

# International Stem Cell Corporation Announces Record Sales and Operating Results for the Three and Six-Months ended June 30, 2018

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CARLSBAD, Calif., Aug. 15, 2018 (GLOBE NEWSWIRE) -- International Stem Cell Corporation (OTCQB:ISCO) ([www.internationalstemcell.com](http://www.internationalstemcell.com)) ("ISCO" or "the Company"), a California-based clinical stage biotechnology company developing novel stem cell-based therapies and biomedical products, today provided a business update and announced operating results for the three and six months ended June 30, 2018.

"I'm pleased with our progress as ISCO continues to move forward actively in several areas. Recently we achieved another important milestone: transplanting the highest number of neural stem cells to the first Parkinson's disease patient in the third cohort of patients in our phase 1 clinical trial. We plan to announce the 6 month results from the second cohort of patients before the end of Q3. Our financial results also show stable growth, and we were able to achieve record sales and to significantly decrease our loss from operations," said Andrey Semechkin, PhD., CEO and Co-Chairman of ISCO.

## Year-to-Date Financial Highlights

- Consolidated revenue for the six months ended June 30, 2018 was \$5.7 million, an increase of 50% compared to the consolidated revenue of \$3.8 million for the six months ended June 30, 2017.
- Gross profit margin for the Company's revenue-generating subsidiaries for the six months ended June 30, 2018 was \$3.8 million, compared to gross profit margin of \$2.7 million for the six months ended June 30, 2017.
- Combined operating income for the six months ended June 30, 2018 from our two wholly owned revenue generating subsidiaries was \$1.5 million, an increase of 53% compared to \$974,000 in the same period in 2017.
- Consolidated loss before income taxes, including from Parkinson's disease clinical trial expenses, for the six months ended June 30, 2018 was \$1.2 million, compared to consolidated loss before income taxes of \$2.5 million for the same period in 2017
- Average net cash used in operating activities, excluding capital expenditures and patent costs, was approximately \$93,000 per month during the six months ended June 30, 2018, a decrease of 58%, compared to \$222,000 per month for the same period in 2017.

## Recent Corporate and Clinical Trial Highlights

- Successfully transplanted the first patient in the third cohort of patients in the clinical trial for Parkinson's disease. The patient received 70,000,000 ISC-hpNSC® cells.
- Published two papers in scientific peer-reviewed journals. One paper, entitled "[Novel Approach to Stem Cell Therapy in Parkinson's Disease](#)," was published in *Stem Cells and Development*, a premier peer-reviewed journal of clinical, basic, and translational research on stem cells and their potential therapeutic applications. Another paper, entitled "Supplementation of Specific Carbohydrates Results in Enhanced Deposition of Chondrogenic-Specific Matrix during Mesenchymal Stem Cell Differentiation," was published in the *Journal of Tissue Engineering and Regenerative Medicine*, a prestigious peer-reviewed scientific journal. Due to its scientific relevance, the article was featured on the cover of the journal's May 2018 issue.
- Developed a novel method that efficiently generates human 3D liver-like tissue. The 3D liver structures are produced from human pluripotent stem cell derived-liver progenitor cells. As these cells differentiate in 3D culture, they form liver-like tissue that consists of hepatocytes, choangiocytes, and hepatic stellate cells.

## About International Stem Cell Corporation

International Stem Cell Corporation is focused on the therapeutic applications of human parthenogenetic stem cells (hpSCs) and the development and commercialization of cell-based research and cosmetic products. ISCO's core technology, parthenogenesis, results in the creation of pluripotent human stem cells from unfertilized oocytes (eggs). hpSCs avoid ethical issues associated with the use or destruction of viable human embryos. ISCO scientists have created the first parthenogenetic, homozygous stem cell line that can be a source of therapeutic cells for hundreds of millions of individuals of differing genders, ages and racial background with minimal immune rejection after transplantation. hpSCs offer the potential to create the first true stem cell bank, UniStemCell™. ISCO also produces and markets specialized cells and growth media for therapeutic research worldwide through its subsidiary Lifeline Cell Technology ([www.lifelinecelltech.com](http://www.lifelinecelltech.com)), and stem cell-based skin care products through its subsidiary Lifeline Skin Care ([www.lifelineskincare.com](http://www.lifelineskincare.com)). More information is available at [www.internationalstemcell.com](http://www.internationalstemcell.com).

