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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 June 30, 2019.

or

___ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition from _____ to _____.

Commission File Number: 000-16375
Cesca Therapeutics Inc.
(Exact name of registrant as specified in its charter)

Delaware	**94-3018487**
(State of incorporation)	(I.R.S. Employer Identification No.)

2711 Citrus Road
Rancho Cordova, California 95742
(Address of principal executive offices) (Zip Code)

(916) 858-5100
(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $.001 par value	KOOL	Nasdaq Capital Market

Indicate 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 during the preceding 12 months (or 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 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 has 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]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 9, 2019
Common stock, $.001 par value	2,416,337

Cesca Therapeutics Inc.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Cesca Therapeutics Inc.
Condensed Consolidated Balance Sheets

	June 30 2019 (Unaudited)	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,424,000	$ 2,400,000
Accounts receivable, net of allowance for doubtful accounts of $398,000 ($419,000 at December 31, 2018)	3,091,000	1,509,000
Inventories, net of reserves of $384,000 ($258,000 at December 31, 2018)	3,951,000	4,493,000
Prepaid expenses and other current assets	389,000	224,000
Total current assets	9,855,000	8,626,000
Restricted cash	1,000,000	1,000,000
Equipment and leasehold improvements, net	2,398,000	2,562,000
Right-of-use operating lease assets, net	915,000	--
Goodwill	781,000	781,000
Intangible assets, net	1,531,000	1,591,000
Other assets	52,000	51,000
Total assets	$ 16,532,000	$ 14,611,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,198,000	$ 2,423,000
Accrued payroll and related expenses	485,000	703,000
Deferred revenue	577,000	485,000
Interest payable – related party	926,000	1,513,000
Other current liabilities	1,295,000	1,241,000
Total current liabilities	6,481,000	6,365,000
Convertible promissory note – related party, less debt discount of $6,367,000 ($6,026,000 at December 31, 2018)	2,346,000	1,174,000
Convertible promissory note, less debt discount of $743,000 ($0 at December 31, 2018)	57,000	--
Derivative obligations	1,000	1,000
Long term operating lease obligations	825,000	--
Other non-current liabilities	322,000	340,000
Total liabilities	10,032,000	7,880,000
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 2,000,000 shares authorized, none outstanding	--	--
Common stock, $0.001 par value; 350,000,000 shares authorized; 2,368,337 issued and outstanding (2,168,337 at December 31, 2018)	2,000	2,000
Paid in capital in excess of par	236,343,000	235,888,000
Accumulated deficit	(230,603,000)	(227,435,000)
Accumulated other comprehensive loss	(20,000)	(13,000)
Total Cesca Therapeutics Inc. stockholders' equity	5,722,000	8,442,000
Noncontrolling interests	778,000	(1,711,000)
Total equity	6,500,000	6,731,000
Total liabilities and stockholders' equity	$ 16,532,000	$ 14,611,000

See accompanying notes.

Cesca Therapeutics Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net revenues	$ 4,305,000	$ 2,004,000	$ 7,268,000	$ 3,871,000
Cost of revenues	2,354,000	1,641,000	4,057,000	3,156,000
Gross profit	1,951,000	363,000	3,211,000	715,000
Expenses:				
Sales and marketing	384,000	359,000	725,000	685,000
Research and development	611,000	908,000	1,175,000	1,949,000
General and administrative	1,218,000	2,399,000	2,478,000	4,641,000
Impairment Charges	--	27,202,000	--	27,202,000
Total operating expenses	2,213,000	30,868,000	4,378,000	34,477,000
Loss from operations	(262,000)	(30,505,000)	(1,167,000)	(33,762,000)
Fair value change of derivative instruments	--	308,000	--	567,000
Interest expense	(1,211,000)	(733,000)	(2,343,000)	(1,093,000)
Other expenses	(2,000)	(32,000)	(11,000)	(44,000)
Total other expense	(1,213,000)	(457,000)	(2,354,000)	(570,000)
Loss before benefit for income taxes	(1,475,000)	(30,962,000)	(3,521,000)	(34,332,000)
Benefit for income taxes	--	3,451,000	--	3,451,000
Net loss	(1,475,000)	(27,511,000)	(3,521,000)	(30,881,000)
Loss attributable to noncontrolling interests	(178,000)	(503,000)	(354,000)	(913,000)
Net loss attributable to common stockholders	$ (1,297,000)	$ (27,008,000)	$ (3,167,000)	$ (29,968,000)
Net loss	$ (1,475,000)	$ (27,511,000)	$ (3,521,000)	$ (30,881,000)
Other comprehensive loss:				
Foreign currency translation adjustments	(3,000)	21,000	(8,000)	28,000
Comprehensive loss	(1,478,000)	(27,490,000)	(3,529,000)	(30,853,000)
Comprehensive loss attributable to noncontrolling interests	(178,000)	(503,000)	(354,000)	(913,000)
Comprehensive loss attributable to common stockholders	$ (1,300,000)	$ (26,987,000)	$ (3,175,000)	$ (29,940,000)
Per share data:				
Basic and diluted net loss per common share	$ (0.47)	$ (17.49)	$ (1.21)	$ (22.73)
Weighted average common shares outstanding – basic and diluted	2,784,776	1,544,412	2,623,989	1,318,438

See accompanying notes.

Cesca Therapeutics Inc.
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
For the Six Months Ended June 30, 2019 and 2018

	Common Stock						
	Shares	Amount	Paid in capital in excess of par	Accumulated deficit	AOCI*	Non-controlling interests	Total equity
Balance at January 1, 2019	2,168,337	$ 2,000	$235,888,000	$(227,435,000)	$ (13,000)	$(1,711,000)	$ 6,731,000
Stock-based compensation expense	--	--	81,000	--	--	--	81,000
Exercise of pre-funded warrants	50,000	--	5,000	--	--	--	5,000
Discount due to beneficial conversion features	--	--	1,513,000	--	--	--	1,513,000
Reorganization of subsidiary and related change in non-controlling interest	--	--	(2,843,000)	--	--	2,843,000	--
Foreign currency translation	--	--	--	--	(4,000)	--	(4,000)
Net loss	--	--	--	(1,871,000)	--	(176,000)	(2,047,000)
Balance at March 31, 2019	2,218,337	2,000	234,644,000	(229,306,000)	(17,000)	956,000	6,279,000
Stock-based compensation expense	--	--	125,000	--	-	--	125,000
Exercise of pre-funded warrants	150,000	--	18,000	--	--	--	18,000
Discount due to beneficial conversion features	--	--	800,000	--	--	--	800,000
Issuance of pre-funded warrants in financing, net of offering costs	--	--	756,000	--	--	--	756,000
Foreign currency translation	--	--	--	--	(3,000)	--	(3,000)
Net loss		--	--	(1,297,000)	--	(178,000)	(1,475,000)
Balance at June 30, 2019	2,368,337	$ 2,000	$236,343,000	$(230,603,000)	$ (20,000)	$ 778,000	$ 6,500,000
Balance at January 1, 2018	1,090,664	$ 1,000	$221,381,000	$(187,640,000)	$ (43,000)	$ (487,000)	$ 33,212,000
Stock-based compensation expense	--	--	137,000	--	--	--	137,000
Issuance of common stock and pre-funded warrants, net of offering costs	60,967	--	1,213,000	--	--	--	1,213,000
Cumulative-effect adjustment from adoption of ASC 606	--	--	--	(79,000)	--	--	(79,000)
Foreign currency translation	--	--	--	--	7,000	--	7,000
Net loss	--	--	--	(2,960,000)		(410,000)	(3,370,000)
Balance at March 31, 2018	1,151,631	1,000	222,731,000	(190,679,000)	(36,000)	(897,000)	31,120,000
Stock-based compensation expense	42	--	163,000	--	--	--	163,000
Issuance of common stock and pre-funded warrants, net of offering costs	647,497	1,000	4,791,000	--	--	--	4,792,000
Exercise of pre-funded warrants	269,167	--	27,000	--	--	--	27,000
Foreign currency translation	--	--	--	--	21,000	--	21,000
Net loss	--	--	--	(27,008,000)		(503,000)	(27,511,000)
Balance at June 30, 2018	2,068,337	$ 2,000	$227,712,000	$(217,687,000)	$ (15,000)	$(1,400,000)	$ 8,612,000

*** Accumulated other comprehensive loss.**

See accompanying notes.

Cesca Therapeutics Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net loss	$ (3,521,000)	$ (30,881,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	402,000	333,000
Stock based compensation expense	206,000	300,000
Amortization of debt discount	1,229,000	350,000
(Recovery of) reserve for excess and slow-moving inventories	125,000	(252,000)
Change in fair value of derivative	--	(567,000)
Deferred income tax benefit	--	(3,451,000)
Loss on disposal of equipment	6,000	420,000
Impairment of intangible asset	--	27,202,000
Net change in operating assets and liabilities:		
Accounts receivable	(1,582,000)	869,000
Inventories	449,000	(358,000)
Prepaid expenses and other assets	(165,000)	257,000
Accounts payable	749,000	(242,000)
Related party payable	--	(606,000)
Accrued payroll and related expenses	(217,000)	50,000
Deferred revenue	92,000	254,000
Other current liabilities	(623,000)	217,000
Other noncurrent liabilities	(61,000)	3,000
Net cash used in operating activities	(2,911,000)	(6,102,000)
Cash flows from investing activities:		
Capital expenditures	(142,000)	(850,000)
Net cash used in investing activities	(142,000)	(850,000)
Cash flows from financing activities:		
Payments on financing lease obligations	(15,000)	(19,000)
Proceeds from long-term debt	800,000	500,000
Proceeds from related party line of credit	1,513,000	--
Proceeds from exercise of pre-funded warrants	23,000	--
Proceeds from issuance of common stock and prefunded warrants, net	756,000	6,032,000
Net cash provided by financing activities	3,077,000	6,513,000
Effects of foreign currency rate changes on cash and cash equivalents	--	(3,000)
Net increase (decrease) in cash, cash equivalents and restricted cash	24,000	(442,000)
Cash, cash equivalents and restricted cash at beginning of period	3,400,000	3,513,000
Cash, cash equivalents and restricted cash at end of period	$ 3,424,000	$ 3,071,000
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 1,668,000	$ 657,000
Supplemental non-cash financing and investing information:		
Recording of beneficial conversion feature on debt	$ 2,313,000	--
Right-to-use asset acquired under operating lease	$ 966,000	--
Transfer of equipment to inventories	$ 33,000	$ 172,000
Transfer of inventories to equipment	$ --	$ 420,000

See accompanying notes.

Cesca Therapeutics Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Description of Business and Basis of Presentation

Organization and Basis of Presentation
Cesca Therapeutics Inc. ("Cesca Therapeutics," "Cesca," the "Company"), a Delaware corporation, develops, commercializes and markets a range of automated technologies for CAR-T and other cell-based therapies. The Company was founded in 1986 and is headquartered in Rancho Cordova, CA. ThermoGenesis Corp. (ThermoGenesis), its device subsidiary, provides the AutoXpress® and BioArchive® platforms for automated clinical bio-banking, PXP® platform for point-of-care cell-based therapies and CAR-TXpress™ platform under development for bio-manufacturing for immuno-oncology applications.

On January 1, 2019, the Company entered into a reorganization of the business and equity ownership of its majority-owned ThermoGenesis subsidiary. Pursuant to the reorganization, the assets acquired by ThermoGenesis from SynGen Inc. in July 2017 were contributed to a newly formed Delaware subsidiary of ThermoGenesis named CARTXpress Bio, Inc. (CARTXpress) and the 20% interest in ThermoGenesis was exchanged for a 20% interest in CARTXpress. As a result, the Company holds an 80% equity interest in CARTXpress and the Company has become the owner of 100% of ThermoGenesis. The purpose of the reorganization is to allow CARTXpress to focus on the development and commercialization of the newly launched CARTXpress cellular manufacturing platform.

The Company reacquired the non-controlling interest shares in ThermoGenesis with a deficit of $1,711,000 in exchange for 20% equity interest in the newly created subsidiary, CARTXpress, which approximates $1,100,000. The total amount of $2,843,000 related to reorganization of subsidiary and related change in non-controlling interest was recorded in the statement of stockholders' equity.

Cesca is an affiliate of the Boyalife Group, a China-based industry research alliance encompassing top research institutions for stem cell and regenerative medicine.

Reverse Stock Split
On June 4, 2019, the Company effected a one (1) for ten (10) reverse stock split of its issued and outstanding common stock. The total number of shares of common stock authorized for issuance by the Company of 350,000,000 shares did not change in connection with the reverse stock split. Stockholders approved the reverse stock split at the Company's annual meeting of stockholders held on May 30, 2019, and the specific ratio was determined at a meeting of the Company's Board of Directors also held on May 30, 2019.

All historical share amounts disclosed herein have been retroactively recast to reflect the reverse split and subsequent share exchange. No fractional shares were issued as a result of the reverse stock split, as fractional shares of common stock were rounded up to the nearest whole share.

