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

FORM 10-Q

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

For the quarterly period ended **September 30, 2023**

☐ 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: **000-55413**

Cell Source, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**32-0379665**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

57 West 57th Street, Suite 400
New York, NY 10019
(Address of principal executive offices)

(646) 416-7896
(Issuer's telephone number)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
None	N/A	N/A

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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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 news or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 6, 2023, the registrant had 38,546,231 shares of $0.001 par value common stock outstanding.

CELL SOURCE, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2023

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

CELL SOURCE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2023	December 31, 2022
	(Unaudited)	
Assets		
Current Assets:		
Cash	$ 2,582	$ 222,665
Prepaid expenses	242,375	164,175
Other current assets	3,400	23,005
Total Assets	$ 248,357	$ 409,845
Liabilities and Stockholders' Deficiency		
Current Liabilities:		
Accounts payable	$ 1,580,863	$ 680,325
Accrued expenses	1,126,536	1,485,857
Accrued expenses - related party	130,000	86,500
Accrued interest	962,183	809,426
Accrued interest - related parties	1,443,452	987,310
Accrued compensation	885,665	849,898
Notes payable, net of debt discount of $0 and $12,968 as of September 30, 2023 and December 31, 2022, respectively	681,093	768,126
Notes payable - related parties	150,000	150,000
Convertible notes payable, net of debt discount of $21,954 and $41,650 as of September 30, 2023 and December 31, 2022, respectively	1,328,006	908,311
Convertible notes payable - related parties, net of debt discount of $0 and $147,230 as of September 30, 2023 and December 31, 2022, respectively	7,315,036	6,077,770
Financing liability	130,040	-
Advances payable	135,000	135,000
Advances payable - related party	100,000	100,000
Accrued dividend payable	310,630	5,217
Total Liabilities	16,278,504	13,043,740
Commitments and contingencies (Note 8)		
Stockholders' Deficiency:		
Preferred stock, $0.001 par value, 10,000,000 shares authorized		
Series A Convertible Preferred Stock, 1,350,000 shares designated, 1,342,195 shares issued and outstanding as of September 30, 2023 and December 31, 2022; liquidation preference of $10,294,818 and $10,066,463 and as of September 30, 2023 and December 31, 2022, respectively	1,342	1,342
Series B Convertible Preferred Stock, 2,000,000 shares designated, 0 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively; liquidation preference of $0 as of September 30, 2023 and December 31, 2022	-	-
Series C Convertible Preferred Stock, 1,000,000 shares designated, 532,110 and 502,776 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively; liquidation preference of $4,073,102 and $3,776,039 as of September 30, 2023 and December 31, 2022, respectively	532	503
Common stock, $0.001 par value, 200,000,000 shares authorized; 38,495,617 and 36,081,758 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	38,495	36,082
Additional paid-in capital	24,546,969	23,674,354
Accumulated deficit	(40,617,485)	(36,346,176)
Total Stockholders' Deficiency	(16,030,147)	(12,633,895)
Total Liabilities and Stockholders' Deficiency	$ 248,357	$ 409,845

The accompanying notes are an integral part of these condensed consolidated financial statements.

CELL SOURCE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	**2022**	2023	**2022**
Operating Expenses:				
Research and development	$ 500,005	$ 468,005	$ 1,175,093	$ 1,487,520
Research and development - related party	14,500	14,500	43,500	43,500
General and administrative	480,875	533,538	2,097,801	1,571,572
Total Operating Expenses	995,380	1,016,043	3,316,394	3,102,592
Loss From Operations	(995,380)	(1,016,043)	(3,316,394)	(3,102,592)
Other (Expense) Income:				
Interest expense	(62,463)	(41,581)	(138,937)	(153,306)
Interest expense - related parties	(199,628)	(138,373)	(496,206)	(386,775)
Amortization of debt discount	(29,912)	(23,561)	(107,487)	(113,249)
Amortization of debt discount - related party	(50,755)	(32,748)	(254,205)	(74,553)
Gain on extinguishment of note payable	-	-	41,920	-
Total Other Expense	(342,758)	(236,263)	(954,915)	(727,883)
Net Loss	(1,338,138)	(1,252,306)	(4,271,309)	(3,830,475)
Dividend attributable to Series A and Series C preferred stockholders	(309,150)	(299,827)	(907,516)	(869,715)
Net Loss Applicable to Common Stockholders	$ (1,647,288)	$ (1,552,133)	$ (5,178,825)	$ (4,700,190)
Net Loss Per Common Share - Basic and Diluted	$ (0.04)	$ (0.04)	$ (0.14)	$ (0.14)
Weighted Average Common Shares Outstanding - Basic and Diluted	38,191,731	35,240,745	37,492,478	34,696,011

The accompanying notes are an integral part of these condensed consolidated financial statements.

CELL SOURCE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIENCY

(Unaudited)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

	Convertible Preferred Stock - Series A		Convertible Preferred Stock - Series C		Common Stock		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit	Deficiency
Balance, January 1, 2023	1,342,195	$ 1,342	502,776	$ 503	36,081,758	$ 36,082	$ 23,674,354	$ (36,346,176)	$ (12,633,895)
Conversion of convertible notes payable and accrued interest into Series C Convertible Preferred Stock and common stock	-	-	6,667	7	2,747	3	52,050	-	52,060
Series A and Series C Convertible Preferred Stock dividends:									
Accrual of earned dividends	-	-	-	-	-	-	(297,517)	-	(297,517)
Issuance of warrants in connection with issuance of convertible notes payable	-	-	-	-	-	-	21,202	-	21,202
Conversion of Series C Convertible Preferred Stock into common stock	-	-	(10,000)	(10)	100,000	100	(90)	-	-
Stock-based compensation:									
Common stock	-	-	-	-	1,000,000	1,000	329,000	-	330,000
Net loss	-	-	-	-	-	-	-	(1,691,567)	(1,691,567)
Balance, March 31, 2023	1,342,195	$ 1,342	499,443	$ 500	37,184,505	$ 37,185	$ 23,778,999	$ (38,037,743)	$ (14,219,717)
Series A and Series C Convertible Preferred Stock dividends:									
Accrual of earned dividends	-	-	-	-	-	-	(300,849)	-	(300,849)
Payment of dividends in kind	-	-	-	-	802,880	802	601,300	-	602,102
Issuance of common stock in connection with extinguishment of note payable	-	-	-	-	176,000	176	57,904	-	58,080
Issuance of warrants in connection with:									
Satisfaction of accrued interest	-	-	-	-	-	-	40,167	-	40,167
Issuance of convertible notes payable	-	-	-	-	-	-	75,462	-	75,462
Stock-based compensation:									
Warrants	-	-	-	-	-	-	40,600	-	40,600
Net loss	-	-	-	-	-	-	-	(1,241,604)	(1,241,604)
Balance, June 30, 2023	1,342,195	$ 1,342	499,443	$ 500	38,163,385	$ 38,163	$ 24,293,583	$ (39,279,347)	$ (14,945,759)
Conversion of convertible notes payable and accrued interest into Series C Convertible Preferred Stock and common stock	-	-	62,667	62	32,232	32	494,040	-	494,134

	Convertible Preferred Stock - Series A		Convertible Preferred Stock - Series C		Common Stock		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit	Deficiency
Issuance of warrants in connection with issuance of convertible notes payable	-	-	-	-	-	-	45,008	-	45,008
Conversion of Series C Convertible Preferred Stock into common stock	-	-	(30,000)	(30)	300,000	300	(270)	-	-
Series A and Series C Convertible Preferred Stock dividends:									
Accrual of earned dividends	-	-	-	-	-	-	(309,150)	-	(309,150)
Stock-based compensation:									
Warrants	-	-	-	-	-	-	23,758	-	23,758
Net loss	-	-	-	-	-	-	-	(1,338,138)	(1,338,138)
Balance, September 30, 2023	1,342,195	$ 1,342	532,110	$ 532	38,495,617	$ 38,495	$ 24,546,969	$ (40,617,485)	$ (16,030,147)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

	Convertible Preferred Stock - Series A		Convertible Preferred Stock - Series C		Common Stock		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit	Deficiency
Balance, January 1, 2022	1,342,195	$ 1,342	272,021	$ 272	34,360,546	$ 34,361	$ 21,316,318	$ (31,178,428)	$ (9,826,135)
Conversion of convertible notes payable and accrued interest into Series C Convertible Preferred Stock and common stock	-	-	183,422	183	76,530	76	1,432,836	-	1,433,095
Series A and C Convertible Preferred Stock dividends:									
Accrual of earned dividends	-	-	-	-	-	-	(324,917)	-	(324,917)
Issuance of warrants in connection with issuance of convertible notes payable	-	-	-	-	-	-	8,043	-	8,043
Stock-based compensation:									
Warrants	-	-	-	-	-	-	5,372	-	5,372
Net loss	-	-	-	-	-	-	-	(1,292,575)	(1,292,575)
Balance, March 31, 2022	1,342,195	1,342	455,443	455	34,437,076	34,437	22,437,652	(32,471,003)	(9,997,117)
Conversion of convertible notes payable and accrued interest into Series C Convertible Preferred Stock and common stock	-	-	14,666	15	5,964	6	114,452	-	114,473
Series A and C Convertible Preferred Stock dividends:									
Accrual of earned dividends	-	-	-	-	-	-	(244,971)	-	(244,971)
Payment of dividends in kind	-	-	-	-	796,629	797	596,634	-	597,431
Issuance of warrants in connection with issuance of convertible notes payable	-	-	-	-	-	-	49,219	-	49,219
Net loss	-	-	-	-	-	-	-	(1,285,594)	(1,285,594)
Balance, June 30, 2022	1,342,195	1,342	470,109	470	35,239,669	35,240	22,952,986	(33,756,597)	(10,766,559)
Conversion of convertible notes payable and accrued interest into Series C Convertible Preferred Stock and common stock	-	-	12,667	13	5,181	5	98,868	-	98,886

Series A and C Convertible Preferred Stock dividends:									
Accrual of earned dividends	-	-	-	-	-	-	(299,827)	-	(299,827)
Issuance of warrants in connection with issuance of convertible notes payable	-	-	-	-	-	-	76,509	-	76,509
Warrants issued in satisfaction of accrued interest	-	-	-	-	-	-	114,727	-	114,727
Stock-based compensation:									
Options	-	-	-	-	-	-	74,600	-	74,600
Net loss	-	-	-	-	-	-	-	(1,252,306)	(1,252,306)
Balance, September 30, 2022	1,342,195	$ 1,342	482,776	$ 483	35,244,850	$ 35,245	$ 23,017,863	$ (35,008,903)	$ (11,953,970)

The accompanying notes are an integral part of these condensed consolidated financial statements.

CELL SOURCE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For Nine Months Ended September 30, 2023	For Nine Months Ended September 30, 2022
Cash Flows From Operating Activities:		
Net loss	$ (4,271,309)	$ (3,830,475)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on extinguishment of note payable	(41,920)	-
Amortization of debt discount	361,692	187,802
Non-cash interest expense - warrants	28,695	96,896
Stock-based compensation:		
Options	-	74,600
Warrants	63,709	5,190
Common stock	341,269	-
Changes in operating assets and liabilities:		
Prepaid expenses	243,300	(70,568)
Other current assets	19,605	(3,431)
Accounts payable	900,538	451,179
Accrued expenses	53,697	187,597
Accrued expenses - related parties	43,500	-
Accrued interest	165,030	75,892
Accrued interest - related parties	441,446	346,061
Accrued compensation	25,147	63,846
Net Cash Used In Operating Activities	(1,625,601)	(2,415,411)
Cash Flows From Financing Activities:		
Proceeds from issuance of convertible notes payable	919,960	395,000
Proceeds from issuance of convertible notes payable - related party	677,018	2,000,000
Proceeds from issuance of notes payable	-	168,094
Repayment of notes payable	-	(146,912)
Repayment of financing liability	(191,460)	(27,926)
Net Cash Provided By Financing Activities	1,405,518	2,388,256
Net Decrease In Cash	(220,083)	(27,155)
Cash - Beginning of Period	222,665	93,095
Cash - End of Period	$ 2,582	$ 65,940
Supplemental Disclosures of Cash Flow Information:		
Cash paid for:		
Interest	$ -	$ -
Income taxes	$ 949	$ -
Non-cash investing and financing activities:		
Accrual of earned preferred stock dividends	$ (907,516)	$ (869,715)
Common stock issued in connection with payment of Series A and C Convertible Preferred Stock dividends in-kind	$ 602,102	$ 597,431
Financing of Directors and Officer's insurance	$ 321,500	$ -
Conversion of Series C Convertible Preferred Stock into common stock	$ 400	$ -
Conversion of accrued expenses into note principal	$ 413,018	$ -
Accrual of warrant obligations in connection with issuance of notes payable	$ 40,167	$ 232,697
Warrants issued in satisfaction of accrued warrant obligation	$ (40,167)	$ -
Issuance of warrants in connection with the issuance of notes payable	$ 141,672	$ 133,771
Issuance of warrants in satisfaction of accrued interest	$ -	$ 114,727
Conversion of convertible notes payable and accrued interest into Series C Preferred Stock and common stock	$ 546,194	$ 1,646,454
Extinguishment of note payable into common stock	$ 58,080	$ -

The accompanying notes are an integral part of these condensed consolidated financial statements.

