

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2025

or

□ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-51891

INTERNATIONAL STEM CELL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
9745 Businesspark Ave
San Diego, CA
(Address of principal executive offices)

20-4494098
(I.R.S. Employer
Identification No.)

92131
(Zip Code)

(760) 940-6383

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
None

Trading Symbol(s)
None

Name of each exchange on which registered
None

Indicated by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO □

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES X NO □

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	□	Accelerated filer	□
Non-accelerated filer	X	Smaller reporting company	X
		Emerging growth company	□

If an emerging growth company, indicate by check mark if the registrant elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES □ NO X

As of May 12, 2025, the Registrant had 8,004,389 shares of Common Stock outstanding.

International Stem Cell Corporation and Subsidiaries
Form 10-Q
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PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

International Stem Cell Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except share and par value data)
(Unaudited)

	March 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash	\$ 1,452	\$ 1,230
Accounts receivable, net	851	1,058
Inventories	1,258	1,149
Prepaid expenses and other current assets	277	123
Total current assets	3,838	3,560
Non-current inventories	240	252
Property and equipment, net	227	257
Intangible assets, net	701	721
Right-of-use assets	587	352
Deposits and other assets	31	31
Total assets	<u>\$ 5,624</u>	<u>\$ 5,173</u>
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 457	\$ 186
Accrued liabilities	608	527
Operating lease liabilities, current	361	330
Advances	250	250
Related party note payable	3,432	3,395
Total current liabilities	5,108	4,688
Operating lease liabilities, net of current portion	302	115
Total liabilities	5,410	4,803
Commitments and contingencies (Note 8)		
Series D redeemable convertible preferred stock, \$0.001 par value; 50 shares authorized; 43 shares issued and outstanding; liquidation preference of \$4,300 at March 31, 2025 and December 31, 2024	4,300	4,300
Stockholders' Deficit:		
Non-redeemable convertible preferred stock, \$0.001 par value; 10,004,310 and 10,004,310 shares authorized; 5,254,310 and 5,254,310 shares issued and outstanding; liquidation preference of \$9,815 and \$9,811 at March 31, 2025 and December 31, 2024, respectively	5	5
Common stock, \$0.001 par value; 120,000,000 shares authorized; 8,004,389 shares issued and outstanding at March 31, 2025 and December 31, 2024	8	8
Additional paid-in capital	106,842	106,742
Accumulated deficit	(110,941)	(110,685)
Total stockholders' deficit	(4,086)	(3,930)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	<u>\$ 5,624</u>	<u>\$ 5,173</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2025	2024
Product sales	\$ 2,129	\$ 2,129
Operating expenses:		
Cost of sales	992	887
General and administrative	892	909
Selling and marketing	273	334
Research and development	187	177
Total operating expenses	2,344	2,307
Loss from operations	(215)	(178)
Other expense:		
Interest expense	(3)	(3)
Interest expense - related party	(38)	(33)
Total other expense	(41)	(36)
Net loss	(256)	(214)
Net loss per common share, basic and diluted	\$ (0.03)	\$ (0.03)
Weighted-average common shares used to compute net loss per share, basic and diluted	8,004,389	8,004,389

See accompanying notes to the unaudited condensed consolidated financial statements.

International Stem Cell Corporation and Subsidiaries
Condensed Consolidated Statements of Changes in Redeemable Convertible
Preferred Stock and Stockholders' Deficit
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2025								
	Series D Redeemable		Non-redeemable		Common		Additional	Accumulated	Total Stockholders' Deficit
	Convertible		Convertible		Stock		Paid-in		
	Preferred Stock		Preferred Stock		Shares	Amount	Capital	Deficit	
	Shares	Amount	Shares	Amount					
Balance at December 31, 2024	—	\$ 4,300	5,254	\$ 5	8,004	\$ 8	\$ 106,742	\$ (110,685)	(3,930)
Stock-based compensation	—	—	—	—	—	—	100	—	100
Net loss	—	—	—	—	—	—	—	(256)	(256)
Balance at March 31, 2025	—	4,300	5,254	5	8,004	8	106,842	(110,941)	(4,086)

	Three Months Ended March 31, 2024								
	Series D Redeemable		Non-redeemable		Common		Additional	Accumulated	Total Stockholders' Deficit
	Convertible		Convertible		Stock		Paid-in		
	Preferred Stock		Preferred Stock		Shares	Amount	Capital	Deficit	
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2023	—	\$ 4,300	5,254	\$ 5	8,004	\$ 8	\$ 106,276	\$ (110,476)	\$ (4,187)
Stock-based compensation	—	—	—	—	—	—	137	—	137
Net loss	—	—	—	—	—	—	—	(214)	(214)
Balance at March 31, 2024	—	4,300	5,254	5	8,004	8	106,413	(110,690)	(4,264)

See accompanying notes to the unaudited condensed consolidated financial statements.

International Stem Cell Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (256)	\$ (214)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	100	137
Depreciation and amortization	55	49
Non-cash operating lease expense	67	47
Interest expense on related party note payable	37	33
Change in inventory reserve	73	36
Changes in operating assets and liabilities:		
Accounts receivable	207	(58)
Inventories	(170)	(40)
Prepaid expenses and other current assets	(154)	(206)
Accounts payable	271	(4)
Accrued liabilities	81	93
Operating lease liabilities	(84)	(66)
Net cash provided by (used in) operating activities	227	(193)
Cash flows from investing activities		
Purchases of property and equipment	(5)	(8)
Payments for patent licenses	—	(1)
Net cash used in investing activities	(5)	(9)
Net increase (decrease) in cash	222	(202)
Cash, beginning of period	1,230	1,588
Cash, end of period	<u>\$ 1,452</u>	<u>\$ 1,386</u>
Supplemental disclosure of non-cash operating activities:		
Operating lease right-of-use asset obtained in exchange for operating lease liabilities	<u>\$ 302</u>	<u>\$ —</u>
Supplemental disclosure of non-cash investing activities:		
Purchases of property and equipment included in accounts payable	<u>\$ —</u>	<u>\$ 2</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 3</u>	<u>\$ 3</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

International Stem Cell Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies

Description of Business

International Stem Cell Corporation (the "Company") was organized in Delaware in June 2005 and is headquartered in San Diego, California. The Company is primarily a research and development company for the therapeutic market, which has focused on advancing potential clinical applications of human parthenogenetic stem cells ("hpSCs") for the treatment of various diseases of the central nervous system and liver. The Company has the following wholly owned subsidiaries:

- Lifeline Cell Technology, LLC ("LCT") – for the biomedical market, develops, manufactures and commercializes primary human cell research products, including human cell culture products such as frozen human "primary" cells and the reagents (called "media") needed to grow, maintain and differentiate the cells;
- Lifeline Skin Care, Inc. ("LSC") – for the anti-aging market, develops, manufactures and markets a category of anti-aging skin care products based on the Company's proprietary parthenogenetic stem cell technology and small molecule technology;
- Cyto Therapeutics Pty. Ltd. ("Cyto Therapeutics") – performs research and development ("R&D") for the therapeutic market and is currently conducting clinical trials in Australia for the use of ISC-hpNSC® in the treatment of Parkinson's disease.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") applicable to interim financial statements. Certain information and notes normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations. The unaudited interim condensed consolidated financial statements reflect all adjustments consisting of normal recurring adjustments which, in the opinion of management, are necessary for a fair statement of the Company's condensed consolidated financial statements. The operating results for the three months ended March 31, 2025 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2025. The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2024 included in the Company's annual report on Form 10-K filed with the SEC on March 28, 2025.

Going Concern

The Company had an accumulated deficit of approximately \$110.9 million as of March 31, 2025. The Company has historically incurred net losses on an annual basis and does not generate sufficient cash flow from operating activities to fund operations and meet obligations on a timely basis. The Company has generated no revenue from its therapeutic product candidates. Unless the Company obtains additional financing or extends the maturity on its existing financing, the Company does not have sufficient cash on hand to sustain operations for at least twelve months from the issuance date of these condensed consolidated financial statements.

