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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2021 (No. 2)

Commission File Number 001-37846

CELLECT BIOTECHNOLOGY LTD.
(Translation of registrant's name into English)

23 Hata'as Street
Kfar Saba, Israel 44425
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

On August 24, 2021, Cellect Biotechnology Ltd. (the "Company") issued a press release entitled "Cellect Biotechnology Reports Second Quarter 2021 Financial and Operating Results." In addition, on the same day, the Company issued unaudited interim consolidated financial statements as of June 30, 2021, together with the Company's Management Discussion and Analysis of Financial Condition and Results of Operations as of June 30, 2021.

Exhibits 99.2 and 99.3 to this Form 6-K and the statements under "Second Quarter 2021 Financial Results," "Forward Looking Statements," and the accompanying financial statements included in Exhibit 99.1 to this Form 6-K are hereby incorporated by reference into the Registrant's Registration Statements on Form S-8 (Registration Nos. 333-214817, 333-220015, 333-225003 and 333-232230) and on Form F-3 (Registration Nos. 333-219614 and 333-229083).

Exhibit No.	Description
99.1	Press Release, dated August 24, 2021, titled "Cellect Biotechnology Reports Second Quarter and 2021 Financial and Operating Results"
99.2	Unaudited Interim Consolidated Financial Statements as of June 30, 2021
99.3	Management's Discussion and Analysis of Financial Condition and Results of Operations as of June 30, 2021

SIGNATURE

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

Date: August 24, 2021

CELLECT BIOTECHNOLOGY, LTD.

By: /s/ Eyal Leibovitz
Eyal Leibovitz
Chief Financial Officer

Cellect Biotechnology Reports Second Quarter 2021 Financial and Operating Results

Strategic Merger Transaction Remains on Track to Close During the 2021 Third Quarter

Tel Aviv, Israel August 24, 2021 – Cellect Biotechnology Ltd. (NASDAQ: "APOP"), a developer of innovative technology that enables the functional selection of stem cells, today reported financial and operating results for the second quarter ended June 30, 2021, and provided an update on the proposed strategic merger with privately-held Quoin Pharmaceuticals and recent clinical news

On August 12, the Securities and Exchange Commission (SEC) declared effective the Company's Form F-4 in connection with the proposed strategic merger with Quoin Pharmaceuticals. Quoin is a specialty pharmaceutical company focused on rare and orphan diseases. Quoin's leadership team is made up of industry veterans, with extensive relevant executive experience and proven records of recent success in the pharmaceutical industry. Additional information regarding the proposed strategic merger can be found in the proxy statement that was been filed with the SEC.

The Company has scheduled a Special General Meeting of Shareholders on September 19, 2021, to vote on the proposed strategic merger, and all shareholders and American Depositary Share (the "ADSs") holders of Cellect Biotechnology Ltd. as of close of business on August 19, 2021, are entitled to vote at the special meeting.

Second Quarter and Recent Clinical Highlights

- Reported positive data from the Company's open label Phase 1/2 clinical trial of its ApoGraft™ technology in Israel:
    - All eleven patients enrolled for the trial were successfully transplanted
    - The primary objective, safety and tolerability was met and there was no procedure related adverse events (AEs) reported during the course of the study

"I am pleased with the team's laser-like focus as we are executing a dual track effort to complete the transaction with Quoin and ensure the seamless transition of our intellectual property (IP) and clinical program to privately-held EnCellX, a U.S. based company that will aim to develop and commercialize our technology," commented Dr. Shai Yarkoni, Chief Executive Officer. "We achieved important milestones during the quarter, including the F4 filing as it gets us one step closer to completing the transaction with Quoin. Additionally, the positive top line data we reported from the Israel study validated our technology and is generating momentum as we launch our U.S. clinical program.

Separately, Yaron Ben-Oz, CPA, will be joining the Company as Chief Financial Officer, effective September 1, 2021. Mr. Ben-Oz has over 20 years of financial executive positions in public and private companies and was previously at EY Israel. In June, the Company disclosed that Eyal Leibovitz, the current CFO, planned to leave on August 31, 2021. Following the closing of the strategic merger with Quoin, Mr. Ben-Oz will continue serving as the CFO of Cellect Biopharmaceuticals Ltd. the post-merger subsidiary of EnCellX Inc.

Second Quarter Financial Results:

- Research and development (R&D) expenses for the second quarter were $0.42 million compared to $0.42 million in the second quarter of 2020.
- General and administrative (G&A) expenses for the second quarter were $0.86 million compared to $0.65 million in the 2020 second quarter. This year's G&A expenses included higher professional services fees in connection with the proposed strategic merger with Quoin.
- Finance expenses for the second quarter of 2021 were $0.43 million compared to finance expenses of $1.63 million in the second quarter of 2020.
- Total comprehensive loss for the second quarter was $1.7 million, or $0.004 per share compared total comprehensive loss of $2.7 million, or $0.007 per share, in the second quarter of 2020.

* For the convenience of the reader, the amounts above have been translated from NIS into U.S. dollars, at the representative rate of exchange on June 30, 2021 (U.S. $1 = NIS 3.26).

About Cellect Biotechnology Ltd.

Cellect Biotechnology (APOP) is developing a breakthrough technology for the selection of stem cells from any given tissue that aims to improve a variety of cell-based therapies.

The Company's products are expected to provide researchers, clinicians and pharmaceutical companies with the tools to rapidly isolate specific cells in quantity and quality, allowing cell-based treatments and procedures in a wide variety of applications in regenerative medicine. The Company's lead product is currently in FDA approved clinical trial is aimed at bone marrow transplantations in cancer treatment.

Forward Looking Statements

This press release contains forward-looking statements about the Company's expectations, beliefs and intentions. Forward-looking statements can be identified by the use of forward-looking words such as "believe", "expect", "intend", "plan", "may", "should", "could", "might", "seek", "target", "will", "project", "forecast", "continue" or "anticipate" or their negatives or variations of these words or other comparable words or by the fact that these statements do not relate strictly to historical matters. These forward-looking statements and their implications are based on the current expectations of the management of the Company only and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In addition, historical results or conclusions from scientific research and clinical studies do not guarantee that future results would suggest similar conclusions or that historical results referred to herein would be interpreted similarly in light of additional research or otherwise. The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: the Company's history of losses and needs for additional capital to fund its operations and its inability to obtain additional capital on acceptable terms, or at all; the Company's ability to continue as a going concern; or maintain its current operations; uncertainties involving any strategic transaction the Company may decide to enter into as the result of its current efforts to explore new strategic alternatives; uncertainties of cash flows and inability to meet working capital needs; the Company's ability to obtain regulatory approvals; the Company's ability to obtain favorable pre-clinical and clinical trial results; the Company's technology may not be validated and its methods may not be accepted by the scientific community; difficulties enrolling patients in the Company's clinical trials; the ability to timely source adequate supply of FasL; risks resulting from unforeseen side effects; the Company's ability to establish and maintain strategic partnerships and other corporate collaborations; the scope of protection the Company is able to establish and maintain for intellectual property rights and its ability to operate its business without infringing the intellectual property rights of others; competitive companies, technologies and the Company's industry; unforeseen scientific difficulties may develop with the Company's technology; and the Company's ability to retain or attract key employees whose knowledge is essential to the development of its products. Any forward-looking statement in this press release speaks only as of the date of this press release. The Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws. More detailed information about the risks and uncertainties affecting the Company is contained under the heading "Risk Factors" in Cellect Biotechnology Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2020 filed with the U.S. Securities and Exchange Commission, or SEC, which is available on the SEC's website, www.sec.gov, and in the Company's periodic filings with the SEC.

