

April 2, 2018



Immune Pharmaceuticals Announces 2017 Financial Results

Significant progress in 2017 positions Company for a breakthrough year

ENGLEWOOD CLIFFS, NJ -- (Marketwired) -- 04/02/18 -- [Immune Pharmaceuticals, Inc.](#) (NASDAQ: IMNP) ("Immune" or the "Company"), a biopharmaceutical company developing novel therapeutic agents for the treatment of immunologic and inflammatory diseases, today announced financial results for the year and quarter ended December 31, 2017.

[Elliot Maza, President and CEO of Immune](#), commented, "We made notable progress over the course of 2017. We worked diligently to focus our efforts and establish a clear path forward for bertilimumab and NanoCyclo by implementing our strategic corporate restructuring, prioritizing and segregating our research and development efforts, and strengthening our financial position. We have an excellent team in place to support our two exciting programs and advance the Company, and we are well positioned to have a breakthrough year in 2018. We are grateful to our shareholders for their support and look forward to achieving the milestones ahead of us this year."

2017 Key Achievements

- In January 2017, Immune announced positive preliminary results from the first three subjects enrolled in the BP-01 phase 2 study of bertilimumab in patients with bullous pemphigoid (BP);
- In April 2017, Immune initiated a strategic corporate restructuring to focus its research and development efforts on bertilimumab and NanoCyclo and to divest its oncology-related assets through a possible spin-off of its oncology focused subsidiary, Cytovia Inc. ("Cytovia") to be managed by its founder and former Chief Executive Officer, Dr. Daniel Teper (*see Cytovia update below*). Further, in April 2017, Immune's Board of Directors appointed Elliot Maza as interim Chief Executive Officer of the Company;
- During the period of April through September 2017, Immune completed several private placements of convertible notes with an aggregate principal amount of \$4,192,500, which excludes OID and offering expenses;
- In June 2017, Immune signed an agreement with Meda, a Mylan NV company, to reacquire European marketing rights to Ceplene;
- In July 2017, Cytovia entered into an agreement with Pint Pharma for commercialization of Ceplene in Latin America;
- In August 2017, Immune appointed Tony Fiorino, MD, PhD to the joint position of Chief Medical Officer and Chief Operating Officer;

- In September 2017, Immune's Board of Directors appointed Elliot Maza as President and Chief Executive Officer;
- In September 2017, Immune announced positive preliminary results from the first six subjects enrolled in BP-01. Results from the six subjects demonstrated a large and statistically significant reduction in disease activity despite aggressive prednisone tapering, with no serious adverse events;
- In October 2017, Immune closed a public offering of \$18 million of Series E Convertible Preferred Stock, which excludes underwriting discounts and commissions and offering expenses, with participation of both institutional and retail investors; and
- In December 2017, Immune appointed John Zhang, MD, PhD to the position of Vice President, Research and Development.

Cytovia Spin-Off Update

Consistent with Immune's objective to preserve capital to support development of bertilimumab and NanoCyclo, during 2017 the Company began implementing its plan to spin-off Cytovia into a separate, stand-alone company under Dr. Teper's management and direction. Cytovia will focus on the development and commercialization of novel oncology and hematology therapeutics and is seeking separate capitalization from third-party sources for start-up costs, expenses of the spin-off, payments to Meda for the acquisition of European marketing rights to Ceplene, and other relevant items. Capitalization from third party sources is a prerequisite to further continuation of the spin-off process. If the necessary capitalization is not obtained in the near future, Immune does not expect to pursue completion of the spin-off process and instead will determine the optimal path forward to monetize its oncology assets. This strategy will allow Immune to focus its resources and build upon its promising clinical stage pipeline in immunotherapy and dermatology related indications and thereby unlock the Company's intrinsic value.

2017 Financial Results

The Company made significant progress during 2017 to strengthen its balance sheet, increase shareholder equity and reduce costs, accessing the capital markets and focusing its financial resources on its core programs. The table below summarizes and highlights this progress:

	December 31, 2017	
	2017	2016
Cash and cash equivalents	\$6.8 million	\$0.27 million
Stockholders' equity	\$13.8 million	\$2.5 million
Operating expenses	\$12.1 million	\$27.3 million ^(a)
(a) Includes non-cash IPR&D impairment expense of \$12.5 million		

The Company recorded no revenue during the years ended December 31, 2017 and 2016.

Research and Development costs decreased by \$2.8 million, to \$5.5 million for the year ended December 31, 2017 from \$8.3 million for the year ended December 31, 2016. The difference was due primarily to decreases in (i) licensing fee expenses of \$0.2 million; (ii) clinical trial expenses of \$2.8 million; (iii) employee compensation expense of \$0.5 million; and (iv) stock-based compensation expense of \$0.5 million. This cumulative decrease was offset partially by an increase in R&D consulting expense of \$0.9 million and amortization of Ceplene acquisition intangibles of \$0.3 million.

General and administrative expenses increased by \$0.2 million, to \$6.6 million for the year ended December 31, 2017 from \$6.4 million for the year ended December 31, 2016. The difference was due primarily to increases in (i) audit and accounting services of \$0.2 million; (ii) legal fees of \$1.1 million; (iii) consulting fees of \$0.4 million; and (iv) rent expense of \$0.5 million. This cumulative increase was offset partially by a decrease in stock-based compensation expense of \$1 million, investor relations fees of \$0.4 million and salaries and benefits of \$0.6 million.