There can be no assurance that the Company will be successful in maintaining normal operating cash flow or obtaining additional funding. These circumstances raise substantial doubt about the Company's ability to continue as a going concern. For the foreseeable future, the Company's ability to continue its operations is dependent upon its ability to obtain additional financing or to extend the maturity on its existing financing. The accompanying condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of the uncertainty concerning the Company's ability to continue as a going concern.

The Company continues to evaluate various financing sources and options to raise working capital to help fund current research and development programs and operations. The Company plans to obtain significant additional funding from sources, including through debt and equity financing, license arrangements, grants and/or collaborative research arrangements to sustain its operations and develop products.

The timing and degree of any future capital requirements will depend on several factors, including:

- the accuracy of the assumptions underlying the estimates for capital needs;
- the extent that revenues from sales of LSC and LCT products cover the related costs and provide capital;
- scientific progress in research and development programs;
- the magnitude and scope of the Company's research and development programs and its ability to establish, enforce and maintain strategic arrangements for research, development, clinical testing, manufacturing and marketing;

- the progress with preclinical development and clinical trials;
- the time and costs involved in obtaining regulatory approvals;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims;
- the number and type of product candidates that the Company decides to pursue; and
- demand from the Company's largest original equipment manufacturer customers.

Additional debt financing may be expensive and require the Company to pledge all or a substantial portion of its assets. If additional funds are obtained through arrangements with collaborative partners, these arrangements may require the Company to relinquish the rights to some of its technologies, product candidates, or products that the Company would otherwise seek to develop and commercialize on its own. Furthermore, if sufficient capital is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more of its product initiatives. The Company's failure to raise capital or enter into related arrangements when needed would have a negative impact on its financial condition.

Principles of Consolidation and Foreign Currency Transactions

The condensed consolidated financial statements include the accounts of International Stem Cell Corporation and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The functional currency of the Company and its wholly owned subsidiaries is the U.S. dollar. Monetary assets and liabilities that are not denominated in the functional currency are remeasured each reporting period into U.S. dollars at foreign currency exchange rates in effect at the respective balance sheet date. Non-monetary assets and liabilities and equity are remeasured at the historical exchange rates. Revenue and expenses are remeasured at the average rate in effect on the date of the transaction. Net realized and unrealized gains and losses from foreign currency transactions and remeasurement are reported in general and administrative expense in the accompanying condensed consolidated statements of operations and were not material for the periods presented.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Significant estimates include patent life (remaining legal life versus remaining useful life), inventories carrying values, and the fair value of stock option grants using the Black-Scholes option valuation model. By their nature, estimates are subject to an inherent degree of uncertainty and actual results could differ from these estimates.

Segments

The Company's chief operating decision maker reviews financial information presented on a consolidated basis, accompanied by disaggregated information by each reportable company's statement of operations. The Company operates the business on the basis of three reporting segments: therapeutic market ("ISCO"); biomedical market ("LTC"); and anti-aging market ("LSC").

Inventories

Inventories are accounted for using the average cost and first-in, first-out ("FIFO") methods for LCT cell culture media and reagents, specific identification method for other LCT products, and average cost and specific identification methods for LSC products. Inventories are stated at the lower of cost or net realizable value. Laboratory supplies used in the research and development process are expensed as consumed. LCT's inventories have a long product life cycle, do not have a shelf life when frozen, and future demand is uncertain. As such, at each reporting period, the Company estimates its reserve allowance for excess and obsolete inventories using historical sales data and inventory turnover rates. The establishment of a reserve for excess and obsolete inventories establishes a new cost basis in inventories, and charges are not reversed subsequently to income, even if circumstances later suggest that increased carrying amounts are recoverable. If the Company is able to sell such inventories, any related reserves would be reduced in the period of sale. The value of the inventories that are not expected to be sold within one year of the current reporting period is classified as non-current inventories on the accompanying condensed consolidated balance sheets.

Accounts Receivable, net

Trade accounts receivable are recorded at the net invoice value and are not interest bearing. Accounts receivable primarily consist of trade accounts receivable from the sales of LCT's products, as well as LSC trade receivable amounts related to spa and distributor sales. The Company considers receivables past due based on the contractual payment terms. The Company measures expected credit losses for financial instruments at each reporting date based on historical experience, current conditions and reasonable forecasts. The allowance for credit losses represents the Company's estimate of expected credit losses relating to these factors. Amounts are written off against the allowance for credit losses when the Company determines that a customer account is uncollectible. As of March 31, 2025 and December 31, 2024, the Company's allowance for credit losses was immaterial.

Property and Equipment

Property and equipment are stated at cost. The provision for depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which are generally three to five years. Leasehold improvements are capitalized and amortized over the shorter of the remaining term of the lease or the estimated life of the assets.

Intangible Assets

Intangible assets consist of acquired patent licenses and capitalized legal fees related to the acquisition, filing, maintenance, and defense of patents and trademarks. Amortization begins once the patent is issued by the appropriate authoritative bodies. In the period in which a patent application is rejected or efforts to pursue the patent are abandoned, all the related accumulated costs are expensed. Patents and other intangible assets are amortized on a straight-line basis over the shorter of the useful life of the underlying patent, which is generally 15 years, or when the intangible asset is rejected or abandoned. All amortization expense and impairment charges related to intangible assets are recognized as general and administrative expenses in the accompanying condensed consolidated statements of operations.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use assets, operating lease obligations, current, and operating lease obligations, net of current portion, on the Company's consolidated balance sheets.

Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of future minimum lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses a discount rate based on its estimated incremental borrowing rate to determine the right-of-use asset and operating lease liabilities to be recognized. The Company determines its incremental borrowing rate based on the terms and lease payments of its operating leases and what it would normally pay to borrow, on a collateralized basis, over similar terms for an amount equal to the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. In addition, the Company does not separate lease components from non-lease components. The Company has elected to not recognize right-of-use assets and lease liabilities for leases with an initial term of 12 months or less. The Company recognizes lease expense on a straight-line basis over the lease term beginning on the commencement date.

Long-Lived Asset Impairment

The Company reviews long-lived assets for impairment when events or changes in circumstances ("triggering event") indicate that the carrying value of an asset or group of assets may not be recovered. If a triggering event is determined to have occurred, the carrying value of an asset or group of assets is compared to the future undiscounted cash flows expected to be generated by the asset or group of assets. If the carrying value exceeds the undiscounted cash flows of the asset or group of assets, then an impairment exists, which is measured as the excess of fair value over the asset or asset group's carrying value. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable.

Revenue Recognition

The Company's revenue consists primarily of sales of products from its two revenue-generating operating segments: the biomedical market segment (LCT) and anti-aging market segment (LSC). The biomedical market segment markets and sells primary human cell research products with two product categories, cells and media, which are sold both domestically within the United States and internationally. The anti-aging market segment markets and sells a line of skin care products directly to customers through online orders via the e-commerce sales channel.

The following table presents the Company's revenue disaggregated by segment, product, and geography (in thousands, except percentages):

LCT:

	Three Months Ended March 31, 2025			
	Domestic	International	Total Revenues	% of Total Revenues
Biomedical products				
Media	\$ 1,126	\$ 158	\$ 1,284	64%
Cells	652	59	711	36%
Total	<u>\$ 1,778</u>	<u>\$ 217</u>	<u>\$ 1,995</u>	<u>100%</u>

	Three Months Ended March 31, 2024			% of Total Revenues
	Domestic	International	Total Revenues	
Biomedical products				
Media	\$ 1,304	\$ 163	\$ 1,467	76%
Cells	325	131	456	24%
Total	<u>\$ 1,629</u>	<u>\$ 294</u>	<u>\$ 1,923</u>	<u>100%</u>

LSC:

	Three Months Ended March 31,			
	2025		2024	
Skin care products	\$	134	\$	206

Contract terms for the unit price, quantity, shipping and payment are governed by sales agreements, invoices or online order forms, which the Company considers to be a customer's contract in all cases. The unit price is considered the observable stand-alone selling price for the performance obligation(s) within the arrangements. Any promotional or volume sales discounts are applied evenly to the units sold for purposes of calculating standalone selling price.

