UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 2019

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 office)

Indicate by check mark whether the registrant files or will file annual reports under cover of 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 Regulations S-T Rule 101(b)(1): ☐

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

This Form 6-K (including Exhibit 99.1, Exhibit 99.2 and the statements under "Second Quarter 2019 Financial Results", "Forward Looking Statements" and the accompanying financial statements in the press release in Exhibit 99.3) are incorporated by reference into the registrant's Registration Statements on Form S-8 (Registration No. 333-214817, 333-220015 and 333-225003) and on Form F-3 (Registration No. 333-229083, 333-219614 and 333-212432).

On August 13, 2019, Cellect Biotechnology Ltd. (the "Company") issued a press release entitled "Cellect Biotechnology Ltd. Reports Second Quarter 2019 Financial Results and Operating Results". In addition, on the same day, the Company issued unaudited interim consolidated financial statements as of June 30, 2019 together with the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations for the same period.

Attached hereto and incorporated by reference herein are the following exhibits:

99.1	Unaudited Interim Consolidated Financial Statements as of June 30, 2019
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations as of June 30, 2019
99.3	Press Release, dated August 13, 2019

SIGNATURES

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

Cellect Biotechnology Ltd.

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

Date: August 13, 2019

EX-99.1 2 f6k0819ex99-1_cellectbio.htm UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2019

Exhibit 99.1

CELLECT BIOTHECHNOLOGY LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2019

NIS IN THOUSANDS

UNAUDITED

INDEX

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CELLECT BIOTECHNOLOGY LTD.

CONSOLIDATED BALANCE SHEETS

In thousands, except share and per share data

	December 31, 2018	June 30, 2019	Convenience translation (Note 2d) June 30, 2019
	Audited	Unaudited	Unaudited
	NIS		U.S. dollars
CURRENT ASSETS:			
Cash and cash equivalents	17,809	27,244	7,640
Other receivables	816	690	193
	18,625	27,934	7,833
LONG-TERM ASSETS:			
Restricted cash	337	331	93
Right-of-use assets	-	1,299	364
Other long term assets	132	113	32
Property, plant and equipment, net	1,544	1,472	413
	2,013	3,215	902
	20,638	31,149	8,735
CURRENT LIABILITIES:			
Trade payables	887	994	279
Other payables	4,012	3,190	894
Lease liabilities	-	468	131
	4,899	4,652	1,304
NON CURRENT LIABILITIES:			
Warrants	1,816	3,722	1,044
Lease liabilities	-	867	243
	1,816	4,589	1,287
SHAREHOLDERS' EQUITY:			
Ordinary shares of no par value:			
Authorized: 500,000,000 shares at December 31, 2018 and June 30, 2019 (unaudited); Issued and outstanding: 130,414,799* at December 31, 2018; and 224,087,799* at June 30, 2019 (unaudited).	-	-	-
Additional paid-in capital	95,085	108,305	30,371
Share-based payments	12,319	13,003	3,647
Treasury shares	(9,425)	(9,425)	(2,643)
Accumulated deficit	(84,056)	(89,975)	(25,231)
	13,923	21,908	6,144
	20,638	31,149	8,735

*) 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 2d) Six months ended June 30,
	2018	2019	2019
	Unaudited		Unaudited
	NIS		U.S. dollars
Research and development expenses	5,348	7,086	1,987
General and administrative expenses	7,072	5,064	1,420
Total operating expenses	12,420	12,150	3,407
Operating loss	12,420	12,150	3,407
Financial income	(2,868)	(7,111)	(1,994)
Financial expenses	12	880	247
Total comprehensive loss	9,564	5,919	1,660
Loss per share:			
Basic and diluted loss per share	0.074	0.029	0.008
Basic and diluted loss per ADS	1.48	0.58	0.17
Weighted average number of shares outstanding used to compute basic and diluted loss per share	128,600,812	200,942,871	200,942,871

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	Accumulated deficit	Total equity
	NIS					
Balance as of January 1, 2018 (audited)	-	82,839	(9,425)	9,381	(63,943)	18,852
Issuance of ADS net of issue costs	-	10,024	-	223	-	10,247
Share-based payment	-	186	-	4,351	-	4,537
Exercise of share options and warrants	-	753	-	(353)	-	400
Expiration of share options		1,283		(1,283)		-
Total comprehensive loss	-	-	-	-	(20,113)	(20,113)
Balance as of December 31, 2018 (audited)	-	95,085	(9,425)	12,319	(84,056)	13,923
Issuance of ADS, net of issue costs		13,212		163		13,375
Share-based payment	-	8	-	521	-	529
Total comprehensive loss	-	-	-	-	(5,919)	(5,919)
Balance as of June 30, 2019 (unaudited)	-	108,305	(9,425)	13,003	(89,975)	21,908
Balance as of as of June 30, 2019 (convenience translation in U.S. dollars (unaudited))	-	30,371	(2,643)	3,647	(25,231)	6,144

