June 28, 2017

Aethlon Medical Announces Fiscal 2017 Results

SAN DIEGO, June 28, 2017 /PRNewswire/ -- Aethlon Medical, Inc. (Nasdaq: AEMD), a therapeutic technology company focused on unmet needs in global health and biodefense, today announced results for its fiscal year ended March 31, 2017.

On March 13, 2017, Aethlon disclosed that it had concluded an FDA-approved feasibility study of Hemopurifier® therapy, which demonstrated the safety of the medical device in health compromised individuals infected with a viral pathogen. The study served as a model to advance the Hemopurifier as a broad-spectrum treatment countermeasure against infectious viral pathogens.

The Aethlon Hemopurifier® is a first-in-class therapeutic device designed for the single-use removal of life-threatening viruses from the circulatory system of infected individuals.

The feasibility study was conducted on Hepatitis C virus (HCV) infected dialysis patients at DaVita MedCenter Dialysis in Houston, Texas. Aethlon achieved the primary safety objective of the study as no device-related adverse events were reported in enrolled and treated subjects who met the study inclusion-exclusion criteria. The Company also reported an average capture of 154 million HCV viruses (in International Units - I.U.) within the Hemopurifier during 4-hour treatments.

The Company now plans to submit an Expedited Access Pathway (EAP) program submission to the FDA, which will include a request for a "Breakthrough Technology" designation, which is a new provision established under the 21st Century Cures Act signed into law in 2016. If the EAP submission is accepted by the FDA, the Company believes the regulatory advancement of the Hemopurifier could be accelerated in the United States.

In the United States, Aethlon is advancing the Hemopurifier to fulfill the broad-spectrum treatment objectives of the 2016 Public Health Emergency Medical Countermeasure Enterprise (PHEMCE) initiative. The PHEMCE defines the strategic plan of the U.S. government to protect its citizens against bioterror and pandemic threats. Based on preclinical and clinical studies, the Company believes the Hemopurifier to be most advanced broad-spectrum treatment candidate. Included among Aethlon's goals is the procurement of the Hemopurifier into the U.S. government's strategic national stockpile.

In human studies, the Hemopurifier® has been administered to HIV, Hepatitis-C and Ebola infected individuals. Additionally, the Hemopurifier® has been validated to capture Zika virus, Lassa virus, MERS-CoV, Cytomegalovirus, Epstein-Barr virus, Herpes Simplex virus, Chikungunya virus, Dengue virus, West Nile virus, Smallpox related viruses, H1N1 Swine Flu virus, H5N1 Bird Flu virus, and the reconstructed Spanish flu virus of 1918.

Aethlon has positioned the Hemopurifier® to address a significant unmet need in global health; the treatment of infectious viruses that are not addressed with an approved antiviral drug agent. Of the approximate 300 viruses known to be infectious to man, only 9 are addressed with approved antiviral drugs. Additionally, the Hemopurifier establishes a first-line therapeutic strategy to address newly emerging viruses or those that have been genetically engineered to be agents of bioterrorism. Aethlon is not aware of an antiviral drug strategy to combat such threats. Previously, the Company also demonstrated that the Hemopurifier® can combine to improve the benefit of an HCV antiviral drug regimen.

Aethlon Medical is also the majority owner of Exosome Sciences, Inc. (ESI), a company focused on the discovery and advancement of exosomal biomarkers to diagnose and monitor life-threatening diseases conditions that may be current or future therapeutic targets of Aethlon Medical. Included among ESI's endeavors is the advancement of a TauSome™ biomarker candidate to diagnose and monitors the progression of Tauopathies, including Alzheimer's disease and Chronic Traumatic Encephalopathy (CTE) in the living. The TauSome marker was previously studied in the first NIH funded CTE research program. In the study, TauSome levels in former NFL players were found to be 9x higher on average as compared to same age-group control subjects.

CTE is a neurodegenerative disease that has often been found in American football players, boxers and other individuals with a history of repetitive head trauma. At present, CTE diagnosis is determined after death through an analysis of brain tissue.

The Aethlon-ESI team is now focused on launching a clinical collaboration with up to 200 former professional football players and clinical investigators at multiple U.S. locations. If fully enrolled, the study would be the largest to date in former NFL players, who are at a high risk of suffering from CTE.