The Company recognizes revenue when its customer obtains control of the promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. Product sales generally consist of a single performance obligation that the Company satisfies at a point in time (i.e., upon shipment of the product).

The standard payment terms for the Company's customers are generally 30 days after the Company satisfies the performance obligation(s). For LSC products, ecommerce sales are primarily paid at the time of purchase.

The Company elects to account for shipping and handling costs, recognized as cost of sales, as activities to fulfill the promise to transfer the goods to a customer. As a result, no consideration is allocated to shipping and handling costs. Rather, the Company accrues the cost of shipping and handling upon shipment of the product, and all contract revenue (i.e., the transaction price) is recognized at the same time.

Variable Consideration

The Company records revenue from customers in an amount that reflects the consideration it expects to be entitled to after transferring control of those goods or services to a customer. From time to time, the Company offers sales promotions on its LSC products, such as discounts and free product offers. Variable consideration is estimated at contract inception only to the extent that it is probable that a significant reversal of revenue will not occur and is updated at the end of each reporting period as additional information becomes available.

Practical Expedients

The Company has elected the practical expedient to not determine whether contracts with customers contain significant financing components. The Company pays commissions on certain sales for its biomedical and anti-aging product markets once the customer payment has been received, which are accrued at the time of sale. The Company generally expenses sales commissions when incurred because the amortization period would be one year or less. These costs are recorded as selling and marketing expenses in the accompanying condensed consolidated statements of operations. In addition, the Company has elected to exclude sales taxes consideration from the determined transaction price.

Allowance for Sales Returns

The Company's anti-aging products have a 30-day product return guarantee; however, the Company determined that there is a low probability that returns will occur based on its historical rate of returns. Historically, returns have not been significant and are recognized as a reduction to current period revenue. As of March 31, 2025 and 2024, the Company recorded no allowance for sales returns.

Cost of Sales

Cost of sales consists primarily of salaries and benefits associated with employee efforts expended directly on the production of the Company's products as well as related direct materials, shipping costs, general laboratory supplies and an allocation of overhead.

Research and Development Costs

Research and development costs, which are expensed as incurred, primarily consist of salaries and benefits associated with research and development personnel, overhead and occupancy costs, contract services costs, and amortization of license costs for technology used in research and development with alternative future uses, offset by the research and development tax credit provided by the Australian Taxation Office for qualified expenditures.

Australian Research and Development Tax Credit

The Company's wholly owned subsidiary, Cyto Therapeutics, conducts various research and development activities on the Company's product candidates in Australia. Under Australian tax law, the Australian Taxation Office provides for a refundable tax credit in the form of a cash refund equal to 43.5% of qualified research and development expenditures, not to exceed established thresholds. The Australian research and development tax incentive program is a self-assessment process, and the Australian Government has the right to review the Company's qualifying programs and related expenditures for a period of four years. If such a review were to occur and, as a result of the review and failure of a related appeal, the qualified program and related expenditures were disqualified, the respective research and development refunds could be recalled with penalties and interest.

The refundable tax credit does not depend on the Company's generation of future taxable income or ongoing tax status or position. Accordingly, the credit is not considered an element of income tax accounting under Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC") 740 – Income Taxes. The Company uses the grant accounting model by analogy to International Accounting Standards ("IAS") 20 – Accounting for Government Grants and Disclosure of Government Assistance to account for the refundable tax credit from the Australian government. The Company recognizes the research and development tax credit as a reduction to research and development expense when there is reasonable assurance that the tax credit will be received, the relevant expenses have been incurred, and the amount can be reliably measured. During the three months ended March 31, 2025 and 2024, there were no tax credits provided.

Stock-Based Compensation

The cost of a stock-based award is measured at the grant date based on the estimated fair value of the award. Stock-based compensation is recognized as expense on a straight-line basis, net of forfeitures, which are recognized as incurred, over the requisite service period of the award. The fair value of stock options is estimated using the Black-Scholes option valuation model, which requires the input of subjective assumptions, including price volatility of the underlying stock, risk-free interest rate, dividend yield, and expected life of the option.

Fair Value Measurements

The carrying amounts of the Company's accounts receivable, accounts payable, and accrued liabilities are considered to be representative of their respective fair values because of the short-term nature of those instruments. The carrying value of the Company's related party note payable does not approximate fair value. Refer to Note 7 – Related Party Transactions for further discussion.

Net Loss Per Share

Basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted-average number of common stock equivalents outstanding for the period determined using the treasury and two-class or "if-converted" method. The two-class method is not applicable during periods with a net loss, as the holders of the convertible preferred stock have no obligation to fund losses. Potentially dilutive common stock equivalents are comprised of stock options and convertible preferred stock. For the three months ended March 31, 2025 and 2024, there was no difference in the number of shares used to calculate basic and diluted shares outstanding as the Company was in a net loss position.

For the three months ended March 31, 2025 and 2024, the following common stock options and convertible preferred stock were not included in the diluted net loss per share calculation because the effect would have been anti-dilutive:

	Three Months Ended March 31,	
	2025	2024
Employee stock options	12,522,780	11,807,494
Redeemable convertible preferred stock	2,457,143	2,457,143
Non-redeemable convertible preferred stock	5,061,687	5,061,687
Total	<u>20,041,610</u>	<u>19,326,324</u>

Customer Concentrations

For the three months ended March 31, 2025 and 2024, one customer accounted for approximately 56% and 51% of consolidated product sales, respectively, and approximately 59% and 57%, respectively, of biomedical product sales. As of March 31, 2025 and December 31, 2024, the same customer accounted for approximately 60% and 67% of accounts receivable, net, respectively.

For the three months ended March 31, 2025 and 2024, no other single customer accounted for more than 10% of revenues in any segment. No other single customer accounted for more than 10% of accounts receivable, net as of March 31, 2025.

Cash Concentrations

The Company maintains cash balances at various financial institutions. Accounts at these institutions are secured up to \$250 thousand by the Federal Deposit Insurance Corporation ("FDIC"). At times, cash balances may exceed this limit.

As of March 31, 2025 and December 31, 2024, amounts on deposit in excess of FDIC insured limits approximated \$589 thousand and \$327 thousand, respectively. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosure* ("ASU 2023-09"). ASU 2023-09 intends to provide improved transparency about income tax information through improvements to income tax disclosures. Among other things, the amendments in ASU 2023-09 require enhanced disclosures regarding federal, state, and foreign income taxes primarily related to the income tax rate reconciliation and income taxes paid. Further, the amendments eliminate certain disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. The new standard will be effective for the Company for the fiscal year ending December 31, 2025. The Company is currently evaluating the potential impact that this standard may have on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)* ("ASU 2024-03"). ASU 2024-03 requires disclosure of disaggregated information about any relevant expense captions presented on the face of the consolidated statement of operations, including the following required natural expense categories: (1) purchases of inventory, (2) employee compensation, (3) depreciation, (4) intangible asset amortization, and (5) depreciation, depletion, and amortization ("DD&A") recognized as part of oil- and gas-producing activities or other depletion expenses, as well as certain other expenses, when applicable. The new standard will be effective for the Company for the fiscal year ending December 31, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the potential impact that this standard may have on its consolidated financial statements and related disclosures.

