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

FORM 10-K

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

For the fiscal year ended **June 30, 2020**

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

For the transition period from [ ] to [ ]

Commission file number **001-31392**

PLURISTEM THERAPEUTICS INC.
(Exact name of registrant as specified in its charter)

Nevada	**98-0351734**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
MATAM Advanced Technology Park, Building No. 5, Haifa, Israel	**3508409**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number **011-972-74-7108600**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.00001	**PSTI**	**Nasdaq Capital Market**

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

None.
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☒
Smaller reporting company	☒	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked prices of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

$62,304,077

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

25,554,668 as of September 4, 2020

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Our financial statements are stated in thousands United States Dollars, or US$, and are prepared in accordance with United States Generally Accepted Accounting Principles, or U.S. GAAP.

In this annual report, unless otherwise specified, all dollar, amounts are expressed in U.S. dollars.

As used in this annual report, the terms "we", "us", "our", the "Company", and "Pluristem" mean Pluristem Therapeutics Inc., and our wholly owned Israeli subsidiary and the wholly owned subsidiary of our Israeli subsidiary in Germany, unless otherwise indicated or required by the context.

All information in this Annual Report on Form 10-K, or Annual Report, relating to shares or price per share reflects the 1-for-10 reverse stock split effected by us on July 25, 2019.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this Annual Report that are not historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Such forward-looking statements may be identified by, among other things, the use of forward-looking terminology such as "believes," "intends," "plans," "expects," "may," "will," "should," or "anticipates" or the negative thereof or other variations thereon or comparable terminology, and similar expressions are intended to identify forward-looking statements. We remind readers that forward-looking statements are merely predictions and therefore inherently subject to uncertainties and other factors and involve known and unknown risks that could cause the actual results, performance, levels of activity, or our achievements, or industry results, to be materially different from any future results, performance, levels of activity, or our achievements, or industry results, expressed or implied by such forward-looking statements. Such forward-looking statements appear in Item 1 – "Business" and Item 7 – "Management's discussion and Analysis of Financial Condition and Results of Operations," (especially in the section titled "Outlook") as well as elsewhere in this Annual Report and include, among other statements, statements regarding the following:

- the expected development and potential benefits from our products in treating various medical conditions;
- our plan to execute our strategy independently, using our own personnel, and through relationships with research and clinical institutions or in collaboration with other companies;
- our entering into certain contracts with third parties;
- the prospects of entering into additional license agreements, or other forms of cooperation with other companies and medical institutions;
- our pre-clinical and clinical trials plans, including timing of initiation, enrollment and conclusion of trials;
- the expected timing of the release of data from our various studies;
- achieving regulatory approvals, including under accelerated paths;
- receipt of future funding from the Israel Innovation Authority, or IIA, the European Union's Horizon 2020 program, the Biomedical Advanced Research and Development Authority, or BARDA, as well as grants from other independent third parties;

- the receipt of funds pursuant to our agreement with the European Investment Bank, or the EIB Agreement and EIB, respectively, and whether we will achieve the milestones necessary to receive funds thereunder;
- our marketing plans, including timing of marketing our product candidates, PLX-PAD and PLX-R18, and the filing of any requests for marketing authorization;
- developing capabilities for new clinical indications of placenta expanded (PLX) cells and new products;
- our plan for the initiation of a multinational regulated clinical trial program for the potential use of PLX cells in the treatment of patients suffering from complications associated with the COVID-19 pandemic;
- our estimations regarding the size of the global market for our product candidates;
- our expectations regarding our production capacity, including the use of our serum-free formulation;
- our expectation to demonstrate a real-world impact and value from our pipeline, technology platform and commercial-scale manufacturing capacity;
- our expectations regarding our short- and long-term capital requirements;
- our outlook for the coming months and future periods, including but not limited to our expectations regarding future revenue and expenses;
- information with respect to any other plans and strategies for our business; and
- our expectations regarding the impact of the COVID-19 pandemic, including on our clinical trials and operations.

The factors discussed herein, including those risks described in Item 1A. “Risk Factors”, and expressed from time to time in our filings with the Securities and Exchange Commission, or SEC, could cause actual results and developments to be materially different from those expressed in or implied by such statements. In addition, historic results of scientific research, clinical and preclinical trials do not guarantee that the conclusions of future research or trials would not suggest different conclusions. Also, historic results referred to in this Annual Report would be interpreted differently in light of additional research, clinical and preclinical trials results. The forward-looking statements are made only as of the date of this filing, and except as required by law we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

PART I

Item 1. Business.

Our Current Business

We are a leading developer of placenta-based cell therapy product candidates for the treatment of multiple ischemic, inflammatory and hematologic conditions. Our operations are focused on the research, development, manufacturing, conducting clinical trials and business development of cell therapeutics and related technologies.

We are currently enrolling patients in two Phase III studies: one for critical limb ischemia, or CLI, and another for muscle recovery following surgery for hip fracture. In addition, we are focusing on other indications such as acute radiation syndrome, or ARS, incomplete recovery following bone marrow transplantation, Steroid-Refractory Chronic Graft Versus Host Disease, or cGVHD, and intermittent claudication, or IC. We received clearance from the U.S. Food and Drug Administration, or the FDA, and the German health regulatory agency, the Paul Ehrlich Institute, or the PEI, to conduct a Phase II study evaluating PLX cells for the treatment of severe cases of the COVID-19 coronavirus, or COVID-19, complicated by Acute Respiratory Distress Syndrome, or ARDS. We have treated several patients in Israel and in the United States suffering from severe ARDS associated with COVID-19 under a compassionate use program. In addition, the FDA has cleared our Expanded Access Program, or EAP, for the use of our PLX-PAD cells to treat up to 100 patients suffering from ARDS caused by COVID-19 outside of our ongoing Phase II COVID-19 study in the U.S. We believe that each of these indications is a severe unmet medical need.

PLX cells are derived from a class of placental cells that are harvested from donated placenta at the time of full term healthy delivery of a baby. PLX cell products require no tissue or blood matching prior to administration. They are produced using our proprietary three-dimensional expansion technology. Our manufacturing facility complies with the European, Japanese, Israeli, South Korean and the FDA's current Good Manufacturing Practice, or cGMP, requirements and has been inspected and approved by the European and Israeli regulators for production of PLX-PAD for late stage trials. We have also granted manufacturer/importer authorization and cGMP Certification by Israel's Ministry of Health. If we obtain FDA and other regulatory approvals to market PLX cells, we expect to have in-house production capacity to grow PLX cells in commercial quantities. See " – Research and Development - In-House Clinical Manufacturing" for additional information.

Our goal is to make significant progress with our clinical pipeline and our clinical trials in order to ultimately bring innovative, potent therapies to patients who need new treatment options. We expect to demonstrate a real-world impact and value from our pipeline, technology platform and commercial-scale manufacturing capacity. Our business model for commercialization and revenue generation includes, but is not limited to, direct sale of our products, partnerships, licensing deals, and joint ventures with pharmaceutical companies.

We were incorporated in Nevada in 2001, and we have a wholly owned subsidiary in Israel called Pluristem Ltd. and a wholly owned subsidiary in Germany called Pluristem GmbH.

Scientific Background

Cell therapy is an emerging field within the regenerative medicine area. The characteristics and properties of cells vary as a function of tissue source and growth conditions. The human placenta from which our PLX cells are derived provides an uncontroversial source of non-embryonic, adult cells and represents an innovative approach in the cell therapy field. The different factors that PLX cells release suggest that the cells can be used therapeutically for a variety of ischemic, inflammatory, autoimmune and hematological disorders.

PLX cells do not require tissue matching prior to administration. This allows for the development of ready-to-use / "off-the-shelf" allogeneic products.

Our Technology

We develop, and intend to commercialize, cell therapy production technologies and products that are derived from the human placenta after a full term delivery of a healthy baby. Our PLX cells are adherent stromal cells, or ASCs, that are expanded using a proprietary 3D process. This system utilizes a synthetic scaffold to create an artificial 3D environment where placental-derived stromal cells can grow. Our automated proprietary 3D, cGMP approved, process enables the large-scale monitored and controlled production of reproducible, high quality cell products and is capable of manufacturing a large number of PLX doses originating from different placentas. Additionally, our current manufacturing process, which has scaled up as compared to previous years, has demonstrated batch-to-batch consistency, an important manufacturing challenge for biological products.

Product Candidates

Our primary objective is to be the leading provider of allogeneic placenta based cell therapy products that are true off-the-shelf products that do not require any matching or additional manipulation prior to administration. From the physician's and patient's perspective, we believe that our PLX products are comparable to any other product delivered in a vial. Our PLX products are administered using a standard needle and syringe. Our PLX products are in clinical stage development for multiple indications.

Our first product candidate, PLX-PAD, is currently in a Phase III multinational clinical trial in CLI, in a Phase III multinational clinical trial in recovery following surgery for hip fracture, and in a Phase II clinical trial in the treatment of severe COVID-19 cases complicated by ARDS. We have also completed Phase II multinational clinical trial in IC and a Phase I/II is currently conducted with our PLX-PAD by Tel Aviv Sourasky Medical Center (Ichilov Hospital) for the treatment of Steroid-Refractory cGVHD.

Our second product candidate, PLX-R18, is under development in the United States for ARS via the FDA Animal Rule regulatory pathway, as well as in a Phase I trial in the United States and Israel for incomplete hematopoietic recovery following hematopoietic cell transplantation, or HCT.

We developed an additional product candidate, PLX-Immune, which is under pre-clinical development for treatment of certain types of human cancer. In January 2018, we announced the publication of a peer-reviewed article in a journal which examined the effect of PLX-Immune cells on the proliferation of over 50 lines of human cancerous cells. Data showed that the PLX-Immune cells exhibited an anti-proliferative effect on a wide range of human cancer cell types, with a strong inhibitory effect on various lines of breast, colorectal, kidney, liver, lung, muscle and skin cancers. We have also conducted a pre-clinical trial of female mice harboring human triple negative breast cancer. In this study, the results showed a statistically significant reduction in tumor size as well as complete tumor remission in 30% of treated recipients.

We believe that using the placenta as a unique cell source, combined with our innovative research, development and high-quality manufacturing capabilities, will be the "engine" that drives this platform technology towards the successful development of additional PLX cell therapy products and indications.

Our Clinical Development Product Candidates

Peripheral and Cardiovascular Diseases – Peripheral and Cardiovascular Diseases – We are investigating the use of PLX-PAD cells for the treatment of peripheral arterial disease, or PAD, including IC and CLI.

In May 2015, our CLI clinical development program was selected for the EMA's Adaptive Pathways Project. The goal of the project is to improve timely access for patients to new medicines. During our fiscal year ended June 30, 2017, the FDA and several EU regulatory agencies cleared our application to begin the pivotal Phase III trial of PLX-PAD cells in the treatment of CLI for patients with minor tissue loss (Rutherford Category 5) who are unsuitable for revascularization. This multinational Phase III trial is being conducted in the United States, Europe and Israel. In September 2017, we announced that the FDA granted a fast track designation to our ongoing Phase III study of PLX-PAD for the treatment of CLI. The FDA's fast track designation is a process designed to facilitate the development and expedite the review of drug to treat serious conditions and unmet medical needs. With fast track designation, there is an increased possibility for a priority review by the FDA of PLX-PAD cells for the treatment of CLI.

Following the FDA's and EMA's advice and recommendations, we implemented the following items into the study design and the interim data readout:

The primary endpoint for the interim analysis will be identical to the full study endpoint, a comparison between the PLX-PAD treated group and the placebo treated group of the number of days from randomization to occurrence of major amputation of the index leg or death.

The full study analysis will be based on 82 events. Each event is defined as occurrence of major amputation of the index leg or death while the interim readout will be conducted based on a minimum of 45 events, which have already occurred.

The FDA cleared our EAP for the use of our PLX-PAD cell treatment in patients with CLI and we initiated the EAP in April 2019. Under the terms of the EAP, an initial cohort of 100 Rutherford-5 CLI patients who are ineligible for inclusion under our ongoing Phase III study protocol can be enrolled and treated.

We have completed two Phase I safety/dose-escalating clinical trials for CLI, one in the United States and one in Germany. These CLI trials demonstrated that no blood type or human leukocyte antigen matching is required, and that the administration of PLX-PAD cells is safe, even if two doses are administered to a patient on two different occasions. In addition, PLX-PAD cells are potentially effective in reducing the frequency of amputations in CLI patients. Generally, the FDA and the EMA require the primary endpoint for pivotal CLI clinical trials to be Amputation Free Survival, or AFS, at one year. The pooled data from the two studies we conducted suggest an AFS rate at one year of 86% in PLX-treated patients versus an AFS ranging between 48% to 66% in patients from placebo arms in other CLI trials.

In June 2018, we announced the results from our 172 patients, randomized, double blind, placebo controlled, and multinational Phase II clinical trial in IC. Analysis of the Phase II IC data, which was announced on November 2018, confirmed the optimal dosing regimen of PLX-PAD in the treatment of PAD - two administrations of 300 million cells, each originating from a different donor. This is also the treatment regimen being administered to patients in the Company's ongoing multinational Phase III study in CLI, a more severe stage of PAD. PLX-PAD treated patients showed a good safety profile in the study.

In April 2015, Japan's PMDA approved our large-scale manufacturing methods and quality for PLX-PAD cells for use in clinical trials. In August 2015, the PMDA granted safety clearance to PLX-PAD cells for use in clinical trials in Japan, and in December 2015 we reached an agreement with the PMDA on the design of the final trial needed to apply for conditional marketing approval of PLX-PAD cells in the treatment of CLI. Currently, as part of our strategy to focus on our active clinical trials and marketing readiness, we have not initiated clinical trial activities in Japan.

Orthopedic Indications – In April 2018, we announced that the FDA cleared our IND for our Phase III trial for recovery following surgery for hip fracture. This multinational Phase III trial is being conducted in the United States, Europe and Israel. The EMA confirmed that recovery following surgery for hip fracture is eligible for the Adaptive Pathways Project as well.

Our Phase III trial protocol and design was based on our phase I/II, randomized, double-blind, placebo-controlled study (n=20) to assess the safety and efficacy of intramuscular injections of allogeneic PLX-PAD cells for the regeneration of injured gluteal musculature after total hip replacement has been conducted in Germany under the approval of PEI. In this study, PLX-PAD cells or placebo were administered into the traumatized gluteal muscle during total hip replacement surgery. The study results met its primary efficacy endpoint, change in maximal voluntary isometric contraction force of the gluteal muscle at six months after total hip replacement. Patients treated with PLX-PAD had a significantly greater improvement of maximal voluntary muscle contraction force than the placebo group (p=0.0067). In addition, the study demonstrated that PLX-PAD was safe and well tolerated by the patients.

COVID-19 Complicated by ARDS – In May 2020, the FDA cleared our IND application for the Phase II study of our PLX cells in the treatment of severe COVID-19 cases complicated by ARDS and we initiated the study in June 2020. The U.S trail is randomized, double-blind, placebo-controlled, multicenter, parallel-group 140 patient study is evaluating the efficacy and safety of intramuscular injections of PLX-PAD for the treatment of severe COVID-19 cases complicated by ARDS. The primary endpoint is the number of ventilator free days during the main 28-day study period. Safety and survival follow-up will be conducted at week 8, 26 and 52. Secondary efficacy endpoints include all-cause mortality, duration of mechanical ventilation, ICU free-days, and hospitalization free-days. In addition, the FDA has cleared our EAP for the use of our PLX-PAD cells to treat ARDS caused by COVID-19 outside of our ongoing Phase II COVID-19 study in the U.S. The EAP will include up to 100 patients with the resulting data being collected and evaluated alongside our existing clinical trial in the U.S.

In August 2020, the PEI cleared our Phase II study in Germany titled, "A Randomized, Controlled, Multicenter, Parallel-Group Phase II Study to Evaluate the Efficacy and Safety of Intramuscular Injections of PLX PAD for the Treatment of severe COVID-19," relating to the treatment of patients hospitalized with severe cases of COVID-19 complicated by ARDS. Forty patients hospitalized with severe cases of COVID-19 complicated by ARDS will be enrolled in the study. The primary efficacy endpoint of the study is the number of ventilator free days during the 28 days from day 1 through day 28 of the study. Safety and survival follow-up will be conducted at day 60, week 26 and week 52.

Recovery Following HCT – PLX-R18 is also under development in the United States and Israel for the treatment of incomplete hematopoietic recovery following HCT. This Phase I study of PLX-R18 in HCT, as previously announced, has successfully enrolled 20 patients in the United States and Israel. We expect to provide top line efficacy results in the first quarter of calendar 2021. In addition, the FDA granted orphan drug designation to our PLX cell therapy for the treatment of graft failure and incomplete hematopoietic recovery following HCT.

ARS – We have conducted several animal studies for the evaluation of PLX-R18 for the treatment of ARS, in collaboration with the National Institute of Allergy and Infectious Diseases, or the NIAID. The U.S. National Institutes of Health, or NIH, funded and conducted a pilot study in NHPs to evaluate the therapeutic effect of PLX-R18 on hematological aspects of ARS. In May 2017, we announced results of the NHPs pilot study for PLX-R18 as a treatment for ARS. Although study size was not designed to show significance, results showed a trend toward improved survival of PLX-R18 treated animals compared to control, placebo treated animals. The study, conducted and funded by the NIAID, was designed to assess the safety and efficacy of PLX-R18 following intramuscular injection into irradiated and non-irradiated NHPs. Efficacy measures included survival as well as hematological parameters which are affected by exposure to high levels of radiation as may occur in a nuclear accident or attack. These data will help the design of a pivotal study to fulfill the requirements for a Biologics License Application, or BLA, submission under the FDA's Animal Rule regulatory pathway.

We plan to continue the discussions with the different government agencies with the goal of receiving their support for pivotal studies in large animals as well as conducting the safety studies required in order to file BLA for this indication.

In October 2017, we announced that the FDA granted us an orphan drug designation for our PLX-R18 cell therapy for the prevention and treatment of ARS.

In April 2018, we announced that the FDA approved our IND application for PLX-R18 cell therapy in the treatment of ARS. The IND allows us to treat victims who may have been acutely exposed to high dose radiation due to nuclear attack or accident.

In December 2015, we also signed a Memorandum of Understanding for a collaboration with Fukushima Medical University, Fukushima Global Medical Science Center. The purpose of the collaboration is to develop our PLX-R18 cells for the treatment of ARS, and for morbidities following radiotherapy in cancer patients. In June 2018, we reported positive animal data from studies conducted in collaboration with Fukushima Medical University evaluating PLX-R18 cells as a treatment for radiation damage to the gastrointestinal, or GI, tract and bone marrow. Data from these studies showed that PLX-R18 cells significantly increased survival rates, preserved GI stem cells activity that enhance the recovery of the GI system and prevented severe damage to the intestinal lining, suggesting PLX-R18 potential as a multi-organ therapy for ARS.

In July 2019, we presented positive results from a series of studies of our PLX-R18 cell therapy product conducted by the U.S. Department of Defense's, or DoD, Armed Forces Radiobiology Research Institute, part of the Uniformed Services University of Health Sciences. The studies were designed to evaluate PLX-R18 as a potential prophylactic countermeasure against ARS administered prior to radiation exposure. These animal studies demonstrate that PLX-R18, administered 24 hours before radiation exposure, and again 72 hours after exposure, resulted in a significant increase in survival rates, from 4% survival rate in the placebo group to 74% in the treated group. In addition, the data shows an increase in recovery of blood lineages and a favorable safety profile. Furthermore, histopathological analysis and hematopoietic progenitor clonogenic assay of tissues collected show a significant increase in bone marrow cell numbers and improved regenerative capability into all blood lineages.

Steroid-Refractory cGVHD – In September 2017, we signed an agreement with Tel Aviv Sourasky Medical Center (Ichilov Hospital) to conduct a clinical Phase I/II trial of PLX-PAD cell therapy for the treatment of Steroid-Refractory cGVHD. This trial is an investigator initiated study. As such, Tel Aviv Sourasky Medical Center supports the study and is responsible for its design and implementation.

Regulatory and Clinical Affairs Strategy

Our cell therapy development strategy is to hold open and frequent discussions with regulators at all stages of development from preclinical trials to more advanced regulatory stages. We utilize this strategy in working with the FDA, the EMA, Germany's PEI as well as other European national competent authorities, the Israeli Ministry of Health, or MOH and Japan's PMDA, and we are also working with the Ministry of Food and Drug Safety, or MFDS, of South Korea.

The Adaptive Pathways Project is part of the EMA's efforts to improve timely access for patients to new therapies. It targets treatments with the potential to heal serious conditions with an unmet medical need, and may reduce the time to a medicine's approval or to its reimbursement for targeted patient groups. The pilot is open to clinical programs in early stages of development only. We have applied early to this program and have been selected for it.

In September 2017, we announced that the FDA granted "Fast Track" designation for PLX-PAD in CLI. The FDA's Fast Track designation is a process designed to facilitate the development and expedite the review of drugs to treat serious conditions and unmet medical needs. With Fast Track designation, there is an increased possibility for a priority review by the FDA of PLX-PAD cells for the treatment of CLI.

In January 2018, we announced that the FDA cleared our EAP for the use of our PLX-PAD cell treatment in patients with CLI. EAP allows the use of an investigational medical product outside of clinical trials and is usually granted in cases where patients are unsuitable for inclusion under the study protocol and the patient's condition is life-threatening with an unmet medical need. As part of the EAP, our PLX-PAD cell therapy is available to a limited number of CLI patients in the United States who are unsuitable for revascularization and cannot take part in our ongoing Phase III clinical trial.

In August 2020, we announced that the FDA cleared our EAP for the use of our PLX-PAD cells to treat ARDS caused by COVID-19 outside of our ongoing Phase II COVID-19 study in the U.S. The program provides a pathway for patients that are not eligible for inclusion in the Phase II clinical trial to be treated with PLX-PAD cells and will include up to 100 patients. The resulting data will be collected and evaluated alongside our existing clinical trial.

Impact of COVID-19 - In managing our ongoing global clinical trials, as well as our daily operations, in the midst of the COVID-19 global pandemic, we are taking all necessary precautions for the safety and well-being of patients, healthcare providers involved in our trials, and our employees. We are continuing our operational and manufacturing activities, subject to the directives of the Israeli Ministry of Health, with a dedicated team on site at our facilities. In addition, we are using remote work technologies that enable other activities to be conducted without the need for a physical presence in our facilities. Our allogenic, off-the-shelf approach and our advanced manufacturing capabilities enabled us to complete the manufacturing of the entire stock of PLX cells needed to complete all of our current clinical trials and EAPs. We currently hold supplies of PLX cells in inventory in Israel, and in secure storage facilities in Europe and the U.S. In addition, we are following the FDA and EMA guidelines regarding the management of clinical trials during COVID-19

Intellectual Property

We understand that our success will depend, in part, on maintaining our intellectual property, and therefore we are committed to protecting our technology and product candidates with patents and other methods described below.

We are the sole owner of 128 issued patents and approximately 60 pending patent applications in the United States, Europe, China and Japan, as well as in additional countries worldwide, including Israel, countries in the Far East and South America (in calculating the number of issued patents, each European patent validated in multiple jurisdictions was counted as a single patent).

In April 2016, the Subsidiary entered into a licensing agreement with TES Holdings Co., Ltd., a venture company derived from the University of Tokyo, to obtain a key patent in Japan to cover the treatment of ischemic diseases with placental cell therapy. This license is subject to future single low-digit royalties from sales of our product for treatment in the field of ischemic diseases in Japan, until expiry of the patent in 2023. This license follows the grant of two key patents to us by the Japanese Patent Office, which address three dimensional methods for expanding placental and adipose cells, and specified cell therapies produced from placental tissue using these methods.

In February 2017, Pluristem Ltd. signed an agreement with founders of a certain patent for a five year option to purchase the certain patent for an amount of 1 million Euro. The agreement includes yearly payments of Euro 75,000, Euro 75,000 and Euro 100,000 in February 2017, 2018 and 2019, respectively, which have been paid. We are entitled to terminate the agreement for convenience upon providing the founders 30 days prior notice.

In April 2019, we filed a U.S. provisional patent application titled "Methods and Compositions for Producing Cannabinoids," which covers the use of our state-of-the-art, proprietary 3-D cell culturing technology for the potential manufacturing of cannabinoid-producing cells. In April 2020, we filed a Patent Cooperation Treaty, or PCT, application with respect to the technology.

In March 2020, we filed a U.S. provisional patent application titled "Methods and Compositions for Treating Viral Infections and Sequelae Thereof," which covers the use of placental ASC for treating coronavirus infections and sequelae thereof. In May 2020, a related Israeli patent application was filed.

Based on the well-established understanding that the characteristics and therapeutic potential of a cell product are largely determined by the source of the cells and by the methods and conditions used during their culturing, our patent portfolio includes different types of claims that protect the various unique aspects of our technology.

Our multi-national portfolio of patent and patent applications includes the following claims:

- our proprietary expansion methods for 3D stromal cells;
- composition of matter claims covering the cells;
- the therapeutic use of PLX cells for the treatment of a variety of medical conditions; and
- cell-culture, harvest, and thawing devices.

Through our experience with ASC-based product development, we have developed expertise and know-how in this field and have established procedures for manufacturing clinical-grade PLX cells in our facilities. Certain aspects of our manufacturing process are covered by patents and patent applications. In addition, specific aspects of our technology are retained as know-how and trade secrets that are protected by our confidentiality agreements with our employees, consultants, contractors, manufacturers and advisors. These agreements generally provide for protection of confidential information, restrictions on the use of materials, and an obligation to assign to us inventions conceived during the course of performing services for us.

The following table sets forth our key patents and patent applications and is not intended to represent an assessment of claims, limitations or scope. In some cases, a jurisdiction is listed as both pending and granted for a single patent family. This is due to pending continuation or divisional applications of the granted case.

