

August 14, 2019



Aethlon Medical Announces First Quarter Financial Results and Provides Corporate Update

SAN DIEGO, Aug. 14, 2019 /PRNewswire/ -- Aethlon Medical, Inc. (Nasdaq: AEMD), a therapeutic technology company focused on unmet needs in global health, today reported financial results for its first quarter ended June 30, 2019 and provided an update on recent developments.

Company Updates

Aethlon Medical, Inc. (Company or Aethlon) is continuing the development of its proprietary Hemopurifier, which is a first in class therapeutic device designed for the single use depletion of circulating viruses and cancer-promoting exosomes. The Hemopurifier has previously been designated a Breakthrough Device by the FDA for the treatment of glycosylated viruses, including Ebola and other hemorrhagic fever viruses, and in late 2018 was additionally designated as a Breakthrough Device "...for the treatment of individuals with advanced or metastatic cancer who are either unresponsive to or intolerant of standard of care therapy, and with cancer types in which exosomes have been shown to participate in the development or severity of the disease....".

Aethlon is currently preparing for the initiation of clinical trials in patients with advanced and metastatic cancers. The Company is initially focused on the treatment of solid tumors, including head and neck cancer, gastrointestinal cancers and other cancers. Following discussions and a meeting with the FDA, the Company is preparing to file an Investigational Device Exemption (IDE) application with the FDA to initiate clinical trials in cancer.

On June 30, 2019, the Company entered into a cross-licensing agreement with SeaStar Medical, Inc. to jointly develop Aethlon's and SeaStar's combined medical devices to address the care and management of critically ill patients. Under this agreement, Aethlon and SeaStar are now initiating development of systems for the transplant, oncology and infectious disease settings.

Financial Results for First Quarter Ended June 30, 2019

The Company's net loss was approximately \$2.1 million, or \$(0.11) per share, for the first quarter ended June 30, 2019, compared to a net loss of approximately \$1.1 million, or \$(0.06) per share, for the quarter ended June 30, 2018.

At June 30, 2019, the Company had a cash balance of approximately \$2.5 million.

The Company's consolidated operating expenses for the quarter ended June 30, 2019 were

approximately \$1.6 million, compared to \$1.25 million for the June 2018 quarter. This increase of approximately \$350,000, in 2019 was due to increases in general and administrative expenses of approximately \$188,000, professional fees of approximately \$158,000 and payroll and related expenses of approximately \$3,000.

The \$188,000 increase in general and administrative expenses in 2019 was primarily due to the combination of a \$120,000 increase in our clinical trial expense, primarily costs associated with the manufacturing of Hemopurifiers for an expected clinical trial in the cancer space, a \$39,000 increase in our lab supplies expense, primarily related to our breast cancer grant, and a \$39,000 increase in travel expense.

The \$158,000 increase in our professional fees in 2019 was primarily due to a \$152,534 increase in our legal fees.

The \$3,000 increase in payroll and related expenses was primarily due to a \$63,374 increase in stock-based compensation, which was partially offset by a \$59,944 reduction in our cash-based compensation expense.

The Company's other expense during the quarter ended June 30, 2019 consisted of interest expense and a loss on debt extinguishment and, during the three months ended June 30, 2018, consisted of interest expense only. Other expense for the three months ended June 30, 2019 was approximately \$501,000, in comparison with other expense of approximately \$55,000 for the quarter ended June 30, 2018.

The Company recorded government contract and grant revenue in the first quarters ended June 30, 2019 and 2018. This revenue arose from work performed under two government contracts with the National Institutes of Health (NIH). In the quarter ended June 30, 2019, the Company recorded \$30,000 in aggregate revenue from its Breast Cancer grant and in the quarter ended June 30, 2018, the Company recorded approximately \$150,000 in revenue from its Melanoma Cancer contract with the NIH.

The unaudited condensed consolidated balance sheet for June 30, 2019 and the unaudited condensed consolidated statements of operations for the first quarter ended June 30, 2019 and 2018 follow at the end of this release.

Conference Call

The Company will hold a conference call today, Wednesday, August 14, 2019 at 4:30 p.m. Eastern Time to review financial results and recent corporate developments. Following management's formal remarks, there will be a question and answer session.

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.

A replay of the call will be available approximately one hour after the end of the call through August 21, 2019. The replay can be accessed via Aethlon'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 10134273#.

About Aethlon Medical, Inc.