Liquidity and Going Concern
The Company has a Revolving Credit Agreement (Credit Agreement) with Boyalife Asset Holding II, Inc. (Refer to Note 3). As of June 30, 2019, the Company had drawn down $8,713,000 of the $10,000,000 available under the Credit Agreement. Future draw-downs may be limited for various reasons including default or foreign government policies that restrict or prohibit transferring funds. At the time of this filing, we are currently unable to draw down on the line of credit. This may change in the near future but there is no assurance that the line of credit will become available at such time when it is needed. Boyalife Asset Holding II, Inc. is a wholly owned subsidiary of Boyalife Group Inc., which is owned and controlled by the Company's Chief Executive Officer and Chairman of the Board.

On April 18, 2019, the Company entered into a Securities Purchase Agreement with an accredited investor pursuant to which the Company agreed to issue and sell to such investor (the "April Offering") 444,445 pre-funded warrants to purchase shares of the Company's common stock for a purchase price of $1.70 per pre-funded warrant. The gross proceeds to the Company, excluding the proceeds, if any, from the exercise of the pre-funded warrants, was approximately $756,000. The April Offering closed on April 26, 2019 and the pre-funded warrants were accounted for as equity by the Company.

Each pre-funded warrant is immediately exercisable for one share of common stock at an exercise price of $0.10 per share and will remain exercisable until exercised in full. A holder of a pre-funded warrant will not have the right to exercise any portion of its warrant if the holder, together with its affiliates, would beneficially own in excess of 4.99% or 9.99%, as applicable, of the number of shares of the Company's common stock outstanding immediately after giving effect to such exercise (the "Beneficial Ownership Limitation"); provided, however, that the holder may increase or decrease the Beneficial Ownership Limitation, although any increase will not be effective until the 61st day after a notice of increase is delivered to the Company and the holder may not increase the Beneficial Ownership Limitation in excess of 9.99%.

Subject to certain exceptions, in the event the Company sells or issues any shares of common stock or common stock equivalents at a lower price during the period beginning on the closing date of the April Offering and ending on the date that is three-hundred and sixty-five (365) days following such date, the Company is required to issue the investor a number of shares of common stock (or additional pre-funded warrants to purchase shares of common stock) equal to the number of shares the investor would have received had the purchase price for such shares been at such lower purchase price.

At June 30, 2019, the Company had cash and cash equivalents of $2,424,000 and working capital of $3,374,000. The Company has incurred recurring operating losses and as of June 30, 2019 had an accumulated deficit of $230,603,000. These recurring losses raise substantial doubt about the Company's ability to continue as a going concern within one year after the issuance date. The Company anticipates requiring additional capital to grow the device business, to fund other operating expenses and to make interest payments on the line of credit with Boyalife Asset Holding II, Inc. The Company's ability to fund its cash needs is subject to various risks, many of which are beyond its control. The Company plans to seek additional funding through bank borrowings or public or private sales of debt or equity securities or strategic partnerships. The Company cannot guarantee that such funding will be available on a timely basis, in needed quantities or on terms favorable to the Company, if at all.

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern; however, the above conditions raise substantial doubt about the Company's ability to do so. The 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 should the Company be unable to continue as a going concern.

Principles of Consolidation
The condensed consolidated financial statements include the accounts of Cesca and its wholly-owned subsidiaries, ThermoGenesis and TotipotentRX Cell Therapy, Pvt. Ltd and ThermoGenesis' majority-owned subsidiary, CARTXpress. All significant intercompany accounts and transactions have been eliminated upon consolidation.

Interim Reporting
The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such Securities and Exchange Commission (SEC) rules and regulations and accounting principles applicable for interim periods. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Events subsequent to the balance sheet date have been evaluated for inclusion in the accompanying condensed consolidated financial statements through the date of issuance. Operating results for the three and six month periods ended June 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in Cesca's Annual Report on Form 10-K for the year ended December 31, 2018.

2. Summary of Significant Accounting Policies

Recently Adopted Accounting Standards
In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-07, *"Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting"*, which simplifies the accounting for nonemployee share-based payment transactions. The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The Company adopted the standard on January 1, 2019. The adoption of this standard did not have a material impact on the Company's financial statements.

In February 2016, the FASB issued ASU 2016-02 "*Leases*," which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The Company adopted the standard on January 1, 2019.

The new standard requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas under previous GAAP only finance lease liabilities (previously referred to as capital leases) were recognized in the balance sheet. In addition, the definition of a lease has been revised which may result in changes to the classification of an arrangement as a lease. Under the new standard, an arrangement that conveys the right to control the use of an identified asset by obtaining substantially all of its economic benefits and directing how it is used as a lease, whereas the previous definition focuses on the ability to control the use of the asset or to obtain its output. Quantitative and qualitative disclosures related to the amount, timing and judgements of an entity's accounting for leases and the related cash flows are expanded. Disclosure requirements apply to both lessees and lessors, whereas previous disclosures related only to lessees. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. Lessor accounting is also largely unchanged.

The new standard provides a number of transition practical expedients, which the Company has elected, including:

- A "package of three" expedients that must be taken together and allow entities to (1) not reassess whether existing contracts contain leases, (2) carryforward the existing lease classification, and (3) not reassess initial direct costs associated with existing leases, and
- An implementation expedient which allows the requirements of the standard in the period of adoption with no restatement of prior periods.

The impact of adoption did not have a material impact to the Company as of January 1, 2019 as the Company's finance leases are immaterial and its operating leases had terms shorter than one year. In January 2019, the Company signed an amendment to its lease for office space at its corporate headquarters in Rancho Cordova, CA. The amendment extended the lease term by five years and was accounted for as a modification. At that time, the Company recorded lease assets and liabilities of $966,000.

Revenue Recognition
Revenue is recognized based on the five-step process outlined in Accounting Standards Codification (ASC) 606:

The following tables summarize the revenues of the Company's reportable segments:

	Three Months Ended June 30, 2019			
	Device Revenue	Service Revenue	Other Revenue	Total Revenue
Device Segment:				
AXP	$ 3,028,000	$ 54,000		$ 3,082,000
BioArchive	433,000	351,000		784,000
CAR-TXpress	182,000	--		182,000
Manual Disposables	205,000	--		205,000
Other	--	--	$ 8,000	8,000
Total Device Segment	3,848,000	405,000	8,000	4,261,000
Clinical Development Segment:				
Disposables	37,000	--	--	37,000
Other	--	7,000	--	7,000
Total Clinical Development	37,000	7,000	--	44,000
Total	$ 3,885,000	$ 412,000	$ 8,000	$ 4,305,000

	Six Months Ended June 30, 2019			
	Device Revenue	Service Revenue	Other Revenue	Total Revenue
Device Segment:				
AXP	$ 4,295,000	$ 109,000		$ 4,404,000
BioArchive	1,031,000	766,000		1,797,000
Manual Disposables	499,000	--		499,000
CAR-TXpress	490,000	--		490,000
Other	--	--	$ 22,000	22,000
Total Device Segment	6,315,000	875,000	22,000	7,212,0000
Clinical Development Segment:				
Disposables	44,000	--	--	44,000
Other	5,000	7,000	--	12,000
Total Clinical Development	49,000	7,000	--	56,000
Total	$ 6,364,000	$ 882,000	$ 22,000	$ 7,268,000

	Three Months Ended June 30, 2018			
	Device Revenue	Service Revenue	Other Revenue	Total Revenue
Device Segment:				
AXP	$ 849,000	$ 66,000		$ 915,000
BioArchive	449,000	311,000		760,000
Manual Disposables	229,000	--		229,000
CAR-TXpress	30,000	--		30,000
Other	8,000	--	$ 16,000	24,000
Total Device Segment	1,565,000	377,000	16,000	1,958,000
Clinical Development Segment:				
Disposables	1,000	--	--	1,000
Bone Marrow	--	38,000	--	38,000
Other	--	7,000	--	7,000
Total Clinical Development	1,000	45,000	--	46,000
Total	$ 1,566,000	$ 422,000	$ 16,000	$ 2,004,000

	Six Months Ended June 30, 2018			
	Device Revenue	Service Revenue	Other Revenue	Total Revenue
Device Segment:				
AXP	$ 1,534,000	$ 131,000		$ 1,665,000
BioArchive	872,000	655,000		1,527,000
Manual Disposables	462,000	--		462,000
CAR-TXpress	30,000	--		30,000
Other	46,000	--	$ 33,000	79,000
Total Device Segment	2,944,000	786,000	33,000	3,763,000
Clinical Development Segment:				
Disposables	23,000	--	--	23,000
Bone Marrow	--	61,000	--	61,000
Other	--	24,000	--	24,000
Total Clinical Development	23,000	85,000	--	108,000
Total	$ 2,967,000	$ 871,000	$ 33,000	$ 3,871,000

Contract Balances

Generally, all sales are contract sales (with either an underlying contract or purchase order). The Company does not have any material contract assets. When invoicing occurs prior to revenue recognition a contract liability is recorded (as deferred revenue on the consolidated balance sheet). Revenues recognized during the three and six months ended June 30, 2019 that were included in the beginning balance of deferred revenue were $83,000 and $446,000, respectively. Short term deferred revenues increased from $485,000 to $577,000 during the six months ended June 30, 2019.

Backlog of Remaining Customer Performance Obligations

The following table includes revenue expected to be recognized and recorded as sales in the future from the backlog of performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period.

	Remainder of 2019	2020	2021	2022	2023 and Beyond	Total
Service Revenue	$ 701,000	$ 786,000	$ 502,000	$ 165,000	$ 120,000	$ 2,274,000
Clinical Revenue	7,000	14,000	14,000	14,000	202,000	251,000
Total	$ 708,000	$ 800,000	$ 516,000	$ 179,000	$ 322,000	$ 2,525,000

Revenues are net of normal discounts. Shipping and handling fees billed to customers are included in net revenues, while the related costs are included in cost of revenues.

Fair Value Measurements

In accordance with ASC 820, "*Fair Value Measurements and Disclosures*," fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. The guidance establishes three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs reflecting the reporting entity's own assumptions.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short duration. The fair value of the Company's derivative obligation liability is classified as Level 3 within the fair value hierarchy since the valuation model of the derivative obligation is based on unobservable inputs. The impairment of goodwill and intangible assets is a non-recurring Level 3 fair value measurement.

Segment Reporting
Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker (CODM), or decision-making group, whose function is to allocate resources to and assess the performance of the operating segments. The Company has identified its chief executive officer as the CODM. In determining its reportable segments, the Company considered the markets and the products or services provided to those markets.

The Company has two reportable business segments:

- The Clinical Development Segment, is developing autologous (utilizing the patient's own cells) stem cell-based therapeutics that address significant unmet medical needs for applications within the vascular, cardiology and orthopedic markets.
- The Device Segment, engages in the development and commercialization of automated technologies for cell-based therapeutics and bio-processing. The device division is operated through the Company's ThermoGenesis subsidiary.

Net Loss per Share

Net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding plus the pre-funded warrants. For the purpose of calculating basic net loss per share, the additional shares of common stock that are issuable upon exercise of the pre-funded warrants have been included since the shares are issuable for a negligible consideration and have no vesting or other contingencies associated with them. There were 540,945 pre-funded warrants included in the quarter ended June 30, 2019 calculation. The calculation of the basic and diluted earnings per share is the same for all periods presented, as the effect of the potential common stock equivalents noted below is anti-dilutive due to the Company's net loss position for all periods presented. Anti-dilutive securities consisted of the following at June 30:

	2019	2018
Common stock equivalents of convertible promissory notes and accrued interest	5,355,198	1,267,607
Vested Series A warrants	40,442	40,442
Unvested Series A warrants(1)	69,853	69,853
Warrants – other	1,300,091	1,319,728
Stock options	286,229	120,047
Total	7,051,813	2,817,677

(1) The unvested Series A warrants were subject to vesting based upon the amount of funds actually received by the Company in the second close of the August 2015 financing which never occurred. The warrants will remain outstanding but unvested until they expire in February 2021.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. The reclassifications did not have an impact on net loss as previously reported.

3. Related Party Transactions

Convertible Promissory Note and Revolving Credit Agreement

In March 2017, Cesca entered into a Credit Agreement with Boyalife Investment Fund II, Inc., which later merged into Boyalife Asset Holding II, Inc. (the "Lender"). The Lender is a wholly owned subsidiary of Boyalife Group Inc., which is owned and controlled by the Company's Chief Executive Officer and Chairman of the Board of Directors. The Credit Agreement and its subsequent amendments, grants to the Company the right to borrow up to $10,000,000 (the "Loan") at any time prior to March 6, 2022 (the "Maturity Date"). The Company has drawn down a total of $8,713,000 and $7,200,000 as of June 30, 2019 and December 31, 2018, respectively. The Company's ability to draw-down the remaining $1,287,000 may be impacted by reasons such as default or foreign government policies that restrict or prohibit transferring funds. At the time of this filing, we are currently unable to draw down on the line of credit. This may change in the near future but there is no assurance that the line of credit will become available at such time when it is needed.

The Credit Agreement and the Convertible Promissory Note issued thereunder (the "Note") provide that the principal and all accrued and unpaid interest under the Loan will be due and payable on the Maturity Date, with payments of interest-only due on the last day of each calendar year. The Loan bears interest at 22% per annum, simple interest. The Company has five business days after the Lender demands payment to pay the interest due before the Loan is considered in default. The Note can be prepaid in whole or in part by the Company at any time without penalty.