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

	Convenience translation (Note 2d)
	Six months

	Six months ended June 30,		ended June 30,
	2018	2019	2019
	Unaudited		Unaudited
	NIS		U.S. dollars
Cash flows from operating activities:			
Total comprehensive loss	(9,564)	(5,919)	(1,660)
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to profit or loss items:			
Net financing expenses	(837)	815	229
Loss (gain) from revaluation of financial assets presented at fair value through profit or loss	(148)	6	2
Depreciation	215	192	54
Share-based payment	2,184	529	148
Changes in fair value of warrants	(1,888)	(8,442)	(2,368)
Interest received during the period	(15)	(46)	(13)
	(489)	(6,946)	(1,948)
Changes in asset and liability items:			
Decrease (increase) in other receivables	(108)	126	35
Decrease (increase) in other long term assets	21	19	5
Decrease in trade and other payables	(1,115)	(715)	(201)
Decrease in right-of-use assets	-	314	89
	(1,202)	(256)	(72)
Cash paid and received during the period for:			
Net cash used in operating activities	(11,255)	(13,121)	(3,680)

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 2d) Six months ended June 30,
	2018	2019	2019
	Unaudited		Unaudited
	NIS		U.S. dollars
Cash flows from investing activities:			
Short-term deposits, net	(3,503)	-	-
Restricted cash, net	(28)	-	-
Sales of marketable securities measured at fair value through profit or loss	8,498	-	-
Purchase of property, plant and equipment	(228)	(120)	(34)
Net cash provided (used in) investing activities	4,739	(120)	(34)
Cash flows from financing activities:			
Exercise of share options	399	-	-
Issuance of share capital and warrants, net of issue costs	12,360	23,723	6,653
Lesaes liabilities	-	(278)	(77)
Net cash provided by financing activities	12,759	23,445	6,576
Exchange differences on balances of cash and cash equivalents	852	(769)	(216)
Increase in cash and cash equivalents	7,095	9,435	2,646
Cash and cash equivalents at beginning of period	13,734	17,809	4,994
Cash and cash equivalents at end of period	20,829	27,244	7,640
(a) Non-cash activities:			
Purchase of property, plant and equipment	13	-	-
Issuance expenses related to fund raising	-	164	46

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

CELLECT BIOTECHNOLOGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In thousands, except share and per share data

NOTE 1:- GENERAL

a. Cellect Biotechnology Ltd. (formerly Cellect Biomed Ltd.) (the "Company" or "Cellect") is incorporated in Israel. 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. Cellect's American Depository Shares ("ADSs") and certain warrants to purchase ADSs are listed for trading on the Nasdaq Capital Market. Each ADS represents 20 ordinary shares.

These financial statements have been prepared in a condensed format as of June 30, 2019, 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, 2018, and for the year then ended and accompanying notes ("annual consolidated financial statements").

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.

To conserve cash and concentrate the Company's resources on its essential research and development activities, on June 2, 2019, the Company's board of directors approved a cost reduction program that includes a reduction of workforce by approximately 40%, salary reductions for remaining employees together with the grant to the Company's Chairman, Chief Executive Officer and Chief Financial Officer and certain other employees of options to purchase an aggregate of 650,000 ADSs representing 13,000,000 ordinary shares at an exercise price of $0.776 per ADS.

On June 6, 2019, the Company retained a financial advisor to advise the Company in connection with its consideration of strategic alternatives.

The Company continues to evaluate strategic alternatives and the Company's board of directors has not made any decisions related to any strategic alternatives at this time. There can be no assurance that the process will result in any transaction being completed, and, even if a strategic transaction is completed, it ultimately may not deliver the anticipated benefits or enhance stockholder value.

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, 2019, the Company incurred total comprehensive loss of NIS 5,919 ($1,660) and had negative cash flows from operating activities of NIS 13,121 ($3,680). In addition, the Company had an accumulated deficit of NIS 89,975 ($25,231) at June 30, 2019.

The Company's activities since inception have consisted of raising capital and performing research and development activities. As of June 30, 2019, principal commercial operations have not commenced. The Company's future success depends on its ability to raise additional capital and/or implement a strategic alternative. There can be no assurance that the Company will be able to raise additional capital or implement a strategic alternative.

