November 9, 2017

Argos Reports Third Quarter 2017 Financial Results and Operational Highlights

DURHAM, N.C., Nov. 09, 2017 (GLOBE NEWSWIRE) -- Argos Therapeutics Inc. (NASDAQ:ARGS), an immuno-oncology company focused on the development and commercialization of individualized immunotherapies based on the Arcelis® precision immunotherapy technology platform, today reported financial results and operational highlights for the third quarter of 2017.

"We are pleased with the progress we have made since the second quarter, both with regard to our financial position as well as in our two clinical programs," Jeff Abbey, CEO of Argos Therapeutics, noted. "First, from a financial perspective, we are pleased to have raised approximately $10 million through our ATM facility between June and November, and to have received a $1.5 million milestone payment from our partner in China and certain other Asian territories, Lummy (Hong Kong) Ltd. In addition, as previously reported, we were pleased to reach a satisfactory resolution with one of our important vendors regarding the deferred fees that we owed them, thereby significantly extending the payment term."

Mr. Abbey continued, "From an operational perspective, we are continuing the ADAPT clinical trial, and look forward to the next interim analysis, which we expect to occur during the first half of 2018, subject to agreement with the FDA on an amended protocol. In addition, we were encouraged by the updated immunology data from the ADAPT clinical trial indicating that Rocapuldencel-T stimulated an immune response in patients with metastatic renal cell carcinoma in the trial, and by the data from the trial related to the duration of tumor response, that were presented at the European Society for Medical Oncology 2017 Congress in September. Additionally, we are continuing our study of AGS-004 in combination with the latency-reversing agent vorinostat in adult HIV patients."

Operational Highlights

During the third quarter, the Company announced the following progress:

- In July 2017, the Company reported positive immunogenicity data from the AGS-004 program for the treatment of HIV
- In September 2017, additional data from the Phase 3 ADAPT clinical trial was presented by Robert Figlin, MD, principal investigator, at the European Society of Medical Oncology 2017 Conference
- In September 2017, the Company announced the first dosing of an HIV patient with AGS-004 derived from the latent viral reservoir

Financial Results

Revenue for the three months ended September 30, 2017 was $53,000 compared to $147,000 for the same period in 2016. The decrease in revenue for the third quarter of 2017 compared with the third 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 September 30, 2017 was $4.6 million compared to $9.3 million for the same period in 2016. The decrease in research and development expense for the third quarter of 2017 compared with the third quarter of 2016 was due to reduced expenses associated with the Phase 3 ADAPT trial, and the Company's decision not to proceed with the development of commercial manufacturing capabilities and 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 for futility.

General and administrative expense for the three months ended September 30, 2017 was $2.9 million compared to $3.0 million for the same period in 2016. The decrease in general and administrative expense for the third quarter of 2017 compared with the third quarter of 2016 was primarily due to reduced consulting and personnel costs.

Additionally, the Company incurred restructuring charges of $679,000 during the three months ended September 30, 2017 related to the Company's decision to discontinue preparation for commercial manufacturing and reduce the size of its workforce, which amount was offset by a non-cash gain due to the decrease in the value of the warrant liability of $502,000 and a gain on the early extinguishment of debt of $1.5 million associated with the satisfaction and release of all of the Company's payment obligations to Invetech, Pty Ltd.

Interest expense for the three months ended September 30, 2017 was $67,000 compared to $448,000 for the same period in 2016. The decrease in interest expense for the first three months of 2017 compared with the first three months of 2016 was primarily due to a lower average balance of debt outstanding.

Reflecting the factors noted above, net loss for the three months ended September 30, 2017 was $6.1 million compared to a net loss of $12.2 million for the same period in 2016.

Revenue for the nine months ended September 30, 2017 was $228,000 compared to $782,000 for the same period in 2016. The decrease in revenue for the first nine months of 2017 compared with the first nine months 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 nine months ended September 30, 2017 was $17.6 million compared to $28.0 million for the same period in 2016. The decrease in research and development expense for the first nine months of 2017 compared with the first nine months of 2016 was due to reduced expenses associated with the Phase 3 ADAPT trial, and the Company's decision not to proceed with the development of commercial manufacturing capabilities and 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 for futility.

General and administrative expense for the nine months ended September 30, 2017 was $9.5 million compared to $9.4 million for the same period in 2016. The increase in general and administrative expense for the first nine months of 2017 compared with the first nine months of 2016 was primarily due to increased personnel costs.