The Maturity Date of the Note is subject to acceleration at the option of the Lender upon customary events of default, which include; a breach of the Loan documents, termination of operations, or bankruptcy. The Lender's obligation to make advances under the Loan is subject to the Company's representations and warranties in the Credit Agreement continuing to be true at all times and there being no continuing event of default under the Note. The Credit Agreement provides that if the Lender at any time in the future purchases the Company's blood and bone marrow processing device business, the Lender would refund to the Company legal fees expended by the Company in connection with certain litigation expenses funded by the Company with proceeds of the Loan.

The Credit Agreement and Note were amended in April 2018. The amendment granted the Lender the right to convert, at any time, outstanding principal and accrued but unpaid interest into shares of Common Stock at a conversion price of $16.10 per share and if the Company issues shares of Common Stock at a lower price per share, the conversion price of the Note is lowered to the reduced amount. The Company completed two transactions in 2018, lowering the conversion price to $1.80.

It was concluded that the conversion option did contain a beneficial conversion feature and as a result of the modifications to the conversion price, the Company recorded a debt discount in the amount of $7,200,000 and added $1,513,000 to the debt discount as a result of the draw-down during the quarter ended March 31, 2019. Such discount represented the fair value of the incremental shares up to the proceeds received from the convertible notes. The Company amortized $586,000 and $1,172,000 of such debt discount to interest expense for the three and six months ended June 30, 2019, and $350,000 for the three and six months ended June 30, 2018. In addition to the amortization, the Company also recorded interest expense of $466,000 and $926,000 during the three and six months ended June 30, 2019, and $382,000 and $742,000 for the three and six months ended June 30, 2018. As of June 30, 2019, the Company had an interest payable balance of $926,000 as compared to $1,513,000 at December 31, 2018 related to the Note.

Distributor Agreement

On August 21, 2017, ThermoGenesis entered into an International Distributor Agreement with Boyalife W.S.N. Under the terms of the agreement, Boyalife W.S.N. was granted the exclusive right, subject to existing distributors and customers (if any), to develop, sell to, and service a customer base for ThermoGenesis' AXP® (AutoXpress®) System and BioArchive® System in the People's Republic of China (excluding Hong Kong and Taiwan), Singapore, Indonesia, and the Philippines (the "Territories"). Boyalife W.S.N. is an affiliate of our Chief Executive Officer and Chairman of our Board of Directors, and Boyalife (Hong Kong) Limited, our largest stockholder. Boyalife W.S.N.'s rights under the agreement include the exclusive right to distribute AXP® Disposable Blood Processing Sets and use rights to the AutoXpress® System, BioArchive System and other accessories used for the processing of stem cells from cord blood in the Territories. Boyalife W.S.N. is also appointed as the exclusive service provider to provide repairs and preventative maintenance to ThermoGenesis products in the Territories.

The term of the agreement is for three years with ThermoGenesis having the right to renew the agreement for successive two-year periods at its option. However, ThermoGenesis has the right to terminate the agreement early if Boyalife W.S.N. fails to meet specified minimum purchase requirements.

Revenues

During the three and six months ended June 30, 2019, the Company recorded $315,000 and $581,000, and $43,000 and $269,000 for the three and six months ended June 30, 2018 respectively, of revenues from Boyalife related to the aforementioned distributor agreement.

License Agreement

On March 12, 2018, ThermoGenesis entered into a License Agreement (the "Agreement") with IncoCell Tianjin Ltd., a Chinese company and wholly-owned subsidiary of China-based Boyalife Group ("IncoCell"). Boyalife Group is an affiliate of the Company's Chief Executive Officer and Chairman of the Board of Directors, and Boyalife (Hong Kong) Limited, the Company's largest stockholder. Under the terms of the Agreement, IncoCell was granted the exclusive license to use the ThermoGenesis X-Series® products in the conduct of IncoCell's contract manufacturing and development operations in the People's Republic of China, Japan, South Korea, Taiwan, Hong Kong, Macau, Singapore, Malaysia, Indonesia and India (the "Territories").

Pursuant to the terms of the Agreement, ThermoGenesis has granted IncoCell an exclusive license to purchase and use, at a discounted purchase price, X-Series cellular processing research devices, consumables, and kits for use in the conduct of contract manufacturing and development services in the Territories. In exchange, ThermoGenesis is entitled to a percentage of IncoCell's gross contract development revenues, including any potential upfront payments, future milestones or royalty payments, during the term of the Agreement. The term of the Agreement is ten years, provided that either party may terminate the Agreement earlier upon ninety (90) days' prior notice to the other party. The Company did not record any revenues related to this license agreement during the three and six months ended June 30, 2019 and 2018.

4. Convertible Promissory Note

On January 29, 2019, the Company agreed to issue and sell an unsecured note payable for an aggregate of $800,000 face value (the "January 2019 Note") that, after six months, is convertible into shares of the Company's common stock at a conversion price equal to the lower of (a) $1.80 per share or (2) 90% of the closing sale price of the Company's common stock on the date of conversion (subject to a floor conversion price of $0.50).

The January 2019 Note bears interest at the rate of twenty-four percent (24%) per annum and is payable quarterly in arrears. Unless sooner converted in the manner described below, all principal under the January 2019 Note, together with all accrued and unpaid interest thereupon, will be due and payable eighteen (18) months from the date of the issuance of the January 2019 Note. The January 2019 Note may be prepaid without penalty at any time after it becomes convertible (at which time the holder will have the right to convert it before prepayment thereof).

On the date that is six months after the issuance of the January 2019 Note, and for so long thereafter as any principal and accrued but unpaid interest under the January 2019 Note remains outstanding, the holder of the January 2019 Note may convert such holder's January 2019 Note, in whole or in part, into a number of shares of Company common stock equal to (i) the principal amount being converted, together with any accrued or unpaid interest thereon, divided by (ii) the conversion price in effect at the time of conversion. The January 2019 Note has customary conversion blockers at 4.99% and 9.99% unless otherwise agreed to by the Company and the holder. It was concluded that the conversion option did contain a beneficial conversion feature and the Company recorded a debt discount in the amount of $800,000, upon stockholder approval of the conversion feature on May 30, 2019. The discount represented the fair value of the incremental shares up to the proceeds received from the convertible note. The Company amortized $57,000 and of the debt discount to interest expense for the three and six months ended June 30, 2019, respectively.

The January 2019 Note contains customary events of default, including the suspension or failure of the Company's common stock to be traded on a trading platform, the Company's failure to pay interest or principal when due, or if the Company files for bankruptcy or takes some other similar action for the benefit of creditors. In the event of any default under the January 2019 Note, the holder may accelerate all outstanding interest and principal due on the January 2019 Note.

5. Leases

The Company determines if a contract contains a lease at inception. Our material operating lease consists of office space which has a remaining term of 4.9 years. Generally, the lease term is the minimum of the noncancelable period of the lease or the lease term inclusive of reasonably certain renewal periods.

Operating Leases

Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. To determine the present value of lease payments not yet paid, we use the Company's cost of capital based on existing debt instruments. Our material leases typically contain rent escalations over the lease term. We recognize expense for these leases on a straight-line basis over the lease term.

The following summarizes the Company's operating leases:

	June 30, 2019
Right-of-use operating lease assets, net	$ 915,000
Current lease liability	102,000
Non-current lease liability	825,000

	June 30, 2019
Weighted average remaining lease term	4.9
Discount rate	22%

Maturities of lease liabilities by year for our operating leases are as follows:

2019 (remaining)	$ 148,000
2020	301,000
2021	310,000
2022	319,000
2023	329,000
2024	138,000
Total lease payments	$ 1,545,000
Less: imputed interest	(617,000)
Present value of operating lease liabilities	$ 928,000

Statement of Cash Flows

In January 2019, the Company signed a new amendment to its lease for office space at its corporate headquarters in Rancho Cordova, CA. The amendment was accounted for as a modification and resulted in a right-of-use asset of $966,000 being recognized as a non-cash addition during the first quarter of 2019. Cash paid for amounts included in the measurement of operating lease liabilities were $72,000 and $143,000 during the three and six months ended June 30, 2019 and is included in cash flows from operating activities.

Operating Lease Costs
Operating lease costs were $103,000 and $206,000 during the three and six months ended June 30, 2019. These costs are primarily related to long-term operating leases, but also include immaterial amounts for variable lease costs and short term leases with terms greater than 30 days.

Finance Leases
Finance leases are included in equipment and other current and non-current liabilities on the condensed consolidated balance sheet. The amortization and interest expense are included in general and administrative expense and interest expense, respectively, on the statement of operations. These leases are not material as of June 30, 2019.

6. Commitments and Contingencies

Financial Covenants
Effective May 15, 2017, the Company entered into a Sixth Amended and Restated Technology License and Escrow Agreement with CBR Systems, Inc. which modified the financial covenant that the Company must meet in order to avoid an event of default. The Company must maintain a cash balance and short-term investments net of debt or borrowed funds that are payable within one year of not less than $2,000,000. The Company was in compliance with this financial covenant as of June 30, 2019.

Warranty
The Company offers a warranty on all of its non-disposable products of one to two years. The Company warrants disposable products through their expiration date. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

The warranty liability is included in other current liabilities in the unaudited condensed consolidated balance sheets. The change in the warranty liability for the six months ended June 30, 2019 is summarized in the following table:

Balance at December 31, 2018	$	186,000
Warranties issued during the period		88,000
Settlements made during the period		(125,000)
Changes in liability for pre-existing warranties during the period		(17,000)
Balance at June 30, 2019	$	132,000

Contingencies and Restricted Cash

In fiscal 2016, the Company signed an engagement letter with a strategic consulting firm ("Mavericks"). Included in the engagement letter was a success fee due upon the successful conclusion of certain transactions. On May 4, 2017, a lawsuit was filed against the Company and its CEO by the consulting firm as the consulting firm argues that it is owed a transaction fee of $1,000,000 (and interest of approximately $300,000 as of June 30, 2019) under the terms of the engagement letter due to the conversion of the Boyalife debentures in August 2016. In October 2017, to streamline the case by providing for the dismissal of claims against the Company's CEO based on alter ego theories and without acknowledging any liability, the Company deposited $1,000,000 with the Court and has recorded this deposit as restricted cash on its condensed consolidated balance sheet. The Company filed a Motion for Summary Judgment, which was denied by the Court on June 26, 2018. On September 24, 2018, Mavericks filed an amended complaint, adding back the Company's CEO as a named defendant, as well as Boyalife Investment, Inc. (a dissolved company) and Boyalife (Hong Kong) Limited under new theories of liability, namely intentional interference with contract and inducement of breach of contract. On July 22, 2019, Mavericks filed a Request for Dismissal requesting the Court to the dismiss the served Boyalife entities and the Company CEO as well as the intentional interference with performance of contract and inducing breach of contract causes of action from the lawsuit. As such, the only remaining claim at present is the original breach of contract claim against the Company. On August 6, 2019, a trial starting date was set for November 4, 2019. A mandatory settlement conference was also set for October 30, 2019 with the Court. The Company denies liability and intends to defend the lawsuit vigorously. No accrual has been recorded for this contingent liability as of June 30, 2019.

In the normal course of operations, the Company may have disagreements or disputes with customers, employees or vendors. Such potential disputes are seen by management as a normal part of business. As of June 30, 2019, management believes any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the Company's consolidated financial position, operating results or cash flows.

7. Derivative Obligations

Series A Warrants

Series A warrants to purchase 40,442 common shares were issued and vested during the year ended June 30, 2016. At the time of issuance, the Company determined that as such warrants can be settled for cash at the holders' option in a future fundamental transaction, they constituted a derivative liability. The Company has estimated the fair value of the derivative liability, using a Binomial Lattice Valuation Model with the following assumptions:

	Series A	
	June 30, 2019	December 31, 2018
Market price of common stock	$2.81	$2.70
Expected volatility	93%	94%
Contractual term (years)	1.7	2.2
Discount rate	1.81%	2.48%
Dividend rate	0%	0%
Exercise price	$80.00	$80.00

Expected volatilities are based on the historical volatility of the Company's common stock. Contractual term is based on remaining term of the respective warrants. The discount rate represents the yield on U.S. Treasury bonds with a maturity equal to the contractual term.

The Company recorded no gain or loss for the three and six months ended June 30, 2019, and a gain of $308,000 and $567,000 for the three and six months ended June 30, 2018, respectively, representing the net change in the fair value of the derivative liability, in the accompanying condensed consolidated statements of operations and comprehensive loss.

