



August 9, 2017

## Argos Therapeutics Reports Second Quarter 2017 Financial Results and Recent Operational Highlights

- *Announced Continuation of the ADAPT Trial following Meeting with the FDA -*
- *Raised Gross Proceeds of \$6.0 million in Secured Convertible Note Financing -*
- *Reported Positive Immunogenicity Data in AGS-004 Program for the Treatment of HIV -*

DURHAM, N.C., Aug. 09, 2017 (GLOBE NEWSWIRE) -- Argos Therapeutics Inc. (NASDAQ:ARGO), an immuno-oncology company focused on the development and commercialization of individualized immunotherapies based on the Arcelis<sup>®</sup> precision immunotherapy technology platform, today reported financial results for the second quarter ended June 30, 2017 and provided an update on the Company's recent corporate and operational highlights.

"Despite what has clearly been a challenging period, Argos made substantial progress during the most recent quarter," stated Jeff Abbey, CEO of Argos Therapeutics. "First, we were pleased to have a constructive meeting with the FDA, which agreed with our decision to continue the Phase 3 ADAPT trial of Rocapuldencel-T for the treatment of metastatic renal cell carcinoma until we reach 290 events, the pre-specified number of events at which the analysis of overall survival, the primary endpoint, is to be conducted. We are grateful to our investigators and patients for their continued support of our efforts, and we look forward to our next planned analysis at 290 events, which we expect to occur during the first half of 2018."

"In addition, we are preparing a protocol amendment and a revised statistical analysis plan seeking to extend the final data analysis beyond 290 events, which the FDA has agreed to review. We believe that this extension would enable us to better account for the potential delayed treatment effect of Rocapuldencel-T. Also of note, Robert Figlin, MD, Professor and Chairman, Division of Hematology and Oncology at Cedars Sinai Medical Center, co-principal investigator of the ADAPT trial, will provide an overview of interim data from the ADAPT trial in an oral presentation at the European Society of Medical Oncology (ESMO) annual meeting to be held September 8 — 12 in Madrid."

"Second, we were pleased to report positive immunogenicity data in our development program for AGS-004 for the treatment of HIV, which is funded by the NIH and the NIAID. We look forward to results from the current trial, which is being conducted at the University of North Carolina, to assess the potential ability of AGS-004, in combination with vorinostat, a latency-reversing agent, to eradicate the HIV virus in adult patients. Despite several effective therapies for HIV, there is currently no agent capable of eradicating the virus."

"Finally, we were pleased to complete a \$6.0 million secured convertible note financing with our collaborator and largest shareholder, Pharmstandard. In addition, we took significant steps during the quarter to reduce our expense structure, including a substantial reduction of our workforce. These measures, coupled with proceeds we have recently raised through our at-the-market issuance facility, have enabled us to extend our operational runway. "

### Second Quarter 2017 and Recent Operational Highlights:

- 1 In May 2017, the Company reported that the FDA agreed with the Company's plan to continue the ADAPT trial until the Company reaches 290 events, the pre-specified number of events at which the analysis of overall survival, the primary endpoint, is to be conducted, and that the FDA agreed to review a protocol amendment and revised statistical analysis plan that would extend the trial beyond the originally planned 290 events, which the Company believes could enhance its ability to detect whether Rocapuldencel-T has a delayed treatment effect
- 1 In June 2017, the Company announced the closing of a \$6.0 million secured convertible note financing with Pharmstandard
- 1 In July 2017, the Company reported positive immunogenicity data in its AGS-004 dendritic cell therapy program for the treatment of adult patients with acute HIV infection

### Selected Second Quarter 2017 Financial Results

Revenue for the three months ended June 30, 2017 was \$70,000 compared to \$489,000 for the same period in 2016. The

decrease in revenue for the second quarter of 2017 compared with the second quarter of 2016 resulted from lower reimbursement under the Company's contract with the NIH and NIAID primarily related to the achievement of certain specified development milestones under the Company's AGS-004 program during 2016.