There is a risk that our patents will be invalidated, and that our pending patent applications will not result in issued patents. We also cannot be certain that we will not infringe on any patents that may be issued to others. See *"Risk Factors - We must further protect and develop our technology and products in order to become a profitable company"*. The expiration dates of these patents, based on filing dates, range from 2020 to 2040.

Actual expiration dates will be determined according to extensions received based on the Drug Price Competition and Patent Term Restoration Act of 1984 (P.L. 98-417), commonly known as the "Hatch-Waxman" Act, that permits extensions of pharmaceutical patents to reflect regulatory delays encountered in obtaining FDA market approval. The Hatch-Waxman Act is based on a U.S. federal law and therefore only relevant to U.S. patents.

Our Patent Portfolio

Patent Name/ Int. App. No.	Pending Jurisdictions	Granted Jurisdictions	Expiry Date
METHOD AND APPARATUS FOR MAINTENANCE AND EXPANSION OF HAEMATOPOIETIC STEM CELLS AND/OR PROGENITOR CELLS PCT/US2000/02688		United States	October 6, 2020 (245 days patent term adjustment)
METHODS FOR CELL EXPANSION AND USES OF CELLS AND CONDITIONED MEDIA PRODUCED THEREBY FOR THERAPY PCT/IL2007/000380	China, Hong Kong	Australia, Canada, China, Hong Kong, Europe, Israel, India, Japan, South Korea, Mexico, Russia, Singapore	March 23, 2027

ADHERENT CELLS FROM PLACENTA TISSUE AND USE THEREOF IN THERAPY PCT/IL2008/001185	United States, Brazil, China, Israel	Australia, Canada, China, Europe, Hong Kong, Israel, India, Japan, Mexico, Russia, Singapore, USA, South Africa, South Korea	September 2, 2028
METHODS OF TREATING INFLAMMATORY COLON DISEASES PCT/IL2009/000527		United States, Israel, Russia	May 26, 2029
METHODS OF SELECTION OF CELLS FOR TRANSPLANTATION PCT/IL2009/000844		Europe, Israel	September 1, 2029
ADHERENT CELLS FROM PLACENTA TISSUE AND USE THEREOF IN THERAPY PCT/IL2009/000846	Hong Kong, China	Australia, Canada, Europe, Hong Kong, Israel, India, Mexico, Russia, Singapore, USA, South Africa	September 1, 2029
ADHERENT CELLS FROM PLACENTA TISSUE AND USE THEREOF IN THERAPY PCT/IL2009/000845		United States, Europe, Israel	September 1, 2029
ADHERENT STROMAL CELLS DERIVED FROM PLANCENTAS OF MULTIPLE DONORS AND USES THEREOF PCT/IB2011/001413	United States	Israel	Israel: April 21, 2031 U.S.: March 22, 2027
ADHERENT CELLS FROM PLACENTA AND USE OF SAME IN DISEASE TREATMENT PCT/IB2010/003219	United States, China, Israel	Australia, Canada, China Hong Kong, Europe, Israel, Mexico, New Zealand, United States, South Africa	November 29, 2030
METHODS AND SYSTEMS FOR HARVESTING ADHERENT STROMAL CELLS PCT/IB2012/000933	China, Israel, United States	Australia, Canada, Europe, Israel, India, South Korea, Mexico, Singapore, United States	April 15, 2032
METHODS FOR TREATING RADIATION OR CHEMICAL INJURY PCT/IB2012/000664	United States	Europe, Hong Kong, Israel, Japan, South Korea, United States	March 22, 2032

SKELETAL MUSCLE REGENERATION USING MESENCHYMAL STEM CELLS PCT/EP2011/058730		United States, Europe, Israel	May 27, 2031
GENE AND PROTEIN EXPRESSION PROPERTIES OF ADHERENT STROMAL CELLS CULTURED IN 3D PCT/IB2014/059114		Israel, United States	February 20, 2034
DEVICES AND METHODS FOR CULTURE OF CELLS PCT/IB2013/058184		United States, Israel	August 31, 2033
METHODS FOR PREVENTION AND TREATMENT OF PREECLAMPSIA PCT/IB2013/058186		China, Hong Kong, Europe, Israel, Japan, South Korea, United States, South Africa	August 31, 2033
METHOD AND DEVICE FOR THAWING BIOLOGICAL MATERIAL PCT/IB2013/059808	China, Hong Kong	Australia, Europe, Israel, India, Japan, South Korea, Russia, Singapore, United States	October 31, 2033
SYSTEMS AND METHODS FOR GROWING AND HARVESTING CELLS PCT/IB2015/051559	Israel	United States, Europe	March 3, 2035
METHODS AND COMPOSITIONS FOR TREATING AND PREVENTING MUSCLE WASTING DISORDERS PCT/IB2015/059763	Israel	United States	December 18, 2035
USE OF ADHERENT STROMAL CELLS FOR ENHANCING HEMATOPOIESIS IN A SUBJECT IN NEED THEREOF PCT/IB2016/051585	United States, China, Israel		March 21, 2036
ALTERED ADHERENT STROMAL CELLS AND METHODS OF PRODUCING AND USING SAME PCT/IB2016/053310	United States, Europe, China, Israel		June 6, 2036

METHODS AND COMPOSITIONS FOR TREATING CANCERS AND NEOPLASMS PCT/IB2017/050868	United States, Japan, Canada, Australia, Israel	Europe	February 16, 2037
METHODS AND COMPOSITIONS FOR TREATING NEUROLOGICAL DISORDERS PCT/IB2018/052806	Israel, United States		April 23, 2038
METHODS AND COMPOSITIONS FOR TUMOR ASSESSMENT PCT/IB2018/050984	United States, Israel		February 18, 2038
METHODS AND COMPOSITIONS FOR TREATING ADDICTIONS PCT/IB2018/055473	Israel, United States		July 23, 2038
METHODS AND COMPOSITIONS FOR DETACHING ADHERENT CELLS US 16/026,199 IL 260253 Germany 10 2018 115 360.0	United States, Israel, Germany		June 25-July 3, 2038
DRUG CONTAINING HUMAN PLACENTA-ORIGIN MESENCHYMAL CELLS AND PROCESS FOR PRODUCING VEGF USING THE CELLS JP20030579842		Japan	March 28, 2023
METHODS AND COMPOSITIONS FOR PRODUCING CANNABINOIDS	Patent Cooperation Treaty		April 28, 2040
METHODS FOR EXPANDING ADHERENT STROMAL CELLS AND CELLS OBTAINED THEREBY PCT/IB2019/052569	Patent Cooperation Treaty		March 28, 2039

METHODS AND COMPOSITIONS FOR TREATING SUBJECTS EXPOSED TO VESICANTS AND OTHER CHEMICAL AGENTS PCT/IB2019/055074	Patent Cooperation Treaty	June 18, 2039
METHODS AND COMPOSITIONS FOR FORMULATING AND DISPENSING PHARMACEUTICAL FORMULATIONS PCT/IB2019/053115	Patent Cooperation Treaty; Israel	International: April 16, 2039 Israel: April 26, 2038
THERAPEUTIC DOSAGE REGIMENS COMPRISING ADHERENT STROMAL CELLS PCT/IB2019/054828	Patent Cooperation Treaty	June 10, 2039
MODULAR BIOREACTOR PCT/IB2019/058429	Patent Cooperation Treaty	October 3, 2039
THERAPEUTIC METHODS AND COMPOSITIONS PCT/IB2019/059544	Patent Cooperation Treaty	November 6, 2039
METHODS AND COMPOSITIONS FOR TREATING VIRAL INFECTIONS AND SEQUELAE THEREOF	United States (provisional) Israel	Not yet determined

Research and Development

Foundational Research

Our initial technology, the PluriX™ Bioreactor system, was invented at the Technion - Israel Institute of Technology's Rappaport Faculty of Medicine, in collaboration with researchers from the Weizmann Institute of Science. This technology has been further significantly developed by our research and development teams over the ensuing years.

Collaborations and Ongoing Research and Development Plans

Charité Agreement

In July 2007, we entered into a five-year collaborative research agreement with the Berlin-Brandenburg Center for Regenerative Therapies at Charité - University Medicine Berlin, or Charité, which was extended from time to time through June 2022. We and Charité are collaborating on a variety of indications utilizing PLX cells. According to the agreement, we will be the exclusive owner of the technology and any products produced as a result of the collaboration. Charité will receive between 1% to 2% royalties from net sales of new developments that have been achieved during the joint development.

In March 2020, we announced that we had signed a collaborative agreement with the BIH Center for Regenerative Therapy and the Berlin Center for Advanced Therapies at Charité University of Medicine Berlin to expand our existing framework and research agreement and conduct a joint project evaluating the therapeutic effects of our patented PLX cell product candidates for potential treatment of the respiratory and inflammatory complications associated with COVID-19.

Fukushima Medical University

We signed a memorandum of understanding, or MOU, for a collaboration with Fukushima Medical University, Fukushima Global Medical Science Center. The purpose of the collaboration is to develop Pluristem's PLX-R18 cells for the treatment of ARS, and for morbidities following radiotherapy in cancer patients. The collaboration will proceed alongside research supported by the NIH, which is studying PLX-R18 as a potential treatment for the hematologic component of ARS. The MOU for a collaboration with Fukushima will be renewed automatically on a yearly basis. Each party is entitled to terminate the agreement for convenience upon providing the other party 30 days prior notice.

CHA Agreement

On June 26, 2013, we entered into an exclusive out-licensing and commercialization agreement, or the CHA Agreement, with CHA for conducting clinical trials and commercialization of our PLX-PAD product candidate in South Korea in connection with two indications: the treatment of CLI and IC. We will continue to retain rights to our proprietary manufacturing technology and cell-related intellectual property.

The first clinical trial that was performed as part of the CHA Agreement was a Phase II trial in IC. Upon the first regulatory approval for a PLX product in South Korea, if granted, for the specified indications, we and CHA will establish an equally owned joint venture with the purpose of commercializing PLX cell products in South Korea. Additionally, we will be able to use the data generated by CHA to pursue the development of PLX product candidates outside of South Korea.

The term of the CHA Agreement extends from June 24, 2013 until the later of the expiration, lapse, cancellation, abandonment or invalidation of the last valid patent claim covering the development of the product indications. The CHA Agreement contains customary termination provisions, including in the event that the parties do not reach an agreement upon a development plan for conducting the clinical trials.

Upon termination of the CHA Agreement, the license granted thereunder will terminate, and all rights included therein will revert to us, whereupon we will be free to enter into agreements with any other third parties for the granting of a license in or outside South Korea or to deal in any other manner with such rights as it shall see fit in our sole discretion.

Horizon 2020

The Phase III study of PLX-PAD in CLI will be a collaborative project carried out by an international consortium led by the Berlin-Brandenburg Center for Regenerative Therapies, together with the Company and with the participation of additional third parties.

Our Phase III study of PLX-PAD cell therapy in the treatment of muscle recovery following surgery for hip fracture will be a collaborative project carried out by an international consortium led by Charité, together with us and with the participation of additional third parties.

In October 2017, we entered into a collaborative project, the nTRACK, carried out by an international consortium led by Leitat. The aim of this project is to examine gold nano particles labeling of stem cells to enable assessment of cells' in vivo persistence and distribution in correlation to biological efficacy. Under the project, PLX cells, labeled and non-labeled will be characterized and examined in animal models for muscle injury.

Indiana University

In April 2018, NIAID awarded a $2.5 million grant to Indiana University to conduct, together with us, studies of our PLX-R18 cell therapy in the treatment of ARS. The goal of this project is to extend the PLX-R18 ARS studies to include examination of survival in pediatric and geriatric populations as well as the ability of PLX-R18 to alleviate delayed effects of radiation in survivors.

Thermo Fisher

In July 2018, we entered into a strategic collaboration agreement with Thermo Fisher Scientific Inc., or Thermo Fisher, with the aim of advancing the fundamental knowledge of cell therapy industrialization and to improve quality control of the end-to-end supply chain. The collaboration will combine Thermo Fisher's experience in cell therapy development and bioproduction scaleup with our expertise in cell therapy manufacturing, clinical development and quality control.

Chart Industries

In November 2018, we entered into a license agreement with a subsidiary of Chart Industries, Inc., or Chart, regarding our thawing device for cell-based therapies. Pursuant to the terms of the agreement, Chart obtained the exclusive rights to manufacture and market the thawing device in all territories worldwide, excluding Greater China, and we are to receive royalties from sales of the product and supply of an agreed upon number of thawing devices. Royalties shall commence on the date of Chart's first commercial sale of the thawing device.

NASA

In February 2019, we entered into a collaboration with NASA's Ames Research Center to evaluate the potential of our PLX cell therapies in preventing and treating medical conditions caused during space missions.

U.S. Department of Defense

In August 2017, we announced that a pilot study of our PLX-R18 cell therapy was initiated by the U.S. DoD. The study is examining the effectiveness of PLX-R18 as a treatment for ARS prior to, and within the first 24 hours of exposure to radiation. In July 2019, we presented positive results from a series of studies of our PLX-R18 cell therapy product conducted by the U.S. DoD.

RESTORE

We are members of a large-scale research initiative, the RESTORE project which has received funding of Euro 1,000,000 (approximately $1,100,000) from the European Union's Horizon 2020 research and innovation program, to submit a full grant application for the development and advancement of transformative therapeutics. At this time, due to COVID-19, there is no open call for full proposal. The members of the RESTORE project continue to collaborate in attempt to collectively submit the grant application once such call is available.

CRISPR-IL

In June 2020, we announced that we were selected as a member of the CRISPR-IL consortium, a group funded by the IIA. CRISPR-IL brings together the leading experts in life science and computer science from academia, medicine, and industry, to develop AI based end-to-end genome-editing solutions. These next-generation, multi-species genome editing products for human, plant, and animal DNA, have applications in the pharma, agriculture, and aquaculture industries. CRISPR-IL is funded by the IIA with a total budget of approximately $10,000,000 of which, an amount of approximately $480,000 is a direct grant allocated to us, for a period of 18 months, with a potential for extension of an additional 18 months and additional budget from the IIA. CRISPR-IL participants include leading companies, and medical and academic institutions.

United Arab Emirates-based Abu Dhabi Stem Cells Center

In August 2020, we signed a non-binding MOU with the United Arab Emirates-based Abu Dhabi Stem Cells Center, a specialist healthcare center focused on cell therapy and regenerative medicine. The aim of the collaboration is to capitalize on each party's respective areas of expertise in cell therapies. The parties have agreed to exchange research results, share samples, join usage of equipment and testing, and other essential activities related to advancing the treatment and research of cell therapies for a broad range of medical conditions, including COVID-19.

We plan to continue to collaborate with universities, academic institutions, and corporate partners worldwide to fully leverage our expertise and explore the use of our cells in other indications.

In-House Clinical Manufacturing

We have the in-house capability to perform clinical cell manufacturing. Our state-of-the-art Good Manufacturing Practice, or GMP, grade manufacturing facility in Haifa has been in use since February 2013 for the main purpose of clinical grade, large-scale manufacturing. The facility's new automated manufacturing process and products were approved for production of PLX-PAD for clinical use by the FDA, EMA, Korean MFDS, PMDA and the Israeli MOH. Our second product, PLX R18, was cleared by the FDA and the Israeli Ministry of Health for clinical use. Furthermore, the site was inspected and approved by an EU qualified person (European accreditation body), approving that the site and production processes meet the current GMP for the purpose of manufacturing clinical grade products.

The site was also inspected and approved by Israel's Ministry of Health and we received a cGMP Certification and manufacturer-importer authorization.

We obtain the human placentas used for our research and manufacturing activities from various hospitals in Israel after receiving a written informed consent by the mother and pathogen clearance. Any medical waste related to the use of placentas is treated in compliance with local environmental laws and standards.

In June 2019, we announced that we developed a serum-free formulation to support the manufacturing of cell therapy products. This serum-free formulation was developed using our deep understanding in cell therapy industrial scale production standards, and the quality methods designed to support implementation in Phase III development and marketing. Achieving this significant technological challenge is expected to provide us with large-scale, highly-consistent production capacity with operational independency from third party suppliers for standard serum, an expensive and quantity limited product. PLX-R18 is the first product candidate that we intend to manufacture using the serum-free media, which is expected to be followed by PLX-PAD.

Government Regulation

The development, manufacturing, and marketing of our cell therapy product candidates are subject to the laws and regulations of governmental authorities in the United States and the European Union as well as other countries in which our products will be marketed in the future like Japan, Israel and South Korea. In addition, the manufacturing conditions are specifically inspected by the Israeli Ministry of Health.

The FDA in the United States and the EMA in Europe must approve the product for marketing. Furthermore, various governmental statutes and regulations also govern or influence testing, manufacturing, safety, labeling, storage and record keeping related to such products and their marketing. Governments in other countries have similar requirements for testing and marketing.

The process of obtaining these approvals and the subsequent compliance with appropriate statutes and regulations require the expenditure of substantial time, resources and money. There can be no assurance that our product candidates will ultimately receive marketing approval, or, if approved, will be reimbursed by public and private health insurance.

There are several stages every drug has to go through during its development process. Among these are:

- Performance of nonclinical laboratory and animal studies to assess a drug's biological activity and to identify potential safety problems, and to characterize and document the product's chemistry, manufacturing controls, formulation, and stability. In accordance with regulatory requirements, nonclinical safety and toxicity studies are conducted under Good Laboratory Practice requirements to ensure their quality and reliability;

- The manufacture of the product according to GMP regulations and standards;

- Conducting adequate and well-controlled human clinical trials in compliance with Good Clinical Practice, or GCP, to establish the safety and efficacy of the product for its intended indication; and

- Potential post-marketing clinical testing and surveillance of the product after marketing approval, which can result in additional conditions on the approvals or suspension of clinical use.

Approval of a drug for clinical trials in humans and approval of marketing are sovereign decisions of states, made by national, or, in case of the European Union, international regulatory competent authorities.

The Regulatory Process in the United States

In the United States, our product candidates are subject to regulation as a biological product under the Public Health Service Act and the Federal Food, Drug and Cosmetic Act. The FDA, regulating the approval of clinical trials and marketing applications in the United States, generally requires the following steps prior to approving a new biological product either for clinical trials or for commercial sale:

- Submission of an IND Application, which must become effective before clinical testing in humans can begin;

- Obtaining approval of Institutional Review Boards, or IRBs, of research institutions or other clinical sites to introduce the drug candidate into humans in clinical trials;

- FDA may grant approval for EAP prior to the completion of clinical trials, in order to allow access for the investigational drug, for patients that are excluded from the study.

- FDA may grant priority review status, in order to expedite the BLA review process. Obtaining of a Fast Track designation allows access for the request of priority review.

- Submission to the FDA of a BLA for marketing authorization of the product, which must include adequate results of pre-clinical testing and clinical trials;

- Submission of BLA with a proof of efficacy that is based only on animal studies, where human efficacy studies cannot be conducted because the conduct of such trials is unethical and field trials after an accidental or deliberate exposure are not feasible.

- FDA review of the BLA in order to determine, among other things, whether the product is safe and effective for its intended uses; and

- FDA inspection and approval of the product manufacturing facility at which the product will be manufactured.

The Regulatory Process in Europe

In the European Union, our investigational cellular products are regulated under the Advanced Therapy Medicinal Product regulation, a regulation specific to cell and tissue products. This European Union regulation requires:

- Filing a Clinical Trial Application for each European country involved in the clinical trial. The application may be filed via a centralized procedure, which makes it possible to obtain a coordinated assessment of an application for a clinical trial that is to take place in several European countries;
- Obtaining approval of affiliated ethics committees to test the investigational product into humans in clinical trials;
- Adequate and well-controlled clinical trials to establish the safety and efficacy of the investigational product for its intended use; and
- Since our investigational cellular products are regulated under the Advanced Therapy Medicinal Product regulation, the application for marketing authorization to the EMA is mandatory within the 28 member states of the EU. The EMA is expected to review and approve the MAA.

In April 2015, the EMA designated PLX-PAD as a tissue-engineered product.

In May 2015, we were selected by EMA for development of PLX-PAD cells via the EMA Adaptive Pathways Project.

In April 2019, the Pediatric Committee of the EMA granted PLX-PAD a waiver for the requirement to submit a pediatric investigational plan for treatment of peripheral ischemia.

Other Regulations

In general, the approval procedure varies among countries, and may involve additional preclinical testing and clinical trials. The requirements and time required may differ from those required for FDA or EMA approval. Each country may impose certain procedures and requirements of its own. Most countries other than the United States, the European Union and Japan are willing to consider requests for marketing approval only after the product had been approved for marketing by either the FDA, the EMA or the PMDA. The decision regarding marketing approval is made following the submission of a dossier that is thoroughly assessed and critically addressed.

In Japan, we have completed the required regulatory interactions with the PMDA, prior to the submission of clinical trial notification, in the framework of the new regulations for regenerative therapy effective in November 2014, which promote expedited approval for regenerative therapies that are being developed for seriously debilitating/life-threatening indications.

Clinical Trials

Typically, in the United States, as well as in the European Union, clinical testing involves a three-phase process, although the phases may overlap. In Phase I, clinical trials are conducted with a small number of healthy volunteers, or patients in cases of ethical issues with using healthy volunteers, and are designed to provide information about product safety and to evaluate the pattern of drug distribution and metabolism within the body.

In Phase II, clinical trials are conducted with a homogenous group of patients afflicted with the specific target disease, in order to determine preliminary efficacy, optimal dosages and expanded evidence of safety. In some cases, an initial trial is conducted in diseased patients to assess both preliminary efficacy and preliminary safety and patterns of drug metabolism and distribution, in which case it is referred to as a Phase I/II trial. Phase III clinical trials are generally large-scale, multi-center, controlled trials conducted with a heterogeneous group of patients afflicted with the target disease, in order to provide statistically valid proof of efficacy, as well as safety and potency. The Phase III trials represent the trials that are considered for confirmation of efficacy and safety and are the most important ones for the approval. In some circumstances, a regulatory agency may require Phase IV, or post-marketing trials if it feels that additional information needs to be collected about the drug after it is on the market.

During all phases of clinical development, regulatory agencies require extensive monitoring and auditing of all clinical activities, clinical data and clinical trial investigators to minimize risks. The sponsor of a clinical trial is required to submit an annual safety report to the relevant regulatory agencies, in which serious adverse events must be reported, and also to submit in an expedited manner any individual serious adverse events that are suspected to be related to the tested drug. An agency may, at its discretion, re-evaluate, alter, suspend, or terminate the clinical trial based upon the data that have been accumulated to that point and its assessment of the risk/benefit ratio to the patient.

Employees

We presently employ a total of 146 full-time employees and 12 part-time employees, of whom, 120 full-time employees and 12 part-time employees are engaged in research and development, manufacturing and clinical trials.

Competition

The regenerative medicine field is characterized by intense competition, as global pharma players are becoming more engaged in the cell therapy field based on the advancements made in clinical trials and due to the new favorable regenerative medicine legislation in certain regions. We face competition from both allogeneic and autologous cell therapy companies, academic, commercial and research institutions, pharmaceutical companies, biopharmaceutical companies, and governmental agencies. Some of the clinical indications we currently have under development are also being investigated in preclinical and clinical programs by others.

While there are hundreds of companies in the regenerative medicine space globally, there are multiple participants in the cell therapy field based in the United States, Europe, Japan, Korea, and Australia such as Athersys Inc., Celularity Inc., Tigenix NV (acquired by Takeda), SanBio Inc. and Mesoblast Ltd. Among other things, we expect to compete based upon our intellectual property portfolio, our in-house manufacturing efficiencies and capabilities, and the efficacy of our products. Our ability to compete successfully will depend on our continued ability to attract and retain experienced and skilled executives, scientific and clinical development personnel, to identify and develop viable cellular therapeutic candidates, and exploit these products commercially. Given the magnitude of the potential opportunity for cell therapy, we expect competition in this area to intensify.

Available Information

Additional information about us is contained on our Internet website at www.pluristem.com. Information on our website is not incorporated by reference into this report. Under the “SEC Filings” and “Financial Information” sections, under the “Investors& Media” section of our website, we make available free of charge our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our reports filed with the SEC are also made available on the SEC’s website at www.sec.gov. The following Corporate Governance documents are also posted on our website: Code of Business Conduct and Ethics, Trading Policy and the Charters for each of the Committees of our Board of Directors, or the Board.

Item 1A. Risk Factors.

The following risk factors, among others, could affect our actual results of operations and could cause our actual results to differ materially from those expressed in forward-looking statements made by us. These forward-looking statements are based on current expectations and except as required by law we assume no obligation to update this information. You should carefully consider the risks described below and elsewhere in this Annual Report before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. Our common stock is considered speculative and the trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. The following risk factors are not the only risk factors facing our Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business.

We may need to raise additional financing to support the research, development and manufacturing of our cell therapy products and our products in the future but we cannot be sure we will be able to obtain additional financing on terms favorable to us when needed. If we are unable to obtain additional financing to meet our needs, our operations may be adversely affected or terminated.

It is highly likely that we will need to raise significant additional capital in the future. Although we were successful in raising capital in the past, our current financial resources are limited, and are dependent, to a certain extent, on our achieving certain milestones, and may not be sufficient to finance our operations until we become profitable, if that ever happens.

It is likely that we will need to raise additional funds in the near future in order to satisfy our working capital and capital expenditure requirements. Therefore, we are dependent on our ability to sell our common stock for funds, receive grants, potentially receive milestone payments pursuant to the EIB agreement, enter into collaborations and licensing deals or to otherwise raise capital. There can be no assurance that we will be able to obtain financing, including any funding under the EIB Agreement. Any sale of our common stock in the future will result in dilution to existing stockholders and could adversely affect the market price of our common stock.

Also, we may not be able to borrow or raise additional capital in the future to meet our needs or to otherwise provide the capital necessary to conduct the development and commercialization of our potential cell therapy products, which could result in the loss of some or all of one's investment in our common stock.

Our likelihood of profitability depends on our ability to license and/or develop and commercialize products based on our cell production technology, which is currently in the development stage. If we are unable to complete the development and commercialization of our cell therapy products successfully, our likelihood of profitability will be limited severely.

