BIOTIME INC
Form 424B5
February 09, 2017
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**The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are part of an effective registration statement filed with the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell, nor do they seek an offer to buy, these securities in any jurisdiction where the offer or sale is not permitted.**

**Filed Pursuant to Rule 424(b)(5)**
**Registration No. 333-201824**

**SUBJECT TO COMPLETION, DATED FEBRUARY 9, 2017**

**PRELIMINARY PROSPECTUS SUPPLEMENT**
(To Prospectus dated February 12, 2015)

**Shares of Common Stock**

We are offering shares of our common stock, no par value. Our common stock is listed on the NYSE MKT and on the Tel Aviv Stock Exchange under the symbol BTX. On February 8, 2017, the last reported sale price for our common stock on the NYSE MKT was $3.01 per share.

One of our significant shareholders has indicated an interest in purchasing up to an aggregate of $ million in shares of our common stock in this offering at the offering price to the public. However, because indications of interest are not binding agreements or commitments to purchase, the underwriters may determine to sell more, less or no shares in this offering to this shareholder, or the shareholder may determine to purchase more, less or no shares in this offering.

**Investing in our common stock involves risks. See Risk Factors beginning on page S-6 of this prospectus supplement, on page 6 of the accompanying prospectus and in the documents incorporated by reference into this prospectus supplement.**

| | Per Share | Total |
|---|---|---|
| Public Offering Price | $ | $ |
| Underwriting discounts and commissions[1] | $ | $ |
| Proceeds to us, before expenses | $ | $ |

(1) We have also agreed to reimburse the underwriters for certain of their expenses. See Underwriting on page S-30 of this prospectus supplement for more information about these arrangements.

We have granted an over allotment option to the underwriters. Under this option, the underwriters may elect to purchase a maximum of additional shares of common stock from us within 30 days following the date of this prospectus supplement to cover over allotments, if any. If the underwriters exercise the option in full, the total underwriting discount payable by us will be $ , and the total proceeds to us, before expenses, will be $ .

We expect to deliver the shares against payment on or about February , 2017.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

*Sole Book-Running Manager*

**RAYMOND JAMES**

The date of this prospectus supplement is February , 2017

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**You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectuses we may provide to you in connection with this offering. We have not, and the underwriters have not, authorized any other person to provide you with any information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus supplement, the accompanying prospectus, the**

**documents incorporated by reference herein and any free writing prospectuses we may provide to you in connection with this offering is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates. You should not consider this prospectus supplement or the accompanying prospectus to be an offer or solicitation relating to the securities in any jurisdiction in which such an offer or solicitation relating to the securities is not authorized. Persons outside the United States who come into possession of this prospectus supplement must inform themselves about, and observe any restrictions relating to, the offering of the securities and the distribution of this prospectus supplement outside the United States. Furthermore, you should not consider this prospectus supplement or the accompanying prospectus to be an offer or solicitation relating to the securities if the person making the offer or solicitation is not qualified to do so, or if it is unlawful for you to receive such an offer or solicitation.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the U.S. Securities and Exchange Commission, or SEC, utilizing a shelf registration process. This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of the securities offered hereby and also adds to and updates the information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information, some of which may not apply to this offering and some of which may have been supplemented or superseded by information in this prospectus supplement or documents incorporated or deemed to be incorporated by reference in this prospectus supplement that we filed with the SEC subsequent to the date of the prospectus. To the extent that there is any conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference herein or therein, on the other hand, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this prospectus supplement, contained in the accompanying prospectus or incorporated herein or therein by reference. We have not authorized anyone to provide you with information that is different. We are offering to sell, and seeking offers to buy, the securities offered hereby only in jurisdictions where offers and sales are permitted. The information contained, or incorporated by reference, in this prospectus supplement and contained, or incorporated by reference, in the accompanying prospectus is accurate only as of the respective dates thereof, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus, or of any sale of our shares of common stock. It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents we have referred you to in the section entitled Where You Can Find More Information and Incorporation of Certain Information by Reference below.

