NEWS RELEASE

Inovio Pharmaceuticals Reports 2018 Third Quarter Financial Results

2018-11-08

PLYMOUTH MEETING, Pa., Nov. 08, 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 third quarter ended September 30, 2018. Inovio's management will host a live conference call and webcast at 4:30 p.m. Eastern Time today to discuss financial results and provide a general business update.

Inovio Highlights

- VGX-3100 – HPV-related Precancers

  Phase 3 trial enrollment remains ongoing and on track for REVEAL 1, with REVEAL 2 expected to begin in early 2019. To date, REVEAL 1 has opened sites across 19 countries, actively recruiting patients. Recruitment for Phase 2 studies in vulvar dysplasia and anal dysplasia is also underway. In August, Inovio entered into a partnership with the AIDS Malignancy Consortium to evaluate VGX-3100 in a multi-site Phase 2 study in HIV-positive adult men and women. Interim efficacy data from all these Phase 2 studies are expected in 2019.
- MEDI0457 (formerly INO-3112, licensed to MedImmune)

  The October issue of Clinical Cancer Research detailed results of a patient with head and neck cancer treated with MEDI0457 who achieved a sustained complete response (full remission) following subsequent treatment with a PD-1 checkpoint inhibitor. In the Inovio-sponsored study of 22 patients with head and neck squamous cell carcinoma, 91% of patients (20/22) showed T cell activity in the blood or tissue. MEDI0457 is currently in a Phase 2 study to evaluate the anti-tumor activity of MEDI0457 in combination with durvalumab in patients with recurrent/metastatic HPV 16- or 18- associated head and neck cancer. MedImmune is also expected to begin another Phase 2 study in the fourth quarter to evaluate the anti-tumor activity of MEDI0457 in combination with durvalumab in patients with recurrent/metastatic HPV 16- or 18- associated cancers (other than head and neck). The commencement of this study will trigger a milestone payment to Inovio under the terms of the parties' collaboration agreement.
- INO-5150 – Prostate cancer

  Presented prostate cancer data from Inovio's Phase 1 study at the ESMO 2018 conference in which a slowing of Prostate-

Specific Antigen Doubling Time (PSADT) was observed in men with prostate cancer, with 86% of patients remaining progression-free at week 72.

- INO-5401 – Cancer Combination Trials

  Enrollment is going as planned and is on target to report interim Phase 2 data for both glioblastoma (GBM) and bladder cancer in 2019. In both trials INO-5401 is combined with a checkpoint inhibitor – for GBM with Regeneron (PD-1); for bladder cancer with Genentech (PD-L1).

- PENNVAX®-GP – HIV

  In August, first patient was dosed with PENNVAX®-GP in a randomized clinical trial that will evaluate its ability to drive remission of HIV infection. Enrollment remains on track. The trial is part of a previously reported multi-year $6.95 million grant from the NIH's National Institute of Allergy and Infectious Diseases to develop a single or combination therapy using Inovio's PENNVAX®-GP with the goal of attaining long-term HIV remission. Inovio anticipates interim results in 2019.

- INO-4700 (GLS-5300) – MERS

  First patient was dosed with vaccine to prevent infection from the deadly MERS virus (Middle East Respiratory Syndrome) in a Phase 1/2a study to evaluate INO-4700 (or GLS-5300). The trial is ongoing in South Korea, sponsored by Inovio's Korean development partner GeneOne Life Science (KSE: 011000) with full funding from the International Vaccine Institute. Inovio anticipates interim results in 2019.

- DNA-Encoded Monoclonal Antibody (dMAb™)

  In October, Inovio received the first two U.S. patents for its DNA-encoded monoclonal antibody technology (dMAb™) from the USPTO and was awarded a $2.2 million grant from the Bill & Melinda Gates Foundation to advance its dMAb platform and new clinical delivery devices. In addition, Inovio announced an important milestone in the field of dMAb immunotherapies where Inovio was the first to report evidence on the use of dMAb technology to develop novel monoclonal antibody-based therapies targeting checkpoint inhibitors.