We are engaged in the business of developing cell therapy products. We have not realized a profit from our operations to date and there is little likelihood that we will realize any profits in the short or medium term. Any profitability in the future from our business will be dependent upon successful commercialization of our potential cell therapy products and/or licensing of our products, which will require additional research and development.

If we are not able to successfully license and/or develop and commercialize our cell therapy product candidates and obtain the necessary regulatory approvals, we may not generate sufficient revenues to continue our business operations.

So far, the product candidates we are developing have completed one Phase I/II clinical trial of Gluteal Musculature rehabilitation after total hip arthroplasty (efficacy, ongoing for safety), two Phase I clinical trials for CLI, and one Phase II clinical trial in IC. In addition, we currently have an ongoing Phase II FDA study of PLX cells for the treatment of severe COVID-19 complicated by ARDS and two Phase III multinational clinical trials with our PLX-PAD product candidate: one in CLI, and the other in muscle recovery following surgery for hip fracture. Our early stage cell therapy product candidates may fail to perform as we expect. Moreover, even if our cell therapy product candidates successfully perform as expected, in later stages of development they may fail to show the desired safety and efficacy traits despite having progressed successfully through pre-clinical or initial clinical testing. We will need to devote significant additional research and development, financial resources and personnel to develop commercially viable products and obtain the necessary regulatory approvals.

If our cell therapy product candidates do not prove to be safe and effective in clinical trials, we will not obtain the required regulatory approvals. If we fail to obtain such approvals, we may not generate sufficient revenues to continue our business operations.

Even if we obtain regulatory approval of a product, that approval may be subject to limitations on the indicated uses for which it may be marketed. Even after granting regulatory approval, the FDA, the EMA, and regulatory agencies in other countries continue to regulate marketed products, manufacturers and manufacturing facilities, which may create additional regulatory barriers and burdens. Later discovery of previously unknown problems with a product, manufacturer or facility, may result in restrictions on the product or manufacturer, including a withdrawal of the product from the market.

Further, regulatory agencies may establish additional regulations that could prevent or delay regulatory approval of our product candidates.

We cannot market and sell our cell therapy product candidates in the United States, Europe, or in other countries if we fail to obtain the necessary regulatory approvals or licensure.

We cannot sell our cell therapy product candidates until regulatory agencies grant marketing approval, or licensure. The process of obtaining regulatory approval is lengthy, expensive and uncertain. It is likely to take at least several years to obtain the required regulatory approvals for our cell therapy product candidates, or we may never gain the necessary approvals.

Any difficulties that we encounter in obtaining regulatory approval may have a substantial adverse impact on our operations and cause our stock price to decline significantly.

To obtain marketing approvals in the United States and Europe for cell therapy product candidates we must, among other requirements, complete carefully controlled and well-designed clinical trials sufficient to demonstrate to the FDA, the EMA and the PMDA that the cell therapy product candidates is safe and effective for each disease for which we seek approval. So far, we have successfully conducted Phase I/II and Phase I clinical trials for our PLX-PAD product candidate. Several factors could prevent completion or cause significant delay of these trials, including an inability to enroll the required number of patients or failure to demonstrate adequately that cell therapy product candidates are safe and effective for use in humans. Negative or inconclusive results from or adverse medical events during a clinical trial could cause the clinical trial to be repeated or a program to be terminated, even if other studies or trials relating to the program are successful. The FDA or EMA (or, if we seek to conduct development efforts in Japan, the PMDA) can place a clinical trial on hold if, among other reasons, it finds that patients enrolled in the trial are or would be exposed to an unreasonable and significant risk of illness or injury. If safety concerns develop, we, the FDA, the EMA or other regulatory bodies could stop our trials before completion.

If we are not able to conduct our clinical trials properly and on schedule, marketing approval by FDA, EMA, MOH and other regulatory authorities may be delayed or denied.

The completion of our clinical trials may be delayed or terminated for many reasons, such as:

- The FDA, the EMA or the MOH does not grant permission to proceed or places additional trials on clinical hold;

- Subjects do not enroll in our trials at the rate we expect, including as a result of COVID-19;
- Government actions, such as those enacted during the ongoing COVID-19 pandemic, that limit the general populations movement;
- The regulators may ask to increase subject's population in the clinical trials;
- Subjects experience an unacceptable rate or severity of adverse side effects;
- Third-party clinical investigators do not perform our clinical trials on our anticipated schedule or consistent with the clinical trial protocol, GCP and regulatory requirements, or other third parties do not perform data collection and analysis in a timely or accurate manner;
- Third-party clinical investigators do not perform our clinical trials on our anticipated schedule or consistent with the clinical trial protocol, GCP and regulatory requirements, or other third parties do not perform data collection and analysis in a timely or accurate manner;
- Inspections of clinical trial sites by the FDA, EMA, MOH and other regulatory authorities find regulatory violations that require us to undertake corrective action, suspend or terminate one or more sites, or prohibit us from using some or all of the data in support of our marketing applications; or
- One or more IRBs suspends or terminates the trial at an investigational site, precludes enrollment of additional subjects, or withdraws its approval of the trial.

Our development costs will increase if we have material delays in our clinical trials, or if we are required to modify, suspend, terminate or repeat a clinical trial. If we are unable to conduct our clinical trials properly and on schedule, marketing approval may be delayed or denied by the FDA, EMA, MOH and other regulatory authorities.

The results of our clinical trials may not support our product candidates claims or any additional claims we may seek for our product candidates and our clinical trials may result in the discovery of adverse side effects.

Even if any clinical trial that we need to undertake is completed as planned, or if interim results from existing clinical trials are released, we cannot be certain that such results will support our product candidates claims or any new indications that we may seek for our products or that the FDA or foreign authorities will agree with our conclusions regarding the results of those trials. The clinical trial process may fail to demonstrate that our products or a product candidate is safe and effective for the proposed indicated use, which could cause us to stop seeking additional clearances or approvals for our product candidates. Any delay or termination of our clinical trials will delay the filing of our regulatory submissions and, ultimately, our ability to commercialize a product candidate. It is also possible that patients enrolled in clinical trials will experience adverse side effects that are not currently part of the product candidate's profile.

If our processing and storage facility or our clinical manufacturing facilities are damaged or destroyed, our business and prospects would be adversely affected.

If our processing and storage facility, our clinical manufacturing facilities or the equipment in such facilities were to be damaged or destroyed, the loss of some or all of the stored units of our cell therapy drug candidates would force us to delay or halt our clinical trial processes. We have one clinical manufacturing facilities located in Haifa, Israel. If these facilities or the equipment in them are significantly damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity.

If we encounter problems or delays in the research and development of our potential cell therapy products, we may not be able to raise sufficient capital to finance our operations during the period required to resolve such problems or delays.

Our cell therapy products are currently in the development stage and we anticipate that we will continue to incur substantial operating expenses and incur net losses until we have successfully completed all necessary research and clinical trials. We, and any of our potential collaborators, may encounter problems and delays relating to research and development, regulatory approval and intellectual property rights of our technology. Our research and development programs may not be successful, and our cell culture technology may not facilitate the production of cells outside the human body with the expected result. Our cell therapy products may not prove to be safe and efficacious in clinical trials. If any of these events occur, we may not have adequate resources to continue operations for the period required to resolve the issue delaying commercialization and we may not be able to raise capital to finance our continued operation during the period required for resolution of that issue. Accordingly, we may be forced to discontinue or suspend our operations.

We may not be able to secure and maintain research institutions to conduct our clinical trials.

We rely on research institutions to conduct our clinical trials. Specifically, the limited number of centers experienced with cell therapy product candidates heightens our dependence on such research institutions. Our reliance upon research institutions, including hospitals and clinics, provides us with less control over the timing and cost of clinical trials and the ability to recruit subjects. If we are unable to reach agreements with suitable research institutions on acceptable terms, or if any resulting agreement is terminated, we may be unable to quickly replace the research institution with another qualified institution on acceptable terms. We may not be able to secure and maintain suitable research institutions to conduct our clinical trials.

Our product development programs are based on novel technologies and are inherently risky.

We are subject to the risks of failure inherent in the development of products based on new technologies. The novel nature of our therapeutics creates significant challenges in regards to product development and optimization, manufacturing, government regulation, third-party reimbursement and market acceptance. For example, the FDA, the EMA and other countries' regulatory authorities have relatively limited experience with cell therapies. Very few cell therapy products have been approved by regulatory authorities to date for commercial sale, and the pathway to regulatory approval for our cell therapy product candidates may accordingly be more complex and lengthy. As a result, the development and commercialization pathway for our therapies may be subject to increased uncertainty, as compared to the pathway for new conventional drugs.

There are very few drugs and limited therapies that the FDA or EMA and other regulatory authorities have approved as treatments for some of the disease indications we are pursuing. This could complicate and delay FDA, EMA or other countries' regulatory authorities approval of our biologic drug candidates.

There are very few drugs and limited therapies currently approved for treatment of CLI, IC, ARS, muscle recovery following surgery for hip fracture or HCT. As a result, the clinical efficacy endpoints, or the criteria to measure the intended results of treatment may be difficult to determine. Despite our eligibility for certain accelerated pathways, this could increase the difficulty of our obtaining FDA, EMA or other countries' regulatory authorities' approval to market our products.

Our cell therapy drug candidates represent new classes of therapy that the marketplace may not understand or accept.

Even if we successfully develop and obtain regulatory approval for our cell therapy candidates, the market may not understand or accept them. We are developing cell therapy product candidates that represent novel treatments and will compete with a number of more conventional products and therapies manufactured and marketed by others, including major pharmaceutical companies. The degree of market acceptance of any of our developed and potential products will depend on a number of factors, including:

- the clinical safety and effectiveness of our cell therapy drug candidates and their perceived advantage over alternative treatment methods, if any;
- adverse events involving our cell therapy product candidates or the products or product candidates of others that are cell-based; and
- the cost of our products and the reimbursement policies of government and private third-party payers.

If the health care community does not accept our potential products for any of the foregoing reasons, or for any other reason, it could affect our sales, having a material adverse effect on our business, financial condition and results of operations.

The clinical manufacturing process for cell therapy products is complex and requires meeting high regulatory standards. Any delay or problem in the clinical manufacturing of PLX may result in a material adverse effect on our business.

Our manufacturing process, controls, equipment and quality system for PLX-PAD have received approval from the FDA, EMA, Germany's PEI, the Korean MFDS and the PMDA. However, the clinical manufacturing process is complex and we have no experience in manufacturing our product candidates at a commercial level.

There can be no guarantee that we will be able to successfully develop and manufacture our product candidates in a manner that is cost-effective or commercially viable, or that our development and manufacturing capabilities might not take much longer than currently anticipated to be ready for the market. In addition, if we fail to maintain regulatory approvals for our manufacturing facilities, we may suffer delays in our ability to manufacture our product candidates. This may result in a material adverse effect on our business.

Because we received grants from the IIA we are subject to on-going restrictions.

We have received royalty-bearing grants from the IIA, for research and development programs that meet specified criteria. The terms of the IIA's grants limit our ability to transfer know-how developed under an approved research and development program outside of Israel, regardless of whether the royalties are fully paid. Any non-Israeli citizen, resident or entity that, among other things, becomes a holder of 5% or more of our share capital or voting rights, is entitled to appoint one or more of our directors or our Chief Executive Officer, or CEO, serves as a director of our Company or as our CEO is generally required to notify the same to the IIA and to undertake to observe the law governing the grant programs of the IIA, the principal restrictions of which are the transferability limits described above. For more information, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources".

We have limited operating history, which raises doubts with respect to our ability to generate revenues in the future.

We have a limited operating history in our business of commercializing cell production technology. Until we entered into the United Agreement, which was terminated in December 2015, we did not generate any revenues. While we generated minimal revenue for the year ended June 30, 2019 and 2020, it is not clear when we will generate additional revenues or whether we will experience further delays in recognizing revenues such as if we experienced a clinical hold. Our primary source of funds has been the sale of our common stock and government grants. We cannot give assurances that we will be able to generate any significant revenues or income in the future. There is no assurance that we will ever be profitable.

If we do not keep pace with our competitors and with technological and market changes, our technology and products may become obsolete and our business may suffer.

The cellular therapeutics industry, of which we are a part, is very competitive and is subject to technological changes that can be rapid and intense. We have faced, and will continue to face, intense competition from biotechnology, pharmaceutical and biopharmaceutical companies, academic and research institutions and governmental agencies engaged in cellular therapeutic and drug discovery activities or funding, both in the United States and internationally. Some of these competitors are pursuing the development of cellular therapeutics, drugs and other therapies that target the same diseases and conditions that we target in our clinical and pre-clinical programs.

Some of our competitors have greater resources, more product candidates and have developed product candidates and processes that directly compete with our products. Our competitors may have developed, or could develop in the future, new products that compete with our products or even render our products obsolete.

We depend to a significant extent on certain key personnel, the loss of any of whom may materially and adversely affect our Company.

Our success depends to a significant extent on the continued services of certain highly qualified scientific and management personnel, in particular, Zami Aberman, our Executive Chairman, and Yaky Yanay, our CEO and President. We face competition for qualified personnel from numerous industry sources, and there can be no assurance that we will be able to attract and retain qualified personnel on acceptable terms.

The loss of service of any of our key personnel could have a material adverse effect on our operations or financial condition. In the event of the loss of services of such personnel, no assurance can be given that we will be able to obtain the services of adequate replacement personnel. We do not maintain key person insurance on the lives of any of our officers or employees.

The market for our products will be heavily dependent on third party reimbursement policies.

Our ability to successfully commercialize our product candidates will depend on the extent to which government healthcare programs, as well as private health insurers, health maintenance organizations and other third party payers will pay for our products and related treatments.

Reimbursement by third party payers depends on a number of factors, including the payer's determination that use of the product is safe and effective, not experimental or investigational, medically necessary, appropriate for the specific patient and cost-effective. Reimbursement in the United States or foreign countries may not be available or maintained for any of our product candidates. If we do not obtain approvals for adequate third party reimbursements, we may not be able to establish or maintain price levels sufficient to realize an appropriate return on our investment in product development. Any limits on reimbursement from third party payers may reduce the demand for, or negatively affect the price of, our products. The lack of reimbursement for these procedures by insurance payers has negatively affected the market for our products in this indication in the past.

Managing and reducing health care costs has been a general concern of federal and state governments in the United States and of foreign governments. In addition, third party payers are increasingly challenging the price and cost-effectiveness of medical products and services, and many limit reimbursement for newly approved health care products. In particular, third party payers may limit the indications for which they will reimburse patients who use any products that we may develop. Cost control initiatives could decrease the price for products that we may develop, which would result in lower product revenues to us.

Our success depends in large part on our ability to develop and protect our technology and our cell therapy products. If our patents and proprietary rights agreements do not provide sufficient protection for our technology and our cell therapy products, our business and competitive position will suffer.

Our success will also depend in part on our ability to develop our technology and commercialize cell therapy products without infringing the proprietary rights of others. We have not conducted full freedom of use patent searches and no assurance can be given that patents do not exist or could not be filed which would have an adverse effect on our ability to develop our technology or maintain our competitive position with respect to our potential cell therapy products. If our technology components, devices, designs, products, processes or other subject matter are claimed under other existing United States or foreign patents or are otherwise protected by third party proprietary rights, we may be subject to infringement actions. In such event, we may challenge the validity of such patents or other proprietary rights or we may be required to obtain licenses from such companies in order to develop, manufacture or market our technology or products. There can be no assurances that we would be able to obtain such licenses or that such licenses, if available, could be obtained on commercially reasonable terms. Furthermore, the failure to either develop a commercially viable alternative or obtain such licenses could result in delays in marketing our proposed products or the inability to proceed with the development, manufacture or sale of products requiring such licenses, which could have a material adverse effect on our business, financial condition and results of operations. If we are required to defend ourselves against charges of patent infringement or to protect our proprietary rights against third parties, substantial costs will be incurred regardless of whether we are successful. Such proceedings are typically protracted with no certainty of success. An adverse outcome could subject us to significant liabilities to third parties and force us to curtail or cease our development of our technology and the commercialization our potential cell therapy products.

We have built the ability to manufacture clinical grade ASCs in-house. Through our experience with ASC-based product development, we have developed expertise and know-how in this field. To protect these expertise and know-how, our policies require confidentiality agreements with our employees, consultants, contractors, manufacturers and advisors. These agreements generally provide for protection of confidential information, restrictions on the use of materials and assignment of inventions conceived during the course of performance for us. These agreements might not effectively prevent disclosure of our confidential information.

The price of our common stock may fluctuate significantly.

The market for our shares of common stock may fluctuate significantly. A number of events and factors may have an adverse impact on the market price of our common stock, such as:

- results of our clinical trials or adverse events associated with our products;
- the amount of our cash resources and our ability to obtain additional funding;
- changes in our revenues, expense levels or operating results;
- entering into or terminating strategic relationships;

- announcements of technical or product developments by us or our competitors;
- market conditions for pharmaceutical and biotechnology stocks in particular;
- changes in laws and governmental regulations, including changes in tax, healthcare, competition and patent laws;
- disputes concerning patents or proprietary rights;
- new accounting pronouncements or regulatory rulings;
- public announcements regarding medical advances in the treatment of the disease states that we are targeting;
- patent or proprietary rights developments;
- regulatory actions that may impact our products;
- future sales of our common stock, or the perception of such sales;
- disruptions in our manufacturing processes; and
- competition.

In addition, a global pandemic, such as the COVID-19 pandemic and a market downturn in general and/or in the biopharmaceutical sector in particular, may adversely affect the market price of our securities, which may not necessarily reflect the actual or perceived value of our Company.

Future sales of our common stock may cause dilution.

Future sales of our common stock, or the perception that such sales may occur, could cause immediate dilution and adversely affect the market price of our common stock. If we raise additional capital by issuing equity securities, the percentage ownership of our existing stockholders may be reduced, and accordingly these stockholders may experience substantial dilution. We may also issue equity securities that provide for rights, preferences and privileges senior to those of our common stock. Given our need for cash and that equity raising is the most common type of fundraising for companies like ours, the risk of dilution is particularly significant for stockholders of our company.

We are exposed to fluctuations in currency exchange rates.

A significant portion of our business is conducted outside the United States. Therefore, we are exposed to currency exchange fluctuations in other currencies such as the New Israeli Shekel, or NIS, and the Euro, because a portion of our expenses in Israel and Europe are paid in NIS and Euros, respectively, which subjects us to the risks of foreign currency fluctuations. Our primary expenses paid in NIS are employee salaries, subcontractors and material suppliers, fees for consultants and lease payments on our facilities. During the year ended June 30, 2020, or the fiscal year 2020, we entered into options contracts to hedge against some of the risk of changes in future cash flows from payments of payroll and related expenses and costs of operations denominated in NIS.

The dollar cost of our operations in Israel will increase to the extent increases in the rate of inflation in Israel are not offset by a devaluation of the NIS in relation to the dollar, which would harm our results of operations.

Since a considerable portion of our expenses such as employees' salaries are linked to an extent to the rate of inflation in Israel, the dollar cost of our operations is influenced by the extent to which any increase in the rate of inflation in Israel is or is not offset by the devaluation of the NIS in relation to the dollar. As a result, we are exposed to the risk that the NIS, after adjustment for inflation in Israel, will appreciate in relation to the dollar. In that event, the dollar cost of our operations in Israel will increase and our dollar-measured results of operations will be adversely affected. We cannot predict whether the NIS will appreciate against the dollar or vice versa in the future. Any increase in the rate of inflation in Israel, unless the increase is offset on a timely basis by a devaluation of the NIS in relation to the dollar, will increase labor and other costs, which will increase the dollar cost of our operations in Israel and harm our results of operations.

Potential product liability claims could adversely affect our future earnings and financial condition.

We face an inherent business risk of exposure to product liability claims in the event that the use of our products results in adverse effects. We may not be able to maintain adequate levels of insurance for these liabilities at reasonable cost and/or reasonable terms. Excessive insurance costs or uninsured claims would add to our future operating expenses and adversely affect our financial condition.

Our principal research and development and manufacturing facilities are located in Israel and the unstable military and political conditions of Israel may cause interruption or suspension of our business operations without warning.

Our principal research and development and manufacturing facilities are located in Israel. As a result, we are directly influenced by the political, economic and military conditions affecting Israel. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors. During July and August 2014 and November 2012, Israel was engaged in an armed conflict with a militia group and political party which controls the Gaza Strip, and during the summer of 2006, Israel was engaged in an armed conflict with Hezbollah, a Lebanese Islamist Shiite militia group and political party. These conflicts involved missile strikes against civilian targets in various parts of Israel, including areas in which our employees and some of our consultants are located, and negatively affected business conditions in Israel.

In addition, Israeli-based companies and companies doing business with Israel, have been the subject of an economic boycott by members of the Arab League and certain other predominantly Muslim countries since Israel's establishment. Although Israel has entered into various agreements with certain Arab countries and the Palestinian Authority, and various declarations have been signed in connection with efforts to resolve some of the economic and political problems in the Middle East, we cannot predict whether or in what manner these problems will be resolved. Wars and acts of terrorism have resulted in significant damage to the Israeli economy, including reducing the level of foreign and local investment.

Furthermore, certain of our employees may be obligated to perform annual reserve duty in the Israel Defense Forces and are subject to being called up for active military duty at any time. All Israeli male citizens who have served in the army are subject to an obligation to perform reserve duty until they are between 40 and 49 years old, depending upon the nature of their military service.

The trend towards consolidation in the pharmaceutical and biotechnology industries may adversely affect us.

There is a trend towards consolidation in the pharmaceutical and biotechnology industries. This consolidation trend may result in the remaining companies having greater financial resources and technical discovery capabilities, thus intensifying competition in these industries. This trend may also result in fewer potential collaborators or licensees for our therapeutic product candidates. Also, if a consolidating company is already doing business with our competitors, we may lose existing licensees or collaborators as a result of such consolidation. This trend may adversely affect our ability to enter into license agreements or agreements for the development and commercialization of our product candidates, and as a result may materially harm our business.

Our cash may be subject to a risk of loss and we may be exposed to fluctuations in the market values of our portfolio investments and in interest rates.

Our assets include a significant component of cash and cash equivalents and bank deposits. We adhere to an investment policy set by our investment committee which aims to preserve our financial assets, maintain adequate liquidity and maximize returns. We believe that our cash is held in institutions whose credit risk is minimal and that the value and liquidity of our deposits are accurately reflected in our consolidated financial statements as of June 30, 2020. Currently, we hold part of our current assets in bank deposits. However, nearly all of our cash and bank deposits are not insured by the Federal Deposit Insurance Corporation, or the FDIC, or similar governmental deposit insurance outside the United States. Therefore, our cash and any bank deposits that we now hold or may acquire in the future may be subject to risks, including the risk of loss or of reduced value or liquidity, particularly in light of the increased volatility and worldwide pressures in the financial and banking sectors.

Although our internal control over financial reporting was considered effective as of June 30, 2020, there is no assurance that our internal control over financial reporting will continue to be effective in the future, which could result in our financial statements being unreliable, government investigations or loss of investor confidence in our financial report.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we are required to furnish an annual report by our management assessing the effectiveness of our internal control over financial reporting. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. Management's report as of the end of fiscal year 2020 concluded that our internal control over financial reporting was effective. There is, however, no assurance that we will be able to maintain such effective internal control over financial reporting in the future. Ineffective internal control over financial reporting can result in errors or other problems in our financial statements. In the future, if we or our registered independent public accounting firm are unable to assert that our internal controls are effective, our investors could lose confidence in the accuracy and completeness of our financial report, which in turn could cause our stock price to decline. Failure to maintain effective internal control over financial reporting could also result in investigation or sanctions by regulatory authorities.

Because most of our officers and directors are located in non-U.S. jurisdictions, you may have no effective recourse against the management for misconduct and may not be able to enforce judgment and civil liabilities against our officers, directors, experts and agents.

Most of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of their assets are located outside the United States.

As a result, it may be difficult to enforce within the United States any judgments obtained against our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any U.S. state.

Because we do not intend to pay any dividends on our common stock, investors seeking dividend income should not purchase shares of our common stock.

We have not declared or paid any dividends on our common stock since our inception, and we do not anticipate paying any such dividends for the foreseeable future. Investors seeking dividend income should not invest in our common stock.

We are dependent upon third-party suppliers for raw materials needed to manufacture PLX; if any of these third parties fails or is unable to perform in a timely manner, our ability to manufacture and deliver will be compromised.

In addition to the placenta used in the clinical manufacturing process of PLX, we require certain raw materials. These items must be manufactured and supplied to us in sufficient quantities and in compliance with current GMP. To meet these requirements, we have entered into supply agreements with firms that manufacture these raw materials to current GMP standards. Our requirements for these items are expected to increase if and when we transition to the manufacture of commercial quantities of our cell-based drug candidates.

In addition, as we proceed with our clinical trial efforts, we must be able to continuously demonstrate to the FDA, EMA and other regulatory authorities that we can manufacture our cell therapy product candidates with consistent characteristics. Accordingly, we are materially dependent on these suppliers for supply of current GMP-grade materials of consistent quality. Our ability to complete ongoing clinical trials may be negatively affected in the event that we are forced to seek and validate a replacement source for any of these critical materials.

We intend to decrease our dependency in third-party suppliers for raw materials. To that effect we have developed a serum-free formulation which is expected to support the manufacturing of cell therapy products. This serum-free formulation was developed using our deep understanding in cell therapy industrial scale production standards, and the quality methods designed to support implementation in Phase III development and marketing. Achieving this significant technological challenge is expected to provide us with large-scale, highly consistent production with operational independency from third party suppliers for standard serum, an expensive and quantity limited product. There can be no guarantee that we will successfully implement the use of our serum-free formulation to support the manufacturing of cell therapy products or any other future product candidates, if any, that we seek to produce using such formulation, or that such implementation of the serum-free formulation will decrease our dependency on third-party suppliers for raw materials.