Financial Results

At March 31, 2017, the Company had a cash balance of approximately $1.6 million. That cash position will continue to be used to fund our future clinical studies and operations.

The Company recorded revenues of $392 thousand from its government contracts in fiscal 2017 compared to $887 thousand in fiscal 2016. Those revenues were from work performed under the government contract with the Defense Advanced Research Projects Agency, and the related subcontract with Battelle Memorial Institute, both of those contracts were completed during the past fiscal year.

Consolidated operating expenses were $6.5 million in fiscal 2017 compared to $5.3 million in fiscal 2016, an increase of approximately $1.2 million. This increase was primarily due to an increase in payroll and related expenses of approximately $1.4 million. However, the increase in payroll and related expenses was driven by a $2.0 million increase in our non-cash, stock-based compensation due to the vesting of restricted stock units granted during the fiscal year.

Excluding that non-cash increase, our overall cash operating expenses actually decreased by approximately $800,000 from reductions in our cash payroll expenses, professional fees and general and administrative expenses.

Specifically, our professional fees decreased by approximately $97,000 and our general and administrative expenses declined by approximately $80,000.

The Company had other expense of $1.2 million in fiscal 2017 compared to $573,000 in fiscal 2016, an increase of $627,000. That increase was largely due to a $358,000 charge for a loss on debt extinguishment and a $346,000 charge for warrant repricing expense in fiscal 2017 with no comparable expense in fiscal 2016. Our actual interest and debt expenses was $304,000 in fiscal 2017 compared to $574,000 in fiscal 2016.

Overall, the net loss for fiscal 2017 was $7.3 million, or $0.94 per share compared to a net loss for fiscal 2016 of $4.9 million, or $0.66 per share.

The unaudited condensed consolidated balance sheet for March 31, 2017 and the unaudited condensed consolidated statements of operations for the fiscal years ended March 31, 2017 and 2016 follow at the end of this release.

Conference Call

Aethlon will hold a conference call for investors on Wednesday, June 28, 2017 at 1:30 p.m. PT (4:30 p.m. ET). To listen to the call by phone, interested parties within the U.S. should call 1-844-836-8741 and International callers should call 1-412-317-5442. All callers should ask for the Aethlon Medical Inc., conference call. The conference call will also be available through a live webcast at www.aethlonmedical.com. Details for the webcast may be found on the Company's IR events page at http://ir.aethlonmedical.com.

A replay of the call will be available approximately one hour after the end of the call through July 5, 2017. The replay can be accessed via Aethlon Medical's or by dialing 1-877-344-7529 (domestic) or 1-412-317-0088 (international) or Canada Toll Free at 1-855-669-9658. The replay conference ID number is 10109729.

About Aethlon Medical, Inc.

Aethlon Medical develops immunotherapeutic technologies to combat infectious disease and cancer. To augment the body's natural immune defenses, the Aethlon Hemopurifier® reduces the presence of circulating viruses in infected individuals. The technology provides a first-line candidate defense against viruses that are not addressed with proven drug therapies, including natural occurring pandemic threats and agents of bioterrorism. The Hemopurifier® can also be deployed as a strategy to improve the benefit of approved antiviral drug regimens. At present, the Hemopurifier® is being advanced in the United States under an FDA approved clinical study. Aethlon Medical is also investigating the potential use of the Hemopurifier® to reduce the presence of tumor-derived exosomes, which contribute to immune-suppression and the spread of metastasis in cancer patients. Aethlon Medical is also the majority owner of Exosome Sciences, Inc. (ESI), which is focused on the discovery of exosomal biomarkers to diagnose and monitor cancer and neurological disorders, including Alzheimer's disease (AD) and Chronic Traumatic Encephalopathy (CTE). ESI's TauSome™ biomarker is being clinically evaluated as the basis for a blood-based test to identify CTE in living individuals. Additional information can be found online at www.AethlonMedical.com and www.ExosomeSciences.com. You can also connect with us on Twitter, LinkedIn, Facebook and Google+.