We own or have rights to trademarks or trade names that we use in conjunction with the operation of our business. Each trademark, trade name or service mark of any other company appearing in this prospectus supplement or the accompanying prospectus belongs to its holder. Use or display by us of other parties trademarks, trade names or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship by us of, the trademark, trade name or service mark owner.

The industry and market data contained or incorporated by reference in this prospectus supplement are based either on our management s own estimates or on independent industry publications, reports by market research firms or other published independent sources. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness, as industry and market data are subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market shares. Accordingly, you should be aware that the industry and market data contained or incorporated by reference in this prospectus supplement, and estimates and beliefs based on such data, may not be reliable. Unless otherwise indicated, all information contained or incorporated by reference in this prospectus supplement concerning our industry in general or any segment thereof, including information regarding our general expectations and market opportunity, is based on management s estimates using internal data, data from industry related publications, consumer research and marketing studies and other externally obtained data.

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## PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights certain information about this offering and selected information contained elsewhere in or incorporated by reference into this prospectus supplement. This summary is not complete and does not contain all of the information that you should consider before deciding whether to invest in our shares of common stock. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the Risk Factors section contained in this prospectus supplement and the other documents incorporated by reference into this prospectus supplement and in the accompanying prospectus. References to we, us, and our mean BioTime, Inc. and its consolidated subsidiaries unless the context otherwise indicates. In this regard, references to we, us, and our in the context of rights or obligations under any contract or agreement mean BioTime, Inc. only and not its consolidated subsidiaries.*

### Business Overview

We are a clinical-stage biotechnology company focused on developing and commercializing novel therapies in the field of regenerative medicine. Regenerative medicine utilizes advances in stem cell biology, biomaterials, lab-generated cells and tissues, and biologics to engineer and provide healthy cells, tissues and organs to patients with chronic degenerative diseases. To that end, we have obtained pluripotent cell technology and a three dimensional cell delivery matrix technology for the delivery and engraftment of such cells. Currently, we and our subsidiaries and affiliates have five such therapies in human clinical trials (as discussed below, *Renevia*®, *OpRegen*®, *AST-OPC1, AST-VAC1 and AST-VAC 2*), including one that is in a pivotal study in Europe from which data are expected in the second quarter of 2017. Pluripotent stem cells are capable of becoming any cell type in the human body. Pluripotent stem cells allow for the manufacture of all human cell types on an industrial-scale. Unlike adult stem cells, our focus is on clinical grade master cell banks of pluripotent stem cells that propagate indefinitely as a source of product. Cell types derived from pluripotent stem cells have potential application in many areas of medicine with large unmet patient needs, including various age-related degenerative diseases and degenerative conditions for which there presently are no cures. Unlike pharmaceuticals which almost always require a molecular target, therapeutic strategies based on the use of cell types derived from pluripotent stem cells are generally aimed at regenerating or replacing affected cells and tissues, and therefore may have broader applicability than pharmaceutical products. Our collection of pluripotent cell technology is complemented by our *HyStem*® hydrogel technology for the delivery and engraftment of cells, whether derived from pluripotent stem cells or the patient s own somatic or adult stem cells, at the desired location. This technology has potential therapeutic applications as a volumizer in cosmetic procedures, and to provide a matrix for the administration of therapeutic cells or biologics to a patient. *HyStem*® is the underlying technology for our *Renevia*® product currently undergoing a pivotal clinical trial for the treatment of HIV-related lipoatrophy. *HyStem*® hydrogels use naturally-occurring components such as hyaluronan and collagen with a proprietary cross-linker to mimic the natural environment that cells experience in the body, called the extracellular matrix, to create three-dimensional tissue.

