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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2019

OR

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

For the transition period from to

Commission file number 001-34375

CYTORI THERAPEUTICS, INC.

(Exact name of Registrant as Specified in Its Charter)

DELAWARE	**33-0827593**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3020 CALLAN ROAD, SAN DIEGO, CALIFORNIA	**92121**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (858) 458-0900

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ 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	☐	Smaller reporting company	☒
		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 financing 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 ☒

As of April 30, 2019, there were 22,155,795 shares of the registrant's common stock outstanding.

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, par value $0.001	CYTX	Nasdaq Capital Market

CYTORI THERAPEUTICS, INC.

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PART I. FINANC IAL INFORMATION
Item 1. Financial Statements

CYTORI THERAPEUTICS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)
(in thousands, except share and par value data)

	As of March 31, 2019	As of December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 3,872	$ 5,261
Accounts receivable, net of reserves of $185 in 2019 and $185 in 2018	455	286
Restricted cash	40	40
Inventories, net	3,003	2,947
Other current assets	1,092	1,114
Total current assets	8,462	9,648
Property and equipment, net	2,607	2,559
Operating lease right-of-use assets	2,153	—
Other assets	1,827	1,905
Intangibles, net	5,645	5,957
Goodwill	3,922	3,922
Total assets	$ 24,616	$ 23,991
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 3,224	$ 3,357
Operating lease liability	700	—
Term loan obligations, net of discount	14,371	14,202
Total current liabilities	18,295	17,559
Deferred revenues	142	167
Other noncurrent liabilities	98	124
Noncurrent operating lease liability	1,518	—
Warrant liability	706	916
Total liabilities	20,759	18,766
Commitments and contingencies (Notes 8 and 9)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 5,000,000 shares authorized; 30,233 shares issued; 4,540 and 4,606 shares outstanding in 2019 and 2018, respectively	—	—
Common stock, $0.001 par value; 100,000,000 shares authorized; 21,905,795 and 14,830,414 shares issued and outstanding in 2019 and 2018, respectively	22	15
Additional paid-in capital	420,290	418,375
Accumulated other comprehensive income	1,078	1,218
Accumulated deficit	(417,533)	(414,383)
Total stockholders' equity	3,857	5,225
Total liabilities and stockholders' equity	$ 24,616	$ 23,991

See Accompanying Notes to these Consolidated Condensed Financial Statements

CYTORI THERAPEUTICS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)
(in thousands, except share and per share data)

	For the Three Months Ended March 31,	
	2019	2018
Product revenues	$ 703	$ 731
Cost of product revenues	(353)	(273)
Amortization of intangible assets	(306)	(306)
Gross profit	44	152
Development revenues:		
Government contracts and other	737	917
	737	917
Operating expenses:		
Research and development	1,846	2,499
Sales and marketing	428	678
General and administrative	1,508	2,244
Total operating expenses	3,782	5,421
Operating loss	(3,001)	(4,352)
Other income (expense):		
Interest income	7	14
Interest expense	(515)	(423)
Other income (expense), net	149	352
Change in fair value of warrants	210	—
Total other expense	(149)	(57)
Net loss	$ (3,150)	$ (4,409)
Basic and diluted net loss per share attributable to common stockholders	$ (0.18)	$ (0.73)
Basic and diluted weighted average shares used in calculating net loss per share attributable to common stockholders	17,657,108	6,017,791
Comprehensive loss:		
Net loss	$ (3,150)	$ (4,409)
Other comprehensive loss – foreign currency translation adjustments	(140)	(281)
Comprehensive loss	$ (3,290)	$ (4,690)

See Accompanying Notes to these Consolidated Condensed Financial Statements

CYTORI THERAPEUTICS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(in thousands)

	Convertible preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2017	2,431	$ -	5,782,573	$ 6	$ 413,356	$ 1,387	$ (401,749)	$ 13,000
Share-based compensation	—	—	—	—	143	—	—	143
Sale of common stock, net	—	—	10,069	—	27	—	—	27
Conversion of Series B Convertible Preferred Stock into common stock	(1,228)	—	368,738	—	—	—	—	—
Foreign currency translation adjustment and accumulated other comprehensive income	—	—	—	—	—	(281)	—	(281)
Net loss	—	—	—	—	—	—	(4,409)	(4,409)
Balance at March 31, 2018	1,203	$ -	6,161,380	$ 6	$ 413,526	$ 1,106	$ (406,158)	$ 8,480
Balance at December 31, 2018	4,606	$ -	14,830,414	$ 15	$ 418,375	$ 1,218	$ (414,383)	$ 5,225
Share-based compensation	—	—	—	—	49	—	—	49
Sale of common stock, net	—	—	6,992,736	7	1,866	—	—	1,873
Conversion of Series C Convertible Preferred Stock into common stock	(66)	—	82,645	—	—	—	—	—
Foreign currency translation adjustment and accumulated other comprehensive income	—	—	—	—	—	(140)	—	(140)
Net loss	—	—	—	—	—	—	(3,150)	(3,150)
Balance at March 31, 2019	4,540	$ -	21,905,795	$ 22	$ 420,290	$ 1,078	$ (417,533)	$ 3,857

See Accompanying Notes to these Consolidated Condensed Financial Statements

CYTORI THERAPEUTICS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	For the Three Months Ended March 31,	
	2019	2018
Cash flows from operating activities:		
Net loss	$ (3,150)	$ (4,409)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	443	497
Amortization of deferred financing costs and debt discount	168	105
Provision for excess inventory	—	326
Change in fair value of warrants	(210)	—
Share-based compensation expense	49	143
Loss on asset disposal	—	22
Increases (decreases) in cash caused by changes in operating assets and liabilities:		
Accounts receivable	(212)	(747)
Inventories	16	141
Other current assets	16	301
Other assets	1	(24)
Accounts payable and accrued expenses	(405)	(556)
Deferred revenues	(25)	84
Other long-term liabilities	39	(2)
Net cash used in operating activities	(3,270)	(4,119)
Cash flows from investing activities:		
Purchases of property and equipment	(6)	(53)
Net cash used in investing activities	(6)	(53)
Cash flows from financing activities:		
Payment of financing lease liability	(28)	—
Proceeds from sale of common stock, net	1,919	(150)
Net cash provided by (used in) financing activities	1,891	(150)
Effect of exchange rate changes on cash and cash equivalents	(4)	39
Net decrease in cash and cash equivalents	(1,389)	(4,283)
Cash, cash equivalents, and restricted cash at beginning of period	5,301	10,225
Cash, cash equivalents, and restricted cash at end of period	$ 3,912	$ 5,942
Supplemental disclosure of cash flows information:		
Cash paid during period for:		
Interest	$ 347	$ 311
Supplemental schedule of non-cash investing and financing activities:		
Conversion of preferred stock into common stock	$ —	$ 4

See Accompanying Notes to these Consolidated Condensed Financial Statements

1. Basis of Presentation and New Accounting Standards

Our accompanying unaudited consolidated condensed financial statements as of March 31, 2019 and for the three months ended March 31, 2019 and 2018 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements. Our consolidated condensed balance sheet at December 31, 2018 has been derived from the audited financial statements at December 31, 2018, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the financial position and results of operations of Cytori Therapeutics, Inc., and our subsidiaries (collectively, the "Company") have been included. Operating results for the three months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. These financial statements should be read in conjunction with the consolidated financial statements and notes therein included in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission on March 29, 2019.

Amendments to Certificate of Incorporation and Reverse Stock Split

On May 23, 2018, following stockholder and Board approval, the Company filed a Certificate of Amendment to its Amended and Restated Certificate of Incorporation, as amended (the "Amendment"), with the Secretary of State of the State of Delaware to (i) effectuate a one-for-ten (1:10) reverse stock split (the "Reverse Stock Split") of its common stock, par value $0.001 per share, without any change to its par value, and (ii) increase the number of authorized shares of the Company's common stock from 75 million to 100 million shares (which amount is not otherwise affected by the Reverse Stock Split). The Amendment became effective on the filing date. Upon effectiveness of the Reverse Stock Split, the number of shares of the Company's common stock (x) issued and outstanding decreased from approximately 61.6 million shares (as of May 23, 2018) to approximately 6.2 million shares; (y) reserved for issuance upon exercise of outstanding warrants and options decreased from approximately 23.4 million shares to approximately 2.3 million shares, and (z) reserved but unallocated under our current equity incentive plans (including the stockholder-approved share increase to the Company's 2014 Equity Incentive Plan) decreased from approximately 9.1 million common shares to approximately 0.9 million common shares. The Company's 5,000,000 shares of authorized Preferred Stock were not affected by the Reverse Stock Split. No fractional shares were issued in connection with the Reverse Stock Split. Proportional adjustments for the reverse stock split were made to the Company's outstanding stock options, warrants and equity incentive plans for all periods presented.

Recently Issued and Recently Adopted Accounting Pronouncements

Recently Issued Accounting Pronouncements

In February 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment* , to simplify how all entities assess goodwill for impairment by eliminating Step 2 from the goodwill impairment test. As amended, the goodwill impairment test will consist of one step comparing the fair value of a reporting unit with its carrying amount. An entity should recognize a goodwill impairment charge for the amount by which the reporting unit's carrying amount exceeds its fair value. This update is effective for annual periods beginning after December 15, 2019, and interim periods within those periods. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We are currently evaluating the impact that this standard will have on our consolidated financial statements.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* . Under this new guidance, at the commencement date, lessees will be required to recognize (i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. This guidance is not applicable for leases with a term of 12 months or less. The new standard is effective for annual reporti ng periods, and interim periods within those periods, beginning after December 15, 2018, with early adoption permitted . The Company adopted ASC 842 as of January 1, 2019, electing the optional transition method that allows for a cumulative-effect adjustment in the period of adoption and did not restate prior periods. The Company elected the package of practical expedients permitted under the transition guidance. As a result of the adoption, the Company recorded right-of-use assets and liabilities. As of March 31, 2019 the Company's right-of-use assets and liabilities were $2.2 million, respectively, associated with its operating leases. See Note 8 for further discussion on leases.

2. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Our most significant estimates and critical accounting policies involve recognizing revenue, reviewing goodwill and intangible assets for impairment, determining the assumptions used in measuring share-based compensation expense, valuing warrants, measuring expense related to our in-process research and development acquisition, and valuing allowances for doubtful accounts and inventory reserves.

Actual results could differ from these estimates. Management's estimates and assumptions are reviewed regularly, and the effects of revisions are reflected in the consolidated financial statements in the periods they are determined to be necessary.

3. Liquidity

We incurred net losses of $3.2 million for the three months ended March 31, 2019. We have an accumulated deficit of $417.5 million as of March 31, 2019. Additionally, we used net cash of $3.3 million to fund our operating activities for the three months ended March 31, 2019. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Further, the Loan and Security Agreement (defined in Note 4), with Oxford Finance, LCC ("Oxford"), as further described in Note 4, requires maintenance of a minimum of $2.0 million in unrestricted cash and cash equivalents on hand to avoid an event of default under the Loan and Security Agreement. Based on our cash and cash equivalents on hand of approximately $3.9 million at March 31, 2019, the Company estimates that it will need to raise additional capital and/or obtain a waiver or restructure the Loan and Security Agreement in the near term to avoid defaulting under its $2.0 million minimum cash/cash equivalents covenant.

To date, these operating losses have been funded primarily from outside sources of invested capital including our recently completed 2018 Rights Offering (defined in Note 3 below), our Lincoln Park Purchase Agreement (defined in Note 11) with Lincoln Park Capital Fund, LLC ("Lincoln Park"), the Loan and Security Agreement and gross profits. We have had, and we will continue to have, an ongoing need to raise additional cash from outside sources to fund our future clinical development programs and other operations. Our inability to raise additional cash would have a material and adverse impact on operations and would cause us to default on our loan.

