June 8, 2018

Aethlon Medical Announces Fiscal 2018 Results

SAN DIEGO, June 8, 2018 /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, 2018.

Recent Corporate Developments

During the fiscal year, the Company significantly improved its balance sheet, advanced an exosome diagnostic and therapeutic contract with the National Cancer Institute (NCI), expanded its intellectual property portfolio, added new members to its Board of Directors with relevant industry experience and disclosed the launch of a follow-on clinical study by its Exosome Sciences subsidiary related to a candidate biomarker to diagnose and monitor neurological tauopathies, including Chronic Traumatic Encephalopathy (CTE).

The Company also advanced its lead therapeutic candidate, the Aethlon Hemopurifier with the United States Food and Drug Administration (FDA). The Hemopurifier® is an affinity hemofiltration device developed for the single-use elimination of life-threatening viruses from the circulatory system of infected individuals.

During the fiscal year, the Company submitted preliminary and final reports, which were subsequently accepted by FDA and concluded an Investigational Device Exception (IDE) feasibility study to demonstrate safety of the Hemopurifier in health compromised dialysis patients infected with a viral pathogen. The study served as a surrogate model to advance the Hemopurifier as a broad-spectrum treatment countermeasure against life-threatening viral pathogens.

In September of 2017, the FDA designated the Hemopurifier to its Expedited Access Pathway (EAP) program to support an accelerated clinical advancement of the device. Subsequent to the EAP designation, the Hemopurifier was then transitioned to an FDA "Breakthrough Device" designation, which was established under the 21st Century Cures Act. A goal of the FDA "Breakthrough Device" program is to provide individuals with life-threatening diseases earlier access to candidate therapies.

Under the "Breakthrough Device" program, the FDA permitted the proposed "Indication for Use" of the Hemopurifier to include: "The Hemopurifier is a single-use device indicated for the treatment of life-threatening glycosylated viruses that are not addressed with an approved therapy." The Company is currently in active discussions with FDA to determine the clinical pathway to advance the "Indication for Use" proposed by FDA under the Hemopurifier "Breakthrough Device" designation.

Prior to the "EAP" designation, the "Breakthrough Device" designation and conclusion of the

U.S. IDE feasibility study, the Company conducted several investigational clinical studies in virally infected individuals outside of the U.S. This included individuals infected with Human Immunodeficiency Virus (HIV), Hepatitis-C Virus (HCV) and Ebola Virus (EBV). The Hemopurifier has also been validated in vitro to capture a broad-spectrum of other glycosylated viral threats including; Marburg virus, 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. In many cases, these validations were conducted in collaboration with leading government or non-government research institutes.

Financial Results for Fiscal Year Ended March 31, 2018

At March 31, 2018, the Company had a cash balance of approximately $7.0 million.

Consolidated operating costs and expenses were approximately $5.0 million for the fiscal year ended March 31, 2018 compared to $6.5 million in the fiscal year ended March 31, 2017, a decrease of $1.5 million. The $1.5 million decrease was due to reductions in payroll and related expenses of approximately $844,000, in professional fees of approximately $608,000 and in general and administrative expense of approximately $57,000.

The $844,000 decrease in payroll and related expenses was principally driven by a $926,000 decrease in our stock-based compensation, which was partially offset by an $81,000 increase in cash payroll and related expenses due to headcount additions in our scientific staff.

The $608,000 decrease in our professional fees was due to reductions in our non-DARPA-related professional fees of $546,000, in our DARPA-related professional fees of $39,000 and in Exosome's professional fees of $24,000. The primary factors in the $546,000 decrease in our non-DARPA-related professional fees were a $224,000 reduction in legal fees due to a reduction in registration statement and financing activity in FY'18 compared to FY'17, a $146,000 reduction in clinical trial expense due to the conclusion of our clinical trial and a $114,000 reduction in business development expense. The primary factor in our $39,000 decrease in our DARPA-related professional fees was the completion of our DARPA contract in September 2016.

The $57,000 decrease in general and administrative expenses primarily arose from reductions in the general and administrative expenses in our DARPA-related activities of $102,000 and in the general and administrative expenses at Exosome of $30,000, which were partially offset by increases in our non-DARPA-related activities of $75,000.

The Company had other expense of approximately $869,000 for fiscal 2018 in the third quarter of fiscal 2018 compared to other expense of approximately $1.2 million in for fiscal 2017.