CELLECT BIOTECHNOLOGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In thousands, except share and per share data

NOTE 1:- GENERAL (Cont.)

While the Company evaluates strategic alternatives, it continues to advance its development program. The Company expects to continue to incur substantial losses over the next several years during its development phase. To fully execute its development program, the Company will need, among other things, to complete its research and development efforts and clinical and regulatory activities. These activities may take several years and will require significant operating and capital expenditures in the foreseeable future. There can be no assurance that these activities will be successful. If the Company is not successful in these activities it could delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities.

To fund its capital needs, the Company plans to raise funds through equity or debt financings or other sources, such as strategic partnerships and alliance and licensing arrangements, and in the long term, from the proceeds from sales. Additional funds may not be available when the Company needs them, on terms that are acceptable to it, or at all. 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 was unable to continue as a going concern.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Interim Financial Statements:

The accompanying consolidated balance sheet as of June 30, 2019, the consolidated statements of comprehensive loss and the consolidated statements of cash flows for the six months ended June 30, 2019 and 2018, as well as the statement of changes in shareholders' equity for the six months ended June 30, 2019, 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, 2019, as well as its results of operations and cash flows for the six months ended June 30, 2019 and 2018. The results of operations for the six months ended June 30, 2019 are not necessarily indicative of the results to be expected for the year ending December 31, 2019.

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 18, 2019.

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 have an effect on 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

IFRS 16, "Leases":

In January 2016, the IASB issued IFRS 16, "Leases" ("the Standard"), which supersedes IAS 17, "Leases" ("the old Standard"), IFRIC 4, "Determining Whether an Arrangement Contains a Lease", and SIC-15, "Operating Leases - Incentives". According to the Standard, 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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The accounting policy of the Standard applied effective from January 1, 2019 and the effects are as follows:

- According to the Standard, lessees are required to recognize all leases in the statement of financial position (excluding certain exceptions, see below). Lessees will recognize a liability for lease payments with a corresponding right-of-use asset, similar to the accounting treatment for finance leases under the old standard, IAS 17, "Leases". Lessees will also recognize interest expense and depreciation expense separately.

- Variable lease payments that are not dependent on changes in an index or interest rate, but are based on performance or usage, are recognized as an expense by a lessee as incurred or recognized as income by a lessor as earned.

- In the event of changes in variable lease payments that are dependent on an index, a lessee is required to remeasure the lease liability and record the effect of the remeasurement as an adjustment to the carrying amount of the right-of-use asset.

- The Standard includes two exceptions which allow lessees to account for leases based on the existing accounting treatment for operating leases - leases for which the underlying asset is of low value and short-term leases (up to one year).

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

The Standard has been applied for the first time in these interim unaudited financial statements. As permitted by the Standard, the Company elected to adopt the provisions of the Standard using the modified retrospective method whereby the carrying amount of the right-of-use assets is identical to the carrying amount of the lease liability.

According to this approach, comparative data have not been restated. The carrying amount of the lease liability as of the date of initial adoption of the Standard is calculated using the Company's incremental borrowing rate on the date of initial adoption of the Standard.

The main effect of the initial adoption of the Standard relates to existing leases in which the Company is the lessee. According to the Standard, excluding certain exceptions, the Company recognizes a lease liability and a corresponding right-of-use asset for each lease in which it is the lessee. This accounting treatment is different than the accounting treatment applied under the old Standard according to which the lease payments in respect of leases for which substantially all the risks and rewards incidental to ownership of the leased asset were not transferred to the lessee were recognized as an expense in profit or loss on a straight-line basis over the lease term.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Following are data relating to the initial adoption of the Standard as of January 1, 2019, in respect of existing leases as of that date:

a) Effects of the initial application of the Standard on the Company's financial statements as of January 1, 2019:

	According to the previous accounting policy	The change	As presented according to IFRS 16
		NIS in thousands	
As of January 1, 2019:			
Non-current assets:			
Right-of-use assets	-	1,613	1,613
Current liabilities:			
Lease liabilities	-	489	489
Non-current liabilities:			
Lease liabilities	-	1,124	1,124

b) The Company was assisted by an external valuation expert in determining the appropriate interest rate for discounting its leases based on credit risk, the weighted average term of the leases and other economic variables. A weighted average incremental borrowing rate of 6.99% was used to discount future lease payments in the calculation of the lease liability on the date of initial adoption of the Standard.

c) Reconciliation of total commitment for future minimum lease payments as disclosed in Note 4 to the annual financial statements as of December 31, 2018, to the lease liability as of January 1, 2019:

