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InVivo Therapeutics Reports 2018 Year-end Financial Results and Provides Business Update

CAMBRIDGE, Mass. (April 1, 2019) – InVivo Therapeutics Holdings Corp. (NVIV) today reported financial results for the year ended December 31, 2018.

Richard Toselli, M.D., President and Chief Executive Officer of InVivo, commented, “InVivo achieved many critical and exciting milestones over the past year. Early in 2018 we received FDA approval of our supplemental Investigational Device Exemption (IDE) to initiate a second pivotal study of the company’s *Neuro-Spinal Scaffold™* in patients with acute spinal cord injury (SCI), the INSPIRE 2.0 Study. In addition, we successfully raised net proceeds of \$16.5 million in 2018, which put us in a position to focus on the initiation of the INSPIRE 2.0 Study, while implementing significant cost saving measures, which resulted in an \$11.8 million or a 48 percent decrease in our operating expenses year over year. Finally, we continue work towards enrollment in the INSPIRE 2.0 Study, and with five clinical sites activated and now open for enrollment, we expect to begin enrollment in Q2 of this year.”

Dr. Toselli concluded, “In addition to continued progress on the INSPIRE 2.0 Study and our fundraising activities, we are encouraged by the prospect of building a more diversified pipeline with technologies that align with our core competencies and fundamental interests.”

Financial Results

Operating expenses for the years ended December 31, 2018 and 2017 were \$12,767,000 and \$24,593,000 respectively, representing a 48% decrease in operating expenses. For the year ended December 31, 2018, the Company reported a net loss of approximately \$23,423,000, or \$4.69 per share, compared to a net loss of approximately \$26,745,000, or \$20.29 per share, for the year ended December 31, 2017. Included in results for the years ended December 31, 2018 and 2017 were non-cash losses of \$12,165,000 and \$2,267,000, respectively. The loss of \$12,165,000 for the year ended December 31, 2018 can be attributed to the issuance of the liability classified warrants in 2018 and the subsequent change in fair value through the date of warrant exercises or reclassification to equity. The loss of \$2,267,000 for the year ended December 31, 2017 can be attributed to the impact of the August 2017 warrant exchange and the decrease in the fair value of derivative warrant liability primarily due to the decrease in the fair value of the underlying common stock.

Excluding the impact of the derivative warrant liability, adjusted net loss for the year ended December 31, 2018, was \$11,258,000, or \$2.25 per share, compared to an adjusted net loss of \$24,478,000, or \$18.57 per share, for the year ended December 31, 2017. The Company ended the year with \$16,660,000 of cash and cash equivalents as of December 31, 2018.

Adjusted net loss and adjusted net loss per share are non-GAAP financial measures that exclude the impact of the items noted. A reconciliation of these measures to the comparable GAAP measures is included with the tables contained in this release. The Company believes a presentation of these non-GAAP measures provides useful information to investors, enabling them to better understand the Company's operations, on a period-to-period comparable basis, with financial amounts both including and excluding these identified items.

About InVivo Therapeutics

InVivo Therapeutics Holdings Corp. is a research and clinical-stage biomaterials and biotechnology company with a focus on treatment of spinal cord injuries. The company was founded in 2005 with proprietary technology co-invented by Robert Langer, Sc.D., Professor at Massachusetts Institute of Technology, and Joseph P. Vacanti, M.D., who then was at Boston Children's Hospital and who now is affiliated with Massachusetts General Hospital. In January 2018, the company announced updated clinical evidence, including improvements in patients with acute spinal cord injury (SCI), from its INSPIRE study of the Neuro-Spinal Scaffold™. The publicly traded company is headquartered in Cambridge, MA. For more details, visit www.invivotherapeutics.com.