Research and development expense for the three months ended June 30, 2017 was \$5.1 million compared to \$9.2 million for the same period in 2016. The decrease in research and development expense for the second quarter of 2017 compared with the second quarter of 2016 was primarily due to the Company's decision to significantly reduce the size of its workforce engaged in research and development activities following the recommendation of the IDMC to discontinue the ADAPT trial.

General and administrative expense for the three months ended June 30, 2017 was \$2.7 million compared to \$3.4 million for the same period in 2016. The decrease in general and administrative expense for the second quarter of 2017 compared with the second quarter of 2016 was primarily due to reduced consulting and personnel costs.

Reflecting the factors noted above, net loss for the three months ended June 30, 2017 was \$8.5 million compared to a net loss of \$12.6 million for the same period in 2016.

Revenue for the six months ended June 30, 2017 was \$175,000 compared to \$635,000 for the same period in 2016. The decrease in revenue for the first half of 2017 compared with the first half of 2016 resulted from lower reimbursement under the Company's contract with the NIH and NIAID primarily related to the achievement of certain specified development milestones under the Company's AGS-004 program during 2016.

Research and development expense for the six months ended June 30, 2017 was \$13.0 million compared to \$18.7 million for the same period in 2016. The decrease in research and development expense for the first half of 2017 compared with the first half of 2016 was primarily due to reduced expenses associated with the Phase 3 ADAPT trial and the Company's decision to significantly reduce the size of its workforce engaged in research and development activities following the recommendation of the IDMC to discontinue the ADAPT trial.

General and administrative expense for the six months ended June 30, 2017 was \$6.6 million compared to \$6.4 million for the same period in 2016. The increase in general and administrative expense for the first half of 2017 compared with the first half of 2016 was primarily due to increased personnel costs.

Additionally, the Company incurred impairment charges of \$27.2 million and restructuring charges of \$5.4 million during the six months ended June 30, 2017 related to the Company's decision to discontinue preparation for commercial manufacturing and reduce the size of its workforce, which amounts were partially offset by a non-cash gain due to the decrease in the value of the warrant liability of \$20.2 million.

Reflecting the factors noted above, net loss for the six months ended June 30, 2017 was \$32.6 million compared to a net loss of \$25.4 million for the same period in 2016.

As of June 30, 2017, cash and cash equivalents totaled \$9.3 million.

### **About Argos Therapeutics**

Argos Therapeutics is an immuno-oncology company focused on the development and commercialization of individualized immunotherapies for the treatment of cancer and infectious diseases using its Arcelis® technology platform. Argos' most advanced product candidate, Rocapuldencel-T, is being evaluated in the ADAPT Phase 3 clinical trial for the treatment of metastatic renal cell carcinoma (mRCC). In addition, Rocapuldencel-T is being studied in a Phase 2 investigator-initiated clinical trial as neoadjuvant therapy for renal cell carcinoma (RCC). Argos is also developing a separate Arcelis®-based product candidate, AGS-004, for the treatment of human immunodeficiency virus (HIV), which is currently being evaluated in combination with vorinostat, a latency-reversing drug, in an investigator-initiated Phase 2 clinical trial aimed at HIV eradication in adult patients. Funding for the development of AGS-004 has been provided by the National Institutes of Health, the National Institute of Allergy and Infectious Diseases, and the Collaboratory of Research for AIDS Eradication.