Note 1 - Business Organization, Nature of Operations, Risks and Uncertainties and Basis of Presentation

Organization and Operations

Cell Source, Inc. (“Cell Source”, “CSI” or the “Company”) is a Nevada corporation formed on June 6, 2012 that is the parent company of Cell Source Limited (“CSL”), a wholly owned subsidiary which was founded in Israel in 2011 in order to commercialize a suite of inventions relating to certain cancer treatments. The Company is a biotechnology company focused on developing cell therapy treatments based on the management of immune tolerance. The Company’s lead prospective product is its patented Veto Cell immune system management technology, which is an immune tolerance biotechnology that enables the selective blocking of immune responses. CSL’s Veto Cell immune system management technology is based on technologies patented, owned, and licensed to CSL by Yeda Research and Development Company Limited, an Israeli corporation (“Yeda”) (see Note 8, *Commitments and Contingencies*). The Company’s target indications include: lymphoma, leukemia and multiple myeloma through the facilitation of safer and more accessible stem cell (e.g. bone marrow) transplantation acceptance, treatment of end stage kidney disease and other non-malignant organ diseases through improved organ transplantation (broadened donor pool, reduced dependence on post-transplant anti-rejection therapy), and ultimately treating a variety of cancers and non-malignant diseases.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the condensed consolidated financial position of the Company as of September 30, 2023 and the condensed consolidated results of its operations and cash flows for the three and nine months ended September 30, 2023 and 2022. The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the operating results for the full year ending December 31, 2023 or any other period. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related disclosures of the Company as of December 31, 2022 and for the year then ended which were included in the Company’s Annual Report on Form 10-K that was filed with the Securities and Exchange Commission (“SEC”) on August 8, 2023.

Risks and Uncertainties

On October 7, 2023, a conflict arose between Israel and Hamas militants on Israel’s southern border from the Gaza Strip. The intensity and duration of Israel’s current war against Hamas is difficult to predict, and as are such war’s economic implications on the Company’s business and operations. To the extent that any of these negative developments do occur, they may have an adverse effect on the Company’s business, results of operations and its ability to raise additional funds. As of September 30, 2023, the Company considered the impact of the war on its business and operational assumptions and estimates and determined there were no material adverse impacts on the Company’s condensed consolidated results of operations and financial position as of September 30, 2023.

Note 2 - Going Concern and Management Plans

During the nine months ended September 30, 2023, the Company had not generated any revenues, had a net loss of approximately $4,271,000 and had used cash in operations of approximately $1,626,000. As of September 30, 2023, the Company had a working capital deficiency of approximately $16,030,000 and an accumulated deficit of approximately $40,617,000. As of September 30, 2023 and through the date of this filing, notes payable with principal amounts totaling approximately $5,246,000 and $1,726,000, respectively, were past due and are classified as current liabilities on the condensed consolidated balance sheet as of September 30, 2023. The Company will continue to incur net operating losses to fund operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern for at least one year from the date these financial statements are issued. Subsequent to September 30, 2023 and as more fully described in Note 9, *Subsequent Events*, the Company received aggregate proceeds of $450,000 from equity financings.

The Company is currently funding its operations on a month-to-month basis. While there can be no assurance that it will be successful, the Company is in active negotiations to raise additional capital. The Company’s primary sources of operating funds since inception have been equity and debt financings. Management’s plans include continued efforts to raise additional capital through debt and equity financings. There is no assurance that these funds will be sufficient to enable the Company to fully complete its development activities or attain profitable operations. If the Company is unable to obtain such additional financing on a timely basis or, notwithstanding any request the Company may make, if the Company’s debt holders do not agree to convert their notes into equity or extend the maturity dates of their notes, the Company may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on the Company’s business, financial condition and results of operations, and ultimately the Company could be forced to discontinue its operations and liquidate.

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The condensed consolidated financial statements do not include any adjustment that might result from the outcome of these uncertainties.

Note 3 - Summary of Significant Accounting Policies

Stock-Based Compensation

Because the Company's common stock historically was not actively traded on a public market, the fair value of the Company's restricted equity instruments is estimated by management based on observations of the sales prices of both restricted and freely tradable common stock, or instruments convertible into common stock. The Company obtained a third-party valuation of its common stock as of July 1, 2023 and December 31, 2022. The third-party valuation was performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. The estimates used by management are considered highly complex and subjective. The Company anticipates that once its shares become more actively traded, the use of such estimates will no longer be necessary to determine the fair value of its common stock.

The independent appraisal utilized the market approach, specifically the Backsolve method. The Backsolve method utilizes the economics from a direct transaction in the Company's securities in determining fair value. The Backsolve method utilizes the Black-Scholes option pricing method ("OPM") which allocated a probability-weighted present value to the Company's convertible securities. The following steps were applied under the OPM:

- Establishment of total enterprise or equity value;
- Analysis of equity rights for each class of security;
- Selection of appropriate model for valuation purposes;
- Determination of key valuation inputs; and
- Computation of the fair value of the subject security.

Under the OPM, it was determined the Company's common stock had a fair value of $0.34 and $0.33 as of July 1, 2023 and December 31, 2022, respectively, which included a discount for lack of marketability of 25%. Furthermore, the independent appraisal determined the Company's expected volatility was 80% as of July 1, 2023 and December 31, 2022 by evaluating historical and implied volatilities of guideline companies.

Loss Per Share

The Company computes basic net loss per share by dividing net loss applicable to common stockholders by the weighted average number of common shares outstanding for the period and excludes the effects of any potentially dilutive securities. Diluted earnings per share includes the dilution that would occur upon the exercise or conversion of all dilutive securities into common stock using the "treasury stock" and/or "if converted" methods, as applicable.

The common stock equivalents associated with the following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	September 30,	
	2023	2022
Options	6,932,004	6,932,004
Warrants	13,541,107	13,204,079
Convertible notes [1] [2]	13,493,270	1,529,683
Convertible preferred stock	18,743,053	18,249,713
Total	52,709,434	39,915,479

[1] Convertible notes are assumed to be converted at the rate of $0.75 per common share, which is the conversion price as of September 30, 2023 and 2022. However, such conversion rates are subject to adjustment under certain circumstances such as stock splits and stock dividends, which may result in the issuance of common shares greater than the amount indicated.

[2] As of September 30, 2022, excludes shares of common stock underlying convertible notes that are expected to become convertible into shares of Series B Convertible Preferred Stock since such stock had not been designated by the Company as of September 30, 2022.

Note 4 - Fair Value

The following table provides a summary of the changes in fair value, including net transfers in and/or out, of all Level 3 liabilities measured at fair value on a recurring basis using unobservable inputs during the three and nine months ended September 30, 2023 and 2022:

	Accrued Interest	Accrued Compensation	Total
Balance - January 1, 2023	$ 504,700	$ 59,220	$ 563,920
Accrual of warrant obligation	40,167	-	40,167
Change in fair value	(46,131)	(1,095)	(47,226)
Balance - March 31, 2023	498,736	58,125	556,861
Accrual of common stock obligation	-	9,438	9,438
Satisfaction of warrant obligation	(40,167)	-	(40,167)
Change in fair value	27,272	73	27,345
Balance - June 30, 2023	485,841	67,636	553,477
Change in fair value	47,554	2,204	49,758
Balance - September 30, 2023	$ 533,395	$ 69,840	$ 603,235

	Accrued Interest	Accrued Compensation	Total
Balance - January 1, 2022	$ 402,344	$ 61,306	$ 463,650
Change in fair value	33,609	(412)	33,197
Accrual of warrant obligation	114,727	-	114,727
Balance - March 31, 2022	550,680	60,894	611,574
Change in fair value	29,658	74	29,732
Balance - June 30, 2022	580,338	60,968	641,306
Change in fair value	33,630	156	33,786
Accrual of warrant obligation	58,985	-	58,985
Satisfaction of warrant obligation	(114,727)	-	(114,727)
Balance - September 30, 2022	$ 558,226	$ 61,124	$ 619,350

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. The Company's Level 3 liabilities shown in the above table consist of accrued obligations to issue warrants and common stock to non-employees and is recorded at fair value at inception and subsequent changes in fair value are charged to the condensed consolidated statement of operations at each reporting period.

In applying the Black-Scholes option pricing model utilized in the valuation of Level 3 liabilities, the Company used the following approximate assumptions:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Risk-free interest rate	4.60% - 4.70%	4.06% - 4.15%	3.60% - 4.70%	2.42% - 4.15%
Expected term (years)	4.00 - 5.00	4.00 - 5.00	4.00-5.00	4.00 - 5.00
Expected volatility	80%	90%	80%	90%
Expected dividends	0.00%	0.00%	0.00%	0.00%

The expected term used is the contractual life of the instrument being valued. Since the Company's stock does not have significant trading volume, the Company is utilizing an expected volatility based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

As of September 30, 2023 and December 31, 2022, the Company had an obligation to issue 183,095 and 154,495 shares of common stock to service providers that had a fair value of $62,252 and $50,983, respectively, which was a component of accrued compensation on the condensed consolidated balance sheets. The fair value of the common stock underlying this obligation has a per share value of $0.34 as of September 30, 2023 and $0.33 as of December 31, 2022.

See Note 6, *Stockholders' Deficiency – Common Stock and Stock Warrants* for additional details associated with the issuance of common stock and warrants.

Note 5 – Notes Payable

As of September 30, 2023 and through the date of this filing, notes and convertible notes payable with principal amounts totaling $5,246,129 and $1,726,093, respectively, were past due and are classified as current liabilities on the condensed consolidated balance sheet as of September 30, 2023. Such notes continue to accrue interest and all relevant penalties have been accrued as of September 30, 2023. Of such past due notes payable, a holder of a note with principal amount of $250,000 issued a notice of default. See Note 8, *Commitments and Contingencies – Litigation* for additional details. The Company is in negotiations with certain holders of notes payable to extend the maturity dates of such notes or to convert the principal and accrued interest into equity. As of September 30, 2023, the Company had an accrued interest balance of $599,427 related to notes past due.

During the three months ended September 30, 2023 and 2022, the Company recorded interest expense of $262,091 and $179,954, respectively, and amortization of debt discount of $80,667 and $56,309, respectively. During the nine months ended September 30, 2023 and 2022, the Company recorded interest expense of $635,143 and $540,081, respectively, and amortization of debt discount of $361,692 and $187,802, respectively. As of September 30, 2023 and December 31, 2022, the Company had $2,405,635 and $1,796,736, respectively, of accrued interest (including interest in the form of warrants (see Note 4, *Fair Value*) and penalties related to notes payable, which is included with accrued interest and accrued interest – related parties on the condensed consolidated balance sheets.

Notes Payable

On June 12, 2023, the Company issued 176,000 shares of common stock to the holder of a promissory note issued by the Company in the principal amount of $100,000 that matured in May 2018 in exchange for the cancellation of the note. The exchange was accounted for as debt extinguishment and the Company recorded a gain on extinguishment of $41,920 which is included in other income on the condensed consolidated statements of operations. See Note 6, *Stockholders' Deficiency – Common Stock* for additional details.

Convertible Notes Payable

During the nine months ended September 30, 2023, the Company issued convertible notes payable in the aggregate principal amount of $494,960 with maturity dates ranging from July 3, 2023 to February 17, 2024. The notes accrue interest at 8% per annum and are convertible at any time at the option of the holder into the Company's Series C Convertible Preferred Stock at a conversion price of $7.50 per share. The notes automatically convert into Series C Convertible Preferred Stock on the maturity date. In connection with the issuances, the Company issued five-year immediately vested warrants to purchase 396,000 shares of common stock at an exercise price of $1.25 per share. The warrants had an issuance date relative fair value of $48,164 and was recorded as a discount to the face value of the notes, which will be amortized over the term of the notes.