Contact

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Cellect Biotechnology Ltd.
Consolidated Statement of Operation

	Convenience translation Six months ended June 30,	Six months ended June 30,		Three months ended June 30,	
	2021	2021	2020	2021	2020
	Unaudited	Unaudited			
	U.S. dollars	NIS			
		(In thousands, except share and per share data)			
Research and development expenses	831	2,710	2,901	1,382	1,364
General and administrative expenses	1,830	5,967	4,703	2,797	2,116
Operating loss	2,661	8,677	7,604	4,179	3,480
Financial expenses (income) due to warrants exercisable into shares	430	1,401	3,807	1,167	4,697
Other financial expenses (income), net	(71)	(233)	(55)	233	627
Total comprehensive loss	3,020	9,845	11,356	5,579	8,804
Loss per share:					
Basic and diluted loss per share	0.008	0.025	0.034	0.014	0.024
Weighted average number of shares outstanding used to compute basic and diluted loss per share	391,486,542	391,486,542	338,182,275	392,024,006	365,428,101

Cellect Biotechnology Ltd.
Consolidated Balance Sheet Data

	Convenience translation June 30, 2021	June 30, 2021	December 31, 2020
	Unaudited	Unaudited	Audited
	U.S. dollars	NIS	
	(In thousands, except share and per share data)		
CURRENT ASSETS:			
Cash and cash equivalents	2,673	8,714	16,964
Other receivables	350	1,141	284
	3,023	9,855	17,248
NON-CURRENT ASSETS:			
Restricted cash	99	322	322
Right of use - Assets under operating lease	153	499	705
Other long-term receivables	15	50	72
Property, plant and equipment, net	322	1,051	1,232
	589	1,922	2,331
	3,612	11,777	19,579
CURRENT LIABILITIES:			
Trade payables	150	490	389
Other payables	742	2,419	2,228
Lease liabilities	112	366	369
	1,004	3,275	2,986
NON-CURRENT LIABILITIES:			
Warrants to ADS	791	2,577	1,222
Lease liability	62	202	391
	853	2,779	1,613
EQUITY:			
Ordinary shares of no par value: Authorized: 500,000,000 shares at December 31, 2020 and June 30, 2021; Issued and outstanding: 390,949,079*) and 392,173,679*) shares as of December 31, 2020 and June 30, 2021, respectively.	-	-	-
Additional Paid in Capital	38,955	126,996	126,838
Share-based payments	5,196	16,938	16,508
Treasury shares	(2,891)	(9,425)	(9,425)
Accumulated deficit	(39,505)	(128,786)	(118,941)
	1,755	5,723	14,980
	3,612	11,777	19,579

*) Net of 2,641,693 treasury shares of the Company held by the Company.

Cellect Biotechnology Ltd.
Consolidated Cash Flow Data

	Convenience translation Six months ended June 30,	Six months ended June 30,		Three months ended June 30,	
	2021	2021	2020	2021	2020
	Unaudited	Unaudited			
	U.S. dollars	NIS			
		(In thousands)			
Cash flows from operating activities:					
Total comprehensive loss	(3,020)	(9,845)	(11,356)	(5,579)	(8,804)
Adjustments to reconcile net loss to net cash used in operating activities:					
Exchange rate difference	72	232	5	(231)	700
Net financing expenses	8	25	37	16	18
Depreciation of Right of use - Assets under operating lease	63	206	183	101	92
Depreciation	56	181	170	89	84
Changes in fair value of warrants	430	1,403	3,807	1,169	4,697
Share-based payment	132	430	829	206	468
Decrease (increase) in other receivables	(256)	(835)	(473)	492	(544)
Increase (decrease) in other payables	89	292	(753)	(377)	(1,621)
Interest received during the period	3	8	35	3	23
Net cash used in operating activities	(2,423)	(7,903)	(7,516)	(4,111)	(4,887)
Cash flows from investing activities:					
Restricted cash, net	-	-	(2)	-	2
Sale (Purchase) of property, plant and equipment	-	-	31	-	(3)
Net cash provided by investing activities	-	-	29	-	(1)
Cash flows from financing activities:					
Exercise of warrants and stock options into shares	34	110	4,707	110	4,684
Leases liabilities	(66)	(214)	(212)	(108)	(108)
Issue of share capital and warrants, net of issue costs	-	-	9,194	-	71
Net cash provided (used) by financing activities	(32)	(104)	13,689	2	4,647
Exchange differences on balances of cash and cash equivalents	(76)	(243)	(39)	228	(721)
Increase (decrease) in cash and cash equivalents	(2,531)	(8,250)	6,163	(3,881)	(962)
Balance of cash and cash equivalents at the beginning of the period	5,204	16,964	18,106	12,595	25,231
Balance of cash and cash equivalents at the end of the period	2,673	8,714	24,269	8,714	24,269

Exhibit 99.2

CELLECT BIOTHECHNOLOGY LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

NIS IN THOUSANDS

UNAUDITED

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CELLECT BIOTECHNOLOGY LTD.