Safe Harbor Statement

Any statements contained in this press release that do not describe historical facts may constitute forward-looking statements within the meaning of the federal securities laws. These statements can be identified by words such as "believe," "anticipate," "intend," "estimate," "will," "may," "should," "expect" and similar expressions, and include statements regarding the expected timing for commencement of enrollment and completion of the Inspire 2.0 Study. Any forward-looking statements contained herein are based on current expectations, and are subject to a number of risks and uncertainties. Factors that could cause actual future results to differ materially from current expectations include, but are not limited to, risks and uncertainties relating to the Company's ability to successfully open additional clinical sites for enrollment and to enroll additional patients; the timing of the Institutional Review Board process; the Company's ability to obtain FDA approval to commercialize its products; the Company's ability to develop, market and sell products based on its technology; the expected benefits and efficacy of the Company's products and technology in connection with spinal cord injuries; the availability of substantial additional funding for the Company to continue its operations and to conduct research and development, clinical studies and future product commercialization; and other risks associated with the Company's business, research, product development, regulatory approval, marketing and distribution plans and strategies identified and described in more detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, and its other filings with the SEC, including the Company's Form 10-Qs and current reports on Form 8-K. The Company does not undertake to update these forward-looking statements.

InVivo Therapeutics Holdings Corp

Consolidated Balance Sheets

(In thousands, except share and per-share data)

	December 31,	
	2018	2017
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 16,660	\$ 12,910
Restricted cash	4	361
Prepaid expenses and other current assets	461	535
Total current assets	17,125	13,806
Property, equipment and leasehold improvements, net	100	157
Restricted cash	110	—
Other assets	1,042	82
Total assets	<u>\$ 18,377</u>	<u>\$ 14,045</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 815	\$ 988
Loan payable, current portion	100	452
Derivative warrant liability	—	4
Deferred rent, current portion	—	30
Accrued expenses	1,290	1,638
Total current liabilities	2,205	3,112
Loan payable, net of current portion	—	400
Deferred rent, net of current portion	—	367
Other liabilities	61	56
Total liabilities	<u>2,266</u>	<u>3,935</u>
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, \$0.00001 par value, authorized 25,000,000 shares; 9,309,255 shares issued and outstanding at December 31, 2018;		
1,370,992 shares issued and outstanding at December 31, 2017	1	1
Additional paid-in capital	223,440	194,016
Accumulated deficit	(207,330)	(183,907)
Total stockholders' equity	<u>16,111</u>	<u>10,110</u>
Total liabilities and stockholders' equity	<u>\$ 18,377</u>	<u>\$ 14,045</u>

(Reflects the retrospective application of the 1-for-25 reverse stock split effective April 16, 2018)

InVivo Therapeutics Holdings Corp

Consolidated Statements of Operations and Comprehensive Loss

(In thousands, except share and per share data)

	Year Ended December 31,	
	2018	2017
Operating expenses:		
Research and development	\$ 4,931	\$ 11,083
General and administrative	7,836	13,510
Total operating expenses	<u>12,767</u>	<u>24,593</u>
Operating loss	<u>(12,767)</u>	<u>(24,593)</u>
Other income / (expense):		
Interest income / (expense), net	206	115
Other income	1,303	—
Derivatives (loss)	(12,165)	(2,267)
Other income / (expense), net	<u>(10,656)</u>	<u>(2,152)</u>
Net loss	<u>\$ (23,423)</u>	<u>\$ (26,745)</u>
Net loss per share, basic and diluted	<u>\$ (4.69)</u>	<u>\$ (20.29)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>4,990,089</u>	<u>1,318,003</u>
Other comprehensive loss:		
Net loss	\$ (23,423)	\$ (26,745)
Other comprehensive loss:		
Unrealized gain / (loss) on marketable securities	—	—
Comprehensive loss	<u>\$ (23,423)</u>	<u>\$ (26,745)</u>

Reflects the retrospective application of the 1-for-25 reverse stock split effective April 16, 2018

InVivo Therapeutics Holdings Corp

Reconciliation of GAAP to non-GAAP measures

(In thousands, except share and per-share data)

	Year Ended December 31,	
	2018	2017
Reported GAAP net loss	\$ 23,423	\$ 26,745
Derivative loss	12,165	2,267
Adjusted net loss	<u>\$ 11,258</u>	<u>\$ 24,478</u>
Reported GAAP net loss per diluted share	\$ 4.69	\$ 20.29
Derivative loss per diluted share	2.44	1.72
Adjusted net loss per diluted share	<u>\$ 2.25</u>	<u>\$ 18.57</u>

(Reflects the retrospective application of the 1-for-25 reverse stock split effective April 16, 2018)