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

	January 1, 2019
	NIS in thousands
Total future minimum lease payments for non-cancellable leases as per IAS 17 according to the financial statements as of December 31, 2018	1,338
Effect of short-term leases and/or leases of low value assets whose lease payments are recognized as an expense on the straight-line basis over the lease term	(240)
Effect of changes in expected exercise of lease extension and/or termination options	713
Total undiscounted lease liabilities as per IFRS 16	1,811
Effect of discount of future lease payments at the Company's incremental borrowing rate on initial date of adoption	(198)
Total lease liabilities as per IFRS 16 as of January 1, 2019	1,613
Total lease liabilities resulting from initial adoption of IFRS 16 as of January 1, 2019	1,613

d) Practical expedients applied in the initial adoption of the Standard:

(1) The Company elected not to recognize a lease liability and right-of-use asset for leases whose term ends within 12 months of the date of initial adoption, and instead accounted for such leases as short-term leases.

(2) The Company elected to exclude initial direct costs from the measurement of right-of-use assets at the date of initial adoption.

(3) The Company elected to use hindsight in determining the lease term in contracts containing options to extend or terminate the lease.

d. Convenience translation into U.S. dollars:

The consolidated financial statements as of June 30, 2019 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, 2019 (U.S. $1.00 = NIS 3.566). 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.

In thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable directly or indirectly.

Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

Quantitative disclosures of the fair value measurement hierarchy of the Company's liabilities as of June 30, 2019 and December 31, 2018:

	June 30, 2019		
	Fair value measurements using input type		
	Level 1	Level 2	Total
Financial liabilities related to Warrants to ADS	(3,722)	-	(3,722)
Total financial net assets (liabilities)	(3,722)	-	(3,722)

	December 31, 2018		
	Fair value measurements using input type		
	Level 1	Level 2	Total
Financial liabilities related to Warrants to ADS	(1,816)	-	(1,816)
ADSs for consultants	(203)	-	(203)
Total financial net assets (liabilities)	(2,019)	-	(2,019)

NOTE 3:- EQUITY

a. Changes in share capital:

	Number of shares
Balance at January 1, 2018 (audited)	*)120,185,659
Issuance of shares	9,696,960
Exercise of share options	310,180
ADS granted	222,000
Balance at December 31, 2018 (audited)	*)130,414,799
Issuance of shares	93,673,000
Balance at June 30, 2019 (unaudited)	*)224,087,799

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

In thousands, except share and per share data

On February 12, 2019, in a follow-on underwritten public offering the Company 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, 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 pre-funded unit resulting in gross proceeds of approximately NIS 25,520 (NIS 22,228 net of all issuance costs, including share-based awards granted) including exercise by underwriters. In connection with the offering, the Company granted the underwriters a 45-day option to purchase up to an additional 650,070 ADSs or 650,070 warrants to purchase up to an additional 650,070 ADSs, or an option to purchase a combination of both ADSs and warrants. 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. An amount of NIS 13,212 out of the consideration related to the ADSs was classified as equity component, while an amount of NIS 10,347 related to the fair value of the warrants to purchase ADSs was classified as a liability. Issuance costs amounting to NIS 1,330 associated with the issuance of the warrants, have been recognized as finance expenses.

2. The investor warrants may be exercised for five years from issuance and have an exercise price of $1.50 per ADS, subject to adjustment as set forth therein. The investor warrants may be exercised on a cashless basis if there is no effective registration statement registering the ADSs underlying the warrants. The Company paid approximately $933 in offering fees and expenses and issued unregistered placement agent warrants to purchase 109,642 ADSs on the same general terms as the investor warrants except they may be exercised for five years from May 30, 2019.

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 39.

The placement agent warrants were classified as a share based payment transaction in accordance with IFRS 2, and was netted off the total consideration as issuance cost.

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 June 20, 2019, the board of directors approved an increase to the option pool of 20,000,000 options. As a result, the Company has a total of 37,100,000 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, 2018 (audited)		June 30, 2019 (unaudited)	
	Number of options	Weighted average exercise price NIS	Number of options	Weighted average exercise price NIS
Outstanding at beginning of period	10,752,668	1.18	13,014,147	1.18
Options exercised for shares	(310,180)	1.29	-	-
Options forfeited	(170,375)	1.34	(2,275,019)	1.24
Option expired	(693,756)	1.39	(211,000)	1.53
Granted	3,435,790	1.21	12,627,000	0.14
Outstanding at end of period	13,014,147	1.18	23,155,128	0.60
Options exercisable at the end of the period	5,536,636	1.18	6,765,587	1.16

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, 2018 and June 30, 2019, is as follows:

NOTE 4:- SHARE-BASED COMPENSATION (Cont.)