Additionally, the Company incurred impairment charges of $27.2 million and restructuring charges of $6.0 million during the nine months ended September 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 $20.7 million and a gain on the early extinguishment of debt of $1.8 million.

Interest expense for the nine months ended September 30, 2017 was $1.1 million compared to $1.5 million for the same period in 2016. The decrease in interest expense for the first nine months of 2017 compared with the first nine months of 2016 was primarily due to a lower average balance of debt outstanding, partially offset by the decision to no longer capitalize the interest related to construction of the Centerpoint facility following the decision not to proceed with plans to develop this facility.

Reflecting the factors noted above, net loss for the nine months ended September 30, 2017 was $38.7 million compared to a net loss of $37.7 million for the same period in 2016.

As of September 30, 2017, cash and cash equivalents totaled $9.4 million.

Upcoming Conference Call and Webcast

Argos will be presenting updated immunology data in the poster session at the 32nd Annual Meeting of the Society for Immunotherapy of Cancer (SITC) Conference to be held this weekend in National Harbor, Maryland. Argos will hold a conference call to discuss this data on Monday, November 13th at 8:30am ET (rescheduled from today at 4:30pm). To participate by telephone, please dial (855) 433-0930 (Domestic) or (484) 756-4271 (International). The conference ID number is 9396519. Slides setting forth the data to be presented at the SITC 2017 Annual Meeting, and a live and archived audio webcast, will be accessible through the Investors section of the Company's website at www.argostherapeutics.com. The archived webcast will remain available on the Company's website for twelve (12) months following the call.

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 pivotal ADAPT Phase 3 clinical trial for the treatment of metastatic renal cell carcinoma (mRCC). 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 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, such as the data referenced in this release, 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 September 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.

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ARGOS THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Revenue	$ 53,497	$ 146,756	$ 228,449	$ 781,828
Operating expenses				
Research and development	4,550,353	9,340,018	17,585,134	28,006,178
General and administrative	2,879,011	3,010,518	9,521,769	9,375,021
Impairment of property and equipment	—	—	27,204,349	—
Restructuring costs	679,013	—	6,031,779	—
Total operating expenses	8,108,377	12,350,536	60,343,031	37,381,199
Operating loss.....	(8,054,880)	(12,203,780)	(60,114,582)	(36,599,371)
Interest income.....	11,027	20,586	50,485	24,399
Interest expense.....	(67,211)	(448,288)	(1,089,971)	(1,482,943)
Gain on early extinguishment of debt	1,506,901	—	1,756,359	—
Change in fair value of warrant liability.....	501,870	385,394	20,681,631	385,394

Other expense	36,346	(753)	31,441	(753)
Net loss	(6,065,947)	(12,246,841)	(38,684,637)	(37,673,274)
Net loss per share, basic and diluted	$ (0.10)	$ (0.32)	$ (0.82)	$ (1.30)
Weighted average shares outstanding, basic and diluted	58,235,995	37,938,213	47,036,779	28,903,427

ARGOS THERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$ 9,372,642	$ 52,973,376
Restricted cash	740,000	—
Assets held for sale	10,336,529	1,452,172
Prepaid expenses and other current assets	1,413,178	1,076,246
Total current assets	21,862,349	55,501,794
Property and equipment, net	3,860,650	40,951,577
Restricted cash	—	740,000
Other assets	11,020	11,020
Total assets	$ 25,734,019	$ 97,204,391
Liabilities and Stockholders' (Deficit) Equity		
Current liabilities		
Accounts payable	$ 823,214	$ 5,377,377
Accrued expenses	6,449,481	9,980,891
Current portion of restructuring obligation	150,103	—
Current portion of notes payable	18,245	11,475,480
Current portion of convertible note payable to Invetech	1,400,000	—
Current portion of manufacturing research and development obligation	—	3,653,203
Current portion of facility and capital lease obligations	726,331	122,887
Total current liabilities	9,567,374	30,609,838
Convertible note payable to related party.	6,159,288	—
Long-term portion of convertible note payable to Invetech	4,645,655	—
Long-term portion of notes payable	4,950,511	18,673,298
Long-term portion of manufacturing research and development obligation	—	4,509,033
Long-term portion of facility and capital lease obligations	8,960,162	9,592,966
Deferred liabilities	8,181,000	6,723,500
Warrants	244,430	20,926,061

Total stockholders' (deficit) equity	(16,974,401)	6,169,695
Total liabilities and stockholders' (deficit) equity	$ 25,734,019	$ 97,204,391