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Hollywood Media Completes Transformational Investment in NewStem, Israel-Based Developer of Haploid Stem Cell-Based Diagnostics to Predict Chemotherapy Resistance

- NewStem Formed with Support of The Hebrew University of Jerusalem -

- Raises \$1.925 Million to Support a \$2 Million Initial Investment in NewStem Ltd.
- Appoints New Board of Directors Led by Jan Loeb as Chairman
- Forms New Leadership Team with Deep Healthcare Expertise
- Plans to Rename Company NovelStem International Corp.

JERUSALEM and BOCA RATON, Fla., July 16, 2018 (GLOBE NEWSWIRE) -- Hollywood Media Corp. (OTC Pink:HOLL) (HMC) today announced the strategic transformation of the Company, its management and Board through an initial \$2 million investment in Jerusalem, Israel-based NewStem Ltd. and a refocusing of HMC on the substantial commercial potential of NewStem's novel diagnostic technology which can predict patients' resistance to chemotherapy allowing for better, targeted cancer treatments and the potential to reduce resistance to chemotherapy. Drug resistance is a major cause of treatment failure in cancer chemotherapy, and currently it is only recognized after the first course of treatment has been completed. In nearly 50% of all cancer cases, resistance to chemotherapy already exists in the tumors before initiation of the treatment.

NewStem's diagnostic solutions are based on the research of human haploid ⁽¹⁾ pluripotent ⁽²⁾ stem cells ⁽³⁾ (hHPSCs) by Chief Science Officer, Professor Nissim Benvenisty of the [Azrieli Center for Stem Cells and Genetic Research](#) at The Hebrew University of Jerusalem. NewStem's technology enables informed, personalized selection of chemotherapy treatments for cancer patients. Genetic screenings performed on haploid cells provide a unique opportunity to identify the genes responsible for resistance to chemotherapeutic agents. NewStem's genetic screenings of hHPSCs are creating a comprehensive library of mutated genes which confer resistance to individual chemotherapeutic agents. Integration of this proprietary database with the genetic profile of the patient's tumor will enable the prediction of resistance to chemotherapy prior to treatment.

NewStem is a spinoff of [Yissum](#), The Technology Transfer Company of The Hebrew University, and is led by CEO Ayelet Dilion-Mashiah. NewStem holds the intellectual property, reagents and experience required for hHPSC isolation, differentiation, genetic manipulation, immunogenicity and tumorigenicity. In addition to its in-house development of chemotherapy resistance diagnostics, NewStem looks to leverage its unique haploid technology through collaborations with leading pharmaceutical companies or promising start-ups for the development of therapeutics for genetic disorders and for reproductive purposes.

Prof. Benvenisty is the Herbert Cohn Chair in Cancer Research at the Hebrew University, and the Director of the [Azrieli Center for Stem Cells and Genetic Research](#). His research focuses on stem cell biology, tissue engineering, human genetics and cancer research. He is a member of the steering committee of the International Stem Cell Initiative and the Board of Directors of the International Society for Stem Cell Research. Prof. Benvenisty has been awarded the Foulkes Prize (London), the Hestrin Prize, the Teva Prize, and the Kaye Prize. He earned his M.D. and Ph.D. degrees from the Hebrew University and conducted postdoctoral studies at Harvard University.

Ms. Dilion-Mashiah has served in executive leadership roles in the Life Sciences and Pharmaceutical industries for the past 16 years. Prior to joining NewStem in 2016, she served as CEO of BioMAS

from 2011 to 2016. She previously served as CEO of Do-Coop Technologies from 2007 to 2011 after four years as Director – Corporate Economic Development at Teva Pharmaceuticals Industries.

Mitchell Rubenstein, HMC Director and former Chairman, commented, “This transaction was the result of our efforts the past half year to create value from the HMC shell. The technology that NewStem is developing has the potential to change the face of medical research and patient treatment across a broad range of potential applications. Given the potential applications of their technology, combined with the caliber and strength of the scientific, academic and venture capital teams, the Board of HMC felt the pursuit of this investment represented an exciting opportunity to create value for HMC shareholders.