We rely and will rely on third parties to conduct our clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval of or commercialize our product candidates.

We depend and will depend upon independent investigators and collaborators, such as universities, medical institutions, CROs, vendors and strategic partners to conduct our pre-clinical and clinical trials under agreements with us. We negotiate budgets and contracts with CROs, vendors and study sites which may result in delays to our development timelines and increased costs. We rely heavily on these third parties over the course of our clinical trials, and we control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with applicable protocol, legal, regulatory and scientific standards, and our reliance on third parties does not relieve us of our regulatory responsibilities. We and these third parties are required to comply with current good clinical practices, or cGCPs, which are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities for product candidates in clinical development.

Regulatory authorities enforce these cGCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of these third parties fail to comply with applicable cGCP regulations, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure that, upon inspection, such regulatory authorities will determine that any of our clinical trials comply with the cGCP regulations. In addition, any Phase III clinical trials which we may conduct must be conducted with biologic product produced under cGMP and may require a large number of test patients. Biologic products for commercial purposes must also be produced under cGMP. Our failure or any failure by these third parties to comply with these regulations or to recruit a sufficient number of patients may require us to repeat clinical trials, which would delay the regulatory approval process. Moreover, our business may be implicated if any of these third parties violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws and regulations.

Any third parties conducting our clinical trials are not and will not be our employees and, except for remedies available to us under our agreements with such third parties, which in some instances may be limited, we cannot control whether or not they devote sufficient time and resources to our ongoing pre-clinical, clinical and nonclinical programs. These third parties may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other drug development activities, which could affect their performance on our behalf. If these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to complete development of, obtain regulatory approval of or successfully commercialize our product candidates. As a result, our financial results and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenue could be delayed. Switching or adding third parties to conduct our clinical trials involves substantial cost and requires extensive management time and focus. In addition, there is a natural transition period when a new third party commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines.

We may not be able to take advantage of the new regulatory pathways in the United States, Europe and Japan to shorten our time to market our products.

Regulatory pathways in United States, Europe and Japan may allow for early commercialization of our products and thereby reducing the time to market our products.

The FDA's Fast Track designation is a process designed to facilitate the development and expedite the review of drugs to treat serious conditions and unmet medical needs. The FDA granted PLX-PAD with "Fast Track" designation for the treatment of CLI.

The EAP allows the use of an investigational medical product outside of clinical trials and is usually granted in cases where patients are unsuitable for inclusion under the study protocol and the patient's condition is life-threatening with an unmet medical need. The FDA has cleared PLX-PAD EAP, for the treatment of patients with CLI. As part of the EAP, our PLX-PAD cell therapy will be made available to a limited number of CLI patients in the United States who are unsuitable for revascularization and cannot take part in our ongoing Phase III clinical trial. In addition, the FDA has cleared our EAP for the use of our PLX-PAD cells to treat ARDS caused by COVID-19 outside of our ongoing Phase II COVID-19 study in the U.S. The EAP will include up to 100 patients with the resulting data being collected and evaluated alongside our existing clinical trial in the U.S.

The purpose of the EMA's Adaptive Pathways Project is to shorten the time it takes for innovative medicines to reach patients with serious conditions that lack adequate treatment options. After a therapy is selected for the program, the discussion group that oversees a given project entering into the EMA's Adaptive Pathways Project conducts high level discussions and provides guidance to the applicant regarding the formal regulatory processes that precede a trial targeting early approval and further expansion of the indications. The EMA selected our PLX-PAD cell program in CLI and in recovery following surgery for hip fracture for its Adaptive Pathways Project.

In Japan, a regulation regarding regenerative therapies, including cell therapies. This regulation allows for conditional, time-limited approval of products for marketing after limited proof of efficacy.

In addition, the PMDA approved the proposed quality and large-scale manufacturing methods for PLX-PAD and has cleared our PLX-PAD cells for use in clinical trials in Japan.

However, since these new regulatory pathways are relatively new, we may not be able to meet the regulatory requirements and as a result would not benefit from early access to the market.

Favorable results from compassionate use treatment or initial interim results from a clinical trial do not ensure that later clinical trials will be successful and success in early stage clinical trials does not ensure success in later-stage clinical trials.

PLX cells have been administered as part of compassionate use treatments, which permit the administration of the PLX cells outside of clinical trials. No assurance can be given that any positive results are attributable to the PLX cells, or that administration of PLX cells to other patients will have positive results. Compassionate use is a term that is used to refer to the use of an investigational drug outside of a clinical trial to treat a patient with a serious or immediately life-threatening disease or condition who has no comparable or satisfactory alternative treatment options. Regulators often allow compassionate use on a case-by-case basis for an individual patient or for defined groups of patients with similar treatment needs.

There is no assurance that we will obtain regulatory approval for PLX cells. We will only obtain regulatory approval to commercialize a product candidate if we can demonstrate to the satisfaction of the FDA, the EMA or other applicable regulatory authorities, in well-designed and conducted clinical trials, that the product candidate is safe and effective and that the product candidate, including the cell production methodology, otherwise meets the appropriate standards required for approval. Clinical trials can be lengthy, complex and extremely expensive processes with uncertain results. A failure of one or more clinical trials may occur at any stage of testing.

Success in early clinical trials does not ensure that later clinical trials will be successful, and initial results from a clinical trial do not necessarily predict final results. While results from treating patients through compassionate use have in certain cases been successful, we cannot be assured that further trials will ultimately be successful. Results of further clinical trials may be disappointing.

Even if early stage clinical trials are successful, we may need to conduct additional clinical trials for product candidates with patients receiving the drug for longer periods before we are able to seek approvals to market and sell these product candidates from the FDA and regulatory authorities outside the United States. Even if we are able to obtain approval for our product candidates through an accelerated approval review program, we may still be required to conduct clinical trials after such an approval. If we are not successful in commercializing any of our lead product candidates, or are significantly delayed in doing so, our business will be materially harmed.

We may not successfully maintain our existing exclusive out-licensing agreement with CHA, or establish new collaborative and licensing arrangements, which could adversely affect our ability to develop and commercialize our product candidates.

One of the elements of our business strategy is to license our technology to other companies. Our business strategy includes establishing collaborations and licensing agreements with one or more pharmaceutical or biotechnology companies. To date, we have a strategic partnership with CHA for both the IC and CLI indications in Korea. CHA will conduct PLX clinical trials in South Korea, and, following approval, a joint venture equally owned by both parties will be established to market PLX products in South Korea. Our PLX cells are also being used in South Korean sites participating to our International IC study through our partnership with CHA. Notwithstanding, we may not be able to further establish or maintain such licensing and collaboration arrangements necessary to develop and commercialize our product candidates.

Even if we are able to maintain or establish licensing or collaboration arrangements, these arrangements may not be on favorable terms and may contain provisions that will restrict our ability to develop, test and market our product candidates. Any failure to maintain or establish licensing or collaboration arrangements on favorable terms could adversely affect our business prospects, financial condition or ability to develop and commercialize our product candidates.

Our agreements with our collaborators and licensees may have provisions that give rise to disputes regarding the rights and obligations of the parties. These and other possible disagreements could lead to termination of the agreement or delays in collaborative research, development, supply, or commercialization of certain product candidates, or could require or result in litigation or arbitration. Moreover, disagreements could arise with our collaborators over rights to intellectual property or our rights to share in any of the future revenues of products developed by our collaborators. These kinds of disagreements could result in costly and time-consuming litigation. Any such conflicts with our collaborators could reduce our ability to obtain future collaboration agreements and could have a negative impact on our relationship with existing collaborators.

Our internal computer systems, or those used by our CROs or other contractors or consultants, may fail or suffer security breaches.

We rely on and utilize services provided by third parties in connection with our clinical trials, which services involve the collection, use, storage and analysis of personal health information. While we receive assurances from these vendors that their services are compliant with the Health Insurance Portability and Accountability Act, or HIPAA, and other applicable privacy laws, there can be no assurance that such third parties will comply with applicable laws or regulations. Non-compliance by such vendors may result in liability for us which would have a material adverse effect on our business, financial conditions and results of operations.

Despite the implementation of security measures, our internal computer systems and those of our current and future CROs and other contractors and consultants are vulnerable to damage from computer viruses and unauthorized access. While, to our knowledge, we have not experienced any such material system failure or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development and commercialization of our product candidates could be delayed.

Unsuccessful compliance with certain European privacy regulations could have an adverse effect on our business and reputation.

The collection and use of personal health data in the European Union is governed by the provisions of the General Data Protection Regulation, or GDPR. This directive imposes several requirements relating to the consent of the individuals to whom the personal data relates, the information provided to the individuals, notification of data processing obligations to the competent national data protection authorities and the security and confidentiality of the personal data. The GPDR also extends the geographical scope of European Union data protection law to non-European Union entities under certain conditions, tightens existing European Union data protection principles and creates new obligations for companies and new rights for individuals. Failure to comply with the requirements of the GDPR and the related national data protection laws of the European Union Member States may result in fines and other administrative penalties. There may be circumstances under which a failure to comply with GDPR, or the exercise of individual rights under the GDPR, would limit our ability to utilize clinical trial data collected on certain subjects. The GDPR regulations impose additional responsibility and liability in relation to personal data that we process and we intend to put in place additional mechanisms ensuring compliance with these and/or new data protection rules.

Changes to these European privacy regulations and unsuccessful compliance may be onerous and adversely affect our business, financial condition, prospects, results of operations and reputation.

We have limited experience in conducting Phase III trials. If we fail in the conduct of such trials, our business will be materially harmed.

Even though we conducted Phase I and Phase II trials and we are currently conducting two Phase III trials for our PLX-PAD product candidate, a Phase II FDA study of PLX cells for the treatment of severe COVID-19 complicated by ARDS, and a Phase I for our PLX-R18 product, and have recruited employees who are experienced in managing and conducting clinical trials, we have limited experience in this area.

We will need to expand our experience and rely on consultants in order to obtain regulatory approvals for our therapeutic product candidates. The failure to successfully conduct clinical trials could materially harm our business.

Existing government programs and tax benefits may be terminated.

We have received certain Israeli government approvals under certain programs and may in the future utilize certain tax benefits in Israel by virtue of these programs. To remain eligible for such tax benefits, we must continue to meet certain conditions. If we fail to comply with these conditions in the future, the benefits we receive could be canceled and have to pay additional taxes. We cannot guarantee that these programs and tax benefits will be continued in the future, at their current levels or at all. If these programs and tax benefits are ended, our business, financial condition and results of operations could be materially adversely affected.

If we fail to obtain or maintain orphan drug exclusivity for our products, our competitors may sell products to treat the same conditions and our revenue will be reduced.

Our business strategy focuses on the development of drugs that are eligible for FDA and European Union orphan drug designation. Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is intended to treat a rare disease or condition, defined as a patient population of fewer than 200,000 in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. In the European Union, the EMA's Committee for Orphan Medicinal Products, or COMP, grants orphan drug designation to promote the development of products that are intended for the diagnosis, prevention, or treatment of a life-threatening or chronically debilitating condition affecting not more than five in 10,000 persons in the European Union Community. Additionally, designation is granted for products intended for the diagnosis, prevention, or treatment of a life threatening, seriously debilitating or serious and chronic condition and when, without incentives, it is unlikely that sales of the drug in the European Union would be sufficient to justify the necessary investment in developing the drug or biological product.

In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages, and user-fee waivers. In addition, if a product receives the first FDA approval for the indication for which it has orphan designation, the product is entitled to orphan drug exclusivity, which means the FDA may not approve any other application to market the same drug for the same indication for a period of seven years, except in limited circumstances, such as a showing of clinical superiority over the product with orphan exclusivity or where the manufacturer is unable to assure sufficient product quantity. In the European Union, orphan drug designation also entitles a party to financial incentives such as reduction of fees or fee waivers and ten years of market exclusivity is granted following drug or biological product approval. This period may be reduced to six years if the orphan drug designation criteria are no longer met, including where it is shown that the product is sufficiently profitable not to justify maintenance of market exclusivity.

Even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs with different active moieties can be approved for the same condition.

Even with orphan drug exclusivity, if a third party were to prepare or market a product which infringes upon our intellectual property, we may need to initiate litigation, which may be costly, to enforce our rights against such party. After an orphan drug is approved, the FDA can subsequently approve the same drug with the same active moiety for the same condition if the FDA concludes that the later drug is safer, more effective, or makes a major contribution to patient care. Orphan drug designation on its own neither shortens the development time or regulatory review time for a drug.

While orphan drug products are typically sold at a high price relative to other medications, the market may not be receptive to high pricing of our products.

We develop our product candidates to treat rare and ultra-rare diseases, a space where medications are usually sold at high prices compared with other medications.

Accordingly, even if regulatory authorities approve our product candidates, the market may not be receptive to, and it may be difficult for us to achieve, a per-patient per-year price high enough to allow us to realize a return on our investment.

The patent approval process is complex and we cannot be sure that our pending patent applications or future patent applications will be approved.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our and any future licensors' patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued which protect our technology or products or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. The laws of foreign countries may not protect our rights to the same extent as the laws of the United States and we may not be able to obtain meaningful patent protection for any of our commercial products either in or outside the United States.

No assurance can be given that the scope of any patent protection granted will exclude competitors or provide us with competitive advantages, that any of the patents that have been or may be issued to us will be held valid if subsequently challenged, or that other parties will not claim rights to or ownership of our patents or other proprietary rights that we hold. Furthermore, there can be no assurance that others have not developed or will not develop similar products, duplicate any of our technology or products or design around any patents that have been or may be issued to us or any future licensors. Since patent applications in the United States and in Europe are not publicly disclosed until patents are issued, there can be no assurance that others did not first file applications for products covered by our pending patent applications, nor can we be certain that we will not infringe any patents that may be issued to others.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on our business.

Our commercial success depends upon our ability and the ability of our collaborators to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing the proprietary rights of third parties. We have yet to conduct comprehensive freedom-to-operate searches to determine whether our proposed business activities or use of certain of the patent rights owned by us would infringe patents issued to third parties. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology, including interference proceedings before the U.S. Patent and Trademark Office. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future. If we are found to infringe a third party's intellectual property rights, we could be required to obtain a license from such third party to continue developing and marketing our products and technology. However, we may not be able to obtain any required license on commercially reasonable terms or at all.

Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. We could be forced, including by court order, to cease commercializing the infringing technology or product. In addition, we could be found liable for monetary damages. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. For example, we are aware of issued third party patents directed to placental stem cells and their use for therapy and in treating various diseases. We may need to seek a license for one or more of these patents. No assurances can be given that such a license will be available on commercially reasonable terms, if at all. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors are able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

We must further protect and develop our technology and products in order to become a profitable company.

If we do not complete the development of our technology and products in development by the time our patents expire, create additional sufficient layers of patents or other intellectual property rights, other companies may use the technology to develop competing products. If this happens, we may lose our competitive position and our business would likely suffer.

Furthermore, the scope of our patents may not be sufficiently broad to offer meaningful protection. In addition, our patents could be successfully challenged, invalidated or circumvented so that our patent rights would not create an effective competitive barrier. We also intend to seek patent protection for any of our potential cell therapy products once we have completed their development. We also rely on trade secrets and unpatentable know-how that we seek to protect, in part, by confidentiality agreements with our employees, consultants, suppliers and licensees. These agreements may be breached, and we might not have adequate remedies for any breach. If this were to occur, our business and competitive position would suffer.

We may be exposed to liabilities under the Foreign Corrupt Practices Act, and any determination that we violated the Foreign Corrupt Practices Act could have a material adverse effect on our business.

We are subject to the Foreign Corrupt Practice Act, or FCPA, and other laws that prohibit U.S. companies or their agents and employees from providing anything of value to a foreign official or political party for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business, direct business to any person or corporate entity or obtain any unfair advantage. We have operations and agreements with third parties. Our international activities create the risk of unauthorized and illegal payments or offers of payments by our employees or consultants, even though they may not always be subject to our control. We discourage these practices by our employees and consultants. However, our existing safeguards and any future improvements may prove to be less than effective, and our employees or consultants, may engage in conduct for which we might be held responsible for Any failure by us to adopt appropriate compliance procedures and ensure that our employees and consultants comply with the FCPA and applicable laws and regulations in foreign jurisdictions could result in substantial penalties or restrictions on our ability to conduct business in certain foreign jurisdictions.

Violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition. In addition, the U.S. government may seek to hold our Company liable for successor liability FCPA violations committed by companies in which we invest or that we acquire.

The COVID-19 pandemic, or any other pandemic, epidemic or outbreak of an infectious disease, may materially and adversely affect our business and operations.

The recent outbreak of COVID-19 originated in Wuhan, China, in December 2019 and has since spread to approximately 200 countries, including the United States, Israel and many European countries in which we operate. On March 11, 2020, the World Health Organization declared the outbreak a pandemic. While COVID-19 is still spreading and the final implications of the pandemic are difficult to estimate at this stage, it is clear that it has affected the lives of a large portion of the global population. At this time, the pandemic has caused states of emergency to be declared in various countries, travel restrictions imposed globally, quarantines established in certain jurisdictions and various institutions and companies being closed. We are actively monitoring the pandemic and we are taking any necessary measures to respond to the situation in cooperation with the various stakeholders.

Based on guidelines provided by the Israeli Government, employers (including us) are also required to prepare and increase as much as possible the capacity and arrangement for employees to work remotely. In addition, COVID-19 infection of our workforce could result in a temporary disruption in our business activities, including manufacturing and other functions.

The COVID-19 pandemic is also affecting the United States, Israel and global economies and has affected, and may continue to affect, the conduct of our clinical trials and may in the future affect our operations and those of third parties on which we rely, including by causing disruptions in our raw material supply, though to date we have not experienced any such disruptions.

In addition, the COVID-19 pandemic may affect the operations of the FDA and other health authorities, which could result in delays of reviews and approvals, including with respect to our Phase III clinical trials relating to CLI and muscle recovery following surgery for hip fracture. The evolving COVID-19 pandemic has already impacted, and may continue to, directly or indirectly impact the pace of enrollment in our clinical trials as patients may avoid or may not be able to travel to healthcare facilities and physicians' offices unless due to a health emergency and clinical trial staff can no longer get to the clinic. Additionally, such facilities and offices have been and may continue to be required to focus limited resources on non-clinical trial matters, including treatment of COVID-19 patients, thereby decreasing availability, in whole or in part, for clinical trial services. Additionally, the stock market has been unusually volatile during the COVID-19 outbreak and such volatility may continue. To date, during certain periods of the COVID-19 pandemic, our stock price fluctuated significantly, and such fluctuation may continue to occur. The ultimate impact of the COVID-19 pandemic is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, financing or clinical trial activities, or on healthcare systems or the global economy as a whole. However, these effects could have a material impact on our liquidity, capital resources, operations and business and those of the third parties on which we rely.

The impact of the use of our PLX cells in various COVID-19 related compassionate use programs, as well as our expected clinical trial, if any, on our business and our results of operations cannot be predicted with certainty, as factors including, but not limited to, the ultimate duration and scope of the compassionate use authorization, as well as the availability of our product internationally, are not determinable at this time. Our PLX cells may not be successful in treating complications associated with COVID-19.

Item 1B. Unresolved Staff Comments.

Not Applicable.

Item 2. Properties.

Our principal executive, manufacturing and research and development offices are located at MATAM Advanced Technology Park, Building No. 5, Haifa, Israel, where we occupy approximately 4,389 square meters. Our monthly rent payment for these leased facilities as of July 2020 was 263,000 NIS (approximately $76,000). For the fiscal year ended June 30, 2020, we recognized a net expense of $491,000, according to the implementation of Accounting Standards Update No. 2016-02, "Leases".

We believe that the current space we have is adequate to meet our current and near future needs.

Item 3. Legal Proceedings.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our shares of common stock trade on the Nasdaq Capital Market and the Tel Aviv Stock Exchange under the symbol PSTI.

As of September 4, 2020, there were 101 holders of record, and 25,554,668 shares of our common stock were issued and outstanding.

American Stock Transfer and Trust Company, LLC is the registrar and transfer agent for our common shares. Their address is 6201 15th Avenue, 2nd Floor, Brooklyn, NY 11219, telephone: (718) 921-8300, (800) 937-5449.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. -

We are a leading developer of placenta-based cell therapy product candidates for the treatment of multiple ischemic, inflammatory and hematologic conditions. Our operations are focused on the research, development, manufacturing, conducting clinical trials and business development of cell therapeutics and related technologies.

We are currently enrolling patients in two Phase III studies: one for CLI and another for muscle recovery following surgery for hip fracture. In addition, we are focusing on other indications such as ARS, incomplete recovery following bone marrow transplantation, Steroid-Refractory cGVHD and IC. We received clearance from the FDA and the PEI to conduct a Phase II study evaluating PLX cells for the treatment of severe cases of the COVID-19 complicated by ARDS. We have treated several patients in Israel and in the United States suffering from severe ARDS associated with COVID-19 under a compassionate use program. In addition, the FDA has cleared our EAP for the use of our PLX-PAD cells to treat up to 100 patients suffering from ARDS caused by COVID-19 outside of our ongoing Phase II COVID-19 study in the U.S. We believe that each of these indications is a severe unmet medical need.

PLX cells are derived from a class of placental cells that are harvested from donated placenta at the time of full term healthy delivery of a baby. PLX cell products require no tissue or blood matching prior to administration. They are produced using our proprietary three-dimensional expansion technology. Our manufacturing facility complies with the European, Japanese, Israeli, South Korean and the FDA's cGMP requirements and has been inspected and approved by the European and Israeli regulators for production of PLX-PAD for late stage trials. We have also granted manufacturer/importer authorization and cGMP Certification by Israel's Ministry of Health. If we obtain FDA and other regulatory approvals to market PLX cells, we expect to have in-house production capacity to grow PLX cells in commercial quantities. See " – Research and Development - In-House Clinical Manufacturing" for additional information.

Our goal is to make significant progress with our clinical pipeline and our clinical trials in order to ultimately bring innovative, potent therapies to patients who need new treatment options. We expect to demonstrate a real-world impact and value from our pipeline, technology platform and commercial-scale manufacturing capacity. Our business model for commercialization and revenue generation includes, but is not limited to, direct sale of our products, partnerships, licensing deals, and joint ventures with pharmaceutical companies.

We were incorporated in Nevada in 2001, and we have a wholly owned subsidiary in Israel called Pluristem Ltd. and a wholly owned subsidiary in Germany called Pluristem GmbH.

RESULTS OF OPERATIONS – YEAR ENDED JUNE 30, 2020 COMPARED TO YEAR ENDED JUNE 30, 2019.

Revenues

Revenues for the year ended June 30, 2020 were $23,000 and revenues for the year ended June 30, 2019 were $54,000. All revenues in the years ended June 30, 2020 and June 30, 2019 were related to the sale of our PLX cells for research use.

Cost of Revenues

Cost of revenues for the year ended June 30, 2019 were $2,000 compared to no cost of revenues for the year ended June 30, 2020. All cost of revenues are related to the royalties we are obligated to pay to the IIA.

Research and Development, Net

Research and development net costs (costs less participation and grants by the IIA, Horizon 2020 and other parties) for the year ended June 30, 2020 decreased by 18% to $21,577,000 from $26,427,000 for the year ended June 30, 2019. The decrease is mainly attributed to (1) our increasingly efficient production activities that resulted in a decrease in materials consumption, (2) a decrease in payroll expenses related to a decrease in the average number of employees and temporary salary deductions during April and May 2020 (as part of our expense reduction strategy due to COVID-19), (3) a decrease in stock-based compensation expenses related to the amount of restricted stock units, or RSUs, granted and their vesting schedules, (4) a decrease in expenses related to clinical site initiation and (5) a decrease in rent expenses due to the implementation of Accounting Standards Update No. 2016-02, "Leases," which resulted in a reduction of $160,000 (for further information please refer to Note 7 in the accompanying financial statements to this Annual Report). The decrease was partially offset by lower participation by the European Union with respect to the Horizon 2020 grants, which was primarily utilized in the first year of the projects, and a lower participation by the IIA due to a decrease in the grant obtained in calendar year 2020 compared to calendar year 2019 and to calendar year 2018.

General and Administrative

General and administrative expenses decreased by 13% from $9,157,000 for the year ended June 30, 2019 to $7,922,000 for the year ended June 30, 2020. This decrease is attributed to a decrease in stock-based compensation expenses related to the amount of RSUs granted and their vesting schedules, a decrease in payroll expenses related to a 25% reduction of the annual salary of our CEO and, a 25% reduction of the annual compensation of our Executive Chairman and temporary salary deductions during April and May 2020 (as part of our expense reduction strategy due to COVID-19). The decrease was partially offset by an increase in professional services expenses related to the EIB Agreement.

Financial Income, Net

Financial income increased from $225,000 for the year ended June 30, 2019 to $324,000 for the year ended June 30, 2020. This increase is mainly attributable to increased income from exchange rates related to the strength of the U.S. dollar against the NIS and changes in the fair value of our hedging instruments related to the strength of the U.S. dollar against the NIS, partially offset by financial expense from the implementation of Accounting Standards Update No. 2016-02, "Leases," which resulted in an expense of $261,000 (for further information please refer to Note 7 in the accompanying financial statements to this Annual Report).

Net Loss

Net loss for the year ended June 30, 2020 was $29,152,000 as compared to a net loss of $35,307,000 for the year ended June 30, 2019. The changes were mainly due to a decrease in research and development expenses, net, and a decrease in general and administrative expenses, net for the reasons mentioned above. Net loss per share for the year ended June 30, 2020 was $1.60 per share, as compared to $2.90 per share for the year ended June 30, 2019. The net loss per share decreased mainly as a result of an increase in our weighted average number of shares due to the issuance of additional shares issued during fiscal year 2020, and by a decrease in the net loss.

Liquidity and Capital Resources

As of June 30, 2020, our total current assets were $48,461,000 and our total current liabilities were $7,987,000. On June 30, 2020, we had a working capital surplus of $40,474,000 and an accumulated deficit of $280,156,000.

