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Cellect Biotechnology reports Q1 2019 results

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Cellect Biotechnology (APOP) has developed a breakthrough technology, for the selection of stem cells from any given tissue, that aims to improve a variety of stem cell-based therapies.



Cellect Biotechnology, a developer of innovative technology which enables the functional selection of stem cells, today reported financial and operating results for the first quarter ended March 31, 2019 and provided a corporate update.

"Our technology continues to be validated with our recently announced mid-study results from our Phase I/II study, further demonstrating the immense potential to reshape the clinical development environment for hundreds of corporations and academic labs by significantly reducing time to market and cost," commented Dr. Shai Yarkoni, Chief Executive Officer. "However, notwithstanding our clinical success, we are undertaking a strategic review of our business and we intend to explore all value-focused options that better reflect our great promise and maximize shareholder equity. Therefore, we are implementing a number of initiatives, including lowering our operating costs, as we remain committed to our IND application and US clinical study plans."

First Quarter Clinical Success Continues to Validate Novel Manufacturing Technology

- Announced mid-study data from the Company's Phase I/II study of the Company's ApoGraft™ technology being conducted in Israel. The first half of patients planned for the study have completed the 180 day follow up, and 8 out of 12 planned subjects have been enrolled. The Company currently expects its planned human ApoGraft™ Phase I/II trial in the United States to commence sometime during the first half of 2020, following the successful submission of an Investigational New Drug (IND) application with the U.S. Food and Drug Administration (FDA).
- Announced preliminary results from the Company's collaboration with Cell2in, a privately held South Korean company, that further demonstrated that Cellect's Apograft™ technology significantly improves both proliferation and functional capabilities of hematopoietic (HSC) and mesenchymal (MSC) stem cells originating from bone marrow, peripheral blood, umbilical cord, and adipose tissue.

The Company's cash and cash equivalents totaled $9.6 million as of March 31, 2019, which includes gross proceeds of $7.0 million from an underwritten public offering completed in February 2019. The Company is implementing a cost reduction plan,

including a reduction in workforce, which is designed to preserve the Company's financial resources to allow it to continue its ongoing clinical program, including its planned Phase I/II trial in the United States in collaboration with Washington University while exploring strategic alternatives.

In May 2019, the Company announced that it commenced plans to explore strategic alternatives focused on maximizing shareholder value. Potential strategic alternatives that may be evaluated include, but are not limited to, an acquisition, merger, business combination, in-licensing, or other strategic transaction involving the Company or its assets.

First Quarter 2019 Financial Results:

- Research and development (R&D) expenses for the first quarter of 2019 were $0.97 million, compared to $1.11 million in the fourth quarter of 2018 and $0.79 million in the first quarter of 2018. The decrease in the first quarter of 2019 as compared to the fourth quarter of 2018 was primarily due to a decrease in clinical trial activity.
- General and administrative (G&A) expenses for the first quarter of 2019 were $0.65 million, compared to $1.30 million in the fourth quarter of 2018 and $0.95 million in the first quarter of 2018. The decrease in the first quarter of 2019 as compared to the fourth quarter of 2018 was primarily due to decrease in expenses related to provision for bonus for 2018 and stock-based compensation.
- Finance income for the first quarter of 2019 were $0.21 million, compared to finance income of $1.38 million in the fourth quarter of 2018. The decrease was primarily due to changes related to fair value of the tradable and non-tradable warrants issued in a prior fundraising.
- Net loss for the first quarter of 2019 was $1.40 million, or $0.008 per share and $0.16 per ADS, compared to $1.03 million, or $0.008 per share and $0.16 per ADS, in the fourth quarter of 2018, and $0.98 million, or $0.008 per share and $0.15 per ADS, in the first quarter of 2018.

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The Company's technology is expected to provide researchers, clinical community and pharma companies with the tools to rapidly isolate stem cells in quantity and quality allowing stem cell-based treatments and procedures in a wide variety of applications in regenerative medicine. The Company's current clinical trial is aimed at bone marrow transplantations in cancer treatment.