“A driving force in this transaction was partnering with Jan Loeb and the Leap Tide investor group he assembled. Jan has a strong track record in creating value in microcap investments. He brought this opportunity to HMC and was instrumental in structuring and funding our NewStem transaction. Importantly, we have worked to ensure existing long-term investors in HMC will be the sole beneficiaries of all net proceeds from any monetization of our Netco Partners joint venture ownership over the next 18 months, and if this monetization looks to exceed \$500,000, the Board will spin-off or otherwise allocate 100% of HMC’s future Netco Partners profits to HMC shareholders, excluding those who participated in the private placement.

“Recognizing that new skill sets are required to move HMC forward in its new direction, we have formed a strong new board with relevant healthcare, medical and financial expertise, while also retaining continuity with one legacy board seat which I will hold.”

NewStem CEO, Ayelet Dilion-Mashiah, added, “We are pleased to have secured a commitment for \$4 million in funding and a solid partner in HMC. We are now able to further advance NewStem’s diagnostic solutions for chemotherapy targeting while at the same time expanding our base of industry contacts and support. With our efficient development model and funding in hand, I am excited to focus my time on advancing NewStem’s technology and solutions into compelling business models for our stakeholders.”

Dr. Yaron Daniely, CEO and President of Yisum, said, “NewStem is an excellent new addition to the dozens of academic-born startups rooted in the strong life science research at the Hebrew University. This investment provides strong support for NewStem’s goal of revolutionizing the treatment of cancer through personalized, patient-centered care.”

Details of NewStem Transaction

HMC has completed a \$2 million investment in NewStem Ltd., securing an initial 20% ownership in the company, including its technology, intellectual property and future commercial potential, at a \$10.0 million post-money valuation. HMC has also secured the right to increase its NewStem ownership up to 33%, based on the completion of up to \$2 million in follow-on contributions. Pending the achievement of certain development milestones, HMC will contribute an additional \$1 million in NewStem on each of the 12-month and 18-month anniversaries of its initial contribution. Currently, the balance of NewStem ownership is evenly divided between Professor Nissim Benvenisty and Yisum.

Details of HMC Investment

The NewStem investment was funded with available cash and proceeds from a \$1.925 million investment in HMC at \$0.10 per share by an investor group led by Leap Tide Capital Management LLC. The new investors purchased 19.25 million shares, or approximately 54.4% of HMC’s 35.4 million shares outstanding after the investment. Terms of the new investment were based on HMC’s estimated per share value of its current cash position, plus the present value of \$600,000 in expected holdback payments from the previous sale of an online ticketing business, which represented approximately \$0.10 per share as of June 30, 2018. HMC’s share of the total potential holdback is \$1.5 million and any funds received by HMC in excess of \$600,000 would be paid to HMC shareholders, excluding those who participated in the recent private placement. There were 16,131,477 HMC shares outstanding prior to the private placement.

Investors in the HMC financing have agreed to an 18-month resale prohibition on their shares, in addition to waiving participation in any profits generated by the Netco Partners publishing joint venture over the next 18 months. If publishing revenues are reasonably expected to exceed \$500,000, then the allocation of 100% of these profits to HMC shareholders, excluding new investors in the private placement, will become permanent. The resale and Netco Partners profit provisions were put in place to ensure that existing HMC investors would be the sole beneficiaries of any value derived from the joint venture in the event its expected income is sufficiently large (\$500,000 or greater) to warrant a permanent carveout to all shareholders, excluding new investors in the private placement.

Board and Management

As part of the strategic transformation, all officers and Directors of HMC have resigned from their roles at the Company, with the exception of Mitchell Rubenstein who has stepped down as Chairman but will remain as a Director. In addition, Mr. Rubenstein will continue to oversee the monetization of the Netco Partners asset.