2. Inventories

The components of inventories are as follows (in thousands):

	March 31, 2025	December 31, 2024
Raw materials	\$ 618	\$ 532
Work in process	646	538
Finished goods	1,043	1,067
	2,307	2,137
Less: allowance for inventory excess and obsolescence	(809)	(736)
Total inventories	<u>\$ 1,498</u>	<u>\$ 1,401</u>
Inventories	\$ 1,258	\$ 1,149
Non-current inventories	240	252
Total inventories	<u>\$ 1,498</u>	<u>\$ 1,401</u>

3. Prepaid Expenses and Other Current Assets

The components of prepaid expenses and other current assets are as follows (in thousands):

	March 31, 2025	December 31, 2024
Prepaid expenses	\$ 260	\$ 115
Other current assets	17	8
Total prepaid expenses and other current assets	<u>\$ 277</u>	<u>\$ 123</u>

4. Property and Equipment

Property and equipment consist of the following (in thousands):

	March 31, 2025	December 31, 2024
Machinery and equipment	\$ 1,665	\$ 1,662
Computer equipment and software	223	221
Office equipment	64	64
Leasehold improvements	625	625
Construction in progress	12	12
	2,589	2,584
Less: accumulated depreciation and amortization	(2,362)	(2,327)
Property and equipment, net	<u>\$ 227</u>	<u>\$ 257</u>

Depreciation and amortization expense for the three months ended March 31, 2025 and 2024 was \$35 thousand and \$28 thousand, respectively. During the three months ended March 31, 2025 and 2024, the Company had immaterial disposals of fully depreciated property and equipment.

5. Intangible Assets

Intangible assets consist of the following (in thousands):

	March 31, 2025	December 31, 2024
Patents	\$ 1,293	\$ 1,293
Less: accumulated amortization	(667)	(647)
	626	646
Indefinite life logos and trademarks	75	75
Intangible assets, net	<u>\$ 701</u>	<u>\$ 721</u>

Amortization expense for the three months ended March 31, 2025 and 2024 was \$20 thousand and \$21 thousand, respectively.

6. Convertible Preferred Stock and Stockholders' Deficit

Convertible Preferred Stock

As of March 31, 2025 and December 31, 2024, the Company was authorized to issue 20,000,000 shares of preferred stock, \$0.001 par value per share. The Company designated 50 shares of Series D redeemable convertible preferred stock and 10,004,310 shares of Series B, Series G, and Series I-2 non-redeemable convertible preferred stock.

Non-Redeemable Convertible Preferred Stock

The Company's Series B, Series G, and Series I-2 non-redeemable convertible preferred stock has been classified as equity on the accompanying condensed consolidated balance sheets.

The authorized, issued, and outstanding shares of non-redeemable convertible preferred stock as of March 31, 2025 consist of the following:

	Shares Authorized	Shares Issued and Outstanding	Liquidation Preference (in thousands)	Carrying Value
Series B	5,000,000	250,000	\$ 505	\$ —
Series G	5,000,000	5,000,000	5,000	5
Series I-2	4,310	4,310	4,310	—
Total	<u>10,004,310</u>	<u>5,254,310</u>	<u>\$ 9,815</u>	<u>\$ 5</u>

The authorized, issued and outstanding shares of non-redeemable convertible preferred stock as of December 31, 2024 consisted of the following:

	Shares Authorized	Shares Issued and Outstanding	Liquidation Preference (in thousands)	Carrying Value
Series B	5,000,000	250,000	\$ 501	\$ —
Series G	5,000,000	5,000,000	5,000	5
Series I-2	4,310	4,310	4,310	—
Total	<u>10,004,310</u>	<u>5,254,310</u>	<u>\$ 9,811</u>	<u>\$ 5</u>

Series D Preferred Stock Redemption

The Company's Series D redeemable convertible preferred stock contains a contingent redemption feature that is not solely within the Company's control. Accordingly, the Series D redeemable convertible preferred stock is classified in temporary equity (outside of permanent equity) on the accompanying condensed consolidated balance sheets. As of March 31, 2025, Management concluded the contingency is not probable of being resolved. The Company will continue to monitor the probability of the contingency event at each reporting date.

Dividends

Holders of the Company's convertible preferred stock are entitled to participating dividends with common stock when and if declared by the Company's Board of Directors. The Series D and G convertible preferred stock previously had rights to cumulative dividends in liquidation whether declared or not declared. Since the holders waived the rights to such dividends in 2012, this does not have an ongoing impact. No dividends have been declared during the three months ended March 31, 2025.

Liquidation

Liquidation preference among classes of preferred shares is first with Series D with priority followed by Series G, Series B and Series I-2 on the proceeds from any sale or liquidation of the Company in an amount equal to the purchase price of shares plus (in the case of the Series B) an amount equal to 1% of the Series B original issue price for every two calendar months from February 1, 2008. Following the satisfaction of the liquidation preferences, all shares of common stock participate in any remaining distribution.

Conversion

The shares of convertible preferred stock are convertible into shares of common stock at any time, at the option of the holder. The conversion rates of the Series B, Series D, and Series I-2 are subject to anti-dilution adjustments whereby, subject to specified exceptions, if the Company issues equity securities or securities convertible into equity at a price below the applicable conversion price of the Series B, Series D, and Series I-2, the conversion price of each such series shall be adjusted downward to equal the price of the new securities. The conversion rate of the Series G is subject to a weighted-average adjustment in the event of the issuance of additional shares of common stock below the conversion price, subject to specified exceptions. The conversion price of the Series I-2 are also subject to certain resets as set forth in the Certificates of Designation, including a reverse stock split.

The following table summarizes the conversion ratio of shares of common stock into which each share of convertible preferred stock can be converted as of March 31, 2025:

	Initial Conversion Price	Current Conversion Price	Conversion Ratio to Common Stock
Series B	\$ 75.00	\$ 0.12	8.33
Series D	\$ 37.50	\$ 1.75	57,142.86
Series G	\$ 60.00	\$ 9.69	0.10
Series I-2	\$ 1.75	\$ 1.75	571.43

Voting

The holders of Series B, Series D, and Series G are entitled to one vote for each share of common stock into which it would convert. As long as there are at least 10 shares of Series D outstanding, the holders of Series D have (i) the right to nominate and elect two members of the Board of Directors, and (ii) the right to approve specified significant transactions affecting the Company. As long as there are at least 1,000,000 shares of Series G outstanding, the holders of Series G have the initial right to propose the nomination of two members of the Board, at least one of which such nominees shall be subject to the approval of the Company's independent directors, for election by the stockholders at the Company's next annual meeting of stockholders, or, elected by the full board of directors to fill a vacancy, as the case may be. At least one of the two directors nominated by holders of the Series G shall be independent. The holder of Series I-2 has no voting rights, except as required by law.

Common Stock

As of March 31, 2025 and December 31, 2024, the Company was authorized to issue 120,000,000 shares of common stock, \$0.001 par value per share.

Equity Incentive Plans

The Company adopted the 2006 Equity Participation Plan (as amended the "2006 Plan"), which provides for the grant of stock options, restricted stock and other equity-based awards. Awards for up to 100,000 shares may be granted to employees, directors and consultants under this Plan. The options granted under the 2006 Plan may be either qualified or non-qualified options. Options may be granted with different vesting terms and expire no later than 10 years from the date of grant. The 2006 Plan expired on November 16, 2016. Options and other equity-based awards granted prior to the expiration of the 2006 Plan will continue in effect until the option or award is exercised or terminates pursuant to its terms. No new awards may be granted under the 2006 Plan following its expiration.

The Company adopted the 2010 Equity Participation Plan, as amended (the "2010 Plan"), which provides for the grant of stock options, restricted stock and other equity-based awards. Awards for up to 9,700,000 shares may be granted to employees, directors and consultants under the 2010 Plan. The options granted under the 2010 Plan may be either qualified or non-qualified options. Options may be granted with different vesting terms and expire no later than 10 years from the date of grant.

In June 2020, the Company amended the 2010 Plan to extend the term of the 2010 Plan until March 2030. No other material provisions were amended.

In September 2023, the Company's Board of Directors voted to amend the 2010 Plan ("2010 Plan Amendment") to 1) increase the number of shares that may be issued under the 2010 Plan from 9,700,000 shares to an aggregate of 30,000,000 shares of common stock and 2) increase the number of awards an employee may receive in a calendar year from 800,000 shares to 10,000,000 shares. The majority shareholders approved the 2010 Plan Amendment on September 21, 2023 and the Company filed the Notice of Internet Availability of Information Statement (the "Notice") on September 27, 2023, noting the 2010 Plan Amendment would become effective no earlier than 40 calendar days after the Notice was first made available to stockholders. Accordingly, on November 6, 2023, the 2010 Plan Amendment became effective.