As of June 30, 2019, our total current assets were $26,371,000 and our total current liabilities were $8,158,000. On June 30, 2019, we had a working capital surplus of $18,213,000 and an accumulated deficit of $251,004,000.

Our cash and cash equivalents and restricted cash as of June 30, 2020 amounted to $9,229,000. This is a decrease of $4,043,000 from the $5,186,000 reported as of June 30, 2019. Cash balances decreased in the year ended June 30, 2020 for the reasons presented below.

Operating activities used cash of $26,369,000 in the year ended June 30, 2020. Cash used by operating activities in the year ended June 30, 2020 primarily consisted of payments to subcontractors, suppliers, and professional services providers primarily related to our ongoing clinical trials and payments of salaries to our employees, offset by participation of the IIA, Horizon 2020 and other grants.

Investing activities used cash of $30,458,000 in the year ended June 30, 2020. The investing activities in the year ended June 30, 2020 consisted primarily of cash used for investment in short-term deposits of $17,949,000, investment in long-term deposits of $12,239,000 and payments of $270,000 related to investments in property and equipment.

Financing activities generated cash in the amount of $60,870,000 during the year ended June 30, 2020. The cash generated in the year ended June 30, 2020 from financing activities is related to net proceeds of $43,262,000 from issuing shares of our common stock under our Sales Agreement (defined below), net proceeds of $14,901,000 from issuing shares of our common stock in a registered direct offering in May 2020 and net proceeds of $2,707,000 from issuing shares of our common stock from the exercise of warrants.

On February 6, 2019, we entered into an Open Market Sales Agreement[SM], or the Sales Agreement, with Jefferies LLC, or Jefferies, pursuant to which we may issue and sell shares of our common stock having an aggregate offering price of up to $50,000,000 from time to time through Jefferies. We are not obligated to make any sales of common stock under the Sales Agreement. From February 6, 2019 through June 30, 2020, we sold an aggregate of 8,297,750 shares of common stock pursuant to the Sales Agreement for aggregate gross proceeds of $ 49,140,965. On June 30, 2020, our shelf registration on Form S-3 declared effective by the SEC on June 23, 2017 expired, and as a result thereof, the parties stopped utilizing the Sales Agreement. On July 16, 2020, we entered into a new Open Market Sales Agreement[SM], or the 2020 Sales Agreement, with Jefferies, pursuant to which we may issue and sell shares of our common stock having an aggregate offering price of up to $75,000,000 from time to time through Jefferies. Upon entering into the 2020 Sales Agreement, we filed a new shelf registration statement on Form S-3, which was declared effective by the SEC on July 23, 2020.

In the year ended June 30, 2020, warrants to purchase up to 386,678 shares from our April 2019 firm commitment public offering, or the 2019 Public Offering, were exercised by investors at an exercise price of $7.00 per share, resulting in the issuance of 386,678 shares of common stock for net proceeds of approximately $2,707,000.

On May 5, 2020, we entered into a securities purchase agreement with two institutional investors, or the Investors, pursuant to which we sold, in a registered direct offering to the Investors, 1,587,302 shares of common stock for net proceeds of approximately $14,901.

On April 30, 2020, we and our Israeli subsidiary, Pluristem Ltd., and our German subsidiary, Pluristem GmbH, entered into the EIB Agreement with the EIB, pursuant to which we can obtain a loan in the amount of Euro 50 million, or the Loan, payable in tranches, subject to the achievement of certain clinical, regulatory and scale up milestones. Each of the Company and Pluristem Ltd. are guarantors under the Finance Contract. The Loan is not secured and will be disbursed in three tranches consisting of one tranche of Euro 20 million, or the First Tranche, a second tranche of Euro 18 million, or the Second Tranche, and a third tranche of Euro12 million, or the Third Tranche, each as may be requested by us, subject to the achievement of clinical, regulatory and scale up milestones. The tranches will be treated independently, each with its own interest rate and maturity period. The fixed interest rate is 0% per annum for the First Tranche and 1.00% for each of the Second Tranche and Third Tranche. The deferred interest rate is 4% per annum for the First Tranche, 3% for the Second Tranche and 2% for the Third Tranche. We are required to repay the First Tranche and the Second Tranche, with all other amounts owed thereunder, in a single installment on the maturity date of that tranche, following the five-year anniversaries from each of the First Tranche and the Second Tranche disbursements. We are required to repay the Third Tranche, with all other amounts owed thereunder, in two equal installments, with the first such payment following the fourth anniversary of the disbursement date and the last repayment on a date not later than five years from the disbursement date. To date, we have not yet received a disbursement pursuant to the EIB Agreement.

During the year ended June 30, 2020, we received cash of approximately $23,000 from third parties from the sale of our PLX cells for research use.

Our cash and cash equivalents and restricted cash as of June 30, 2019 amounted to $5,186,000. This is a decrease of $4,701,000 from the $9,887,000 reported as of June 30, 2018. Cash balances decreased in the year ended June 30, 2019 for the reasons presented below.

Operating activities used cash of $29,453,000 in the year ended June 30, 2019. Cash used by operating activities in the year ended June 30, 2019 primarily consisted of payments to subcontractors, suppliers, and professional services providers primarily related to our ongoing Phase III clinical trials and payments of salaries to our employees, offset by participation of the IIA, Horizon 2020 and other grants.

Investing activities provided cash of $1,170,000 in the year ended June 30, 2019. The investing activities in the year ended June 30, 2019 consisted primarily of cash provided from repayment of short term deposits of $1,415,000, offset by payments of $239,000 related to investments in property and equipment and Investment in restricted bank deposits of $6,000.

Financing activities generated cash in the amount of $23,582,000 during the year ended June 30, 2019. The cash generated in the year ended June 30, 2019 from financing activities is related to net proceeds, after deducting underwriting commissions and discounts, and other offering expenses, of $19,464,000 from issuing shares of our common stock in the Public Offering and Registered Direct Offering (as defined below), aggregate net proceeds of $4,003,000 from issuing shares of our common stock under our (1) At Market Sales Agreement, or the ATM Agreement, with FBR Capital Markets & Co., MLV & Co. LLC and Oppenheimer & Co. Inc., and (2) the Sales Agreement, proceeds of $107,000 related to a grant received from the Israel-United States Binational Industrial Research and Development Foundation and net proceeds of $8,000 from the exercise of options.

In July 2017, we entered into the ATM Agreement with FBR Capital Markets & Co., MLV & Co. LLC and Oppenheimer & Co. Inc., each an Agent, which provided that, upon the terms and subject to the conditions and limitations set forth in the ATM Agreement, we could elect, from time to time, to issue and sell shares of common stock having an aggregate offering price of up to $80,000,000 through any of the Agents. We were not obligated to make any sales of common stock under the ATM Agreement. From July 2017 through February 4, 2019, we sold an aggregate of 530,541 shares of common stock pursuant to the ATM Agreement at an average price of $13.70 per share. On February 4, 2019, we notified the Agents of the termination of the ATM Agreement.

From February 6, 2019 through June 30, 2019, we sold an aggregate of 236,800 shares of common stock pursuant to the Sales Agreement at an average price of $9.70 per share.

On April 8, 2019, we sold, pursuant to an underwriting agreement relating to the 2019 Public Offering, an aggregate of 2,857,143 shares of common stock and warrants to purchase up to 2,857,143 shares of common stock, inclusive of the underwriter's over-allotment option which was exercised in full, for aggregate gross proceeds of $20,000,000. The warrants issued in the Public Offering are exercisable for a period of five years from issuance and have an exercise price of $7.00 per share. In addition, on April 8, 2019, we sold, pursuant to a subscription agreement with a certain investor in a registered direct offering, or the Registered Direct Offering, 142,857 shares of common stock, for aggregate gross proceeds of $1,000,000. The net proceeds from the Public Offering and the Registered Direct Offering, after deducting underwriting commissions and discounts, and other offering expenses, were $19,464,000.

During the year ended June 30, 2019, we received cash of approximately $54,000 from third parties from the sale of our PLX cells for research use.

During the years ended June 30, 2020 and 2019, we received total cash grants of approximately $1,227,000 and $1,374,000, respectively, from the European Union research and development consortiums relating to the Horizon 2020 program.

Non-dilutive grants

The IIA has supported our activity during the past 14 years. Our last program was approved by the IIA in 2019 and relates to a grant of approximately $500,000. The grant was used to cover research and development expenses for the period January 1, 2019 to December 31, 2019.

According to the IIA grant terms, we are required to pay royalties at a rate of 3% on sales of products and services derived from technology developed using this and other IIA grants until 100% of the dollar-linked grants amount plus interest are repaid. In the absence of such sales, no payment is required. During the year ended June 30, 2020, no royalties were paid to the IIA. The IIA may impose certain conditions on any arrangement under which the IIA permits the Company to transfer technology or development out of Israel or outsource manufacturing out of Israel. While the grant is given to the Company over a certain period of time (usually a year), the requirements and restrictions under the Israeli Law for the Encouragement of Industrial Research and Development, 1984 continue and do not have a set expiration period, except for the royalties, which requirement to pay them expires after payment in full.

In May 2020, we were selected as a member of the CRISPR-IL consortium, a group funded by the IIA. CRISPR-IL brings together the leading experts in life science and computer science from academia, medicine, and industry, to develop AI based end-to-end genome-editing solutions. CRISPR-IL is funded by the IIA with a total budget of approximately $10,000,000 of which, an amount of approximately $480,000 is a direct grant allocated to us, for a period of 18 months, with a potential for extension of an additional 18 months and additional budget from the IIA. CRISPR-IL participants include leading companies, and medical and academic institutions.

In July 2018, we were awarded a marketing grant of approximately $52,000 under the "Shalav" program of the Israeli Ministry of Economy and Industry. The grant is intended to facilitate certain marketing and business development activities with respect to our advanced cell therapy products in the U.S. market.

In July 2017, we were awarded an additional Smart Money grant of approximately $229,000 from Israel's Ministry of Economy. The Israeli government granted us budget resources that we intend to use to advance our product candidate towards marketing in China-Hong Kong markets. We will also receive close support from Israel's trade representatives stationed in China, including Hong Kong, along with experts appointed by the Smart Money program.

In August 2016, our CLI program in the European Union was awarded a Euro 7,600,000 (approximately $8,500,000) grant. The grant is part of the European Union's Horizon 2020 program. The Phase III study of PLX-PAD in CLI will be a collaborative project carried out by an international consortium led by the Berlin-Brandenburg Center for Regenerative Therapies together with the Company and with participation of additional third parties. The grant will cover a significant portion of the CLI program costs. An amount of Euro 1,900,000 (approximately $2,100,000) is a direct grant allocated to us, and the Company also expects to benefit from cost savings resulting from grant amounts allocated to the other consortium members. In July 2017, the consortium amended the consortium agreement, pursuant to which the original grant allocation was amended such that we will receive an additional direct grant of Euro 1,000,000 (approximately $1,100,000). The additional direct grant was allocated to us from the total amount of the original grant.

In September 2017, our Phase III study of PLX-PAD cell therapy in the treatment of muscle injury following surgery for hip fracture was awarded a Euro 7,400,000 (approximately $8,300,000) grant, as part of the European Union's Horizon 2020 program. This Phase III study will be a collaborative project carried out by an international consortium led by Charité, together with us, and with participation of additional third parties. The grant will cover a significant portion of the project costs. An amount of Euro 2,550,000 (approximately $2,900,000) is a direct grant allocated to us for manufacturing and other costs, and we also expect to have a direct benefit from cost savings resulting from grant amounts allocated to the other consortium members.

In October 2017, the nTRACK, a collaborative project carried out by an international consortium led by Leitat was awarded a Euro 6,800,000 (approximately $7,600,000) non-royalty bearing grant. An amount of Euro 500,000 (approximately $560,000) is a direct grant allocated to us. We also expect to benefit from cost savings resulting from grant amounts allocated to the other consortium members.

Outlook

We have accumulated a deficit of $280,156,000 since our inception in May 2001. We do not expect to generate any significant revenues from sales of products in the next twelve months. Our cash needs may increase in the foreseeable future. We expect to generate revenues, from the sale of licenses to use our technology or products, but in the short and medium terms will unlikely exceed our costs of operations.

We may be required to obtain additional liquidity resources in order to support the commercialization of our products and maintain our research and development and clinical trials activities.

We are continually looking for sources of funding, including non-diluting sources such as the EIB Financing, the IIA grants, the European Union grant and other research grants, collaboration with other companies and sales of our common stock.

We believe that we have sufficient cash to fund our operations for at least the next 12 months.

Application of Critical Accounting Policies

Our significant accounting policies are more fully described in Note 2 to our consolidated financial statements appearing in this Annual Report. We believe that the accounting policies below are critical for one to fully understand and evaluate our financial condition and results of operations.

The discussion and analysis of our financial condition and results of operations is based on our financial statements, which we prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Stock-Based Compensation

Stock-based compensation is considered a critical accounting policy due to the significant expenses of RSUs which were granted to our employees, directors and consultants. In fiscal year 2020, we recorded stock-based compensation expenses related to options, restricted stock and RSUs in the amount of $2,561,000.

In accordance with ASC 718, “Compensation-Stock Compensation”, or ASC 718, RSUs granted to employees and directors are measured at their fair value on the grant date. All RSUs granted in fiscal years 2020 and 2019 were granted for no consideration; therefore their fair value was equal to the share price at the date of grant, based on the close trading price of our shares known at the grant date. The RSUs granted in fiscal year 2019 to non-employees consultants were remeasured in any future vesting period for the unvested portion of the grants. The RSUs granted in fiscal year 2020 to non-employees consultants were measured at their fair value on the grant date in accordance with ASU No. 2018-07 - “Compensation—Stock Compensation”

The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in our consolidated statements of operations. We have graded vesting based on the accelerated method over the requisite service period of each of the awards. The expected pre-vesting forfeiture rate affects the number of the shares. Based on our historical experience, the pre-vesting forfeiture rate per grant is 7% for the shares granted to employees and 0% for the shares granted to our directors, CEO, Executive Chairman and non-employee consultants.

Research and Development Expenses, Net

We expect our research and development expenses to remain our primary expense in the near future as we continue to develop our product candidates. Our research and development expenses consist primarily of clinical trials expenses, consultant and subcontractor expenses, payroll and related expenses, lab material expenses, stock-based compensation expenses, rent and maintenance expenses and patent expenses. The following table provides a breakdown of the related costs for fiscal years 2018 through 2020 (in thousands of dollars):

	Year ended June 30,		
	2020	2019	2018
Payroll and related expenses	$ 8,478	$ 9,752	$ 9,915
Materials expenses	2,821	5,871	4,521
Clinical trials expenses	6,021	5,774	4,370
Depreciation expenses	1,453	1,841	1,893
Consultants and subcontractor expenses	1,351	2,028	1,469
Rent and maintenance expenses	1,227	1,473	1,429
Stock-based compensation expenses	556	1,616	1,423
Patent expenses	528	482	426
Other Research and development expenses	661	1,045	925
Total expenses	23,096	29,882	26,371
Less: Research and development participation grants	(1,519)	(3,455)	(3,742)
Research and development expenses, net	$ 21,576	$ 26,427	$ 22,629

We invest heavily in research and development. Research and development expenses, net, were our major operating expenses, representing 73%, 74% and 67% of the total operating expenses for each of our fiscal years 2020, 2019 and 2018, respectively. We expect that in the upcoming years our research and development expenses, net, will continue to be our major operating expense.

Contractual Obligations

The following summarizes our contractual obligations and other commitments on June 30, 2020, and the effect such obligations could have on our liquidity and cash flow in future periods:

		Payments due by period			
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	$ 1,706,000	$ 1,123,000	$ 563,000	$ 20	-
Accrued severance pay, net	$ 248,000	-	-	-	$ 248,000
Total	$ 1,954,000	$ 1,123,000	$ 563,000	$ 20	$ 248,000

Off Balance Sheet Arrangements

We have no off balance sheet arrangements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to a variety of risks, including changes in interest rates, foreign currency exchange rates and inflation.

As of June 30, 2020, we had $8.3 million in cash and cash equivalents, $38 million in short-term bank deposits and restricted deposits and $12.7 million in long-term bank deposits and restricted deposits.

We adhere to an investment policy set by our investment committee, which aims to preserve our financial assets, maintain adequate liquidity and maximize return while minimizing exposure to the NIS. Such policy further provides that we should hold most of our current assets in bank deposits and the remainder of our current assets should be invested in low risk instruments. As of June 30, 2020, the currency of our financial portfolio is mainly in U.S. dollars and we use options contracts in order to hedge our exposures to currencies other than the U.S. dollar.

Interest Rate Risk

We invest a major portion of our cash surplus in bank deposits in banks in Israel. Since the bank deposits typically carry fixed interest rates, financial income over the holding period is not sensitive to changes in interest rates. However, our interest gains from future deposits may decline in the future as a result of changes in the financial markets. In any event, given the historic low levels of the interest rate, we estimate that a further decline in the interest rate we are receiving will not result in a material adverse effect to our business.

Foreign Currency Exchange Risk and Inflation

A significant portion of our expenditures, including salaries, materials, consultants' fees and facility expenses relate to our operations in Israel. The cost of those Israeli operations, as expressed in U.S. dollars, is influenced by the extent to which any increase in the rate of inflation in Israel is not offset (or is offset on a lagging basis) by a devaluation of the NIS in relation to the U.S. dollar. If the U.S. dollar declines in value in relation to the NIS, it will become more expensive for us to fund our operations in Israel. In addition, as of June 30, 2020, we own net financial balances in NIS of approximately ($13,989,000).

Assuming a 10% appreciation of the NIS against the U.S. dollar, we would experience exchange rate loss of approximately $1,272,000, while assuming a 10% devaluation of the NIS against the U.S. dollars, we would experience an exchange rate gain of approximately $1,554,000, in both cases excluding the effect of our hedging transactions (as described below).

The exchange rate of the U.S. dollar to the NIS, based on exchange rates published by the Bank of Israel, was as follows:

	Year Ended June 30,		
	2018	2019	2020
Average rate for period	**3.529**	**3.647**	**3.507**
Rate at period-end	**3.650**	**3.566**	**3.466**

We use currency transactions of options and forward contracts to decrease the risk of financial exposure from fluctuations in the exchange rate of the U.S. dollar against the NIS.

For the year ended June 30, 2020, our net realized loss from hedging transactions that are non-designated and consist primarily of options strategies and also forward contracts to minimize the risk associated with the foreign exchange effects of monetary assets and liabilities denominated in NIS was $11,000.

Item 8. Financial Statements and Supplementary Data.

Our financial statements are stated in thousands United States dollars (US$) and are prepared in accordance with U.S. GAAP.

The following audited consolidated financial statements are filed as part of this Annual Report:

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2020

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2020

U.S. DOLLARS IN THOUSANDS

INDEX

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To The Stockholders and Board of Directors Of

PLURISTEM THERAPEUTICS INC.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Pluristem Therapeutics Inc. and its subsidiaries (the "Company") as of June 30, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity and cash flows for each of the three years in the period ended June 30, 2020 and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated September 12, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KOST FORER GABBAY& KASIERER
A Member of Ernst & Young Global

We have served as the Company's auditor since 2003.
Tel Aviv, Israel
September 10, 2020

CONSOLIDATED BALANCE SHEETS

U.S. Dollars in thousands (except share and per share data)

	Note	June 30, 2020	June 30, 2019
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		$ 8,270	$ 4,106
Short-term bank deposits		37,514	19,599
Restricted cash	2f	555	692
Other current assets	4,2n	2,122	1,974
Total current assets		48,461	26,371
LONG-TERM ASSETS:			
Long-term deposits and restricted bank deposits	2g	12,653	398
Severance pay fund		631	693
Property and equipment, net	5	2,516	3,838
Operating lease right-of-use asset	7	1,259	-
Other long-term assets		12	10
Total long-term assets		17,071	4,939
Total assets		$ 65,532	$ 31,310

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

CONSOLIDATED BALANCE SHEETS

U.S. Dollars in thousands (except share and per share data)

	Note	June 30, 2020	June 30, 2019
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables		$ 1,968	$ 2,281
Accrued expenses		3,018	3,744
Operating lease liability, current		1,020	-
Other accounts payable	6	1,981	2,133
Total current liabilities		7,987	8,158
LONG-TERM LIABILITIES			
Accrued severance pay		879	950
Operating lease liability	7	565	-
Other long-term liabilities		-	381
Total long-term liabilities		1,444	1,331
COMMITMENTS AND CONTINGENCIES	8		
STOCKHOLDERS' EQUITY			
Share capital:	9		
Common stock $0.00001 par value per share: Authorized: 60,000,000 shares Issued and outstanding: 25,492,713 shares as of June 30, 2020; 15,082,852 shares as of June 30, 2019		*	*
Additional paid-in capital		336,257	272,825
Accumulated deficit		(280,156)	(251,004)
Total stockholders' equity		56,101	21,821
Total liabilities and stockholders' equity		$ 65,532	$ 31,310

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

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. Dollars in thousands (except share and per share data)

	Note	Year ended June 30, 2020	2019	2018
Revenues	2i	23	54	50
Cost of revenues		-	(2)	(2)
Gross profit		23	52	48
Operating Expenses:				
Research and development expenses		(23,096)	(29,882)	(26,371)
Less: participation grants by the Israel Innovation Authority, Horizon 2020 and other parties		1,519	3,455	3,742
Research and development expenses, net		(21,577)	(26,427)	(22,629)
General and administrative expenses, net		(7,922)	(9,157)	(11,193)
Other income	10	-	-	43
Total operating loss		(29,476)	(35,532)	(33,731)
Financial income, net	11	324	225	7,605
Net loss for the period		$ (29,152)	$ (35,307)	$ (26,126)
Loss per share:				
Basic and diluted net loss per share		$ (1.60)	$ (2.90)	$ (2.50)
Weighted average number of shares used in computing basic and diluted net loss per share		18,197,303	12,332,912	10,587,677

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

U.S. Dollars in thousands (except share and per share data)

	Year ended June 30,		
	2020	**2019**	**2018**
Net loss	$ (29,152)	$ (35,307)	$ (26,126)
Other comprehensive loss, net:			
Unrealized gain on available-for-sale marketable securities, net	-	-	6,441
Reclassification adjustment of available-for-sale marketable securities gains realized in net loss, net	-	-	(8,440)
Other comprehensive loss	-	-	(1,999)
Total comprehensive loss	$ (29,152)	$ (35,307)	$ (28,125)

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

U.S. Dollars in thousands (except share and per share data)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares (**)	Amount				
Balance as of July 1, 2017	9,693,879	$ (*)	$ 217,823	$ 1,999	$ (189,571)	$ 30,251
Exercise of options by employees	5,050	(*)	42	-	-	42
Stock-based compensation to employees, directors and non-employee consultants	314,838	(*)	6,548	-	-	6,548
Issuance of common stock under At-The Market Agreement, net of issuance costs of $174 (Note 9c)	359,941	(*)	4,985	-	-	4,985
Issuance of common stock, net of issuance costs of $1,405 (Note 9d)	900,000	(*)	13,646	-	-	13,646
Exercise of warrants by investors (Note 9b)	82,871	(*)	1,160	-	-	1,160
Other comprehensive loss, net	-	-	-	(1,999)	-	(1,999)
Net loss	-	-	-	-	(26,126)	(26,126)
Balance as of June 30, 2018	11,356,579	$ (*)	$ 244,204	$ -	$ (215,697)	$ 28,507

(*) Less than $1
(**) See note 9a for reverse stock split

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

U.S. Dollars in thousands (except share and per share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares (**)	Amount			
Balance as of July 1, 2018	11,356,579	$ (*)	$ 244,204	$ (215,697)	$ 28,507
Stock-based compensation to employees, directors and non-employee consultants	317,023	(*)	5,146	-	5,146
Issuance of common stock under At Market Issuance Sales Agreement, and Open Market Sales Agreement, net of aggregate issuance costs of $403 (Note 9c, 9e)	407,400	(*)	4,003	-	4,003
Issuance of common stock and warrants related to April 2019 offering, net of issuance costs of $1,536 (Note 9f)	3,000,000	(*)	19,464	-	19,464
Exercise of options by employees and non-employee consultants	1,850	(*)	8	-	8
Net loss	-	-	-	(35,307)	(35,307)
Balance as of June 30, 2019	15,082,852	$ (*)	$ 272,825	$ (251,004)	$ 21,821

(*) Less than $1
(**) See note 9a for reverse stock split

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

U.S. Dollars in thousands (except share and per share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares (**)	Amount			
Balance as of July 1, 2019	15,082,852	$ (*)	$ 272,825	$ (251,004)	$ 21,821
Stock-based compensation to employees, directors and non-employee consultants	357,755	(*)	2,562	-	2,562
Issuance of common stock under Open Market Sales Agreement, net of aggregate issuance costs of $3,573 (Note 9e)	8,060,950	(*)	43,262	-	43,262
Issuance of common stock related to May 2020 registered direct offering, net of issuance costs of $99 (Note 9h)	1,587,302	(*)	14,901	-	14,901
Exercise of options by employees and non-employee consultants	15,884	(*)	-	-	-
Exercise of warrants by investors (Note 9g)	386,678	(*)	2,707	-	2,707
Round up of shares due to reverse stock split effectuated on July 25, 2019 (see Note 9a)	1,292	(*)	-	-	-
Net loss	-	-	-	(29,152)	(29,152)
Balance as of June 30, 2020	25,492,713	$ (*)	$ 336,257	$ (280,156)	$ 56,101

(*) Less than $1
(**) See note 9a for reverse stock split

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. Dollars in thousands

	Year ended June 30,		
	2020	**2019**	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (29,152)	$ (35,307)	$ (26,126)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	1,570	1,962	2,018
Loss from sale of property and equipment, net	-	-	6
Accretion of discount, amortization of premium and changes in accrued interest of marketable securities	-	-	11
Gain from sale of investments of available-for-sale marketable securities	-	-	(8,440)
Other-than-temporary loss of available-for-sale marketable securities	-	-	850
Stock-based compensation to employees, directors and non-employee consultants	2,562	5,146	6,548
Decrease (increase) in accounts receivable from the IIA	37	(121)	978
Increase in other current and other long-term assets	(187)	(397)	(59)
Increase (decrease) in trade payables	(291)	(863)	1,212
Decrease in operating lease right-of-use asset and liability, net and effect of exchange rate differences	(295)	-	-
Increase (decrease) in other accounts payable, accrued expenses, other long-term liabilities and other current liabilities	(638)	86	1,600
Decrease (increase) in interest receivable on short-term deposits	45	68	(128)
Linkage differences and interest on short and long-term deposits and restricted bank deposits	(11)	(3)	5
Accrued severance pay, net	(9)	(24)	145
Net cash used in operating activities	$ (26,369)	$ (29,453)	$ (21,380)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	$ (270)	$ (239)	$ (342)
Proceeds from (investment in) short-term deposits	(17,949)	1,415	(14,721)
Investment in long-term deposits	(12,239)	(6)	-
Proceeds from sale of available-for-sale marketable securities	-	-	21,881
Proceeds from redemption of available-for-sale marketable securities	-	-	9
Investment in available-for-sale marketable securities	-	-	(1,146)
Net cash provided by investing activities	$ (30,458)	$ 1,170	$ 5,681

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. Dollars in thousands

	Year ended June 30,		
	2020	**2019**	**2018**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds related to issuance of common stock, net of issuance costs	$ 58,163	$ 23,467	$ 18,631
Proceeds with respect to Israel-United States Binational Industrial Research and Development Foundation	-	107	88
Exercise of options and warrants	2,707	8	1,202
Net cash provided by financing activities	$ 60,870	$ 23,582	$ 19,921
Increase (decrease) in cash, cash equivalents and restricted cash	4,043	(4,701)	4,222
Cash, cash equivalents and restricted cash at the beginning of the period	5,186	9,887	5,665
Cash, cash equivalents and restricted cash at the end of the period	$ 9,229	$ 5,186	$ 9,887
(a) Supplemental disclosure of cash flow activities:			
Cash paid during the period for:			
Taxes paid due to non-deductible expenses	$ 10	$ 10	$ 27
(b) Supplemental disclosure of non-cash activities:			
Purchase of property and equipment on credit	$ 32	$ 54	$ 171

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

NOTE 1:- GENERAL

a. Pluristem Therapeutics Inc., a Nevada corporation ("Pluristem Therapeutics"), was incorporated on May 11, 2001. Pluristem Therapeutics has a wholly owned subsidiary, Pluristem Ltd. (the "Subsidiary"), which is incorporated under the laws of the State of Israel. In January 2020, the Subsidiary established a wholly owned subsidiary, Pluristem GmbH (the "German Subsidiary") which is incorporated under the laws of Germany. Pluristem Therapeutics, the Subsidiary and the German Subsidiary are referred to as the "Company" or "Pluristem".