Jan Loeb, President of Leap Tide Capital Management, was responsible for structuring and financing the transactions and has been named Chairman of the HMC Board of Directors, in addition to Eric Richman, David Seltzer, Jerry Wolasky and Tracy Clifford who have been named to the HMC Board. Mr. Loeb has also been named to the Board of NewStem Ltd. Further, HMC currently intends to change its name to NovelStem International Corp., including an expected change in its stock symbol, to reflect this transformation. A small executive team will be put in place at HMC on a part time basis in order to direct HMC's operations at the lowest possible cost. Though HMC intends to provide periodic updates via press release as developments warrant, the company intends to remain "dark" for the foreseeable future, also to minimize overhead expense.

Jan Loeb – Chairman - Mr. Loeb has more than 35 years of business, money management and investment banking experience. He has been the Managing Member of Leap Tide Capital Management LLC since 2007 and has served as President and CEO of Acorn Energy, Inc. since January 2016 and as a Director since August 2015. He has been a Director of Keweenaw Land Association, Ltd. since December 2016. From 2005 to 2007, Mr. Loeb was President of Leap Tide's predecessor, formerly known as AmTrust Capital Management Inc. He served as a Portfolio Manager of Chesapeake Partners from February 2004 to January 2005 and as Managing Director at Jefferies & Company, Inc. from 2002 to 2004. From 1994 to 2001, he served as Managing Director at Dresdner Kleinwort Wasserstein, Inc. (formerly Wasserstein Perella & Co., Inc.). Mr. Loeb was a Lead Director of American Pacific Corporation from 2013 to 2014 and a Director from 1997 to 2014. He also served as an Independent Director of Pernix Therapeutics Holdings Inc. (formerly, Golf Trust of America, Inc.) from 2006 to 2011 and as a Director of TAT Technologies, Ltd. from 2009 to 2016.

Mitchell Rubenstein – Director - Mr. Rubenstein co-founded and served as Chairman of HMC from its inception to June 2018, during which period the company returned approximately \$37 million to shareholders in the form of dividends and share repurchases, including a tender offer. He founded Syfy Channel and numerous other media businesses.

Eric Richman – Director - Mr. Richman is a life science executive with significant leadership, operational and strategic experience from over 25 years in the field. He is currently a Venture Partner at Brace Pharma Capital and serves on the boards of LabConnect, F2G (board observer) and ADMA Biologics (NASDAQ: ADMA). Previously he served as President & CEO of PharmAthene and prior to that was part of the founding team at MedImmune, responsible for the U.S. launch of its first commercial product and an integral part of the global launch teams for other products. He began his career at HealthCare Ventures, a life-sciences focused VC firm and formerly was a Director of Lev Pharmaceuticals (sold to Viropharma) and American Bank (sold to Congressional Bancshares) and served as CEO of Tyrogenex (sold to Betta Pharma).

David Seltzer – Director - Mr. Seltzer is the CEO and Founder of Reliable 1 Laboratories LLC, a distributor of OTC medications and nutritional supplements to independent pharmacies, long-term care pharmacies, hospitals and government organizations. He is also a minority owner and Director at Leading Pharma LLC, a generic manufacturer of prescription drugs, having previously served as President and CEO and later Chairman of Hi-Tech Pharmacal Co., Inc., which was acquired by Akorn, Inc. for \$640 million in 2014.

Jerry Wolasky – Director - Mr. Wolasky has over 35 years experience in the wholesale Pharmaceutical business, most recently for the past 15 years in his current role as President of HealthSource Distributors LLC. He previously served in executive positions of increasing responsibility for AmerisourceBergen, and its predecessor company, Bergen Brunswig.