Aethlon Medical, Inc. is focused on addressing unmet needs in global health. The Aethlon Hemopurifier® is a clinical-stage immunotherapeutic device designed to combat cancer and life-threatening viral infections. In cancer, the Hemopurifier® depletes the presence of circulating tumor-derived exosomes that promote immune suppression, seed the spread of metastasis and inhibit the benefit of leading cancer therapies. The Hemopurifier® is an FDA designated "Breakthrough Device" related to the treatment of individuals with advanced or metastatic cancer who are either unresponsive to or intolerant of standard of care therapy, and with cancer types in which exosomes have been shown to participate in the development or severity of the disease cancer. The Hemopurifier also holds a Breakthrough Device designation related to life-threatening viruses that are not addressed with approved therapies.

Additionally, Aethlon owns 80% of Exosome Sciences, Inc., which is focused on the discovery of exosomal biomarkers to diagnose and monitor cancer and neurological disease progression. Additional information can be found online at www.AethlonMedical.com and www.ExosomeSciences.com.

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 raise additional funds and maintain its listing on the Nasdaq Capital Market, or any other national securities exchange, the risk that the Company's collaboration with SeaStar will not be successful, that the Company's 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 complete the development of the Hemopurifier and other 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, 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, 2019, and in the Company's other filings with the Securities and Exchange Commission, including its quarterly Reports on Form 10-Q. 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, CFO
jfrakes@aethlonmedical.com
858-459-7800 extension 3300

AETHLON MEDICAL, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheet

ASSETS		
	June 30, 2019	March 31, 2019
CURRENT ASSETS		
Cash	\$2,492,354	\$3,828,074
Prepaid expenses	151,717	210,042
TOTAL CURRENT ASSETS	<u>2,644,071</u>	<u>4,038,116</u>
Property and equipment, net	6,330	6,021
Right-of-use lease asset	205,968	-
Patents, net	64,377	66,668
Deposits	12,159	12,159
TOTAL NONCURRENT ASSETS	<u>288,834</u>	<u>84,848</u>
TOTAL ASSETS	<u>\$2,932,905</u>	<u>\$4,122,964</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	276,116	131,931
Due to related parties	94,442	83,654
Convertible notes payable, net	892,591	962,301
Lease liability, current portion	93,077	-
Other current liabilities	441,228	646,000
TOTAL CURRENT LIABILITIES	<u>1,797,454</u>	<u>1,823,886</u>
NONCURRENT LIABILITIES		
Lease liability, less current portion	117,259	-
TOTAL NONCURRENT LIABILITIES	<u>117,259</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,914,713</u>	<u>1,823,886</u>
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Common stock, par value of \$0.001, 30,000,000 shares authorized; 19,103,570 and 19,004,253 issued and outstanding	19,104	19,004
Additional-paid in capital	108,844,836	108,058,538
Accumulated deficit	(107,718,857)	(105,652,433)
TOTAL STOCKHOLDERS' EQUITY BEFORE NONCONTROLLING INTERESTS	<u>1,145,083</u>	<u>2,425,109</u>
Noncontrolling interests	(126,891)	(126,031)
TOTAL STOCKHOLDERS' EQUITY	<u>1,018,192</u>	<u>2,299,078</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$2,932,905</u>	<u>\$4,122,964</u>

AETHLON MEDICAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
For the three month periods ended June 30, 2019 and 2018

	Three Months Ended 6/30/19	Three Months Ended 6/30/18
Government contract revenue	\$30,000	\$149,625
OPERATING COSTS AND EXPENSES		
Professional fees	607,578	449,435
Payroll and related	605,995	602,565
General and administrative	382,615	194,897
	<u>1,596,188</u>	<u>1,246,897</u>
OPERATING LOSS	(1,566,188)	(1,097,272)
OTHER (INCOME) EXPENSE		
Loss on debt extinguishment	447,011	-
Interest and other debt expenses	54,085	55,104
	<u>501,096</u>	<u>55,104</u>
NET LOSS	\$(2,067,284)	\$(1,152,376)
Loss attributable to noncontrolling interests	(860)	(6,148)
NET LOSS ATTRIBUTABLE TO AETHLON MEDICAL, INC.	<u>\$(2,066,424)</u>	<u>\$(1,146,228)</u>
Basic and diluted net loss available to common stockholders per share	<u>\$ (0.11)</u>	<u>\$ (0.06)</u>
Weighted average number of common shares outstanding	<u>19,057,255</u>	<u>17,754,728</u>

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SOURCE Aethlon Medical, Inc.