



Cellular Biomedicine Group (CBMG) Reports Q2, H1 2020 Financial Results and Business Highlights

GAITHERSBURG, MD and SHANGHAI, China, August 12, 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 second quarter and six months ended June 30, 2020.

“We held a virtual research & development day in July to provide an update on the six clinical programs we have in development,” said Tony (Bizuo) Liu, Chief Executive Officer of CBMG. “Amid the global pandemic, we continue to enroll patients in investigator-initiated trials (IIT) for our clinical programs in China. This includes C-CAR088 anti-B-cell maturation antigen (BCMA) chimeric antigen receptor T cells (CAR-T) for relapsed or refractory multiple myeloma (MM), C-CAR039 anti-CD19/CD20 bi-specific CAR-T for Non-Hodgkin's Lymphoma (NHL), and C-TCR055 alpha-fetoprotein (AFP) TCR-T in hepatocellular carcinoma (HCC). We look forward to the completion of our new Rockville facility later this year to support potential U.S. clinical development for C-CAR039 and C-TIL051 tumor-infiltrating lymphocytes (TIL) for non-small cell lung cancer (NSCLC). We also continue to enroll patients in China for our off-the-shelf AlloJoin™ knee osteoarthritis (KOA) Phase II trial. We plan to submit and present the C-CAR088 and C-CAR039 clinical data at a major conference later this year. We are happy to report that we have recently secured borrowings to support our near-term clinical development.”

Clinical Highlights for First Half of 2020 and to Date:

- C-CAR088 for MM*:
 - Infused 22 of the 25 enrolled patients; 17 patients with evaluable data for safety and clinical efficacy
 - No Grade 4 or higher cytokine release syndrome (CRS)
 - No Grade 2 or higher neurotoxicity and dose limiting toxicities
 - Cytopenia was mostly related to Cy/Flu lymphodepletion
 - 17 patients with 100% best overall response; comprised of 5 complete response, 9 very good partial response and 3 partial response

- C-CAR039 for NHL*:
 - Infused 10 of the 16 enrolled patients
 - No Grade 3 or higher CRS was observed
 - No Grade 2 or higher neurotoxicity
 - Cytopenia was mostly related to Cy/Flu lymphodepletion
 - Observed encouraging clinical efficacy with limited number of patients

- C-TCR055 in HCC:
 - Initiated an early dose escalation study to evaluate the safety and efficacy
 - Conducted a poster presentation at the American Association for Cancer Research (AACR) annual meeting: “Selecting Clinical Lead of TCRs Targeting Alpha-Fetoprotein-Positive Liver Cancer on Balance of Risk and Benefit”



- On July 13, 2020, the Company hosted a virtual Research & Development Showcase to present an overview and update on the current state of its clinical and pre-clinical programs.

*: As of June 15, 2020

Business Highlights for First Half of 2020 and to Date:

- Executed a one-year \$25 million convertible bridge loan
- Extended the \$16 million convertible bridge loan repayment schedule to August, 2021
- Obtained \$8.6 million lines of credit

Upcoming Milestones:

- In the next nine months, present our key clinical assets update at major conferences
- In 2021, execute our C-TIL051 to sponsor and initiate an IIT in the U.S. for stage IIIB and IV NSCLC patients refractory to anti-PD1 immunotherapy
- Upon completion, qualify our Rockville facility to support U.S. clinical development

Financial Results for the Second Quarter and First Half 2020 as compared to the same periods in 2019:

- Net loss allocable to common stockholders for the quarter and six months ended June 30, 2020 was \$13.5 million and \$25.1 million respectively, compared to \$12.1 million and \$21.4 million
- General and administrative expenses for the quarter and six months ended June 30, 2020 were \$3.3 million and \$6.7 million, respectively, compared to \$3.2 million and \$6.6 million
- Research and development expenses for the quarter and six months ended June 30, 2020 were \$10.1 million and \$17.8 million respectively, compared \$9.1 million and \$15.0 million
- Net cash used in operating activities for first half of 2020 was \$19.8 million, compared to \$18.8 million
- Our cash, cash equivalents and restricted cash decreased to \$13,581,952 at June 30, 2020 compared to \$32,443,649 at December 31, 2019. Subsequent to end of the second quarter, we arranged additional borrowings of \$29.3 million to fortify our balance sheet.

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 our clinical trials, enrollment of clinical trial patients, the presentation of key clinical assets updates, our activities with respect to C-TIL051, and the ability of our Rockville site to support U.S. clinical development, 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)

	June 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$ 13,581,952	\$ 15,443,649
Restricted cash	-	17,000,000
Other receivables	299,124	750,943
Prepaid expenses	1,094,270	835,048
Total current assets	14,975,346	34,029,640
Investments	-	240,000
Property, plant and equipment, net	22,443,525	21,434,414
Right of use	18,670,312	20,106,163
Goodwill	7,678,789	7,678,789
Intangibles, net	6,747,628	7,376,940
Long-term prepaid expenses and other assets	7,052,583	6,458,354
Total assets (1)	\$ 77,568,183	\$ 97,324,300
Liabilities and Stockholders' Equity		
Liabilities:		
Short-term debt	\$ 19,474,822	\$ 14,334,398
Accounts payable	1,517,144	2,039,686
Accrued expenses	1,706,967	1,904,829
Taxes payable	30,420	26,245
Other current liabilities	5,722,765	5,367,708
Total current liabilities	28,452,118	23,672,866
Other non-current liabilities	16,583,514	17,933,743
Total liabilities	45,035,632	41,606,609
Stockholders' equity:		
Preferred stock, par value \$.001, 50,000,000 shares authorized; none issued and outstanding as of June 30, 2020 and December 31, 2019, respectively	-	-
Common stock, par value \$.001, 300,000,000 shares authorized; 20,481,791 and 20,359,889 issued; and 19,426,292 and 19,304,390 outstanding, as of June 30, 2020 and December 31, 2019, respectively	20,482	20,360
Treasury stock at cost; 1,055,499 shares of common stock as of June 30, 2020 and December 31, 2019	(14,992,694)	(14,992,694)