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## Safe harbor statement

Statements pertaining to anticipated developments, expected results of clinical studies, progress of research and

development, and other opportunities for the company and its subsidiaries, along with other statements about the future expectations, beliefs, goals, plans, or prospects expressed by management constitute forward-looking statements. Any statements that are not historical fact (including, but not limited to statements that contain words such as "will," "believes," "plans," "anticipates," "expects," "estimates,") should also be considered to be forward-looking statements. Forward-looking statements involve risks and uncertainties, including, without limitation, risks inherent in the development and/or commercialization of potential products, regulatory approvals, need and ability to obtain future capital, application of capital resources among competing uses, and maintenance of intellectual property rights. Actual results may differ materially from the results anticipated in these forward-looking statements and as such should be evaluated together with the many uncertainties that affect the company's business, particularly those mentioned in the cautionary statements found in the company's Securities and Exchange Commission filings. The company disclaims any intent or obligation to update forward-looking statements.

**International Stem Cell Corporation and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
(in thousands, except share data)

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>	(Unaudited)	
Cash	\$ 477	\$ 304
Accounts receivable, net of allowance for doubtful accounts of \$12	1,614	465
Inventory, net	1,682	1,307
Prepaid expenses and other current assets	567	779
Total current assets	4,340	2,855
Non-current inventory	718	692
Property and equipment, net	384	321
Intangible assets, net	2,910	2,922
Deposits and other assets	64	74
Total assets	\$ 8,416	\$ 6,864
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 1,817	\$ 830
Accrued liabilities	819	607
Related party payable	1,108	-
Advances	250	250
Fair value of warrant liability	2,779	3,113
Total current liabilities	6,773	4,800
Commitments and contingencies		
Stockholders' Equity		
Series B Convertible Preferred stock, \$0.001 par value, 5,000,000 shares authorized, 250,000 issued and outstanding, with liquidation preferences of \$402 and \$396 at June 30, 2018 and December 31, 2017, respectively	-	-
Series D Convertible Preferred stock, \$0.001 par value, 50 shares authorized, 43 issued and outstanding, with liquidation preference of \$4,320	-	-
Series G Convertible Preferred stock, \$0.001 par value, 5,000,000 shares authorized, issued and outstanding, with liquidation preference of \$5,000	5	5
Series I-1 Convertible Preferred stock, \$0.001 par value, 2,000 shares authorized, 1,094 and 1,304 issued and outstanding, with liquidation preferences of \$1,094 and \$1,304 at June 30, 2018 and December 31, 2017, respectively	-	-
Series I-2 Convertible Preferred stock, \$0.001 par value, 4,310 shares authorized, issued and outstanding with liquidation preference of \$4,310	-	-
Common stock, \$0.001 par value, 120,000,000 shares authorized, 6,295,888 and 6,057,132 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	6	6
Additional paid-in capital	107,388	106,585
Accumulated deficit	(105,756)	(104,532)
Total stockholders' equity	1,643	2,064
Total liabilities and stockholders' equity	\$ 8,416	\$ 6,864

**International Stem Cell Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share data)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues				
Product sales	\$ 3,038	\$ 1,762	\$ 5,671	\$ 3,767
Total revenues	<u>3,038</u>	<u>1,762</u>	<u>5,671</u>	<u>3,767</u>
Expenses				
Cost of sales	1,095	471	1,920	1,024
Research and development	452	739	1,263	1,384
Selling and marketing	624	557	1,332	1,133
General and administrative	1,233	997	2,707	2,274
Total expenses	<u>3,404</u>	<u>2,764</u>	<u>7,222</u>	<u>5,815</u>
Loss from operations	<u>(366)</u>	<u>(1,002)</u>	<u>(1,551)</u>	<u>(2,048)</u>
Other income (expense)				
Change in fair value of warrant liability	(21)	1,584	334	(448)
Interest expense	(7)	(14)	(9)	(20)
Miscellaneous income	1	-	2	-
Total other income (expense)	<u>(27)</u>	<u>1,570</u>	<u>327</u>	<u>(468)</u>
Income (loss) before income taxes	<u>(393)</u>	<u>568</u>	<u>(1,224)</u>	<u>(2,516)</u>
Provision for income taxes	-	-	-	-
Net income (loss)	<u>\$ (393)</u>	<u>\$ 568</u>	<u>\$ (1,224)</u>	<u>\$ (2,516)</u>
Net income (loss) applicable to common stockholders	<u>\$ (393)</u>	<u>\$ 568</u>	<u>\$ (1,224)</u>	<u>\$ (2,516)</u>
Net income (loss) per common share-basic	<u>\$ (0.06)</u>	<u>\$ 0.14</u>	<u>\$ (0.20)</u>	<u>\$ (0.63)</u>
Net loss per common share-diluted	<u>\$ (0.06)</u>	<u>\$ (0.25)</u>	<u>\$ (0.20)</u>	<u>\$ (0.63)</u>
Weighted average shares-basic	<u>6,225</u>	<u>3,996</u>	<u>6,181</u>	<u>3,974</u>
Weighted average shares-diluted	<u>6,225</u>	<u>4,017</u>	<u>6,181</u>	<u>3,974</u>

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