On June 1, 2018, we entered into a Sales Agreement with B. Riley FBR, Inc. ("B. Riley FBR") to sell shares of our common stock having an aggregate offering price of up to $6.5 million from time to time, through an "at the market" equity offering program (the "ATM program") under which B. Riley FBR will act as sales agent. Through March 31, 2019, we have sold a total of 11.0 million shares for proceeds of approximately $3.8 million through the ATM program. See Note 11 for further discussion on the ATM program.

On July 25, 2018, we closed a rights offering originally filed under a Form S-1 registration statement in April 2018 ("2018 Rights Offering"). Pursuant to the 2018 Rights Offering, the Company sold an aggregate of 6,723 units consisting of a total of 6,723 shares of Series C Convertible Preferred Stock, immediately convertible into approximately 8.4 million shares of common stock and 7,059,150 warrants, with each warrant exercisable for one share of common stock at an exercise price of $0.7986 per share, resulting in total net proceeds to the Company of approximately $5.7 million.

On August 28, 2018, we received a written notice from The Nasdaq Stock Market LLC ("Nasdaq") indicating that, based upon the closing bid price of our common stock for the prior 30 consecutive business days, we no longer meet the requirement to maintain a minimum bid price of $1.00 per share, as set forth in Nasdaq Listing Rule 5550(a)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we were provided an initial period of 180 calendar days, or until February 25, 2019, in which to regain compliance. We were granted an additional compliance period of 180 calendar days, or until August 26, 2019, in which to regain compliance after meeting the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, with the exception of the bid price requirement, and providing notice to Nasdaq staff of our intent to cure the deficiency during this second compliance period, by effecting a reverse stock split, if necessary. In order to regain compliance with the minimum bid price requirement, the closing bid price of our common stock must have been at least $1.00 per share for a minimum of ten consecutive business days during the 180-day period.

On September 21, 2018, Cytori entered into a purchase agreement and a registration rights agreement, with Lincoln Park, pursuant to which the Company has the right to sell to Lincoln Park and Lincoln Park is obligated to purchase up to $5.0 million of shares of the Company's common stock over the 24-month period following October 15, 2018, subject to the satisfaction of certain conditions. Through December 31, 2018, the Company sold a total of 0.6 million shares for proceeds of approximately $0.3 million through the Lincoln Park Purchase Agreement and no shares were sold during the three months ended March 31, 2019. See Note 11 for further discussion on the Lincoln Park Agreement.

We continue to seek additional capital through product revenues, strategic transactions, including extension opportunities under our awarded U.S. Department of Health and Human Service's Biomedical Advanced Research and Development Authority ("BARDA") contract, and from other financing alternatives. Without additional capital, current working capital and cash generated from sales w ill not provide adequate funding for research, sales and marketing efforts and product development activities at their current levels. If sufficient capital is not raised, we will at a minimum need to significantly reduce or curtail our research and develo pment and other operations, and this would negatively affect our ability to achieve corporate growth goals.

On April 24, 2019 the Company received $3.4 million of net cash proceeds related to the sale of the Company's UK subsidiary, Cytori Ltd., and the Company's Cell Therapy assets (excluding such assets used in Japan or relating to the Company's contract with BARDA), of which $1.7 million was used to pay down principal, interest and fees on the Loan and Security Agreement, and on April 25, 2019 the Company received $2.5 million of net cash proceeds related to the sale of the Cytori Therapeutics, K.K., and substantially all of the Company's Cell Therapy assets used in Japan, of which $1.4 million was used to pay down principal, interests and fees on the Loan and Security Agreement (See Note 12).

Should we be unable to raise additional cash from outside sources, this would have a material adverse impact on our operations.

The accompanying consolidated condensed financial statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from uncertainty related to its ability to continue as a going concern.

4. Term Loan Obligations

On May 29, 2015, the Company entered into the Loan and Security Agreement, dated May 29, 2015, with Oxford (the "Loan and Security Agreement"), pursuant to which it funded an aggregate principal amount of $17.7 million ("Term Loan"), subject to the terms and conditions set forth in the Loan and Security Agreement. The Term Loan accrues interest at a floating rate of at least 8.95% per annum, comprised of three-month LIBOR rate with a floor of 1.00% plus 7.95%. Pursuant to the Loan and Security Agreement, we were previously required to make interest only payments through June 1, 2016 and thereafter we were required to make payments of principal and accrued interest in equal monthly installments sufficient to amortize the Term Loan through June 1, 2019, the maturity date. On February 23, 2016, we received an acknowledgement and agreement from Oxford related to the positive data on our U.S. ACT-OA clinical trial. As a result, pursuant to the Loan and Security Agreement, the period for which we are required to make interest-only payments was extended from July 1, 2016 to January 1, 2017. All unpaid principal and interest with respect to the Term Loan is due and payable in full on June 1, 2019. At maturity of the Term Loan, or earlier repayment in full following voluntary prepayment or upon acceleration, we are required to make a final payment in an aggregate amount equal to approximately $1.1 million. In connection with the Term Loan, on May 29, 2015, we issued to Oxford warrants to purchase an aggregate of 9,444 shares of our common stock at an exercise price of $103.50 per share. These warrants became exercisable as of November 30, 2015 and will expire on May 29, 2025 and, following the authoritative accounting guidance, are equity classified and its respective fair value was recorded as a discount to the debt.

On September 20, 2017, the Company entered into an amendment to the Term Loan, pursuant to which, among other things, Oxford agreed to reduce the minimum liquidity covenant level originally at $5 million to $1.5 million. The amendment also extended the interest-only period under the Loan and Security Agreement through August 1, 2018, as the Company successfully closed on a financing and received unrestricted net cash proceeds in excess of $5 million on or before December 29, 2017.

On June 19, 2018, the Company entered into a second amendment (the "Second Amendment") to the Term Loan with Oxford. The Second Amendment extends the interest-only period under the Term Loan to December 1, 2018 if the Company receives unrestricted gross cash proceeds of at least $15 million from the sale and issuance of the Company's equity securities on or before August 31, 2018. The Company agreed to pay Oxford an amendment fee of $250,000 at the earlier of maturity or acceleration of the loan.

On August 31, 2018, the Company entered into a third amendment (the "Third Amendment") to the Term Loan with Oxford. The Third Amendment extends the interest-only period under the Term Loan to December 31, 2018 and also requires that the Company pay to Oxford, in accordance with its pro rata share of the loans, 75% of all proceeds received (i) from the issuance and sale of unsecured subordinated convertible debt, (ii) in connection with a joint venture, collaboration or other partnering transaction, (iii) in connection with any licenses, (iv) from dividends (other than non-cash dividends from wholly owned subsidiaries) and (v) from the sale of any assets (such requirement, the "Prepayment Requirement"). The Prepayment Requirement does not apply to proceeds from the sale and issuance of the Company's equity securities, other than convertible debt. The Prepayment Requirement shall apply until an aggregate principle amount of $7.0 million has been paid pursuant to the Prepayment Requirement. However, if less than $7.0 million has been paid pursuant to the Prepayment Requirement on December 31, 2018 then the Company is required to promptly make additional payments until an aggregate principal amount of

$7.0 million has been paid. The Company agreed to pay Oxford an amendment fee of $50,000 at the earlier of maturity or acceleration of the loan.

On December 31, 2018, the Company entered into a fourth amendment (the "Fourth Amendment") to the Term Loan with Oxford. Oxford agreed to extend the maturity date from June 1, 2019 to June 1, 2020. The Fourth Amendment increased the minimum liquidity covenant level from $1.5 million to $2.0 million and extended the interest-only period under the Loan and Security Agreement to March 1, 2019. The Fourth Amendment also required that the Company achieve one of the following by January 31, 2019: enter into an asset sale agreement with a minimum unrestricted net cash proceeds to the Company of $4.0 million; enter into a binding agreement for the issuance and sale of its equity securities or unsecured convertible subordinated debt which would result in unrestricted gross cash proceeds of not less than $7.5 million; or enter into a merger agreement pursuant to which the obligations under the Loan and Security Agreement would be paid down to a level satisfactory to Oxford. The Company agreed to pay Oxford an amendment fee of $350,000 at the earlier of maturity or acceleration of the loan.

On February 13, 2019, the Company entered into a fifth amendment (the "Fifth Amendment") to the Term Loan primarily to extend the January 31, 2019 obligations under the Fourth Amendment to February 28, 2019. On March 4, 2019, the Company entered into a sixth amendment to the Term Loan primarily to extend the Fifth Amendment obligations to March 29, 2019. On April 29, 2019, the Company entered into a seventh amendment (the "Seventh Amendment") to the Term Loan, pursuant to which, among other things, Oxford agreed to interest only payments starting May 1, 2019, with amortization payments resuming on May 1, 2020. See Note 12 for further discussion on the Seventh Amendment.

The Term Loan, as amended, is collateralized by a security interest in substantially all of the Company's existing and subsequently acquired assets, including its intellectual property assets, subject to certain exceptions set forth in the Loan and Security Agreement, as amended. The intellectual property asset collateral will be released upon the Company achieving certain liquidity level when the total principal outstanding under the Loan and Security Agreement is less than $3 million. As of March 31, 2019, we were in compliance with all of the debt covenants under the Loan and Security Agreement.

Our interest expense for the three months ended March 31, 2019 and 2018 was $0.5 million and $0.4 million, respectively. Interest expense is calculated using the effective interest method, therefore it is inclusive of non-cash amortization in the amount of $0.2 million for the three months ended March 31, 2019 and $0.1 million for the three months ended March 31, 2018 , related to the amortization of the debt discount, capitalized loan costs, and accretion of final payment.

The Loan and Security Agreement, as amended, contains customary indemnification obligations and customary events of default, including, among other things, our failure to fulfill certain obligations under the Term Loan, as amended, and the occurrence of a material adverse change, which is defined as a material adverse change in our business, operations, or condition (financial or otherwise), a material impairment of the prospect of repayment of any portion of the loan. In the event of default by us or a declaration of material adverse change by our lender, under the Term Loan, the lender would be entitled to exercise its remedies thereunder, including the right to accelerate the debt, upon which we may be required to repay all amounts then outstanding under the Term Loan, which could materially harm our financial condition. As of March 31, 2019, we were in compliance with all covenants under the Term Loan and have not received any notification or indication from Oxford to invoke the material adverse change clause. However, due to our current cash flow position and the substantial doubt about our ability to continue as a going concern, the entire principal amount of the Term Loan is presented as short-term. We will continue to evaluate the debt classification on a quarterly basis and evaluate for reclassification in the future should our financial condition improve.

5. Revenue Reco gnition

Product Sales

Our revenue is generated primarily from the sale of products. Product revenue primarily consists of sales of Celution devices and consumables for commercial and research purposes.

The Company's contracts with customers only include one performance obligation (i.e., sale of the Company's products). Typically, if there are multiple items included on a single order, they are delivered at the same time. Revenue is recognized at a point in time when delivery is completed and control of the promised goods is transferred to the customers. Revenue is measured as the amount of consideration the Company expects to be entitled to in exchange for those goods. The Company's contracts do not involve financing elements as payment terms with customers are less than one year. The sale arrangements do not include any variable consideration. Advance payments from customers are recorded as deferred revenue.

Shipping and handling activities that occur after the customer obtains control of the goods are considered part of the Company's obligation to transfer the products and therefore are recorded as direct selling expenses, as incurred.

The following table represents revenue by product (in thousands):

	Three months ended	
	March 31, 2019	March 31, 2018
Consumable	$ 663	$ 559
Device	-	94
Other products	40	78
	$ 703	$ 731

Product revenues, classified by geographic location, are as follows (in thousands):

	Three months ended			
	March 31, 2019		March 31, 2018	
	Product Revenues	% of Total	Product Revenues	% of Total
Americas	$ 64	9%	$ 45	6%
Japan	419	60%	578	79%
EMEA	150	21%	90	12%
Asia Pacific	70	10%	18	3%
Total product revenues	$ 703	100%	$ 731	100%

Concentration of Significant Customers

Two direct customers accounted for 57% of our revenue recognized for the three months ended March 31, 2019 . Two direct customers accounted for 61% of total outstanding accounts receivable (excluding receivables from BARDA) as of March 31, 2019 .