CONSOLIDATED BALANCE SHEETS

In thousands, except share and per share data

	December 31, 2020	June 30, 2021	Convenience translation (Note 2e) June 30, 2021
	Audited	Unaudited	Unaudited
	N I S		U.S. dollars
CURRENT ASSETS:			
Cash and cash equivalents	16,964	8,714	2,673
Other receivables	284	1,141	350
	17,248	9,855	3,023
LONG-TERM ASSETS:			
Restricted cash	322	322	99
Right of use - Assets under operating lease	705	499	153
Other long-term assets	72	50	15
Property, plant and equipment, net	1,232	1,051	322
	2,331	1,922	589
	19,579	11,777	3,612
CURRENT LIABILITIES:			
Trade payables	389	490	150
Other payables	2,228	2,419	742
Lease liabilities	369	366	112
	2,986	3,275	1,004
NON-CURRENT LIABILITIES:			
Warrants to ADS	1,222	2,577	791
Lease liabilities	391	202	62
	1,613	2,779	853
SHAREHOLDERS' EQUITY :			
Ordinary shares of no par value: Authorized: 500,000,000 shares at December 31, 2020 and June 30, 2021 (unaudited); Issued and outstanding: 390,949,079* at December 31, 2020; and 392,173,679* at June 30, 2021(unaudited).	-	-	-
Additional paid-in capital	126,838	126,996	38,955
Share-based payments	16,508	16,938	5,196
Treasury shares	(9,425)	(9,425)	(2,891)
Accumulated deficit	(118,941)	(128,786)	(39,505)
	14,980	5,723	1,755
	19,579	11,777	3,612

*) Net of 2,641,693 treasury shares of the Company held by the Company.

The accompanying notes are an integral part of the interim consolidated financial statements.

CELLECT BIOTECHNOLOGY LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

In thousands, except share and per share data

	Six months ended June 30,		Convenience translation (Note 2e) Six months ended June 30,
	2020	2021	2021
	Unaudited		Unaudited
	N I S		U.S. dollars
Research and development expenses	2,901	2,710	831
General and administrative expenses	4,703	5,967	1,830
Total operating expenses	7,604	8,677	2,661
Operating loss	7,604	8,677	2,661
Financial income	(98)	(256)	(78)
Financial expenses	3,850	1,424	437
Total comprehensive loss	11,356	9,845	3,020
Loss per share:			
Basic and diluted loss per share	0.034	0.025	0.008
Weighted average number of shares outstanding used to compute basic and diluted loss per share	338,182,275	391,486,542	391,486,542

The accompanying notes are an integral part of the interim consolidated financial statements.

CELLECT BIOTECHNOLOGY LTD.

STATEMENTS OF CHANGES IN EQUITY

In thousands, except share and per share data

	Share capital	Additional paid-in capital	Treasury shares	Share based payments option	Accumulated deficit	Total equity
	N I S					
Balance as of January 1, 2020 (audited)	-	108,598	(9,425)	16,528	(100,864)	14,837
Issuance of ADS net of issue costs	-	9,194	-	-	-	9,194
Share-based payment	-	-	-	739	-	739
Exercise of options and warrants into shares	-	9,046	-	(759)		8,287
Total comprehensive loss	-	-	-	-	(18,077)	(18,077)
Balance as of December 31, 2020 (audited)	-	126,838	(9,425)	16,508	(118,941)	14,980
Issuance of ADS, net of issue costs		-	-	-	-	-
Share-based payment	-	-	-	430	-	430
Exercise of options and warrants into shares		158	-	-	-	158
Total comprehensive loss	-	-	-	-	(9,845)	(9,845)
Balance as of June 30, 2021 (unaudited)	-	126,996	(9,425)	16,938	(128,786)	5,723
Balance as of as of June 30, 2021 (convenience translation in U.S. dollars (unaudited))	-	38,955	(2,891)	5,196	(39,505)	1,755

The accompanying notes are an integral part of the interim consolidated financial statements.

CELLECT BIOTECHNOLOGY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands, except share and per share data

	Six months ended June 30,		Convenience translation (Note 2e) Six months ended June 30,
	2020	2021	2021
	Unaudited		Unaudited
	N I S		U.S. dollars
Cash flows from operating activities:			
Total comprehensive loss	(11,356)	(9,845)	(3,020)
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to profit or loss items:			
Exchange rate difference	5	232	72
Net financing expenses	37	25	8
Depreciation of Right of use - Assets under operating lease	183	206	63
Depreciation	170	181	56
Share-based payment	829	430	132
Changes in fair value of warrants	3,807	1,403	430
Interest received during the period	35	8	3
	5,066	2,485	764
Changes in asset and liability items:			
Decrease (increase) in other receivables	(473)	(835)	(256)
Increase (decrease) in trade and other payables	(753)	292	89
	(1,226)	(543)	(167)
Cash paid and received during the period for:			
Net cash used in operating activities	(7,516)	(7,903)	(2,423)

The accompanying notes are an integral part of the interim consolidated financial statements.

CELLECT BIOTECHNOLOGY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands, except share and per share data

	Six months ended June 30,		Convenience translation (Note 2e) Six months ended June 30,
	2020	2021	2021
	Unaudited		Unaudited
	N I S		U.S. dollars
Cash flows from investing activities:			
Restricted cash, net	(2)	-	-
Sale of property, plant and equipment, net	34	-	-
Purchase of property, plant and equipment, net	(3)	-	-
Net cash provided (used in) investing activities	29	-	-
Cash flows from financing activities:			
Exercise of share options	4,707	110	34
Issuance of share capital and warrants, net of issue costs	9,194	-	-
Leases liabilities	(212)	(214)	(66)
Net cash provided by financing activities	13,689	(104)	(32)
Exchange differences on balances of cash and cash equivalents	(39)	(243)	(76)
Increase in cash and cash equivalents	6,163	(8,250)	(2,531)
Cash and cash equivalents at beginning of period	18,106	16,964	5,204
Cash and cash equivalents at end of period	24,269	8,714	2,673
(a) Non-cash activities:			
Issuance expenses related to fund raising	93	-	-

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTE 1: GENERAL

a. Cellect Biotechnology Ltd. (formerly Cellect Biomed Ltd.) (the "Company" or "Cellect") was incorporated in Israel. Cellect's American Depository Shares ("ADSs") and certain warrants to purchase ADSs are listed for trading on the NASDAQ Capital Market. Each ADS represents 100 ordinary shares. Cellect and its subsidiary, Cellect Biotherapeutics Ltd. (the "Subsidiary") are engaged in the development of an innovative, unique technology that enables the biological filtering and commercialization of stem cells.

These financial statements have been prepared in a condensed format as of June 30, 2021, and for the six months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2020, and for the year then ended and accompanying notes ("annual consolidated financial statements").

On May 8, 2018, the Subsidiary established a fully owned US subsidiary named Cellect Biotech, Inc (the "US Subsidiary"). This company was formed to engage in business development operations of the group. From June 2019, there is no activity in the US Subsidiary.

b. On May 16, 2019, the Company announced its plans to explore strategic alternatives focused on maximizing shareholder value. Potential strategic alternatives that may be evaluated include, but are not limited to, an acquisition, merger, business combination, in-licensing, or other strategic transaction involving the Company or its assets.