During the nine months ended September 30, 2023, the Company issued convertible notes payable in the aggregate principal amount of $425,000 with maturity dates ranging from November 8, 2023 to July 28, 2024. The notes accrue 8% interest per annum and are convertible at any time at the option of the holder into the Company's common stock at a conversion price of $0.75 per share. In connection with the issuances, the Company issued five-year immediately vested warrants to purchase an aggregate of 212,500 shares of common stock at an exercise price of $1.25 per share. The warrants had an issuance date relative fair value of $26,700 and was recorded as a discount to the face value of the notes, which will be amortized over the term of the notes. These notes are guaranteed by a director of the Company.

During the nine months ended September 30, 2023, $519,960 of principal outstanding under convertible notes automatically converted into 69,334 shares of Series C Convertible Preferred Stock and the Company elected to convert $26,234 of interest accrued under such notes into an aggregate of 34,979 shares of common stock. The note principal had a conversion price of $7.50 per share and the common stock was valued at $0.75 per share for purposes of the interest payment.

Convertible Notes Payable - Related Parties

The Company and George Verstraete, a director of the Company, entered into a promissory note agreement dated March 10, 2022 (the "Verstraete Note"), whereby Mr. Verstraete, at his discretion, can loan up to $6,000,000 to the Company. Mr. Verstraete has agreed to loan an aggregate of $2,500,000 to the Company under the note. The note bears interest at a rate of 10% per annum and, prior to its amendment in November 2023, provided that it would mature twelve months from the date of issuance. Mr. Verstraete has the right, at his option, to convert the note into shares of the Company's Series B Convertible Preferred Stock at a conversion price of $7.50 per share at any time after the Company first issues any shares of the Series B Convertible Preferred Stock. Interest accruing under the note will be payable upon the maturity of the note and may be paid at the Company's option in either cash or shares of the Company's common stock (calculated based upon $0.75 per share for purposes of calculating the number of shares of common stock to be issued). For each $500,000 advanced under the Verstraete Note, Mr. Verstraete will be issued a warrant to purchase 400,000 shares of the Company's common stock at an exercise price of $1.25 per share. Each warrant will have a five-year term.

In February 2023, $413,018 of payments made by Mr. Verstraete to third parties on behalf of the Company in June 2022 were characterized as convertible notes payable – related parties under the Verstraete Note. The Company received additional advances of $250,000, $100,000, $150,000, $72,018 and $105,000 in April 2023, May 2023, July 2023, August 2023 and September 2023, respectively, and, as a result, increased the outstanding principal balance of the Verstraete Note to $3,590,036 as of September 30, 2023. In connection with the advances, the Company issued five-year immediately vested warrants to purchase an aggregate of 872,029 shares of common stock at an exercise price of $1.25 per share. The warrants had an issuance date relative fair value of $106,973 which was recorded as a discount to the face value of the note and has been amortized over the term of the note.

Mr. Verstraete has assigned the Verstraete Note to a trust for which Darlene Soave, a director of the Company, serves as trustee. On March 10, 2023, the

Company and the trust agreed to extend the maturity date of the Verstraete Note to September 10, 2023. See Note 9, *Subsequent Events - Convertible Notes Payable - Related Parties* for details of an additional extension of the maturity date of the Verstraete Note.

On April 28, 2023, the Company and Ms. Soave agreed to extend the maturity date of the convertible promissory note dated October 28, 2019 issued to Ms. Soave ("Soave Note") from April 28, 2023 to October 28, 2023. Under the terms of the Soave Note, Ms. Soave, at her discretion, can loan up to $6,000,000 to the Company. As of September 30, 2023, $3,500,000 was outstanding under the Soave Note. See Note 9, *Subsequent Events - Convertible Notes Payable - Related Parties* for details of an additional extension of the maturity date of the Soave Note.

Note 6 – Stockholders' Deficiency

Authorized Capital

Effective July 26, 2023, the Company amended the certificates of designation which established the Series A Convertible Preferred Stock and Series C Convertible Preferred Stock to increase the number of shares designated from 1,335,000 to 1,350,000 shares for the Series A Convertible Preferred Stock and from 500,000 to 1,000,000 shares for the Series C Convertible Preferred Stock.

As of September 30, 2023, the Company was authorized to issue 200,000,000 shares of common stock, par value of $0.001 per share, and 10,000,000 shares of preferred stock, par value of $0.001 per share. The holders of the Company's common stock are entitled to one vote per share. The preferred stock was designated as follows: 1,350,000 shares of Series A Convertible Preferred Stock and 1,000,000 shares of Series C Convertible Preferred Stock.

Series B Convertible Preferred Stock

On September 21, 2023, the Company's Board of Directors approved the designation of 2,000,000 shares of the 10,000,000 authorized shares of preferred stock as Series B Convertible Preferred Stock, par value $0.001 per share. See Note 9, *Subsequent Events* for details of the Company's filing of the Certificate of Designation of its Series B Convertible Preferred Stock subsequent to September 30, 2023.

Preferred Stock Dividends

During the three months ended September 30, 2023 and 2022, the Company accrued additional preferred dividends of $309,150 and $299,827, respectively. During the nine months ended September 30, 2023 and 2022, the Company accrued additional preferred dividends of $907,516 and $869,715, respectively. As of September 30, 2023 and December 31, 2022, the Company accrued preferred stock dividends of $310,630 and $5,217, respectively.

During the nine months ended September 30, 2023, the Company issued 802,880 shares of common stock at the stated value of $0.75 per share for aggregate value of $602,102, pursuant to the terms of the Series A and C Convertible Preferred Stock Certificate of Designation, in connection with the partial payment of accrued dividends for Series A and Series C Convertible Preferred Stock.

Series C Convertible Preferred Stock

See Note 5, *Notes Payable – Convertible Notes Payable* for details associated with conversions of notes payable into 69,334 shares of Series C Convertible Preferred Stock.

Common Stock

See Note 5, *Notes Payable – Convertible Notes Payable* for details associated with conversions of accrued interest into 34,979 shares of common stock.

During the nine months ended September 30, 2023, certain investors converted an aggregate of 40,000 shares of Series C Convertible Preferred Stock into an aggregate of 400,000 shares of the Company's common stock.

During the nine months ended September 30, 2023, the Company issued 1,000,000 immediately-vested shares of the Company's common stock to a consultant with a grant date fair value of $330,000 which was immediately recognized in the condensed consolidated statement of operations.

See Note 5, *Notes Payable* for details associated with the issuance of 176,000 shares of common stock in connection with the extinguishment of a note payable.

Stock Warrants

On May 25, 2023, the Company issued immediately vested 3.75 year warrants to an investor to purchase an aggregate amount of 300,000 shares of the Company's common stock at an exercise price of $0.75 per share. The warrants had an issuance date fair value of $40,600, which was recognized immediately.

On August 9, 2023, the Company issued immediately vested four-year warrants to a former director of the Company to purchase an aggregate amount of 160,000 shares of the Company's common stock at an exercise price of $0.75 per share. The warrants had an issuance date fair value of $23,758, which was recognized immediately.

See Note 5, *Notes Payable* for additional details associated with the issuance of stock warrants.

Stock-Based Compensation

During the three months ended September 30, 2023, the Company recognized stock-based compensation expense of $25,962, consisting of $24,130 of expense related to warrants (of which, $23,758 was included within stockholder's deficiency and $372 was included within accrued compensation), and $1,832 of expense related to common stock issued or to be issued for consulting services (which has been included within accrued compensation) which was included within general and administrative expenses. During the three months ended September 30, 2022, the Company recognized stock-based compensation expense of $74,756 (of which, $74,600 has been included within stockholders' deficiency and $156 has been included within accrued compensation) which was included within general and administrative expenses.

During the nine months ended September 30, 2023, the Company recognized stock-based compensation expense of $404,978 (consisting of $63,709 of expense related to warrants (of which, $64,358 was included within stockholder's deficiency and $(649) was included within accrued compensation and $341,269 of expense related to common stock issued or to be issued for consulting services described above (of which, $330,000 has been included within stockholder's deficiency and $11,269 has been included within accrued compensation) which was included within general and administrative expenses. During the nine months ended September 30, 2022, the Company recognized stock-based compensation expense of $79,790 (of which, $79,972 has been included within stockholders' deficiency and $(182) has been included within accrued compensation) which was included within general and administrative expenses.

There was no unrecognized stock-based compensation expense as of September 30, 2023.

Note 7 – Related Party Transactions

As of September 30, 2023 and December 31, 2022, the Company was required to issue warrants to purchase an aggregate of 1,881,500 and 1,656,500, respectively, shares of common stock at an exercise price of $0.75 per share to a director and former director of the Company in connection with loans made to the Company in the aggregate amount of $459,000 which required certain penalties in the form of warrants. As a result, the Company had accrued $322,813 and $308,117 associated with the fair value of the obligations as of September 30, 2023 and December 31, 2022, respectively, which amount is included in accrued interest – related parties on the condensed consolidated balance sheets. The obligations to issue warrants are subject to changes in fair value at each reporting period. See Note 4, *Fair Value* for additional details.

See Note 5, *Notes Payable – Convertible Notes Payable – Related Parties* for details of the issuance of a convertible note to a director of the Company.

See Note 5 – *Stockholders' Deficiency – Stock Warrants* for additional details related to a grant to a former director of the Company.

Note 8 – Commitments and Contingencies

Yeda Research and License Agreement

During the three months ended September 30, 2023 and 2022, the Company recorded research and development expenses of $14,500, related to its Research and License Agreement with Yeda (the "Agreement"). During the nine months ended September 30, 2023 and 2022, the Company recorded research and development expenses of $43,500, related to the Agreement with Yeda. As of September 30, 2023 and December 31, 2022, the Company had $58,000 and $14,500, respectively, of accrued research and development expenses pursuant to the Agreement with Yeda.

MD Anderson Sponsored Research Agreements

The Company recognized $429,505 of research and development expenses during the three months ended September 30, 2023 and 2022, and $1,082,193 and $1,394,020 of research and development expenses during the nine months ended September 30, 2023 and 2022, respectively, associated with services provided by The University of Texas M.D. Anderson Cancer Center ("MD Anderson") under the two agreements with MD Anderson dated November 2018 and February 2019, respectively. As of September 30, 2023 and December 31, 2022, the Company had no accrued research and development expenses pursuant to the agreements with MD Anderson.

Litigation

In January 2019, the holder of a promissory note in the principal amount of $250,000 due on March 16, 2016 instituted a collection action in the Supreme Court of the State of New York, County of New York. On June 12, 2019, the plaintiff served a motion for summary judgment through the Secretary of State which was heard on July 12, 2019 and granted. The Company contended that it was not given sufficient notice under the applicable statute and did not have an opportunity to oppose the motion. Judgment was entered in October 2019 in the amount of $267,680. The Company brought a motion to vacate based on the jurisdictional defect of the motion in not providing the required amount of time, but that motion was denied in February 2021 without properly addressing the jurisdictional issues raised by the Company. The Company appealed the denial and then filed a motion to Renew and Reargue the motion to vacate based on the Court's failure to address critical issues. That motion was also denied on April 15, 2021 without addressing the Company's arguments. The Company appealed the second denial as well and pursued both appeals in a consolidated manner so as to resolve all issues together. Each of the appeals was denied and there is no further opportunity to appeal. While the Company's motions were pending, the plaintiff commenced steps to collect judgment. During the year ended December 31, 2021, $103,088 of a $250,000 deposit made with the court by a third party on behalf of the Company was released to an officer of the court and has been accounted for as partial note repayment, with an additional $146,912 due under the note repaid by a release of the remaining deposit to an officer of the court during the year ended December 31, 2022, which was also accounted for as a note repayment. In August 2023, a supplemental judgment of $38,838 was entered against the Company. Inasmuch, as there are no further opportunities to appeal, the Company is arranging to pay the remaining amount due, which, as of the date of this Report, is estimated to be approximately $106,000, which was recorded as a liability as of September 30, 2023.

In August 2022, a holder of 360,000 shares of the Company's common stock filed a complaint against the Company, its President and legal counsel in the United States District Court, Southern District of New York, claiming unspecified damages for an alleged wrongful refusal to authorize the Company's transfer agent to remove restrictive legends from the shares held by the shareholder. The Company has filed a motion to dismiss the complaint which is pending. The complaints against the Company's legal counsel and President were dismissed by the Court. In October 2023, the Company reached an agreement in principle with the plaintiff to settle the matter. The settlement is subject to the execution of a formal settlement agreement.

Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed. There can be no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows. Aside from the matters discussed elsewhere in this note, there are no other known contingencies through the date of this filing.

Note 9 – Subsequent Events

The Company has evaluated events that have occurred after the balance sheet and through the date the financial statements were issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed below.

Common Stock

Subsequent to September 30, 2023, a certain investor converted 4,000 shares of Series C Convertible Preferred Stock into 40,000 shares of the Company's common stock.

Series B Convertible Preferred Stock

On October 30, 2023, the Company filed the Certificate of Designation with the Office of the Secretary of State for the State of Nevada, which established the Series B Convertible Preferred Stock. The Series B Convertible Preferred Stock has a stated value of $7.50 per share. The Series B Convertible Preferred Stock contains the following terms:

Conversion. Each share of Series B Convertible Preferred Stock is convertible into shares of common stock (subject to adjustment as provided in the related certificate of designation of preferences, rights and limitations) at the option of the holder at any time. The number of shares of common stock which are issuable upon conversion of the Series B Convertible Preferred Stock shall be equal to the number of shares of Series B Convertible Preferred Stock to be converted, multiplied by the stated value of $7.50 per share, divided by the conversion price in effect at the time of conversion, initially at $0.75 per share.

Mandatory Conversion. On the earlier of (i) October 30, 2027 or (ii) any of the Company's treatment candidates receiving approval from the U.S. or European agencies, all of the outstanding shares of Series B Convertible Preferred Stock will automatically convert to common stock.

Liquidation Preference. In the event of the liquidation, dissolution or winding-up of the Company, the Series B Convertible Preferred Stock will rank senior to common stock and any other class of capital stock which does not expressly rank senior to or parri passu with the Series B Preferred Stock and will rank parri passu with the Series A and Series C Convertible Preferred Stock.

Voting Rights. The holders of Series B Convertible Preferred Stock have the right to vote on any matter submitted to a vote of holders of common stock, voting together with the common stock as one class, on an as-converted basis.

Dividends. Holders of shares of Series B Convertible Preferred Stock will be entitled to receive cumulative dividends at an annual rate of 10% of the stated value. Dividends are payable semi-annually on June 30 and December 31, commencing on December 31, 2023, either by (i) issuance of shares of common stock at the rate of $0.75 per share of common stock or (ii) in cash, at the Company's option.

Beginning in October 2023, the Company entered into subscription agreements with certain accredited investors in a private placement offering. Each unit, which is sold at a price of $7.50 per unit, consists of one (1) share of Series B Convertible Preferred Stock and a five-year warrant to purchase a certain number of shares of common stock at an exercise price of $0.75 per share. For every $100,000 of units acquired, the investor will receive warrants to purchase an aggregate of 150,000 shares of common stock.

From October 2023 through the date of filing, the Company sold 60,000 units for gross proceeds of $450,000 and issued warrants to purchase 675,000 shares of the Company's common stock.

Convertible Notes Payable - Related Parties

On November 8, 2023, the Company and the trust which holds the Soave Note entered into an amendment to the Soave Note whereby the parties agreed to extend the maturity date from October 28, 2023 to April 28, 2024.

On November 8, 2023, the Company and the trust which holds the Verstraete Note entered into an agreement to the Verstraete Note whereby the parties agreed to extend the maturity date from September 10, 2023 to March 10, 2024.

Conversion of Convertible Notes Payable

Subsequent to September 30, 2023, certain investors converted convertible notes payable with aggregate principal amount of $180,000 and aggregate accrued interest of $7,961 into an aggregate of 24,000 shares of Series C Convertible Preferred Stock and 10,614 shares of common stock.

MD Anderson Sponsored Research Agreements

On November 6, 2023, the Company and MD Anderson agreed to extend the Sponsored Research Agreement by one year to November 27, 2024. Under the amendment, the research budget for the additional year is approximately $1,296,000.

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

The following discussion and analysis of the condensed consolidated results of operations and financial condition of Cell Source, Inc. ("CSI", "Cell Source", the "Company", "us," "we," "our,") as of September 30, 2023 and for the three and nine months ended September 30, 2023 and 2022 should be read in conjunction with our unaudited financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with our audited financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022 as filed with the Securities and Exchange Commission ("SEC") on August 8, 2023.

This Quarterly Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions, are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risks and uncertainties discussed in Item 1A ("Risk Factors") of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on August 8, 2023.

Overview

We are a cell therapy company focused on immunotherapy. Since our inception, we have been involved with the development of proprietary immune system management technology licensed from Yeda Research & Development Company Limited ("Yeda"), the commercial arm of the Weizmann Institute. We have since shifted the focus of our research and development efforts to MD Anderson.

This technology addresses one of the most fundamental challenges within human immunology: how to tune the immune response such that it tolerates selected desirable foreign cells, but continues to attack all other (undesirable) targets. In simpler terms, a number of potentially life-saving treatments have limited effectiveness today because the patient's immune system rejects them. For example, while HSCT – hematopoietic stem cell transplantation (e.g. bone marrow transplantation) has become a preferred therapeutic approach for treating blood cell cancer, most patients do not have a matched family donor. Although matched unrelated donors and cord blood can each provide an option for such patients, haploidentical stem cell transplants (sourced from partially mismatched family members) are rapidly gaining favor as a treatment of choice. This is still a risky and difficult procedure primarily because of potential conflicts between host (recipient) and donor immune systems and also due to viral infections that often follow even successful HSCT while the compromised new immune system works to reconstitute itself by using the transplanted stem cells. Today, rejection is partially overcome using aggressive immune suppression treatments that leave the patient exposed to many dangers by compromising their immune system.

The unique advantage of Cell Source technology lies in the ability to induce sustained tolerance of transplanted cells (or organs) by the recipient's immune system in a setting that requires only mild immune suppression, while avoiding the most common post-transplant complications. The scientific term for the result of successfully inducing such tolerance in a transplantation setting is chimerism, where the recipient's immune system tolerates the co-existence of the (genetically different) donor type and host type cells. Attaining sustained chimerism is an important prerequisite to achieving the intrinsic GvL (graft versus leukemia) effect of HSCT and supporting the reconstitution of normal hematopoiesis (generation of blood cells, including those that protect healthy patients from cancer) in blood cancer patients. Preclinical data and initial clinical data show that Cell Source's Veto Cell technology can provide superior results in allogeneic (donor-derived) HSCT by allowing for haploidentical stem cell transplants under a mild conditioning regimen, while avoiding the most common post-transplant complications. Combining this with CAR (Chimeric Antigen Receptor) T cell therapy as a unified VETO CAR-T treatment, we will be able to treat patients in relapse as well as those in remission and use the cancer killing power of CAR-T to protect the patient while their immune system fully reconstitutes, thus providing an end-to-end solution for blood cancer treatment by potentially delivering a fundamentally safer and more effective allogeneic HSCT: prevention of relapse; avoidance GvHD; prevention of viral infections; and enhanced persistence of GvL effect. This means that the majority of patients will be able to find a donor, and will have access to a potentially safer procedure with higher long term survival rates than what either donor-derived HSCT or autologous CAR-T each on their own currently provide.

The ability to induce permanent chimerism (and thus sustained tolerance) in patients – which allows the transplantation to overcome rejection without having to compromise the rest of the immune system – may open the door to effective treatment of a number of severe medical conditions, in addition to blood cancers, which are characterized by this need. These include:

- The broader set of cancers, including solid tumors, that can potentially be treated effectively using genetically modified cells such as CAR-T cell therapy, but also face efficacy and economic constraints due to limited persistence based on immune system issues (i.e., the need to be able to safely and efficiently deliver allogeneic CAR-T therapy). Inducing sustained tolerance to CAR-T cells may bring reduced cost and increased efficacy by allowing for off-the-shelf (vs. patient-derived) treatments with more persistent cancer killing capability.

- Organ failure and transplantation. A variety of conditions can be treated by the transplantation of vital organs. However, transplantation is limited both by the insufficient supply of available donor organs and the need for lifelong, daily anti-rejection treatments post-transplant. Haploidentical organ transplants, with sustained chimerism, have the potential to make life saving transplants accessible to the majority of patients, with the prospect of improved life quality and expectancy.

- Non-malignant hematological conditions (such as type one diabetes and sickle cell anemia) which could, in many cases, also be more effectively treated by stem cell transplantation if the procedure could be made safer and more accessible by inducing sustained tolerance in the stem cell transplant recipient.

Human Capital Resources

Other than our Chief Executive Officer, we currently do not have any full-time employees, but retain the services of independent contractors/consultants on a contract-employment basis.

Recent Developments

Preclinical Results and Clinical Results

Following on a successful, intensive collaboration with Professor Zelig Eshhar, the inventor of CAR-T cell therapy, data confirmed that Veto Cells can markedly extend persistence of genetically modified T cells from the same donor and that genetically modified Veto Cells can effectively inhibit tumors expressing an antigen recognized by the transgenic T cell receptor. Furthermore, human Veto Cells transfected with CAR exhibit anti-tumor activity in-vitro without losing their veto activity. These preclinical results form the basis of our current development of a clinical protocol for allogeneic VETO CAR-T HSCT combined therapy for blood cancer treatment. Cell Source plans to submit this protocol for approval in 2023. The Phase 1/2 clinical trial at the University of Texas MD Anderson Cancer Center, using Cell Source's Anti-viral Veto Cells, has successfully treated 12 patients each receiving a haploidentical HSCT under reduced intensity conditioning with Veto Cells. The primary endpoints of the trial are to achieve engraftment of the T-cell depleted transplant, under a mild immune suppression regimen, without the incidence of severe GvHD by using Veto cells. Having attained these endpoints thus far, we have structured the balance of the trial to both determine maximum Veto cell dose tolerance and also to ensure that we can avoid certain antibody-related issues that appeared with some of the initial patients treated. If it continues to succeed in human clinical trials, we believe that this novel treatment may have a meaningful and potentially broad impact on the field of stem cell transplantation:

1) Significantly improve outcomes of transplantations by reducing the host (transplant recipient) rejection rate of T-cell depleted stem cells (e.g. from bone marrow) – thus supporting successful engraftment of the transplanted cells, which is the treatment for the blood cancer itself. In order to improve the safety of this cancer treatment, Veto Cell technology has shown in both preclinical studies and initial clinical data that it can markedly reduce both the risk of GvHD and the need for using aggressive amounts of immunosuppression treatments. We have shown in preclinical studies, and are seeing in the clinic, the reduction of viral infections that typically threaten patients post transplantation. This safer means of delivering stem cell transplants would significantly reduce the HSCT mortality rate and therefore lead to broader use of this treatment. Furthermore, by adding CAR-T to the HSCT protocol, which we have already done successfully in preclinical studies, we can bridge between the initial transplantation and the conclusion of immune reconstitution, thus providing both short-term and ongoing protection against remission. This has the potential to significantly improve efficacy beyond that of the current outcomes of either CAR-T or HSCT on their own.

2) Substantively increase the number of transplantations by enabling successful engraftment under lower levels of immune suppression and therefore making the therapy accessible to older and sicker patients (who today may not survive ablation).

3) Further increase the number of transplantations by making transplantation appropriate for other indications (for which today transplantation would be considered an inappropriately risky treatment). See, e.g. BMT 2021 Correction of Sickle Cell Disease by Allogeneic Hematopoietic Cell Transplantations with Anti-3rd Party Veto Cells, Bone Marrow Transplantation, March 3, 2021.

In addition, our Veto Cell technology may possibly play a role in the treatment of a number of additional serious and currently poorly treated non-malignant diseases. Finally, based on preclinical studies using genetically modified cells, we believe that Veto Cells will be able to act as critical enabler for other cell therapies, most notably CAR-T cell therapy, which has recently shown strong initial indications of being effective in the near term in treating blood cancer.

Private Placement of Series B Convertible Preferred Stock

Beginning in October 2023, the Company entered into subscription agreements with certain accredited investors in a private placement offering. Each unit, which is sold at a price of $7.50 per unit, consists of one (1) share of Series B Convertible Preferred Stock and a five-year warrant to purchase a certain number of shares of common stock at an exercise price of $0.75 per share. For every $100,000 of units acquired, the investor will receive warrants to purchase an aggregate of 150,000 shares of common stock.

From October 2023 through the date of filing, the Company sold 60,000 units for gross proceeds of $450,000 and issued warrants to purchase 675,000 shares of the Company's common stock.

Condensed Consolidated Results of Operations

Three Months Ended September 30, 2023 Compared with the Three Months Ended September 30, 2022

Research and Development

Research and development expense was $514,505 and $482,505 for the three months ended September 30, 2023 and 2022, respectively, an increase of $32,000, or 7%. This increase is primarily attributable to increased research and development activities performed by consultants during the 2023 period.