Four direct customers comprised 66% of our revenue recognized for the three months ended March 31, 2018 . Three direct customers, two distributors and one licensee accounted for 75% of total outstanding accounts receivable as of March 31, 2018 .

Development Revenue

We earn revenue for performing tasks under research and development agreements with governmental agencies like BARDA which is outside of the scope of the new revenue recognition guidance. Revenues derived from reimbursement of direct out-of-pocket expenses for research costs associated with government contracts are recorded as government contracts and other within development revenues. Government contract revenue is recorded at the gross amount of the reimbursement. The costs associated with these reimbursements are reflected as a component of research and development expense in our statements of operations. We recognized $0.7 million in development revenue for the three months ended March 31, 2019, as compared to $0.9 million for the three months ended March 31, 2018.

6. Inventories

Inventories are carried at the lower of cost or net realizable value, determined on the first-in, first-out (FIFO) method.

Inventories consisted of the following (in thousands):

	March 31, 2019	December 31, 2018
Raw materials	$ 663	$ 758
Work in process	662	555
Finished goods	1,678	1,634
	$ 3,003	$ 2,947

7. Loss per Share

Basic per share data is computed by dividing net income or loss applicable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted per share data is computed by dividing net income or loss applicable to common stockholders by the weighted average number of common shares outstanding during the period increased to include, if dilutive, the number of additional common shares that would have been outstanding as calculated using the treasury stock method. Potential common shares were related to outstanding but unexercised options, multiple series of preferred stock, and warrants for all periods presented.

We have excluded all potentially dilutive securities from the calculation of diluted loss per share attributable to common stockholders as of March 31, 2019 and 2018, as their inclusion would be antidilutive. Potentially dilutive common shares excluded from the calculations of diluted loss per share were 13.6 million as of March 31, 2019, which includes 8.9 million outstanding warrants and 0.1 million options, 4.6 million shares of preferred stock, and restricted stock awards. Potentially dilutive common shares excluded from the calculation of diluted loss per share were 2.3 million as of March 31, 2018 .

8. Commitments

Leases

At the inception of a contractual arrangement, the Company determines whether the contract contains a lease by assessing whether there is an identified asset and whether the contract conveys the right to control the use of the identified asset in exchange for consideration over a period of time. If both criteria are met, the Company calculates the associated lease liability and corresponding right-of-use asset upon lease commencement using a discount rate based on the rate implicit in the lease or an incremental borrowing rate commensurate with the term of the lease.

The Company records lease liabilities within current liabilities or long-term liabilities based upon the length of time associated with the lease payments. The Company records its operating lease right-of-use assets as long-term assets. Right-of-use assets for financing leases are recorded within property and equipment, net in the Balance Sheet. Leases with an initial term of 12 months or less are not recorded on the Balance Sheet. Instead, the Company recognizes lease expense for these leases on a straight-line basis over the lease term. In connection with certain operating leases, the Company has security deposits recorded and maintained as restricted cash totaling $0.4 million as of March 31, 2019.

The Company leases office and storage facilities and equipment under various operating and financing lease agreements. The initial terms of these leases range from 2 to 11 years and generally provide for periodic rent increases, and renewal and termination options. The Company's lease agreements do not contain any material variable lease payments, residual value guarantees or material restrictive covenants.

Certain leases require the Company to pay taxes, insurance, and maintenance. Payments for the transfer of goods or services such as common area maintenance and utilities represent non-lease components. The Company elected the package of practical expedients and therefore does not separate non-lease components from lease components.

The table below summarizes the Company's lease liabilities and corresponding right-of-use assets (in thousands) :

	March 31, 2019
Assets	
Operating	$ 2,153
Financing	215
Total leased assets	$ 2,368
Liabilities	
Current:	
Operating	$ 700
Financing	130
Noncurrent:	
Operating	$ 1,518

Financing		84
Total lease liabilities	$	2,432

The table below summarizes the Company's lease costs from its Unaudited Consolidated Statement of Operations, and cash payments from its Unaudited Consolidated Statement of Cash Flows during the three months ended March 31, 2019 (in thousands, except years and rates):

	March 31, 2019
Lease expense:	
Operating lease expense	$ 176
Finance lease expense:	
Depreciation of right-of-use assets	33
Interest expense on lease liabilities	-
Total lease expense	$ 209
Cash payment information:	
Operating cash used for operating leases	$ 176
Financing cash used for financing leases	28
Total cash paid for amounts included in the measurement of lease liabilities	$ 204
Weighted-average remaining lease term (years) - operating leases	4.9
Weighted-average remaining lease term (years) - finance leases	1.8
Weighted-average discount rate - operating leases	7.3%
Weighted-average discount rate - finance leases	5.0%

The Company's future minimum annual lease payments under operating and financing leases at March 31, 2019 are as follows in (thousands):

	Financing Leases	Operating Leases
Remaining 2019	$ 100	$ 527
2020	120	690
2021	7	668
2022	-	281
2023	-	100
Thereafter	-	447
Total minimum lease payments	$ 227	$ 2,713
Less: amount representing interest	(13)	(495)
Present value of obligations under leases	214	2,218
Less: current portion	(130)	(700)
Noncurrent lease obligations	$ 84	$ 1,518

Other commitments

We have entered into agreements with various research organizations for pre-clinical and clinical development studies, which have provisions for cancellation. Under the terms of these agreements, the vendors provide a variety of services including conducting research, recruiting and enrolling patients, monitoring studies and data analysis. Payments under these agreements typically include fees for services and reimbursement of expenses. The timing of payments due under these agreements is estimated based on current study progress. As of March 31, 2019 , we have clinical research study obligations of $2.5 million, $1.8 million of which is expected to be paid within a year. Should the timing of the clinical trials change, the timing of the payment of these obligations would also change.

We were party to an agreement with Roche Diagnostics Corporation ("Roche") which required us to make certain product purchase minimums. On June 8, 2018, the Company received written notice from Roche terminating its existing supply agreement with the Company due to failure by the Company to meet minimum purchase requirements. Roche has indicated to the Company that it will agree to negotiate in good faith with the Company with respect to a new supply agreement for enzymes with specifications similar to the enzymes that Roche was previously manufacturing for the Company.

9. Contingencies

We are subject to various claims and contingencies related to legal proceedings. Due to their nature, such legal proceedings involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances, as appropriate. Management believes that any liability to us that may arise as a result of currently pending legal proceedings will not have a material adverse effect on our financial condition, liquidity, or results of operations as a whole.

On August 31, 2018, we filed a Demand for Arbitration with the American Arbitration Association in San Diego, California, against Bimini Technologies LLC ("Bimini") for fraud and breach of a Sale and Exclusive License/Supply Agreement made in 2013 under which Bimini licensed rights to the Company's Standalone Fat Transplantation, including the Puregraft Product Line and associated trademarks. Our arbitration demand alleges that Bimini failed to make a $1.0 million milestone payment due to the Company after Bimini achieved $10.0 million in gross profits from the sale of the Company's Puregraft product line, and Bimini deceived the Company about Bimini's true gross profits figures. Our arbitration demand seeks that $1.0 million milestone payment, as well prejudgment interest and attorneys' fees. On October 29, 2018 Bimini made the $1.0 million milestone payment. The parties subsequently entered into a settlement agreement resolving the claims in the Demand for Arbitration.

10. Financial Instruments

We disclose fair value information about all financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate fair value. The disclosures of estimated fair value of financial instruments at March 31, 2019 , and as of December 31, 2018, were determined using available market information and appropriate valuation methods. Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions or estimation methods may have a material effect on the estimated fair value amounts.

The carrying amounts for cash and cash equivalents, accounts receivable, other current assets, accounts payable, accrued expenses and other liabilities approximate fair value due to the short-term nature of these instruments. Further, based on the borrowing rates currently available for loans with similar terms, we believe the fair value of long-term debt approximates its carrying value.

Fair value measurements are market-based measurements, not entity-specific measurements. Therefore, fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability. We follow a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are unobservable in active markets.

The changes in the fair value of liability classified warrants are included in net income (loss) for the respective periods. Because some of the inputs to our valuation model are either not observable or are not derived principally from or corroborated by observable market data by correlation or other means, the warrant liability is classified as Level 3 in the fair value hierarchy.

11. Stockholders' Equity

Preferred Stock

The Company has authorized 5,000,000 shares of preferred stock, par value $0.001 per share. The Company's Board of Directors is authorized to designate the terms and conditions of any preferred stock we issue without further action by the common stockholders. There were 13,500 shares of Series A 3.6% Convertible Preferred Stock, 10,000 Series B Convertible Preferred Stock and 6,723 Series C Convertible Preferred Stock that had been issued at March 31, 2019 and December 31, 2018, respectively. There were no shares of Series A 3.6% Convertible Preferred Stock outstanding as of either date. There were 1,112 of Series B Convertible Preferred Stock outstanding as of March 31, 2019 and December 31, 2018. There were 3,428 and 3,494 shares of Series C Preferred Stock outstanding as of March 31, 2019 and December 31, 2018, respectively.

On July 25, 2018, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock (the "Certificate of Designation") with the Delaware Secretary of State creating a new series of its authorized preferred stock, par value $0.001 per share, designated as the Series C Convertible Preferred Stock (the "Series C Preferred Stock"). The number of shares initially constituting the Series C Preferred Stock was set at 7,000 shares. Pursuant to a registration statement on Form S-1 originally filed on April 27, 2018, as amended, and became effective on July 17, 2018, and

related prospectus (as supplemented), the Company registered and distributed to holders of its common stock and Series B Convertible Preferred Stock, at no charge, non-transferable subscription rights to purchase up to an aggregate of 20,000 units each consisting of one share of Series C Preferred Stock and 1,050 warrants for $1,000 per unit. Each warrant is exercisable for one share o f the Company's common stock at an exercise price of $0.7986 per share for 30 months from the date of issuance and each share of Series C Preferred Stock is convertible into 1,253 shares of the Company's common stock. Pursuant to the 2018 Rights Offering, which closed on July 25, 2018, the Company sold an aggregate of 6,723 units, resulting in total net proceeds to the Company of approximately $5.7 million.

The fair value of the common stock into which the Series C Preferred Stock was convertible on the date of issuance exceeded the proceeds allocated to the preferred stock, resulting in the beneficial conversion feature that we recognized as a deemed dividend to the preferred stockholders and, accordingly, an adjustment to net loss to arrive at net loss allocable to common stockholders. We recorded a deemed dividend within additional paid-in capital of $2.5 million for the quarter ended December 31, 2018, related to a beneficial conversion feature included in the issuance of our Series C Convertible Preferred Stock.

Based on the relevant authoritative accounting guidance, the warrants were liability classified at the issuance date. The warrants may be redeemed by the Company at $0.01 per warrant prior to their expiration if the Company's common stock closes above $3.63 per share , subject to adjustment, for 20 consecutive trading days. The initial fair value of the liability associated with these warrants was $3.1 million, and the fair value decreased to $1.5 million as of March 31, 2019 . The main driver for the change in the fair value of warrants at September 30, 2018, was related to the change in our stock price. All future changes in the fair value of the warrants will be recognized in our consolidated statements of operations until they are either exercised or expire. The warrants are not traded in an active securities market, and as such the estimated the fair value as of March 31, 2019 was determined by using an option pricing model with the following assumptions:

	As of March 31, 2019	As of December31, 2018
Expected term	1.8 years	2.1 years
Common stock market price	$ 0.26	$ 0.29
Risk-free interest rate	2.38%	2.48%
Expected volatility	128%	125%
Resulting fair value (per warrant)	$ 0.10	$ 0.13

Expected volatility was computed using daily pricing observations of traded shares of Cytori for recent periods that correspond to the expected term of the warrants. We believe this method produces an estimate that is representative of our expectations of future volatility over the expected term of these warrants. We currently have no reason to believe future volatility over the expected remaining life of these warrants is likely to differ materially from historical volatility. The expected life is based on the remaining contractual term of the warrants. The risk-free interest rate is the U.S. Treasury bond rate as of the valuation date.

