NEWS RELEASE

Inovio Pharmaceuticals Reports 2018 First Quarter Financial Results

2018-05-09

PLYMOUTH MEETING, Pa., May 09, 2018 (GLOBE NEWSWIRE) -- Inovio Pharmaceuticals, Inc. (NASDAQ:INO), a late-stage biotechnology company focused on the discovery, development, and commercialization of DNA immunotherapies targeted against cancers and infectious diseases, today reported financial results for the first quarter ended March 31, 2018, along with a general business update.

Inovio Highlights

- VGX-3100. A total of 60 sites globally are open and recruiting for REVEAL 1 (Phase 3 clinical trial for treating cervical dysplasia (CIN) caused by human papillomavirus (HPV)); recruiting patients in Phase 2 study for treating vulvar dysplasia (VIN) and associated diseases.
- MEDI0457 in combination with durvalumab advanced to the Phase 2 efficacy stage of the trial, triggering a milestone payment to Inovio. MedImmune is evaluating MEDI0457 in combination with durvalumab, its PD-L1 checkpoint inhibitor, in patients with recurrent/metastatic HPV-associated HNSCC in a clinical trial with an estimated total enrollment of 50 patients.
- INO-5401. Opening sites for Phase 1/2a study to evaluate the safety, immunogenicity and preliminary clinical efficacy of INO-5401 and INO-9012 in combination with Roche/Genentech's atezolizumab in participants with locally advanced unresectable or metastatic/recurrent urothelial carcinoma (UCa); opening sites for Phase 1/2 study to evaluate safety, immunogenicity and preliminary efficacy of INO-5401 and INO-9012 in combination with Regeneron's cemiplimab in participants with newly-diagnosed glioblastoma (GBM).
- INO-1800. Inovio's treatment for hepatitis B infection is being evaluated in a Phase 1 clinical study in which it has generated virus-specific T cells with a favorable safety profile to date. Inovio continues its partnering discussions and plans to report additional data from this trial at upcoming scientific conferences and in a publication in 2018.
- Executed collaboration and partnering agreement with ApolloBio. Inovio received an upfront payment of $23 million (approximately $19.4 million after payment of required taxes) from ApolloBio, which gained the rights to develop, manufacture and commercialize VGX-3100 to treat precancers caused by HPV, within Greater China.
- Entered into a clinical collaboration agreement with the Parker Institute for Cancer Immunotherapy. The agreement provides

that Inovio and the Parker Institute will undertake clinical evaluation of novel combination regimens within the field of immuno-oncology. Under the agreement, the Parker Institute will have responsibility for funding and clinical study execution, working in collaboration with its established network. Inovio will provide financial contributions if Inovio's product(s) studied under the collaboration reaches the initiation of a Phase 3 study.

- Established partnership with CEPI (in April). Inovio will develop vaccine candidates against Lassa fever and Middle East Respiratory Syndrome (MERS). The Coalition for Epidemic Preparedness Innovations (CEPI) will directly fund up to $56 million to support Inovio's pre-clinical and clinical advancement through Phase 2 of INO-4500, its Lassa fever vaccine, and INO-4700, its MERS vaccine, over a five-year period.
- GENEOS Therapeutics, Inc. Our wholly-owned subsidiary, GENEOS Therapeutics, Inc., which is developing neoantigen-based personalized cancer therapies, plans to raise capital in 2018 to fund the development of its programs.
- Cash Position. As of March 31, 2018, cash and cash equivalents and short-term investments were $112.8 million compared to $127.4 million as of December 31, 2017.

Dr. J. Joseph Kim, Inovio's President & CEO said, "During the first quarter of 2018, Inovio has made significant progress in its clinical trials, while continuing to secure corporate partnerships and obtain significant non-dilutive funding. These accomplishments further validate our proprietary ASPIRE™ technology targeting cancer and emerging infectious diseases in addition to positioning us as a global leader for treating a wide spectrum of HPV-related diseases. We look forward to building on our treatment capabilities, while continuing to expand on our partnering successes from the first quarter."

First Quarter 2018 Financial Results

Total revenue was $1.5 million for the three months ended March 31, 2018, compared to $10.4 million for the same period in 2017. Total operating expenses were $34.3 million compared to $32.3 million for the same period in 2017.