On March 4, 2020, the Company reported the signing of two letters of intent; one contemplated a strategic commercial agreement, and the other contemplated a full merger, both with Canndoc Ltd., a wholly owned subsidiary of Intercure Ltd. In November 2020, the Company announced a mutual agreement to end the commercial and merger discussions with Canndoc.

On March 24, 2021, the Company announced that its Board of Directors approved a definitive Merger Agreement (the "Merger Agreement") with Quoin Pharmaceuticals, Inc. ("Quoin"), a pharmaceutical company focused on rare and orphan diseases. Under the terms of the Merger Agreement, (i) CellNMS, Inc., a wholly-owned subsidiary of Cellect, will merge with and into Quoin, which will become a wholly-owned subsidiary of Cellect (the "Merger"), and (ii) upon consummation of the Merger, Cellect shareholders will own approximately 25% of the Cellect's outstanding ordinary shares, and the shareholders of Quoin will own approximately 75% of Cellect's outstanding ordinary shares. These percentages are based on the number of outstanding ordinary shares before the investment of Altium Capital (described hereafter). In connection with the Merger, Quoin has secured $25 million in committed equity funding from Altium Capital, a highly regarded institutional healthcare investor. The Merger Agreement provides for certain dilution protections for the pre-closing Cellect shareholders in connection with such equity financing.

The Company has also signed an agreement (the "Share Transfer Agreement") to sell the entire share capital of the Subsidiary to EnCellX Inc. ("EnCellX"), a newly formed U.S. privately held company based in San Diego, California (the "Share Transfer"). Upon consummation of the Share Transfer, the Subsidiary will become a wholly owned subsidiary of EnCellX, and EnCellX will indirectly acquire all of the Subsidiary's existing assets at that time. The Share Transfer is intended to close concurrently with the closing of the Merger. In consideration for the Share Transfer, the pre-closing Cellect shareholders will receive a contingent value right ("CVR") entitling the holders to earnouts comprised of royalties, milestone payments, license fees and exit fees.

NOTE 1: GENERAL (Cont.)

Completion of the Merger is subject to approval of Cellect and Quoin shareholders and certain other conditions and contains certain termination rights for both Cellect and Quoin. In connection with the termination of the Merger Agreement under specified circumstances, Cellect and Quoin may be required to pay the other party a termination fee. The parties' termination rights are based on certain situations including:

- mutual written consent of the parties;
- by either party, if the Merger has not closed by September 30, 2021;
- by either party, if a court of competent jurisdiction or other governmental body has issued a final and non-appealable order, decree or ruling, or has taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger;
- by either party, if Cellect does not receive the vote of its shareholders required to approve the Cellect Shareholder Matters (as defined in the Merger Agreement)(The shareholders meeting is scheduled for September 19th, 2021);
- by either party, if certain triggering events will have occurred, including but not limited to not receiving a pre-ruling from the Israeli Tax Authorities, and termination of the Share Transfer Agreement by EnCellX;
- by Quoin, if the Cellect Board has approved, endorsed or recommended any other acquisition proposal; or
- by either party, upon the material breach of the Merger Agreement by the other that, if curable, is not cured within fifteen days of the breaching party's receipt of written notice of such breach.

The Merger is expected to close by the end of the third quarter of 2021, subject to satisfaction of closing conditions.

c. Going Concern

The accompanying financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), assuming that the Company will continue to operate as a going concern. During the period ended June 30, 2021, the Company incurred total comprehensive loss of NIS 9,845 ($3,020) and had negative cash flows from operating activities of NIS 7,903 ($2,423). In addition, the Company had an accumulated deficit of NIS 128,786 ($39,505) on June 30, 2021.

As of June 30, 2021, the Company has not generated any revenue from its principal activity.

To date the Company has funded its research and development activities by raising funds in the capital markets. The Company expects to continue to incur substantial losses over the next several years during its development phase.

NOTE 1: GENERAL (Cont.)

These matters raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result, if the Company were unable to continue as a going concern.

In addition, as described in Note 1b, the Company announced that its Board of Directors approved the Merger Agreement. The Merger Agreement contemplates the acquisition of the operations of Quoin and the sale of the entire share capital of the Subsidiary to EnCellX, as described in Note 1b.

Although the Merger has been approved by Cellect's Board, the Merger still requires the approval of Cellect's shareholders. The Merger (and certain related matters) will be submitted to shareholders for approval at a special general meeting of shareholders scheduled to be held on September 19, 2021. The closing of the Merger is subject to certain conditions, as described in the Merger Agreement, including certain conditions described above, and the Merger Agreement is subject to termination, as described above. There can be no assurance that the Merger will be consummated. If the Merger is not consummated, the Company's operations may be delayed, limited, reduced or terminated.

If the Merger is consummated, the Company will prepare a cash flow plan and assess its ability to continue operations, based on funds expected to be received from Altium Capital, as described above, and funds that may otherwise become available.

If the Merger does not close, as may happen for the reasons described above (see Note 1b above), the Company may not have sufficient funds to operate for a period of more than one year, and the Company will need to raise additional funds to continue operations beyond that period. There is substantial doubt that the Company would be able to do so.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a. Interim Financial Statements:

The accompanying consolidated balance sheet as of June 30, 2021, the consolidated statements of comprehensive loss and the consolidated statements of cash flows for the six months ended June 30, 2021 and 2020, as well as the statement of changes in shareholders' equity for the six months ended June 30, 2021, are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the IFRS as issued by the International Accounting Standards Board ("IASB") and applicable rules and regulations of the Securities and Exchange Commission regarding interim financial reporting. In the management's opinion, the unaudited interim consolidated financial statements include all adjustments of a normal recurring nature necessary for the fair presentation of the Company's financial position as of June 30, 2021, as well as its results of operations and cash flows for the six months ended June 30, 2021 and 2020. The results of operations for the six months ended June 30, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021.

The accompanying unaudited interim financial statements should be read in conjunction with the Company's Annual Report on Form 20-F filed with the Securities and Exchange Commission (the "SEC") on March 29, 2021.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting".

The significant accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements, except as described below:

b. Estimates and assumptions:

The preparation of the Company's financial statements requires management to make estimates and assumptions that influence application of the accounting policies and on the reported amounts of assets, liabilities, and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Determining the fair value of share-based transactions:

  The fair value of share-based transactions is determined upon initial recognition using acceptable option pricing models. The model is based on per-share price data and the exercise price and assumptions regarding expected volatility, expected life, expected dividend and risk-free interest rate.

c. Leases

The Company has adopted IFRS 16 retrospectively from January 1, 2019 but has not restated comparative figures for the year ended December 31, 2018 reporting period, as permitted under the modified retrospective approach. Upon the initial adoption of the new standard the Company measured the right-of-use asset at an amount equal to the lease liability, as measured on the transition date.