During fiscal 2018, the Company recorded $149,625 in revenues under its contract with the National Cancer Institute. During fiscal 2017, the recorded $392,073 in revenue from its government contract with DARPA.

The net loss was approximately $5.7 million, or $(0.468) per share for fiscal 2018 compared to a net loss of approximately $7.3 million, or $(0.94) for fiscal 2017.

The unaudited condensed consolidated balance sheet for March 31, 2018 and the unaudited condensed consolidated statements of operations for the fiscal years ended March 31, 2018 and 2017 follow at the end of this release.

Conference Call

Aethlon will hold a conference call for investors today, Friday, June 8, 2018 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 June 15, 2018. The replay can be accessed via Aethlon Medical's website 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 10120816.

About Aethlon Medical, Inc.

Aethlon Medical is focused on addressing unmet needs in global health and biodefense. The Aethlon Hemopurifier® is a first-in-class therapeutic device designed to address life-threatening viral infections. The United States Food and Drug Administration (FDA) has designated the Hemopurifier® as a Breakthrough Device related to the treatment of life-threatening viruses that are not addressed with approved therapies.

In collaboration with leading government and non-government research institutes, Aethlon has validated the ability of the Hemopurifier® to capture a broad-spectrum of pandemic influenza viruses, mosquito-borne viruses and deadly hemorrhagic viruses. Based on its use to treat Ebola virus, the Hemopurifier® was named a "Top 25 Invention" and one of the "Eleven Most Remarkable Advances in Healthcare," by TIME Magazine.

Aethlon is also investigating the potential therapeutic 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. Additionally, Aethlon is 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). 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, 2018, 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.

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AETHLON MEDICAL, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheet

	March 31, 2018	March 31, 2017
ASSETS		
CURRENT ASSETS		
Cash	$6,974,070	$1,559,701
Accounts receivable	74,813	-
Prepaid expenses	181,367	37,551
TOTAL CURRENT ASSETS	7,230,250	1,597,252
Property and equipment, net	27,552	29,223
Patents, net	75,832	84,996
Deposits	18,270	14,897
TOTAL NONCURRENT ASSETS	121,654	129,116
TOTAL ASSETS	$7,351,904	$1,726,368
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	124,450	484,423
Due to related parties	90,366	57,866
Other current liabilities	263,141	69,467
TOTAL CURRENT LIABILITIES	477,957	611,756
NONCURRENT LIABILITIES		
Convertible notes payable, net	841,153	519,200
TOTAL NONCURRENT LIABILITIES	841,153	519,200
TOTAL LIABILITIES	1,319,110	1,130,956
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Common stock, par value of $0.001, 30,000,000 shares authorized; 17,739,511 and 8,797,086 issued and outstanding	17,740	8,796
Additional paid in capital	105,574,014	94,445,739
Deficit accumulated during the development stage	(99,457,714)	(93,778,156)
TOTAL STOCKHOLDERS' EQUITY BEFORE NONCONTROLLING INTERESTS	6,134,040	676,379
Noncontrolling interests	(101,246)	(80,967)
TOTAL STOCKHOLDERS' EQUITY	6,032,794	595,412
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$7,351,904	$1,726,368

AETHLON MEDICAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
For the fiscal years ended March 31, 2018 and 2017

	Fiscal Year Ended 3/31/18	Fiscal Year Ended 3/31/17
Government contract revenue	$149,625	$392,073
OPERATING COSTS AND EXPENSES		
Professional fees	1,553,204	2,161,592
Payroll and related	2,634,937	3,479,347
General and administrative	792,600	849,491
	4,980,741	6,490,430
OPERATING LOSS	(4,831,116)	(6,098,357)
OTHER (INCOME) EXPENSE		
Loss on debt extinguishment	376,909	558,198
Warrant repricing expense	-	345,841
Loss on share for warrant exchanges	130,215	-
Interest and other debt expenses	361,597	304,330
	868,721	1,208,369
NET LOSS BEFORE NONCONTROLLING INTERESTS	$(5,699,837)	$(7,306,726)
Loss attributable to noncontrolling interests	(20,279)	(30,613)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(5,679,558)	$(7,276,113)
Basic and diluted net loss available to common stockholders per share	$ (0.46)	$ (0.94)
Weighted average number of common shares outstanding	12,317,074	7,764,237

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