The following table summarizes the change in our Level 3 warrant liability value (in thousands):

Warrant liability	March 31, 2019	December 31, 2018
Beginning balance	$ 916	$ 3,148
Change in fair value	(210)	(2,233)
Ending balance	$ 706	$ 916

Common Stock

On June 1, 2018, the Company entered into a Sales Agreement with B. Riley FBR to sell shares of its common stock having an aggregate offering price of up to $6.5 million through its ATM program. Through March 31, 2019, the Company sold a total of 11.0 million shares for proceeds of approximately $3.8 million through the ATM program.

On September 21, 2018 , the Company entered into a Purchase Agreement (the "Lincoln Park Purchase Agreement") with Lincoln Park pursuant to which the Company has the right to sell to Lincoln Park and Lincoln Park is obligated to purchase up to $5.0 million of shares, of the Company's common stock, over the 24-month period following October 15, 2018. The Company may direct Lincoln Park, at its sole discretion and subject to certain conditions, to purchase up to 250,000 shares of common stock on any business day but in no event will the amount of a single Regular Purchase (as defined in the Lincoln Park Purchase Agreement) exceed $1.0 million. The purchase price of shares of common stock related to the Regular Purchases will be based on the prevailing market prices of such shares at the time of sales. The Company's sales of shares of common stock to Lincoln Park under the Lincoln Park Purchase Agreement are limited to the number of shares that would result in the beneficial ownership by Lincoln Park and its affiliates, at any single point in time, of no more than 4.99% of the then outstanding shares of the common stock. There are no trading volume requirements or restrictions under the Lincoln Park Purchase Agreement. There is no upper limit on the price per share that Lincoln Park must pay for common stock under a Regular Purchase or an accelerated purchase and in no event under an accelerated purchase will shares be sold to Lincoln Park on a day the closing price of the Company's common stock is less than the floor price of $0.25 per share as set forth in the Lincoln Park Purchase Agreement. Through December 31, 2018, the Company sold a total of 0.6 million shares for proceeds of approximately $0.3 million through the Lincoln Park Purchase Agreement and no shares were sold during the three months ended March 31, 2019.

12. Subsequent Events

Sale of the UK Subsidiary and Certain Assets

On March 30, 2019, the Company entered into an Asset and Share Sale and Purchase Agreement (the "Lorem Purchase Agreement") with Lorem Vascular Pte . Ltd. ("Lorem"), pursuant to which, among other things, Lorem agreed to purchase the Company's UK subsidiary, Cytori Ltd. (the "UK Subsidiary"), and the Company's Cell Therapy assets, excluding such assets used in Japan or relating to the Company's contract with BARDA . Both the Company and Lorem made customary representations, warranties and covenants in the Lorem Purchase Agreement, which is subject to termination by either the Company or Lorem upon the occurrence of specified events.

The transaction was completed on April 24, 2019 and the Company received $4.0 million of cash proceeds, of which $1.7 million was used to pay down principal, interest and fees under the Loan and Security Agreement .

Sale of the Japanese Subsidiary and Certain Assets

On April 19, 2019, the Company entered into an Asset and Share Sale and Purchase Agreement (the "Shirahama Purchase Agreement") with Seijirō Shirahama, pursuant to which, among other things, Mr. Shirahama agreed to purchase the Company's Japanese subsidiary, Cytori Therapeutics, K.K. (the "Japanese Subsidiary"), and substantially all of the Company's Cell Therapy assets used in Japan. Both the Company and Mr. Shirahama have made customary representations, warranties and covenants in the Shirahama Purchase Agreement, which is subject to termination by either the Company or Mr. Shirahama upon the occurrence of specified events.

The transaction was completed on April 25, 2019 and the Company received $3.0 million of cash proceeds, of which $1.4 million was used to pay down principal, interest and fees under the Loan and Security Agreement .

Accounting Assessment on the Sale of Assets

The sale of the UK and Japanese Subsidiaries and related assets did not meet the criteria to be classified as held-for-sale as of March 31, 2019 as management did not have the authorization to commit to the sale until approval was obtained from the Board of Directors and Oxford in April 2019. The Company expects to recognize a loss on the disposal during the second quarter of 2019 however the amount has not yet been determined. The Company also performed a probability weighted undiscounted impairment assessment as of March 31, 2019 resulting in the conclusion that no impairment of the net assets included in the disposal group was required to be recognized as of March 31, 2019.

Amendment to the Loan and Security Agreement

On April 29, 2019, the Company entered into a seventh amendment, effective as of April 24, 2019 (the "Seventh Amendment"), to its existing Loan and Security Agreement with Oxford, pursuant to which, among other things, Oxford agreed to interest only payments starting May 1, 2019, with amortization payments resuming on May 1, 2020. The Seventh Amendment also requires that $1.7 million of the net proceeds received by the Company pursuant to the Lorem Purchase Agreement and $1.4 million of the net proceeds received by the Company pursuant to the Shirahama Purchase Agreement must be applied to prepay the loan. Additionally, the Seventh Amendment requires that the Company pay an amendment fee of $0.6 million at the earlier of the prepayment, maturity or acceleration of the loan.

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

Our Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, includes the following sections:

- Overview that discusses our operating results and some of the trends that affect our business.
- Results of Operations that includes a more detailed discussion of our revenue and expenses.
- Liquidity and Capital Resources which discusses key aspects of our statements of cash flows, changes in our financial position and our financial commitments.
- Significant changes since our most recent Annual Report on Form 10-K in the Critical Accounting Policies and Significant Estimates that we believe are important to understanding the assumptions and judgments underlying our financial statements.

You should read this MD&A in conjunction with the financial statements and related notes in Item 1 and our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains certain statements that may be deemed "forward-looking statements" within the meaning of U.S. securities laws. All statements, other than statements of historical fact, that address activities, events or developments that we intend, expect, project, believe or anticipate and similar expressions or future conditional verbs such as will, should, would, could or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate.

These statements include, without limitation, statements about our anticipated expenditures, including research and development, sales and marketing, and general and administrative expenses; the potential size of the market for our products; future development and/or expansion of our products and therapies in our markets, our ability to generate product or development revenues and the sources of such revenues; our ability to effectively manage our gross profit margins; our ability to obtain and maintain regulatory approvals; expectations as to our future performance; portions of the "Liquidity and Capital Resources" section of this report, including our potential need for additional financing and the availability thereof; our ability to continue as a going concern; our ability to remain listed on the Nasdaq Capital Market; our ability to repay or refinance some or all of our outstanding indebtedness and our ability to raise capital in the future; and the potential enhancement of our cash position through development, marketing, and licensing arrangements. Our actual results will likely differ, perhaps materially, from those anticipated in these forward-looking statements as a result of various factors, including: the early stage of our product candidates and therapies, the results of our research and development activities, including uncertainties relating to the clinical trials of our product candidates and therapies; our need and ability to raise additional cash, the outcome of our partnering/licensing efforts, risks associated with laws or regulatory requirements applicable to us, market conditions, product performance, potential litigation, and competition within the regenerative medicine field, to name a few. The forward-looking statements included in this report are subject to a number of additional material risks and uncertainties, including but not limited to the risks described under the "Risk Factors" in Item 1A of Part I below, which we encourage you to read carefully.

We encourage you to read the risks described under "Risk Factors" carefully. We caution you not to place undue reliance on the forward-looking statements contained in this report. These statements, like all statements in this report, speak only as of the date of this report (unless an earlier date is indicated) and we undertake no obligation to update or revise the statements except as required by law. Such forward-looking statements are not guarantees of future performance.

This Quarterly report on Form 10-Q refers to trademarks such as Cytori Cell Therapy, Habeo Cell Therapy, Celution, StemSource, Celase, Intravase, and Cytori Nanomedicine . Solely for convenience, our trademarks and tradenames referred to in this Form 10-Q may appear without the ® or ™ symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and tradenames.

Overview

Our objective is to build a profitable and growing specialty therapeutics company. To meet this objective, we have acquired and are developing two technology platforms that hold promise for treating millions of patients and represent significant potential for increasing shareholder value. Our current corporate activities fall substantially into advancing these platforms: Cytori Nanomedicine and Cytori Cell Therapy.

The Cytori Nanomedicine platform features a versatile nanoparticle technology for drug encapsulation and deli very that has thus far provided the foundation to bring two drugs into mid/late stage clinical trials. Nanoparticle encapsulation is a clinically proven technology and has been shown to help improve the pharmacokinetic properties of many drugs, thus poten tially enhancing the therapeutic profile and patient benefits. Our lead oncology drug candidate, ATI-0918 is a generic version of Janssen's Caelyx® pegylated liposomal encapsulated doxorubicin for the treatment of breast and ovarian cancer, multiple myelo ma, and Kaposi's sarcoma. Pegylated liposomal encapsulated doxorubicin is a heavily relied upon chemotherapeutic used in many cancer types on a global basis. We believe that data from a 60-patient European study of ATI-0918 has met the statistical criter ia for bioequivalence to Janssen's Caelyx®, the current reference listed drug in Europe. We intend that these bioequivalence data will serve as a basis for our planned regulatory submission to the European Medicines Agency, or EMA, for ATI-0918. We are cu rrently evaluating our strategic options to bring ATI-0918 to the U.S., China, and other markets. Our second oncology drug candidate is ATI-1123, which is a patented, albumin-stabilized liposomal encapsulated docetaxel. Docetaxel is a well-accepted and of ten used chemotherapeutic drug used for many cancers. A Phase I clinical trial of ATI-1123 has been completed and published, and we are investigating possible expansion of this trial to Phase II, potentially in conjunction with a development partner. We r ecently received FDA orphan drug designation for ATI-1123 for the treatment of small cell lung cancer. Finally, in connection with our acquisition of the ATI-0918 and ATI-1123 drug candidates, we have acquired know-how (including proprietary processes and techniques) and a scalable nanoparticle manufacturing plant in San Antonio, Texas from which we intend to manufacture commercial quantities of our nanoparticle-encapsulated and -delivered drugs.

Cytori Cell Therapy, is based on the scientific discovery that the human adipose or fat tissue compartment is a source of a unique mixed population of stem, progenitor and regenerative cells that may hold substantial promise in the treatment of numerous diseases and conditions. We have developed certain novel therapies prepared and administered at the patient's bedside with proprietary technologies that include therapy-specific reusable, automated, standardized Celution devices, single-use Celution consumable sets, Celase reagent, and Intravase reagent. Cytori Cell Therapy is in various stages of development and is the subject of investigator-initiated trials conducted by our partners, licensees and other third parties, some of which are supported by us and/or funded by government agencies and other funding sources. In March 2018, we announced a Japanese investigator-initiated study of ECCI-50 Cell Therapy in men with stress urinary incontinence, or SUI, following prostatic surgery for prostate cancer or benign prostatic hypertrophy, called ADRESU, completed enrollment of 45 patients. Patients will be followed up for one-year post treatment and data from the ADRESU trial is expected in the first half of 2019. The ADRESU trial costs are substantially supported by the Japan Agency for Medical Research and Development, or AMED, an independent administrative agency of the Government of Japan, with additional support from Cytori. In conjunction with the U.S. Department of Health and Human Service's Biomedical Advanced Research and Development Authority, or BARDA, we have initiated the clinical trial and expect to first treat patients in the RELIEF trial in 2019. On April 24, 2019 the Company completed the sale transaction of the Company's UK subsidiary, Cytori Ltd., and the Company's Cell Therapy assets, and on April 25, 2019 the Company completed the sale of the Cytori Therapeutics, K.K., and substantially all of the Company's Cell Therapy assets used in Japan.

Results of Operations

Product revenues

Product revenues consisted of revenues primarily from the sale of Cytori Cell Therapy-related products.

The following table summarizes the components for the three months ended March 31, 2019 and 2018 (in thousands):

	For the Three Months Ended March 31,	
	2019	2018
Product revenues - third party	$ 703	$ 731

The product revenue during the three months ended March 31, 2019 slightly decreased as compared to the same period in 2018 due to a decrease in product sales in Japan.