The following table represents the Company's fair value hierarchy for its financial liabilities measured at fair value on a recurring basis as of June 30, 2019 and December 31, 2018:

	Derivative Obligation	
	June 30, 2019	December 31, 2018
Balance	$1,000	$1,000
Level 1	$--	$-
Level 2	$--	$-
Level 3	$1,000	$1,000

The following table reflects the change in fair value of the Company's derivative liabilities for the six months ended June 30, 2019:

	Amount
Balance – December 31, 2018	$ 1,000
Change in fair value of derivative obligation	--
Balance – June 30, 2019	$ 1,000

8. Stockholders' Equity

Stock Based Compensation

The Company recorded stock-based compensation of $125,000 and $206,000 for the three and six months ended June 30, 2019, and $163,000 and $300,000 for the three and six months ended June 30, 2018, respectively, as comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Cost of revenues	$ 1,000	$ 4,000	$ 1,000	$ 7,000
Sales and marketing	44,000	9,000	56,000	17,000
Research and development	22,000	28,000	37,000	55,000
General and administrative	58,000	122,000	112,000	221,000
	$ 125,000	$ 163,000	$ 206,000	$ 300,000

The following is a summary of option activity for the Company's stock option plans:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2018	302,368	$ 13.99		
Forfeited	(16,139)	$ 11.71		
Outstanding at June 30, 2019	286,229	$ 14.12	9	--
Vested and expected to vest at June 30, 2019	196,219	$ 16.92	8.6	--
Exercisable at June 30, 2019	84,804	$ 28.17	7.7	--

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's common stock. There were no options exercised during the six months ended June 30, 2019.

Warrants

A summary of warrant activity for the six months ended June 30, 2019 follows:

	Number of Shares	Weighted-Average Exercise Price Per Share
Balance at December 31, 2018	1,726,523	$ 29.88
Warrants granted[(1)]	444,445	$ 0.10
Warrants expired	(19,637)	$ 417.00
Warrants exercised	(200,000)	$ 0.10
Outstanding at June 30, 2019	1,951,331	$ 22.26
Exercisable at June 30, 2019	1,881,478	$ 20.11

(1) See Footnote 1 of the Notes to the Condensed Consolidated Financial Statements.

9. Segment Reporting

The Company has two reportable segments, which are the same as its operating segments:

The Clinical Development Segment is developing autologous (utilizing the patient's own cells) stem cell-based therapeutics that address significant unmet medical needs for applications within the vascular, cardiology and orthopedic markets.

The Device Segment is a pioneer and market leader in the development and commercialization of automated technologies for cell-based therapeutics and bio-processing.

The following table summarizes the operating results of the Company's reportable segments:

	Three Months Ended June 30, 2019		
	Clinical Development	Device	Total
Net revenues	$ 44,000	$ 4,261,000	$ 4,305,000
Cost of revenues	57,000	2,297,000	2,354,000
Gross profit	(13,000)	1,964,000	1,951,000
Operating expenses	483,000	1,730,000	2,213,000
Operating loss	$ (496,000)	$ 234,000	$ (262,000)
Depreciation and amortization	$ 75,000	$ 115,000	$ 190,000
Stock-based compensation expense	$ 59,000	$ 66,000	$ 125,000
Goodwill	--	$ 781,000	$ 781,000
Total assets	$ 4,412,000	$ 12,120,000	$ 16,532,000

	Three Months Ended June 30, 2018		
	Clinical Development	Device	Total
Net revenues	$ 46,000	$ 1,958,000	$ 2,004,000
Cost of revenues	49,000	1,592,000	1,641,000
Gross profit	(3,000)	366,000	363,000
Operating expenses	28,408,000	2,460,000	30,868,000
Operating loss	$ (28,411,000)	$ (2,094,000)	$ (30,505,000)
Depreciation and amortization	$ 69,000	$ 105,000	$ 174,000
Impairment charges	$ 27,202,000	$ --	$ 27,202,000
Stock-based compensation expense	$ 122,000	$ 41,000	$ 163,000
Goodwill	$ 500,000	$ 781,000	$ 1,281,000
Total assets	$ 12,808,000	$ 10,435,000	$ 23,243,000

	Six Months Ended June 30, 2019		
	Clinical Development	Device	Total
Net revenues	$ 55,000	$ 7,213,000	$ 7,268,000
Cost of revenues	100,000	3,957,000	4,057,000
Gross profit	(45,000)	3,256,000	3,211,000
Operating expenses	955,000	3,423,000	4,378,000
Operating loss	$ (1,000,000)	$ (167,000)	$ (1,167,000)
Depreciation and amortization	$ 169,000	$ 233,000	$ 402,000
Stock-based compensation expense	$ 113,000	$ 93,000	$ 206,000
Goodwill	$ --	$ 781,000	$ 781,000
Total assets	$ 4,412,000	$ 12,120,000	$ 16,532,000

	Six Months Ended June 30, 2018		
	Clinical Development	Device	Total
Net revenues	$ 108,000	$ 3,763,000	$ 3,871,000
Cost of revenues	120,000	3,036,000	3,156,000
Gross profit	(12,000)	727,000	715,000
Operating expenses	29,588,000	4,889,000	34,477,000
Operating loss	$ (29,600,000)	$ (4,162,000)	$ (33,762,000)
Depreciation and amortization	$ 137,000	$ 196,000	$ 333,000
Impairment charges	$ 27,202,000	$ --	$ 27,202,000
Stock-based compensation expense	$ 220,000	$ 80,000	$ 300,000
Goodwill	$ 500,000	$ 781,000	$ 1,281,000
Total assets	$ 12,808,000	$ 10,435,000	$ 23,243,000

10. Major Customers and Accounts Receivable

The Company had certain customers whose revenue individually represented 10% or more of the Company's total revenue, or whose accounts receivable balances individually represented 10% or more of the Company's total accounts receivable as follows:

For the three months ended June 30, 2019 and 2018, one customer accounted for 40% and 24% of revenue, while a second customer accounted for 18% and 0% of revenue, respectively. For the six months ended June 30, 2019 and 2018, one customer accounted for 29% and 21% of revenue, while another customer accounted for 13% and 0% of revenue, respectively.

At June 30, 2019, three customers accounted for 79% of accounts receivable. At December 31, 2018 four customers accounted for 77% of accounts receivable.

11. Subsequent Events

On July 23, 2019, the Company entered into and closed a private placement with an accredited investor, pursuant to which the Company issued and sold to such investor an unsecured convertible promissory note in the original principal amount of $1,000,000 (the "July 2019 Note"). After six months and subject to the receipt of stockholder approval of the conversion feature of the July 2019 Note, such note is convertible into shares of the Company's common stock at a conversion price equal to the lower of (a) $1.80 per share or (b) 90% of the closing sale price of the Company's common stock on the date of conversion (subject to a floor conversion price of $0.10). On August 12, 2019, the July 2019 Note was amended to raise the floor conversion price from $0.10 to $0.50. All other terms of the July 2019 Note remained unchanged.

The July 2019 Note bears interest at the rate of twenty-four percent (24%) per annum and is payable quarterly in arrears. Unless sooner converted in the manner described below, all principal under the July 2019 Note, together with all accrued and unpaid interest thereupon, will be due and payable three years from the date of the issuance on July 31, 2022. However, if stockholder approval of the conversion feature of the July 2019 Note is not obtained at the Company's next annual meeting of stockholders, the maturity date will accelerate to the date that is fourteen days after the next annual meeting. The July 2019 Note may be prepaid without penalty at any time after the it becomes convertible (at which time the holder will have the right to convert the it before prepayment thereof).

On the date that is six months after the issuance of the July 2019 Note, but subject to stockholder approval of the conversion feature described above, and for so long thereafter as any principal and accrued but unpaid interest under the July 2019 Note remains outstanding, the holder may convert the July 2019 Note, in whole or in part, into a number of shares of Company common stock equal to (i) the principal amount being converted, together with any accrued or unpaid interest thereon, divided by (ii) the conversion price in effect at the time of conversion. The July 2019 Note has customary conversion blockers at 4.99% and 9.99% unless otherwise agreed to by the Company and the holder.

In addition, on July 23, 2019, the Company entered into Amendment No. 1 to the Convertible Note Agreement, dated January 29, 2019, by the Company and Orbrex USA Co. Limited. Under the terms of this Amendment, the maturity date of the January 2019 Note was extended from July 29, 2020 to July 31, 2022. All other terms of the Convertible Note Agreement remain the same.

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

Forward-Looking Statements

This report contains forward-looking statements. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements contained herein. When used in this report, the words "anticipate," "believe," "estimate," "expect" and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. Actual results, performance or achievements could differ materially from the results expressed in, or implied by these forward-looking statements. Readers should be aware of important factors that, in some cases, have affected, and, in the future, could affect actual results, and may cause actual results for the three and six months ended June 30, 2019 and beyond to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company. These factors include without limitation, the ability to obtain capital and other financing in the amounts and at the times needed to complete clinical trials and launch new products, market acceptance of new products, the nature and timing of regulatory approvals for both new products and existing products for which the Company proposes new claims, realization of forecasted revenues, expenses and income, initiatives by competitors, price pressures, failure to meet FDA regulated requirements governing the Company's products and operations (including the potential for product recalls associated with such regulations), risks associated with initiating manufacturing for new products, failure to meet Foreign Corrupt Practice Act regulations, legal proceedings, and other risk factors listed from time to time in our reports with the Securities and Exchange Commission ("SEC"), including, in particular, those set forth in Cesca's Form 10-K for the year ended December 31, 2018.

Business Overview

Cesca develops and commercializes a range of automated technologies for cell-banking, cell-processing, and cell-based therapeutics. Since the 1990's Cesca has been a pioneer in, and a leading provider of automated systems that isolate, purify and cryogenically store units of hematopoietic stem and progenitor cells for the cord blood banking industry. In July 2017, Cesca's subsidiary, ThermoGenesis Corp. ("ThermoGenesis"), completed a strategic acquisition of the business and substantially all of the assets of SynGen Inc. ("SynGen"), a research and development company for automated cellular processing. Following this acquisition, ThermoGenesis operates Cesca's device business and SynGen's automated cellular processing business.

Following the acquisition of SynGen, we utilized the SynGen assets, together with our own proprietary technology, to develop a novel proprietary CAR-TXpress™ platform that addresses the critical unmet need for better efficiency and cost-effectiveness for the emerging immune-oncology field, in particular, the chimeric antigen receptor T cell ("CAR-T") market. Since the first quarter of 2018, the Company developed and launched three X-Series products, which provide superior performance in the processing of immunotherapy drugs: X-Lab®, X-Wash®, and X-BACS™.

Cesca now has two separately reported business segments: A "Device Segment" and a "Clinical Development Segment." The Device Segment develops and commercializes automated systems that provide GMP, clinical grade cell-banking, cell-processing, and cell-based therapeutics commercialized by Cesca's subsidiary, ThermoGenesis. The Clinical Development Segment is developing autologous (utilizing the patient's own cells) cell-based therapeutics that address significant unmet medical needs for the vascular, cardiology and orthopedic markets.

Cesca's Device Segment
Cesca's Device Segment offers automated devices and technologies for cell-banking, point-of-care applications, and cell-processing. The automated solution offerings include:

AutoXpress Platform for Clinical Bio-Banking Applications, which provides automated isolation, harvest, controlled-rate freezing and cryogenic storage of cord blood stem and progenitor cells for treatment of patients in need, and includes the following products:

- **AXP® System –** The innovative AXP System defines a new processing standard for isolating and retrieving over 97% of the stem and progenitor cells from collections of umbilical cord blood in an automated, fully closed, sterile system in 30 minutes. AXP is self-powered, microprocessor-controlled, and contains flow control optical sensors to achieve precise separation.

- **BioArchive® Cryopreservation System –** The BioArchive Cryopreservation System is the industry's leading, fully automated, robotic, liquid nitrogen controlled-rate-freezing (CRF) and cryogenic storage system for stem cell samples and clinical products. Using proven, computer-controlled technology, it provides the ultimate performance and protection for today's invaluable cord blood samples and future cell therapeutic products. BioArchive is the preferred system for the highest quality cord blood banks worldwide. A complete technical Master-File has been provided to the FDA to support those highest quality cord blood banks which have been able to qualify for, and obtain, a Biological License from the FDA to allow their cord blood units to be used to treat patients with blood cancers.

POCXpress Platform for Point-of-Care Applications allows for the rapid, automated processing of autologous peripheral blood or bone marrow aspirate derived stem cells at the point-of-care, such as surgical centers or clinics and includes the following products:

- **MXP® System –** Built based on similar technology as our proprietary AXP System, MXP is an automated, fully closed, sterile system that volume-reduces bone marrow to a user-defined volume in less than 1 hour, while retaining over 90% of the MNCs. The MXP is self-powered, microprocessor-controlled, and contains flow control optical sensors to achieve precise separation.

- **PXP® System –** The PXP System is our newly launched point-of-care device. PXP is an automated, closed system that harvests a precise volume of cell concentrate from bone marrow aspirates. PXP can generate a concentration of bone marrow in less than 20 minutes, with consistently high MNC and $CD34^+$ stem cell progenitor recovery rates and greater than 98% depletion of contaminating red blood cells (RBCs). Processing data is captured using our proprietary DataTrak™ software to assist with Good Manufacturing Practice (GMP) process monitoring and reporting information.