In thousands, except share and per share data

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Convenience translation into U.S. dollars:

The consolidated financial statements as of June 30, 2021 and for the six months then ended have been translated into U.S. dollars using the exchange rate of the U.S. dollar as of June 30, 2021 (U.S. $1.00 = NIS 3.26). The translation was made solely for convenience purposes.

The dollar amounts presented in these financial statements should not be construed as representing amounts that are receivable or payable in dollars or convertible into dollars, unless otherwise indicated.

NOTE 3: EQUITY

a. Changes in share capital:

	Number of shares
Balance as of January 1, 2020 (audited)	224,087,799 *)
Issuance of shares and warrants	100,000,000
Exercise of warrants	66,861,280
Balance as of December 31, 2020 (audited)	390,949,079 *)
Issuance of shares and warrants	1,224,600
Balance as of June 30, 2021 (unaudited)	392,173,679 *)

*) Net of 2,641,693 treasury shares of the Company, held by the Company.

1. On February 12, 2019, the Company sold to certain institutional investors an aggregate of 1,889,000 units, each consisting of (i) one ADS, and (ii) one warrant to purchase one ADS, at a public offering price of $1.50 per unit ($7.5 after split), and (b) 2,444,650 pre-funded units, each consisting of (i) one prefunded warrant to purchase one ADS, and (ii) one warrant, at a public offering price of $1.49 per Pre-funded unit. In connection with the offering, the Company granted the underwriters a 45-day option to purchase up to an additional 650,070 ADSs and/or 650,070 warrants to purchase up to an additional 650,070 ADSs. The underwriters partially exercised their over-allotment option to purchase an aggregate of 350,000 additional ADS and additional warrants to purchase 650,070 ADSs. Subsequently, of the pre-funded warrants issued, the Company issued 2,444,650 ADSs upon exercise of pre-funded warrants. The Company raised gross proceeds of NIS 25,422 (NIS 20,796 net of all issuance costs in the amount of NIS 4,626, including share-based awards granted). An amount of NIS 13,505 out of the consideration was related to the ADSs and classified as equity component, while an amount of NIS 8,999 was related to the fair value of the non-tradable Warrants and was classified as a liability.

NOTE 3: EQUITY (Cont.)

Since the warrant exercise price is in US dollars, which is not the Company's functional currency, the unregistered warrants to purchase ADS were classified as a financial liability at fair value and are marked to market through profit or loss in accordance with IAS 32.

The underwriters' unlisted warrants were classified as a share-based payment transaction in accordance with IFRS 2 and netted off the total consideration as issuance cost.

Furthermore, the Company issued to the underwriters unlisted warrants to purchase 109,642 ADSs at an exercise price of $7.5 per warrant and exercisable for a period of five years. The underwriters' unlisted warrants were classified as a share-based payment transaction in accordance with IFRS 2 and netted off the total consideration as issuance cost.

On May 12, 2020, the Company entered into warrant exercise agreements with several investors. Under the terms of the agreement, in consideration of exercising 534,160 of the warrants, the exercise price per warrants was reduced to $2.75 per ADS. The 534,160 of the warrants were exercised resulting in gross proceeds to the Company of NIS 5,204 (NIS 4,591 net of issuance costs in the amount of NIS 613).

In addition, the Company decided to reduce the exercise price of all warrants issued in February 2019, to $2.75 per ADS, from original exercise price per ADS of $7.5.

The change in terms (i.e., reduction in the exercise price) of the warrants, classified as financial liability, resulted in an increase in the fair value of the warrants in a total amount of NIS 3,672. This amount was recorded as finance expenses. The change in terms of the warrants classified as equity was not affecting the results of operations but rather treated as classification within shareholders' equity.

On April 13, 2021 12,246 of the warrants were exercised resulting in gross proceeds to the Company of NIS 110.

2. On January 7, 2020, the Company sold to certain institutional investors aggregate of 1,000,000 ADSs in a registered direct offering at a purchase price of $3 per ADS. The company raised gross proceeds of NIS 10,410 (NIS 9,194 net of all issuance costs in the amount of NIS 1,216).

3. On May 20, 2019, the board of directors approved a grant to a consultant of 672,264 warrants, exercisable for 672,264 ADSs of the Company at an exercise price of USD 0.01 per ADS. On January 31, 2020, the warrants were exercised.

In thousands, except share and per share data

NOTE 4: SHARE-BASED COMPENSATION

a. In February 2014, the Company's board of directors adopted an Employee Shares Incentive Plan (the "2014 Plan"). Under the 2014 Plan, options may be granted to employees, officers, directors, consultants, advisers and service providers of the Company.

On November 19, 2020, the board of directors approved an increase to the Company's option pool of 21,500,000 options. As a result, the Company has a total of 58,600,000 options in the pool.

b. Activity during the period:

The table below includes the number of share options, and the weighted average of their exercise prices:

	December 31, 2020 (audited)		June 30, 2021 (unaudited)	
	Number of options	Weighted average exercise price NIS	Number of options	Weighted average exercise price NIS
Outstanding at beginning of period	22,093,504	0.59	48,895,227	0.30
Options forfeited	(617,572)	1.25	-	-
Option expired	(1,990,305)	1.14	(4,000,000)	0.14
Granted	29,409,600	0.09	-	-
Outstanding at end of period	48,895,227	0.30	44,895,227	0.28
Options exercisable at the end of the period	21,915,304	6.3	21,343,752	7.2

c. The following table summarizes information about the assumptions for measuring the fair value of the options under the Black-Scholes option pricing model for the periods ended December 31, 2020 and June 30, 2021, is as follows:

	2020	2021
Dividend yield (%)	0	0
Expected volatility of the share prices (%)	84.54%-87.53%	-
Risk-free interest rate (%)	0.69%-1.85%	-
Expected life of share options (years)	10	-

According to the data above, the fair value of options granted in the periods ended December 31, 2020 and June 30, 2021 was NIS 1,654 and NIS 0 respectively at the grant date.

NOTE 5: CONTINGENT LIABILITIES AND COMMITMENTS

Liens:

The Company provided a NIS 50 restricted bank deposit to secure credit card payments.

The Company provided a NIS 164 restricted bank deposit to secure the rent payments.

Exhibit 99.3

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our financial statements and related notes included elsewhere in this 6-K, as well as in our Annual Report on Form 20-F for the year ended December 31, 2020 filed with the SEC on March 29, 2021.

Unless otherwise indicated, all references to the terms "we", "us", "our", "Cellect", "the Company" and "our Company" refer to Cellect Biotechnology Ltd. and its wholly-owned subsidiaries. References to "ordinary shares", "ADSs", "warrants" and "share capital" refer to the ordinary shares, ADSs, warrants and share capital, respectively, of Cellect.