The future: We expect revenue to decrease during the balance of 2019 due to the sale of our Cell Therapy business in April 2019.

Cost of product revenues

Cost of product revenues relate primarily to Cytori Cell Therapy-related products and includes material, manufacturing labor, and overhead costs, as well as amortization of intangible assets. The following table summarizes the components of our cost of revenues for the three months ended March 31, 2019 and 2018 (in thousands):

	For the Three Months Ended March 31,	
	2019	2018
Cost of product revenues (excluding amortization of intangible assets and share-based compensation)	$ 353	$ 269
Amortization of intangible assets	306	306
Share-based compensation	-	4
Total cost of product revenues	$ 659	$ 579
Total cost of product revenues as % of product revenues	93.7%	79.2%

Cost of product revenues as a percentage of product revenues was 93.7% for the three months ended March 31, 2019 and 79.2% for the three months ended March 31, 2018. Fluctuation in this percentage is due to our product mix, distributor and direct sales mix, geographic mix, foreign exchange rates, idle capacity, and allocation of overhead.

The future: We expect cost of product revenue to decrease during the balance of 2019 due to the sale of our Cell Therapy business in April 2019.

Development revenues

Under our government contract with BARDA, we recognized a total of $0.7 million in revenues for the three months ended March 31, 2019 which included allowable fees as well as cost reimbursements. During the three months ended March 31, 2019, we incurred $0.7 million in qualified expenditures. During the three months ended March 31, 2018, we recognized revenue of $0.9 million and incurred $0.8 million in qualified expenditures, respectively. The decrease in revenues for the three months ended March 31, 2019 as compared to the same period in 2018 is primarily due to slight decrease in research and development activities related to BARDA delays experienced in enrollments.

The future: We entered into an amendment with BARDA in May 2017 for the initiation of the RELIEF pilot clinical trial of DCCT-10 in thermal burn injury. The amendment extends the term of the BARDA Agreement and the period of performance of Option 2 of the BARDA Agreement to November 30, 2020 . We expect to begin enrollment of patients into the RELIEF trial by the end of the year.

Research and development expenses

Research and development expenses relate to the development of a technology platform that involves using adipose tissue as a source of autologous regenerative cells for therapeutic applications, oncology drug program expenses, as well as the continued development efforts related to our clinical trials.

Research and development expenses include costs associated with the design, development, testing and enhancement of our products, payment of regulatory fees, laboratory supplies, pre-clinical studies and clinical studies.

The following table summarizes the components of our research and development expenses for the three months ended March 31, 2019 and 2018 (in thousands):

	For the Three Months Ended March 31,	
	2019	2018
Research and development	$ 1,834	$ 2,479
Share-based compensation	12	20
Total research and development expenses	$ 1,846	$ 2,499

The decrease in research and development expenses for the three months ended March 31, 2019 as compared to the same period in 2018 is due primarily to decreases of approximately $0.8 million for the three months period in clinical study expenses as well as a decrease of $0.2 million in salaries and benefits as a result of completion of enrollment in our U.S. STAR clinical trial enrolling in 2017, and decrease of $0.1 million in rent expenses, offset by an increase of $0.2 million for the three months period in professional services incurred as part of the RELIEF clinical trial and the ongoing efforts of ATI-0918 activities.

The future: We expect aggregate research and development expenditures remain at current levels for the balance of 2019, as we work on clinical activities on the RELIEF clinical trial and our ongoing development efforts of ATI-0918 and ATI-1123.

Sales and marketing expenses

Sales and marketing expenses include costs of sales and marketing personnel, events and tradeshows, customer and sales representative education and training, primary and secondary market research, and product and service promotion. The following table summarizes the components of our sales and marketing expenses for the three months ended March 31, 2019 and 2018 (in thousands):

	For the Three Months Ended March 31,	
	2019	2018
Sales and marketing	$ 424	$ 651
Share-based compensation	4	27
Total sales and marketing expenses	$ 428	$ 678

Sales and marketing expenses decreased by $0.2 million during the three months ended March 31, 2019 as compared to the same period in 2018 due primarily to decreases of $0.1 million in salaries and benefits as well as of $0.1 million in professional services because of the decreased efforts of our commercial activities for Habeo.

The future: We expect sales and marketing expenditures to decrease during the balance of 2019 due to the sale of our Cell Therapy business in April 2019, as well as we expect future expenses will be incurred only to support our Nanomedicine activities.

General and administrative expenses

General and administrative expenses include costs for administrative personnel, legal and other professional expenses, and general corporate expenses. The following table summarizes the general and administrative expenses for the three months ended March 31, 2019 and 2018 (in thousands):

	For the Three Months Ended March 31,	
	2019	2018
General and administrative	$ 1,475	$ 2,152
Share-based compensation	33	92
Total general and administrative expenses	$ 1,508	$ 2,244

General and administrative expenses decreased by $0.7 million during the three months ended March 31, 2019 , as compared to the same period in 2018. The decrease is primarily driven by one-time expenses for the three-month period ended March 31, 2018, which includes $0.6 million related to the termination of a Lease Agreement for office space for our corporate headquarters in San Diego, California. In addition, there was a decrease of $0.1 million in salaries and benefits as well as a decrease of $0.1 million in professional services, consistent with our ongoing cost curtailment efforts.

The future: We expect general and administrative expenditures to decrease during the balance of 2019 due to the sale of our Cell Therapy business in April 2019.

Share-based compensation expense

Share-based compensation expense includes charges related to options and restricted stock awards issued to employees, directors and non-employees. We measure stock-based compensation expense based on the grant-date fair value of any awards granted to our employees. Such expense is recognized over the requisite service period.

The following table summarizes the components of our share-based compensation expenses for the three months ended March 31, 2019 and 2018 (in thousands):

	For the Three Months Ended March 31,	
	2019	2018
Cost of product revenues	$ —	$ 4
Research and development-related	12	20
Sales and marketing-related	4	27
General and administrative-related	33	92
Total share-based compensation	$ 49	$ 143

The decrease in share-based compensation expense for the three months ended March 31, 2019 as compared to the same period in 2018 is primarily related to a delayed annual grant to directors and officers, lower annual grant activity to remaining employees

caused by reductions in headcount and due to the decl ine in the stock price during 2019 as compared to the same period in 2018, and its corresponding impact on share-based compensation.

The future : We expect to continue to grant options and stock awards (which will result in an expense) to our employees, directors, and, as appropriate, to non-employee service providers. In addition, previously-granted options will continue to vest in accordance with their original terms. As of March 31, 2019, the total compensation cost related to non-vested stock options and stock awards not yet recognized for all our plans is approximately $0.2 million which is expected to be recognized as a result of vesting under service conditions over a weighted average period of 1.40 years.

Financing items

The following table summarizes interest income, interest expense, and other income and expense for the three months ended March 31, 2019 and 2018 (in thousands):

	For the Three Months Ended March 31,	
	2019	2018
Interest income	$ 7	$ 14
Interest expense	(515)	(423)
Other income (expense), net	149	352
Change in fair value of warrants	210	—
Total	$ (149)	$ (57)

- Interest expense increased for the three months ended March 31, 2019 as compared to the same period in 2018, due to the inclusion of amendment fees added to our debt.
- The changes in other income during the three months ended March 31, 2019 as compared to the same period in 2018 resulted primarily from changes in exchange rates related to transactions in foreign currencies.
- Changes in fair value of our warrant liability are primarily due to fluctuations in the valuation inputs. See Note 11 to the consolidated financial statements included elsewhere herein for disclosure and discussion of our warrant liability.

The future: We expect interest expense in 2019 to remain consistent for the balance of the year. In addition, regarding to the changes in fair value of warrants, there could be material fluctuations in the value of warrants in future periods because our stock price can be volatile . Future changes in the fair value of the warrant liability will be recognized in earnings until such time as the warrants are exercised or expire.

Liquidity and Capital Resources

Short-term and long-term liquidity

The following is a summary of our key liquidity measures at March 31, 2019 and December 31, 2018 (in thousands):

	As of March 31, 2019	As of December 31, 2018
Cash and cash equivalents	$ 3,872	$ 5,261
Current assets	$ 8,462	$ 9,648
Current liabilities	18,295	17,559
Working capital deficit	$ (9,833)	$ (7,911)

We incurred net losses of $3.2 million for the three months ended March 31, 2019. We have an accumulated deficit of $417.5 million as of March 31, 2019. Additionally, we used net cash of $3.3 million to fund our operating activities for the three months ended March 31, 2019. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Further, the Loan and Security Agreement (defined in Note 4), with Oxford Finance, LCC ("Oxford"), as further described in Note 4, requires maintenance of a minimum of $2.0 million in unrestricted cash and cash equivalents on hand to avoid an event of default under the Loan and Security Agreement. Based on our cash and cash equivalents on hand of approximately $3.9 million at March 31, 2019, the Company estimates that it will need to raise additional capital and/or obtain a waiver or restructure the Loan and Security Agreement in the near term to avoid defaulting under its $2.0 million minimum cash/cash equivalents covenant.

To date, these operating losses have been funded primarily from outside sources of invested capital including our recently completed

2018 Rights Of fering (defined below), our Lincoln Park Purchase Agreement (defined below) with Lincoln Park Capital Fund, LLC, or Lincoln Park, the Loan and Security Agreement and gross profits. We have had, and we will likely continue to have, an ongoing need to raise additional cash from outside sources to fund our future clinical development programs and other operations. Our inability to raise additional cash would have a material and adverse impact on operations and would cause us to default on our loan.

On June 1, 2018, we entered into a Sales Agreement with B. Riley FBR to sell shares of our common stock having an aggregate offering price of up to $6.5 million from time to time, through our ATM program under which B. Riley FBR will act as sales agent. Subject to the terms and conditions of the Sales Agreement, B. Riley FBR will use its commercially reasonable efforts to sell the shares, based upon our instructions, consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and rules of Nasdaq. We will set the parameters for sales of shares through the ATM program, including the number of shares to be sold, the time period during which sales are requested to be made, any limitation on the number of shares that may be sold in one trading day, and any minimum price below which sales may not be made. Under the Sales Agreement, B. Riley FBR may sell the shares by any method permitted by law deemed to be an "at the market offering," as defined in Rule 415 of the Securities Act of 1933, as amended, or the Securities Act. We have no obligation to sell any shares and may at any time suspend offers and sales under the Sales Agreement. We and B. Riley FBR each have the right to terminate the Sales Agreement at any time upon prior written notice as provided in the Sales Agreement. We will pay to B. Riley FBR a commission, or allow a discount, in an amount equal to 3.0% of the gross sales price per share of common stock sold through it as sales agent under the Sales Agreement. We have also agreed pursuant to the Sales Agreement to indemnify and provide contribution to B. Riley FBR against certain liabilities, including liabilities under the Securities Act . Although sales of our common stock have taken place pursuant to our ATM program, there can be no assurance that we will be successful in consummating future sales based on prevailing market conditions or in the quantities or at the prices that we deem appropriate. In addition, under current SEC regulations, at any time during which the aggregate market value of our common stock held by non-affiliates, or public float, is less than $75.0 million, the amount we can raise through primary public offerings of securities in any twelve-month period using shelf registration statements, including sales under our ATM program, is limited to an aggregate of one-third of our public float. As of March 31, 2019, our public float was approximately 21.9 million shares, the value of which was $5.7 million based upon the closing price of our common stock of $0.26 on such date. The value of one-third of our public float calculated on the same basis was approximately $1.9 million.

On July 25, 2018, we closed a rights offering originally filed under a Form S-1 registration statement in April 2018, or the 2018 Rights Offering. Pursuant to the 2018 Rights Offering, the Company sold an aggregate of 6,723 units consisting of a total of 6,723 shares of Series C Convertible Preferred Stock, immediately convertible into approximately 8.4 million shares of common stock and 7,059,150 warrants, with each warrant exercisable for one share of common stock at an exercise price of $0.7986 per share, resulting in total net proceeds to the Company of approximately $5.7 million.