- Cash Position

  As of September 30, 2018, cash and cash equivalents and short-term investments were $85.5 million compared to $95.6 million as of June 30, 2018.

Dr. J. Joseph Kim, Inovio's President & CEO said, "Utilizing ample resources, Inovio is making significant advancements on many fronts. The Phase 3 REVEAL 1 study for our lead VGX-3100 program is on track to fully enroll in 2019 and our three separate immuno-oncology, checkpoint combination Phase 2 trials, being executed with top partners and collaborators, MedImmune, Genentech, and Regeneron, are also advancing well. In fact, we saw a potential preview of what could come from the ongoing cancer efficacy studies in a new publication in Clinical Cancer Research which showcased the first complete responder from our Phase 1 MEDI0457 head & neck cancer trial. Also progressing well are our externally funded vaccine programs including the CEPI-funded Lassa vaccine program as well as IVI-funded MERS and GeneOne-funded Zika vaccine trials. Overall, these clinical trial advancements ensure that we will have multiple, meaningful data catalysts in the coming months."

Third Quarter 2018 Financial Results

Total revenue was $2.0 million for the three months ended September 30, 2018, compared to $2.6 million for the same period in 2017. Total operating expenses were $28.6 million compared to $31.8 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 September 30, 2018, $2.6 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 $4.6 million for the three months ended September 30, 2018, compared to $2.6 million for the same period in 2017. Total operating expenses would have been $31.2 million compared to $31.8 million for the same period in 2017.

Inovio's net loss for the quarter ended September 30, 2018 was $25.0 million, or $0.27 per basic and diluted share, compared to $34.1 million, or $0.39 per basic and $0.40 per diluted share, for the quarter ended September 30, 2017.

Revenue

The increase in comparable revenue and grant agreement recognition for the third quarter of 2018 compared to 2017 was primarily due to increases from Inovio's MedImmune collaboration and its CEPI grant of $1.5 million and $1.2 million, respectively. These increases were offset by a decrease in grant funding recognized from Inovio's DARPA Ebola grant of $1.2 million, among other variances.

Operating Expenses

Research and development (R&D) expenses for the three months ended September 30, 2018 were $21.9 million compared to $25.5 million for the same period in 2017. The decrease in R&D expenses was primarily due to the $2.6 million contra-research and development expense recorded from grant agreements as discussed above, as well as a decrease of $2.4 million in expenses related to Inovio's DARPA Ebola grant. These decreases were slightly offset by an increase of $1.4 million for drug manufacturing related to Inovio's collaboration with MedImmune and an increase of $746,000 related to employee headcount to support clinical trials and partnerships, among other variances.

General and administrative (G&A) expenses were $6.8 million for the three months ended September 30, 2018 versus $6.3 million for the same period in 2017.

Capital Resources

As of September 30, 2018, cash and cash equivalents and short-term investments were $85.5 million compared to $95.6 million as of June 30, 2018. As of September 30, 2018, the Company had 94.5 million common shares outstanding and 105.1 million common

shares outstanding on a fully diluted basis, after giving effect to outstanding options, restricted stock units and convertible preferred stock.

During the nine months ended September 30, 2018 the Company sold 2,967,480 shares of common stock under its current and prior ATM common stock sales agreements for aggregate net proceeds of $14.9 million.

During the nine months ended September 30, 2018, stock options and warrants to purchase an aggregate of 713,944 shares of common stock were exercised for aggregate net proceeds of $2.3 million.

Inovio's balance sheet and statement of operations are provided below. Form 10-Q for the quarter ended September 30, 2018 providing the complete 2018 third 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 39603.