The Company's shares of common stock are traded on the Nasdaq Capital Market and on the Tel-Aviv Stock Exchange under the symbol "PSTI".

b. The Company is a bio-therapeutics company developing placenta-based cell therapy product candidates for the treatment of multiple ischemic, inflammatory and hematologic conditions. The Company has also initiated a compassionate use programs in the United States and Israel and commenced enrollment in its Phase II study of PLX cells for the treatment of severe COVID-19 complicated by Acute Respiratory Distress Syndrome ("ARDS").

The Company has incurred an accumulated deficit of approximately $280,156 and incurred recurring operating losses and negative cash flows from operating activities since inception. As of June 30, 2020, the Company's total stockholders' equity amounted to $56,101. During the year ended June 30, 2020, the Company incurred operating losses of $29,476 and its negative cash flow from operating activities was $26,369.

As of June 30, 2020, the Company's cash position (cash and cash equivalents, short-term bank deposits and restricted cash and long-term bank deposits) totaled approximately $58,992. The Company plans to continue to finance its operations with the current resources and potential funds it will obtain from the European Investment Bank (the "EIB") finance contract (the "Finance Contract") (See note 1c) once certain milestones are reached, and also by entering into licensing or other commercial agreements, grants to support its research and development activities and with sales of equity securities. Management believes that these funds, together with its existing operating plan, are sufficient for the Company to meet its obligations as they come due at least for a period of twelve months from the date of the issuance of these consolidated financial statements. There are no assurances, however, that the Company will be able to obtain an adequate level of financial resources that are required for the long-term development and commercialization of its product.

c. *EIB Finance contract*

On April 30, 2020, Pluristem entered into a Finance Contract with the EIB, pursuant to which the German Subsidiary can obtain a loan in the amount of up to €50 million, subject to certain milestones being reached (the "Loan"), payable in three tranches, with the first tranche consisting of €20 million, second of €18 million and third of €12 million for a period of 36 months from the signing of the Finance Contract.

The Tranches will be treated independently, each with its own interest rate and maturity period. The fixed interest rate is 0% per year for the First Tranche and 1% for each of the Second Tranche and Third Tranche. The deferred interest rate is 4% per year for the First Tranche, 3% for the Second Tranche and 2% for the Third Tranche.

In addition to any interest payable on the Loan, EIB is entitled to receive royalties from future revenues, if any, of Pluristem for a period of seven years starting in 2024, in an amount equal to between 0.2% to 2.3% of the Company's consolidated revenues, pro-rated to the amount disbursed from the Loan to Pluristem beginning in the fiscal year 2024 and continuing up to and including its fiscal year 2030.

As of June 30, 2020 Pluristem has not yet disbursed any tranche of the Finance Contract.

NOTE 1:- GENERAL (CONT.)

CHA Agreement

On June 26, 2013, Pluristem entered into an exclusive license and commercialization agreement (the "CHA Agreement") with CHA Biotech Co. Ltd. ("CHA"), for conducting clinical trials and commercialization of Pluristem's PLX-PAD product in South Korea in connection with two indications: the treatment of Critical Limb Ischemia ("CLI"), and IntermittentClaudication (collectively with CLI, the "Indications"). Under the terms of the CHA Agreement, CHA will receive exclusive rights in South Korea for conducting clinical trials with respect to the Indications and the Company will continue to retain rights to its proprietary manufacturing technology and cell-related intellectual property. CHA participated in the Phase II trial in Intermittent Claudication.

Upon the first regulatory approval for a PLX product in South Korea, for the specified Indications, Pluristem and CHA will establish an equally owned joint venture to commercialize PLX cell products in South Korea. Pluristem will be able to use the data generated by CHA to pursue the development of PLX product candidates outside of South Korea.

The CHA Agreement contains customary termination provisions, including in the event the parties do not reach an agreement upon development plan for conducting the clinical trials. Upon termination of the CHA Agreement, the license granted thereunder will terminate and all rights included therein will revert to the Company, and the Company will be free to enter into agreements with any other third parties for the granting of a license in or outside South Korea or to deal in any other manner with such rights as it shall see fit at its sole discretion.

Chart Industries Agreement

In November 2018, the Company entered into a license agreement with a subsidiary of Chart Industries, Inc. ("Chart"), regarding the Company's thawing device for cell-based therapies. Pursuant to the terms of the agreement, Chart obtained the exclusive rights to manufacture and market the thawing device in all territories worldwide, excluding Greater China, and the Company is entitled to receive royalties from sales of the product and supply of an agreed upon number of thawing devices. Royalties shall commence on the date of Chart's first commercial sale of the thawing device. As of June 30, 2020, commercial sale of the thawing device by Chart has not yet begun.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") applied on consistent basis.

a. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, judgments, and assumptions that are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

b. Functional currency

Most of Pluristem Therapeutics' costs and assets are denominated in United States dollars ("dollar"). The Company's management believes that the dollar is the primary currency of the economic environment in which the Company operates. Thus, the dollar is the Company's functional and reporting currency. Accordingly, non-dollar denominated transactions and balances have been re-measured into the functional currency in accordance with Accounting Standards Codification ("ASC") 830, "Foreign Currency Matters". All transaction gains and losses from the re-measured monetary balance sheet items are reflected in the statements of income as financial income or expenses, as appropriate.

c. Principles of consolidation

The consolidated financial statements include the accounts of Pluristem Therapeutics and the Subsidiaries. Intercompany transactions and balances have been eliminated upon consolidation.

d. Cash and cash equivalents

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with maturities of three months or less at the date acquired.

e. Short-term bank deposit

Bank deposits with original maturities of more than three months but less than one year are presented as part of short-term investments. Deposits are presented at their cost which approximates market values including accrued interest. Interest on deposits is recorded as financial income.

f. Restricted cash and short-term bank deposits

Short-term restricted bank deposits and restricted cash used to secure derivative and hedging transactions and the Company's credit line. The restricted cash and short-term bank deposits are presented at cost which approximates market values including accrued interest.

g. Long-term restricted bank deposits

Long-term restricted bank deposits with maturities of more than one year used to secure operating lease agreement are presented at cost which approximates market values including accrued interest.

h. Investment in marketable securities

The Company accounts for its investments in marketable securities in accordance with ASC 320, "Investments – Debt and Equity Securities". The Company determines the classification of marketable securities at the time of purchase and re-evaluates such designations as of each balance sheet date. The Company classifies all of its marketable securities as available-for-sale. Available-for-sale marketable securities are carried at fair value, with the unrealized gain and loss reported at "accumulated other comprehensive income (loss)" in the statement of changes in stockholders' equity.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Realized gain and loss on sales of marketable securities are included in the Company's "Financial income, net" and are derived using the specific identification basis for determining the cost of marketable securities sold. The amortized cost of available for sale debt marketable securities is adjusted for amortization of premiums and accretion of discount to maturity. Such amortization, together with coupon interest on available for sale marketable securities, is included in the "Financial income, net".

The Company recognizes an impairment charge when a decline in the fair value of its available-for-sale marketable securities below the cost basis is judged to be other than temporary.

The Company considers various factors in determining whether to recognize an impairment charge, including the length of time the investment has been in a loss position, the extent to which the fair value has been less than the Company's cost basis, the reason for the decline in value, the potential recovery period and the Company's intent to sell, including whether it is more likely than not that the Company will be required to sell the investment before recovery of cost basis. ASC 320-10-35, "Investments - Debt and Equity Securities", requires other-than-temporary impairment for debt securities to be separated into (a) the amount representing the credit loss and (b) the amount related to all other factors (provided that the Company does not intend to sell the security and it is not more likely than not that it will be required to sell it before recovery). For securities that are deemed other-than-temporarily impaired, the amount of impairment is recognized in "financial income, net", in the statement of operations and is limited to the amount related to credit loss, while impairment related to other factors is recognized in "other comprehensive income (loss)".

During the year ended June 30, 2018, the Company recognized other-than-temporary impairment loss of $850 (see Note 3). During the years ended June 30, 2020 and 2019, the Company did not recognize any other-than-temporary impairment loss.

i. Revenue Recognition

On July 1, 2017, the Company adopted ASC 606, "Revenue from Contracts with Customers" using the modified retrospective method. Results for reporting periods beginning after July 1, 2017 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting under ASC 605.

Revenue Recognition from sales of products:

Revenues are recognized when control of the promised goods is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods.

The Company determines revenue recognition through the following steps:

- identification of the contract with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, the Company satisfies a performance obligation.

U.S. Dollars in thousands (except share and per share amounts)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The Company's contracts with its customers are expected to include one type of product and thus have only one performance obligation, which is the transfer of control of the product. The Company's PLX cells have an alternative use and, as such, the performance obligation is considered to be satisfied at a point in time where the customer obtains control over the product.

The Company's contract with Chart includes variable consideration for which the Company estimates the most likely amount that should be included in the transaction price subject to constraints based on the specific facts and circumstances. Pursuant to the terms of the agreement, the Company is entitled to receive royalties from sales of the product and supply of an agreed upon number of thawing devices. Royalties shall commence on the date of Chart's first commercial sale of the thawing device.

As of June 30, 2020, commercial sales of the thawing device by Chart have not begun. Based on the Company's assessment, it is not probable that a significant reversal in the amount of cumulative revenue recognized will not occur, and therefore the Company is unable to recognize revenues with respect to the Chart agreement before the uncertainty associated with the variable consideration is subsequently resolved.

j. Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, at the following annual rates:

	%
Laboratory equipment	10-40
Computers and peripheral equipment	33
Office furniture and equipment	15
Leasehold improvements	The shorter of the expected useful life or the reasonable assumed term of the lease.

k. Impairment of long-lived assets

The Company's long-lived assets are reviewed for impairment in accordance with ASC 360, "Property, Plant and Equipment", whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. During fiscal years 2020, 2019 and 2018, no impairment losses have been identified.

l. Accounting for stock-based compensation

The Company accounts for stock-based compensation in accordance with ASC 718, "Compensation-Stock Compensation" ("ASC 718"). ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The Company estimates the fair value of stock options granted using the Black-Scholes-Merton option-pricing model. The Company accounts for employee's share-based payment awards classified as equity awards (restricted stock ("RS") or restricted stock units ("RSUs")) using the grant-date fair value method. The fair value of share-based payment transactions is recognized as an expense over the requisite service period, net of estimated forfeitures. The Company estimates forfeitures based on historical experience and anticipated future conditions. The Company recognized compensation cost for an award with service conditions and goals achievement that has a graded vesting schedule using the accelerated method based on the multiple-option award approach.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The assumptions below are relevant to RS and RSUs granted in 2020, 2019 and 2018:

In accordance with ASC 718, RS and RSUs are measured at their fair value. All RS and RSUs to employees and directors granted in 2020, 2019 and 2018, were granted for no consideration; therefore, their fair value was equal to the share price at the date of grant.

The fair value of all RS and RSUs was determined based on the close trading price of the Company's shares known at the grant date. The weighted average grant date fair value of shares granted during 2020, 2019 and 2018, was $3.65, $8.70 and $14.00 per share, respectively.

During fiscal years 2020, 2019 and 2018, there were no options granted to employees or directors.

m. Research and Development expenses and royalty bearing grants

Research and development expenses, net of participations grants, are charged to the statement of operations as incurred. Pluristem receives grants from the Israel Innovation Authority ("IIA") in the Ministry of Economy and Industry for the purpose of partially funding approved research and development projects. The grants are not to be repaid, but instead Pluristem is obliged to pay royalties as a percentage of future sales if and when sales from the funded projects are generated. These grants are recognized as a deduction from research and development costs at the time the Company is entitled to such grants on the basis of the research and development costs incurred. Since the payment of royalties is not probable when the grants are received, the Company records a liability in the amount of the estimated royalties for each individual contract, when the related revenues are recognized, as part of Cost of revenues. For more information regarding such royalties commitments and regarding grants and participation received, see Note 8.

n. Non-royalty bearing grant

The Company participates in European Union research and development consortiums under Horizon 2020. In August 2016, the CLI program consortium was awarded a Euro 7,600 thousands (approximately $8,500) non-royalty bearing grant, of which, an amount of Euro 1,900 thousands (approximately $2,100) is a direct grant allocated to the Company. In July 2017, the consortium amended the consortium agreement, pursuant to which the original grant allocation was amended such that the Company received an additional direct grant of Euro 1,000 thousands (approximately $1,100). The additional direct grant was allocated to the Company from the total amount of the original grant. In September 2017, the Company's Phase III study of PLX-PAD cell therapy in the treatment of muscle injury following surgery for hip fracture was awarded a Euro 7,400 thousands (approximately $8,300) grant, of which, an amount of Euro 2,550 thousands (approximately $2,900) is a direct grant allocated to the Company. In October 2017, the "nTRACK", a collaborative project carried out by an international consortium led by LEITAT, was awarded a Euro 6,800 thousands (approximately $7,600) non-royalty bearing grant, of which, an amount of Euro 500 thousands (approximately $560) is a direct grant allocated to the Company.

In May 2020, the Company was selected as a member of the CRISPR-IL consortium, a group funded by the IIA. CRISPR-IL brings together the leading experts in life science and computer science from academia, medicine, and industry, to develop artificial intelligence (AI) based end-to-end genome-editing solutions. CRISPR-IL is funded by the IIA with a total budget of approximately $10,000, of which, an amount of approximately $480 is a direct grant allocated to the Company, for a period of 18 months, with a potential for extension of an additional 18 months and additional budget from the IIA.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The non-royalty bearing grants for funding the projects are recognized at the time the Company is entitled to each such grant on the basis of the related costs incurred and recorded as a deduction from research and development expenses.

o. Loss per share

Basic and diluted net loss per share is computed based on the weighted average number of shares of common stock outstanding during each year. All outstanding stock options and unvested RSUs have been excluded from the calculation of the diluted loss per common share because all such securities are anti-dilutive for each of the periods presented. The total weighted average number of shares related to the outstanding options, warrants and RSU's excluded from the calculations of diluted net earnings per share due to their anti-dilutive effect was 3,708,807, 4,942,491 and 1,900,905 for the years ended June 30, 2020, 2019 and 2018, respectively.

p. Income taxes

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes" ("ASC 740"). This Topic prescribes the use of the liability method, whereby deferred tax assets and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value. ASC 740 establishes a single model to address accounting for uncertain tax positions. ASC 740 clarified the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

q. Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, restricted cash, short-term deposits, long-term deposits and restricted deposits.

The majority of the Company's cash and cash equivalents, restricted cash and short-term and long-term deposits are mainly invested in dollar instruments of major banks in Israel and in the United States. Deposits in the United States may be in excess of insured limits and are not insured in other jurisdictions. Generally, these deposits may be redeemed upon demand and therefore bear minimal risk. The Company invests its surplus cash in cash deposits in financial institutions and has established guidelines, approved by the Company's Investment Committee, relating to diversification and maturities to maintain safety and liquidity of the investments. The Company utilizes options and forward contracts to protect against the risk of overall changes in exchange rates. The derivative instruments hedge a portion of the Company's non-dollar currency exposure. Counterparties to the Company's derivative instruments are all major financial institutions.

r. Severance pay

A majority of the Company's agreements with employees in Israel are subject to Section 14 of the Israeli Severance Pay Law, 1963 ("Severance Pay Law"). The Company's contributions for severance pay have replaced its severance obligation. Upon contribution of the full amount of the employee's monthly salary for each year of employment, no additional calculations are conducted between the parties regarding the matter of severance pay and no additional payments are made by the Company to the employee. Further, the related obligation and amounts deposited on behalf of the employee for such obligation are not stated on the balance sheet, as the Company is legally released from the obligation to employees once the deposit amounts have been paid.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

For some employees, which their agreement is not subject to Section 14 of the Severance Pay Law, the Subsidiary's liability for severance pay is calculated pursuant to Israeli Severance Pay Law, based on the most recent salary of the employees multiplied by the number of years of employment, as of the balance sheet date. Employees are entitled to one month's salary for each year of employment or a portion thereof. The Company's liability for all of its employees is fully provided by monthly deposits with insurance policies and by an accrual. The value of these policies is recorded as an asset in the Company's balance sheet. The deposited funds include profits or losses accumulated up to the balance sheet date. The deposited funds may be withdrawn only upon the fulfillment of the obligation pursuant to the Severance Pay Law or labor agreements. The value of the deposited funds is based on the cash surrendered value of these policies, and includes immaterial profits or losses.

Severance expenses for the years ended June 30, 2020, 2019 and 2018 were $604, $632 and $822, respectively.

s. Fair value of financial instruments

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, restricted cash, short-term and restricted bank deposits, accounts receivable and other current assets, trade payable and other accounts payable and accrued liabilities, approximate fair value because of their generally short term maturities.

The Company measures its investments in marketable securities and derivative instruments at fair value under ASC 820. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - Inputs other than Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Unobservable inputs for the asset or liability.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company categorized each of its fair value measurements in one of these three levels of hierarchy (see Note 4).

t. Derivative financial instruments

The Company accounts for derivatives and hedging based on ASC 815, "Derivatives and hedging", as amended and related interpretations. ASC 815 requires the Company to recognize all derivatives on the balance sheet at fair value. If a derivative meets the definition of a hedge and is so designated, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings (for fair value hedge transactions) or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings (for cash flow hedge transactions).

If a derivative does not meet the definition of a hedge, the changes in the fair value are included in earnings. Cash flows related to such hedges are classified as operating activities. The Company enters into option contracts in order to limit the exposure to exchange rate fluctuation associated with expenses mainly incurred in New Israeli Shekels ("NIS"). Since the derivative instruments that the Company holds do not meet the definition of hedging instruments under ASC 815, any gain or loss derived from such instruments is recognized immediately as "financial income, net".

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The Company measured the fair value of the contracts in accordance with ASC 820. Foreign currency derivative contracts are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments. As of June 30, 2020, the fair value of the options contracts was approximately $67 and is presented in "other current assets" (see Note 4). The net gains (losses) recognized in "Financial income, net" during the years ended June 30, 2020, 2019 and 2018, were $13, $(105) and $(264), respectively.

u. Comprehensive loss:

The Company accounts for comprehensive income (loss) in accordance with ASC 220, "Comprehensive Income". Comprehensive income generally represents all changes in stockholders' equity during the period except those resulting from investments by, or distributions to, stockholders'. The Company determined that its items of other comprehensive income (loss) relate to unrealized gains and losses on available for sale marketable securities.

v. Reclassifications:

Certain financial statement data for prior years have been reclassified to conform to current year financial statement presentation.

w. Recently Adopted Accounting Pronouncement

Accounting Standards Update ("ASU") No. 2016-02 - "Leases" ("Topic 842") and ASU No. 2018-11, "Targeted Improvements - Leases" (Topic 842):

In February 2016 and July 2018, the Financial Accounting Standards Board ("FASB") issued guidance on the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether a lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for in a manner similar to the accounting treatment requirements under existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. Topic 842 supersedes the previous leases standard, ASC 840, "Leases". The guidance is effective for annual periods beginning on or after December 15, 2018, or July 1, 2019 for the Company, and interim periods within those fiscal years with early adoption permitted. The provisions of ASU 2016-02 are to be applied using a modified retrospective approach.

The Company adopted the new standard as of July 1, 2019, using the modified retrospective approach. Consequently, prior period balances and disclosures have not been restated. The Company has elected to utilize the available package of practical expedients permitted under the transition guidance within the new standard which does not require it to reassess the prior conclusions about lease identification, lease classification and initial direct costs. The adoption of Topic 842 resulted in the elimination of deferred participation payments of $240 and $381 in current and long-term liabilities in the Company's consolidated balance sheets, respectively. Additionally, the Company included in its balance sheet, at adoption, operating right-of-use assets, short-term operating lease liabilities and long-term operating lease liabilities of $1,631, $964 and $1,261, respectively. The standard had no material impact on the Company's net loss or its cash flows. For additional information regarding the Company's accounting for leases, please refer to Note 7.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ASU No. 2018-07 - "Compensation—Stock Compensation" (Topic 718) ("ASU No. 2018-07"):

In June 2018, the FASB issued ASU No. 2018-07. The ASU expands the scope of ASU No. 2018-07 to include share-based payment transactions for acquiring goods and services from nonemployees. An entity should apply ASU No. 2018-07 to nonemployee awards except with respect to option pricing models and the attribution of cost (that is, the period of time over which share-based payment awards vest and the pattern of cost recognition over that period). The amendments specify that ASU No. 2018-07 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. ASU No. 2018-07 is effective for fiscal years beginning after December 15, 2018, or July 1, 2019 for the Company, and interim periods within those fiscal years with early adoption permitted. The Company adopted the new standard as of July 1, 2019, and the new standard had no material impact on its consolidated financial statements.

ASU No. 2017-12 - "Derivatives and Hedging - Targeted Improvements to Accounting for Hedging Activities" ("ASU No. 2017-12"):

In August 2017, the FASB issued ASU No. 2017-12, which is intended to simplify and amend the application of hedge accounting to more clearly portray the economics of an entity's risk management strategies in its financial statements. The ASU will make more financial and nonfinancial hedging strategies eligible for hedge accounting, reduce complexity in fair value hedges of interest rate risk and ease certain documentation and assessment requirements of hedge effectiveness. It also changes how companies assess effectiveness of the hedge and amends the presentation and disclosure requirements relating to hedging activities.

ASU 2017-12 is effective for fiscal years beginning after December 15, 2018, or July 1, 2019, for the Company. The Company adopted the new standard as of July 1, 2019 and the standard had no impact on the Company's consolidated financial statements.

x. Recently Issued Accounting Pronouncements

ASU No. 2018-18 - "Collaborative Arrangements (Topic 808) - Clarifying the Interaction between Topic 808 and Topic 606" ("ASU No. 2018-18"):

In November 2018, the FASB issued ASU No. 2018-18, which clarifies the interaction between Topic 808 and Topic 606 by (1) clarifying that certain transactions between collaborative arrangement participants should be accounted for under Topic 606, (2) adding unit-of-account guidance in Topic 808 to align with the guidance in Topic 606, and (3) clarifying presentation guidance for transactions with a collaborative arrangement participant that are not accounted for under Topic 606. ASU 2018-18 is effective for fiscal years beginning after December 15, 2019, or July 1, 2020 for the Company. The Company is currently evaluating the impact of adopting the ASU on its consolidated financial statements.

ASU No. 2016-13 -, "Financial Instruments - Credit Losses (Topic 326)

In September 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). ASU 2016-13 changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans, and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowances for losses. The guidance also requires increased disclosures.

U.S. Dollars in thousands (except share and per share amounts)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

For the Company, the amendments in the update were originally effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently evaluating the impact of adopting the ASU on its consolidated financial statements.

ASU No. 2019-10 -, "Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)

In November 2019, the FASB issued ASU No. 2019-10 which delayed the effective date of ASU 2016-13 for smaller reporting companies (as defined by the U.S. Securities and Exchange Commission (the "SEC")) and other non-SEC reporting entities to fiscal years beginning after December 15, 2022, or July 1, 2023 for the Company, including interim periods within those fiscal periods. Early adoption is permitted. The Company is currently evaluating the impact of adopting the ASU on its consolidated financial statements.