We report financial information under International Financial Reporting Standards, or IFRS as issued by the International Accounting Standards Board and none of the financial statements were prepared in accordance with generally accepted accounting principles in the United States.

References to "U.S. dollars" and "$" are to currency of the United States of America, and references to "NIS" are to New Israeli Shekels. References to "Ordinary Shares" are to our Ordinary Shares, no par value.

Unless otherwise indicated, U.S. dollar translations of NIS amounts presented herein are translated using the rate of NIS 3.26 to $1.00, the exchange rate reported by the Bank of Israel on June 30, 2021.

Forward-Looking Statements

The following discussion contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Forward-looking statements are often characterized by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate," "continue," "believe," "should," "intend," "project" or other similar words, but are not the only way these statements are identified.

These forward-looking statements may include, but are not limited to, statements relating to our objectives, plans and strategies, statements that contain projections of results of operations or of financial condition, expected capital needs and expenses, statements relating to the research, development, completion and use of our products, and all statements (other than statements of historical facts) that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. We have based these forward-looking statements on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

Important factors that could cause actual results, developments and business decisions to differ materially from those anticipated in these forward-looking statements include, among other things:

- our history of losses and needs for additional capital to fund our operations and our inability to obtain additional capital on acceptable terms, or at all;
- our ability to continue as a going concern;
- uncertainties of cash flows and inability to meet working capital needs;
- our ability to consummate a strategic alternative that enhances shareholder value;
- our ability to remain listed on the Nasdaq Capital Market;

- our ability to obtain regulatory approvals;
- our ability to obtain favorable pre-clinical and clinical trial results;
- our technology may not be validated and our methods may not be accepted by the scientific community;
- our ability to conduct clinical trials, because of difficulties enrolling patients or other reasons;
- the ability to timely source adequate supply of Fas ligand;
- risks resulting from unforeseen side effects;
- our ability to establish and maintain strategic partnerships and other corporate collaborations;
- the scope of protection we are able to establish and maintain for intellectual property rights and our ability to operate our business without infringing the intellectual property rights of others;
- competitive companies, technologies and our industry;
- unforeseen scientific difficulties may develop with our technology; and
- our ability to retain or attract key employees whose knowledge is essential to the development of our products.

More detailed information about the risks and uncertainties affecting us is contained under the heading "Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2020 filed with the SEC on March 29, 2021, which is available on the SEC's website, www.sec.gov and in our periodic filings with the SEC.

You should not put undue reliance on any forward-looking statements. Any forward-looking statements in this discussion are made as of the date hereof, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Operating Results

To date, we have not generated revenue from the sale of any product, and we do not expect to generate significant revenue within the next year at least. As of June 30, 2021, we had an accumulated deficit of NIS 129 million (approximately $40 million). Our financing activities are described below under "*Finance Expense and Income*."

Operating Expenses

Our current operating expenses consist of two components – research and development expenses, and general and administrative expenses.

Research and Development Expenses, net

Our research and development expenses consist primarily of salaries and related personnel expenses, subcontractor expenses, patent registration fees, materials, share-based payment and other related research and development expenses.

The following table discloses the breakdown of research and development expenses:

	Year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2021 (Unaudited)	2021 (Unaudited
(in thousands)	NIS			NIS	USD*
Payroll	6,629	4,946	2,862	1,367	419
Subcontractors	1,788	1,162	1,349	628	193
Patent registration	647	334	497	150	46
R&D related purchases	2,386	3,714	166	122	37
Share-based payment	807	513	286	98	30
Other expenses	1,256	1,453	723	345	106
Total	13,513	12,122	5,883	2,710	831

* USD presented as convenience translation using June 30, 2021 NIS/USD exchange rate of NIS 3.26.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries, professional service fees, director fees, office expenses, taxes and fees, share based payment and other general and administrative expenses.

The following table discloses the breakdown of general and administrative expenses:

	Year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2021 (Unaudited)	2021 (Unaudited)
(in thousands)	NIS			NIS	USD*
Payroll	5,277	3,595	2,866	1,276	391
Professional services	3,785	2,459	2,470	2,818	864
Director fees	712	642	1,587	1,039	319
Share-based payment	3,730	2,157	452	332	102
Office and other expenses	2,230	1,357	736	502	154
Total	15,734	10,210	8,111	5,967	1,830

* USD presented as convenience translation using June 30, 2021 NIS/USD exchange rate of NIS 3.26.

Comparison of the six-months ended June 30, 2021 to the six-months ended June 30, 2020

Results of Operations

	Six months ended June 30,		Six months ended June 30,	
	2020	2021	2020	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(In thousands of NIS)		(In thousands of USD*)	
Research and development expenses, net	2,901	2,710	890	831
General and administrative expenses	4,703	5,967	1,443	1,830
Operating loss	7,604	8,677	2,333	2,661
Finance expenses (income), net	3,752	1,168	1,151	359
Total comprehensive loss	11,356	9,845	3,484	3,020
Loss attributable to holders of Ordinary Shares	0.034	0.025	0.010	0.008

* USD presented as convenience translation using June 30, 2021 NIS/USD exchange rate of NIS 3.26.

Research and Development Expenses, net

Our research and development expenses for the six months ended June 30, 2021 amounted to NIS 2.7 million (approximately $0.8 million), representing a decrease of NIS 0.2 million (approximately $0.06 million), or 2%, compared to NIS 2.9 million (approximately $0.9 million) for the six months ended June 30, 2020. The decrease was primarily attributable to a decrease in subcontractors expenses reflecting the reduction in our research and development activities.

General and Administrative Expenses

Our general and administrative expenses totaled NIS 6.0 million (approximately $1.8 million) for the six months ended June 30, 2021, an increase of NIS 1.3 million, or 21%, compared to NIS 4.7 million (approximately $1.4 million) for the six months ended June 30, 2020. The increase resulted primarily from professional services related to strategic agreements.

Operating Loss

As a result of the foregoing, our operating loss for the six months ended June 30, 2021 was NIS 8.7 million (approximately $2.7 million), as compared to an operating loss of NIS 7.6 million (approximately $2.3 million) for the six months ended June 30, 2020, an increase of NIS 1.1 million (approximately $0.4 million), or 12%.

Finance Expense and Income

Finance expense and income mainly consist of bank fees and other bank transactional costs, changes in the fair value of warrants that were issued to investors and exchange rate differences.

We recognized net financial expenses of NIS 1.2 million (approximately $0.4 million) for the six months ended June 30, 2021, compared to net financial expenses of NIS 3.8 million (approximately $1.1 million) for the six months ended June 30, 2020. The change is primarily due to the change in the fair value of the listed warrants granted in our U.S. initial public offering in 2016 and to the unregistered warrants granted in our registered direct offerings.

