Cellular Biomedicine Group Reports Q3 2020 Financial Results and Business Highlights

GAITHERSBURG, MD and SHANGHAI, China, November 9, 2020 – Cellular Biomedicine Group Inc. (NASDAQ: CBMG) ("CBMG" or the "Company"), a biopharmaceutical firm engaged in the drug development of immunotherapies for cancer and stem cell therapies for degenerative diseases, today reported its financial results and business highlights for the third quarter of 2020.

Tony (Bizuo) Liu, Chief Executive Officer, commented on Q3's progress:

"I'm excited to share our progress in our China Phase I Investigator Initiated Trial (IIT) assessing the safety and efficacy of an anti-CD20/19 bispecific CAR-T, C-CAR039, a 2nd generation novel bi-specific CAR-T therapy targeting both CD19 and CD20 antigens in the treatment of patients with relapsed or refractory non-Hodgkin lymphoma (r/r NHL). C-CAR039's objective is to improve both the response rate and duration of response while limiting antigen escape of CD19 following anti-CD19 CAR-T therapy. C-CAR039 is manufactured in a proprietary process with serum free, semi-automated, and functionally closed platform with reduced vein-to-vein time. Thus far we have seen a complete manufacturing success rate. As of October 30, 2020, 18 of the 21 enrolled patients received single dose C-CAR039 intravenous infusion with a dose range of 1.0 x 10^6 to 5.0 x 10^6 CAR-T cells/kg of body weight. 17 patients, including 15 patients with DLBCL, 1 with follicular lymphoma (FL) and 1 with transformed follicular lymphoma (tFL) are evaluable for safety (evaluated by CTCAE V5.0) and 16 patients have one month or longer efficacy data utilizing the 2014 Lugano Classification for the assessment of lymphoma. The median age of evaluable, infused patients was 60 years (range: 28–71 years). The median number of lines of prior therapies was 3 (range: 1-5). 11 of the 17 patients were stage III or IV patients (64.7%).

C-CAR039 treatment was well tolerated with no grade 3 or higher cytokine release syndrome (CRS), and with one grade 1 neurotoxicity event. Reversible grade 1 or 2 CRS was observed in 15/17 (88.2%) of patients. At the one-month efficacy evaluation, 15/16 patients showed clinical improvement with an objective response rate (ORR) of 94%. The best overall response (BOR) includes 14 CR (87.5%, 12 DLBCL, 1 FL and 1 tFL) and 1 partial response (PR). Cytopenia was mostly related to Cy/Flu lymphodepletion. 12 patients have at least 3-months follow-up data. The overall survival (OS) at 3 months is 100%. The median follow-up was 156 days (39-345 days), and the median duration of response (DOR) has not yet been reached. Furthermore, positive correlation between the expansion of C-CAR039 CAR-T cells detected in the peripheral blood of treated patients and tumor regression was observed. We remain optimistic that C-CAR039 shows a potentially competitive safety and a promising efficacy profile. We are planning further development in a multicenter Phase Ib trial in China and in the U.S.

Regarding our C-CAR088 anti-BCMA drug development for multiple myeloma (MM), to date we have infused 26 of the 28 patients enrolled in the IIT study in China. Our abstract for this study

has been accepted for an oral presentation on Saturday, December 5, 2020, 1:15pm at the 62nd American Society of Hematology (ASH) Annual Meeting and Exposition. (https://ash.confex.com/ash/2020/webprogram/Paper138734.html)

We have been utilizing lung cancer tumor specimens for pre-clinical development and manufacturing in China and in the U.S. Upon completion of the Rockville, Maryland site in late Q4, we plan to conduct knowledge transfer from China to the U.S. and utilize our Rockville facility to support early stage U.S. clinical development for C-TIL051 tumor-infiltrating lymphocytes (TIL) for non-small cell lung cancer (NSCLC) and C-CAR039 for NHL.

We are also enrolling patients in China for our off-the-shelf AlloJoin® Phase II trial in the treatment of knee osteoarthritis (KOA). To date we have seen fewer than expected adverse events (AE) and AEs are limited to grades 1 and 2 in the trial participants. We also initiated development in acute respiratory distress syndrome (ARDS) and Alzheimer's disease (AD) using allogeneic human adipose mesenchymal stem cell exosomes (haMSC-Exos) and extracellular vesicles, respectively, in Shanghai, China.

We are happy to report that we secured $25 million and $20 million in financing in August and October, respectively, to support our near-term clinical development and ongoing operations."