For the three months ended March 31, 2025, there were no restricted stock units granted. As of March 31, 2025, there were no restricted stock units outstanding.

Stock Options

The Company's stock option activity, involving stock options issued to employees, directors and consultants under the 2006 Plan and the 2010 Plan, for the three months ended March 31, 2025 is summarized below:

	Number of Outstanding Options	Weighted- Average Exercise Price	Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2024	12,522,943	\$ 0.58		
Expired	(734)	\$ 9.30		
Outstanding at March 31, 2025	<u>12,522,209</u>	\$ 0.58	6.69	\$ 8
Vested and expected to vest at March 31, 2025	<u>12,367,026</u>	\$ 0.58	6.67	\$ 8
Exercisable at March 31, 2025	<u>10,212,209</u>	\$ 0.68	6.28	\$ 4

Total stock-based compensation expense recorded in the condensed consolidated statements of operations is as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Cost of sales	\$ —	\$ 1
General and administrative	74	102
Selling and marketing	—	1
Research and development	26	33
Total	<u>\$ 100</u>	<u>\$ 137</u>

Unrecognized compensation expense related to stock options as of March 31, 2025 was \$195 thousand, which is expected to be recognized over a weighted-average period of 1.30 years.

Common Stock Reserved for Future Issuance

As of March 31, 2025, the Company had shares of common stock reserved for future issuance as follows:

Options outstanding	12,522,209
Common stock available for issuance under the 2010 Plan	17,310,115
Redeemable convertible preferred stock	2,457,143
Non-redeemable convertible preferred stock	5,061,687
Total	37,351,154

7. Related Party Transactions

Related party lease arrangements

On October 26, 2021, the Company and S Real Estate Holdings LLC jointly entered into a lease agreement with Rehco Holdings, LLC (the "Lease"), for the purpose of establishing a new corporate headquarters, including corporate, R&D, and manufacturing operations. The Lease was personally guaranteed by Dr. Russell Kern, the Company's Executive Vice President and Chief Scientific Officer.

On December 15, 2021, the Company and S Real Estate Holdings LLC entered into a co-tenant agreement, whereby the Company and S Real Estate Holdings LLC agreed to allocate portions of the base rent and variable charges, including insurance, maintenance costs, taxes and operating expenses, between the parties. During the term of the Lease, the Company will be liable for 40% of all costs incurred in connection with the Lease. In February 2025, the Company amended its co-tenant agreement to re-allocate portions of the base rent and variable charges. Retroactively, as of January 2025, the Company became liable for 75% of all costs incurred in connection with the lease.

Refer to Note 8 – Commitments and Contingencies for further discussion.

Related party note payable

Between March 2018 and September 2022, to obtain funding for working capital purposes, the Company borrowed a total of \$2.9 million from Dr. Semechkin, Co-Chairman and CEO, and issued an unsecured, non-convertible promissory note in the principal amount of \$2.9 million (the "Note") to Dr. Semechkin (the "Noteholder"). The outstanding principal amount under the Note accrued interest at a rate of 4.5% per annum. The outstanding principal and accrued interest on the Note were due and payable on March 15, 2023 and could be pre-paid without penalty at any time. There were no debt issuance fees associated with this issuance.

During 2023, the Note was amended several times, with the final amendment resulting in the issuance of the new promissory note in September 2023 ("September 2023 Note") with a maturity date of September 15, 2024. The September 2023 Note had a principal balance of \$2.9 million, an interest rate of 4.5%, optional prepayment terms, and no associated debt issuance fees. All amendments during the year ended December 31, 2023 qualified as troubled debt restructurings, which did not result in a gain as the carrying amount of the debt was less than the total future cash payments of the restructured debt.

In September 2024, the Company surrendered its September 2023 Note, which included repaying \$0.2 million in outstanding principal, reducing the principal balance to \$2.7 million, increasing the interest rate from 4.5% to 5.5%, and extending the maturity date from September 15, 2024 to September 15, 2025 ("September 2024 Note"). All other terms of the September 2024 Note are the same as the previously outstanding note and there were no debt issuance fees associated with this issuance. Pursuant to ASC 470-60, the amendment did not qualify as a troubled debt restructuring as the creditor did not grant a concession. As the terms of the September 2024 Note were not substantially different than the terms of the September 2023 Note, the amendment was accounted for as a debt modification. The repayment of principal was accounted for as a partial extinguishment of debt, which did not result in an extinguishment gain or loss.

8. Commitments and Contingencies

Leases

The Company has three operating leases for real estate in California and Maryland:

- San Diego, California – corporate headquarters, including corporate, R&D, and manufacturing operations, with a termination date of December 2026, jointly leased with a related party (refer to Note 7 – Related Party Transactions for further discussion). This lease contains no renewal or term extension options;
- San Diego, California – supplemental office space adjacent to the Company's corporate headquarters with a termination date of December 2026. This lease contains no renewal or term extension options; and

•Frederick, Maryland – mixed laboratory and administrative space with a term date of December 2026. The lease contains one renewal option for an additional three-year term through November 2028. The renewal option is not included in the lease term as it is not reasonably certain that the Company will exercise its renewal option.

In October 2021, the Company entered into an operating lease for its new corporate headquarters. The lease commenced in November 2021 and expires on December 31, 2026. At commencement, base rent due under the lease was approximately \$11 thousand and increases approximately 3.5% per annum over the lease term. The lease is subject to additional variable charges, including insurance, maintenance costs, taxes and operating expenses. Base rent and additional variable charges are shared between the Company and S Real Estate Holdings LLC, a related party, with base rent for months two through five of the lease term abated by 50%.

In November 2021, the Company entered into an operating lease for supplemental office space adjacent to its new corporate headquarters with the same landlord. The lease commenced in December 2021 and expires on December 31, 2026 and is not subject to the co-tenant agreement with S Real Estate Holdings LLC. At commencement, base rent due under the supplemental office lease was approximately \$4 thousand per month and increases at a fixed amount per annum over the lease term.

In February 2025, the Company and S Real Estate Holdings, LLC, a related party, amended its co-tenant agreement to re-allocate portions of the base rent and variable charges. Retroactively, as of January 2025, the Company became liable for 75% of all costs incurred in connection with the lease. As a result of the amended co-tenant agreement, the Company recognized a lease liability and right-of-use asset as of the modification date.

In March 2025, the Company and St. John Properties, Inc, amended its lease agreement to extend the lease expiration for one year from December 31, 2025 to December 31, 2026. As a result of the amended lease agreement, the Company reassessed the lease liability and associated right-of-use-asset.

The Company's operating leases for real estate are subject to additional variable charges for common area maintenance and other variable costs. Variable costs for the three months ended March 31, 2025 and 2024 were immaterial. All operating lease expense is recognized on a straight-line basis over the lease term. For the three months ended March 31, 2025 and 2024, lease expense totaled \$86 thousand and \$70 thousand, respectively. As of March 31, 2025 and December 31, 2024, the Company had no finance leases.

Maturities of lease liabilities are as follows (in thousands):

Years ending December 31,		
2025 (remaining nine months)	\$	309
2026		411
Total minimum lease payments		720
Less: imputed interest		(57)
Total future minimum lease payments		663
Less: operating lease liabilities, current		(361)
Operating lease liabilities, net of current portion	\$	<u>302</u>

9. Segments

The Company operates the business on the basis of three reporting segments: therapeutic market ("ISCO"); biomedical market ("LTC"); and anti-aging market ("LSC").