In order to efficiently advance product candidates through the clinical trial process, we have historically created operating subsidiaries for each program and product line. Our management believes this approach has fostered efficient use of resources and reduced shareholder dilution, especially during the early stages of development for therapeutic and non-therapeutic product lines, as compared to strategies commonly deployed by other companies in the biotechnology industry. As a result, we, with our subsidiaries and affiliates, have been able to develop multiple clinical-stage products rather than being dependent on a single product program. We and some of our subsidiaries and affiliates have also received substantial amounts of non-dilutive financial support from government and nonprofit organizations that are seeking, based on rigorous scientific review processes, to identify and accelerate the development of potential breakthroughs in the treatment of various major diseases.

More recently, as many of our programs are maturing, we have focused on simplifying our business, focusing on therapeutic development programs and increasing transparency. Simplification of our corporate structure and operations is important as it helps us focus on our high-priority activities, especially candidates in human clinical development. Simplification also helps us communicate more effectively to prospective investors, analysts and partners. Asterias Biotherapeutics, Inc., or Asterias, (NYSE MKT: AST), an affiliate of our company, and OncoCyte Corporation, or OncoCyte, (NYSE MKT: OCX), one of our subsidiaries, have evolved into publicly traded companies with shares traded on the NYSE MKT.

As of September 30, 2016, we held, directly and indirectly through subsidiaries, affiliates and equity method investments, interests in 10 operating entities located throughout the world. In the United States, we own

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interests in Ascendance Biotechnology, Inc., or Ascendance, Asterias, LifeMap Sciences, Inc., or LifeMap Sciences, LifeMap Solutions, Inc., or LifeMap Solutions, OncoCyte, OrthoCyte Corporation, or OrthoCyte, and ReCyte Therapeutics, Inc., or ReCyte.

We hold an approximately 46% interest in Ascendance, a company that manufactures and sells proprietary products and services that assay new drug candidates for potential toxicity, including *HepatoPac*® and *HepatoMune*®, and other products for use as research tools by a range of customers, including several leading global pharmaceutical companies. We hold an approximately 45% interest in Asterias, whose principal field of business involves therapeutic products derived from pluripotent stem cells, and immunotherapy products. Asterias clinical programs include AST-OPC1 for spinal cord injury, AST-VAC1 for acute myeloid leukemia, or AML, and AST-VAC2 for non-small cell lung cancer. We hold an approximately 78% interest in LifeMap Sciences, whose principal field of business involves biomedical, gene, disease, and stem cell databases and research tools. We indirectly hold interests in LifeMap Solutions, a mobile health software company, and LifeMap Sciences, Ltd., a company located in Israel that develops biomedical, gene, disease, and stem cell databases and research tools, each of which are wholly-owned subsidiaries of LifeMap Sciences.

We hold an approximately 51% interest in OncoCyte, whose principal field of business involves proprietary non-invasive, liquid biopsy and diagnostics for lung, breast and bladder cancers. We wholly own OrthoCyte, whose principal field of business involves bone grafting products for orthopedic diseases and injuries. Lastly, we hold an approximately 95% interest in ReCyte, whose principal field of business involves stem cell-derived endothelial and cardiovascular related progenitor cells for the treatment of vascular disorders, ischemic conditions and brown adipocytes for type-2 diabetes and obesity.

In Singapore, we wholly own ES Cell International Pte Ltd., or ES Cell, an entity that utilizes stem cell products for research, including clinical grade cell lines produced under current good manufacturing procedures.