	2018	2019
Dividend yield (%)	0	0
Expected volatility of the share prices (%)	82.24%-84.66%	77.75%-78.21%
Risk-free interest rate (%)	2.93%-1.86%	2.14%-2.61%
Expected life of share options (years)	10	10

According to the data above, the fair value of options granted in the periods ended December 31, 2018 and June 30, 2019 was NIS 3,421 and NIS 1,275 respectively at the grant date.

d. On May 20, 2019 the board of directors approved the grants of warrants to a consultant. For each month of work the consultant will receive 112,044 warrants to ADSs, each warrant can be exercised for one ADS in an exercise price of $ 0.01. The maximum amount of warrants will be 672,264 warrants.

NOTE 5:- CONTINGENT LIABILITIES AND COMMITMENTS

Liens:

The Company provided a NIS 168 restricted bank deposit to secure credit card payments.

The Company provided a NIS 163 restricted bank deposit to secure the rent payment.

NOTE 6:- U.S. Subsidiary

On May 25, 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. As of June 30 2019, there is no activity in the US Subsidiary.

NOTE 7:- SUBSEQUENT EVENTS

On August 6, 2019, the Company's shareholders approved an increase in the number of authorized ordinary shares to 10,000,000,000 shares. The board of directors of the Company previously approved the increase on March 12, 2019.

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EX-99.2 3 f6k0819ex99-2_cellectbio.htm MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS OF JUNE 30, 2019

Exhibit 99.2

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, 2018 filed with the SEC on March 18, 2019.

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 3.566 to $1.00, the exchange rate reported by the Bank of Israel on June 30, 2019.

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;
- difficulties enrolling patients in our clinical trials;
- 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, 2018 filed with the SEC on March 18, 2019, 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, 2019, we had an accumulated deficit of NIS 90 million (approximately $25 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,	
	2016	2017	2018	2019 (Unaudited)	2019 (Unaudited
(in thousands)		NIS		NIS	USD*
Payroll	3,711	5,486	6,629	3,322	932
Subcontractors	1,578	1,504	1,788	680	191
Patent registration	409	256	647	192	54
R&D related purchases	1,676	1,574	2,386	1,502	421
Share-based payment	253	1,940	807	255	71
Other expenses	629	743	1,256	1,135	318
Total	8,256	11,503	13,513	7,086	1,987

* USD presented as convenience translation using June 30, 2019 NIS/USD exchange rate of NIS 3.566.

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,	
	2016	2017	2018	2019 (Unaudited)	2019 (Unaudited)
(in thousands)		NIS		NIS	USD*
Payroll	2,994	3,076	5,277	2,286	641
Professional services	2,074	3,745	3,785	1,406	394
Director fees	318	354	712	334	94
Share-based payment	1,299	3,444	3,730	278	78
Office and other expenses	1,283	2,311	2,230	760	213
Total	7,968	12,930	15,734	5,064	1,420

* USD presented as convenience translation using June 30, 2019 NIS/USD exchange rate of NIS 3.566.

Comparison of the six-months ended June 30, 2019 to the six-months ended June 30, 2018

Results of Operations

	Six months ended June 30,		Six months ended June 30,	
	2018	2019	2018	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(In thousands of NIS)		(In thousands of USD*)	
Research and development expenses, net	5,348	7,086	1,500	1,987
General and administrative expenses	7,072	5,064	1,983	1,420
Operating loss	12,420	12,150	3,483	3,407
Finance (income), net	(2,856)	(6,231)	(801)	(1,747)
Total comprehensive loss	9,564	5,919	2,682	1,660
Loss attributable to holders of Ordinary Shares	0.074	0.029	0.02	0.008

* USD presented as convenience translation using June 30, 2019 NIS/USD exchange rate of NIS 3.566.

Research and Development Expenses, net

Our research and development expenses for the six months ended June 30, 2019 amounted to NIS 7.1 million (approximately $1.9 million), representing an increase of NIS 1.8 million (approximately $0.4 million), or 34%, compared to NIS 5.3 million (approximately $1.5 million) for the six months ended June 30, 2018. The increase was primarily due to the production costs related to our planned U.S. clinical trial and costs related to a pre-clinical safety study as part of the preparation for the submission of an IND.

General and Administrative Expenses

Our general and administrative expenses totaled NIS 5.1 million (approximately $1.4 million) for the six months ended June 30, 2019, a decrease of NIS 2.1 million (approximately $0.6 million), or 30%, compared to NIS 7.1 million (approximately $2.0 million) for the six months ended June 30, 2018. The decrease resulted primarily from the reduction in the number of employees.

