



NEWS RELEASE

Inovio Pharmaceuticals Reports 2018 Second Quarter Financial Results

2018-08-07

PLYMOUTH MEETING, Pa., Aug. 07, 2018 (GLOBE NEWSWIRE) -- Inovio Pharmaceuticals, Inc. (NASDAQ:INO), a late-stage biotechnology company focused on the development and commercialization of DNA immunotherapies targeted against cancers and infectious diseases, today reported financial results for the second quarter ended June 30, 2018, along with a general business update. 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.

Inovio Highlights

- **VGX-3100 - HPV-related Precancers**
REVEAL 1 Phase 3 trial enrollment on track. Opened a total of 70 sites across 16 countries and are actively recruiting for REVEAL 1, Inovio's Phase 3 clinical trial for treating cervical dysplasia (CIN) caused by the human papillomavirus (HPV); the company anticipates opening approximately 90 sites globally by the end of August 2018. Also commenced during the quarter a Phase 2 clinical trial in its third indication to evaluate the efficacy of VGX-3100 in approximately 24 patients, adult men and women, with HPV-related anal dysplasia. This expansion increases the overall commercial value potential of our lead product, VGX-3100.
- **INO-5401 - Cancer**
Dosed first patient in June as part of its Phase 1/2 immuno-oncology trial in patients with newly diagnosed glioblastoma (GBM); open-label, multi-center trial evaluating INO-5401 and INO-9012 in combination with cemiplimab in 50 newly diagnosed GBM patients with primary endpoint of safety and tolerability; the study will also evaluate immunological impact, progression-free survival and overall survival (see www.clinicaltrials.gov, identifier NCT03491683).
- **INO-5150 - Cancer**
Presented prostate cancer data at ASCO 2018 where analyses showed clinically meaningful PSA stabilization post-administration of INO-5150 in patients with no documented disease progression during the study; of the 61 evaluable patients, 77% (47/61) demonstrated T cell immunogenicity; additional immunology data past week 27 is expected to be presented at a major oncology conference in the third quarter of 2018.

- PENNVAX®-GP - HIV

Presented data in May from a Phase 1 clinical trial in which Inovio's HIV vaccine maintained durable and robust immune responses at month 12, a full 6 months after the last dose; 96% (26 of 27) of participants receiving PENNVAX-GP and IL-12 via IM delivery demonstrated a CD4+ T cell response, while the same percentage (96%, 27 of 28) of participants receiving the vaccine formulation via ID delivery also displayed anti-HIV CD4+ T cell responses; this data was presented at the 2018 HVTN Full Group Meeting in May.

- INO-4700 (GLS-5300) - MERS

Reported positive Phase 1 results of Inovio's collaborative vaccine study with INO-4700 (GLS-5300) against the MERS virus (Middle East Respiratory Syndrome); results showed that the vaccine was well-tolerated and approximately 95% of treated patients achieved overall high levels of antibody responses and approximately 90% of subjects also generated robust T cell responses. The new data was presented in June at the WHO-IVI Joint Symposium for MERS-CoV Vaccine Development.

- Established partnership with CEPI

Signed a partnership agreement with the Coalition for Epidemic Preparedness Innovations (CEPI) under which 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. Additional revenue is possible with vaccine stockpile post-Phase 2 testing.

- Recognized revenue from ApolloBio Partnership

Received an upfront payment of \$23 million (approximately \$19.4 million after payment of required taxes) in March 2018 from ApolloBio, which gained the rights to develop, manufacture and commercialize VGX-3100 to treat precancers caused by HPV, within Greater China. This amount was recognized in Inovio's reported revenue for the second quarter of 2018.

- Cash Position

As of June 30, 2018, cash and cash equivalents and short-term investments were \$95.6 million compared to \$112.8 million as of March 31, 2018.

Dr. J. Joseph Kim, Inovio's President & CEO said, "The second quarter included important strategic accomplishments for Inovio, while also providing shareholders with much to look forward to over the next 12 months. From presenting expanded data from our HIV developmental vaccine, PENNVAX®-GP, to dosing our first patient with INO-5401 in our GBM trial, Inovio continues to showcase the versatility of our technology in both immunotherapy and infectious diseases. We continue to work diligently with our newly established partners ApolloBio, CEPI and the Parker Institute, while maintaining focus on opening sites and enrolling patients globally for our lead asset, VGX-3100, for treating patients with cervical dysplasia as well as capturing the overall commercial value potential of VGX-3100 through the expansion of our immunotherapeutic solution capabilities in HPV-related vulvar and anal precancers."