The Company does not measure the performance of its segments on any asset-based metrics. Therefore, segment information is presented only for the results of operations. Results of operations for the three months ended March 31, 2025 and 2024 by reporting segment were as follows (in thousands):

	Three Months Ended March 31, 2025				
	ISCO	LCT	LSC	Total	
Product sales	\$ —	\$ 1,995	\$ 134	\$ 2,129	
Operating expenses:					
Cost of sales	—	881	111	992	
General and administrative	554	212	126	892	
Selling and marketing	—	176	97	273	
Research and development	118	61	8	187	
Total operating expenses	672	1,330	342	2,344	
(Loss) income from operations	\$ (672)	\$ 665	\$ (208)	\$ (215)	
Total other expense, net				(41)	
Net loss				<u><u>\$ (256)</u></u>	
Additional Segment Information					
Interest expense ⁽¹⁾	\$ (41)	\$ —	\$ —	\$ (41)	
Depreciation and amortization	\$ 20	\$ 34	\$ 1	\$ 55	
Share-based compensation expense	\$ 62	\$ 15	\$ 23	\$ 100	

(1) Includes interest expense and interest expense - related party.

	Three Months Ended March 31, 2024				
	ISCO	LCT	LSC	Total	
Product sales	\$ —	\$ 1,923	\$ 206	\$ 2,129	
Operating expenses:					
Cost of sales	—	781	106	887	
General and administrative	584	192	133	909	
Selling and marketing	—	181	153	334	
Research and development	98	69	10	177	
Total operating expenses	682	1,223	402	2,307	
(Loss) income from operations	\$ (682)	\$ 700	\$ (196)	\$ (178)	
Total other income, net				(36)	
Net loss				<u>\$ (214)</u>	
Additional Segment Information					
Interest expense ⁽¹⁾	\$ (36)	\$ —	\$ —	\$ (36)	
Depreciation and amortization	\$ 20	\$ 28	\$ 1	\$ 49	
Share-based compensation expense	\$ 88	\$ 29	\$ 20	\$ 137	

(1) Includes interest expense and interest expense - related party.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes and other financial information included elsewhere herein. This information should also be read in conjunction with our audited historical consolidated financial statements which are included in our Form 10-K for the fiscal year ended December 31, 2024 ("Form 10-K"). The discussion contains forward-looking statements, such as our plans, expectations and intentions (including those related to clinical trials and business and expense trends), that are based upon current expectations and that involve risks and uncertainties. Our actual results may differ significantly from management's expectations. The factors that could affect these forward-looking statements are discussed in the Risk Factors included in our Form 10-K. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any expectations expressed herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best assessment by our management.

Business Overview

We are a clinical stage biotechnology company focused on therapeutic and biomedical product development with multiple long-term therapeutic opportunities and two revenue-generating businesses offering potential for increased future revenue. We have generated aggregate product revenues from our two commercial businesses of \$2.1 million and \$2.1 million for the three months ended March 31, 2025 and 2024, respectively. We currently have no revenue generated from our principal operations in therapeutic and clinical product development.

Our products are based on multi-decade experience with human cell culture and a proprietary type of pluripotent stem cells, human parthenogenetic stem cells ("hpSCs"). Our hpSCs are comparable to human embryonic stem cells ("hESCs") in that they have the potential to be differentiated into many different cells in the human body. However, the derivation of hpSCs does not require the use of fertilized eggs or the destruction of viable human embryos and also offers the potential for the creation of immune-matched cells and tissues that are less likely to be rejected following transplantation. Our collection of hpSCs, known as UniStemCell™, currently consists of 15 stem cell lines. We have facilities and manufacturing protocols that comply with the requirements of Good Manufacturing Practice (GMP) standards as promulgated by the U.S. Code of Federal Regulations and enforced by the United States Food and Drug Administration ("FDA").

Market Opportunity and Growth Strategy

Therapeutic Market – Clinical Applications of hpSCs for Disease Treatments

We are developing different cell types from our stem cells that may result in therapeutic products. We focus on applications where cell and tissue therapy is already proven but where there is an insufficient supply of functional cells or tissue.

We believe that the most promising potential clinical applications of our technology are Parkinson's disease ("PD"), traumatic brain injury ("TBI"), and stroke. Using our proprietary technologies and know-how, we are creating neural stem cells from hpSCs as a potential treatment of PD, TBI, and stroke.

PD: Our most advanced project is the neural stem cell program for the treatment of Parkinson's disease. In 2013, we published in Nature Scientific Reports the basis for our patent on a new method of manufacturing neural stem cells, which is used to produce the clinical-grade cells necessary for future clinical studies and commercialization. In 2014, we completed the majority of the preclinical research, establishing the safety profile of NSC in various animal species, including non-human primates. In June 2016, we published the results of a 12-month pre-clinical non-human primate study, which demonstrated the safety, efficacy and mechanism of action of the ISC- hpNSC®. In 2017, we dosed four patients in our Phase I trial of ISC-hpNSC®, human parthenogenetic stem cell-derived neural stem cells for the treatment of Parkinson's disease. We reported 12-month results from the first cohort and 6-month interim results of the second cohort at the Society for Neuroscience annual meeting (Neuroscience 2018) in November 2018. In April 2019, we announced the completion of subject enrollment, with the 12th subject receiving a transplantation of the highest dose of cells. There have been no safety signals or serious adverse effects seen to date as related to the transplanted ISC-hpNSC® cells.

We announced the successful completion of the dose escalating phase 1 clinical trial in June 2021. In terms of preliminary efficacy, where scores are compared against baseline before transplantation, we observed a potential dose-dependent response with an apparent peak effectiveness at our middle dose. The % OFF-Time, which is the time during the day when levodopa medication is not performing optimally and PD symptoms return, decreased an average 47% from the baseline at 12 months post transplantation in cohort 2. This trend continued through 24 months where the % OFF-Time in the second cohort dropped by 55% from the initial reading. The same was true for % ON-Time without dyskinesia, which is the time during the day when levodopa medication is performing optimally without dyskinesia. The % ON-Time increased an average of 42% above the initial evaluation at 12 months post-transplantation in the second cohort.

Stroke: In August 2014, we announced the launch of a stroke program, evaluating the use of ISC-hpNSC® transplantation for the treatment of ischemic stroke using a rodent model of the disease. The Company has a considerable amount of safety data on ISC-hpNSC® from the Parkinson's disease program and, as there is evidence that transplantation of ISC-hpNSC® may improve patient

outcomes as an adjunctive therapeutic strategy in stroke, having a second program that can use this safety dataset is therefore a logical extension. In 2015, the Company together with Tulane University demonstrated that NSC can significantly reduce neurological dysfunction after a stroke in animal models.

TBI: In October 2016, we announced the results of the pre-clinical rodent study, evaluating the use of ISC-hpNSC® transplantation for the treatment of TBI. The study was conducted at the University of South Florida Morsani College of Medicine. We demonstrated that animals receiving injections of ISC-hpNSC® displayed the highest levels of improvements in cognitive performance and motor coordination compared to vehicle control treated animals. In February 2019, we published the results of the pre-clinical study in *Theranostics*, a prestigious peer-reviewed medical journal. The publication titled, "Human parthenogenetic neural stem cell grafts promote multiple regenerative processes in a traumatic brain injury model," demonstrated that the clinical-grade neural stem cells used in our Parkinson's disease clinical trial, ISC-hpNSC®, significantly improved TBI-associated motor, neurological, and cognitive deficits without any safety issues.

Anti-Aging Cosmetic Market – Skin Care Products

Our wholly owned subsidiary Lifeline Skin Care, Inc. ("LSC") develops, manufactures and sells anti-aging skin care products based on two core technologies: encapsulated extract derived from hpSC and specially selected targeted small molecules. LSC's products include:

- ProPlus Advanced Defense Complex
- ProPlus Advanced Recovery Complex
- ProPlus Eye Firming Complex
- ProPlus Neck Firming Complex
- ProPlus Advanced Aquoues Treatment
- ProPlus Collagen Booster (Advanced Molecular Serum)
- ProPlus Elastin Booster
- ProPlus Brightening Toner

LSC's products are regulated as cosmetics. LSC's products are sold domestically through a branded website, Amazon, and ecommerce partners.