General and Administrative

General and administrative expense, which is associated with external consulting and professional fees, payroll and stock-based compensation expenses, was $480,875 and $533,538 for the three months ended September 30, 2023 and 2022, respectively, a decrease of $52,663, or 10%. The decrease was primarily attributable to a decrease in stock-based compensation of $49,000, a decrease in legal expenses of $25,000, partially offset by an increase in accounting and audit expenses of $67,000 and an increase in consulting expenses of $50,000.

Interest Expense

Interest expense for the three months ended September 30, 2023 and 2022 was $262,091 and $179,954, respectively, an increase of $82,137, or 46%. This increase is primarily associated with increased convertible notes and the fair value of warrants issued in connection with convertible notes payable during the

2023 period.

Amortization of Debt Discount

Amortization of debt discount was $80,667 and $56,309 for the three months ended September 30, 2023 and 2022, respectively, an increase of $24,358, or 43%. This increase is primarily associated with an increased convertible notes and the fair value of warrants issued in connection with convertible notes payable during the 2023 period.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Research and Development

Research and development expense was $1,218,593 and $1,531,020 for the nine months ended September 30, 2023 and 2022, respectively, a decrease of $312,427, or 20%. This decrease is mainly attributable to the achievement of $317,000 of patient enrollment milestones achieved in 2022 under the sponsored research agreement with MD Andersen whereas one $106,000 milestone was achieved in the 2023 period, furthermore there were additional research and development activities performed during the 2022 period.

General and Administrative

General and administrative expense, which is associated with external consulting and professional fees, payroll and stock-based compensation expenses, was $2,097,801 and $1,571,572 for the nine months ended September 30, 2023 and 2022, respectively, an increase of $526,229, or 33%. The increase was primarily attributable to an increase in stock-based compensation of $325,000 during the 2023 period, an increase in consulting expenses of $219,000, and an increase of $13,000 in legal expenses, and a $43,000 reduction in other miscellaneous expenses.

Interest Expense

Interest expense for the nine months ended September 30, 2023 and 2022 was $635,143 and $540,081, respectively, an increase of $95,062, or 18%. This increase is primarily associated with increased convertible notes and the fair value of warrants issued in connection with convertible notes payable during the 2023 period.

Amortization of Debt Discount

Amortization of debt discount was $361,692 and $187,802 for the nine months ended September 30, 2023 and 2022, respectively, an increase of $173,890, or 93%. The increase is primarily associated with the increased levels of warrants issued as debt discounts in connection with convertible notes payable in the 2023 period.

Gain on Extinguishment of Note Payable

Gain on extinguishment of note payable was $41,920 and $0 for the nine months ended September 30, 2023 and 2022, respectively. The gain on extinguishment of note payable is attributable to the exchange of a promissory note in the principal amount of $100,000 for 176,000 shares of common stock.

Liquidity and Going Concern

We measure our liquidity in a number of ways, including the following:

	September 30, 2023	December 31, 2022
Cash	$ 2,582	$ 222,665
Working capital deficiency	$ (16,030,147)	$ (12,633,895)

During the nine months ended September 30, 2023, we had not generated any revenues, had a net loss of approximately $4,271,000 and had used cash in operations of approximately $1,626,000. As of September 30, 2023, we had a working capital deficiency of $16,030,000 and an accumulated deficit of approximately $40,617,000. As of September 30, 2023 and through the date of this filing, notes payable with principal amounts totaling $5,246,129 and $1,726,093, respectively, were past due and are classified as current liabilities on the condensed consolidated balance sheet as of September 30, 2023. We will continue to incur net operating losses to fund operations. These conditions raise substantial doubt about our ability to continue as a going concern for at least one year from the date these financial statements are issued. Subsequent to September 30, 2023 and as more fully described in Note 9, *Subsequent Events*, the Company received aggregate proceeds of $450,000 from equity financings.

We are currently funding our operations on a month-to-month basis. Our ability to continue our operations is dependent on the execution of management's plans, which include the raising of capital through the debt and/or equity markets, until such time that funds provided by operations are sufficient to fund working capital requirements. We may need to incur additional liabilities with certain related parties to sustain our existence. If we were not to continue as a going concern, we would likely not be able to realize our assets at values comparable to the carrying value or the fair value estimates reflected in the balances set out in the preparation of our financial statements.

There can be no assurances that we will be successful in generating additional cash from equity or debt financings or other sources to be used for operations. Should we not be successful in obtaining the necessary financing to fund our operations, we would need to curtail certain or all operational activities and/or contemplate the sale of our assets, if necessary.

During the nine months ended September 30, 2023 and 2022, our sources and uses of cash were as follows:

Net Cash Used in Operating Activities

We experienced negative cash flows from operating activities for the nine months ended September 30, 2023 and 2022 in the amounts of approximately $1,626,000 and $2,415,000, respectively. The net cash used in operating activities for the nine months ended September 30, 2023 was primarily due to cash used to fund a net loss of approximately $4,271,000, adjusted for non-cash expenses in the aggregate amount of approximately $753,000, partially offset by $1,892,000 of net cash provided by changes in the levels of operating assets and liabilities. The net cash used in operating activities for the nine months ended September 30, 2022, was primarily due to cash used to fund a net loss of approximately $3,830,000 adjusted for non-cash expenses in the aggregate amount of approximately $364,000, partially offset by $1,051,000 of net cash provided by changes in the levels of operating assets and liabilities.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2023 and 2022 was approximately $1,406,000 and $2,388,000, respectively. The net cash provided by financing activities during the nine months ended September 30, 2023 was attributable to $677,000 of proceeds from the issuance of convertible notes to a related party director and $920,000 of proceeds from the issuance of convertible notes payable, partially offset by $191,000 of repayments towards the financing of the Company's Director's and Officer's Insurance. The net cash provided by financing activities during the nine months ended September 30, 2022, was attributable to $2,000,000 of proceeds from the issuance of convertible notes to a related party director and $395,000 of proceeds from the issuance of convertible notes payable, proceeds from the issuance of notes payable of $168,000 partially offset by the repayments of the insurance financing liability in the amount of $28,000 and the repayment of notes payable of $147,000.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures are in conformity with U.S. GAAP. These accounting principles require us to make estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenue and expense during the periods presented. We believe that the estimates and judgments upon which it relies are reasonably based upon information available to us at the time that it makes these estimates and judgments. To the extent that there are material differences between these estimates and actual results, our financial results will be affected. The accounting policies that reflect our more significant estimates and judgments and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results are described below.

The following critical accounting policies and estimates are not intended to be a comprehensive list of all of our accounting policies or estimates. Our accounting policies are more fully described in Note 3 – Summary of Significant Accounting Policies, in our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on August 8, 2023, as well as in our financial statements included elsewhere in this quarterly report.

Convertible Instruments

The Company evaluates its convertible instruments to determine if those contracts or embedded components of those contracts qualify as derivative financial instruments to be separately accounted for in accordance with Topic 815 of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The accounting treatment of derivative financial instruments requires that the Company record embedded conversion options and any related freestanding instruments at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. Embedded conversion options and any related freestanding instruments are recorded as a discount to the host instrument and are amortized as interest expense over the term of the related debt instrument.

The Black-Scholes option pricing model was used to estimate the fair value of the Company's warrants. The Black-Scholes option pricing model includes subjective input assumptions that can materially affect the fair value estimates.

Fair Value of Financial Instruments

The Company measures the fair value of financial assets and liabilities based on ASC 820 "Fair Value Measurements and Disclosures" ("ASC 820"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — quoted prices in active markets for identical assets or liabilities;

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable; and

Level 3 — inputs that are unobservable (for example, cash flow modeling inputs based on assumptions).

The carrying amounts of the Company's financial instruments, such as cash, other current assets, accounts payable, accrued expenses and other current liabilities approximate fair values due to the short-term nature of these instruments. The carrying amounts of Company's credit obligations approximate fair value because the effective yields on these obligations, which include contractual interest rates, are comparable to rates of returns for instruments of similar credit risk.

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. The fair value of the award is measured on the grant date and is then recognized over the period the services are required to be provided in exchange for the award, usually the vesting period. Upon the exercise of an option or warrant, the Company issues new shares of common stock out of its authorized shares.

Because the Company's common stock historically was not actively traded on a public market, the fair value of the Company's restricted equity instruments is estimated by management based on observations of the sales prices of both restricted and freely tradable common stock, or instruments convertible into common stock. The Company obtained a third-party valuation of its common stock as of July 1, 2023 and December 31, 2022, which was considered in management's estimation of fair value during the three and nine months ended September 30, 2023 and year ended December 31, 2022. The third-party valuation was performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. The estimates used by management are considered highly complex and subjective. The Company anticipates that once its shares become more actively traded, the use of such estimates will no longer be necessary to determine the fair value of its common stock.

The independent appraisal utilized the market approach, specifically the Backsolve method. The Backsolve method utilizes the economics from a direct transaction in the Company's securities in determining fair value. The Backsolve method utilizes the Black-Scholes option pricing method ("OPM") which allocated a probability-weighted present value to the Company's convertible securities. The following steps were applied under the OPM:

- Establishment of total enterprise or equity value;
- Analysis of equity rights for each class of security;
- Selection of appropriate model for valuation purposes;
- Determination of key valuation inputs; and
- Computation of the fair value of the subject security.

Under the OPM, it was determined the Company's common stock had a fair value of $0.34 and $0.33 per share as of July 1, 2023 and December 31, 2022, respectively, which included a discount for lack of marketability of 25%. Furthermore, the independent appraisal determined the Company's expected volatility was 80% as of July 1, 2023 and December 31, 2022 by evaluating historical and implied volatilities of guideline companies.

Item 3. Quantitative And Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Annual Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Principal Executive and Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized, recorded and reported; and (2) our assets are safeguarded against unauthorized or improper use, to permit the preparation of our condensed consolidated financial statements in conformity with United States generally accepted accounting principles.

In connection with the preparation of this Quarterly Report, management, with the participation of our Principal Executive and Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Principal Executive and Financial Officer concluded that, as of September 30, 2023, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2023 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.

In January 2019, the holder of a promissory note in the principal amount of $250,000 due on March 16, 2016 instituted a collection action in the Supreme Court of the State of New York, County of New York. On June 12, 2019, the plaintiff served a motion for summary judgment through the Secretary of State which was heard on July 12, 2019 and granted. The Company contended that it was not given sufficient notice under the applicable statute and did not have an opportunity to oppose the motion. Judgment was entered in October 2019 in the amount of $267,680. The Company brought a motion to vacate based on the jurisdictional defect of the motion in not providing the required amount of time, but that motion was denied in February 2021 without properly addressing the jurisdictional issues raised by the Company. The Company appealed the denial and then filed a motion to Renew and Reargue the motion to vacate based on the Court's failure to address critical issues. That motion was also denied on April 15, 2021 without addressing the Company's arguments. The Company appealed the second denial as well and pursued both appeals in a consolidated manner so as to resolve all issues together. Each of the appeals was denied and there is no further opportunity to appeal. While the Company's motions were pending, the plaintiff commenced steps to collect judgment. During the year ended December 31, 2021, $103,088 of a $250,000 deposit made with the court by a third party on behalf of the Company was released to an officer of the court and has been accounted for as partial note repayment, with an additional $146,912 due under the note repaid by a release of the remaining deposit to an officer of the court during the year ended December 31, 2022, which was also accounted for as a note repayment. In August 2023, a supplemental judgment of $38,838 was entered against the Company. Inasmuch, as there are no further opportunities to appeal, the Company is arranging to pay the remaining amount due, which, as of the date of this Report, is estimated to be approximately $106,000, which was recorded as a liability as of September 30, 2023.

In August 2022, a holder of 360,000 shares of the Company's common stock filed a complaint against the Company, its President and legal counsel in the United States District Court, Southern District of New York, claiming unspecified damages for an alleged wrongful refusal to authorize the Company's transfer agent to remove restrictive legends from the shares held by the shareholder. The Company has filed a motion to dismiss the complaint which is pending. The complaints against the Company's legal counsel and President were dismissed by the Court. In October 2023, the Company reached an agreement in principle with the plaintiff to settle this matter. The settlement is subject to the execution of a formal settlement agreement.

Item 1A. Risk Factors.

There have been no material changes to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on August 8, 2023 except as described below.