On August 28, 2018, we received a written notice from Nasdaq indicating that, based upon the closing bid price of our common stock for the prior 30 consecutive business days, we no longer meet the requirement to maintain a minimum bid price of $1 per share, as set forth in Nasdaq Listing Rule 5550(a)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have been provided a period of 180 calendar days, or until February 25, 2019, in which to regain compliance. We were granted an additional compliance period of 180 calendar days, or until August 26, 2019, in which to regain compliance after meeting the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, with the exception of the bid price requirement, and providing notice to Nasdaq staff of our intent to cure the deficiency during this second compliance period, by effecting a reverse stock split, if necessary. In order to regain compliance with the minimum bid price requirement, the closing bid price of our common stock must have been at least $1 per share for a minimum of ten consecutive business days during the 180-day period .

On September 21, 2018, we entered into a purchase agreement and a registration rights agreement, with Lincoln Park, pursuant to which we have the right to sell to Lincoln Park and Lincoln Park is obligated to purchase up to $5.0 million of shares of our common stock over the 24-month period following October 15, 2018, subject to the satisfaction of certain conditions. Through December 31, 2018, the Company sold a total of 0.6 million shares for proceeds of approximately $0.3 million through the Lincoln Park Purchase Agreement and no shares were sold during the three months ended March 31, 2019.

We continue to seek additional capital through product revenues, strategic transactions, including extension opportunities under our awarded BARDA contract, and from other financing alternatives. Without additional capital, current working capital and cash generated from sales will not provide adequate funding for research, sales and marketing efforts and product development activities at their current levels. If sufficient capital is not raised, we will at a minimum need to significantly reduce or curtail our research and development and other operations, and this would negatively affect our ability to achieve corporate growth goals.

Should we be unable to raise additional cash from outside sources, this would have a material adverse impact on our operations.

The accompanying consolidated condensed financial statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from uncertainty related to its ability to continue as a going concern.

As of March 31, 2019, the re have been no material changes outside the ordinary course of our business to the contractual obligations we reported in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, except for the amendments to the Loan and Security Agreem ent.

On April 24, 2019 the Company received $3.4 million of net cash proceeds related to the sale of the Company's UK subsidiary, Cytori Ltd., and the Company's Cell Therapy assets, of which $1.7 million was used to pay down principal, interest and fees on the Loan and Security Agreement and on April 25, 2019 the Company received $2.5 million of net cash proceeds related to the sale of the Cytori Therapeutics, K.K., and substantially all of the Company's Cell Therapy assets used in Japan , of which $1.4 million was used to pay down principal , interest and fees on the Loan and Security Agreement.

Cash (used in) provided by operating, investing, and financing activities for the three months ended March 31, 2019 and 2018 is summarized as follows (in thousands):

	For the March 31,	
	2019	2018
Net cash used in operating activities	$ (3,270)	$ (4,119)
Net cash used in investing activities	(6)	(53)
Net cash provided by financing activities	1,891	(150)
Effect of exchange rate changes on cash and cash equivalents	(4)	39
Net decrease in cash and cash equivalents	$ (1,389)	$ (4,283)

Operating activities

Net cash used in operating activities for the three months ended March 31, 2019 was $3.3 million compared to $4.1 million in the same period of 2018. Overall, our operational cash use decreased during the three months ended March 31, 2019 as compared to the same period in 2018, due primarily to a decrease in losses from operations (when adjusted for non-cash items) of $0.6 million and a working capital variance of $0.2 million.

Investing activities

Net cash used in investing activities for the three months ended March 31, 2019 and 2018 were related to purchases of fixed assets.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2019 was primarily related to sales of common stock of $1.9 million, net of costs from sale primarily through our 2018 Rights Offering and ATM program.

Critical Accounting Policies and Significant Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of our assets, liabilities, revenues and expenses, and that affect our recognition and disclosure of contingent assets and liabilities.

While our estimates are based on assumptions we consider reasonable at the time they were made, our actual results may differ from our estimates, perhaps significantly. If results differ materially from our estimates, we will make adjustments to our financial statements prospectively as we become aware of the necessity for an adjustment.

Goodwill is reviewed for impairment annually or more frequently if indicators of impairment exist. We perform our impairment test annually during the fourth quarter. The Company operates in a single operating segment and reporting unit. We monitor the fluctuations in our share price and have experienced significant volatility during the year.

We believe it is important for you to understand our most critical accounting policies. Our critical accounting policies and estimates are discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and there have been no material changes, other than the adoption of Accounting Standards Codification 842 *Leases* during the three months ended March 31, 2019 .

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As of March 31, 2019, there have been no material changes in our market risks from those described in Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or furnished pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1 . Legal Proceedings

From time to time, we have been involved in routine litigation incidental to the conduct of our business. As of March 31, 2019, we were not a party to any material legal proceeding.

Item 1A. Risk Factors

As a smaller reporting company, we are not required to provide disclosure pursuant to this item. However, in addition to other information set forth in this Quarterly Report on Form 10-Q, including the information in the section entitled "Cautionary Statement Regarding Forward-Looking Statements," you should carefully consider the "Risk Factors" discussed in our Annual Report on Form 10-K for the year ended December 31, 2018 for a discussion of factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements in this Quarterly Report on Form 10-Q.

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

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

EXHIBIT INDEX

CYTORI THERAPEUTICS, INC.

Exhibit Number	Exhibit Title	Filed with this Form 10-Q	Incorporated by Reference		
			Form	File No.	Date Filed
2.1	Asset and Equity Purchase Agreement, dated as of March 29, 2019, by and among Cytori Therapeutics, Inc., Cytori Therapeutics, K.K., and Lorem Vascular Pte. Ltd. (1)		8-K	001-34375 Exhibit 2.1	04/01/2019
2.2	Asset and Share Sale and Purchase Agreement, dated as of April 19, 2019, by and between Cytori Therapeutics, Inc. and Seijirō Shirahama . (1)		8-K	001-34375 Exhibit 2.1	04/23/2019
3.1	Composite Certificate of Incorporation.		10-K	001-34375 Exhibit 3.1	03/11/2016
3.2	Amended and Restated Bylaws of Cytori Therapeutics, Inc.		10-Q	000-32501 Exhibit 3.2	08/14/2003
3.3	Amendment to Amended and Restated Bylaws of Cytori Therapeutics, Inc.		8-K	001-34375 Exhibit 3.1	05/06/2014
3.4	Certificate of Designation of Preferences, Rights and Limitations of Series A 3.6% Convertible Preferred Stock		8-K	001-34375 Exhibit 3.1	10/08/2014
3.5	Certificate of Amendment to Amended and Restated Certificate of Incorporation, as amended		8-K	001-34375 Exhibit 3.1	05/10/2016
3.6	Certificate of Designation of Preferences, Rights and Limitations of Series B Convertible Preferred Stock		8-K	001-34375 Exhibit 3.1	11/28/2017
3.7	Certificate of Amendment to Amended and Restated Certificate of Incorporation, as amended		8-K	001-34375 Exhibit 3.1	05/23/2018
3.8	Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock		8-K	001-34375 Exhibit 3.1	07/25/2018
10.1	Fifth Amendment to Loan and Security Agreement, effective as of January 31, 2019, by and between Cytori Therapeutics, Inc. and Oxford Finance, LLC		10-K	001-34375 Exhibit 10.55	03/29/2019
10.2	Sixth Amendment to Loan and Security Agreement, effective as of February 28, 2019, by and between Cytori Therapeutics, Inc. and Oxford Finance, LLC		10-K	001-34375 Exhibit 10.56	03/29/2019
10.3	Seventh Amendment to Loan and Security Agreement, effective as of April 24, 2019, by and between Cytori Therapeutics, Inc. and Oxfor d Finance, LLC	X			
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of Principal Financial and Accounting Officer Pursuant to Securities Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32.1*	Certifications Pursuant to 18 U.S.C. Section 1350/ Securities Exchange Act Rule 13a-14(b), as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002	X			
101.INS	XBRL Instance Document				
101.SCH	XBRL Schema Document				
101.CAL	XBRL Calculation Linkbase Document				
101.DEF	XBRL Definition Linkbase Document				

101.LAB XBRL Label Linkbase Document

101.PRE XBRL Presentation Linkbase Document

* These certifications are being furnished solely to accompany this report pursuant to 18 U.S.C. 1350 and are not being filed for purposes of Section 18 of the Securities and Exchange Act of 1934 and are not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

(1) The schedules and similar attachments to the Asset Purchase Agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish copies of any such schedules and exhibits to the U.S. Securities and Exchange Commission upon request.

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.

CYTORI THERAPEUTICS, INC.

Dated: May 14, 2019

By: /s/ Marc H. Hedrick
Marc H. Hedrick
President & Chief Executive Officer

Dated: May 14, 2019

By: /s/ Gary Titus
Gary Titus
Chief Financial Officer

EXHIBIT 10.3

SEV E NTH AMEND M ENT TO L OAN AND SECURI T Y AGR EE MENT

THIS SEVENTH AMENDMENT t o Lo a n and Security Agree m ent (this " **Amendmen t** ") is m ade eff e ctive as of April 24, 2019 (the " **Amendment Date** ") and m ade, by and among OXFORD FINANCE L LC, a Delaware li m ited liability co m pany with a n office located at 133
North Fairfax Street, Alexandria, Virginia 22314 (in its indiv i dual capacity, " **Oxford** "; and in its capacity as Collat e ral A gent, " **Coll a teral Agen t** "), the Lenders listed on Schedule 1.1 thereof from ti m e to ti m e including Ox f ord in its capacity as a Lender (each a " **L ender** " and
collectively, the " **Lenders** ") and CYTORI THERAPEUTICS, I NC., a Delaware corporation with offices located at 3020
C allan R oad, San Diego, CA 92121 (" **Borr o w er** ").

WHEREAS, Collateral Agent, Borrower and Lenders party thereto f rom ti m e to ti m e have entered into that certain L oan and Security Agree m ent, dated as of May 29, 2015 (as a m ended, supple m ented or otherwise m odified from ti m e to ti m e, the " **Loan Agreement** ") pursuant to which Lenders have p rovided to Borrower certain loans in accordance with the ter m s and conditions thereof; and

WHEREAS, Borrower, Lenders and Collateral Agent desire to a m end certain provisions of the Loan Agree m ent as provided herein and subject to the ter m s and conditions set forth herein.

NOW, THEREFORE, in consideration of the pro m ises, covenants and agree m ents contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower, L enders and Collateral Agent hereby agree as follows:

1. Capitalized ter m s used herein b u t not otherwise defined shall h ave the re s pecti v e m eanings given to them in the Loan Agree m ent.