Biomedical Market – Primary Human Cell Research Products

Our wholly owned subsidiary Lifeline Cell Technology, LLC ("LCT") develops, manufactures and commercializes approximately 200 human cell culture products, including frozen human "primary" cells and reagents (called "media"), which are needed to grow, maintain, and differentiate the cells. LCT's scientists have used a standardized, methodical, scientific approach to basal medium optimization to systematically produce optimized products designed to culture specific human cell types and to elicit specific cellular behaviors. These techniques can also be used to produce products that do not contain non-human animal proteins, a feature desirable to the research and therapeutic markets. Each LCT cell product is quality tested for the expression of specific markers (to assure the cells are the correct type), proliferation rate, viability, morphology and absence of pathogens. Each cell system also contains associated donor information and all informed consent requirements are strictly followed. LCT's research products are marketed and sold by its internal sales force, OEM partners and LCT brand distributors in Europe and Asia.

Results of Operations

Comparison of the Three Months Ended March 31, 2025 and 2024

The following table summarizes our results of operations for the three months ended March 31, 2025 and 2024 (in thousands, except percentages):

	2025	2024	Three Months Ended March 31, \$ Change	% Change
Product sales	\$ 2,129	\$ 2,129	\$ -	0%
Cost of sales	992	887	105	12%
Profit margin	1,137	1,242	(105)	-8%
As a % of revenues	53%	58%		
General and administrative	892	909	(17)	-2%
Selling and marketing	273	334	(61)	-18%
Research and development	187	177	10	6%
Other expense	(41)	(36)	(5)	14%
Net loss	\$ (256)	\$ (214)	\$ (42)	20%
As a % of revenues	-12%	-10%		

Product sales, net

Product sales for the three months ended March 31, 2025 were \$2,129 thousand compared to \$2,129 thousand for the three months ended March 31, 2024. While there was no change in total product sales, there was an increase in product sales from our Biomedical market segment, including an increase of \$254 thousand from our cells and other product sales partially offset by a decrease in media product sales of \$182 thousand. The net increase in product sales from our Biomedical market segment is offset by a decrease in product sales from our skin care product line of approximately \$71 thousand.

Cost of sales

Cost of sales for the three months ended March 31, 2025 were \$992 thousand, compared to \$887 thousand for the three months ended March 31, 2024. The increase of \$105 thousand, or 12%, was a result of a net increase of approximately \$100 thousand in cost of goods sold due to an overall increase in product sales from our Biomedical market segment.

Profit margins as a percentage of revenue have decreased approximately 5% for the three months ended March 31, 2025, as compared to the three months ended March 31, 2024. The net decrease in gross margins was as a result of an approximately 4% decrease from our Biomedical market segment as a result of a change in the sales mix combined with a decrease in profit margins related to our skin care market segment due to less sales volume and inventory adjustments.

Cost of sales consists primarily of salaries and benefits associated with employee efforts expended directly on the production of the Company's products, as well as related direct materials, general laboratory supplies and the allocation of overhead. We plan to continue to refine our manufacturing processes and supply chain management to improve the cost of sales as a percentage of revenue for both our LCT and LSC segments.

General and administrative expenses

General and administrative expenses for the three months ended March 31, 2025 were \$892 thousand, compared to \$909 thousand for the three months ended March 31, 2024. The decrease of \$17 thousand, or 2%, was primarily attributable to a decrease in audit and accounting fees of approximately \$57 thousand combined with a net decrease of approximately \$15 thousand in personnel-related costs partially offset by a net increase in consulting costs and legal fees of approximately \$55 thousand.

Our general and administrative expenses consist primarily of employee-related expenses including salaries, bonuses, benefits, and stock-based compensation. Other significant costs include facility costs not otherwise included in or allocated to other departments, legal fees not relating to patents and corporate matters, and fees for accounting and consulting services.

Selling and marketing expenses

Selling and marketing expenses for the three months ended March 31, 2025 were \$273 thousand, compared to \$334 thousand for the three months ended March 31, 2024. The decrease of \$61 thousand, or 18%, was primarily attributable to a decrease in advertising expense including marketing materials of approximately \$33 thousand combined with a net decrease in consulting and temporary service fees of approximately \$13 thousand.

Our selling and marketing expenses consist primarily of employee-related expenses including salaries, bonuses, benefits, and stock-based compensation for our Biomedical and Anti-aging cosmetic businesses. Other significant costs include facility costs not otherwise included in or allocated to other departments, as well as marketing material costs, permits and licenses for ecommerce, and other advertising expenses.

Research and development expenses

Research and development expenses for the three months ended March 31, 2025 were \$187 thousand, compared to \$177 thousand for the three months ended March 31, 2024. The increase of \$10 thousand, or 6%, was a result of an increase in rent related expense of approximately \$18 thousand related to a higher portion of the lease costs being paid by ISCO starting in January 2025 combined with a \$5 thousand increase in depreciation related to equipment purchased in 2024 as well as a \$10 thousand increase in consulting expenses. These increases were partially offset by a decrease in costs being paid for personnel-related costs combined with decreased materials and supplies costs of approximately \$23 thousand.

Our research and development efforts are primarily focused on the development of treatments for Parkinson’s disease, traumatic brain injury, and stroke. These projects are long-term investments that involve developing both new stem cell lines and new differentiation techniques that can provide higher purity populations of functional cells. Research and development expenses are expensed as incurred and are accounted for on a project-by-project basis. However, much of our research has potential applicability to each of our projects.

Other expense

Other expense for the three months ended March 31, 2025 and 2024 was \$41 thousand and \$36 thousand, respectively. Other expenses in both periods primarily relate to interest expense on our related party note payable. This increased as a result of the increased interest rate on the note effective September 2024.

Liquidity and Capital Resources

The Company enters into contracts in the normal course of business with various third-party consultants and contract research organizations ("CRO") for preclinical research, clinical trials and manufacturing activities. These contracts generally provide for termination upon notice. Actual expenses associated with these arrangements may be higher or lower due to various reasons, including but not limited to, progress of our development products and enrollment in clinical trials. Other short-term and long terms commitments that would affect liquidity include lease obligations as well as related party debt repayments.

As of March 31, 2025, we had an accumulated deficit of approximately \$110.9 million and have historically incurred net losses and negative operating cash flows. Substantially all of our operating losses have resulted from the funding of our research and development programs and general and administrative expenses associated with our operations. We incurred net losses of \$256 thousand and \$214 thousand for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025, we had cash of approximately \$1.5 million, compared to \$1.2 million as of December 31, 2024. Our primary use of cash is to continue to fund our research and development programs, while maintaining and growing our revenue generating businesses.

Cash Flows

Comparison of the Three Months Ended March 31, 2025 and 2024

The following table provides information regarding our cash flows for the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,			
	2025		2024	
Net cash provided by (used in) operating activities	\$	227	\$	(193)
Net cash used in investing activities		(5)		(9)
Net increase (decrease) in cash	\$	222	\$	(202)

Operating Cash Flows

For the three months ended March 31, 2025, net cash provided by operating activities was \$227 thousand, resulting primarily from our net loss of \$256 thousand and net changes in operating assets and liabilities of \$151 thousand, consisting of increases in accounts payable of \$271 thousand and accrued liabilities of \$81 thousand as well as a decrease in accounts receivable of \$207 thousand. These increases were offset by an increase in prepaid expenses and other current assets of \$154 thousand, inventories of \$170 thousand, and operating lease liabilities of \$84 thousand. In addition, there was a \$332 thousand increase pertaining to non-cash adjustments consisting of recurring non-cash expenses, such as stock-based compensation, depreciation and amortization expense, non-cash operating lease expense, changes in inventory reserve and interest expense on our related party note payable.

For the three months ended March 31, 2024, net cash used by operating activities was \$193 thousand, attributable to our net loss of \$214 thousand and net changes in operating assets and liabilities of \$281 thousand, offset by net recurring non-cash adjustments of \$302 thousand.

Investing Cash Flows

Net cash used in investing activities for the three months ended March 31, 2025 was \$5 thousand, compared to \$9 thousand for the three months ended March 31, 2024. The decrease was attributable to less purchases of property and equipment and no payments for patent licenses during the current period.