Total Comprehensive Loss

As a result of the foregoing, our total comprehensive loss for the six months ended June 30, 2021 was NIS 9.9 million (approximately $3.0 million), as compared to NIS 11.4 million (approximately $3.5 million) for the six months ended June 30, 2020, a decrease of NIS 1.5 million (approximately $0.5 million), or 15%.

Liquidity and Capital Resources

Overview

As of June 30, 2021, we had NIS 8.7 million (approximately $2.7 million) in cash and cash equivalents.

The table below presents our cash flows:

	Six months ended June 30,		Six months ended June 30,	
	2020	2021	2020	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(In thousands of NIS)		(In thousands of USD*)	
Net cash used in operating activities	(7,516)	(7,903)	(2,306)	(2,423)
Net cash provided by (used in) investing activities	29	-	9	-
Net cash provided by financing activities	13,689	(104)	4,199	(32)

* USD presented as convenience translation using June 30, 2021 NIS/USD exchange rate of NIS 3.26.

Operating Activities

Net cash used in operating activities was NIS 7.9 million (approximately $2.4 million) for the six months ended June 30, 2021, compared with net cash used in operating activities was NIS 7.5 million (approximately $2.3 million) for the six months ended June 30, 2020. The increase in such period is primarily due to increases in professional services expenses.

Investing Activities

Net cash provided for investing activities was NIS 0 million (approximately $0 million) for the six months ended June 30, 2021 compared with net cash used in investing activities was NIS 0.03 million (approximately $0.01 million) for the six months ended June 30, 2020. Net cash in the six months ended June 30, 2020 reflect sales of fixed assets.

Financing Activities

Net cash provided by financing activities in the six months ended June 30, 2021 consisted of NIS 0.01 million (approximately $0.003 million) of net proceeds, mainly from the issuance of ordinary shares represented by ADSs and warrants to purchase ADSs.

Net cash provided by financing activities in the six months ended June 30, 2020 consisted of NIS 13.7 million (approximately $4.1 million) of net proceeds, mainly from the issuance of ordinary shares represented by ADSs and warrants to purchase ADSs.

On February 12, 2019, in a follow-on underwritten public offering we sold an aggregate of 1,889,000 units, each consisting of (i) one ADS, and (ii) one warrant to purchase one ADS, at a public offering price of $1.50 per unit ($7.5 after split), and (b) 2,444,800 pre-funded units, each consisting of (i) one pre-funded warrant to purchase one ADS, and (ii) one warrant, at a public offering price of $1.49 per Ppre-funded unit. In connection with the offering, we granted the underwriters a 45-day option to purchase up to an additional 650,070 ADSs and/or 650,070 warrants to purchase up to an additional 650,070 ADSs. The underwriters partially exercised their over-allotment option to purchase an aggregate of 350,000 additional ADS and additional warrants to purchase 650,070 ADSs. Subsequently, of the pre-funded warrants issued, we issued 2,444,650 ADSs upon exercise of pre-funded warrants.

On May 12, 2020 we entered into warrant exercise agreements with several investors to purchase 534,160 ADSs having an exercise price equal $7.50 per ADS issued by the Company, at a reduced exercise price of $2.75 per ADS, The Company raised gross proceeds of NIS 5,204 (NIS 4,591 NIS net of all issuance costs in the amount of NIS 613).

Simultaneously with entry into the Exercise Agreements, the Company determined to lower the exercise price of all outstanding warrants issued in February 2019 with an original exercise price of $7.50 to $2.75 per share.

On January 7, 2020, the Company sold to certain institutional investors aggregate of 1,000,000 ADSs in a registered direct offering at a purchase price of $3 per ADS.

Current Outlook

We have financed our operations to date primarily through proceeds from issuance of our ordinary shares and ordinary shares represented by ADSs and warrants. We have incurred losses and generated negative cash flows from operations since July 2013. In addition, we have an accumulated deficit of NIS 129 million (approximately $40.0 million) as of June 30, 2021. We have not generated any revenue from the sale or licensing of our products, and we do not expect to generate significant revenue within the next year at least.

In May 2019, we announced that we are exploring strategic alternatives focused on maximizing shareholder value. Potential strategic alternatives that may be evaluated include, but are not limited to, an acquisition, merger, business combination, in-licensing, or other strategic transaction involving the Company or its assets. On March 4, 2020 we reported the signing of two Letters Of Intent, one letter contemplated a strategic commercial agreement, and the other letter contemplated a full merger, both with Canndoc Ltd., a wholly owned subsidiary of Intercure Ltd. In November 2020, we announced that the two companies mutually agreed to end commercial and merger discussions with Canndoc.

On March 24, 2021 the company announced that the Board of Directors approved a definitive Merger Agreement with Quoin Pharmaceuticals Inc. (“Quoin”). Completion of the merger is subject to approval of the Cellect and Quoin shareholders and certain other conditions and is expected to close by the end of the third quarter of 2021, subject to satisfaction of closing conditions. The Company has also signed an agreement to sell the entire share capital of its subsidiary company, Cellect Biotherapeutics LTD. (the “Subsidiary”), which will retain all of its existing assets, to EnCellX Inc.

To conserve cash and focus our resources on our essential research and development activities, in June 2019 we began implementing a cost reduction program that included a reduction of workforce by approximately 40%, salary reductions for remaining employees together with the retention grant to certain other key employees including our Chairman, Chief Executive Officer and Chief Financial Officer. In January 2020, we raise additional $3M (gross before expenses) dollar and during May 2020 repriced its non-tradable warrants price and as a result secured additional $1.5M (gross before expenses). Also, the Company’s chairman resigned and a new chairman (elected from the existing board members) was appointed to replace him for a ~ 45% lower monthly costs together with the grant to of 40,000 ADSs representing 4,000,000 ordinary shares at an exercise price of $3.88 per ADS.

The COVID-19 pandemic has inflicted a few logistic challenges including a slower recruitment of patients to our Israeli trial and postponement of the initiation of the IND approved trial in Washington University (St. Luis, USA). It further slowed business interactions started late 2019 around the scale-up automation of our Apograft product manufacturing. We are looking forward to going back to normal course of business (as soon as the situation will quit) which will probably expedite our technology as well as business development.

Because the outcome of our planned and anticipated clinical trials and the impact of COVID-19 on our operations is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of our ApoGraft technology platform and products. In addition, other unanticipated costs may arise. As a result of these and other factors currently unknown to us, we require substantial, additional funds through public or private equity or debt financings or other sources, such as strategic partnerships and alliances and licensing arrangements. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. A failure to fund these activities may harm our growth strategy, competitive position, quality compliance and financial condition.