CAR-TXpress™ Platform for Immuno-Oncology Applications addresses the critical unmet need for chemistry, manufacturing and controls (CMC) improvement of the emerging CAR-T therapies for cancer patients. CAR-TXpress eliminates the need of using the labor intensive and "open system" ficoll MNC purification process and traditional magnetic bead T-Cell selection process, thereby dramatically reducing processing time and increasing efficiency of the manufacturing process, which should reduce the overall manufacturing cost. The CAR-TXpress platform includes the following X-Series products:

- **X-Lab® System for Cell Isolation –** a semi-automated, functionally-closed, ficoll-free, system for the rapid isolation of mononuclear cells ("MNCs") with, or without, platelets from collected units of peripheral blood, cord blood, bone marrow aspirate or leukapheresis. On November 13, 2018, the Company announced that ThermoGenesis had filed a Device Master File ("MAF") with the FDA for the X-LAB. The MAF contains all the relevant information that the FDA will need to allow principal investigators to include Cesca's systems in their investigational new drug applications.

- **X-BACS™ System for Cell Purification** – a semi-automated, functionally-closed system employs a microbubble/antibody reagent to isolate target cells by buoyancy-activated cell sorting (BACS). These microbubble/antibody reagents bind to user-selected target cells to increase their buoyancy and provide a complete separation from non-target cells during centrifugation and allowing the harvest of a highly purified population of target cells, with high recovery efficiency and cell viability.

- **X-Wash® System for Washing and Reformulation** – a semi-automated, functionally-closed system that separates, washes, and volume-reduces units of fresh or thawed units of blood, bone marrow, leukapheresis or cell cultures and presents these washed cells in a predetermined small volume.

Cesca's Clinical Development Segment
Using our proprietary automated point-of-care cellular processing technologies, Cesca's Clinical Development Segment is developing autologous (utilizing the patient's own cells) stem cell-based therapeutics that will address significant unmet medical needs for the vascular, cardiology and orthopedic markets that include:

- **VXP® for Critical Limb Ischemia (CLI)** – Cesca has a proprietary point-of-care, autologous stem cell-based therapy under development which is intended for the treatment of patients with CLI. The FDA has cleared the Company to proceed with a 362 subject, multi-center pivotal Phase III CLIRST study, which is designed to evaluate the safety and efficacy of Cesca's autologous stem cell-based therapy in patients with no-option or poor option late stage CLI. Previous clinical studies using Cesca's proprietary, point-of-care-technologies have demonstrated the regeneration of blood vessels and improved blood circulation in the limbs, using a patient's own bone marrow derived stem cells.

- **VXP® for Acute Myocardial Infarction** – Cesca has a proprietary, point-of-care autologous stem cell-based therapy under development which is intended as an adjunct treatment for patients who have suffered an acute STEMI, the most serious type of heart attack. Such treatments are aimed at minimizing the adverse remodeling of the heart post-STEMI.

- **PXP® for Orthopedics – Osteoarthritis (OA) -** Cesca is in early stage development of an autologous stem cell-based therapy intended to treat patients with cartilage tissue degeneration that may lead to progressive cartilage loss and painful joint diseases. Localized articular cartilage defects can potentially be repaired by transplantation of autologous cell therapy. Therapies in development using Cesca's proprietary PXP system are expected to delay further deterioration and repair the damaged joint cartilage. Treatment is typically via a single procedure in the hospital or clinic.

Critical Accounting Policies
Management's discussion and analysis of its financial condition and results of operations is based upon the condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. For a full discussion of our accounting estimates and assumptions that have been identified as critical in the preparation of the Company's condensed consolidated financial statements, please refer to Cesca's 2018 Form 10-K for the year ended December 31, 2018.

Results of Operations for the Three Months Ended June 30, 2019 as Compared to the Three Months Ended June 30, 2018

Net Revenues

Consolidated net revenues for the three months ended June 30, 2019 were $4,305,000 compared to $2,004,000 for the three months ended June 30, 2018, an increase of $2,301,000 or 115%. The increase was driven by AXP and CAR-TXpress sales in the Device Segment. The AXP revenues increase was driven by approximately 550 cases sold to a distributor in China as compared to no cases sold to that distributor in the quarter ended June 30, 2018 and approximately 450 more cases were sold to domestic end users in the current quarter (resulting in approximately $1,900,000 more in AXP disposables revenue). Additionally, AXP device sales increased approximately $200,000 in the second quarter of 2019 as compared to the same period last year. This increase was driven by customers upgrading to AXP II devices in the current year. CAR-TXpress sales increased by $152,000 due to relaunching the product line in the second half of 2018. Sales in the Clinical Development Segment were flat compared to prior year.

	June 30, 2019	June 30, 2018
Device Segment:		
AXP	$ 3,082,000	$ 915,000
BioArchive	784,000	760,000
Manual Disposables	205,000	229,000
CAR-TXpress	182,000	30,000
Other	8,000	24,000
	4,261,000	1,958,000
Clinical Development Segment:		
Disposables	37,000	1,000
Other	7,000	45,000
	44,000	46,000
	$ 4,305,000	$ 2,004,000

Gross Profit

The Company's gross profit was $1,951,000 or 45% of net revenues for the three months ended June 30, 2019, compared to $363,000 or 18% for three months ended June 30, 2018, an increase of $1,588,000. Device Segment gross profit margin increased to $1,964,000 or 46% for the three months ended June 30, 2019, compared to $366,000 or 19% for the three months ended June 30, 2018, an increase of $1,598,000. The increase was primarily due to the $2,167,000 increase in AXP sales, generating approximately $650,000 more from disposables and approximately $100,000 from sales of AXP II devices. Additionally, lower AXP disposable costs through price efficiencies from contract manufacturers decreased cost of goods expense related to AXP disposables by approximately $550,000 and reduced overhead expenses of approximately $200,000 as a result of the June 2018 reorganization. The remainder of the increase is due primarily to additional sales of CAR-TXpress which resulted in approximately $75,000 more gross profit.

Sales and Marketing Expenses
Consolidated sales and marketing expenses were $384,000 for the three months ended June 30, 2019, as compared to $359,000 for the three months ended June 30, 2018, an increase of $25,000 or 7%. The variance was driven by increased stock compensation expense for new options granted to ThermoGenesis employees during the current quarter.

Research and Development Expenses
Consolidated research and development expenses were $611,000 for the three months ended June 30, 2019, compared to $908,000 for the three months ended June 30, 2018, a decrease of $297,000 or 33%. Research and development expenses in the Device Segment decreased by $242,000 and in the Clinical Development Segment decreased by $53,000. The decrease in both segments is primarily due to a decline in personnel costs related to the June 2018 reorganization.

General and Administrative Expenses
Consolidated general and administrative expenses for the three months ended June 30, 2019 were $1,218,000, compared to $2,399,000 for the three months ended June 30, 2018, a decrease of $1,181,000 or 50%. The decrease is driven by the decline in personnel costs associated with the June 2018 reorganization and other headcount reductions in 2018 of approximately $250,000, severance expenses of $225,000, a one-time legal settlement of $150,000 and a loss on the disposal of fixed assets of $420,000 in the quarter ended June 30, 2018. The Company also eliminated its management bonus program in 2019, reducing expenses by $115,000.

Impairment Charges
The Company incurred impairment charges of $0 during the three months ended June 30, 2019 as compared to $27,202,000 during the three months ended June 30, 2018. During the quarter ended June 30, 2018, the Company experienced a significant and sustained decline in its stock price resulting in its market capitalization falling significantly below the recorded value of its consolidated assets. The Company performed a quantitative assessment which determined that the carrying amount for the Company's goodwill and indefinite lived intangible assets relating to the clinical protocols exceeded its estimated fair value. As a result, impairment charges of $12,695,000 to goodwill and $14,507,000 to the intangible assets were recorded during the period to the Clinical Development Segment.

Interest Expense
Interest expense increased to $1,211,000 for the three months ended June 30, 2019 as compared to $733,000 for the three months ended June 30, 2018, an increase of $478,000. The increase is driven by interest recorded and the amortization of the debt discount on the beneficial conversion feature related to the January 2019 Note of approximately $105,000, as well as approximately $325,000 more in interest expense and amortization of the debt discount on the beneficial conversion feature related to the Revolving Credit Agreement with Boyalife, for which amortization started in May 2018.

Benefit for Income Taxes
The income tax benefit to the Company was $0 in the three months ended June 30, 2019 as compared to $3,451,000 in the three months ended June 30, 2018. The income tax benefit for the three months ended June 30, 2018 was due to the impairment of the indefinite lived intangible assets for the clinical protocols and goodwill during the quarter ended June 30, 2018. The Company's deferred tax liability was tied to the intangible assets and goodwill in the Clinical Development Segment. The impairment caused the deferred tax liability to decrease resulting in a $3,451,000 benefit for income taxes recorded in the period ended June 30, 2018. The current quarter had $0 income tax expense.

Results of Operations for the Six Months Ended June 30, 2019 as Compared to the Six Months Ended June 30, 2018

Net Revenues

Consolidated net revenues for the six months ended June 30, 2019 were $7,268,000, compared to $3,871,000, for the six months ended June 30, 2018, an increase of $3,397,000 or 88%. Device Segment revenues increased across all product lines. The AXP revenues increase was driven by the sale of 640 cases sold to a distributor in China as compared to no cases sold to that distributor in the quarter ended June 30, 2018 and 400 more cases were sold to domestic end users in the current quarter (resulting in approximately $1,900,000 more in AXP disposables revenue). Additionally, AXP device sales increased approximately $360,000 in the first six months of 2019 as compared to the same period last year. This increase was driven by customers upgrading to AXP II devices in the current year. BioArchive sales increased by $270,000 driven by the sale of one additional BioArchive device to our distributor in China. CAR-TXpress sales increased by $459,000 due to relaunching the product line in the second half of 2018. Sales in the Clinical Development Segment were $53,000 less than prior year due to reduced clinical services in India.

	June 30, 2019	June 30, 2018
Device Segment:		
AXP	$ 4,405,000	$ 1,665,000
BioArchive	1,797,000	1,527,000
Manual Disposables	499,000	462,000
CAR-TXpress	489,000	30,000
Other	22,000	79,000
	7,212,000	3,763,000
Clinical Development Segment:		
Disposables	44,000	23,000
Other	12,000	85,000
	56,000	108,000
	$ 7,268,000	$ 3,871,000

Gross Profit

The Company's gross profit was $3,211,000 or 44% of net revenues for the six months ended June 30, 2019, compared to $715,000 or 18% for the six months ended June 30, 2018, an increase of $2,496,000. Device Segment gross profit margin increased to $3,265,000 or 45% of net revenues for the six months ended June 30, 2019, compared to $727,000 or 19% of net revenues for the six months ended June 30, 2018, an increase of $2,538,000. The increase was primarily due to increased AXP sales, generating approximately $800,000 more in gross profit from disposables and approximately $150,000 from sales of AXP II devices. Additionally, lower AXP disposable costs through price efficiencies from contract manufacturers decreased cost of goods expense for AXP disposables by approximately $750,000 and reduced overhead expenses of approximately $450,000 driven by the June 2018 reorganization. The remainder of the increase is due primarily to additional sales of CAR-TXpress which resulted in approximately $250,000 more gross profit.

Sales and Marketing Expenses

Consolidated sales and marketing expenses were $725,000 for the six months ended June 30, 2019, as compared to $685,000 for the six months ended June 30, 2018, an increase of $40,000 or 6%. The variance was driven by increased stock compensation expense for new options granted to ThermoGenesis employees during the current quarter.

Research and Development Expenses
Consolidated research and development expenses were $1,175,000 for the six months ended June 30, 2019, compared to $1,949,000 for the six months ended June 30, 2018, a decrease of $774,000 or 40%. Research and development in the Device Segment decreased by $568,000 and the Clinical Development Segment decreased by $206,000. The decrease in both segments is primarily due to a decline in personnel costs related to the June 2018 reorganization.

General and Administrative Expenses
Consolidated general and administrative expenses for the six months ended June 30, 2019 were $2,478,000, compared to $4,641,000 for the six months ended June 30, 2018, a decrease of $2,163,000 or 47%. The decrease was driven by the decline in personnel costs associated with the June 2018 reorganization and other headcount reductions of approximately $500,000, severance expenses of $225,000, a one-time legal settlement of $150,000 and a loss on the disposal of fixed assets of $420,000 in the six months ended June 30, 2018. The remainder of the decrease was due to a reduction of approximately $250,000 as the result of the Company eliminating the management bonus plan in 2019 and reduced legal expense of approximately $150,000 in the current year.

Impairment Charges
The Company incurred impairment charges of $0 during the six months ended June 30, 2019, as compared to impairment charges of $27,202,000 during the six months ended June 30, 2018. During the six months ended June 30, 2018, the Company experienced a significant and sustained decline in its stock price resulting in its market capitalization falling significantly below the recorded value of its consolidated assets. The Company performed a quantitative assessment which determined that the carrying amount for the Company's goodwill and indefinite lived intangible assets relating to the clinical protocols exceeded its estimated fair value. As a result, impairment charges of $12,695,000 to goodwill and $14,507,000 to the intangible assets were recorded during the period to the Clinical Development Segment.

Interest Expense
Interest expense increased to $2,343,000 for the six months ended June 30, 2019 as compared to $1,093,000 for the six months ended June 30, 2018, an increase of $1,250,000. The increase is driven by interest recorded and the amortization of the debt discount on the beneficial conversion feature related to the January 2019 Note of approximately $105,000, as well as approximately $1,000,000 more in interest and amortization of the debt discount on the beneficial conversion feature related to the Revolving Credit Agreement with Boyalife, for which amortization started in May 2018.