Funding Requirements

Management continues to evaluate various financing sources and options to raise working capital to help fund our current research and development programs and operations. We will need to obtain significant additional capital from equity and/or debt financings, license arrangements, grants and/or collaborative research arrangements to sustain our operations and develop products. Unless we obtain additional financing, we do not have sufficient cash on hand to sustain our operations at least through one year after the issuance date. The timing and degree of any future capital requirements will depend on many factors, including:

- the accuracy of the assumptions underlying our estimates for capital needs;
- the extent that revenues from sales of LSC and LCT products cover the related costs and provide capital;
- scientific progress in our research and development programs;
- the magnitude and scope of our research and development programs and our ability to establish, enforce and maintain strategic arrangements for research, development, clinical testing, manufacturing and marketing;
- our progress with preclinical development and clinical trials;
- the extent to which third party interest in Company's research and commercial products can be realized through effective partnerships;
- the time and costs involved in obtaining regulatory approvals;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims; and
- the number and type of product candidates that we pursue.

Our failure to raise capital or enter into applicable arrangements when needed would have a negative impact on our financial condition. Additional debt financing may be expensive and require us to pledge all or a substantial portion of its assets. Further, if additional funds are obtained through arrangements with collaborative partners, these arrangements may require us to relinquish rights to some of its technologies, product candidates or products that we would otherwise seek to develop and commercialize on its own. If sufficient capital is not available, we may be required to delay, reduce the scope of or eliminate one or more of its product initiatives.

We currently have no revenue generated from our principal operations in therapeutic and clinical product development through research and development efforts. There can be no assurance that we will be successful in maintaining our normal operating cash flow and obtaining additional funds and that the timing of our capital raising or future financing will result in cash flow sufficient to sustain our operations at least through one year after the issuance date.

Based on the factors above, there is substantial doubt about our ability to continue as a going concern. The consolidated financial statements were prepared assuming that we will continue to operate as a going concern. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty. Management's plans in regard to these matters are focused on managing our cash flow, the proper timing of our capital expenditures, and raising additional capital or financing in the future.

Critical Accounting Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America and the rules and regulations of the Securities and Exchange Commission. The preparation of these condensed consolidated financial statements requires us to make judgments and estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statement, and the reported amounts of revenues, costs and expenses during the reporting periods.

Our estimates are based on our historical experience, known trends and events, and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities and amount of expense recognized that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We evaluate our estimates and assumptions on an ongoing basis. The effects of material revisions in estimates, if any, will be reflected in the consolidated financial statements prospectively from the date of the change in estimates.

There have been no material changes to our critical accounting policies and estimates during the three months ended March 31, 2025 from those disclosed in "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 1 – Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies to our condensed consolidated financial statements of this Quarterly Report on Form 10-Q.

Contractual Obligations and Commitments

There have been no material changes to our contractual obligations and commitments outside the ordinary course of business during the three months ended March 31, 2025 from those disclosed in "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company, as defined by Rule 12b-2 of the Exchange Act, and are not required to provide the information required under this item.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(e) and 15d-15(e) under the Exchange Act, the Company, with the participation of management, including our Chief Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in such rules) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Principal Financial Officer concluded that, at March 31, 2025, our disclosure controls and procedures were effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls during the three months ended March 31, 2025 that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in "Part I – Item 1A. Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on March 28, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the quarter ended March 31, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit Index

Exhibit	Description
3.1	Certificate of Incorporation (incorporated by reference to Exhibit 3.4 of the Registrant's Form 10-SB filed on April 4, 2006).
3.2	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Registrant's Preliminary Information Statement on Form 14C filed on December 29, 2006).
3.3	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K filed on June 4, 2012).
3.4	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K filed on May 14, 2014).
3.5	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K filed on July 28, 2015).
3.6	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K filed on May 19, 2016).
3.7	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K filed on May 6, 2011).
4.1	Form of Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 of the Registrant's Form 10-KSB filed on April 9, 2007).
4.2	Certification of Designation of Series B Preferred Stock (incorporated by reference to Exhibit 4.1 of the Registrant's Form 8-K filed on May 12, 2008).
4.3	Certification of Designation of Series D Preferred Stock (incorporated by reference to Exhibit 10.2 of the Registrant's Form 8-K filed on January 5, 2009).
4.4	Certificate of Designation of Series G Preferred Stock (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K filed on March 14, 2012).
4.5	Certificate of Preferences, Rights and Limitations of Series I-2 Convertible Preferred Stock (incorporated by reference to Exhibit 3.2 of the Registrant's Form 8-K filed on March 10, 2016).
10.1	Co-Tenant Agreement Amendment, dated February 25, 2025, by and between International Stem Cell Corporation and S Real Estate Holdings, LLC.
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32.1*	Section 1350 Certification of Chief Executive Officer.
32.2*	Section 1350 Certification of Chief Financial Officer.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 14, 2025

INTERNATIONAL STEM CELL CORPORATION

By: /s/ ANDREY SEMECHKIN
Name: **Andrey Semechkin**
Title: **Chief Executive Officer**
(Principal Executive Officer)

By: /s/ RUSSELL KERN
Name: **Russell Kern**
Title: **Executive Vice President and Chief Scientific Officer (Principal Financial Officer)**

Co-Tenant Agreement Amendment

This Co-Tenant Agreement Amendment is hereby made as of February 25, 2025, into by and between International Stem Cell Corporation (hereinafter referred to as "ISCO") and S Real Estate Holdings, LLC (hereinafter referred to as "SREH"). Collectively, ISCO and SREH are referred to as the "Parties".

WHEREAS, On October 26, 2021, PARTIES have entered into a lease agreement (the "Lease") with Rehco Holdings (the "Landlord") for the purpose of establishing joint corporate headquarters at 9745 Businesspark Ave, San Diego, CA (the "Premises"); and

WHEREAS, On December 15, 2021, ISCO and SREH have entered into a co-tenant agreement for the purpose of setting forth the terms for allocating each Party's share of expenses incidental to the PARTIES' leasing of the Premises; and ISCO and SREH desire to amend the co-tenant agreement as described in this amendment.

NOW THEREFORE, the PARTIES have agreed to the following allocations in the Exhibit A of the Co-Tenant Agreement effective January 1, 2025:

Space Allocation: ISCO-5445 sq.ft., SREH- 1815 sq.ft.

Base Rent Allocation: ISCO - 75% SREH-25%

Cost Rent Allocation: ISCO - 75% SREH-25%

ISCO pays its rent directly to Rehco Holdings.

IN WITNESS WHEREOF, the Parties have executed this letter by their duly authorized agents on the dates indicated below.

INTERNATIONAL STEM CELL CORP

S REAL ESTATE HOLDINGS LLC

/s/ Andrey Semechkin

/s/ Russell Kern

Andrey Semechkin, PhD

Russell Kern, PhD

Co-Chairman & CEO

Manager

EXHIBIT A

Space Allocation: ISCO - 5445 sq.ft., SREH- 1815 sq.ft.

Base Rent Allocation: ISCO - 75%, - SREH- 25%

Cost Rent Allocation: ISCO - 75%, - SREH- 25%

ISCO pays its rent directly to Rehco Holdings.

/s/ Andrey Semechkin

/s/ Russell Kern

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Andrey Semechkin, Chief Executive Officer of International Stem Cell Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of International Stem Cell Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2025

By:

/s/ ANDREY SEMECHKIN
Andrey Semechkin
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Russell Kern, Executive Vice President and Chief Scientific Officer of International Stem Cell Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of International Stem Cell Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2025

By:

/s/ RUSSELL KERN
Russell Kern
Executive Vice President and Chief Scientific
Officer (Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of International Stem Cell Corporation (the “Company”) for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Andrey Semechkin, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 14, 2025

By: /s/ ANDREY SEMECHKIN
Andrey Semechkin
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of International Stem Cell Corporation (the “Company”) for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Russell Kern, Executive Vice President and Chief Scientific Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 14, 2025

By: /s/ RUSSELL KERN
Russell Kern
Executive Vice President and Chief Scientific
Officer (Principal Financial Officer)