As a result of the adoption of Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers, beginning on January 1, 2018, all contributions received from current grant agreements have been recorded as a contra-expense as opposed to revenue on the consolidated statement of operations. For the three months ended March 31, 2018, $2.2 million was recorded as contra-research and development expense which would have been classified as grant revenue in the prior year. Had this change in presentation not occurred, total revenue would have been $3.7 million for the three months ended March 31, 2018, compared to $10.4 million for the same period in 2017. Total operating expenses would have been $36.5 million compared to $32.3 million for the prior year period.

Inovio's net loss for the quarter ended March 31, 2018 was $32.4 million, or $0.36 per basic and diluted share, compared to $23.1 million, or $0.31 per basic and diluted share, for the quarter ended March 31, 2017.

Revenue

The decrease in comparable revenue and grant agreement recognition for the first quarter 2018 compared to 2017 was primarily due to the prior year revenue recognized from the termination payment received from Roche during the first quarter of 2017 of $4.0 million. The decrease was also due to a decrease in grant funding recognized from our Defense Advanced Research Projects Agency (DARPA) Ebola grant of $4.7 million, partially offset by an increase in grant funding recognized from our Zika virus sub-grant of $1.2 million.

Operating Expenses

Research and development (R&D) expenses for the three months ended March 31, 2018 were $24.6 million compared to $24.5 million for the same period in 2017. The increase in R&D expenses was primarily related to our VGX-3100 clinical trials, activities under our collaboration with MedImmune and an increase in employee headcount to support our clinical trial activities and partnerships. These increases were offset by the $2.2 million contra-research and development expense recorded from grant agreements as discussed above, as well as a decrease in expenses related to the DARPA Ebola grant as it nears completion.

General and administrative (G&A) expenses were $9.7 million for the three months ended March 31, 2018 versus $7.8 million for the same period in 2017. The increase in G&A expenses was primarily related to the Chinese taxes and advisory fees incurred in connection with the ApolloBio upfront payment we received, offset by a decrease in non-cash stock based compensation.

Capital Resources

As of March 31, 2018, cash and cash equivalents and short-term investments were $112.8 million compared to $127.4 million as of December 31, 2017. As of March 31, 2018, the Company had 90.7 million common shares outstanding and 102.3 million common shares outstanding on a fully diluted basis, after giving effect to outstanding options, warrants, restricted stock units and convertible preferred stock.

Inovio's balance sheet and statement of operations are provided below. Form 10-Q providing the complete 2018 first quarter financial report can be found at: **http://ir.inovio.com/investors/financial-reports/default.aspx**.

Conference Call / Webcast Information

Inovio's management will host a live conference call and webcast at 4:30 p.m. Eastern Time today to discuss Inovio's financial results and provide a general business update.

The live webcast and a replay may be accessed by visiting the Company's website at **http://ir.inovio.com/investors/events/default.aspx**. Please connect to the Company's website at least 15 minutes prior to the live webcast to ensure adequate time for any software download that may be needed to access the webcast. Telephone replay will be available approximately two hours after the call at 877-481-4010 (domestic) or 919-882-2331 (international) using replay ID 29009.

About Inovio Pharmaceuticals, Inc.

Inovio is a late-stage biotechnology company focused on the discovery, development, and commercialization of DNA immunotherapies that transform the treatment of cancer and infectious diseases. The ASPIRE (Antigen Specific Immune Responses) technology platform is designed to activate an individual's immune system to generate a robust, targeted T cell and antibody response against targeted diseases. We are the only immunotherapy company that has reported generating T cells entirely in vivo in high quantity that are fully functional and whose killing capacity correlates with relevant clinical outcomes with a favorable safety profile. Inovio's most advanced clinical program, VGX-3100, is in Phase 3 for the treatment of HPV-related cervical precancer. Also in development are Phase 2 immuno-oncology programs targeting head and neck cancer, bladder cancer, and glioblastoma, as well as platform development programs in hepatitis B, Zika, Ebola, MERS, and HIV. Partners and collaborators include MedImmune, Regeneron, Roche/Genentech, ApolloBio Corporation, The Wistar Institute, University of Pennsylvania, the Parker Institute for Cancer Immunotherapy, DARPA, GeneOne Life Science, Plumbline Life Sciences, Drexel University, NIH, HIV Vaccines Trial Network, National Cancer Institute, U.S. Military HIV Research Program, and Laval University. 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, our plans and expectations regarding partnerships and the plans of GENEOS Therapeutics, Inc. to raise capital. 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 us or our collaborators, including alternatives that may be more efficacious or cost effective than any therapy or treatment that we and our collaborators hope to develop, issues involving product liability, issues involving patents and whether they or licenses to them will provide us 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 we can finance or devote other significant resources that may be necessary to prosecute, protect or defend them, the level of corporate expenditures, assessments of our 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, 2017, our Quarterly Report on Form 10-Q for the quarter