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "will," "projections," "estimate," or similar expressions constitute forward-looking statements. Such forward-looking statements are subject to significant risks and uncertainties and actual results may differ materially from the results anticipated in the forward-looking statements. Factors that may contribute to such differences include, without limitation, the Company's ability to maintain its listing on the Nasdaq Capital Market, or any other national securities exchange, that the Company or its subsidiary will not be able to commercialize its products, that the FDA will not approve the initiation or continuation of the Company's clinical programs or provide market clearance of the Company's products, the Company's ability to raise capital when needed, the Company's ability to complete the development of its planned products, the Company's ability to manufacture its products either internally or through outside companies, the impact of government regulations, patent protection on the Company's proprietary technology, the ability of the Company to meet the milestones contemplated in its contract with DARPA, product liability exposure, uncertainty of market acceptance, competition, technological change, and other risk factors. The foregoing list of risks and uncertainties is illustrative, but is not exhaustive. Additional factors that could cause results to differ materially from those anticipated in forward-looking statements can be found under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended March 31, 2016 and on Form 10-K to be filed for the year ended March31, 2017, and in the Company's other filings with the Securities and Exchange Commission. Except as may be required by law, the Company does not intend, nor does it undertake any duty, to update this information to reflect future events or circumstances.

Company Contact:

Jim Frakes
Chief Financial Officer
Aethlon Medical, Inc.
858-459-7800 extension 3300
Jfrakes@aethlonmedical.com

Investor Relations:

John Marco
CORE IR
516 222 2560
johnm@coreir.com

AETHLON MEDICAL, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheet

	March 31, 2017	March 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	$1,559,701	$2,123,737
Accounts receivable	-	199,471
Prepaid expenses	37,551	53,294
TOTAL CURRENT ASSETS	1,597,252	2,376,502
Property and equipment, net	29,223	36,038
Patents, net	84,996	94,161
Deposits	14,897	22,415
TOTAL NONCURRENT ASSETS	129,116	152,614
TOTAL ASSETS	$1,726,368	$2,529,116
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	484,423	244,804
Due to related parties	57,866	145,112
Other current liabilities	69,467	136,695
TOTAL CURRENT LIABILITIES	611,756	526,611
NONCURRENT LIABILITIES		
Convertible notes payable, net	519,200	500,139
TOTAL NONCURRENT LIABILITIES	519,200	500,139
TOTAL LIABILITIES	1,130,956	1,026,750
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Common stock, par value of $0.001, 30,000,000 shares authorized; 8,797,086 and 7,622,393 issued and outstanding	8,796	7,621
Additional paid in capital	94,445,739	88,047,142
Deficit accumulated during the development stage	(93,778,156)	(86,502,043)
TOTAL STOCKHOLDERS' EQUITY BEFORE NONCONTROLLING INTERESTS	676,379	1,552,720
Noncontrolling interests	(80,967)	(50,354)
TOTAL STOCKHOLDERS' EQUITY	595,412	1,502,366
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,726,368	$2,529,116

AETHLON MEDICAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
For the fiscal years ended March 31, 2017 and 2016

	Fiscal Year Ended 3/31/17	Fiscal Year Ended 3/31/16
Government contract revenue	$392,073	$886,572
OPERATING EXPENSES		
Professional fees	2,161,592	2,259,096
Payroll and related	3,479,347	2,083,297
General and administrative	849,491	929,013
	6,490,430	5,271,406
OPERATING LOSS	(6,098,357)	(4,384,834)
OTHER (INCOME) EXPENSE		
Loss on debt extinguishment	558,198	-
Warrant repricng expense	345,841	
Interest and other debt expenses	304,330	573,782
	1,208,369	573,782
NET LOSS BEFORE NONCONTROLLING INTERESTS	$(7,306,726)	$(4,958,616)
Loss attributable to noncontrolling interests	(30,613)	(86,287)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(7,276,113)	$(4,872,329)
Basic and diluted net loss available to common stockholders per share	$ (0.94)	$ (0.66)
Weighted average number of common shares outstanding	7,764,237	7,393,695

To view the original version on PR Newswire, visit:http://www.prnewswire.com/news-releases/aethlon-medical-announces-fiscal-2017-results-300481262.html

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