Benefit for Income Taxes
The income tax benefit decreased to $0 in the six months ended June 30, 2019, as compared to $3,451,000 in the six months ended June 30, 2018. The income tax benefit for the six months ended June 30, 2018 was due to the impairment of the indefinite lived intangible assets for the clinical protocols and goodwill during the six months ended June 30, 2018. The Company's deferred tax liability was tied to the intangible assets and goodwill in the Clinical Development Segment. The impairment caused the deferred tax liability to decrease resulting in a $3,451,000 benefit for income taxes recorded in the period ended June 30, 2018. The current year has no income tax expense.

Liquidity and Capital Resources

At June 30, 2019, the Company had cash and cash equivalents of $2,424,000 and working capital of $3,374,000. This compares to cash and cash equivalents of $2,400,000 and working capital of $2,261,000 at December 31, 2018. We have primarily financed operations through private and public placement of equity securities and our line of credit facility.

The Company has a Revolving Credit Agreement with Boyalife Asset Holding II, Inc. As of June 30, 2019, the Company had drawn down $8,713,000 of the $10,000,000 available under the Credit Agreement. Future draw-downs may be limited for various reasons including default or foreign government policies that restrict or prohibit transferring funds. At the time of this filing, we are currently unable to draw down on the line of credit. This may change in the near future but there is no assurance that the line of credit will become available at such time when it is needed. Boyalife Asset Holding II, Inc. is a wholly owned subsidiary of Boyalife Group Inc., which is owned and controlled by the Company's Chief Executive Officer and Chairman of the Board.

The Company has incurred recurring operating losses and as of June 30, 2019 had an accumulated deficit of $230,603,000. These conditions raise substantial doubt about the Company's ability to continue as a going concern within one year after the issuance date. The Company anticipates requiring additional capital to grow the device business, to fund other operating expenses and to make interest payments on the line of credit with Boyalife. The Company's ability to fund its cash needs is subject to various risks, many of which are beyond its control. The Company plans to seek additional funding through bank borrowings or public or private sales of debt or equity securities or strategic partnerships. The Company cannot guarantee that such funding will be available on a timely basis, in needed quantities or on terms favorable to us, if at all.

Non-GAAP Measures

In addition to the results reported in accordance with US GAAP, we also use a non-GAAP measure, adjusted EBITDA, to evaluate operating performance and to facilitate the comparison of our historical results and trends. The Company calculates adjusted EBITDA as income from operations less depreciation, amortization, stock compensation and impairment of intangible assets. This financial measure is not a measure of financial performance under US GAAP and should not be considered in isolation or as a substitute for loss as a measure of performance. The calculation of this non-GAAP measure may not be comparable to similarly titled measures used by other companies. Reconciliations to the most directly comparable GAAP measure are provided below.

Three months ended June 30, 2019 and 2018, respectively:

	Three Months Ended June 30,	
	2019	2018
Net loss	$ (1,475,000)	$ (27,511,000)
Deduct:		
Interest expense	(1,211,000)	(733,000)
Fair value change of derivative instruments and other	(2,000)	276,000
Benefit for income taxes	--	3,451,000
Loss from operations	$ (262,000)	$ (30,505,000)
Add:		
Depreciation and amortization	190,000	174,000
Stock-based compensation expense	125,000	163,000
Impairment of intangible asset	--	27,202,000
Adjusted EBITDA	$ 53,000	$ (2,966,000)

The adjusted EBITDA was $53,000 for the three months ended June 30, 2019 compared to a loss of $2,966,000 for the three months ended June 30, 2018. The adjusted EBITDA increase as compared to the second quarter in the prior year was due to $1,588,000 in additional gross profit as the result of $2,301,000 higher sales, while decreasing overhead expenses and lower disposable costs through price efficiencies from contract manufacturers. Additionally, the Company decreased salaried related expenses by approximately $600,000 in the current quarter as a result of the June 2018 reorganization and the elimination of other positions during 2018. Prior year quarter ended June 30, 2018 also included severance expenses of $225,000, a one-time legal settlement of $150,000 and a loss on the disposal of fixed assets of $420,000.

Six months ended June 30, 2019 and 2018, respectively:

	Six Months Ended June 30, 2019	2018
Net Loss	$ (3,521,000)	$ (30,881,000)
Deduct:		
Interest expense	(2,343,000)	(1,093,000)
Fair value change of derivative instruments and other	(11,000)	523,000
Benefit for income taxes	--	3,451,000
Loss from operations	$ (1,167,000)	$ (33,762,000)
Add:		
Depreciation and amortization	402,000	333,000
Stock-based compensation expense	206,000	300,000
Impairment of intangible asset	--	27,202,000
Adjusted EBITDA	$ (559,000)	$ (5,927,000)

The adjusted EBITDA loss was $559,000 for the six months ended June 30, 2019 compared to a loss of $5,967,000 for the three months ended June 30, 2018. The adjusted EBITDA increase for the first half of 2019 as compared to the prior year was due to $2,495,000 in additional gross profit as the result of $3,397,000 higher sales, while decreasing overhead expenses and lower disposable costs through price efficiencies from contract manufacturers. Additionally, the Company decreased salaried related expenses by approximately $1,200,000 in the current quarter as a result of the June 2018 reorganization and the elimination of other positions during 2018. Prior year six months ended June 30, 2018 also included severance expenses of $225,000, a one-time legal settlement of $150,000 and a loss on the disposal of fixed assets of $420,000. Finally, the Company eliminated in the management bonus program for 2019, resulting in savings of approximately $350,000 for the first six months of 2019.

Off-Balance Sheet Arrangements
As of June 30, 2019, the Company had no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Cesca is a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not required to provide information under this item.

Item 4. Controls and Procedures

Cesca carried out an evaluation, under the supervision, and with the participation of management, including both the Company's Chief Executive Officer (principal executive officer) and Principal Accounting Officer (principal financial officer), of the effectiveness of the design and operation of Cesca's disclosure controls and procedures (as defined by Exchange Act Rule 13a-15(e) or 15d-15(e)) as of June 30, 2019. Disclosure controls and procedures cover controls and other procedures that are designed to ensure that information required to be disclosed by the Company in 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 such information is accumulated and communicated to management, including the Chief Executive Officer and the Principal Accounting Officer, as appropriate, to allow timely decisions regarding required disclosure. Based upon that evaluation, Cesca's Chief Executive Officer and Principal Accounting Officer have both concluded that the Company's disclosure controls and procedures were effective as of June 30, 2019.

There were no changes in Cesca's internal controls over financial reporting that occurred during the three months ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. Management believes that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within any company, have been detected.

PART II - OTHER INFORMATION

Item 1. **Legal Proceedings.**

In the normal course of operations, the Company may have disagreements or disputes with distributors, vendors or employees. Such potential disputes are seen by management as a normal part of business. There have been no material changes since the disclosures set forth in the Company's Form 10-K for the year ended December 31, 2018.

Item 1A. **Risk Factors.**

There have been no material changes to the risk factors relating to the Company set forth in Part I, "Item IA. Risk Factors" of its Annual Report on Form 10-K for the year ended December 31, 2018.

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

None.

Item 3. **Defaults upon Senior Securities.**

None.

Item 4. **Mine Safety Disclosure.**

Not applicable.

Item 5. **Other Information.**

On August 12, 2019, the Company and Orbrex (USA) Co. Limited ("Orbrex") entered into an amendment to the Convertible Promissory Note in the original principal amount of $1,000,000 issued by the Company to Orbrex on July 23, 2019 (the "July 2019 Note"). The amendment, which was deemed to be effective as of July 23, 2019, changed the floor conversion price in the July 2019 Note from $0.10 to $0.50.

Item 6. **Exhibits.**

An index of exhibits is found on page 33 of this report.

Item 6. Exhibits.

Exhibit No.	Document Description	Incorporated by Reference
3.1	Certificate of Amendment to the Sixth Amended and Restated Certificate of Incorporation of Cesca Therapeutics Inc.	Incorporated by reference to Exhibit 3.1 to Form 8-K filed with the SEC on June 4, 2019.
4.1	Form of Pre-Funded Common Stock Purchase Warrant.	Incorporated by reference to Exhibit 4.1 to Form 8-K filed with the SEC on April 25, 2019.
4.2	Form of Convertible Promissory Note.	Incorporated by reference to Exhibit 4.1 to Form 8-K filed with the SEC on July 29, 2019.
4.3	Amendment No. 1 to the Convertible Note, dated July 23, 2019, between Cesca Therapeutics Inc. and Orbrex USA Co.	Incorporated by reference to Exhibit 10.1 to Form 8-K filed with the SEC on July 29, 2019
10.1	Securities Purchase Agreement, dated April 18, 2019, between Cesca Therapeutics Inc. and the Purchaser identified on the signature pages thereto.	Incorporated by reference to Exhibit 10.1 to Form 8-K filed with the SEC on April 25, 2019.
10.2	Third Amendment to Cesca Therapeutics Inc. Amended 2016 Equity Incentive Plan Dated December 14, 2018.	Incorporated by reference to Exhibit 10.1 to Form 8-K filed with the SEC on June 4, 2019
10.3	Securities Purchase Agreement, dated July 23, 2019, between Cesca Therapeutics Inc. and the Purchaser identified on the signature page thereto.	Incorporated by reference to Exhibit 10.1 to Form 8-K filed with the SEC on July 29, 2019
10.4	Amendment No. 1 to the Convertible Promissory Note, Dated July 23, 2019 between Cesca therapeutics Inc. and Orbrex USA Co.	Filed herewith
10.5	Cesca Therapeutics Inc. Amended 2016 Equity Incentive Plan	Filed herewith
31.1	Certification by the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification by the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.	Filed herewith
101.INS	XBRL Instance Document‡	
101.SCH	XBRL Taxonomy Extension Schema Document‡	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document‡	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document‡	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document‡	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document‡	

Footnotes to Exhibit Index

‡ XBRL information is furnished and not filed for purpose of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934, and is not subject to liability under those sections, is not part of any registration statement or prospectus to which it relates and is not incorporated or deemed to be incorporated by reference into any registration statement, prospectus or other document.

Cesca Therapeutics Inc.

Signatures

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

Cesca Therapeutics Inc.
(Registrant)

Dated: August 13, 2019

/s/ Xiaochun (Chris) Xu, Ph.D.
Xiaochun (Chris) Xu, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

Dated: August 13, 2019

/s/ Jeff Cauble
Jeff Cauble
Principal Financial and Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 10.4

AMENDMENT NO. 1 TO CONVERTIBLE PROMISSORY NOTE

This Amendment No. 1 to Convertible Promissory Note (this "Amendment No. 1") by and between CESCA THERAPEUTICS INC., a Delaware corporation (the "Company"), and Orbrex (USA) Co. Limited ("Orbrex"), is entered into as of August 12, 2019 but shall be effective as of July 23, 2019 (the "Effective Date"). Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Convertible Promissory Note (as defined below).

WHEREAS, on July 23, 2019, the Company issued to Orbrex a Convertible Promissory Note in the original principal amount of $1,000,000 (the "Convertible Promissory Note");

WHEREAS, the terms of the Convertible Promissory Note provide for a floor Conversion Price of $0.10; and

WHEREAS, the Company and Orbrex have agreed that the floor Conversion Price should be $0.50, rather than $0.10, and therefore desire to enter into this Amendment No. 1.

NOW, THEREFORE, intending to be legally bound, and in consideration of the mutual agreements contained herein, the parties hereto agree as follows:

1. Amendment of Section (3)(b)(ii). Section (3)(b)(ii) of the Convertible Promissory Note is hereby amended by deleting said section in its entirety and replacing it with the following (thereby replacing the definition of "Conversion Price" with the following definition):

> "(ii) "**Conversion Price**" means, as of any Conversion Date (as defined below) or other date of determination, the lower of (a) $1.80 per share or (2) 90% of the Closing Sale Price of the Common Stock on the Conversion Date (subject to a floor Conversion Price of $0.50), in each case subject to adjustment as provided herein."

2. Amendment of First Sentence of Section (8)(a). Section (8)(a) of the Convertible Promissory Note is hereby amended by deleting the first sentence of said section in its entirety and replacing it with the following:

> "The Company shall initially reserve out of its authorized and unissued Common Stock a number of shares of Common Stock for each of the Notes equal to 100% of the Conversion Rate (assuming a conversion rate of $0.50) with respect to the Conversion Amount of each such Note as of the Issuance Date."

3. Ratification and Confirmation. Except as expressly provided in this Amendment No. 1, all of the terms, conditions and provisions of the Convertible Promissory Note remain unaltered, are in full force and effect, and are hereby expressly ratified and confirmed.

4. Miscellaneous. This Amendment No. 1 may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties hereto further agree that facsimile signatures or signatures scanned into .pdf (or similar) format and sent by e-mail shall be deemed original signatures.

[signatures follow]

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 as of the day and year first written above.

CESCA THERAPEUTICS INC.