ended March 31, 2018 and other regulatory filings we make from time to time. There can be no assurance that any product candidate in our 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 we undertake no obligation to update or revise these statements, except as may be required by law.

Inovio Pharmaceuticals, Inc.

CONSOLIDATED BALANCE SHEETS

	March 31, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 37,508,863	$ 23,786,579
Short-term investments	75,259,889	103,638,844
Accounts receivable	5,147,851	6,003,205
Accounts receivable from affiliated entities	2,242,569	486,619
Prepaid expenses and other current assets	2,002,015	2,600,906
Prepaid expenses and other current assets from affiliated entities	1,674,981	1,846,007
Total current assets	123,836,168	138,362,160
Fixed assets, net	17,486,103	18,320,176
Investment in affiliated entity – GeneOne	10,467,711	9,069,401
Investment in affiliated entity – PLS	3,307,192	2,325,079
Intangible assets, net	5,605,667	6,009,729
Goodwill	10,513,371	10,513,371
Other assets	2,448,628	2,639,354
Total assets	$ 173,664,840	$ 187,239,270
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 15,825,207	$ 23,278,798
Accounts payable and accrued expenses due to affiliated entities	1,298,741	926,943
Accrued clinical trial expenses	8,428,881	8,611,892
Common stock warrants	488,636	360,795
Deferred revenue	24,088,288	1,175,353
Deferred revenue from affiliated entities	56,167	174,110
Deferred rent	928,098	877,535
Other liabilities	261,325	—
Total current liabilities	51,375,343	35,405,426
Deferred revenue, net of current portion	203,322	215,853
Deferred rent, net of current portion	8,966,846	9,104,416
Deferred tax liabilities	24,766	24,766
Total liabilities	60,570,277	44,750,461

Stockholders' equity:		
Preferred stock	—	—
Common stock	90,705	90,358
Additional paid-in capital	668,844,504	665,775,504
Accumulated deficit	(555,475,779)	(523,356,317)
Accumulated other comprehensive loss	(461,136)	(117,005)
Total Inovio Pharmaceuticals, Inc. stockholders' equity	112,998,294	142,392,540
Non-controlling interest	96,269	96,269
Total stockholders' equity	113,094,563	142,488,809
Total liabilities and stockholders' equity	$ 173,664,840	$ 187,239,270

Inovio Pharmaceuticals, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2018	2017
Revenues:		
Revenue under collaborative research and development arrangements	$ 1,289,046	$ 4,288,586
Revenue under collaborative research and development arrangements with affiliated entities	148,008	233,330
Grants and miscellaneous revenue	92,590	5,240,233
Grants and miscellaneous revenue from affiliated entity	—	614,036
Total revenues	1,529,644	10,376,185
Operating expenses:		
Research and development	24,577,751	24,542,504
General and administrative	9,698,015	7,767,589
Total operating expenses	34,275,766	32,310,093
Loss from operations	(32,746,122)	(21,933,908)
Other income (expense):		
Interest and other income, net	312,523	340,341
Change in fair value of common stock warrants	(127,841)	116,477
Gain (loss) on investment in affiliated entities	2,380,423	(1,608,817)
Net loss before provision for income taxes	(30,181,017)	(23,085,907)
Provision for income taxes	(2,169,811)	—
Net loss	$ (32,350,828)	$ (23,085,907)
Net loss per share		
Basic	$ (0.36)	$ (0.31)
Diluted	$ (0.36)	$ (0.31)
Weighted average number of common shares outstanding		
Basic	90,451,791	74,152,609
Diluted	90,451,791	74,300,884

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