### **Forward Looking Statements**

Any statements in this press release about Argos' future expectations, plans and prospects, including statements about Argos' financial prospects, future operations and sufficiency of funds for future operations, clinical development of Argos' product candidates, expectations regarding future clinical trials and FDA activities and future expectations and plans and prospects for Argos and other statements containing the words "believes," "anticipates," "estimates," "expects," "intends," "plans," "predicts," "projects," "targets," "may," "potential," "will," "would," "could," "should," "continue," and similar expressions, constitute forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including whether Argos' cash resources will be sufficient to fund its continuing operations for the period anticipated; whether preliminary or interim clinical data will be indicative of the final data from a clinical trial; whether results obtained in clinical trials will be indicative of results obtained in future clinical trials; whether Argos' product candidates will

advance through the clinical trial process on a timely basis; whether the results of such trials will warrant submission for approval from the United States Food and Drug Administration or equivalent foreign regulatory agencies; whether Argos' product candidates will receive approval from regulatory agencies on a timely basis or at all; whether, if product candidates obtain approval, they will be successfully distributed and marketed; whether Argos can successfully establish commercial manufacturing operations on a timely basis or at all; and other factors discussed in the "Risk Factors" section of Argos' Form 10-Q for the quarter ended June 30, 2017, which is on file with the SEC, and in other filings Argos makes with the SEC from time to time. In addition, the forward-looking statements included in this press release represent Argos' views as of the date hereof. Argos anticipates that subsequent events and developments will cause Argos' views to change. However, while Argos may elect to update these forward-looking statements at some point in the future, Argos specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Argos' views as of any date subsequent to the date hereof.

**ARGOS THERAPEUTICS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	\$ 69,693	\$ 488,643	\$ 174,952	\$ 635,072
Operating expenses				
Research and development	5,120,952	9,164,184	13,034,781	18,666,160
General and administrative	2,679,867	3,389,479	6,642,758	6,364,503
Impairment of property and equipment	—	—	27,204,349	—
Restructuring costs	344,474	—	5,352,766	—
Total operating expenses	8,145,293	12,553,663	52,234,654	25,030,663
Operating loss	(8,075,600)	(12,065,020)	(52,059,702)	(24,395,591)
Interest income	8,881	2,237	39,458	3,813
Interest expense	(294,329)	(543,462)	(1,022,760)	(1,034,655)
Gain on early extinguishment of debt	—	—	249,458	—
Change in fair value of warrant liability	(177,563)	—	20,179,761	—
Other expense	—	—	(4,905)	—
Net loss	(8,538,611)	(12,606,245)	(32,618,690)	(25,426,433)
Net loss per share, basic and diluted	\$ (0.21)	\$ (0.48)	\$ (0.79)	\$ (1.04)
Weighted average shares outstanding, basic and diluted	41,374,852	26,066,160	41,344,356	24,336,393

**ARGOS THERAPEUTICS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2017	December 31, 2016
<b>Assets</b>		

<b>Current assets</b>		
Cash and cash equivalents	\$ 9,337,084	\$ 52,973,376
Restricted cash	740,000	—
Assets held for sale	10,341,529	1,452,172
Prepaid expenses and other current assets	1,473,666	1,076,246
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Total current assets	21,892,279	55,501,794
Property and equipment, net	4,054,990	40,951,577
Restricted cash	—	740,000
Other assets	11,020	11,020
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Total assets	<u>\$ 25,958,289</u>	<u>\$ 97,204,391</u>

**Liabilities and Stockholders' (Deficit) Equity**

<b>Current liabilities</b>		
Accounts payable	\$ 794,278	\$ 5,377,377
Accrued expenses	7,385,997	9,980,891
Current portion of restructuring obligation	292,951	—
Current portion of notes payable	17,871	11,475,480
Current portion of manufacturing research and development obligation	5,273,458	3,653,203
Current portion of facility and capital lease obligations	719,067	122,887
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Total current liabilities	14,483,622	30,609,838
Convertible note payable to related party	6,015,616	—
Long-term portion of notes payable	6,579,596	18,673,298
Long-term portion of manufacturing research and development obligation	3,070,463	4,509,033
Long-term portion of facility and capital lease obligations	8,967,426	9,592,966
Deferred liabilities	6,668,500	6,723,500
Warrants	746,300	20,926,061
Total stockholders' (deficit) equity	(20,573,234)	6,169,695
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Total liabilities and stockholders' (deficit) equity	<u>\$ 25,958,289</u>	<u>\$ 97,204,391</u>

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