NOTE 3:- MARKETABLE SECURITIES

The Company has invested in highly-rated securities. When evaluating the investments for other-than-temporary impairment, the Company has reviewed factors such as the length of time and extent to which fair value has been below cost basis, the financial condition of the issuer and any changes thereto, and the Company's intent to sell, or whether it is more likely than not it will be required to sell the investment before recovery of the investment's amortized cost basis.

The Company recognized other-than-temporary impairment loss on outstanding securities during the year ended June 30, 2018 of $850. The Company did not recognize any other-than-temporary impairment loss on outstanding securities during the year ended June 30, 2020 and 2019.

During the year ended June 30, 2018, the Company sold marketable securities for aggregate net proceeds (including redemptions) of approximately $21,890, representing a net gain of $8,440. The proceeds from the sale of such marketable securities are included in "Financial income, net", for the year ended June 30, 2018.

NOTE 4:- OTHER CURRENT ASSETS

	June 30,	
	2020	2019
Accounts receivable from the Horizon 2020 grants	$ 1,071	$ 991
Prepaid expenses	445	532
Accounts receivable from the IIA	142	179
Value Added Tax (VAT) receivables	336	125
Accounts receivable from the Ministry of Economy and Industry	35	73
Derivatives not designated as hedge instruments	67	21
Other receivables	26	53
Total	$ 2,122	$ 1,974

U.S. Dollars in thousands (except share and per share amounts)

NOTE 5:- PROPERTY AND EQUIPMENT, NET

	June 30,	
	2020	2019
Cost:		
Laboratory equipment	$ 6,514	$ 6,435
Computers and peripheral equipment	1,322	1,274
Office furniture and equipment	681	681
Leasehold improvements	8,661	8,614
Total Cost	17,178	17,004
Accumulated depreciation:		
Laboratory equipment	5,955	5,634
Computers and peripheral equipment	1,221	1,147
Office furniture and equipment	646	600
Leasehold improvements	6,840	5,785
Total accumulated depreciation	14,662	13,166
Property and equipment, net	$ 2,516	$ 3,838

Depreciation expenses amounted to $1,570, $1,962 and $2,018, for the years ended June 30, 2020, 2019 and 2018, respectively.

During the fiscal years ended June 30, 2020 and 2019, the Company recorded a reduction of $ 74 and $9, respectively, to the cost accumulated depreciation of fully depreciated equipment no longer in use.

NOTE 6:- OTHER ACCOUNTS PAYABLE

	June 30,	
	2020	2019
Accrued vacation	928	974
Deferred income from the nTRACK Horizon 2020 grant	126	-
Accrued payroll	489	486
Payroll institutions	438	433
Other payables	-	240
Total	$ 1,981	$ 2,133

U.S. Dollars in thousands (except share and per share amounts)

NOTE 7:- LEASES

The right-of-use asset and lease liability are initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate based on the information available at the date of adoption in determining the present value of the lease payments. The Company's incremental borrowing rate is estimated to approximate the interest rate on similar terms and payments and in economic environments where the leased asset is located.

The Company has various operating leases for office space and vehicles that expire through 2023. Below is a summary of our operating right-of-use assets and operating lease liabilities as of June 30, 2020:

	June 30, 2020
Operating right-of-use assets	$ 1,259
Operating lease liabilities, current	1,020
Operating lease liabilities long-term	565
Total operating lease liabilities	$ 1,585

The operating lease right-of-use assets are presented in long term assets net after elimination of deferred participation payments from Matam High-Tech and Business Park of $240 and $381 in current and long-term liabilities in the Company's consolidated balance sheets, respectively.

Minimum lease payments for the Company's right-of-use ("ROU") assets over the remaining lease periods as of June 30, 2020 are as follows:

	June 30, 2020
2021	1,123
2022	563
2023	20
Total undiscounted lease payments	$ 1,706
Less: Interest	121
Present value of lease liabilities	$ 1,585

The components of lease expense and supplemental cash flow information related to leases for the year ended June 30, 2020 were as follows:

	Year ended June 30, 2020
Components of lease expense	
Operating lease cost	$ 1,167
Sublease income	$ 51
Supplemental cash flow information	
Cash paid for amounts included in the measurement of lease liabilities	$ 1,152
Supplemental non-cash information related to lease liabilities arising from obtaining ROU assets	$ 83

NOTE 7:- LEASES (CONT.)

As of June 30, 2020, the weighted average remaining lease term is 1.7 years, and the weighted average discount rate is 10 percent. The discount rate was determined based on the estimated collateralized borrowing rate of the Company, adjusted to the specific lease term and location of each lease.

As of June 30, 2020, the aggregate minimum lease commitments under the active operating lease agreements are $ 1,706.

As of June 30, 2019, the aggregate minimum lease commitments under the active operating lease agreements are $2,641.

NOTE 8:- COMMITMENTS AND CONTINGENCIES

a. An amount of $555 of cash and deposits was pledged by the Subsidiary to secure certain derivatives and hedging transactions, a credit line and bank guarantees as of June 30, 2020.

b. Under the Law for the Encouragement of Industrial Research and Development, 1984, (the "Research Law"), research and development programs that meet specified criteria and are approved by the IIA are eligible for grants of up to 50% of the project's expenditures, as determined by the research committee, in exchange for the payment of royalties from the sale of products developed under the program. Regulations under the Research Law generally provide for the payment of royalties to the IIA of 3% on sales of products and services derived from a technology developed using these grants until 100% of the dollar-linked grant is repaid. The Company's obligation to pay these royalties is contingent on its actual sale of such products and services. In the absence of such sales, no payment is required. Outstanding balance of the grants will be subject to interest at a rate equal to the 12 month LIBOR applicable to dollar deposits that is published on the first business day of each calendar year. Following the full repayment of the grant, there is no further liability for royalties.

Through June 30, 2020, total grants obtained aggregated to approximately $27,685 and total royalties paid and accrued amounted to $169. As of June 30, 2020, the Company's liability in respect to royalties to the IIA amounted to $27,516, not including LIBOR interest as described above.

c. The Company has been awarded a marketing grant under the "Smart Money" program of the Israeli Ministry of Economy and Industry. The program's aim is to assist companies to extend their activities in international markets. The goal market that was chosen was Japan. The Israeli government granted the Company budget resources that are intended to be used to advance the Company's product candidate towards marketing in Japan and for regulatory activities there. As part of the program, the Company will repay royalties of 5% from the Company's income in Japan during five years, starting the year in which the Company will not be entitled to reimbursement of expenses under the program and will be spread for a period of up to 5 years or until the amount of the grant is fully paid.

As of June 30, 2020, total grants obtained under this Smart Money program amounted to approximately $112. As of June 30, 2020, the Company's contingent liability with respect to royalties for this "Smart Money" program was $112 and no royalties were paid or accrued.

NOTE 8:- COMMITMENTS AND CONTINGENCIES (CONT.)

d. The Company was awarded an additional Smart Money grant of approximately $229 from Israel's Ministry of Economy and Industry to facilitate certain marketing and business development activities with respect to its advanced cell therapy products in the Chinese market, including Hong Kong. The Israeli government granted the Company budget resources that are intended to be used to advance the Company's product candidate towards marketing in the China-Hong Kong markets. The Company will also receive close support from Israel's trade representatives stationed in China, including Hong Kong, along with experts appointed by the Smart Money program. As part of the program, the Company will repay royalties of 5% from the Company's revenues in the region for a five year period, beginning the year in which the Company will not be entitled to reimbursement of expenses under the program and will be spread for a period of up to 5 years or until the amount of the grant is fully paid.

As of June 30, 2020, the aggregate amount of grant obtained from this Smart Money program was approximately $129. As of June 30, 2020, the Company's contingent liability with respect to royalties for this "Smart Money" program is $129 and no royalties were paid or accrued.

e. In September 2017, the Company signed an agreement with the Tel-Aviv Sourasky Medical Center (Ichilov Hospital) to conduct a Phase I/II trial of PLX-PAD cell therapy for the treatment of Steroid-Refractory Chronic Graft-Versus-Host-Disease ("cGVHD").

As part of the agreement with the Tel-Aviv Sourasky Medical Center (Ichilov Hospital), the Company will pay royalties of 1% from its net sales of the PLX-PAD product relating to cGVHD, with a maximum aggregate royalty amount of approximately $250.

f. In July 2018, the Company was awarded a marketing grant of approximately $52 under the "Shalav" program of the Israeli Ministry of Economy and Industry. The grant is intended to facilitate certain marketing and business development activities with respect to the Company's advanced cell therapy products in the U.S. market. As part of the program, the Company will repay royalties of 3%, but only with respect to the Company's revenues in the U.S. market in excess of $250 of its revenues in fiscal year 2018, upon the earlier of the five year period beginning the year in which the Company will not be entitled to reimbursement of expenses under the program and/or until the amount of the grant, which is linked to the Consumer Price Index, is fully paid.

As of June 30, 2020, total grants obtained under the "Shalav" program amounted to approximately $49. As of June 30, 2020, the Company's contingent liability with respect to royalties for the "Shalav" program was $49 and no royalties were paid or accrued.

NOTE 9:- STOCKHOLDERS' EQUITY

The Company's authorized common stock consists of 60,000,000 shares with a par value of $0.00001 per share. All shares have equal voting rights and are entitled to one vote per share in all matters to be voted upon by stockholders. The shares have no pre-emptive, subscription, conversion or redemption rights and may be issued only as fully paid and non-assessable shares. Holders of the common stock are entitled to equal ratable rights to dividends and distributions with respect to the common stock, as may be declared by the Board of Directors out of funds legally available. The Company's authorized preferred stock consists of 1,000,000 shares of preferred stock, par value $0.00001 per share, with series, rights, preferences, privileges and restrictions as may be designated from time to time by the Company's Board of Directors. No shares of preferred stock have been issued.

a. Reverse stock split:
In July 2019, the Board of Directors approved a 1-for-10 reverse stock split of the Company's (a) authorized shares of common stock; (b) issued and outstanding shares of common stock and (c) authorized shares of preferred stock. The reverse split became effective on July 25, 2019. The reverse stock split will not have any effect on the stated par value of the common stock. All shares of common stock, options, warrants and securities convertible or exercisable into shares of common stock, as well as loss per share, have been adjusted to give retroactive effect to this reverse stock split for all periods presented.

b. In the year ended June 30, 2018, a total of 828,703 warrants from a January 2017 offering were exercised by investors at an exercise price of $14.00 per share, resulting in the issuance of 82,871 shares of common stock for net proceeds of approximately $1,160.

c. In July 2017, pursuant to a shelf registration statement on Form S-3, declared effective by the SEC on June 23, 2017, the Company entered into an At Market Issuance Sales Agreement (the "ATM Agreement") with FBR Capital Markets & Co., MLV & Co. LLC and Oppenheimer & Co. Inc. (collectively, the "Agents"), which provides that, upon the terms and subject to the conditions and limitations in the ATM Agreement, the Company may elect, from time to time, to offer and sell shares of common stock having an aggregate offering price of up to $80,000 through the Agents acting as sales agent. During the year ended June 30, 2018, the Company sold 359,941 shares of common stock under the ATM Agreement at an average price of $14.30 per share for aggregate proceeds of approximately $4,985, net of issuance expenses of $174. During the year ended June 30, 2019, the Company sold 170,600 shares of common stock under the ATM Agreement at an average price of $12.30 per share for aggregate proceeds of approximately $1,952, net of issuance expenses of $148.

On February 4, 2019, the Company notified the Agents of the termination of the ATM Agreement.

d. On October 31, 2017, the Company completed a public offering in Israel, pursuant to the Company's existing shelf registration statement on Form S-3 in the United States and a shelf registration statement filed in Israel, pursuant to which the Company raised aggregate gross proceeds of $15,051 through the sale of 900,000 shares of the Company's common stock at a purchase price of NIS 59 (approximately $16.70) per share. The net proceeds, after deducting fees and expenses related to the offering, were approximately $13,646.

NOTE 9:- STOCKHOLDERS' EQUITY (CONT.)

e. Pursuant to a shelf registration on Form S-3 declared effective by the SEC on June 23, 2017, on February 6, 2019, the Company entered into the Open Market Sale Agreement℠ (the "Sales Agreement") with Jefferies LLC ("Jefferies") which provides that, upon the terms and subject to the conditions and limitations in the sales agreement, the Company may elect, from time to time, to offer and sell shares of common stock having an aggregate offering price of up to $50,000 through Jefferies acting as sales agent. During the year ended June 30, 2019, the Company sold 236,800 shares of common stock under the Sales Agreement at an average price of $9.70 per share for aggregate net proceeds of approximately $2,051, net of issuance expenses of $255.
During the year ended June 30, 2020, the Company sold 8,060,950 shares of common stock under the Sales Agreement at an average price of $5.81 per share for aggregate net proceeds of approximately $43,262, net of issuance expenses of $3,573.

On June 30, 2020, the shelf registration statement on Form S-3 declared effective by the SEC on June 23, 2017expired , and as a result thereof, the Sales Agreement was terminated.

f. On April 8, 2019, the Company sold, pursuant to an underwriting agreement relating to a firm commitment public offering (the "Public Offering"), an aggregate of 2,857,143 shares of common stock and warrants to purchase 2,857,143 shares of common stock, inclusive of the underwriter's over-allotment option which was exercised in full, for aggregate gross proceeds of $20,000.

The warrants issued in the Public Offering are exercisable for a period of five years from issuance and have an exercise price of $7.00 per share. In addition, on April 8, 2019, the Company sold, pursuant to a subscription agreement with a certain investor in a registered direct offering (the "Registered Direct Offering"), 142,857 shares of common stock, for aggregate gross proceeds of $1,000. The net proceeds from the Public Offering and the Registered Direct Offering, after deducting underwriting commissions and discounts and other expenses related to the offerings, were $19,464.

As of June 30, 2020, 2,470,465 warrants to purchase share of our common stock are outstanding.

g. In the year ended June 30, 2020, a total of 386,678 warrants to purchase shares from the April 2019 offering were exercised by investors at an exercise price of $7.00 per share, resulting in the issuance of 386,678 shares of common stock for net proceeds of approximately $2,707.

h. On May 5, 2020, the Company entered into a securities purchase agreement with two institutional investors (the "Investors") pursuant to which the Company sold, in a registered public offering directly to the Investors, 1,587,302 shares of common stock for net proceeds of approximately $14,901.

i. Stock options, RS and RSUs to employees, directors and consultants:

The Company adopted, after receiving stockholder approval, the 2005 Stock Option Plan in 2005 (the "2005 Plan"). Under the 2005 Plan, stock options, RS and RSUs were granted to the Company's officers, directors, employees and consultants. The 2005 Plan expired on December 31, 2018. The Company adopted, after receiving stockholder approval, the 2016 Equity Incentive Plan in 2016 (the "2016 Plan"). Under the 2016 Plan, stock options, RS and RSUs may be granted to the Company's officers, directors, employees and consultants or the officers, directors, employees and consultants of our Subsidiaries. In addition, at the Company's annual meeting of its stockholders, held on June 13, 2019, the Company's stockholders approved the 2019 Equity Compensation Plan (the "2019 Plan").

U.S. Dollars in thousands (except share and per share amounts)

NOTE 9:- STOCKHOLDERS' EQUITY (CONT.)

Under the 2019 Plan, stock options, RS and RSUs may be granted to the Company's officers, directors, employees and consultants or the officers, directors, employees and consultants of the Subsidiary.

As of June 30, 2020, the number of shares of common stock authorized for issuance under the 2016 Plan amounted to 595,694 for calendar year 2020, of which 584,144 are available for future grant during calendar year 2020 under the 2016 Plan. As of June 30, 2020, the number of shares of common stock authorized for issuance under the 2019 Plan amounted to 4,672,243, all of which are available for future grant under the 2019 Plan.

(2) Options to non-employees:

A summary of the stock options to non-employee consultants under the 2005 Plan and 2016 Plan is as follows:

	Year ended June 30, 2020			
	Number	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (in years)	Aggregate Intrinsic Value Price
Stock options outstanding at beginning of period	89,580	$ -		
Stock options granted	1,050	$ -		
Stock options exercised	(15,884)	$ -		
Stock options forfeited	(19,875)	$ -		
Stock options outstanding at end of the period	54,871	$ -	7.89	$ 485
Stock options exercisable at the end of the period	48,621	$ -	7.81	$ 430
Stock options vested and expected to vest at the end of the period	54,871	$ -	7.89	$ 485

Compensation expenses related to stock options granted to consultants were recorded as follows:

	Year ended June 30,		
	2020	2019	2018
Research and development expenses	$ (35)	$ 117	$ 107
General and administrative expenses	64	167	61
	$ 29	$ 284	$ 168

U.S. Dollars in thousands (except share and per share amounts)

NOTE 9:- STOCKHOLDERS' EQUITY (CONT.)

(3) RS and RSUs to employees and directors:

The following table summarizes the activity related to unvested RS and RSUs granted to employees and directors under the 2005 Plan and 2016 Plan for the year ended June 30, 2020:

	Number
Unvested at the beginning of period	795,633
Granted	19,500
Forfeited	(101,256)
Vested	(298,683)
Unvested at the end of the period	415,194
Expected to vest after June 30, 2020	402,491

Compensation expenses related to RS and RSUs granted to employees and directors were recorded as follows:

	Year ended June 30,		
	2020	2019	2018
Research and development expenses	$ 578	$ 1,401	$ 1,273
General and administrative expenses	1,786	3,003	4,577
	$ 2,364	$ 4,404	$ 5,850

Unamortized compensation expenses related to RS and RSUs granted to employees and directors to be recognized over an average time of approximately 2.75 years are approximately $1,194.

(4) RS and RSUs to consultants:

The following table summarizes the activity related to unvested RS and RSUs granted to consultants for the year ended June 30, 2020:

	Number
Unvested at the beginning of period	30,107
Granted	42,000
Forfeited	(6,785)
Vested	(59,072)
Unvested at the end of the period	6,250

U.S. Dollars in thousands (except share and per share amounts)

NOTE 9:- STOCKHOLDERS' EQUITY (CONT.)

Compensation expenses related to RS and RSUs granted to consultants were recorded as follows:

	Year ended June 30,		
	2020	2019	2018
Research and development expenses	$ 14	$ 48	$ 43
General and administrative expenses	155	410	487
	$ 169	$ 458	$ 530

j. Summary of warrants and options:

Warrants / Options	Exercise Price per Share	Options and Warrants for Common Stock	Options and Warrants Exercisable for Common Stock	Weighted Average Remaining Contractual Terms (in years)
Warrants:	$ 7.00	2,470,465	2,470,465	3.77
	$ 14.00	762,028	762,028	2.06
Total warrants		**3,232,493**	**3,232,493**	
Options:	$ 0.00	54,870	48,621	7.62
Total options		**54,870**	**48,621**	
Total warrants and options		**3,287,363**	**3,281,114**	

This summary does not include 421,444 RS and RSUs that are not vested as of June 30, 2020.

NOTE 10:- OTHER INCOME

In December 2017, the Subsidiary was awarded approximately $43 (NIS 150 thousand) by the Israeli Ministry of Labor, Social Affairs and Social Services related to its "Equal Employment" program which aims to reward and honor Israeli employers who demonstrate and promote gender equality in employment.

U.S. Dollars in thousands (except share and per share amounts)

NOTE 11:- FINANCIAL INCOME, NET

	Year ended June 30,		
	2020	2019	2018
Foreign currency translation differences, net	$ 155	$ (26)	$ 52
Bank and broker commissions	(32)	(27)	(62)
Interest income on deposits	384	385	276
Interest expenses due to implementation of new accounting standards “Leases” (Topic 842)	(196)	-	-
Gain related to marketable securities, net	-	-	8,478
Other than temporary impairment loss	-	-	(850)
Gain (loss) from derivatives and fair value hedge derivatives	13	(105)	(264)
Other financial expense	-	(2)	(25)
	$ 324	$ 225	$ 7,605

NOTE 12:- TAXES ON INCOME

A. Tax rates applicable to the Company:

1. Pluristem Therapeutics:

The U.S. federal tax rate applicable to Pluristem Therapeutics is the corporate federal tax rate of 21%, which is the result of the Tax Cuts and Jobs Act of 2017 (the “Tax Act”). Such corporate tax rate excludes state tax and local tax, if any, which rates depend on the state and city in which Pluristem Therapeutics conducts its business.

On December 22, 2017, the Tax Act was signed into law in the United States, lowering the corporate federal income tax rate from 35% to 21%, effective January 1, 2018.

The Tax Act provided for a one-time transition tax on certain foreign earnings for the tax year 2017, and taxation of Global Intangible Low-Taxed Income (“GILTI”) earned by foreign subsidiaries beginning after December 31, 2017. The GILTI tax imposes a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The Tax Act also makes certain changes to the depreciation rules and implements new limits on the deductibility of certain executive compensation paid by Pluristem Therapeutics. Finally, while the Tax Act removes the 20 year limitation on net operating losses generated after December 31, 2017, all losses generated after December 31, 2017 can only be used to offset 80% of net income in the year they will be utilized.

NOTE 12:- TAXES ON INCOME (CONT.)

This re-measurement was fully offset by a valuation allowance, resulting in no impact to the Company's income tax expense for the fiscal year ended June 30, 2020. As a result, the Company's financial results reflect in the income tax effects of the Tax Act, for which the accounting under ASC 740 is complete.

There was no one-time transition tax for the Company under the Tax Act, nor will there be GILTI tax due for the current year, since the Subsidiary had losses for every year to date.

In January 2018, Pluristem Therapeutics registered as an Israeli resident with the Israel Tax Authority (the "ITA") and the Israeli Value Added Tax Authorities. As a result, as of such date, Pluristem Therapeutics is classified as a dual resident for tax purposes, as a resident in both Israel and the United States.

In June 2018, Pluristem Therapeutics and the Subsidiary submitted an election notice to the ITA to file a consolidated tax return in Israel commencing with the 2018 tax year.

2. The Subsidiary:

Taxable income of Israeli companies is subject to tax at the rate of 23% in 2020, 2019 and 2018.

The Subsidiary is filing its tax reports in dollars based on specific regulations of the ITA which allow, in specific circumstances, filing tax reports in dollars ("Dollar Regulations"). Under the Dollar Regulations, the Subsidiary calculates its tax liability in dollars according to certain orders. The tax liability, as calculated in dollars, is translated into NIS according to the exchange rate as of June 30 of each year.

The Subsidiary has not received final tax assessments since its incorporation, however the assessments of the Subsidiary are deemed final through 2014.

The Law for the Encouragement of Capital Investments, 1959 (the "Law"):

The Subsidiary has programs which meet the criteria of a "Beneficiary Enterprise", in accordance with the Law, under the Alternative Benefit Track starting with 2007 as the election year (the "2007 Program") and 2012 as an election year to the expansion of its "Beneficiary Enterprise" program (the "2012 Program").

Under the 2012 Program, the Subsidiary, which was located in the "Other National Priority Zone" with respect to the year 2012, would be tax exempt in the first two years of the benefit period and subject to tax at the reduced rate of 10%-25% for a period of five to eight years for the remaining benefit period (dependent on the level of foreign investments).

In respect of expansion programs pursuant to Amendment No. 60 to the Law, the duration of the benefit period has been amended, such that it starts at the later of the election year and the first year the Company earns taxable income provided that 12 years have not passed since the beginning of the election year and for companies in National Priority Zone A - 14 years have not passed since the beginning of the election year.

NOTE 12:- TAXES ON INCOME (CONT.)

The benefit period for the Subsidiary's 2007 Program expired in 2018 (12 years since the beginning of the election year– 2007) and the benefit period for the Subsidiary's 2012 Program is expected to expire in 2023 (12 years since the beginning of the election year - 2012).

If a dividend is distributed out of tax exempt profits, as detailed above, the Subsidiary will become liable for taxes at the rate applicable to its profits from the Beneficiary Enterprise in the year in which the income was earned (tax at the rate of 10-25%, dependent on the level of foreign investments) and to a withholding tax rate of 15% (or lower, under an applicable tax treaty).

Accelerated depreciation:

The Subsidiary is eligible for deduction of accelerated depreciation on buildings, machinery and equipment used by the "Beneficiary Enterprise" at a rate of 200% (or 400% for buildings but not more than 20% depreciation per year) from the first year of the assets operation.

Conditions for the entitlement to the benefits:

The above mentioned benefits are conditional upon the fulfillment of the conditions stipulated by the Law, regulations promulgated thereunder, and the Ruling with respect to the beneficiary enterprise. Non-compliance with the conditions may cancel all or part of the benefits and refund of the amount of the benefits, including interest. The management believes that the Subsidiary is meeting the aforementioned conditions.

Amendments to the Law:

In December 2010, the "Knesset" (Israeli Parliament) passed the Law for Economic Policy for 2011 and 2012 (Amended Legislation), 2011, which prescribes, among others, amendments in the Law ("Amendment No. 68"). Amendment No. 68 became effective as of January 1, 2011. According to Amendment No. 68, the benefit tracks in the Law were modified and a flat tax rate became applicable to a company for all preferred income under its status as a preferred company with a preferred enterprise.

On August 5, 2013, the Knesset issued the Law for Changing National Priorities (Legislative Amendments for Achieving Budget Targets for 2013 and 2014), 2013 which consists of Amendment No. 71 to the Law ("Amendment No. 71"). According to Amendment No. 71, the tax rate on preferred income form a preferred enterprise in 2014 and thereafter will be 16% (in development area A it will be 9%).

Amendment No. 71 also prescribes that any dividends distributed to individuals or foreign residents from the preferred enterprise's earnings as above will be subject to tax at a rate of 20%.

The Subsidiary did not apply Amendment No. 71 with respect to the preferred enterprise status, but may choose to apply Amendment No. 71 in the future.

NOTE 12:- TAXES ON INCOME (CONT.)