On October 7, 2023, a conflict arose between Israel and Hamas militants on Israel's southern border from the Gaza Strip. The intensity and duration of Israel's current war against Hamas is difficult to predict, and as are such war's economic implications on the Company's business and operations. To the extent that any of these negative developments do occur, they may have an adverse effect on the Company's business, results of operations and its ability to raise additional funds. As of September 30, 2023, the Company considered the impact of the war on its business and operational assumptions and estimates and determined there were no material adverse impacts on the Company's condensed consolidated results of operations and financial position as of September 30, 2023.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities.

During the three months ended September 30, 2023, we issued a convertible note in the principal amount of $100,000 to an accredited investor. The note matures six months from the date of issuance, accrues interest at a rate of 8% per annum and is convertible at any time at the option of the holder into the Company's Series C Preferred Stock at a conversion price of $7.50 per share. The note automatically converts into Series C Preferred Stock on the maturity date. In connection with the issuance, we issued a five-year warrant to purchase an aggregate of 80,000 shares of common stock at an exercise price of $1.25 per share. We relied upon the exemption provided by Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), in connection with this transactions.

During the three months ended September 30, 2023, we issued a convertible note in the principal amount of $25,000 to an accredited investor. The note matures six months from the date of issuance, accrues interest at a rate of 8% per annum and is convertible at any time at the option of the holder into the Company's common stock at a conversion price of $0.75 per share. In connection with the issuance, we issued a five-year warrant to purchase 12,500 shares of common stock at an exercise price of $1.25 per share. We relied upon the exemption provided by Section 4(2) of the Securities Act in connection with this transaction.

In August 2023, we issued a four-year warrant to a former director of the Company to purchase 160,000 shares of the Company's common stock at an exercise price of $0.75 per share. We relied upon the exemption provided by Section 4(2) of the Securities Act in connection with this transaction.

In September 2023, we issued 300,000 shares of common stock to an accredited investor upon the conversion of 30,000 shares of the Company's Series C Convertible Preferred Stock. We relied upon the exemption provided by Section 3(a)(9) of the Securities Act in connection with this transaction.

During the three months ended September 30, 2023, $469,960 of principal outstanding under convertible notes automatically converted into 62,667 shares of our Series C Convertible Preferred Stock and we elected to issue 32,232 shares of common stock in lieu of the payment of $24,000 of cash interest due under such notes. We relied upon the exemption provided by Section 4(2) of the Securities Act in connection with these transactions.

Item 3. Defaults Upon Senior Securities.

As of September 30, 2023 and through the date of this filing, notes payable and convertible notes payable with face values totaling $5,246,129 and $1,726,093, respectively, were past due and are classified as current liabilities on the condensed consolidated balance sheet as of September 30, 2023. Such notes continue to accrue interest and all relevant penalties have been accrued as of September 30, 2023. Of such past due notes payable, a holder of a note with principal amount of $250,000 issued a notice of default. See Item 1 above for additional details. We are in negotiations with all holders to extend the maturity dates of such notes or to convert the principal and accrued interest into equity.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

3.6*	Certificate of Designation with respect to Series B Preferred Stock dated October 30, 2023.
10.39(c)*	Amendment No. 3 to Sponsored Research Agreement dated November 15, 2022 between the University of Texas MD Anderson Cancer Center and Cell Source Ltd.
10.39(d)*	Amendment No. 4 to Sponsored Research Agreement dated November 6, 2023 between the University of Texas MD Anderson Cancer Center and Cell Source Ltd.
10.64(d)*	Amendment No. 4 to Third Amended and Restated Note’
10.68(b)*	Amendment No. 2 to 10% Convertible Note.
31*	Certification of principal executive officer and principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32*	Certification of principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	CELL SOURCE, INC.	
Dated: November 9, 2023	By:	*/s/ Itamar Shimrat*
	Name:	Itamar Shimrat
	Title:	Chief Executive Officer and Chief Financial Officer (Principal Executive, Financial and Accounting Officer)

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Filed in the Office of	Business Number E0308832012-8
F.V. Aguilar	Filing Number 20233589491
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	Number of Pages 9

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Secretary of State
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(775) 684-5708
Website: www.nvsos.gov

Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

- [X] Certificate of Designation
- [ ] Certificate of Amendment to Designation - Before Issuance of Class or Series
- [ ] Certificate of Amendment to Designation - After Issuance of Class or Series
- [ ] Certificate of Withdrawal of Certificate of Designation

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:	Name of entity: Cell Source, Inc. Entity or Nevada Business Identification Number (NVID): NV20121360304
2. Effective date and time:	For Certificate of Designation or Amendment to Designation Only (Optional): Date: Time: (must not be later than 90 days after the certificate is filed)
3. Class or series of stock: (Certificate of Designation only)	The class or series of stock being designated within this filing: Series B Preferred Stock
4. Information for amendment of class or series of stock:	The original class or series of stock being amended within this filing:
5. Amendment of class or series of stock:	[ ] Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued. [ ] Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation.
6. Resolution: Certificate of Designation and Amendment to Designation only)	By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.* The powers, designations, preferences, limitations and rights of the Series B Preferred Stock are attached hereto and incorporated herein.
7. Withdrawal:	Designation being Withdrawn: Date of Designation: No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: *
8. Signature: (Required)	X Thomas Klimcak Signature of Officer Date: 10/25/2023

* Attach additional page(s) if necessary

This form must be accompanied by appropriate fees.

CERTIFICATE OF DESIGNATION OF
PREFERENCES, RIGHTS AND LIMITATIONS
OF
SERIES B PREFERRED
STOCK OF
CELL SOURCE, INC.

It is hereby certified that:

1. The name of the Company (hereinafter called the "Company") is Cell Source, Inc., a Nevada corporation.

2. The Certificate of Incorporation of the Company authorizes the issuance of Ten Million (10,000,000) shares of preferred stock, $0.001 par value per share, and expressly vests in the Board of Directors of the Company the authority to issue any or all of said shares in one (1) or more series and by resolution or resolutions to establish the designation and number and to fix the relative rights and preferences of each series to be issued.

3. The Board of Directors of the Company, pursuant to the authority expressly vested in it as aforesaid, has adopted the following resolutions creating a Series B issue of Preferred Stock:

RESOLVED, that Two Million (2,000,000) of the Ten Million (10,000,000) authorized shares of Preferred Stock of the Company shall be designated Series B Preferred Stock, and shall possess the rights and preferences set forth below:

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"**Alternate Consideration**" shall have the meaning set forth in Section 7(c).

"**Business Day**" means any day except Saturday, Sunday, and any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

"**Common Stock**" means the Company's common stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed into.

"**Common Stock Equivalents**" means any securities of the Company or the subsidiaries of the Company, whether or not vested or otherwise convertible or exercisable into shares of Common Stock at the time of such issuance, which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"**Conversion Date**" shall have the meaning set forth in Section 6(a).

"**Conversion Price**" means $0.75, subject to adjustment as set forth in Section 7.

"**Conversion Shares**" means the shares of Common Stock issuable upon conversion of the shares of Series B Preferred Stock in accordance with the terms hereof.

"**Dividend Payment Date**" shall have the meaning set forth in Section 3(b).

"**Effective Date**" means the date that this Certificate of Designation is filed with the Secretary of State of Nevada.

"**Fundamental Transaction**" shall have the meaning set forth in Section 7(c).

"**Holder**" shall mean an owner of the Series B Preferred Stock.

"**Junior Securities**" shall be the Common Stock and any other class or series of capital stock of the Company hereafter created which does not expressly rank pari passu with or senior to the Series B Preferred Stock.

"**Liquidation**" shall have the meaning set forth in Section 5.

"**Mandatory Conversion**" shall have the meaning set forth in Section 6(b).

"**Mandatory Conversion Date**" shall have the meaning set forth in Section 6(b).

"**Notice of Conversion**" shall have the meaning set forth in Section 6(a).

"**Person**" means an individual, entity, corporation, partnership, association, limited liability company, limited liability partnership, joint-stock company, trust or unincorporated organization.

"**PIK Shares**" shall have the meaning set forth in Section 3(b).

"**Purchase Agreement**" means, with respect to each Holder, the securities purchase agreement between the Company and the original Holder.

"**Preferred Stock**" means the Company's preferred stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed into.

"**Series A Preferred Stock**" means the Company's Series A Preferred Stock, $.001 par value, established pursuant to the Certificate of Designation filed with the Secretary of State, State of Nevada on or about September 21, 2016.

"**Series B Preferred Stock**" shall have the meaning set forth in Section 2.

"**Series C Preferred Stock**" means the Company's Series C Preferred Stock, $.001 par value, established pursuant to the Certificate of Designation filed with the Secretary of State, State of Nevada on or about July 26, 2021.

"**Stated Value**" means $7.50 per share.

"**Trading Day**" means a day on which the OTCQB or any other trading market or exchange on which the Common Stock may then trade is open for business.

Section 2. Designation and Authorized Shares. The series of Preferred Stock designated by this Certificate shall be designated as the Company's Series B Preferred Stock (the "**Series B Preferred Stock**") and the number of shares so designated shall be Two Million (2,000,000). So long as any of the Series B Preferred Stock are issued and outstanding, the Company shall not issue any shares of its preferred stock that are senior to the Series B Preferred Stock in Liquidation without the approval of the Holders of a majority of the issued and outstanding shares of Series B Preferred Stock.

Section 3. Dividends. (a) The Holders will be entitled to receive, on any outstanding shares of Series B Preferred Stock held by such Holders, out of any funds and assets of the Company legally available (i) prior and in preference to any declaration or payment of any dividend on the Junior Securities, cumulative dividends, at an annual rate of 10% of the Stated Value (one (1) share of common stock per share of Series B Preferred Stock per annum), and (ii) any dividends declared and paid on the Common Stock on an as-converted basis therewith.

(b) Dividends on the Series B Preferred Stock set forth under Section 3(a)(i) shall be payable semi-annually on June 30 and December 31 commencing on December 31, 2023 (one-half of a share of common stock per Preferred Share semi-annually) (each, a "**Dividend Payment Date**"). Dividends under this Section 3(b) shall be payable (i) by delivery of shares of Common Stock ("**PIK Shares**"), in an amount for each Holder equal to the aggregate dividend payable to such Holder with respect to the shares of Series B Preferred Stock held by such holder as of the Dividend Payment Date, divided by the Conversion Price as of the Dividend Payment Date, or (ii) in cash.

Section 4. Voting Rights. The Holders shall have the right to vote on any matter submitted to a vote of holders of Common Stock, voting together with the Common Stock as one (1) class. The Holders shall be entitled to the same notice of any regular or special meeting of the shareholders as may or shall be given to holders of Common Stock entitled to vote at such meetings. Each share of Series B Preferred Stock will entitle its Holder to vote with the Common Stock on an as-converted basis. As long as any shares of Series B Preferred Stock are outstanding, the Company may not, without the affirmative vote of the Holders of the majority of the then outstanding shares of the Series B Preferred Stock, alter or change adversely the powers, preferences or rights given to the Series B Preferred Stock, or issue any series of capital stock ranking senior to the Series B Preferred Stock in Liquidation. Nothing in the foregoing sentence shall impede a change in the Company's certificate of incorporation, including to effect a reverse split of the Company's issued and outstanding Common Stock, bylaws or other charter documents which does not have such adverse effect.

Section 5. Liquidation. (a) The Series B Preferred Stock shall with respect to distributions of assets and rights upon the occurrence of a Liquidation, rank senior to the Junior Securities of the Company and *parri passu* with the Series A Preferred Stock and Series C Preferred Stock. Upon any liquidation, dissolution or winding-up of the Company ("Liquidation"), the Holders of Series B Preferred Stock will be entitled to be paid for each share of Series B Preferred Stock held thereby, out of but only to the extent the assets of the Company are legally available for distribution to its stockholders, an amount equal to the Stated Value per share (as adjusted for stock splits, stock dividends, combinations or other recapitalizations of the Series B Preferred Stock), plus any accrued but unpaid dividends before any distribution or payment may be made to the holders of any Junior Securities. If the assets of the Company available for distribution to holders of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be insufficient to permit payment in full to such holders of the sums which such holders are entitled to receive in such case, then all of the assets available for distribution to holders of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be distributed among and paid to such holders ratably in proportion to the amounts that would be payable to such holders if such assets were sufficient to permit payment in full.

(b) After the holders of all shares of Series B Preferred Stock shall have been paid in full the amounts to which they are entitled in paragraph 5(a), the shares of Series B Preferred Stock shall not be entitled to any further participation in any distribution of assets of the Company.