Financial Results for the Third Quarter of 2020

- Net loss allocable to common stockholders for the quarter and nine months ended September 30, 2020 was $17.0 million and $42.1 million respectively, compared to $15.9 million and $37.3 million for the same periods in 2019.
- General and administrative expenses for the quarter and nine months ended September 30, 2020 were $5.1 million and $11.8 million, respectively, compared to $3.3 million and $10.0 million for the same periods in 2019.
- Research and development expenses for the quarter and nine months ended September 30, 2020 were $12.6 million and $30.5 million respectively, compared $13.1 million and $28.2 million for the same periods in 2019.
- Net cash used in operating activities for the nine months ended September 30, 2020 was $33.2 million, compared to $28.4 million for the same period in 2019.
- Cash and cash equivalents were $26 million as of September 30, 2020, compared to $13.6 million as of June 30, 2020.
- Short-term debt was $47.9 million as of September 30, 2020, compared to $19.5 million as of June 30, 2020.

About Cellular Biomedicine Group, Inc.
Cellular Biomedicine Group, Inc. (Nasdaq: CBMG) develops proprietary cell therapies for the treatment of cancer and degenerative diseases. The company conducts immuno-oncology and stem cell clinical trials in China using products from its integrated GMP laboratory. The Company's GMP facilities in China, consisting of twelve independent cell production lines, are designed and managed according to both China and U.S. GMP standards. Its Shanghai facility includes a "Joint Laboratory of Cell Therapy" with GE Healthcare and a "Joint Cell Therapy Technology Innovation and Application Center" with Thermo Fisher Scientific. These partnerships focus on improving manufacturing processes for cell therapies. CBMG currently has ongoing CAR-T Phase I clinical trials in China. The China NMPA (formerly CFDA) approved the Company's IND application for a Phase II trial for AlloJoin®, CBMG's "Off-the-Shelf" allogenic haMPC therapy for the treatment of Knee Osteoarthritis (KOA), and has accepted the Company's IND application for a Phase II trial for ReJoin® autologous haMPC therapy for the treatment of KOA. The NMPA has also accepted CBMG's dossier for an IND application for clinical trials of anti-BCMA CAR-T. CBMG is included in the broad-market Russell 3000® Index the small-cap Russell 2000® Index and the Loncar China BioPharma index. To learn more about CBMG, please visit www.cellbiomedgroup.com.

Forward-Looking Statements
Statements in this press release relating to plans, strategies, specific activities, and other statements that are not descriptions of historical facts, including our statements regarding enrollment of clinical trial patients and expectations relating to the development, safety and efficacy of our drugs, may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking information is inherently subject to risks and uncertainties, and actual results could differ materially from those currently anticipated due to a number of factors, which include any risks detailed from time to time in CBMG's reports filed with the Securities and Exchange Commission, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, including risks relating to the impact of the COVID-19 pandemic on our operations, including risks associated with the evolving COVID-19 pandemic and actions taken in response to it. Generally, the words "believes," "anticipates," "may," "will," "should," "could," "expect," "plans," "intend," "estimate," "projects," "presents," "potential," "continue" and similar expressions or the negative thereof or comparable terminology are intended to identify forward-looking statements. These statements reflect our current views with respect to future events or to our future activities and involve known and unknown risks, uncertainties and other factors which may cause our actual activities, actions or achievements to be materially different from any future activities, actions or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

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CELLULAR BIOMEDICINE GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	$ 26,028,897	$ 15,443,649
Restricted cash	-	17,000,000
Accounts receivable	32,295	-
Other receivables	297,919	750,943
Prepaid expenses	1,512,172	835,048
Total current assets	27,871,283	34,029,640
Investments	-	240,000
Property, plant and equipment, net	24,686,304	21,434,414
Right of use	18,521,996	20,106,163
Goodwill	7,678,789	7,678,789
Intangibles, net	6,447,085	7,376,940
Long-term prepaid expenses and other assets	7,880,917	6,458,354
Total assets	$ 93,086,374	$ 97,324,300
Liabilities and Stockholders' Equity		
Liabilities:		
Short-term debt	$ 47,870,256	$ 14,334,398
Accounts payable	2,747,583	2,039,686
Accrued expenses	1,726,200	1,904,829
Taxes payable	30,420	26,245
Other current liabilities	6,922,762	5,367,708
Total current liabilities	59,297,221	23,672,866
Other non-current liabilities	16,465,553	17,933,743
Total liabilities	75,762,774	41,606,609
Stockholders' equity:		