Operating Loss

As a result of the foregoing, our operating loss for the six months ended June 30, 2019 was NIS 12.1 million (approximately $3.4 million), as compared to an operating loss of NIS 12.4 million (approximately $3.5 million) for the six months ended June 30, 2018, a decrease of NIS 0.3 million (approximately $0.1 million), or 2.5%.

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 income of NIS 6.2 million (approximately $1.7 million) for the six months ended June 30, 2019, compared to net financial income of NIS 2.9 million (approximately $0.8 million) for the six months ended June 30, 2018. 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 in 2018 and 2019.

Total Comprehensive Loss

As a result of the foregoing, our total comprehensive loss for the six months ended June 30, 2019 was NIS 5.9 million (approximately $1.7 million), as compared to NIS 9.6 million (approximately $2.7 million) for the six months ended June 30, 2018, a decrease of NIS 3.7 million (approximately $1.0 million), or 38%.

Liquidity and Capital Resources

Overview

As of June 30, 2019, we had NIS 27.2 million (approximately $7.6 million) in cash and cash equivalents.

The table below presents our cash flows:

	Six months ended June 30,		Six months ended June 30,	
	2018	2019	2018	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(In thousands of NIS)		(In thousands of USD*)	
Net cash used in operating activities	(11,255)	(13,121)	(3,156)	(3,680)
Net cash provided by (used in) investing activities	4,739	(120)	1,328	(34)
Net cash provided by financing activities	12,759	23,445	3,578	6,576

* USD presented as convenience translation using June 30, 2019 NIS/USD exchange rate of NIS 3.566.

Operating Activities

Net cash used in operating activities was NIS 13.1 million (approximately $3.7 million) for the six months ended June 30, 2019, compared with net cash used in operating activities was NIS 11.3 million (approximately $3.1 million) for the six months ended June 30, 2018. The increase in such period is primarily due to increases in research and development expenses.

Investing Activities

Net cash used in investing activities was NIS 0.12 million (approximately $0.03 million) for the six months ended June 30, 2019 compared with net cash provided for investing activities was NIS 4.7 million (approximately $1.3 million) for the six months ended June 30, 2018. Net cash in six months ended June 30, 2019 reflect purchase of fixed assets. Net cash in the six months ended June 30, 2018 primarily reflects net proceeds from short term deposits and marketable securities.

Financing Activities

Net cash provided by financing activities in the six months ended June 30, 2019 consisted of NIS 23.4 million (approximately $6.6 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, 2018 consisted of NIS 12.8 million (approximately $3.5 million) of net proceeds, mainly from the issuance of ordinary shares represented by ADSs and warrants to purchase ADSs.

On January 31, 2018, we sold to certain institutional investors an aggregate of 484,848 ADSs in a registered direct offering at $8.25 per ADS resulting in gross proceeds of approximately $4.0 million. In addition, we issued to the investors unregistered warrants to purchase 266,667 ADSs in a private placement.

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, 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.

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 90.0 million (approximately $25.2 million) as of June 30, 2019. 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. Despite undertaking this process, we may not be successful in completing a transaction, and, even if a strategic transaction is completed, it ultimately may not deliver the anticipated benefits or enhance stockholder value.

To conserve cash and concentrate 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 grant to our Chairman, Chief Executive Officer and Chief Financial Officer and certain other employees of options to purchase an aggregate of 650,000 ADSs representing 13,000,000 ordinary shares at an exercise price of $0.776 per ADS.

While we evaluate strategic alternatives, we are continuing to advance our development program. We have expended and believe that we will continue to expend operating and capital expenditures as necessary for the foreseeable future developing our ApoGraft technology platform. These expenditures will include, but are not limited to, costs associated with research and development, manufacturing, conducting preclinical experiments and clinical trials, contracting manufacturing organizations, obtaining regulatory approvals, as well as commercializing any products approved for sale. Furthermore, we expect to incur additional costs associated with operating as a public company in the United States and in pursuing strategic alternatives. Because the outcome of our planned and anticipated clinical trials is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of our ApoGraft technology platform, 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 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 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, our ApoTainer collection kits or any future products. 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, 2018 expressed substantial doubt about our ability to continue as a going concern and the interim financial statements for the period ended June 30, 2019 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 2018 financial statements appearing elsewhere in this prospectus, 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 1, 2019 in the amount of NIS 1.6 million at the date of recognition. The finance expenses in the six months ended in June 30, 2019 were NIS 0.07 million and depreciation expenses in the six months ended in June 30, 2019 were NIS 0.2 million. The right-of-use assets for June 30, 2019 were NIS 1.3 million and the lease liabilities for June 30, 2019 were NIS 0.5 million.