In Israel, we hold an approximately 62.5% interest in Cell Cure Neurosciences Ltd., or Cell Cure Neurosciences, an entity that develops products to treat age-related macular degeneration, or AMD, and other neurological diseases. According to the Angiogenesis Foundation, AMD afflicts over 30 million people worldwide. AMD takes two forms, a dry form and a wet form. The dry form of AMD occurs when the light-sensitive cells in the macula of the eye break down due to the death of a supporting cell type called retinal pigment epithelial cells, impairing central vision and sometimes leading to blindness. Approximately 90% of AMD prevalence is the dry form of the disease, while the wet form afflicts only about 10% of patients. Nevertheless, the market for therapeutics for the wet form of AMD is approximately $5 billion globally. According to the National Institutes of Health, the dry form of AMD is a leading cause of blindness in people over age 60. In addition, it is estimated that approximately 1.6 million new cases of the dry form of AMD develop in the United States each year. Cell Cure Neurosciences lead product is *OpRegen*®, which is a potential therapy derived from National Institutes of Health-registered pluripotent human stem cells for the treatment of the dry form of AMD. Cell Cure Neuorsciences manufactures *OpRegen*® under fully scalable Current Good Manufacturing Practice conditions. Patients are currently being treated with *OpRegen*® in a Phase I/IIa dose-escalation clinical trial. We expect to complete enrollment of the second cohort of this trial and receive clearance from the independent Data and Safety Monitoring Board, or DSMB, and to begin and complete enrollment in the third cohort in the first half of 2017. We expect to report six-month data from the second cohort of this trial and clearance from the DSMB to begin the fourth cohort in the second half of 2017. In addition, we expect to report completion of the first cohort of this trial, the second cohort is expected to be enrolled and we anticipate approval from the DSMB to proceed to the third cohort, by the end of this year

In addition, we are currently developing *Renevia*® as a potential treatment for HIV related facial lipoatrophy, a syndrome that occurs in HIV-infected patients who are being treated with antiretroviral medications. *Renevia*® consists of our proprietary cell-transplantation delivery matrix, *HyStem*®, combined with the patient s own adipose

cells. Approximately 350,000 people in Europe have HIV-related lipoatrophy or facial wasting. We plan to file our CE Mark in Europe in the second half of 2017. In addition, we intend to complete enrollment for a pivotal trial in the United States and initiate that trial during the first half of 2017. *Renevia*® may address an immediate need in cosmetic and reconstructive surgeries and other procedures by improving the process of transplanting adipose fat derived cells or other cells. Cell types such as adipose stem cells obtained from a patient through liposuction can be transplanted back into the same patient at another location in the body, without the risk of rejection associated with the transplant of donor tissues. Over time, we may discover that *Renevia*® has much broader applications beyond its use in patients with HIV. It is estimated that the global facial aesthetics

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market was valued at $2.5 billion in 2013 and is expected to reach $5.4 billion by 2020. We believe there are approximately 460,000 procedures per year in which *Renevia*® could possibly be utilized apart from the current developed use as a potential treatment for HIV related facial lipoatrophy. In addition, in 2014 there were approximately 1 million augmentation or reconstruction surgical procedures performed in the United States. Such procedures include approximately 70,000 reimbursed facial fat transfer procedures and an estimated 500,000 cash pay facial fat transfer procedures, approximately 220,000 liposuction procedures, approximately 125,000 rhytidectomy procedures, and approximately 125,000 abdominoplasty procedures. In addition, we believe *Renevia*® may be able to serve as a premium alternative to dermal fillers, of which approximately 2.3 million procedures are performed in the United States per year. We believe *Renevia*® has the potential for better, long-lasting and more natural outcome than fillers by enabling the growth of new facial tissue.

This revolution in medical science changes the focus from treating the symptoms of chronic and degenerative diseases to providing actual cures. There is no general approval path for use of pluripotent stem cells, however, there is uniformity for product and genotype. Together with our subsidiaries and affiliates, we are advancing two late-stage pivotal trials and a robust pipeline which includes the following programs:

- *OpRegen*® is in a Phase I/IIa clinical trial to treat the dry form of AMD.
- *Renevia*® is currently in a Phase III pivotal clinical trial in Europe to assess its efficacy in restoring normal skin contours in patients whose subcutaneous fat, or adipose tissue, has been lost due to antiviral drug treatment for HIV. We expect this trial to be completed in the first half of 2017. *Renevia*® has the potential to obtain regulatory approval in Europe in the second half of 2017. If the clinical trial proceeds as anticipated, we may commence trials in another major world market, such as South Korea, China or the United States.
- OncoCyte is developing a next generation of diagnostic tests that will be liquid biopsies using blood or urine samples. Its initial liquid biopsy products will be confirmatory diagnostics for detecting lung, bladder and breast cancer. OncoCyte's diagnostic tests are based on a proprietary set of genetic markers broadly expressed in numerous types of cancer. OncoCyte expects to complete a 300-patient study analysis for its lung cancer assay in the first half of 2017 and its breast cancer assay in the second half of 2017.
- AST-OPC1, a potential therapy derived from pluripotent stem cells, is in a Phase I/IIa trial for spinal cord injury rehabilitation. We anticipate six and nine-month data from the second cohort of the American Spinal Injury Association, or ASIA, Classification A trial in the first half of 2017, and the six and twelve-month data from the ASIA-Classification B first cohort in the second half of 2017. AST-VAC2 is advancing toward clinical development for non-small cell lung cancer, both pluripotent stem cell-based therapies being developed by Asterias.
- Our collaborator, Cancer Research UK, is preparing to initiate a Phase I/II clinical trial of AST-VAC2 for the first quarter of 2017 in non-small cell lung cancer representing a second generation, allogeneic approach to cancer immunotherapy. Other therapies derived from pluripotent stem cells that are in pre-clinical development include an innovative bone grafting therapy and potential treatments for a variety of cardiovascular and related ischemic disorders.
- AST-VAC1, a cancer immunotherapy with promising Phase II clinical trial data in AML. Asterias currently plans to submit a request for a Special Protocol Assessment, or SPA, to the U.S. Food and Drug Administration, or FDA, to confirm the primary endpoint and other design elements of this pivotal Phase 3 trial.
- LifeMap Sciences is currently developing and marketing technology healthcare solutions, such as an integrated online database and other software research tools for biomedical and stem cell research. LifeMap Solutions is also developing mobile health (mHealth) products.
- cGMP-compliant human embryonic stem cell lines are available for research and clinical studies through our subsidiary ES Cell.
- *Hextend*®, our FDA-approved blood plasma expander, is marketed in collaboration with Hospira, Inc. in the United States and under an agreement with CJ Corporation in South Korea.

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**Company Information**

We were incorporated in the State of California on November 30, 1990. Our common stock is listed on the NYSE MKT and the Tel Aviv Stock Exchange under the symbol BTX. The address of our principal executive office is 1010 Atlantic Avenue, Suite 102, Alameda, California 94501, and our phone number at that address is 510-521-3390. Our corporate website address is www.biotimeinc.com. The information contained on our website is not a part of, and should not be construed as being incorporated by reference into, this prospectus supplement.

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**THE OFFERING**

**Shares of common stock offered**
Shares
**Underwriters over allotment option**
Shares
**Offering Price**
$
**Shares of common stock to be outstanding after this offering**
Shares (or shares if the underwriters over allotment option is exercised in full)
**Use of proceeds**
We intend to use the net proceeds from this offering for general corporate purposes, including, without limitation, to fund clinical trials, research and development activities and for general working capital. See Use of Proceeds on page S-27.
**Risk factors**
See Risk Factors beginning S-6 of this prospectus supplement, on page 6 of the accompanying prospectus and in the documents incorporated by reference into this prospectus supplement for a discussion of factors you should consider carefully before investing in our common stock.
**NYSE MKT Symbol**
BTX
Unless we indicate otherwise, all information in this prospectus supplement is based on 102,772,542 shares of common stock issued and outstanding as of September 30, 2016 and excludes as of that date:

- warrants to purchase 9,394,862 shares of common stock at a weighted average exercise price of $4.55 per share;
- options under our 2002 Stock Option Plan and our 2012 Equity Incentive Plan to purchase 6,497,105 shares of common stock, with a weighted average exercise price of $3.61 per share;
- 100,000 restricted stock units issued to certain executives under our 2012 Equity Incentive Plan; and
- 3,516,000 shares of common stock available for issuance under our 2002 Stock Option Plan and our 2012 Equity Incentive Plan.