Section 6. Conversion.

a) Conversions at Option of Holder. Subject to the provisions of this Section 6, each share of Series B Preferred Stock will be convertible, at any time and from time to time from and after the Effective Date, at the option of the Holder thereof, into Common Stock. Holders may effect conversions by providing the Company with a conversion notice (a "**Notice of Conversion**") which specifies the number of shares of Series B Preferred Stock to be converted, the number of shares of Series B Preferred Stock owned prior to the conversion at issue, the number of shares of Series B Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile or e-mail such Notice of Conversion to the Company (such date, the "**Conversion Date**"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date will be the date that such Notice of Conversion to the Company is deemed delivered hereunder. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Series B Preferred Stock, a Holder will not be required to surrender the certificate(s) representing such shares of Series B Preferred Stock to the Company unless all of the shares of Series B Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Series B Preferred Stock promptly following the Conversion Date at issue. Shares of Series B Preferred Stock converted into Common Stock in accordance with the terms hereof will be canceled and may not be reissued except as otherwise set forth in this Certificate of Designation.

b) Mandatory Conversion. On the sooner to occur of (i) four years from the Effective Date or (ii) any of the Company's treatment candidates receiving U.S. Food and Drug Administration or the European Medicines Agency approval ("**Mandatory Conversion Date**"), all of the outstanding shares of Series B Preferred Stock will automatically convert to Common Stock (a "**Mandatory Conversion**"). Within three Business Days of the Mandatory Conversion Date, the Company shall deliver to each Holder the Conversion Shares issuable upon conversion of such Holder's Series B Preferred Stock, and, within three Business Days after receipt of such Conversion Shares, each Holder shall return the certificates for its Series B Preferred Stock to the Company, provided that, any failure by the Holder to return a certificate for Series B Preferred Stock will have no effect on the Mandatory Conversion pursuant to this Section 6(b), which Mandatory Conversion will be deemed to occur on the Mandatory Conversion Date.

c) Conversion Shares. The number of Conversion Shares which the Company shall issue upon conversion of the Series B Preferred Stock (whether pursuant to Section 6(a) or 6(b)) will be equal to the number of shares of Series B Preferred Stock to be converted, multiplied by the Stated Value, divided by the Conversion Price in effect at the time of the conversion.

d) Mechanics of Conversion at Option of Holder

i. Delivery of Certificate Upon Conversion. Not later than three Trading Days after each Conversion Date, the Company shall deliver, or cause to be delivered, to the converting Holder a certificate or certificates which will contain appropriate restrictive legends and trading restrictions representing the number of Conversion Shares being acquired upon the conversion of shares of Series B Preferred Stock. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the third Trading Day after the Conversion Date, the applicable Holder shall be entitled to pursue such legal remedies for the default as may be available and may also elect to rescind such Conversion Notice by written notice to the Company at any time on or before its receipt of such certificate or certificates, in which event the Company shall promptly return to such Holder any original Series B Preferred Stock certificate delivered to the Company and such Holder shall promptly return to the Company any Common Stock certificates representing the shares of Series B Preferred Stock unsuccessfully tendered for conversion to the Company.

ii. Reservation of Shares Issuable Upon Conversion. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Series B Preferred Stock, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders of the Series B Preferred Stock, not less than such aggregate number of shares of the Common Stock as are issuable upon the conversion of all outstanding shares of Series B Preferred Stock.

iii. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of or as dividends on the Series B Preferred Stock. As to any fraction of a share which a Holder would otherwise be entitled to purchase or be issued upon such conversion, the Company shall round up to the next whole share.

Section 7. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Company, at any time while the Series B Preferred Stock is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock; (B) subdivides outstanding shares of Common Stock into a larger number of shares; (C) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares; or (D) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Company, then the Conversion Price will be multiplied by a fraction of which the numerator will be the number of shares of Common Stock (excluding any treasury shares of the Company) outstanding immediately before such event and of which the denominator will be the number of shares of Common Stock, or in the event that clause (D) of this Section 7(a) will apply shares of reclassified capital stock, outstanding immediately after such event. Any adjustment made pursuant to this Section 7(a) will become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and will become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

c) Fundamental Transaction. If, at any time while the Series B Preferred Stock is outstanding, (A) the Company effects any merger or consolidation of the Company with or into another Person, (B) the Company effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, or (C) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a "**Fundamental Transaction**"), then, upon any subsequent conversion of the Series B Preferred Stock, the Holders shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of one share of Common Stock (the "**Alternate Consideration**"). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall adjust the Conversion Price in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holders shall be given the same choice as to the Alternate Consideration they receive upon any conversion of the Series B Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred stock into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 7(c) and insuring that the Series B Preferred Stock (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

d) Calculations. All calculations under this Section 7 will be made to the nearest cent or the nearest 1/100th of a share, as the case may be.

e) Notice to the Holders. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 7, the Company shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

Section 8. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, by e-mail, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth in the Purchase Agreement or address as the Company may specify for such purposes by notice to the Holders delivered in accordance with this Section. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally or sent by a nationally recognized overnight courier service, or by facsimile or e-mail, addressed to each Holder at the address of such Holder such forth in the Purchase Agreement or appearing on the books of the Company, or if no such address appears in the Purchase Agreement or on the books of the Company, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of the Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or upon actual receipt by the party to whom such notice is required to be given.

b) Lost or Mutilated Series B Preferred Stock Certificate. If a Holder's Series B Preferred Stock certificate becomes mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Series B Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership thereof reasonably satisfactory to the Company.

c) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation will be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflict of laws thereof. All legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by this Certificate of Designation may be commenced only in the state and federal courts sitting in the City of New York, Borough of Manhattan.

e) Waiver. Any waiver by the Company or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Company or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation. Any waiver by the Company or a Holder must be in writing.

f) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any dividend or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

g) Status of Converted Series B Preferred Stock. If any shares of Series B Preferred Stock shall be converted or reacquired by the Company, such shares shall resume the status of authorized but unissued Series B Preferred Stock.

h) Assignment. The holders of the Series B Preferred Stock may not assign, transfer or sell the Series B Preferred Stock held by such holder or the rights under this Certificate of Designation without the prior written consent of the Company which shall not be unreasonably withheld.

AMENDMENT No. 3
TO SPONSORED RESEARCH AGREEMENT

This Amendment No. 3 to the Sponsored Research Agreement ("Amendment") is made and entered into as of November 15, 2022 by and between Cell Source Limited ("Cell Source") and The University of Texas M.D. Anderson Cancer Center ("MD Anderson"), a member institution of The University of Texas System ("System").

RECITALS

A. Cell Source and MD Anderson entered into a Sponsored Research Agreement dated November 28, 2018 (the "Agreement"), which was amended on December 2nd, 2020 and on October 18th, 2021.

B. Cell Source and MD Anderson wish to amend the terms of the Agreement as set forth below.

NOW, THEREFORE, it is hereby agreed as follows:

1. The term of the agreement will be extended by one year, commencing on November 28th, 2022 through November 27th, 2023.
2. Exhibit A of the Agreement shall include, as replacement and update to Exhibit A, the Exhibit attached hereto which describes the Work Plan for the Year starting 28th of November 2022 and ending 27th of November 2023.
3. Exhibit B of the Agreement shall include, as replacement and update to Exhibit B, the Exhibit attached hereto which describes the budget for the Year starting 28th of November 2022 and ending 27th of November 2023. As per the amended budget, the quarterly payments for the coming year will be $324,000 per quarter.
4. Except as expressly provided in this Amendment, all other terms, conditions and provisions of the Agreement shall continue in full force and effect as provided therein.

IN WITNESS WHEREOF, Cell Source and MD Anderson have entered into this Amendment effective as of the date first set forth above.

CELL SOURCE

DocuSigned by:
By: Itamar Shimrat
2F7AF807D566490...
Itamar Shimrat
Chief Executive Officer

Date: 11/15/2022

THE UNIVERSITY OF TEXAS
M.D. ANDERSON CANCER CENTER

DocuSigned by:
By: Amy M. Moritz
Name Amy M Moritz
Title Assistant Director, ORA

Date: 11/15/2022

Read & Understood:

DocuSigned by:
Yair Reisner
B282OAB1E3274E4...
Dr. Yair Reisner
Principal Investigator

Reviewed and Approved by UTMDACC Legal Services for UTMDACC Signature:
#55939AM3 11/10/2022

Amended Exhibit A

Work plan for Cell Source: 28 November 2022 – 27 November 2023 *

1. **Studies with human cells:**

Human VETO-project:

A. Optimize transfection of our anti-viral veto cells with research grade CD19 vector from Baylor.

1. Continue to compare transduction efficacy on day 4 vs day 5 of culture including efficacy of tumor killing in the NSG mouse model.
2. Compare the research grade vector currently in our lab to that used as a clinical grade by Baylor, aiming at licensing of the latter in the near future.
3. If positive in aim A2 and if licensing will take place, perform all the preclinical studies required for attaining CMC, including technical runs at the GMP facility of the new Veto-CAR T cells.
4. Test the tumor killing activity of VETO-CAR T cells in NSG mice after cryopreservation. This is important for off-the-shelf use.

B. Optimize the use of Veto cells bound by Blincyto (a clinical grade bispecific antibody directed against CD19 and CD3).

1. Optimize cell recovery after incubation with the bispecific antibody.
2. Compare the efficacy of Blincyto bound veto cells to Veto-CAR in killing of CD19+ tumor cells in NSG mice.
3. Evaluate the potential of repeated infusions of Blincyto bound veto cells.
4. Start technical runs in the GMP facility towards obtaining CMC for Blincyto bound veto cells.

5. Begin to test the potential use of a bispecific antibody directed against BCMA a specific marker of myeloma). A clinical grade bispecific antibody is available in Europe and will likely be approved soon for use in the US.

C. Continue to Investigate the potential use of Veto-CAR cells directed against PR1 antigen expressed on AML tumor cells (in collaboration with Jeff Moldrem Lab). Test anti-PR1 veto cells for their activity against AML blasts in vitro and in-vivo.

D. Characterize the genetic signature of our anti-viral Tcm by SCRNAseq.

E. Routine testing of anti-viral activity of Tcm from each donor in our clinical trial.

F. Routine testing of immune reconstitution and immune tolerance induction in patients undergoing transplantation in our clinical trial .

2. Mouse studies:

A . Finalize studies required by reviewer of our paper on correction of autoimmune diabetes.

B. Continue to investigate potential evasion of Tcm from NK mediated killing

* The proposed plan might be changed according to progress, and therefore, while some aims will be intensively investigated, others might not be performed.

Amended Exhibit B

Budget

Personnel	Base Salary	Cal Mths.	Effort	Salary	Fringe	Total	Grand Total
PI	$ 358,459.00	12.00	40%	$ 143,383.60	$ 40,147.41	$ 183,531.01	$ 183,531.01
Scientific Mgr	$ 139,855.00	12.00	100%	$ 139,855.00	$ 39,159.40	$ 179,014.40	$ 179,014.40
Lab Technician	$ 56,925.00	12.00	100%	$ 56,925.00	$ 15,939.00	$ 72,864.00	$ 72,864.00
Graduate Student	$ 32,000.00	12.00	100%	$ 31,539.50	$ 8,831.06	$ 40,370.56	$ 40,370.56
Salary Total						**$ 475,779.97**	**$ 475,779.97**
Equipment or software							
Computer							
Consultant Costs							
Total						$ 475,779.97	$ 475,779.97
Supplies							
Reagents, antibodies, pippettes, misc lab supplies						**$ 229,220.03**	**$ 229,220.03**
Animal cost & Maintenance						**$ 80,000.00**	**$ 80,000.00**
Travel (Domestic)						$5,000	$5,000
Travel (International)						**$ 10,000.00**	**$ 10,000.00**
						$ -	
Total						**$ 324,220.03**	**$ 324,220.03**
Other Direct Costs							
Total						**$ -**	**$ -**
Direct Costs						$ 800,000.00	$ 800,000.00
Indirect Cost 62%						$ 496,000.00	$ 496,000.00
Total Costs						**$ 1,296,000.00**	**$ 1,296,000.00**

AMENDMENT No. 4
TO SPONSORED RESEARCH AGREEMENT

This Amendment No. 4 to the Sponsored Research Agreement ("Amendment") is made and entered into as of November 6, 2023 by and between Cell Source Limited ("Cell Source") and The University of Texas M.D. Anderson Cancer Center ("MD Anderson"), a member institution of The University of Texas System ("System").

RECITALS

A. Cell Source and MD Anderson entered into a Sponsored Research Agreement dated November 28, 2018 (the "Agreement"), which was amended on December 2nd, on October 18th, 2021 and on November 15th, 2022.