Our future capital requirements depend on many factors, including:

- The recovery from the COVID-19 pandemic effects;
- the number and characteristics of products we develop from our ApoGraft technology platform;
- the scope, progress, results and costs of researching and developing our ApoGraft technology platform and any future products, and conducting preclinical and clinical trials;
- the timing of, and the costs involved in, obtaining regulatory approvals;
- the cost of commercialization activities if any products are approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing any future product we successfully commercialize;
- our ability to establish and maintain strategic partnerships, licensing, supply or other arrangements and the financial terms of such agreements;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation;
- the costs of in-licensing further patents and technologies;
- the cost of development of in-licensed technologies;
- the costs of business development including the traveling and legal expenses
- the timing, receipt and amount of sales of, or royalties on, any future products;
- the expenses needed to attract and retain skilled personnel; and
- any product liability or other lawsuits related to any future products.

Additional funds may not be available when we need them, on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities for our ApoGraft technology platform or delay, limit, reduce or terminate our establishment of sales and marketing capabilities or other activities that may be necessary to commercialize our ApoGraft technology platform. These factors, among others, raise substantial doubt about our ability to continue as a going concern. Our independent auditors, in their report on our audited financial statements for the year ended December 31, 2020 expressed substantial doubt about our ability to continue as a going concern and the interim financial statements for the period ended June 30, 2021 includes a note regarding the substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if we were unable to continue as a going concern.

Critical Accounting Policies and Estimate

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which we have prepared in accordance with IFRS as issued by the IASB. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses during the reporting periods. Actual results may differ from these estimates under different assumptions or conditions. While our significant accounting policies are more fully described in Note 2 of our audited 2020 financial statements, we believe that the following accounting policies are the most critical for fully understanding and evaluating our financial condition and results of operations.

Share-based payment transactions

From time to time, we grant to our employees and other service providers remuneration in the form of equity-settled share-based instruments, such as options to purchase ordinary shares. The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using an acceptable option pricing model. As for other service providers, the cost of the transactions is measured at the fair value of the goods or services received as consideration for equity instruments. In cases where the fair value of the goods or services received as consideration of equity instruments cannot be measured, they are measured by reference to the fair value of the equity instruments granted.

The cost of equity-settled transactions is recognized in profit or loss, together with a corresponding increase in equity, during the period in which the performance or service conditions are satisfied, and ending on the date on which the relevant employees become fully entitled to the award. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether the market condition is satisfied, provided that all other vesting conditions (service and/or performance) are satisfied. When we change the conditions of the award of equity-settled instruments, an additional expense is recognized beyond the original expense, calculated in respect of a change that increases the total fair value of the remuneration granted or benefits the other service provider according to the fair value on date of change. Cancellation of the award of equity-settled instruments is accounted for as having vested at the cancellation date and the expense not yet recognized in respect of the award is recognized immediately. However, if the cancelled grant is replaced by a new grant, and is intended as an alternate grant at the date awarded, the cancelled and new awards will both be accounted for as a change to the original award, as described above.

Option Valuations

The determination of the grant date fair value of options using an option pricing model (we utilize the Black-Scholes model) is affected by estimates and assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of our share price over the expected term of the options, share option exercise and cancellation behaviors, risk-free interest rates and expected dividends, which are estimated as follows:

- *Volatility*. The expected share price volatility is based on the historical volatility in the trading price of our ordinary shares as well as comparable companies on the Nasdaq Capital Market and benchmarks of related companies.
- *Expected Term*. The expected term of options granted is based upon the contractual life of the options and represents the period of time that options granted are expected to be outstanding.
- *Risk-Free Rate*. The risk-free interest rate is based on the yield from U.S. Treasury bonds with a term equivalent to the contractual life of the options.
- *Expected Dividend Yield*. We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we use an expected dividend yield of zero.

Impairment of non-financial assets

We evaluate the need to record an impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, “Leases”. According to IFRS 16, a lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

According to IFRS 16:

- Lessees are required to recognize an asset and a corresponding liability in the statement of financial position in respect of all leases (except in certain cases) similar to the accounting treatment of finance leases according to the existing IAS 17, “Leases”.

- Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a corresponding right-of-use asset. Lessees will also recognize interest and depreciation expenses separately.

- Variable lease payments that are not dependent on changes in the Consumer Price Index (“CPI”) or interest rates, but are based on performance or use (such as a percentage of revenues) are recognized as an expense by the lessees as incurred and recognized as income by the lessors as earned.

- In the event of change in variable lease payments that are CPI-linked, lessees are required to remeasure the lease liability and the effect of the remeasurement is an adjustment to the carrying amount of the right-of-use asset.

- IFRS 16 includes two exceptions according to which lessees are permitted to elect to apply a method similar to the current accounting treatment for operating leases. These exceptions are leases for which the underlying asset is of low value and leases with a term of up to one year.

- The accounting treatment by lessors remains substantially unchanged, namely classification of a lease as a finance lease or an operating lease.

For leases existing at the date of transition, IFRS 16 permits lessees to use either a full retrospective approach, or a modified retrospective approach, with certain transition relief whereby restatement of comparative data is not required.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. We applied the modified retrospective approach upon the initial adoption of IFRS 16 by measuring the right-of-use asset at an amount equal to the lease liability, as measured on the transition date.

We recorded an asset and liability on January 1st, 2019 in the amount of NIS 1,613 at the date of recognition. The finance expenses in the six months ended in June 30, 2020 were NIS 37 and depreciation expenses in the six months ended in June 30, 2020 were NIS 182. The right-of-use assets for June 30, 2020 were NIS 908 and the lease liabilities for June 30, 2020 were NIS 954.

Financial Liabilities

Financial liabilities within the scope of IFRS 9 are initially measured at fair value. After initial recognition, other liabilities are measured according to their terms at amortized cost using the effective interest method, taking into account directly attributable transaction costs.

The warrants were classified as a financial liability at fair value measured by quoted price and are marked to market through profit or loss in accordance with IFRS 9, and after initial recognition, changes in fair value are recognized in profit or loss.

Issue of a Unit of Securities

The issue of a unit of securities involves the allocation of the proceeds received (before issuance expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

Trend Information

We are a development stage company, and it is not possible for us to predict with any degree of accuracy the outcome of our research, development or commercialization efforts. As such, it is not possible for us to predict with any degree of accuracy any significant trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause financial information to not necessarily be indicative of future operating results or financial condition. However, to the extent possible, certain trends, uncertainties, demands, commitments and events are identified in the preceding subsections.

Off-Balance Sheet Arrangements

During the periods presented, we had no off-balance sheet arrangements that have had or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.