Preferred stock, par value $.001, 50,000,000 shares authorized; none issued and outstanding as of September 30, 2020 and December 31, 2019, respectively	-	-
Common stock, par value $.001, 300,000,000 shares authorized; 20,505,852 and 20,359,889 issued; and 19,450,353 and 19,304,390 outstanding, as of September 30, 2020 and December 31, 2019, respectively	20,506	20,360
Treasury stock at cost; 1,055,499 shares of common stock as of September 30, 2020 and December 31, 2019, respectively	(14,992,694)	(14,992,694)
Additional paid in capital	275,338,906	272,117,518
Accumulated deficit	(242,084,133)	(199,966,543)
Accumulated other comprehensive loss	(958,985)	(1,460,950)
Total stockholders' equity	17,323,600	55,717,691
Total liabilities and stockholders' equity	$ 93,086,374	$ 97,324,300

CELLULAR BIOMEDICINE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Net sales and revenue	$ 32,295	$ -	$ 32,295	$ 49,265
Operating expenses:				
Cost of sales	7,618	-	7,618	8,087
General and administrative	5,100,189	3,326,630	11,812,062	9,955,073
Selling and marketing	-	38,267	-	121,779
Research and development	12,611,853	13,126,699	30,457,415	28,157,321
Impairment of investments	-	-	240,000	-
Total operating expenses	17,719,660	16,491,596	42,517,095	38,242,260
Operating loss	(17,687,365)	(16,491,596)	(42,484,800)	(38,192,995)
Other income				
Interest income, net	2,774	352,935	38,343	631,986
Other income, net	646,587	274,430	330,642	267,043
Total other income	649,361	627,365	368,985	899,029
Loss before taxes	(17,038,004)	(15,864,231)	(42,115,815)	(37,293,966)
Income taxes credit (provision)	-	325	(1,775)	(3,425)
Net loss	$ (17,038,004)	$ (15,863,906)	$ (42,117,590)	$ (37,297,391)
Other comprehensive income (loss):				
Cumulative translation adjustment	894,793	(303,821)	501,965	(303,220)
Total other comprehensive income (loss):	894,793	(303,821)	501,965	(303,220)
Comprehensive loss	$ (16,143,211)	$ (16,167,727)	$ (41,615,625)	$ (37,600,611)
Net loss per share :				
Basic and diluted	$ (0.88)	$ (0.82)	$ (2.17)	$ (1.98)
Weighted average common shares outstanding:				
Basic and diluted	19,433,988	19,256,129	19,390,235	18,881,266

CELLULAR BIOMEDICINE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (42,117,590)	$ (37,297,391)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,850,349	4,099,029
Loss on disposal of assets	150	32,236
Stock based compensation expense	2,695,850	3,109,410
Other than temporary impairment on long-term investments	240,000	-
Changes in operating assets and liabilities:		
Accounts receivable	(32,295)	763
Other receivables	458,119	(491,974)
Prepaid expenses	(658,723)	55,519
Long-term prepaid expenses and other assets	(1,076,037)	(1,920,077)
Accounts payable	1,021,393	4,695,220
Accrued expenses	(207,542)	(359,332)
Other current liabilities	1,735,950	(297,512)
Taxes payable	4,175	(325)
Other non-current liabilities	(84,093)	13,035
Net cash used in operating activities	(33,170,294)	(28,361,399)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of assets	-	172,007
Purchases of intangibles	(175,632)	(804,042)
Purchases of assets	(7,057,292)	(8,645,724)
Net cash used in investing activities	(7,232,924)	(9,277,759)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from the issuance of common stock	-	17,166,199
Proceeds from exercise of stock options	525,684	195,731
Proceeds from short-term debt	47,851,757	14,546,035
Repayment of short-term debt	(14,315,898)	-
Repurchase of treasury stock	-	(1,039,028)
Net cash provided by financing activities	34,061,543	30,868,937
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(73,077)	(6,982)
DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(6,414,752)	(6,777,203)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	32,443,649	52,812,880

CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	$ 26,028,897	$ 46,035,677
SUPPLEMENTAL CASH FLOW INFORMATION		
Income tax refund	$ 3,200	$ -
Cash paid for income taxes	$ 800	$ 3,750
Interest expense paid	$ 110,982	$ 309,410
Interest income from pledged bank deposits received, netting off withholding tax	$ 460,041	$ -