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.

EX-99.3 4 f6k0819ex99-3_cellectbio.htm PRESS RELEASE, DATEDAUGUST 13, 2019

Exhibit 99.3

Cellect Biotechnology Reports Second Quarter 2019
Financial and Operating Results

Recent Clinical Achievements Demonstrate Continued Momentum in the U.S. and Israel

Tel Aviv, Israel August 13, 2019 – Cellect Biotechnology Ltd. (NASDAQ: "APOP"), a developer of innovative technology which enables the functional selection of stem cells, today reported financial and operating results for the second quarter ended June 30, 2019 and provided a corporate update.

"We are making solid clinical progress in Israel and we are optimistic as we move closer to commencing our first clinical trial in the U.S.," commented Dr. Shai Yarkoni, Chief Executive Officer. "In Israel, we successfully transplanted the 9th patient earlier this quarter and we received the independent safety board approval to escalate to the final dose. We are optimistic that we will complete the final cohort later this year."

"In the U.S., the signing of the Accelerated Clinical Trial Agreement with Washington University and the approval of the WU scientific committee were significant achievements, and upon obtaining the regulatory approvals, and subject to sufficient funding and the outcome of the strategic review process, we plan to ramp up our activities later this year and begin enrolling patients in the first half of 2020."

Strategic Review Progress Update

In May 2019, the Company commenced plans to explore strategic alternatives to maximize 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. The Company continues to evaluate strategic opportunities and plans to keep shareholders informed as they mature or warrant disclosure.

Complementing the strategic review, the Company initiated a cost reduction plan, including a reduction in workforce, lowering its quarterly cash usage to advance its ongoing clinical trial in Israel and work towards initiating the clinical trial in the United States. The Company's cash and cash equivalents were $7.64 million as of June 30, 2019.

"On the corporate side, our actions have significantly reduced our monthly cash burn and we believe that based on our current anticipated cash needs, our current cash burn rate gives us over 18 months of cash, sufficient to achieve our primary objective of reaching clinical results," said Eyal Leibovitz, Chief Financial Officer.

Second Quarter 2019 Financial Results:

- Research and development (R&D) expenses for the second quarter of 2019 were $0.99 million compared to $0.99 million in the first quarter of 2019 and to $0.69 million in the second quarter of 2018. There was no difference between the first and second quarters of 2019. In the first quarter of 2019, we incurred expenses related to the establishment of our US clinical site while in the second quarter we incurred further expenses related to our current clinical activity.

- General and administrative (G&A) expenses for the second quarter of 2019 were $0.76 million compared to $0.66 million in the first quarter of 2019 and to $1.01 million in the second quarter of 2018. The increase was mainly due to an increase in stock-based compensation.

- Finance income for the second quarter of 2019 was $1.53 million compared to finance income of $0.22 million in the first quarter of 2019 and to $0.03 million in the second quarter of 2018. The increase was primarily due to changes related to fair value of the tradable and non-tradable warrants issued in prior fundraisings.

- Net loss for the second quarter of 2019 was $0.23 million, or $0.001 per share and $0.02 per ADS, compared to $1.43 million, or $0.008 per share and $0.16 per ADS, in the first quarter of 2019 and to $1.64 million, or $0.013 per share and $0.26 per ADS, in the second quarter of 2018.

* 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, 2019 (U.S. $1 = NIS 3.566).

About Cellect Biotechnology Ltd.

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

The Company's technology is expected to provide researchers, clinical community and pharma companies with the tools to rapidly isolate stem cells in quantity and quality allowing stem cell-based treatments and procedures in a wide variety of applications in regenerative medicine. The Company's current 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. For example, forward-looking statements are used in this press release when we discuss Cellect's expectations regarding its clinical trials and cash position. 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; uncertainties of cash flows and inability to meet working capital needs; the Company's ability to consummate a strategic alternative that enhances shareholder value; the Company's ability to remain listed on the Nasdaq Capital Market; 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, 2018 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.