Second Quarter 2018 Financial Results

Total revenue was \$24.4 million for the three months ended June 30, 2018, compared to \$20.4 million for the same period in 2017. Total operating expenses were \$29.7 million compared to \$30.0 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 June 30, 2018, \$1.9 million was recorded as contra-research and development expense, which amount would have been classified as grant revenue in the prior year. Had this change in presentation not occurred, total revenue would have been \$26.3 million for the three months ended June 30, 2018, compared to \$20.4 million for the same period in 2017. Total operating expenses would have been \$31.6 million compared to \$30.0 million for the same period in 2017.

Inovio's net loss for the quarter ended June 30, 2018 was \$6.6 million, or \$0.07 per basic and \$0.08 per diluted share, compared to \$9.5 million, or \$0.13 per basic and diluted share, for the quarter ended June 30, 2017.

Revenue

The increase in comparable revenue and grant agreement recognition for the second quarter of 2018 compared to 2017 was primarily due to the recognition of the gross up-front payment from ApolloBio of \$23.0 million during the period (approximately \$19.4 million after payment of required taxes). This increase was partially offset by \$12.8 million in lower revenues recognized under Inovio's collaborative research and development agreement with MedImmune, as previously deferred revenue totaling \$13.8 million in the aggregate was recognized in June 2017 upon MedImmune's selection of the first cancer research collaboration product candidate. Inovio also had a decrease in grant funding recognized from its DARPA Ebola grant of \$2.2 million and a decrease in revenue of \$2.1 million under its prior collaboration with Roche, as all remaining deferred revenue was recognized upon termination of that collaboration agreement in 2017, among other variances.

Operating Expenses

Research and development (R&D) expenses for the three months ended June 30, 2018 were \$22.5 million compared to \$23.9 million for the same period in 2017. The decrease in R&D expenses was primarily due to the \$1.9 million contra-research and development expense recorded from grant agreements as discussed above, as well as a decrease of \$2.1 million in expenses related to the DARPA Ebola grant. These decreases were slightly offset by an increase in employee headcount to support clinical trials and partnerships and an increase in expenses related to Inovio's VGX-3100 clinical trials and its collaboration with MedImmune, among other variances.

General and administrative (G&A) expenses were \$7.2 million for the three months ended June 30, 2018 versus \$6.2 million for the same period in 2017.

Capital Resources

As of June 30, 2018, cash and cash equivalents and short-term investments were \$95.6 million compared to \$112.8 million as of

March 31, 2018. As of June 30, 2018, the Company had 91.5 million common shares outstanding and 102.8 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 for the quarter ended June 30, 2018 providing the complete 2018 second 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>. Telephone replay will be available approximately two hours after the call at 877-481-4010 (domestic) or 919-882-2331 (international) using replay ID 33743.

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 Inovio technology platform is designed to activate an individual's immune system to generate a robust, targeted T cell and antibody response against targeted diseases. Inovio is 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 immunology 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, Plumblin Life Sciences, Drexel University, National Institute of Allergy and Infectious Diseases, U.S. Army Medical Research Institute of Infectious Diseases, NIH, HIV Vaccines Trial Network, U.S. Military HIV Research Program and CEPI. 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, as well as our plans and expectations regarding the presentation of data at scientific conferences. 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 June 30, 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.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,085,643	\$ 23,786,579
Short-term investments	80,509,364	103,638,844
Accounts receivable	1,712,962	6,003,205
Accounts receivable from affiliated entities	960,453	486,619
Prepaid expenses and other current assets	1,785,081	2,600,906
Prepaid expenses and other current assets from affiliated entities	1,787,297	1,846,007
Total current assets	101,840,800	138,362,160