2. Section 2.2(b) of the Loan Agree m e nt is hereby a m ended and rest a t ed i n it s e n t i re t y as f ollows:

(b) Repay m ent . Borrower shall m ake monthly pay m ents of interest only commencing on the first (1 st) Pay m ent Date following the Funding Date of each Term Loan, and continuing on the Pay m ent Date of each successive m o n th thereafter through and including the Pay m e nt Date immediately preceding the Amortization
Date. Borr o wer agrees t o pay, on t h e Funding Date of each Term Loan, any initial partial monthly interest pay m ent other w ise due for the period between the Funding Date of such Term Loan and the first Pay m ent Date thereof. Com m encing on the Amortization Date, and contin ui ng on the Pay m ent Date of each m onth thereafter until April 30, 2019, Borrower shall m ake consecutive m onthly pay m ents of principal (except that no
pay m ents of principal shall be m ade on the Payment Dates from S epte m b er 1, 2017 through Dece m ber 1, 2017; provid e d, further, that upon the occ u rrence of the I/O Extension E vent pay m ents of principal shall also not be m a de on the Pay m ent Dates from January 1, 2018 through August 1, 2018) and applicable interest (regardless of whether or not on any given Pay m e nt Date a p r incipal payment is due hereu n der), in arrears, to each Lender, as calculated by Collater a l A gent (which calculations s hall be dee m ed correct absent m anifest error) based upon: (1) the a m ount of such Lender's T erm Loan, (2) the

effective rate of interest, a s deter m ined in Section 2.3(a), a n d (3) a repay m ent schedule equal to forty-two (42) months (except that as set forth above, no pay m e nts of principal shall be m ade on the Pay m ent D ates from Sept e m ber 1, 2017 through August 1, 2018; provided, further, that pay m ents of principal shall also not be m ade on the Pay m ent Dates from September 1, 2018 through March 1, 2019). Thereafter, co m m enc i ng on May 1, 2019, Borrower shall m ake m onthly pay m ents of interest only on the Pa y m ent Date of each successive m onth through and including the Pay m ent Date i m m ediately preceding the Second A m ortization Date. C ommencing on the Second A m orti z ation Date, and contin u i ng o n each successive Pay m ent Date t h ereafter, Borr o wer shall m ake consecutive equal m onthly pay m ents of principal, together with applicable i nterest, in arrears, to each Lender, as calculated by Collater a l A gent (which calculations s hall be dee m ed correct absent m anifest error) based upon: (1) the a m ount of such Lender's T erm Loan, (2) the effective rate of interest, a s deter m ined in Section 2.3(a), a n d (3) a repay m ent schedule with respect to the Term Loans as set forth on the A m ortization Table (as a m ended from ti m e to ti m e) attached t o the Disburse m ent Letter entered into as of the Effective Date. The Final Pay m ent and all unp a id principal and accrued and unp a id interest with respect to each Term Loan are due and pay a ble in full on the Maturity D ate. Each Term Loan m ay only be prepaid in accordance with Sections 2.2(c) and 2.2(d).

3 . Section 2.2(d) of the Loan Agree m e nt is hereby a m ended and rest a t ed a s f ollows: (d) **Permitted Prepayment of Term L oa n** . Borrower shall have the option to prepay all, but, subject to the second paragraph of this Secti o n 2.2(d), not less than all, of the Term Loan advanced by the Lenders under this Agree m ent, pr o vided B orrower, subject to the second paragraph of this Section 2.2(d), (i) pr o vides written notice to Collateral A gent of its election to prepay the Term Loan at le a st fifteen (15) days prior to such prepay m ent, and (ii) pays to the Lenders on the date of such prepay m ent, payable to each Lender in acc o rda n ce with its respective Pro Rata Share, an a m ount equal to the sum of (A) all outstanding principal of the Term Loan plus accrued and unpaid interest thereon through the prepay m ent date, (B) the Final Pay m ent, (C) the Prepay m ent Fee, plus (D) all other Obligations that are due and payable, including Lenders' Expenses and interest at the Default Rate w ith respect to any past due a m ou n ts.

Notwithstanding anything herein t o the contrary, Borrower shall pro m ptly pay to each Lender (in accordance with i ts Pro Rata Share) (i) 75% of all proceeds received by Borrower from the issuance and sale by Borrower of its unsecur e d subordinated convertible debt, (ii) 7 5 % of all pr o ceeds recei v ed by Borr o wer in connection with a joint venture, collaboration or other partnering transaction, (iii) 75 % of all pr o ceeds recei v ed by Borrower in connection with any licenses, (i v) 75% of all proceeds received by Borrower in the form of dividends (other than non-cash dividen d s received from who l ly owned Subsidiaries of Borrower) a n d (v) all net proceeds re c ei v ed by Borrower from sale or transfer of any assets of Borr o wer (provided, that strictly f or (a) the L o rem Transaction, Borrower shall obligated to pay hereunder only One Million Sixty Hundred Fifty Thousand Dollars ($1,650,000) and (b) the Shiraha m a Transaction, Borrower shall obligated to pay hereunder only O ne Million Four Hundred Thousand Dollars

($1,400,000); provided, further, that nothing in this Section 2 .2(d) is a consent to or m eant to be construed as a consent to any disposition of any assets of Borrower not otherwise pe r m itted by this Agree m ent, includin g , without li m i t ation pursuant to the Lorem Transaction or the Shiraha m a Tr ansaction). For the purposes of clarification, proceeds received from s ale and issuance by Borrower of its equity securities (which are not in the form of convertible d e bt) shall not be subject to the pay m ent obligations of Borrower under the immediately preceding sent e nce. All such pay m ents shall be applied to (A) payment of a portion of the outstanding principal of the Term Loans plus all accrued and unpaid i n t erest t h ereon o utstan d i ng o n such portion being prepaid, (B) the applicable F inal Pay m ent with respect to the portion of such T e rm Loans being prepaid, and (C) the applicable P repay m ent Fee with respect to the portion of such Term Loans being prepaid. For the purposes of clarity, any partial prepa ym ent of Term Loans hereunder shall be applied pro-rata to all outstanding a m ounts under each Term Loan,
and shall be applied pro-rata wit h in each Term Loan tranche to reduce amortization pay m ents under Section 2.2(b) on a pro-rata basis.

4 . Section 2.5 of the Loan Agree m ent is hereby a m ended by deleting the word “and” im m ediately following Section 2.5(i), replacing “.” at the end of Section 2.5(j) with “; and” and adding Section 2.5(k) thereto as follows:

(k) Seventh Amend m ent F e e . A fully earned and non-refundable seventh a m endment fee in the amount of Six H undred Thousand Dollars ($600,000.00) which shall beco m e due and payable upon the earlier of: (i) the Maturity Date, (ii) the acceleration of any Term Loan, or (iii) the prepay m ent of a Term Loan pursuant to Section 2.2(c) or (d); provided, however, in lieu of paying the afore m entioned fee of Six Hundred Thousand Dollars ($600,000.00), Borrower m ay pay on April 26, 2019 and also notify Collateral Agent of such pay m ent on such date, a fully earned and non-refundable seventh a m end m ent fee in the amount of T hree Hundred Sixty Five Thousa n d Dollars ($365,000.00).

5 . The a m ortization table attac h ed a s E xhibit A to the Disburse m ent Letter entered into on the Effective Date, is hereby a m ended and restated as set forth on Exhibit A hereto.

6 . Section 13.1 of the Loan Agree m ent is hereby a m ended by adding the f ollowing de f i nitio n s therein i n al p habetical or der:

“ **Lorem Transaction** ” is the sale of certain assets of Borrower as set forth in the Asset and Equity Purchase Agree m ent, dated as of March 29, 2019, by a nd a m o ng Borrower, Lorem Vascular Pte. Ltd., a co m p a ny incorporated in Singapore, and with respect to Section 6.06 only, Cytori Therapeutics, K.K., a kabushiki kaisha organized under the laws of Japan.

“ **Shirahama Transaction** ” is the sale of certain assets of Borrower as set forth in the Asset and S hare Sale and Purchase Agree m ent, dated on or about April 24, 2019, by and between Borrower and S eijirō S hiraha m a, an individual with an address at 1-6-15
Hazawa, Neri m a-ku, Tokyo, 176-0003 Japan.

7. Section 13.1 of the Loan Agree m ent is hereby further a m ended by a m end i ng and restating the following definitio n s t h erein as follows:

" **Maturity D ate** " is June 1, 2021.

" **Second Amorti z ation Date** " is May 1, 2020.

8. Li m itation of A m endm e nt.

a. The a m end m ents set forth above are effective for the purposes s et forth herein and shall be li m ited precisely as written and shall not be dee m ed t o (a) be a consent to any a m end m ent, waiver or m odif i cation of any other term or con d ition of any
Loan Docu m ent, or (b) otherwise prejudice any right, re m edy or obligation which Lenders or Borrower may now have or m ay have in the future under or in connection with any Loan Docu m ent, as a m ended hereby.

b. This A m end m ent shall be construed in connection with and as pa r t of the Loan Docu m ents and all ter m s, conditions, representations, warranties, covenants and agree m ents set forth in the Lo a n Docu m ents, except as herein a m ended, are hereby ratified and confir m ed and shall re m ain in full force and effect.

9. To induce Collateral Agent and Lenders to enter into this Am endment, Borrower hereby represents and warrants to Coll a teral Agent and Lenders as f ollows:

a. Im m ediately after giving effect to this A m end m e nt (a) the r e presentations and warranties contained in the Loan Docu m ents are true, accurate a nd co m plete in all m aterial respects as of the date hereof (except to the extent s uch representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

b. Borrower has the power and due authority to execute and deliver this Amend m ent and to perform its obligations under the Loan Agree m ent, as a m e nded by t his A m end m en t ;

c. The organizational docu m ents of B orrower delivered to Collater a l Agent on the Effective Date, and updated pursua n t to subsequent deliveries by Borrower to Collateral A gent, re m ain true, accurate and co m plete and have n ot been a m ended, supple m ented or restated and are and continue to be in full fo r ce and effect; The execution and delivery by Borrower of this A m end m ent and the p e rfor m ance by Borrower of its obligations under the Loan Agree m ent, as a m end e d by this A m end m en t , do not and will not contravene (i) a n y m aterial law or regulation binding on or affecting Borrower, (ii) any m aterial contractual restriction with a Person binding on Borrower, (iii) any m aterial order, judg m ent or decree of any

court or other govern m ental or public body or authority, or su b division thereof, binding on Borrower, or (iv) the o rganizational docu m ents of Borrower;

d. The execution and delivery by Borrower of this A m end m ent and t h e perfor m ance by Borrower of its obligations und e r the Loan Agree m ent, as a m ended by t his A m end m en t , do not require any orde r , consent, approval, license, authorization or validation o f , or filing, recording or r egistration with, or exemption by any govern m ental or public body or authority, or subdivision there o f, binding on Borrower, except as already has been obtained or m ade; and

e. This A m end m ent has been duly executed and delivered by B orrower and is the binding obligation of Borrower, en fo rcea b le against Borrower in accordance with its ter m s, except as s u ch enforceability m ay be li m ited by ban k ruptcy, insolvency, reorganization, liquidation, m or a torium or other si m ilar laws of general application and equitable princ i ples relating to or affecting c reditors' ri g hts.

1 0 . Borrower hereby re m ises, releas e s, acquits, satisfies and fore v er discharges the Lenders and Collateral Agent, their agents, employees, officers, direc t ors, predecessors, attorneys and all others acting or purporting to act on behalf of or at the direction of the Lenders and Collateral Agent (" **Releasee s** "), of and from any and all m a nner of a ctions, causes of action, suit, debts, accounts, covenants, contracts, controver s ies, agree m e nts, variances, da m ages, judg m ents, clai m s and d e mands whatsoever, in law or in equity, which any of such parties ever had, now has or, to the extent arising from o r in connection with any
act, o m ission or state of facts taken or existing on or prior to the date hereof, m ay have after the date hereof against the Releasees, for, upon or by r e ason of any m atter, cause or thing whatsoever relating to or arising out of the Loan Agree m ent or the other Loan Docu m ents on or prior to the date hereof through the date hereof. W ithout li m iting t h e generality of the foregoing, Borr o wer waives and affi r m atively agrees not to allege or otherwise pursue any defenses, affir m ative defenses, countercl a i m s, clai m s, causes of action, seto f f s or other rights they do, shall or m a y have as o f the date hereof, including the rights to contest: (a) the r i ght of Collateral Agent and e a ch Lender to exercise its rights and re m edies described i n the Loan Docu m ents; (b) any provision of this A m end m ent or the Loan Docu m ents; or (c) any conduct of the Lenders or other Releasees relating to or arising o u t of the Loan Agree m ent or the other Loan Docu m ents on or prior to the date hereof.

1 1 . Except as expressly set f orth her e in, the Loan Agree m ent shall continue in full force and effect without alteration or a m end m e nt. This Amend m ent and the Loan Docu m ents represent the entire agree m ent about this subject m atter and s u persede prior negotiations or agree m ents.

1 2 . This A m end m ent shall be dee m ed effective as of the A m end m ent D a te upon (a) the due execution and delivery to Collater a l Agent of this A m end m e nt by each party hereto, (b) Borrower's pay m ent of all Lenders' Expenses incurred through the date hereof, which m ay be debited from any of Borrower's accounts and (c) Borrowe r 's pay m ent, in accorda n ce with Section 2.2(d) of t h e Loan Agree m ent, of the p o rtion of the net proceeds

received by Borrower pursuant t o the Lorem Transaction the S hiraha m a Transaction as required to be repaid pu r suant to Section 2.2(d).