Additional paid in capital	274,404,670	272,117,518
Accumulated deficit	(225,046,129)	(199,966,543)
Accumulated other comprehensive loss	(1,853,778)	(1,460,950)
Total stockholders' equity	<u>32,532,551</u>	<u>55,717,691</u>
Total liabilities and stockholders' equity	<u>\$ 77,568,183</u>	<u>\$ 97,324,300</u>



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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net sales and revenue	\$ -	\$ -	\$ -	\$ 49,265
Operating expenses:				
Cost of sales	-	-	-	8,087
General and administrative	3,280,529	3,180,709	6,711,873	6,628,443
Selling and marketing	-	41,252	-	83,512
Research and development	10,086,204	9,062,526	17,845,562	15,030,622
Impairment of investments	-	-	240,000	-
Total operating expenses	<u>13,366,733</u>	<u>12,284,487</u>	<u>24,797,435</u>	<u>21,750,664</u>
Operating loss	<u>(13,366,733)</u>	<u>(12,284,487)</u>	<u>(24,797,435)</u>	<u>(21,701,399)</u>
Other (expense) income				
Interest income, net	22,797	182,017	35,569	279,051
Other expense, net	(188,153)	7,123	(315,945)	(7,387)
Total other (expense) income	<u>(165,356)</u>	<u>189,140</u>	<u>(280,376)</u>	<u>271,664</u>
Loss before taxes	<u>(13,532,089)</u>	<u>(12,095,347)</u>	<u>(25,077,811)</u>	<u>(21,429,735)</u>
Income taxes provision	-	(1,350)	(1,775)	(3,750)
Net loss	<u>\$ (13,532,089)</u>	<u>\$ (12,096,697)</u>	<u>\$ (25,079,586)</u>	<u>\$ (21,433,485)</u>
Other comprehensive income (loss):				
Cumulative translation adjustment	43,985	(395,525)	(392,828)	601
Total other comprehensive income (loss):	<u>43,985</u>	<u>(395,525)</u>	<u>(392,828)</u>	<u>601</u>
Comprehensive loss	<u>\$ (13,488,104)</u>	<u>\$ (12,492,222)</u>	<u>\$ (25,472,414)</u>	<u>\$ (21,432,884)</u>
Net loss per share :				
Basic and diluted	<u>\$ (0.70)</u>	<u>\$ (0.63)</u>	<u>\$ (1.29)</u>	<u>\$ (1.15)</u>
Weighted average common shares outstanding:				
Basic and diluted	<u>19,395,253</u>	<u>19,223,113</u>	<u>19,368,118</u>	<u>18,690,729</u>



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

	For the Six Months Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (25,079,586)	\$ (21,433,485)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,157,829	2,659,038
Loss on disposal of assets	149	92,487
Stock based compensation expense	1,804,840	2,113,535
Other than temporary impairment on long-term investments	240,000	-
Changes in operating assets and liabilities:		
Accounts receivable	-	785
Other receivables	448,649	(337,517)
Prepaid expenses	(270,666)	(572,978)
Long-term prepaid expenses and other assets	(829,714)	(978,505)
Accounts payable	(209,527)	333,463
Accrued expenses	(179,881)	(818,327)
Taxes payable	4,175	-
Other current liabilities	1,186,828	218,903
Other non-current liabilities	(90,424)	(74,105)
Net cash used in operating activities	(19,817,328)	(18,796,706)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of assets	-	359
Purchases of intangibles	(141,707)	(752,449)
Purchases of assets	(4,483,163)	(7,468,850)
Net cash used in investing activities	(4,624,870)	(8,220,940)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from the issuance of common stock	-	17,166,199
Proceeds from exercise of stock options	482,434	150,788
Proceeds from short-term debt	19,456,322	14,546,035
Repayment of short-term debt	(14,315,898)	-
Repurchase of treasury stock	-	(1,039,028)
Net cash provided by financing activities	5,622,858	30,823,994
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(42,357)	94,518
(DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(18,861,697)	3,900,866
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	32,443,649	52,812,880
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	\$ 13,581,952	\$ 56,713,746



SUPPLEMENTAL CASH FLOW INFORMATION

Income tax refund	<u>\$ 3,200</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ 800</u>	<u>\$ 3,750</u>
Interest expense paid	<u>\$ 99,271</u>	<u>\$ 145,159</u>
Interest income from pledged bank deposits received, netting off withholding tax	<u>\$ 460,041</u>	<u>\$ -</u>
	June 30,	June 30,
	2020	2019
Reconciliation of cash, cash equivalents and restricted cash in condensed consolidated statements of cash flows:		
Restricted cash	\$ -	\$ 17,000,000
Cash and cash equivalents	13,581,952	39,713,746
	<u>\$ 13,581,952</u>	<u>\$ 56,713,746</u>