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. Inovio's proprietary platform technology applies next-generation antigen sequencing and DNA delivery to activate potent immune responses to targeted diseases. The technology functions exclusively in vivo, and has been demonstrated to consistently activate robust and fully functional T cell and antibody responses against targeted cancers and pathogens. Inovio is the only immunotherapy company that has reported generating T cells whose killing capacity correlates with relevant clinical outcomes. Inovio's most advanced clinical program, VGX-3100, is in Phase 3 for the treatment of HPV-related cervical pre-cancer. 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 Bill & Melinda Gates Foundation, The Wistar Institute, University of Pennsylvania, Parker Institute for Cancer Immunotherapy, CEPI, 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. 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 September 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

	September 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,397,822	$ 23,786,579
Short-term investments	66,096,567	103,638,844
Accounts receivable	2,831,707	6,003,205
Accounts receivable from affiliated entities	1,567,635	486,619
Prepaid expenses and other current assets	1,601,859	2,600,906

Prepaid expenses and other current assets from affiliated entities	2,107,194	1,846,007
Total current assets	93,602,784	138,362,160
Fixed assets, net	16,228,171	18,320,176
Investment in affiliated entity – GeneOne	9,501,138	9,069,401
Investment in affiliated entity – PLS	3,198,516	2,325,079
Intangible assets, net	5,026,708	6,009,729
Goodwill	10,513,371	10,513,371
Other assets	2,625,659	2,639,354
Total assets	$ 140,696,347	$ 187,239,270
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 17,324,819	$ 23,278,798
Accounts payable and accrued expenses due to affiliated entities	690,920	926,943
Accrued clinical trial expenses	7,353,055	8,611,892
Common stock warrants	—	360,795
Deferred revenue	192,427	1,175,353
Deferred revenue from affiliated entities	68,425	174,110
Deferred rent	1,031,370	877,535
Deferred grant funding	1,297,416	—
Deferred grant funding from affiliated entities	39,583	—
Total current liabilities	27,998,015	35,405,426
Deferred revenue, net of current portion	192,034	215,853
Deferred rent, net of current portion	8,672,689	9,104,416
Deferred tax liabilities	24,766	24,766
Other liabilities	99,669	—
Total liabilities	36,987,173	44,750,461
Stockholders' equity:		
Preferred stock	—	—
Common stock	94,472	90,358
Additional paid-in capital	690,930,769	665,775,504
Accumulated deficit	(587,130,576)	(523,356,317)
Accumulated other comprehensive loss	(281,760)	(117,005)
Total Inovio Pharmaceuticals, Inc. stockholders' equity	103,612,905	142,392,540
Non-controlling interest	96,269	96,269
Total stockholders' equity	103,709,174	142,488,809
Total liabilities and stockholders' equity	$ 140,696,347	$ 187,239,270

Inovio Pharmaceuticals, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017

Revenues:				
Revenue under collaborative research and development arrangements	$ 1,813,287	$ 351,272	$ 27,488,185	$ 20,998,174
Revenue under collaborative research and development arrangements with affiliated entities	184,990	129,133	393,317	539,342
Grants and miscellaneous revenue	2,591	1,456,216	97,771	9,494,096
Grants and miscellaneous revenue from affiliated entity	—	707,922	—	2,401,240
Total revenues	2,000,868	2,644,543	27,979,273	33,432,852
Operating expenses:				
Research and development	21,851,858	25,510,239	68,892,229	73,931,494
General and administrative	6,791,693	6,319,775	23,679,018	20,256,470
Total operating expenses	28,643,551	31,830,014	92,571,247	94,187,964
Loss from operations	(26,642,683)	(29,185,471)	(64,591,974)	(60,755,112)
Other income (expense):				
Interest and other income, net	380,987	463,346	1,090,191	1,103,708
Change in fair value of common stock warrants	228,665	423,296	360,795	227,273
Gain (loss) on investment in affiliated entities	1,017,359	(5,835,741)	1,305,174	(7,275,462)
Net loss before provision for income taxes	(25,015,672)	(34,134,570)	(61,835,814)	(66,699,593)
Provision for income taxes		—	(2,169,811)	—
Net loss	$ (25,015,672)	$ (34,134,570)	$ (64,005,625)	$ (66,699,593)
Net loss per share				
Basic	$ (0.27)	$ (0.39)	$ (0.70)	$ (0.85)
Diluted	$ (0.27)	$ (0.40)	$ (0.70)	$ (0.85)
Weighted average number of common shares outstanding				
Basic	92,423,122	86,952,024	91,350,117	78,894,881
Diluted	92,423,122	87,090,683	91,350,117	79,043,480

Source: Inovio Pharmaceuticals, Inc.