Tracy Clifford – Director

Ms. Clifford has over twenty years of experience in accounting and finance, including mergers and acquisitions of public companies. Ms. Clifford was recently named CFO of Acorn Energy, Inc. and since 2015 she has served as a contract CFO and COO for several clients, participated on advisory boards and worked on numerous project engagements. Ms. Clifford previously served as CFO, Principal Accounting Officer, Corporate Controller and Secretary for a publicly-traded pharmaceutical company and a publicly-traded REIT from 1999 to 2015. Ms. Clifford's prior experience included accounting leadership positions at United Healthcare, the North Broward Hospital District and the audit team of Deloitte & Touche.

Glossary of Terms:

Definitions of certain terms, along with relevant links, are provided below to assist HMC investors.

1. **Haploid cells:** are human cells containing only one set of chromosomes. Most cells in our body are diploid, containing two sets of chromosomes, one inherited from the mother and the other from the father. The only exception are haploid egg and sperm; however, these cells cannot divide to make more of their own. Recently, haploid human pluripotent stem cells were derived, and these cells can divide and differentiate to all cell types while remaining haploid. Link to video about [Haploid Human Embryonic Stem Cells](#)
2. **Stem cells:** are undifferentiated cells of a multicellular organism that are capable of giving rise to indefinitely more cells of the same type, and from which certain other kinds of cells arise by differentiation. In other words, stem cells can divide to produce more stem cells and can also differentiate into other types of cells.
3. **Pluripotent stem cells:** are master stem cells that can produce any cell or tissue in the body. This “master” property is called pluripotency, and like all stem cells, they are also able to self-renew or perpetually create more copies of themselves.

About HMC (being renamed **NovelStem International Corp.**)

In July 2018 HMC refocused on the substantial commercial potential of NewStem Ltd.’s novel stem-cell-based diagnostic technology which can predict patients’ resistance to chemotherapy allowing for better, targeted cancer treatments and the potential to reduce resistance to chemotherapy. As a result, HMC plans to change its name to NovelStem International Corp. (www.novelstem.com). NewStem is a spinoff of [Yissum](#), The Hebrew University of Jerusalem’s technology-transfer company and is led by CEO Ayelet Dilion-Mashiah. NewStem’s diagnostic solutions are based on the research of human haploid ⁽¹⁾ pluripotent ⁽²⁾ stem cells ⁽³⁾ (hHPSCs) by Professor Nissim Benvenisty of the [Azrieli Center for Stem Cells and Genetic Research](#). NewStem holds the intellectual property, reagents and experience required for hHPSC isolation, differentiation, genetic manipulation, immunogenicity and tumorigenicity.

Additionally, HMC owns a 50% interest in Netco Partners, a joint venture that owns the Net Force publishing franchise, which delves into the thrilling and fast-paced worlds of digital crimes, espionage and crypto-currencies. HMC is working to relaunch Net Force by seeking a new publishing agreement that would target the release of the first new book starting in 2019.

Forward-Looking Statements

Statements in this press release and its hyperlinks may be “forward-looking statements” within the meaning of federal securities laws. The matters discussed herein that are forward-looking statements are based on current board and management expectations that involve risks and uncertainties that may result in such expectations not being realized. Actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous potential risks and uncertainties, including, but not limited to, the success of NewStem’s research and future commercialization of its diagnostics utilizing human haploid pluripotent stem cells, competition in the area of genetic diagnostics, the ability to retain key personnel involved in research and development, the ability to secure appropriate regulatory approvals, and the ability to fund future investment in NewStem. Additional risks and uncertainties include the Company’s success in its efforts to relaunch the Net Force publishing series, the potential for holdback payments to be materially less than anticipated, our ability to develop and maintain strategic relationships, and technology risks. Such forward-looking statements speak only as of the date on which they are made.

HMC / NovelStem

Investor Relations:

David Collins or William

Jones - Catalyst IR

(212) 924-9800

NovelStem@catalyst-ir.com

Yissum Media:

Estee Yaari

+ 972 50 200 7072

estee.yaari@gmail.com