B. Cell Source and MD Anderson wish to amend the terms of the Agreement as set forth below.

NOW, THEREFORE, it is hereby agreed as follows:

1. The term of the agreement will be extended by one year, commencing on November 28th, 2023 through November 27th, 2024.
2. Exhibit A of the Agreement shall include, as replacement and update to Exhibit A, the Exhibit attached hereto which describes the Work Plan for the Year starting 28th of November 2023 and ending 27th of November 2024.
3. Exhibit B of the Agreement shall include, as replacement and update to Exhibit B, the Exhibit attached hereto which describes the budget for the Year starting 28th of November 2023 and ending 27th of November 2024. As per the amended budget, the quarterly payments for the coming year will be $324,000 per quarter.
4. Except as expressly provided in this Amendment, all other terms, conditions and provisions of the Agreement shall continue in full force and effect as provided therein.

IN WITNESS WHEREOF, Cell Source and MD Anderson have entered into this Amendment effective as of the date first set forth above.

CELL SOURCE

By: Itamar Shimrat
Itamar Shimrat
Chief Executive Officer

Date: 11/6/2023

THE UNIVERSITY OF TEXAS
M.D. ANDERSON CANCER CENTER

By: DocuSigned by: Amy M. Moritz
Name Amy M Moritz
Title Associate Director, ORA

Date: 11/6/2023

Read & Understood:

DocuSigned by: Yair Reisner
Dr. Yair Reisner
Principal Investigator

Amended Exhibit A

Reisner Yair

Work plan for Cell Source: 28 November 2023 – 27 November 2024

1. **Studies with human cells:**

Human VETO-project:

A. **Optimize transfection of anti-viral veto cells (Tcm) with clinical grade CD19CAR vector from Baylor.**
   1. Continue to optimize cryopreservation of veto Tcm transduced with clinical grade vector, including efficacy of tumor killing after thawing in the NSG mouse model. This is critical for off-the-shelf applications.
   2. Perform all the preclinical studies required for upscaling as a prelude for the technical runs at the GMP facility.
   3. Particpate in the technical runs at the GMP facility.
   4. Prepare abstract to ASH and submit a paper describing the transduction of veto Tcm with clinical grade CD19CAR.

B. **Optimize the use of Veto cells bound by clinical grade bispecific antibodies**
   1. Continue to optimize cell recovery after incubation with the bispecific antibody directed at CD19 (Blincyto) .
   2. Perform all the preclinical studies required for upscaling Blincyto conjugated TCM as a prelude for the technical runs at the GMP facility.
   3. Particpate in the technical runs at the GMP facility.
   4. Begin to test the potential use of a bispecific antibody directed against BCMA (a specific marker of myeloma). A clinical grade bispecific antibody is now available for use in the US (Elrexfio, Pfizer).

C. **Continue to Investigate in NSG mice the potential use of Veto-CAR cells directed against PR1 antigen expressed on AML tumor cells (in collaboration with Jeff Moldrem Lab).**

D. **Characterize the genetic signature of our anti-viral Tcm by SCRNAseq.**

E. **Routine testing of anti-viral activity of Tcm from each donor in our clinical trial.**

F. Routine testing of immune reconstitution and immune tolerance induction in patients undergoing transplantation in our clinical trial .

2. Mouse studies:

A . Continue to investigate potential evasion of Tcm from NK mediated killing.

1. Complete our studies showing the inhibitory role of Tcm in NK mediated allograft rejection.
2. Investigate the mechanism of the inhibitory activity of veto Tcm on NK mediated alloreactivity by targeting potnetial NK activating receptors.

B. Investigate potnetial small molecules that could enhance the regulatory activity of veto Tcm. In particular the role of apoptosis inhibitors such as FLIP will be interrogated.

* The proposed plan might be changed according to progress, and therefore, while some aims will be intensively investigated, others might not be performed.

Amended Budget
Exhibit B

Personnel	Base Salary	Cal Mths.	Effort	Salary	Fringe	Total	Grand Total
PI*	$ 364,500.00	12.00	23%	$ 83,835.00	$ 23,473.80	$ 107,308.80	$ 107,308.80
Scientific Mgr	$ 145,000.00	12.00	100%	$ 145,000.00	$ 40,600.00	$ 185,600.00	$ 185,600.00
Lab Manager	$ 87,000.00	12.00	100%	$ 87,000.00	$ 24,360.00	$ 111,360.00	$ 111,360.00
Asistance professor	$ 78,000.00	12.00	50%	$ 39,000.00	$ 10,920.00	$ 49,920.00	$ 49,920.00
Lab Technician	$ 56,000.00	12.00	100%	$ 56,000.00	$ 15,680.00	$ 71,680.00	$ 71,680.00
Graduate Student	$ 34,000.00	12.00	100%	$ 31,539.50	$ 8,831.06	$ 40,370.56	$ 40,370.56
Salary Total						**$ 566,239.36**	**$ 566,239.36**
	* PI salary will start paying from March 1st						
Equipment or software	* Max of %40 from NIH salary						
Computer							
Consultant Costs							
Total						$ 566,239.36	$ 566,239.36
Supplies							
Reagents, antibodies, pippettes, misc lab supplies						**$ 175,901.00**	**$ 175,901.00**
Animal cost & Maintenance						**$ 42,860.00**	**$ 42,860.00**
Travel (Domestic)						**$ 5,000.00**	**$ 5,000.00**
Travel (International)						**$ 10,000.00**	**$ 10,000.00**
Total						**$ 233,761.00**	**$ 233,761.00**
Other Direct Costs							
Total						**$ -**	**$ -**
Direct Costs						$ 800,000.36	$ 800,000.36
Indirect Cost 62%						$ 496,000.22	$ 496,000.22
Total Costs						**$ 1,296,000.58**	**$ 1,296,000.58**

DocuSign

Certificate Of Completion		
Envelope Id: 990FF60063774D59BCE670142CBE4BDC		Status: Completed
Subject: RCTS: ACTION REQUIRED: Document ID #LS2024-00055939-AM4-HB is ready for signature PI: Yair Reisner		
Source Envelope:		
Document Pages: 4	Signatures: 2	Envelope Originator:
Certificate Pages: 2	Initials: 0	MDA_E-Signature
AutoNav: Enabled		1600 E St. Andrew Place
EnvelopeId Stamping: Enabled		Santa Ana, CA 92799-5125
Time Zone: (UTC-06:00) Central Time (US & Canada)		mdaesignature@mdanderson.org
		IP Address: 143.111.84.174

Record Tracking		
Status: Original 11/1/2023 3:48:30 PM	Holder: MDA_E-Signature mdaesignature@mdanderson.org	Location: DocuSign

Signer Events	Signature	Timestamp
Yair Reisner YReisner@mdanderson.org Professor Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via DocuSign	DocuSigned by: Yair Reisner B282DAB1E32F4E4... Signature Adoption: Pre-selected Style Using IP Address: 143.111.84.117	Sent: 11/2/2023 4:26:10 PM Resent: 11/6/2023 11:12:34 AM Viewed: 11/6/2023 11:16:38 AM Signed: 11/6/2023 11:17:28 AM
Amy M Moritz alugas@mdanderson.org Associate Director, ORA Ingram Micro OBO UoT MD Anderson CC Signing Group: OSP Institutional Signers Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via DocuSign	DocuSigned by: Amy M. Moritz 6257A58DD91941A... Signature Adoption: Pre-selected Style Using IP Address: 143.111.84.175	Sent: 11/6/2023 11:17:29 AM Viewed: 11/6/2023 11:47:00 AM Signed: 11/6/2023 11:47:05 AM

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp
Loretta N Patterson lnpatter@mdanderson.org Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via DocuSign	COPIED	Sent: 11/2/2023 4:26:11 PM

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	11/2/2023 4:26:11 PM
Certified Delivered	Security Checked	11/6/2023 11:47:00 AM
Signing Complete	Security Checked	11/6/2023 11:47:05 AM
Completed	Security Checked	11/6/2023 11:47:05 AM

Payment Events	Status	Timestamps

Amendment No. 4 to

Third Amended and Restated 10% Convertible Note

This Amendment No. 4 to Third Amended and Restated 10% Convertible Note effective June 18, 2021 between Cell Source, Inc. (the "Company") and Darlene Soave (the "Lender") is effective as of the 28th day of October 2023.

WHEREAS, the Company has previously issued to the Lender an 8% Convertible Note effective October 28, 2019 (the "Original Note") that was subsequently amended by various amendments, including the Third Amended and Restated 10% Convertible Note (the "Third Amended and Restated Note") in the principal amount of up to $6,000,000 dated and effective as of June 18, 2021;

WHEREAS, the Lender has assigned the Note to Darlene Soave Revocable Trust (the "Holder");

WHEREAS, the Company and the Holder wish to extend the Maturity Date of the Third Amended and Restated Note;

NOW THEREFORE, the Company and the Holder hereby agree as follows:

1. **Extension of Maturity Date**. The Maturity Date of the Note is hereby extended until April 28, 2024.
2. **Capitalized Terms.** Capitalized terms used herein and not otherwise defined shall have the meanings ascribed in the Note.
3. **Counterparts**. This Amendment may be executed in multiple counterparts, each of which shall be an original, but all of this shall be deemed to constitute one instrument.

IN WITNESS WHEREOF, the undersigned have executed this Amendment No. 4 on November 8, 2023 effective as of October 28, 2023.

COMPANY

Cell Source, Inc.

By: Itamar Shimrat

Name: Itamar Shimrat
Title: President and Chief Executive Officer

HOLDER

Darlene Soave Revocable Trust

By: Darlene Soave

Name: Darlene Soave
Title: Trustee

Amendment No. 2 to

10% Convertible Note

This Amendment No. 2 to 10% Convertible Note effective March 10, 2022 between Cell Source, Inc. (the "Company") and George Verstraete (the "Lender") is effective as of the 10th day of September 2023.

WHEREAS, the Company has previously issued to the Lender a 10% Convertible Note in the principal amount of up to $6,000,000 dated and effective as of March 10, 2022 as amended by Amendment No. 1 thereto effective as of March 10, 2023 (as so amended, the "Note");

WHEREAS, the Lender has assigned the Note to Darlene Soave Revocable Trust (the "Holder");

WHEREAS, the Company and the Holder wish to extend the Maturity Date of the Note;

NOW THEREFORE, the Company and the Holder hereby agree as follows:

1. **Extension of Maturity Date**. The Maturity Date of the Note is hereby extended until March 10, 2024.
2. **Update of Schedule A**. Schedule A to the Note has been updated as per Schedule A attached hereto.
3. **Capitalized Terms.** Capitalized terms used herein and not otherwise defined shall have the meanings ascribed in the Note.
4. **Counterparts**. This Amendment may be executed in multiple counterparts, each of which shall be an original, but all of this shall be deemed to constitute one instrument.

IN WITNESS WHEREOF, the undersigned have executed this Amendment No. 2 on November 8, 2023 effective as of September 10, 2023.

COMPANY

Cell Source, Inc.

By: Itamar Shimrat
Name: Itamar Shimrat
Title: President and Chief Executive Officer

HOLDER

Darlene Soave Revocable Trust

By: Darlene Soave
Name: Darlene Soave
Title: Trustee

Schedule A

Schedule of Loans and Payments

Date	Amount of Loan	Amount of Principal Paid	Balance Remaining Unpaid	Notation Made By
03-10-2022	$1,000,000	-0-	$1,000,000	
09-13-2022	$1,000,000	-0-	$2,000,000	
11-03-2022	$500,000	-0-	$2,500,000	
02-28-2023	$413,018*	-0-	$2,913,018	
04-14-2023	$250,000	-0-	$3,163,018	
05-17-2023	$100,000	-0-	$3,263,018	
07-27-2023	$150,000	-0-	$3,413,018	
08-16-2023	$72,018	-0-	$3,485,036	
09-05-2023	$105,000	-0-	$3,590,036	

*Represents amounts paid by Lender to third parties in June 2023 and retroactively characterized as advances under the Note on February 28, 2023.

Exhibit 31

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Itamar Shimrat, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cell Source, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15I and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 9, 2023

/s/ Itamar Shimrat
Itamar Shimrat
Chief Executive Officer and Chief Financial Officer
(Principal Executive, Financial, and Accounting Officer)

Exhibit 32

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Cell Source, Inc., a Nevada corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the quarter ended September 30, 2023 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2023

/s/ Itamar Shimrat
Itamar Shimrat
Chief Executive Officer and Chief Financial Officer
(Principal Executive, Financial, and Accounting Officer)