/s/ Xiaochun Xu
Xiaochun (Chris) Xu, Chief Executive Officer

ORBREX (USA) CO. LIMITED

/s/ Lan Fang Yuan
Lan Fang Yuan, President

EXHIBIT 10.5

AMENDED 2016 EQUITY INCENTIVE PLAN

Section 1. Purpose and Effective Date

(a) Purpose. The purpose of the Plan is to promote the interests of the Company and its stockholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors and non-employee Directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in the Company, thereby aligning the interests of such persons with the Company's stockholders.

(b) Effective Date. The Plan was adopted by the Board on July 7, 2016 (the "*Effective Date*"), subject to approval by the Company's stockholders within twelve (12) months following the Effective Date. Awards may be granted under this Plan on and after the Effective Date, provided that any Awards granted prior to the date that the Plan is approved by the Company's stockholders shall be conditioned on such stockholder approval. If the Plan is not approved by the Company's stockholders within (12) months following the Effective Date, the Plan shall be terminated without further action, and any Awards granted prior to such stockholder approval date shall be forfeited and canceled. Under the terms of all Awards granted prior to stockholder approval of the Plan, no exercise of Options nor the issuance of any Shares thereunder shall be permitted until stockholder approval of the Plan is attained.

(c) Prior Plan. If the Company's stockholders approve this Plan, then the Prior Plan will terminate on the date of such stockholder approval, and no new awards will be granted under the Prior Plan after such termination date; provided that the Prior Plan will continue to govern awards outstanding as of the date of the Prior Plan's termination and such awards shall continue in force and effect until fully distributed or terminated pursuant to their terms.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "*Affiliate*" shall mean any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company.

(b) "*Award*" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.

(c) "*Award Agreement*" shall mean any written agreement, contract or other instrument or document evidencing an Award granted under the Plan (including a document in an electronic medium) executed in accordance with the requirements of Section 9(b).

(d) "*Board*" shall mean the Board of Directors of the Company.

(e) "*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

(f) "*Committee*" shall mean the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan. The Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan to qualify under Rule 16b-3, and each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3 and an "outside director" within the meaning of Section 162(m).

(g) "*Company*" shall mean Cesca Therapeutics Inc. and any successor corporation.

(h) "*Director*" shall mean a member of the Board.

(i) "*Dividend Equivalent*" shall mean any right granted under Section 6(e) of the Plan.

(j) "*Eligible Person*" shall mean any employee, officer, non-employee Director, consultant, independent contractor or advisor providing services to the Company or any Affiliate, or any such person to whom an offer of employment or engagement with the Company or any Affiliate is extended.

(k) "*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended.

(l) "*Fair Market Value*" shall mean, with respect to any property (including, without limitation, any Shares or other securities), the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee. Notwithstanding the foregoing, unless otherwise determined by the Committee, the Fair Market Value of a Share as of a given date shall be the closing price of one Share as reported on the NASDAQ Capital Market or any other securities exchange where the Shares are then listed on such date or, if the applicable securities exchange is not open for trading on such date, on the most recent preceding date when such exchange is open for trading.

(m) "*Full Value Award*" shall mean any Award other than an Option, Stock Appreciation Right or similar Award, the value of which is based solely on an increase in the value of the Shares after the date of grant of such Award.

(n) "*Incentive Stock Option*" shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.

(o) "*Non-Qualified Stock Option*" shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.

(p) "*Option*" shall mean an Incentive Stock Option or a Non-Qualified Stock Option to purchase shares of the Company.

(q) "*Other Stock-Based Award*" shall mean any right granted under Section 6(f) of the Plan.

(r) "*Participant*" shall mean an Eligible Person designated to be granted an Award under the Plan.

(s) "*Performance Award*" shall mean any right granted under Section 6(d) of the Plan.

(t) *"Performance Goal"* shall mean one or more of the following performance goals, either individually, alternatively or in any combination, applied on a corporate, subsidiary, division, business unit or line of business basis:

- economic value added (EVA);
- sales or revenue;
- costs or expenses;
- net profit after tax;
- gross profit;
- income (including without limitation operating income, pre-tax income and income attributable to the Company);
- cash flow (including without limitation free cash flow and cash flow from operating, investing or financing activities or any combination thereof);
- earnings (including without limitation earnings before or after taxes, earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings (whether before or after taxes), EBIT or EBITDA as a percentage of net sales;
- earnings per share (EPS) (basic or diluted);
- earnings per share from continuing operations;
- returns (including one or more of return on actual or pro forma assets, net assets, equity, investment, revenue, sales, capital and net capital employed, total shareholder return (TSR) and total business return (TBR));
- margins (including one or more of gross, operating and net income margin);
- ratios (including one or more of price-to-earnings, debt-to-assets, debt-to-net assets and ratios regarding liquidity, solvency, fiscal capacity, productivity or risk);
- budget comparisons;
- unit volume;
- stock price;
- net working capital;
- value creation;
- market share;
- market capitalization;
- workforce satisfaction and diversity goals;
- employee retention;
- production metrics;
- development milestones for clinical therapies;
- development;
- implementation or completion of key projects;
- strategic plan development and implementation.

Each such Performance Goal may be based (i) solely by reference to absolute results of individual performance or organizational performance at various levels (e.g., the Company's performance or the performance of a subsidiary, division, business segment or business unit of the Company) or (ii) upon organizational performance relative to the comparable performance of other companies selected by the Committee. To the extent consistent with Section 162(m), the Committee may, when it establishes performance criteria, also provide for the exclusion of charges related to an event or occurrence which the Committee determines should appropriately be excluded, including but not limited to (X) asset-write downs, litigation or claim judgments or settlements, reorganizations, the impact of acquisitions and divestitures, restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (Y) foreign exchange gains and losses or an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management, or (Z) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles (or other accounting principles which may then be in effect). To the extent that Section 162(m) or applicable tax and/or securities laws change to permit Committee discretion to alter the governing performance measures without disclosing to stockholders and obtaining stockholder approval of such changes and without thereby exposing the Company to potentially adverse tax or other legal consequences, the Committee shall have the sole discretion to make such changes without obtaining stockholder approval.

(u) "*Person*" shall mean any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust.

(v) "*Plan*" shall mean the Cesca Therapeutics Inc. 2016 Equity Incentive Plan, as amended from time to time.

(w) "*Prior Plan*" shall mean the Amended and Restated Cesca Therapeutics Inc. 2006 Equity Incentive Plan.

(x) "*Restricted Stock*" shall mean any Share granted under Section 6(c) of the Plan.

(y) "*Restricted Stock Unit*" shall mean any unit granted under Section 6(c) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date.

(z) "*Rule 16b-3*" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any successor rule or regulation.

(aa) *"Section 162(m)"* shall mean Section 162(m) of the Code, or any successor provision, and the applicable Treasury Regulations promulgated thereunder.

(bb) *"Section 409A"* shall mean Section 409A of the Code, or any successor provision, and applicable Treasury Regulations and other applicable guidance thereunder.

(cc) "*Securities Act*" shall mean the Securities Act of 1933, as amended.

(dd) "*Share*" or "*Shares*" shall mean common shares $.001 par value in the capital of the Company (or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan).

(ee) *"Specified Employee"* shall mean a specified employee as defined in Section 409A(a)(2)(B) of the Code or applicable proposed or final regulations under Section 409A, determined in accordance with procedures established by the Company and applied uniformly with respect to all plans maintained by the Company that are subject to Section 409A.

(ff) "*Stock Appreciation Right*" shall mean any right granted under Section 6(b) of the Plan.

Section 3. Administration

(a) Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement, including any terms relating to the forfeiture of any Award and the forfeiture, recapture or disgorgement of any cash, Shares or other amounts payable with respect to any Award; (v) amend the terms and conditions of any Award or Award Agreement, subject to the limitations under Section 7; (vi) accelerate the exercisability of any Award or the lapse of any restrictions relating to any Award, subject to the limitations in Section 7, (vii) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property (excluding promissory notes), or canceled, forfeited or suspended, subject to the limitations in Section 7; (viii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee, subject to the requirements of Section 409A; (ix) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and (xii) adopt such modifications, rules, procedures and subplans as may be necessary or desirable to comply with provisions of the laws of non-U.S. jurisdictions in which the Company or an Affiliate may operate, including, without limitation, establishing any special rules for Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of the intended benefits of Awards granted to Participants located in such non-United States jurisdictions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Company or any Affiliate.

(b) Delegation. The Committee may delegate to one or more officers or Directors of the Company, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, the authority to grant Awards; *provided*, *however*, that the Committee shall not delegate such authority (i) with regard to grants of Awards to be made to officers of the Company or any Affiliate who are subject to Section 16 of the Exchange Act or (ii) in such a manner as would cause the Plan not to comply with the requirements of Section 162(m), applicable exchange rules or applicable corporate law.

(c) Power and Authority of the Board. Notwithstanding anything to the contrary contained herein, (i) the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan not to comply with the requirements of Rule 16b-3 or Section 162(m); and (ii) only the Committee (or another committee of the Board comprised of directors who qualify as independent directors within the meaning of the independence rules of any applicable securities exchange where the Shares are then listed) may grant Awards to Directors who are not also employees of the Company or an Affiliate.

(d) Indemnification. To the full extent permitted by law, (i) no member of the Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members of the Board, the Committee and each person to whom the Committee delegates authority under the Plan shall be entitled to indemnification by the Company with regard to such actions and determinations. The provisions of this paragraph shall be in addition to such other rights of indemnification as a member of the Board, the Committee or any other person may have by virtue of such person's position with the Company.

Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be 3,950,000 Shares.

(b) Counting Shares. For purposes of this Section 4, except as set forth in this Section 4(b), if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan. For purposes of determining the number of Shares covered on the date of grant by an Option or a Stock Appreciation Right, the aggregate number of Shares with respect to which the Option or Stock Appreciation Right is to be exercised shall be counted against the number of Shares available for Awards under the Plan (without regard to the number of actual Shares issued upon exercise or settlement). With respect to any Full Value Award, the number of Shares available for Awards under the Plan shall be reduced by 2 Shares for each Share covered by the Full Value Award.

(i) Shares Added Back to Reserve. Subject to the limitations in (ii) below, if any Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by the Company (except as otherwise provided under Section 4(b)(ii) below), or if an Award otherwise terminates or is cancelled without delivery of any Shares, then the number of Shares counted pursuant to this Section 4(b) against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, reacquisition by the Company, termination or cancellation, shall again be available for granting Awards under the Plan.

(ii) Shares Not Added Back to Reserve. Notwithstanding anything to the contrary in (i) above, the following Shares will not again become available for issuance under the Plan: (a) any Shares which would have been issued upon any exercise of an Option but for the fact that the exercise price was paid by a "net exercise" pursuant to Section 6(a)(iii)(B) or any Shares tendered in payment of the exercise price of an Option; (b) any Shares withheld by the Company or Shares tendered to satisfy any tax withholding obligation with respect to an Award; (c) Shares covered by a stock-settled Stock Appreciation Right issued under the Plan that are not issued in connection with settlement in Shares upon exercise; or (d) Shares that are repurchased by the Company using Option exercise proceeds.

(iii) Cash-Only Awards. Awards that do not entitle the holder thereof to receive or purchase Shares shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(iv) Substitute Awards Relating to Acquired Entities. Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with the Company or an Affiliate shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(c) Adjustments. In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards, (iii) the purchase price or exercise price with respect to any Award and (iv) the limitations contained in Section 4(d)(i) below; *provided*, *however*, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number. Such adjustment shall be made by the Committee or the Board, whose determination in that respect shall be final, binding and conclusive.

(d) Award Limitations Under the Plan. The limitation contained in this Section 4(d) shall apply only with respect to any Award or Awards granted under this Plan, and limitations on awards granted under any other stockholder-approved incentive plan maintained by the Company will be governed solely by the terms of such other plan.

(i) Section 162(m) Limitation for Awards Denominated in Shares. No Eligible Person may be granted any Stock Options, Stock Appreciation Rights or Performance Awards denominated in Shares, for more than 800,000 Shares (subject to adjustment as provided for in Section 4(c) of the Plan), in the aggregate in any calendar year.

(ii) Section 162(m) Limitation for Performance Awards Denominated in Cash. The maximum amount payable pursuant to all Performance Awards denominated in cash to any Eligible Person in the aggregate in any calendar year shall be $6,000,000 in value. This limitation contained in this Section 4(d)(ii) does not apply to any Award or Awards subject to the limitation contained in Section 4(d)(i).

(iii) Limitation for Awards Granted to Non-Employee Directors. No Director who is not also an employee of the Company or an Affiliate may be granted any Award or Awards denominated in Shares that exceed in the aggregate 50,000 Shares in any calendar year. The foregoing limit shall not apply to any Award made pursuant to any election by the Director to receive an Award in lieu of all or a portion of annual and committee retainers and annual meeting fees.

Section 5. Eligibility

Any Eligible Person shall be eligible to be designated as a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Company or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term as used herein includes, without limitation, officers and Directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code or any successor provision.

Section 6. Awards

(a) Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; *provided, however,* that the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an Affiliate.

(ii) Option Term. The term of each Option shall be fixed by the Committee at the date of grant but shall not be longer than 10 years from the date of grant.

(iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms, including, but not limited to, cash, Shares (actually or by attestation), other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price, in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

(A) Promissory Notes. Notwithstanding the foregoing, the Committee may not accept a promissory note as consideration.

(B) Net Exercises. The Committee may, in its discretion, permit an Option to be exercised by delivering to the Participant a number of Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if positive, of the Fair Market Value of the Shares underlying the Option being exercised on the date of exercise, over the exercise price of the Option for such Shares.

(iv) Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:

(A) The aggregate number of Shares that may be issued under all Incentive Stock Options under the Plan shall be 3,950,000 Shares.

(B) The Committee will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Company and its Affiliates) shall exceed $100,000.

(C) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the stockholders of the Company.

(D) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than 10 years after the date of grant; *provided*, *however*, that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliates, such Incentive Stock Option shall expire and no longer be exercisable no later than five years from the date of grant.

(E) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; *provided*, *however*, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliates, the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.

(F) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

(b) Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. A Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the Stock Appreciation Right as specified by the Committee, which price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right; *provided, however,* that the Committee may designate a grant price below Fair Market Value on the date of grant if the Stock Appreciation Right is granted in substitution for a stock appreciation right previously granted by an entity that is acquired by or merged with the Company or an Affiliate. Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee (except that the term of each Stock Appreciation Right shall be subject to the same limitations in Section 6(a)(ii) applicable to Options). The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) Restricted Stock and Restricted Stock Units. The Committee is hereby authorized to grant an Award of Restricted Stock and Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) Restrictions. Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate. Notwithstanding the foregoing, rights to dividend or Dividend Equivalent payments shall be subject to the limitations described in Section 6(e).

(ii) Issuance and Delivery of Shares. Any Restricted Stock granted under the Plan shall be issued at the time such Awards are granted and may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company or held in nominee name by the stock transfer agent or brokerage service selected by the Company to provide such services for the Plan. Such certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Stock. Shares representing Restricted Stock that are no longer subject to restrictions shall be delivered (including by updating the book-entry registration) to the Participant promptly after the applicable restrictions lapse or are waived. In the case of Restricted Stock Units, no Shares shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the holder of the Restricted Stock Units.

(iii) Forfeiture. Except as otherwise determined by the Committee or as provided in an Award Agreement, upon a Participant's termination of employment or service or resignation or removal as a Director (in either case, as determined under criteria established by the Committee) during the applicable restriction period, all Shares of Restricted Stock and all Restricted Stock Units held by such Participant at such time shall be forfeited and reacquired by the Company; *provided*, *however*, that the Committee may waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.

(d) Performance Awards. The Committee is hereby authorized to grant to Eligible Persons Performance Awards that are intended to be "qualified performance-based compensation" within the meaning of Section 162(m). A Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of one or more objective Performance Goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the Performance Goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee. Performance Awards shall be conditioned solely on the achievement of one or more objective Performance Goals established by the Committee within the time prescribed by Section 162(m), and shall otherwise comply with the requirements of Section 162(m), as described below.

(i) Timing of Designations; Duration of Performance Periods. For each Performance Award, the Committee shall, not later than 90 days after the beginning of each performance period, (i) designate all Participants for such performance period and (ii) establish the objective performance factors for each Participant for that performance period on the basis of one or more of the Performance Goals, the outcome of which is substantially uncertain at the time the Committee actually establishes the Performance Goal. The Committee shall have sole discretion to determine the applicable performance period, provided that in the case of a performance period less than 12 months, in no event shall a performance goal be considered to be pre-established if it is established after 25 percent of the performance period (as scheduled in good faith at the time the Performance Goal is established) has elapsed. To the extent required under Section 162(m), the terms of the objective performance factors must preclude discretion to increase an amount paid in connection with an Award, but may permit discretion to reduce such amount.

(ii) Certification. Following the close of each performance period and prior to payment of any amount to a Participant with respect to a Performance Award, the Committee shall certify in writing as to the attainment of all factors (including the performance factors for a Participant) upon which any payments to a Participant for that performance period are to be based.

(e) Dividend Equivalents. The Committee is hereby authorized to grant Dividend Equivalents to Eligible Persons under which the Participant shall be entitled to receive payments (in cash, Shares, other securities, other Awards or other property as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Shares with respect to a number of Shares determined by the Committee. Subject to the terms of the Plan and any applicable Award Agreement, such Dividend Equivalents may have such terms and conditions as the Committee shall determine. Notwithstanding the foregoing, (i) the Committee may not grant Dividend Equivalents to Eligible Persons in connection with grants of Options, Stock Appreciation Rights or other Awards the value of which is based solely on an increase in the value of the Shares after the date of grant of such Award, and (ii) no dividend or Dividend Equivalent payments shall be made to a Participant with respect to any Performance Award or other Award subject to performance-based vesting conditions prior to the date on which all conditions or restrictions relating to such Award (or portion thereof to which the dividend or Dividend Equivalent relates) have been satisfied, waived or lapsed.

(f) Other Stock-Based Awards. The Committee is hereby authorized to grant to Eligible Persons such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purpose of the Plan. The Committee shall determine the terms and conditions of such Awards, subject to the terms of the Plan and any applicable Award Agreement. No Award issued under this Section 6(f) shall contain a purchase right or an option-like exercise feature.

(g) General

(i) Consideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.

(ii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under any other plan of the Company or any Affiliate may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iii) Forms of Payment under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine (including, without limitation, cash, Shares, other securities (but excluding promissory notes), other Awards or other property or any combination thereof), and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents with respect to installment or deferred payments.

(iv) Limits on Transfer of Awards. Except as otherwise provided by the Committee in its discretion and subject to such additional terms and conditions as it determines, no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) and no right under any such Award shall be transferable by a Participant other than by will or by the laws of descent and distribution, and no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate. Where the Committee does permit the transfer of an Award other than a fully vested and unrestricted Share, such permitted transfer shall be for no value and in accordance with the rules of Form S-8. The Committee may also establish procedures as it deems appropriate for a Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event of the Participant's death.

(v) Restrictions; Securities Exchange Listing. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made with respect to, or legends to be placed on the certificates for, such Shares or other securities to reflect such restrictions. The Company shall not be required to deliver any Shares or other securities covered by an Award unless and until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(vi) Prohibition on Option and Stock Appreciation Right Repricing. Except as provided in Section 4(c) hereof, the Committee may not, without prior approval of the Company's stockholders, seek to effect any re-pricing of any previously granted, "underwater" Option or Stock Appreciation Right by: (i) amending or modifying the terms of the Option or Stock Appreciation Right to lower the exercise price; (ii) canceling the underwater Option or Stock Appreciation Right and granting either (A) replacement Options or Stock Appreciation Rights having a lower exercise price; or (B) Restricted Stock, Restricted Stock Units, Performance Award or Other Stock-Based Award in exchange; or (iii) cancelling or repurchasing the underwater Option or Stock Appreciation Right for cash or other securities. An Option or Stock Appreciation Right will be deemed to be "underwater" at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.

(vii) Section 409A Provisions. Notwithstanding anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes "deferred compensation" to a Participant under Section 409A and applicable guidance thereunder is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant's disability or "separation from service" (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise. Any payment or distribution that otherwise would be made to a Participant who is a Specified Employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the Specified Employee's separation from service (or if earlier, upon the Specified Employee's death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise.

(viii) Acceleration of Vesting or Exercisability. No Award Agreement shall accelerate the exercisability of any Award or the lapse of restrictions relating to any Award in connection with a change-in-control event unless such acceleration occurs upon the consummation of (or effective immediately prior to the consummation of, provided that the consummation subsequently occurs) such change-in-control event.

Section 7. Amendment and Termination; Corrections

(a) Amendments to the Plan and Awards. The Board may from time to time amend, suspend or terminate this Plan, and the Committee may amend the terms of any previously granted Award, provided that no amendment to the terms of any previously granted Award may, (except as expressly provided in the Plan) materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under this Plan without the written consent of the Participant or holder thereof. Any amendment to this Plan, or to the terms of any Award previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or stock exchange. For greater certainty and without limiting the foregoing, the Board may amend, suspend, terminate or discontinue the Plan, and the Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of stockholders of the Company in order to:

(i) amend the eligibility for, and limitations or conditions imposed upon, participation in the Plan;

(ii) amend any terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively;

(iii) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange (including amendments to Awards necessary or desirable to avoid any adverse tax results under Section 409A), and no action taken to comply shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof; or

(iv) amend any terms relating to the administration of the Plan, including the terms of any administrative guidelines or other rules related to the Plan.

For greater certainty, prior approval of the stockholders of the Company shall be required for any amendment to the Plan or an Award that would:

(i) require stockholder approval under the rules or regulations of the Securities and Exchange Commission, the New York Stock Exchange or any other securities exchange that are applicable to the Company;

(ii) increase the number of shares authorized under the Plan as specified in Section 4(a)of the Plan;

(iii) increase the number of shares or value subject to the limitations contained in Section 4(d) of the Plan or otherwise cause the Section 162(m) exemption for qualified performance-based compensation to become unavailable with respect to the Plan;

(iv) permit repricing of Options or Stock Appreciation Rights, which is currently prohibited by Section 6(g)(vi) of the Plan;

(v) permit the award of Options or Stock Appreciation Rights at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right, contrary to the provisions of Section 6(a)(i) and Section 6(b) of the Plan; or

(vi) increase the maximum term permitted for Options and Stock Appreciation Rights as specified in Section 6(a) and Section 6(b).

(b) Corporate Transactions. In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, provided that the consummation of the event subsequently occurs), and no action taken under this Section 7(b) shall be deemed to impair or otherwise adversely alter the rights of any holder of an Award or beneficiary thereof:

(i) either (A) termination of the Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 7(b)(i)(A), the Committee or the Board determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Company without any payment) or (B) the replacement of the Award with other rights or property selected by the Committee or the Board, in its sole discretion;

(ii) that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) that, subject to Section 6(g)(viii), the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable Award Agreement; or

(iv) that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

(c) Correction of Defects, Omissions and Inconsistencies. The Committee may, without prior approval of the stockholders of the Company, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan.

Section 8. Income Tax Withholding

In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. In order to assist a Participant in paying all or a portion of the applicable taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes (but only to the extent necessary to satisfy minimum statutory withholding requirements if required by ASC Topic 718 to avoid adverse accounting treatment) or (b) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes.

Section 9. General Provisions

(a) No Rights to Awards. No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) Award Agreements. No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been signed by the Participant (if requested by the Company), or until such Award Agreement is delivered and accepted through an electronic medium in accordance with procedures established by the Company. An Award Agreement need not be signed by a representative of the Company unless required by the Committee. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(c) Plan Provisions Control. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(d) No Rights of Stockholders. Except with respect to Shares issued under Awards (and subject to such conditions as the Committee may impose on such Awards pursuant to Section 6(c)(i) or Section 6(e)), neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a stockholder of the Company with respect to any Shares issuable upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued.

(e) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation plans or arrangements, and such plans or arrangements may be either generally applicable or applicable only in specific cases.

(f) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate a Participant's employment at any time, with or without cause, in accordance with applicable law. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. Under no circumstances shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

(g) Governing Law. The internal law, and not the law of conflicts, of the State of Delaware shall govern all questions concerning the validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award.

(h) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(i) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(j) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.

(k) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.

(l) Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 10. Clawback or Recoupment

All Awards under this Plan shall be subject to recovery or other penalties pursuant to (i) any Company clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation or applicable stock exchange rule, including, without limitation, Section 304 of the Sarbanes-Oxley Act of 2002, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any applicable stock exchange listing rule adopted pursuant thereto.

Section 11. Term of the Plan

No Award shall be granted under the Plan after, and the Plan shall terminate, on July 7, 2026 or any earlier date of discontinuation or termination established pursuant to Section 7(a) of the Plan; *provided, however*, that no Performance Award shall be granted under the Plan after the first stockholder meeting to occur in the fifth year following the year in which stockholders approved the Performance Goals unless and until the Performance Goals or the Plan is re-approved by the stockholders. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such dates, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Board to amend the Plan, shall extend beyond the termination of the Plan.

Exhibit 31.1

PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Xiaochun (Chris) Xu, certify that:

1. I have reviewed this report on Form 10-Q of Cesca Therapeutics Inc.;

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 conclusion 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.

Dated: August 13, 2019

/s/ Xiaochun (Chris) Xu, Ph.D.
Xiaochun (Chris) Xu, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeff Cauble, certify that:

1. I have reviewed this report on Form 10-Q of Cesca Therapeutics Inc.;

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.

Dated: August 13, 2019

/s/ Jeff Cauble
Jeff Cauble
Principal Financial and Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32

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 of Cesca Therapeutics Inc. (the "Company") on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission (the "Report"), we, Xiaochun (Chris) Xu, Chief Executive Officer and Jeff Cauble, Principal Financial and Accounting Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our 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.

Dated: August 13, 2019

/s/ Xiaochun (Chris) Xu, Ph.D.
Xiaochun (Chris) Xu, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

Dated: August 13, 2019

/s/ Jeff Cauble
Jeff Cauble
Principal Financial and Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)