of Medicine

In October, Inovio reported positive safety and immune response results from a first-in-man, multi-center phase 1 trial of a vaccine against the Zika virus. The phase 1 trial of Inovio's DNA-based Zika vaccine (GLS-5700) induced high levels of binding antibodies in 100% of participants. Robust neutralizing antibody and T cell immune response were also observed in vaccinated subjects. These positive results were published in the New England Journal of Medicine in the article, titled "Safety and Immunogenicity of an Anti-Zika Virus DNA Vaccine," authored by Inovio researchers and collaborators. A second phase 1 study, now fully enrolled with 160 participants in Puerto Rico, is designed with a placebo control to explore a potential trend towards clinical efficacy. Inovio is the first company to generate positive human data that clearly supports advancement of DNA technology and its Zika vaccine candidate.

Fully-funded phase 1/2 MERS trial initiated in South Korea

Following approval by the Korean Ministry of Food and Drug Safety, in September, Inovio and its development partner, GeneOne Life Science, initiated a study to evaluate GLS-5300, Inovio's vaccine against the MERS virus (Middle East Respiratory Syndrome), in a phase 1/2a trial. The International Vaccine Institute (IVI) is fully funding this trial utilizing a $34 million grant from the Samsung Foundation provided to IVI in 2015 to support the development of a MERS vaccine. This phase 1/2a trial represents the second clinical trial of GLS-5300, which remains the first and only MERS vaccine being tested in humans. In the first phase 1 MERS study conducted in the United States, high levels of binding antibodies were measured in 92% of evaluated subjects. Significant antigen-specific cytotoxic T-lymphocyte (CTL) responses were also observed.

Lassa fever vaccine advances

Demonstrating its commitment to global public health, in October, Inovio announced positive results of a preclinical study in which a DNA vaccine provided protection against the Lassa fever virus, which infects about 300,000 people annually. In the study, partnered with U.S. Army scientists and fully funded by a grant from the NIH, Inovio's DNA vaccine provided 100% protection for non-human primates challenged with a lethal dose of the Lassa fever virus. Inovio's DNA-based platform is especially well-suited to rapidly respond to viral outbreaks and newly emerging pathogens due to its safety profile, ease and speed of development and manufacturing, as well as the ability to be shipped and stored without a cold-chain environment.

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 immunotherapies, the company is advancing a growing preclinical and clinical stage product pipeline. Partners and collaborators include or have included MedImmune,

Regeneron, Genentech, The Wistar Institute, University of Pennsylvania, DARPA, GeneOne Life Science, Plumbline Life Sciences, ApolloBio Corporation, Drexel University, National Microbiology Laboratory of the Public Health Agency of Canada, NIH, HIV Vaccines Trial Network, NIAID, U.S. Army Medical Research Institute of Infectious Diseases and U.S. Military HIV Research Program. 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, including the planned initiation and conduct of clinical trials and the availability and timing of data from those trials, and the sufficiency of 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, 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 pipeline of SynCon® active immunotherapy and vaccine products, 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, 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, 2016, our Form 10-Q for the quarterly period ended September 30, 2017, and other regulatory filings we make from time to time. There can be no assurance that any product candidate in Inovio's pipeline will be successfully developed, manufactured or commercialized, that final results of clinical trials 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. Forward-looking statements speak only as of the date of this release, and Inovio undertakes no obligation to update or revise these statements, except as may be required by law.

Inovio Pharmaceuticals, Inc.

CONSOLIDATED BALANCE SHEETS

	September 30,	December 31,

	2017	2016
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,278,392	$ 19,136,472
Short-term investments	118,611,601	85,629,412
Accounts receivable	6,237,078	15,821,511
Accounts receivable from affiliated entities	924,677	748,355
Prepaid expenses and other current assets	4,538,843	1,749,059
Prepaid expenses and other current assets from affiliated entities	997,213	1,512,424
Total current assets	154,587,804	124,597,233
Fixed assets, net	18,471,231	9,025,446
Investment in affiliated entity - GeneOne	8,776,603	16,052,065
Investment in affiliated entity - PLS	2,720,045	3,777,510
Intangible assets, net	6,413,792	7,628,394
Goodwill	10,513,371	10,513,371
Other assets	2,197,182	2,113,147
Total assets	$ 203,680,028	$ 173,707,166
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 22,527,486	$ 19,597,787
Accounts payable and accrued expenses due to affiliated entities	782,878	1,072,579
Accrued clinical trial expenses	7,920,045	6,368,389
Common stock warrants	940,341	1,167,614
Deferred revenue	179,523	14,762,720
Deferred revenue from affiliated entities	243,986	407,292
Deferred rent	769,313	446,646
Total current liabilities	33,363,572	43,823,027
Deferred revenue, net of current portion	164,604	317,808
Deferred revenue from affiliated entities, net of current portion	—	86,694
Deferred rent, net of current portion	7,857,879	5,926,424
Deferred tax liabilities	174,793	174,793
Total liabilities	41,560,848	50,328,746
Inovio Pharmaceuticals, Inc. stockholders' equity:		
Preferred stock	—	—
Common stock	90,295	74,062
Additional paid-in capital	663,223,094	556,718,356
Accumulated deficit	(501,850,138)	(434,838,235)
Accumulated other comprehensive income	559,660	1,327,968
Total Inovio Pharmaceuticals, Inc. stockholders' equity	162,022,911	123,282,151
Non-controlling interest	96,269	96,269
Total stockholders' equity	162,119,180	123,378,420
Total liabilities and stockholders' equity	$ 203,680,028	$ 173,707,166

Inovio Pharmaceuticals, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Revenue under collaborative research and development arrangements	$ 351,272	$ 2,327,316	$ 20,998,174	$ 6,014,161

Revenue under collaborative research and development arrangements with affiliated entities	129,133	574,596	539,342	1,211,316
Grants and miscellaneous revenue	1,456,216	9,410,648	9,494,096	19,401,029
Grants and miscellaneous revenue from affiliated entity	707,922	227,903	2,401,240	227,903
Total revenues	2,644,543	12,540,463	33,432,852	26,854,409
Operating expenses:				
Research and development	25,510,239	26,980,343	73,931,494	64,800,304
General and administrative	6,319,775	5,755,603	20,256,470	16,926,746
Gain on sale of assets	—	—	—	(1,000,000)
Total operating expenses	31,830,014	32,735,946	94,187,964	80,727,050
Loss from operations	(29,185,471)	(20,195,483)	(60,755,112)	(53,872,641)
Other income (expense):				
Interest and other income, net	463,346	391,596	1,103,708	1,065,797
Change in fair value of common stock warrants, net	423,296	2,690	227,273	(517,334)
Gain (loss) on investment in affiliated entity	(5,835,741)	(958,141)	(7,275,462)	5,817,309
Net loss attributable to Inovio Pharmaceuticals, Inc.	$ (34,134,570)	$ (20,759,338)	$ (66,699,593)	$ (47,506,869)
Net loss per share attributable to Inovio Pharmaceuticals, Inc. stockholders				
Basic	$ (0.39)	$ (0.28)	$ (0.85)	$ (0.65)
Diluted	$ (0.40)	$ (0.28)	$ (0.85)	$ (0.65)
Weighted average number of common shares outstanding				
Basic	86,952,024	73,602,834	78,894,881	72,932,199
Diluted	87,090,683	73,789,008	79,043,480	72,932,199

CONTACTS:

Investors/Media: Jeff Richardson, Inovio Pharmaceuticals, 267-440-4211, **jrichardson@inovio.com**

Source: Inovio Pharmaceuticals, Inc.