1 3 . This A m end m ent m ay be executed in any nu m ber of counterparts, e ach of which shall be dee m ed an original, and all of w hich, taken together, shall co n stit u te one and the sa m e instru m ent.

1 4 . This A m end m ent and the rights and obligations of the parties h e reto shall be governed by and constr ue d in acc o rdance with t h e laws of the State of Cali f ornia.

[*Balance of Page Intentionally Left Blan k*]

IN WITNESS WHEREOF , the parties hereto have caused this Seventh Amendment to Loan and Security Agreement to be executed as of the date first set forth above.

BORROWER:

CYTORI THERAPEUTICS, INC.

By: /s/ Marc Hedrick
Name: Marc Hedrick
Title: President and CEO

COLLATERAL AGENT AND LENDER:

OXFORD FINANCE LLC

By: /s/ Joshua Friedman
Name: Joshua Friedman
Title: Vice President

Exhibit A

Amorti z ation Table

Please see a ttached

Oxford Finance LLC
Amortization Table Cytori
L5 AA01

Start Date:	5/29/2015		***Disclaimer :***
Interest Rate:	8.95%		**THIS IS A STANDARD AMORTIZATION**
Term:	48	18 IO + 30 PI	**SCHEDULE. IT IS NOT INTENDED TO BE USED FOR PAYOFF PURPOSES.**
Payment:	Varies		
1st Amendment Fee:	$25,000.00		
2nd Amendment Fee:	$250,000.00		
3rd Amendment Fee:	$50,000.00		
Fourth Amendment Fee:	$350,000.00		
Fifth Amendment Fee:	$5,000.00		
Sixth Amendment Fee:	$5,000.00		
Final Payment:	$994,463.88	6.15%	
Amount:	17,700,000.00		
Interim Interest Days:	3		
Interim Interest:	$13,201.25		

PMT No.	Payment Date	Beginning Balance	Monthly Payment	Interest	Principal	Ending Balance
	6/1/15		**Interim interest due**			$17,700,000.00
1	7/1/15	$17,700,000.00	$132,012.50	$132,012.50	$0.00	$17,700,000.00
2	8/1/15	$17,700,000.00	$136,412.92	$136,412.92	$0.00	$17,700,000.00
3	9/1/15	$17,700,000.00	$136,412.92	$136,412.92	$0.00	$17,700,000.00
4	10/1/15	$17,700,000.00	$132,012.50	$132,012.50	$0.00	$17,700,000.00
5	11/1/15	$17,700,000.00	$136,412.92	$136,412.92	$0.00	$17,700,000.00
6	12/1/15	$17,700,000.00	$132,012.50	$132,012.50	$0.00	$17,700,000.00
7	1/1/16	$17,700,000.00	$136,412.92	$136,412.92	$0.00	$17,700,000.00
8	2/1/16	$17,700,000.00	$136,412.92	$136,412.92	$0.00	$17,700,000.00
9	3/1/16	$17,700,000.00	$127,612.08	$127,612.08	$0.00	$17,700,000.00
10	4/1/16	$17,700,000.00	$136,412.92	$136,412.92	$0.00	$17,700,000.00
11	5/1/16	$17,700,000.00	$132,012.50	$132,012.50	$0.00	$17,700,000.00
12	6/1/16	$17,700,000.00	$136,412.92	$136,412.92	$0.00	$17,700,000.00
13	7/1/16	$17,700,000.00	$132,012.50	$132,012.50	$0.00	$17,700,000.00
14	8/1/16	$17,700,000.00	$136,412.92	$136,412.92	$0.00	$17,700,000.00
15	9/1/16	$17,700,000.00	$136,412.92	$136,412.92	$0.00	$17,700,000.00
16	10/1/16	$17,700,000.00	$132,012.50	$132,012.50	$0.00	$17,700,000.00
17	11/1/16	$17,700,000.00	$136,412.92	$136,412.92	$0.00	$17,700,000.00
18	12/1/16	$17,700,000.00	$132,012.50	$132,012.50	$0.00	$17,700,000.00
19	1/1/17	$17,700,000.00	$726,412.92	$136,412.92	$590,000.00	$17,110,000.00
20	2/1/17	$17,110,000.00	$721,865.82	$131,865.82	$590,000.00	$16,520,000.00
21	3/1/17	$16,520,000.00	$704,997.56	$114,997.56	$590,000.00	$15,930,000.00
22	4/1/17	$15,930,000.00	$712,771.63	$122,771.63	$590,000.00	$15,340,000.00
23	5/1/17	$15,340,000.00	$704,410.83	$114,410.83	$590,000.00	$14,750,000.00
24	6/1/17	$14,750,000.00	$703,677.43	$113,677.43	$590,000.00	$14,160,000.00
25	7/1/17	$14,160,000.00	$695,610.00	$105,610.00	$590,000.00	$13,570,000.00
26	8/1/17	$13,570,000.00	$694,583.24	$104,583.24	$590,000.00	$12,980,000.00
27	9/1/17	$12,980,000.00	$100,036.14	$100,036.14	$0.00	$12,980,000.00
28	10/1/17	$12,980,000.00	$96,809.17	$96,809.17	$0.00	$12,980,000.00
29	11/1/17	$12,980,000.00	$100,036.14	$100,036.14	$0.00	$12,980,000.00
30	12/1/17	$12,980,000.00	$96,809.17	$96,809.17	$0.00	$12,980,000.00
31	1/1/18	$12,980,000.00	$100,036.14	$100,036.14	$0.00	$12,980,000.00
32	2/1/18	$12,980,000.00	$100,036.14	$100,036.14	$0.00	$12,980,000.00
33	3/1/18	$12,980,000.00	$90,355.22	$90,355.22	$0.00	$12,980,000.00
34	4/1/18	$12,980,000.00	$100,036.14	$100,036.14	$0.00	$12,980,000.00
35	5/1/18	$12,980,000.00	$96,809.17	$96,809.17	$0.00	$12,980,000.00
36	6/1/18	$12,980,000.00	$100,036.14	$100,036.14	$0.00	$12,980,000.00
37	7/1/18	$12,980,000.00	$96,809.17	$96,809.17	$0.00	$12,980,000.00
38	8/1/18	$12,980,000.00	$100,036.14	$100,036.14	$0.00	$12,980,000.00
39	9/1/18	$12,980,000.00	$100,036.14	$100,036.14	$0.00	$12,980,000.00
40	10/1/18	$12,980,000.00	$96,809.17	$96,809.17	$0.00	$12,980,000.00
41	11/1/18	$12,980,000.00	$100,036.14	$100,036.14	$0.00	$12,980,000.00
42	12/1/18	$12,980,000.00	$96,809.17	$96,809.17	$0.00	$12,980,000.00
43	1/1/19	$12,980,000.00	$100,036.14	$100,036.14	$0.00	$12,980,000.00
44	2/1/19	$12,980,000.00	$100,036.14	$100,036.14	$0.00	$12,980,000.00
45	3/1/19	$12,980,000.00	$90,355.22	$90,355.22	$0.00	$12,980,000.00
46	4/1/19	$12,980,000.00	$965,369.47	$100,036.14	$865,333.33	$12,114,666.67
	4/24/19	$12,114,666.67	$1,599,127.98	$69,272.34	$1,529,855.64	$10,584,811.03

	47	5/1/19	$10,584,811.03	$18,420.51	$18,420.51	$0.00	$10,584,811.03
	48	6/1/19	$10,584,811.03	$81,576.55	$81,576.55	$0.00	$10,584,811.03
	49	7/1/19	$10,584,811.03	$78,945.05	$78,945.05	$0.00	$10,584,811.03
	50	8/1/19	$10,584,811.03	$81,576.55	$81,576.55	$0.00	$10,584,811.03
	51	9/1/19	$10,584,811.03	$81,576.55	$81,576.55	$0.00	$10,584,811.03
	52	10/1/19	$10,584,811.03	$78,945.05	$78,945.05	$0.00	$10,584,811.03
	53	11/1/19	$10,584,811.03	$81,576.55	$81,576.55	$0.00	$10,584,811.03
	54	12/1/19	$10,584,811.03	$78,945.05	$78,945.05	$0.00	$10,584,811.03
	55	1/1/20	$10,584,811.03	$81,576.55	$81,576.55	$0.00	$10,584,811.03
	56	2/1/20	$10,584,811.03	$81,576.55	$81,576.55	$0.00	$10,584,811.03
	57	3/1/20	$10,584,811.03	$76,313.55	$76,313.55	$0.00	$10,584,811.03
	58	4/1/20	$10,584,811.03	$81,576.55	$81,576.55	$0.00	$10,584,811.03
	59	5/1/20	$10,584,811.03	$835,002.98	$78,945.05	$756,057.93	$9,828,753.10
	60	6/1/20	$9,828,753.10	$831,807.58	$75,749.65	$756,057.93	$9,072,695.17
	61	7/1/20	$9,072,695.17	$823,725.12	$67,667.18	$756,057.93	$8,316,637.24
	62	8/1/20	$8,316,637.24	$820,153.79	$64,095.86	$756,057.93	$7,560,579.30
	63	9/1/20	$7,560,579.30	$814,326.90	$58,268.96	$756,057.93	$6,804,521.37
	64	10/1/20	$6,804,521.37	$806,808.32	$50,750.39	$756,057.93	$6,048,463.44
	65	11/1/20	$6,048,463.44	$802,673.10	$46,615.17	$756,057.93	$5,292,405.51
	66	12/1/20	$5,292,405.51	$795,530.45	$39,472.52	$756,057.93	$4,536,347.58
	67	1/1/21	$4,536,347.58	$791,019.31	$34,961.38	$756,057.93	$3,780,289.65
	68	2/1/21	$3,780,289.65	$785,192.41	$29,134.48	$756,057.93	$3,024,231.72
	69	3/1/21	$3,024,231.72	$777,109.94	$21,052.01	$756,057.93	$2,268,173.79
	70	4/1/21	$2,268,173.79	$773,538.62	$17,480.69	$756,057.93	$1,512,115.86
	71	5/1/21	$1,512,115.86	$767,335.79	$11,277.86	$756,057.93	$756,057.93
	72	6/1/21	$756,057.93	$761,884.83	$5,826.90	$756,057.93	$0.00
Final		6/1/21	Final Payment	$1,679,463.88	$1,679,463.88	$0.00	
				$26,274,796.68	$8,574,796.68	$17,700,000.00	

EXHIBIT 31.1

Certification of Principal Executive Officer Pursuant to
Securities Exchange Act Rule 13a-14(a),
as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Marc H. Hedrick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cytori 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2019
/s/ Marc H. Hedrick
Marc H. Hedrick,
President & Chief Executive Officer

EXHIBIT 31.2

Certification of Principal Financial Officer Pursuant to
Securities Exchange Act Rule 13a-14(a),
as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Tiago Girao, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cytori 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2019
/s/ Gary Titus
Gary Titus
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350/ SECURITIES EXCHANGE ACT RULE 13a-14(b), AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Cytori Therapeutics, Inc. for the quarterly period ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof, Marc H. Hedrick, as President & Chief Executive Officer of Cytori Therapeutics, Inc., and Tiago Girao, as VP of Finance and Chief Financial Officer of Cytori Therapeutics, Inc., each hereby certifies, respectively, that:

1. The Form 10-Q report of Cytori Therapeutics, Inc. that this certification accompanies fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934.

2. The information contained in the Form 10-Q report of Cytori Therapeutics, Inc. that this certification accompanies fairly presents, in all material respects, the financial condition and results of operations of Cytori Therapeutics, Inc.

By: /s/ Marc H. Hedrick
Marc H. Hedrick
President & Chief Executive Officer

Dated: May 14, 2019

By: /s/ Gary Titus
Gary Titus
Chief Financial Officer

Dated: May 14, 2019