Non-operating expenses decreased by \$2.5 million, to \$7.7 million for the year ended December 31, 2017 from \$10.3 million for the year ended December 31, 2016. Non-operating expenses for the current period included (i) interest expense of \$3.7 million; (ii) amortization of original issue discount of \$0.8 million; (iii) liquidated damages of \$0.4 million; and (iv) loss from extinguishment of debt and an amendment to certain Convertible Notes of \$2.1 million.

About Immune Pharmaceuticals, Inc.

Immune Pharmaceuticals Inc. is a biopharmaceutical company developing novel therapeutic agents for the treatment of immunologic and inflammatory diseases. Immune's lead program, bertilimumab, is a first-in-class, fully human monoclonal antibody that targets and lowers levels of eotaxin-1, a chemokine that plays a role in immune responses and attracts eosinophils to the site of inflammation. By neutralizing eotaxin-1, bertilimumab may prevent the migration of eosinophils and other cells, thus helping to relieve associated inflammatory conditions. Currently, Immune is conducting two phase 2 clinical trials to test bertilimumab in patients suffering from bullous pemphigoid and ulcerative colitis, respectively. Bertilimumab may have application in other diseases, including atopic dermatitis, immune and inflammatory hepatitis, and asthma.

Safe Harbor Statements Regarding Forward Looking Statements

The statements in this news release made by representatives of Immune relating to matters that are not historical facts, including without limitation, those regarding future performance or financial results, the timing or potential outcomes of research collaborations or clinical trials, any market that might develop for any of Immune's product candidates and the sufficiency of Immune's cash and other capital resources, the continued development by Immune of bertilimumab or its determination to seek Orphan Drug designation for the pharmaceutical product of bertilimumab are forward-looking statements that involve risks and uncertainties, including, but not limited to, the likelihood that actual performance or results could materially differ, that future research will prove successful, the likelihood that any product in the research pipeline will receive regulatory approval in the United States or abroad, or Immune's ability to fund such efforts with or

without partners. Immune undertakes no obligation to update any of these statements. In addition, there can be no assurance that Immune will successfully complete its anticipated corporate restructuring, filing of the Form 10, or consummation of the spin-off of Cytovia, or that Immune will be able to reduce expenses, capitalize on strategic alternatives, develop its assets, and generate value for shareholders. Immune may, at any time and for any reason until the proposed spin-off is complete, abandon the spin-off or modify its terms and conditions, or consider competing, alternate or complimentary transactions or offers by third parties at the discretion of Immune's board of directors. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as to the date hereof. Accordingly, any forward-looking statements should be read in conjunction with the additional risks and uncertainties detailed in Immune's filings with the Securities and Exchange Commission, including those discussed in Immune's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and periodic reports filed on Form 8-K.

Immune Pharmaceuticals Inc. and Subsidiaries
Consolidated Balance Sheets
(\$ in thousands, except share and per share amounts)

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,776	\$ 271
Restricted cash	-	59
Other current assets	255	314
Total current assets	7,031	644
Property and equipment, net	-	316
In-process research and development acquired	15,000	15,000
Intangible assets, net	6,477	2,806
Other assets	100	339
Total assets	\$ 28,608	\$ 19,105
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 3,569	\$ 3,522
Accrued expenses	2,120	2,620
Advances from related parties	266	236
Notes and loans payable, current portion, net of debt discount	3,296	2,739
Obligations under capital lease, current portion	-	48
Total current liabilities	9,251	9,165
Notes and loans payable, net of current portion	1,457	1,442
Obligations under capital lease, net of current portion	-	52
Deferred tax liability	4,142	5,933
Total liabilities	14,850	16,592

Stockholders' Equity

Series E Preferred Stock, net of discount, par value \$0.0001, 18,000 shares authorized, 12,191 and 0 shares issued and outstanding as of December 31, 2017 and December 31, 2016, respectively	-	-
Common stock, \$0.0001 par value; authorized 225,000,000 shares; 21,002,212 and 8,123,766 shares issued and outstanding at December 31, 2017 and December 31, 2016, respectively	2	1
Additional paid-in capital	127,292	98,159
Accumulated deficit	(113,536)	(95,647)
Total stockholders' equity	13,758	2,513
Total liabilities and stockholders' equity	\$ 28,608	\$ 19,105

Immune Pharmaceuticals Inc. and Subsidiaries
Consolidated Statements of Operations
(\$ in thousands, except share and per share amounts)

	For The Years Ended	
	December 31,	
	2017	2016
Revenue	\$ -	\$ -
Operating expenses:		
Research and development	5,517	8,333
General and administrative	6,606	6,427
In-process research and development impairment expense	-	12,500
Total operating expenses	12,123	27,260
Loss from operations	(12,123)	(27,260)
Non-operating expense:		
Interest expense	(3,655)	(1,555)
Change in fair value of derivative instruments	177	(8,656)
Loss on disposal of equipment	(325)	-
Loss on extinguishment of debt	(2,145)	-
Liquidated damages	(1,763)	-
Other expense, net	(28)	(46)
Total non-operating expense:	(7,739)	(10,257)
Net loss before income taxes	(19,862)	(37,517)
Income tax benefit	1,973	4,856
Net loss	(17,889)	(32,661)
Deemed dividend	(6,864)	(7,973)
Loss attributable to common stockholders	\$ (24,753)	\$ (40,634)
Basic and diluted loss per common share	\$ (2.11)	\$ (9.58)

Weighted average common shares outstanding -
basic and diluted

11,755,713

4,240,075

SOURCE Immune Pharmaceuticals Inc.

Investor Contact:

Jenene Thomas

Jenene Thomas Communications, LLC

(908) 938-1475

jtc@jtcir.com

Source: Immune Pharmaceuticals, Inc.