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InVivo Therapeutics Reports 2018 First Quarter Financial Results

Progress Update on INSPIRE 2.0 Trial, Finance Officer Appointment

CAMBRIDGE, Mass. (May 7, 2018) – InVivo Therapeutics Holdings Corp. (NVIV) today provided a business and clinical update and reported financial results for the quarter ended March 31, 2018.

Richard Toselli, M.D., President and Chief Executive Officer of InVivo, commented, “InVivo gained significant momentum in the first quarter of 2018, and we look forward to building on our positive momentum throughout the rest of the year. We remain focused on the development of our *Neuro-Spinal Scaffold*™ and continue to take steps to reduce our expenses and maximize shareholder value. Key spend reductions have involved the elimination of certain headcount and the assignment of the company’s lease, which is expected to result in lease-related savings of approximately \$3M through 2019. In addition to the lease assignment, InVivo is undertaking other key cost-control initiatives, resulting in a projected average cash burn of approximately \$1M per month over the last three quarters of 2018. Going forward, we continue to explore financing options and are looking forward to our upcoming shareholder meeting.”

InVivo’s clinical team has begun preparation for the second INSPIRE trial, INSPIRE 2.0. The Company has identified potential trial sites and a CRO and manufactured clinical product to initiate the trial. Once financing is secured, the INSPIRE 2.0 trial will begin enrolling subjects. The company is seeking to secure enough financing to complete the enrollment of the trial, which is estimated to be 18 months. The company’s financing strategy is dependent upon shareholder approval at the 2018 Annual Meeting of Shareholders of an increase in the number of authorized shares and an increase in the number of shares the company is authorized to sell to Lincoln Park Capital.

The Company also announced the appointment of Jeff Modestino as principal financial officer and principal accounting officer, effective May 11, 2018, and the resignation of Christopher McNulty as Chief Financial Officer. Mr. Modestino previously served as Chief Financial Officer of Clearline MD and brings to the company over two decades of significant healthcare and finance experience, including experiences spanning medical devices. Dr. Toselli stated, “Jeff brings valuable experience and has developed a strong understanding of the company, having served as a consultant for InVivo prior to his joining full-time. I would also like to thank Chris for his contributions to InVivo over the past four years, and wish him the best in his future endeavors.”

Recent Corporate Developments

- Announced the appointment of Richard Toselli, M.D., as President and Chief Executive Officer of InVivo. Dr. Toselli, a Board-certified neurosurgeon, has led an accomplished career in surgical medical affairs, with senior leadership experience at Sanofi, DePuy, and Johnson & Johnson.
- Entered into a common stock purchase agreement with Lincoln Park Capital Fund, LLC, a Chicago-based institutional investor, under which the Company has the right to sell up to \$15 million in shares of common stock to Lincoln Park over a twenty-four-month period, subject to certain limitations and conditions set forth in the purchase agreement and registration rights agreement.
- Received supplemental Investigational Device Exemption (IDE) approval from the FDA for a second pivotal clinical study of the *Neuro-Spinal Scaffold*™ in patients with acute spinal cord injury (SCI). The 20-patient (10 subjects in each study arm), randomized, controlled trial is designed to enhance the existing clinical evidence for the *Neuro-Spinal Scaffold*™ from the company's single-arm INSPIRE study.
- Presented CONTEMPO data at the 2018 Spine Summit medical meeting. The CONTEMPO data were designed to provide comprehensive natural history benchmarks for *Neuro-Spinal Scaffold*™ clinical study results. The CONTEMPO study included neurological recovery data from 170 patients across three registries of SCI patients with similar baseline characteristics to those in the INSPIRE study and validated the company's previously established OPC with AIS conversion rates at approximately six months post-injury of 16.7% - 23.4% across the three registries.

Financial Results

For the three-month period ended March 31, 2018, the Company reported a net loss of approximately \$4.8 million, or \$3.34 per diluted share, compared to a net loss of \$6.4 million, or \$4.98 per diluted share, for the three-month period ended March 31, 2017. The results for the three-month period ended March 31, 2018 were favorably impacted by decreases in operating expenses of \$1,986,000 in research and development offset by an increase of \$149,000 in general and administrative. The decrease in operating expense can be attributed to the restructuring efforts that the company undertook in the third quarter of 2017 and subsequent cost cutting initiatives designed to reduce the company's monthly cash burn rate. The increase in general and administrative costs is primarily attributable to severance related expenses in the first quarter of 2018, as the company further reduced its administrative headcount.

The Company ended the quarter with \$11.6 million of cash and cash equivalents.

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 potential financing, the commencement of enrollment in the INSPIRE 2.0 trial and the expected length of the trial, the impact of cost-control measures and the ability of the Company to continue clinical investigation of the Company’s Neuro-Spinal Scaffold. 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: successfully identify financing alternatives and raise the capital necessary to undertake the second pivotal trial, to successfully decrease costs and spend and to successfully open additional clinical sites for enrollment and to enroll additional patients if such trial is initiated; 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, 2017 and its other filings with the SEC, including the company’s quarterly reports on Form 10-Q and current reports on Form 8-K. The company does not undertake to update these forward-looking statements.

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InVivo Therapeutics Holdings Corp.
Consolidated Balance Sheets
(Unaudited)
(In thousands, except share and per share data)

	As of	
	March 31, 2018	December 31, 2017
ASSETS:		
Current assets:		
Cash and cash equivalents	11,614	12,910
Restricted cash	378	361
Prepaid expenses and other current assets	1,151	535
Total current assets	13,143	13,806
Property, equipment and leasehold improvements, net	72	157
Other assets	76	82
Total assets	13,291	14,045
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	1,228	988
Loan payable, current portion	459	452
Derivative warrant liability	2	4
Deferred rent, current portion	30	30
Accrued expenses	2,386	1,638
Total current liabilities	4,105	3,112
Loan payable, net of current portion	283	400
Deferred rent, net of current portion	522	367
Other liabilities	58	56
Total liabilities	4,968	3,935
Stockholders' equity:		
Common stock, \$0.00001 par value, authorized 4,000,000 shares; issued and outstanding 1,562,284 shares at March 31, 2018; issued and outstanding 1,370,992 shares at December 31, 2017	1	1
Additional paid-in capital	197,013	194,016
Accumulated deficit	(188,691)	(183,907)
Total stockholders' equity	8,323	10,110
Total liabilities and stockholders' equity	13,291	14,045

(Reflects 1-for-25 reverse stock split effective April 16, 2018)

InVivo Therapeutics Holdings Corp.
Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
(In thousands, except share and per share data)

	Three Months Ended March 31,	
	2018	2017
Operating expenses:		
Research and development	1,398	3,384
General and administrative	3,434	3,285
Total operating expenses	4,832	6,669
Operating loss	(4,832)	(6,669)
Other income (expense):		
Interest income / (expense)	18	37
Other income / (expense)	42	—
Derivatives gain (loss)	(12)	241
Other income (expense), net	48	278
Net loss	(4,784)	(6,391)
Net loss per share, basic and diluted	(3.34)	(4.98)
Weighted average number of common shares outstanding, basic and diluted	1,432,963	1,283,206
Other comprehensive loss:		
Net loss	(4,784)	(6,391)
Other comprehensive loss:		
Unrealized loss on marketable securities	—	(2)
Comprehensive loss	(4,784)	(6,393)

(Reflects 1-for-25 reverse stock split effective April 16, 2018)