Fixed assets, net	16,868,953	18,320,176
Investment in affiliated entity - GeneOne	9,014,490	9,069,401
Investment in affiliated entity - PLS	2,667,805	2,325,079
Intangible assets, net	5,293,271	6,009,729
Goodwill	10,513,371	10,513,371
Other assets	2,724,376	2,639,354
Total assets	<u>\$ 148,923,066</u>	<u>\$ 187,239,270</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 12,609,959	\$ 23,278,798
Accounts payable and accrued expenses due to affiliated entities	600,701	926,943
Accrued clinical trial expenses	10,359,872	8,611,892
Common stock warrants	228,665	360,795
Deferred revenue	762,361	1,175,353
Deferred revenue from affiliated entities	55,125	174,110
Deferred rent	979,803	877,535
Deferred grant funding	2,620,985	—
Deferred grant funding from affiliated entities	188,800	—
Total current liabilities	<u>28,406,271</u>	<u>35,405,426</u>
Deferred revenue, net of current portion	175,157	215,853
Deferred rent, net of current portion	8,825,052	9,104,416
Deferred tax liabilities	24,766	24,766
Total liabilities	<u>37,431,246</u>	<u>44,750,461</u>
Stockholders' equity:		
Preferred stock	—	—
Common stock	91,474	90,358
Additional paid-in capital	674,017,367	665,775,504
Accumulated deficit	(562,114,904)	(523,356,317)
Accumulated other comprehensive loss	(598,386)	(117,005)
Total Inovio Pharmaceuticals, Inc. stockholders' equity	<u>111,395,551</u>	<u>142,392,540</u>
Non-controlling interest	96,269	96,269
Total stockholders' equity	<u>111,491,820</u>	<u>142,488,809</u>
Total liabilities and stockholders' equity	<u>\$ 148,923,066</u>	<u>\$ 187,239,270</u>

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues:				
Revenue under collaborative research and development arrangements	\$ 24,385,852	\$ 16,358,316	\$ 25,674,898	\$ 20,646,902
Revenue under collaborative research and development				

arrangements with affiliated entities	60,319	176,879	208,327	410,209
Grants and miscellaneous revenue	2,590	2,797,647	95,180	8,037,880
Grants and miscellaneous revenue from affiliated entity	—	1,079,282	—	1,693,318
Total revenues	<u>24,448,761</u>	<u>20,412,124</u>	<u>25,978,405</u>	<u>30,788,309</u>
Operating expenses:				
Research and development	22,462,620	23,878,751	47,040,371	48,421,255
General and administrative	7,189,310	6,169,106	16,887,325	13,936,695
Total operating expenses	<u>29,651,930</u>	<u>30,047,857</u>	<u>63,927,696</u>	<u>62,357,950</u>
Loss from operations	(5,203,169)	(9,635,733)	(37,949,291)	(31,569,641)
Other income (expense):				
Interest and other income, net	396,681	300,021	709,204	640,362
Change in fair value of common stock warrants	259,971	(312,500)	132,130	(196,023)
Gain (loss) on investment in affiliated entities	(2,092,608)	169,096	287,815	(1,439,721)
Net loss before provision for income taxes	(6,639,125)	(9,479,116)	(36,820,142)	(32,565,023)
Provision for income taxes	—	—	(2,169,811)	—
Net loss	<u>\$ (6,639,125)</u>	<u>\$ (9,479,116)</u>	<u>\$ (38,989,953)</u>	<u>\$ (32,565,023)</u>
Net loss per share				
Basic	<u>\$ (0.07)</u>	<u>\$ (0.13)</u>	<u>\$ (0.43)</u>	<u>\$ (0.44)</u>
Diluted	<u>\$ (0.08)</u>	<u>\$ (0.13)</u>	<u>\$ (0.43)</u>	<u>\$ (0.44)</u>
Weighted average number of common shares outstanding				
Basic	<u>91,153,776</u>	<u>75,409,702</u>	<u>90,804,722</u>	<u>74,783,791</u>
Diluted	<u>91,241,660</u>	<u>75,409,702</u>	<u>90,890,792</u>	<u>74,783,791</u>

CONTACTS:

Investors: Ben Matone, Inovio, 484-362-0076, ben.matone@inovio.com

Media: Jeff Richardson, Inovio, 267-440-4211, jrichardson@inovio.com

Source: Inovio Pharmaceuticals, Inc.