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Cellect Biotechnology Ltd
Consolidated Statement of Operation

	Convenience translation Six months ended June 30, 2019	Six months ended June 30,		Three months ended June 30,	
	2019	2018	2019	2018	
	Unaudited	Unaudited			
	U.S. dollars	NIS			
	(In thousands, except share and per share data)				
Research and development expenses	1,987	7,086	5,348	3,564	2,491
General and administrative expenses	1,420	5,064	7,072	2,709	3,620
Operating loss	3,407	12,150	12,420	6,273	6,111
Financial expenses (income) due to warrants exercisable into shares	(1,994)	(7,111)	(1,615)	(5,919)	609
Other financial expenses (income), net	247	880	(1,241)	462	(731)
Total comprehensive loss	1,660	5,919	9,564	816	5,989
Loss per share:					
Basic and diluted loss per share	0.008	0.029	0.074	0.004	0.046
Basic and diluted loss per ADS	0.17	0.58	1.48	0.08	0.92
Weighted average number of shares outstanding used to compute basic and diluted loss per share	200,942,871	200,942,871	128,600,812	224,087,799	130,192,799

Cellect Biotechnology Ltd.
Consolidated Balance Sheet Data

	Convenience translation June 30, 2019	June 30, 2019	December 31, 2018
	Unaudited	Unaudited	Audited
	U.S. dollars	NIS	
	(In thousands, except share and per share data)		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	7,640	27,244	17,809
Other receivables	193	690	816
	7,833	27,934	18,625
NON-CURRENT ASSETS:			
Restricted cash	93	331	337
Right-of-use assets	364	1,299	-
Other long-term receivables	32	113	132
Property, plant and equipment, net	413	1,472	1,544
	902	3,215	2,013
	8,735	31,149	20,638
LIABILITIES AND			

SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Trade payables	279	994	887
Other payables	894	3,190	4,012
Current maturities of lease liability	131	468	-
	1,304	4,652	4,899
NON-CURRENT LIABILITIES:			
Warrants	1,044	3,722	1,816
Lease liability	243	867	-
	1,287	4,589	1,816
EQUITY:			
Ordinary shares of no par value:			
Authorized: 500,000,000 shares at December 31, 2018 and June 30, 2019; Issued and outstanding: 130,414,799*) and 224,087,799*) shares as of December 31, 2018 and June 30, 2019, respectively.	-	-	-
Additional Paid in Capital	30,371	108,305	95,085
Share-based payments	3,647	13,003	12,319
Treasury shares	(2,643)	(9,425)	(9,425)
Accumulated deficit	(25,231)	(89,975)	(84,056)
	6,144	21,908	13,923
	8,735	31,149	20,638

*) 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,	
	2019	2019	2018	2019	2018
	Unaudited	Unaudited			
	U.S. dollars	NIS			
		(In thousands)			
Cash flows from operating activities:					
Total comprehensive loss	(1,660)	(5,919)	(9,564)	(816)	(5,989)
Adjustments to reconcile net loss to net cash used in operating activities:					
Net financing expenses	229	815	(837)	443	(314)
Loss (gain) from revaluation of financial assets presented at fair value through profit and loss	2	6	(148)	2	(148)
Depreciation	54	192	215	94	110
Changes in fair value of traded and not traded warrants	(2,368)	(8,442)	(1,888)	(5,895)	608
Share-based payment	148	529	2,184	744	937
Decrease (increase) in other receivables	40	145	(87)	75	(150)
Increase (decrease) in other payables	(201)	(715)	(1,115)	(730)	(204)
Decrease in right-of-use assets	89	314	-	200	-
Interest received during the period	(13)	(46)	(15)	(46)	(15)
Net cash used in operating activities	(3,680)	(13,121)	(11,255)	(5,929)	(5,165)
Cash flows from investing activities:					
Short term deposits, net	-	-	(3,503)	-	(3,503)
Restricted deposit, net	-	-	(28)	-	135
Sales of marketable securities measured at fair value through profit and loss	-	-	8,498	-	3,998
Purchase of property, plant and equipment	(34)	(120)	(228)	-	(88)
Net cash provided by investing activities	(34)	(120)	4,739	-	542
Cash flows from financing activities:					
Exercise of warrants and stock options into shares	-	-	399	-	-
Leases liabilities	(77)	(278)	-	(178)	-
Issue of share capital and warrants, net of issue costs	6,653	23,723	12,360	(1,114)	(5)
Net cash provided (used) by financing activities	6,576	23,445	12,759	(1,292)	(5)
Exchange differences on balances of cash and cash equivalents	(216)	(769)	852	(397)	329
Increase (decrease) in cash and cash equivalents	2,646	9,435	7,095	(7,618)	(4,299)
Balance of cash and cash equivalents at the beginning of the period	4,994	17,809	13,734	34,862	25,128
Balance of cash and cash equivalents at the end of the period	7,640	27,244	20,829	27,244	20,829

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