Unless otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriters of their over allotment option.

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## RISK FACTORS

*Investing in our common stock involves risk. Before deciding whether to invest in our shares of common stock, you should consider carefully the risks and uncertainties described below and discussed under the section entitled Risk Factors on page 6 of the accompanying prospectus. You should also consider the risks, uncertainties and assumptions discussed under the heading Risk Factors included in our most recent annual report on Form 10-K, as amended, as revised or supplemented by our most recent quarterly report on Form 10-Q, each of which are on file with the U.S. Securities and Exchange Commission, or SEC, and are incorporated herein by reference, and which may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future. There may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results. If any of these risks actually occurs, our business, business prospects, financial condition or results of operations could be seriously harmed. This could cause the trading price of our shares of common stock to decline, resulting in a loss of all or part of your investment. Please also read carefully the section below entitled Disclosure Regarding Forward- Looking Statements.*

### Risks Related to This Offering

***You will experience immediate and substantial dilution in the book value per share of the shares of common stock you purchase and may experience further dilution in the future.***

The public offering price of the common stock offered pursuant to this prospectus supplement is substantially higher than the net tangible book value per share of our common stock. Therefore, if you purchase shares of common stock in this offering, you will incur immediate and substantial dilution in the pro forma net tangible book value per share of common stock from the price per share that you pay for the common stock. See the section entitled Dilution below for a more detailed discussion of the dilution you will incur if you purchase shares in this offering. Furthermore, we expect that we will seek to raise additional capital from time to time in the future. Such financings may involve the issuance of equity and/or securities convertible into or exercisable or exchangeable for our equity securities. We also expect to continue to utilize equity-based compensation. To the extent the warrants and options are exercised or we issue common stock, preferred stock, or securities such as warrants that are convertible into, exercisable or exchangeable for, our common stock or preferred stock in the future, you may experience further dilution.

***Management will have broad discretion as to the use of the proceeds from this offering, and may not use the proceeds effectively.***

Our management will have broad discretion as to the application of the net proceeds from this offering. Our management may, among other possible uses of proceeds, use proceeds to fund clinical trials of products we are developing, to finance our research and develop programs, to acquire one or more businesses or new business assets, and for general working capital, and we may invest proceeds in one or more of our existing subsidiaries or affiliates, or in any new subsidiaries that we may form, or new entities we may become affiliated with. We may use the proceeds for purposes that are not contemplated at the time of the offering. All of these potential uses of proceeds involve risks and may not improve the performance or prospects of our business or the business or prospects of our subsidiaries, and may not increase the market value of our shares of common stock.

### Risks Related to Our Business Operations

***We have incurred operating losses since inception and we do not know if we will attain profitability.***

Our operating losses for the nine months ended September 30, 2016 and for the fiscal years ended December 31, 2015 and 2014, were $47.7 million, $65.8 million and $50.7 million, respectively, and we had an accumulated deficit of

$190.5 million as of September 30, 2016. Our comprehensive income for the nine months ended September 30, 2016 was $25.9 million and comprehensive loss for the nine months ended September 30, 2015 was $41.6 million. For the fiscal years ended December 31, 2015, 2014 and 2013, our total comprehensive losses were $58.6 million, $43.7 million and $52.8 million, respectively. We primarily finance our operations through the sale of equity securities, licensing fees, royalties on product sales by our licensees, research grants, subscription fees and advertising revenue from database products. Ultimately, our ability to generate sufficient operating revenue to earn a profit depends upon our success in developing and marketing or