Innovation Box Regime "Technological Preferred Enterprise":

In December 2016, the Knesset approved amendments to the Law that introduce an innovation box regime (the "Innovation Box Regime") for intellectual property (IP)-based companies, enhance tax incentives for certain industrial companies and reduce the standard corporate tax rate and certain withholding rates starting in 2017.

The Innovation Box Regime was tailored by the Israeli government to a post-base erosion and profit shifting world, encouraging multinationals to consolidate IP ownership and profits in Israel along with existing Israeli research and development ("R&D") functions. Tax benefits created to achieve this goal include a reduced corporate income tax rate of 6% on IP-based income and on capital gains from future sale of IP.

The 6% rate would apply to qualifying Israeli companies that are part of a group with global consolidated revenue of over NIS 10 billion (approximately $2.9 billion). Other qualifying companies with global consolidated revenue below NIS 10 billion, would be subject to a 12% tax rate. However, if the Israeli company is located in Jerusalem or in certain northern or southern parts of Israel, the tax rate is further reduced to 7.5%. Additionally, withholding tax on dividends for foreign investors would be subject to a reduced rate of 4% for all qualifying companies (unless further reduced by a treaty).

Entering the regime is not conditioned on making additional investments in Israel, and a company could qualify if it invested at least 7% of the last three years' revenue in R&D (or incurred at least NIS 75 million in R&D expenses per year) and met one of the following three conditions:

1. At least 20% of its employees are R&D employees engaged in R&D (or employs, in total, more than 200 R&D employees);
2. Venture capital investments in the aggregate of NIS 8 million were previously made in the company; or
3. Average annual growth over three years of 25% in sales or employees.

Companies not meeting the above conditions may still be considered as a qualified company at the discretion of the IIA. Companies wishing to exit from the regime in the future will not be subject to claw back of tax benefits. The Knesset also approved a stability clause in order to encourage multinationals to invest in Israel. Accordingly, companies will be able to confirm the applicability of tax incentives for a 10-year period under a pre-ruling process. Further, in line with the new Organization for Economic Co-operation and Development Nexus Approach, the Israeli Finance Minister will promulgate regulations to ensure companies are benefiting from the regime to the extent qualifying research and development expenditures are incurred. The regulations were set to be finalized by March 31, 2017, with new amendments to the Law coming into effect after the regulations have been finalized.

Taxable income which is not produced as part of "Preferred Enterprise" income will be taxed at the regular tax rate (23% in 2020).

As of June 30, 2020, the Company's management believes that the Company meets the conditions mentioned above to be considered as a Technological Preferred Enterprise.

NOTE 12:- TAXES ON INCOME (CONT.)

3. Pluristem GmbH:

   The tax rate applicable to the German Subsidiary is the corporate tax rate of 15%, which is derived from the German Corporation Tax Act and Solidarity surcharge of 5.5% from the 15% corporate tax rate. This corporate tax rate excludes trade tax, which rate depends on the municipality in which the German Subsidiary conducts its business. Trade tax is calculated on the basis of the trade income, to which the tax rate of 3.5% is applied. The measured amount is then multiplied by the applicable rate of assessment, the registered office of the German Subsidiary is in Potsdam, and in Potsdam, the applicable rate of assessment is 455%.

B. Carryforward losses for tax purposes

As of June 30, 2020, Pluristem Therapeutics had a U.S. federal net operating loss carryforward for income tax purposes in the amount of approximately $34,836. Net operating loss carryforward arising in taxable years, can be carried forward and offset against taxable income for 20 years and expiring between 2023 and 2038.

Utilization of U.S. net operating losses may be subject to substantial annual limitations due to the "change in ownership" provisions of the Internal Revenue Code of 1986 and similar state provisions. The annual limitation may result in the expiration of net operating losses before utilization.

In January 2018, Pluristem Therapeutics registered as an Israeli resident with the ITA and the Israeli Value Added Tax Authorities. As of June 30, 2020, Pluristem Therapeutics and the Subsidiary consolidated accumulated losses, for tax purposes, are approximately $51,888, which may be carried forward and offset against taxable business income and business capital gain in the future for an indefinite period.

The Subsidiary has accumulated losses, for tax purposes, as of June 30, 2020, in the amount of approximately $129,286, which may be carried forward and offset against taxable business income and business capital gain in the future for an indefinite period.

The German Subsidiary has accumulated losses, for tax purposes, as of June 30, 2020, in the amount of approximately $151, which may be carried forward and offset against taxable business income and business capital gain in the future for an indefinite period.

U.S. Dollars in thousands (except share and per share amounts)

NOTE 12:- TAXES ON INCOME (CONT.)

Deferred income taxes:

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	June 30,	
	2020	2019
Deferred tax assets:		
U.S. net operating loss carryforward	$ 7,316	$ 7,316
Israeli net operating loss and research and development expenses carryforward	35,168	40,866
Consolidated net operating loss carryforward	11,934	-
German subsidiary net operating loss carryforward	48	-
Allowances and reserves	271	283
Total deferred tax assets before valuation allowance	54,737	48,465
Valuation allowance	(54,737)	(48,465)
Net deferred tax asset	$ -	$ -

As of June 30, 2020 and 2019, the Company has provided full valuation allowances in respect of deferred tax assets resulting from tax loss carryforward and other temporary differences, since it has a history of operating losses and current uncertainty concerning its ability to realize these deferred tax assets in the future.

The Company accounts for its income tax uncertainties in accordance with ASC 740 which clarifies the accounting for uncertainties in income taxes recognized in a Company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

As of June 30, 2020 and 2019, there were no unrecognized tax benefits that if recognized would affect the annual effective tax rate.

Reconciliation of the theoretical tax expense (benefit) to the actual tax expense (benefit):
In 2020, 2019 and 2018, the main reconciling item of the statutory tax rate of the Company (21% to 35% in 2020, 2019 and 2018) to the effective tax rate (0%) is tax loss carryforwards, stock-based compensation and other deferred tax assets for which a full valuation allowance was provided.

NOTE 13:- SUBSEQUENT EVENTS

a. Pursuant to a shelf registration on Form S-3 declared effective by the SEC on July 23, 2020, in July 2020 the Company entered into a new Open Market Sale Agreement℠ ("New ATM Agreement") with Jefferies, which provides that, upon the terms and subject to the conditions and limitations in the New ATM Agreement, the Company may elect, from time to time, to offer and sell shares of common stock having an aggregate offering price of up to $75,000 through Jefferies acting as sales agent. As of September 5, 2020, no shares had been sold pursuant to the New ATM Agreement.

b. Subsequent to year-end, warrants to purchase shares of common stock were exercised by investors at an exercise price of $7.00 per share, resulting in the issuance of 35,000 shares of common stock for net proceeds of approximately $245.

c. Subsequent to year-end, the Board of Directors approved (i) a grant of 1,000,000 RSUs to each of Mr. Yanay, and Mr. Aberman of which 500,000 shares vest over a term of 4 years from the date of the grant and 500,000 shares shall vest pursuant to certain performance metrics, (ii) a grant of 100,000 RSUs to Mrs. Franco-Yehuda, which vest over a term of 4 years from the date of grant; and (iii) 20,000 RSUs to each of the Company's non-executive directors, which vest over a term of 4 years from the date of the grant.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation under the supervision of our CEO and Chief Financial Officer, or CFO (our principal executive officer and principal financial officer, respectively), regarding the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2020. Based on the aforementioned evaluation, management has concluded that our disclosure controls and procedures were effective as of June 30, 2020.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorization of our management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting on June 30, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework, or COSO, in *Internal Control—Integrated Framework*. Based on that assessment under those criteria, management has determined that, as of June 30, 2020, our internal control over financial reporting was effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of fiscal year 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

Executive Employment Agreements

Amended and Restated Employment Agreement of Yaky Yanay

On September 10, 2020, the Company entered into an amended and restated employment agreement with Mr. Yanay, our CEO and President, which supersedes his existing employment agreement. Pursuant to the agreement, we have agreed to pay Mr. Yanay a monthly salary of 80,000 NIS, increasing to 99,000 NIS commencing on January 1, 2021. Pursuant to the agreement, we have also agreed to provide Mr. Yanay with a company car, cellular phone reimbursement and reimbursement for certain other expenses. In the event of termination of Mr. Yanay's employment, he will be entitled to a payment equal to a month's compensation for each twelve-month period of employment or otherwise providing services to the Company, and an additional adjustment fee that equals the monthly salary amount multiplied by 6, plus the number of years the employment agreement remains in force from September 12, 2018, but in any event no more than a 9 months' adjustment period in the aggregate, as well as a notice period of 6 months. Mr. Yanay is also entitled to an acceleration of the vesting of any unvested awards in the following circumstances: (1) if we terminate his employment, he will be entitled to acceleration of 100% of any unvested award and (2) if he resigns, he will be entitled to acceleration of 50% of any unvested awards.

Mr. Yanay will also be entitled to a target bonus of up to seven times his monthly salary, subject to achievement of milestones and performance targets that will be set by our Compensation Committee or by the Board. In addition, he will be eligible for a bonus equal to 1.5% of amounts received by us from strategic deals or up to the equivalent of three times his monthly salary at the discretion of the Board for extraordinary performance or achievements.

In the event of a change in control of the Company, Mr. Yanay will be eligible for the immediate acceleration of his unvested awards, and, in the event of a change of control of the Company and up to 12 months thereafter, in the event of a material adverse change to Mr. Yanay's employment terms as a result of such change of control, or if Mr. Yanay's employment agreement is terminated as a result of such change in control , a notice period of 6 months, as well as the adjustment fee that equals his monthly salary amount multiplied by 6, plus the number of years the employment agreement remains in force from September 12, 2018, but in any event no more than a 9 months' adjustment period in the aggregate. In addition, Mr. Yanay will be entitled to receive equity awards as awarded by our Board at its sole discretion.

Amended and Restated Employment Agreement of Chen Franco-Yehuda

On September 10, 2020, the Company entered into an employment agreement with Ms. Franco-Yehuda, our CFO, Secretary and Treasurer, which supersedes the existing employment agreement with Ms. Franco-Yehuda. Pursuant to the agreement, we have agreed to pay Ms. Franco-Yehuda a monthly salary of 42,000 NIS, increasing to 65,000 NIS commencing on January 1, 2021. Pursuant to the agreement, we have also agreed to provide Ms. Franco-Yehuda with a company car, or a fixed amount of NIS 4,000, cellular phone reimbursement and reimbursement for certain other expenses. In the event of termination of Mrs. Franco-Yehuda's employment, she is entitled to a severance payment pursuant to Section 14 of the Israeli Severance Pay Law, and in addition, she will be entitled to receive an adjustment fee that equals her monthly salary amount multiplied by three, plus the number of years the employment agreement remains in force from June 30, 2020, but in any event no more than a 6 months' adjustment period in the aggregate. Mrs. Franco-Yehuda is also entitled to an acceleration of the vesting of any unvested awards in the following circumstances: (1) if we terminate her employment, she will be entitled to acceleration of 100% of any unvested award and (2) if she resigns, she will be entitled to acceleration of 50% of any unvested awards.

Mrs. Franco-Yehuda will also be entitled to a target bonus of up to five and a half times her monthly salary, subject to milestones and performance targets that will be set by our Compensation Committee. In addition, she will be eligible for a bonus equal to 0.5% of amounts received by us from strategic deals or up to the equivalent of three times her salary at the discretion of the Board for extraordinary performance or achievements.

In the event of a change in control of the Company, Mrs. Franco-Yehuda will be eligible for the immediate acceleration of her unvested awards, and, in the event of a change of control of the Company and up to 12 months thereafter, in the event of a material adverse change to Mrs. Franco-Yehuda's employment terms as a result of such change of control, or if Mrs. Franco-Yehuda is terminated as a result of such change in control, a notice period of 3 months, as well as the adjustment fee that equals her monthly salary amount multiplied by three, plus the number of years the employment agreement remains in force from June 30, 2020, but in any event no more than a six months' adjustment period in the aggregate. In addition, Mrs. Franco-Yehuda will be entitled to receive equity awards as awarded by our Board at its sole discretion.

Amended and Restated Consulting Agreement with Rose Hitech Ltd.

On September 10, 2020, the Company entered into an amended and restated consulting agreement with Rose Hitech Ltd., pursuant to which we compensate Mr. Aberman, our Executive Chairman, and which supersedes the existing consulting agreement with Rose Hitech Ltd. Pursuant to the agreement, we have agreed to pay Mr. Aberman, or an entity he controls, a monthly fee of 149,500 NIS, decreasing to 142,250 NIS commencing on January 1, 2021 and effective through the earlier of December 31, 2021 or the filing of a BLA. Upon the expiration of the consulting agreement, we intend to enter into a new consulting agreement with Mr. Aberman or an entity which he controls. In addition, we have agreed to pay a special bonus of 1.5% of the sums actually received by us from strategic deals. Pursuant to the agreement, we have also agreed to provide Mr. Aberman with a monthly car expenses reimbursement, cellular phone and reimbursement for certain other expenses. The agreement may be terminated by us or Mr. Aberman with ninety days' prior notice. While the agreement will be terminated on the earlier of December 31, 2021 or upon the filing of a BLA, we have agreed to pay Mr. Aberman an adjustment fee as provided above, but only during the period between January 1, 2021 and December 31, 2021, or in the event of a change of control equal to nine months of consulting fees; provided, however that such adjustment fees shall be paid in two installments as follows: (i) 38,250 NIS on January 1, 2021, and 1,307,250 NIS on December 31, 2021. Mr. Aberman will also be subject to standard confidentiality, intellectual property assignment and non-compete provisions.

In addition, Mr. Aberman will be entitled to receive equity awards as awarded by our Board at its sole discretion. Any awards issued to Mr. Aberman will be entitled to acceleration subject to the following terms: (i) in the case of our termination of the agreement, 100% of any unvested award, (ii) in the case of the termination of the agreement by Mr. Aberman, 50% of any unvested award, and (iii) in the event of a change of control transaction (as defined in the agreement), 100% of any unvested awards.

In the event of a change in control of the Company, and up to 12 months thereafter, in the event of a material adverse change to Mr. Aberman's consulting terms as a result of such change of control, or if the consulting agreement is terminated as a result of such change in control, an adjustment fee that equals his monthly salary amount multiplied by nine, and a notice period of 90 days.

Equity Grants

Our Board approved a grant of 1,000,000 RSUs to Mr. Yanay and 1,000,000 RSUs to Mr. Aberman. For each of Messrs. Yanay and Aberman, 500,000 RSUs vest over four years as follows: 12.5% shall vest on the 6 month anniversary of the date of grant and the remaining shares vest in 14 equal installments every 3 months the thereafter. The remaining 500,000 RSUs vest in full upon milestone achievement of increasing market capitalization of our Common Stock on the Nasdaq Capital Market to $550 million within no more than 3 years from the date of grant.

Our Board also approved a grant of 100,000 RSUs to Mrs. Franco-Yehuda. Such RSUs vest over four years as follows: 12.5% shall vest on the 6 month anniversary of the date of grant and the remaining shares vest in 14 equal installments every 3 months thereafter.

Director Grants and Bonus

On September 10, 2020, we agreed to issue a grant of 20,000 RSUs to each of our non-executive directors. Each such RSU vests over four years as follows: 12.5% shall vest on the 6 month anniversary of the date of grant and the remaining shares vest in 14 equal installments every 3 months thereafter.

Amended and Restated Bylaws

On September 10, 2020, the Board approved Amended and Restated Bylaws, or the Bylaws. The Bylaws were revised as follows: (i) Article I, Section 2 of the Bylaws provides that a holder of a majority of the issued and outstanding equity securities of the Company may call a special meeting of stockholders, (ii) Article II, Section 2 clarifies that each director shall serve his or her term until his or her successor is duly elected or until his or her office has been declared vacant in the manner provided in Bylaws, (iii) Article II, Section 6 has been revised to remove the ability of a Vice President to call a meeting of the Board, and (iv) Article VI, Section 7 includes a forum selection clause that limits certain types of lawsuits that may be brought against the Company to Federal courts located in the State of Nevada.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Our directors and executive officers, their ages, positions currently held, and duration of such, are as follows:

Name	Position Held With Company	Age	Date First Elected or Appointed
Zami Aberman	Executive Chairman	66	June 23, 2019
Yaky Yanay	President	49	February 4, 2014
	Director		February 5, 2015
	Chief Executive Officer		June 23, 2019
Chen Franco-Yehuda	Chief Financial Officer, Treasurer and Secretary	37	March 14, 2019
Doron Shorrer	Director	67	October 2, 2003
Isaac Braun	Director	67	July 6, 2005
Mark Germain	Director	70	May 17, 2007
Moria Kwiat	Director	41	May 15, 2012

Business Experience

The following is a brief account of the education and business experience of each director and executive officer during at least the past five years, indicating each person's principal occupation during the period, and the name and principal business of the organization by which they were employed.

Zami Aberman

Mr. Aberman joined the Company in September 2005 and has served as our Executive Chairman since June 2019, as our Co-Chief Executive Officer from March 2017 until June 2019, as our CEO from November 2005 until March 2017, and as President of the Company from September 2005 until February 2014. He changed the Company's strategy towards cellular therapeutics. Mr. Aberman's vision to use the maternal section of the Placenta (Decidua) as a source for cell therapy, combined with the Company's 3D culturing technology, led to the development of our products. Since November 2005, Mr. Aberman has served as a director of the Company, and since April 2006, as Chairman of the Board, or the Board. Since October 2015, he has served as a Director of The Alliance for Regenerative Medicine. He has 25 years of experience in marketing and management in the high technology industry. Mr. Aberman has held the CEO and Chairman positions of various companies located in Israel, the United States, Europe, Japan and Korea.

Mr. Aberman has operated within high-tech global companies in the fields of automatic optical inspection, network security, video over IP, software, chip design and robotics. He serves as the chairman of Rose Hitech Ltd., a private investment company. He previously served as the chairman of VLScom Ltd., a private company specializing in video compression for HDTV and video over IP and as a director of Ori Software Ltd., a company involved in data management. Prior to holding those positions, Mr. Aberman served as the President and CEO of Elbit Vision System Ltd. (EVSNF.OB), a company engaged in automatic optical inspection. Before joining the Company, Mr. Aberman served as President and CEO of Netect Ltd., a company specializing in the field of internet security software and was the co-founder, President and CEO of Associative Computing Ltd., which developed an associative parallel processor for real-time video processing. He also served as Chairman of Display Inspection Systems Inc., specializing in laser based inspection machines and as President and CEO of Robomatix Technologies Ltd.

In 1992, Mr. Aberman was awarded the Rothschild Prize for excellence in his field from the President of the State of Israel. Mr. Aberman holds a B.Sc. in Mechanical Engineering from Ben Gurion University in Israel.

We believe that Mr. Aberman's qualifications to sit on our Board include his unique multidisciplinary innovative approach, years of experience in the financial markets in Israel and globally, as well as his experience in serving as the CEO of publicly traded entities.

Yaky Yanay

Mr. Yanay became a director of the Company in February 2015. He has served as our President from February 2014 and as our CEO from June 2019, previously serving as Co-CEO from March 2017. Mr. Yanay has served in variety of executive positions in Pluristem since 2006 including as our Chief Financial Officer from November 2006 until February 2014 and from February 2015 until March 2017. He also served as our Chief Operating Officer from February 2014 until March 2017. From November 2006 to February 2014, he served as our Secretary and served as our Executive Vice President from March 2013 until February 2014. From 2015 to 2018, Mr. Yanay served as the Co-Chairman of Israel Advanced Technology Industries (IATI), the largest umbrella organization representing Israel's high tech and life science industries and since August 2012 has continually served as a Director of IATI, representing Israel's life sciences industry. Prior to joining the Company, Mr. Yanay founded and served as Chairman of "The Israeli Life Science Forum" and also served as the CFO of Elbit Vision Systems Ltd., a public company. In addition, from July 2010 to April 2018, he served on the board of directors of Elbit Vision Systems Ltd. Prior to these positions, Mr. Yanay served as manager of audit groups of the technology sector at Ernst & Young Israel.

Mr. Yanay holds a bachelor's degree with honors in business administration and accounting from the College of Management Academic Studies of Rishon LeZion and is a Certified Public Accountant in Israel.

We believe that Mr. Yanay's qualifications to sit on our Board include his years of experience in the medical technology industry, his vast skill and expertise in accounting and economics, as well as his knowledge and familiarity with corporate finance.

Doron Shorrer

Mr. Shorrer became a director of the Company in October 2003. Mr. Shorrer was one of the Company's founders and served as its first Chairman until 2006. Since 1998, Mr. Shorrer has served as the Chairman and CEO of Shorrer International Ltd., an investment and financial consulting company. Mr. Shorrer also serves as a director at each of Sigma Mutual Funds Ltd., Food Save Ltd. and G.D.M. Investments Ltd.

Mr. Shorrer has served as a director of Provident Fund for employees of the Israel Electric Company Ltd. and between 1999 and 2004 he was Chairman of the board of directors of Phoenix Insurance Company, one of the largest insurance companies in Israel, and of Mivtachim Pension Funds Group, the largest pension fund in Israel. Prior to serving in these positions, Mr. Shorrer held senior positions that included Arbitrator at the Claims Resolution Tribunal for Dormant Accounts in Switzerland; Economic and Financial Advisor, Commissioner of Insurance and Capital Markets for the State of Israel; Member of the board of directors of "Nechasim" of the State of Israel; Member Committee for the Examination of Structural Changes in the Capital Market (The Brodet Committee); General Director of the Ministry of Transport; founder and managing partner of an accounting firm with offices in Jerusalem, Tel-Aviv and Haifa; Member of the Lecture Staff of the Hebrew University Business Administration School; Chairman of Amal School Chain; Chairman of a Public Committee for Telecommunications; and Economic Consultant to the Ministry of Energy. In addition, Mr. Shorrer served as a director of Hebrew University employees and Massad Bank from the International Bank group from 2009 to 2018.

Among his many areas of expertise, Mr. Shorrer formulates, implements and administers business planning in the private and institutional sector, in addition to consulting on economic, accounting and taxation issues to a diverse audience ranging from private concerns to government ministries.

Mr. Shorrer holds a B.A. in Economics and Accounting and an M.B.A. in Business Administration (specialization in finance and banking) from the Hebrew University of Jerusalem and is a Certified Public Accountant in Israel.

We believe that Mr. Shorrer's qualifications to sit on our Board include his years of experience in the high-tech industry, his vast skill and expertise in accounting and economics, as well as his knowledge and familiarity with corporate finance.

Isaac Braun

Mr. Braun became a director of the Company in July 2005. Mr. Braun is a business veteran with entrepreneurial, industrial and manufacturing experience. He has co-founded and served as a board member of several high-tech start-ups in the areas of e-commerce, security, messaging, search engines and biotechnology. Mr. Braun is involved with advising private companies in the areas of capital raising and business development.

We believe that Mr. Braun's qualifications to sit on our Board include his years of experience in the high-tech industry, as well as his knowledge and familiarity with corporate finance.

Mark Germain

Mr. Germain became a director of the Company in May 2007. Between May 2007 and February 2009, Mr. Germain served as Co-Chairman of our Board. Mr. Germain has been a merchant banker serving primarily the biotech and life sciences industries for over five years. He has been involved as a founder, director, chairman of the board of, and/or investor in, over twenty companies in the biotech field and assisted many of them in arranging corporate partnerships, acquiring technology, entering into mergers and acquisitions, and executing financings and going public transactions. He graduated from New York University School of Law in 1975, Order of the Coif, and was a partner in a New York law firm practicing corporate and securities law before leaving in 1986. Since then, and until he entered the biotech field in 1991, he served in senior executive capacities, including as president of a public company that was sold in 1991. In addition to being a director of the Company, Mr. Germain is a Managing Director at The ÆNTIB Group, a boutique merchant bank. From June 2018 through September 2019, Mr. Germain also served as Vice Chairman of the board of BiondVax Pharmaceuticals Ltd., a company based in Israel engaging in a Phase III clinical trials for a universal flu vaccine, and, since September 2019 has served as the chairman of the board of BiondVax Pharmaceuticals Ltd.

Mr. Germain also serves or served as a director of the following companies that were reporting companies in the past: ChromaDex Inc., Stem Cell Innovations, Inc., Omnimmune Corp. and Collexis Holdings, Inc. He is also a co-founder and director of a number of private companies in and outside the biotech field.

We believe that Mr. Germain's qualifications to sit on our Board include his years of experience in the biotech industry, his experience serving as a director of public companies, as well as his knowledge and familiarity with corporate finance.

Moria Kwiat

Dr. Kwiat became a director of the Company in May 2012. Dr. Kwiat is an analyst at aMoon, a leading Israeli life sciences venture fund. Previously she was a consultant and analyst at Frost & Sullivan, producing equity research for public companies in the healthcare domain. Dr. Kwiat has a broad academic background and scientific experience in inter-disciplinary fields, with specific expertise in the interface between the biology and materials fields. She is the co-author of multiple scientific papers. Dr. Kwiat holds a Post-Doctoral degree in nanotechnology and material sciences, a Ph.D. in Chemistry and a M.Sc. and B.Sc. in Biotechnology, from Tel Aviv University.

We believe that Dr. Kwiat's qualifications to sit on our Board include her knowledge and experience as a scientist and a researcher in the fields of biotechnology and nanotechnology.

Chen Franco-Yehuda

Mrs. Franco-Yehuda was appointed as our CFO, effective as of March 17, 2019. Prior to being appointed as our Chief Financial Officer, or CFO, Mrs. Franco-Yehuda served as the Company's Head of Accounting and Financial Reporting since July 2016 and, prior to that, the Company's Controller since May 2013. Before joining the Company, from October 2008 to April 2013, Mrs. Franco-Yehuda served as a manager of audit groups relating to public and private companies in various industries at PricewaterhouseCoopers (PwC) and also as a lecturer of accounting classes at the Open University of Israel from 2009 to 2014.

Mrs. Franco-Yehuda holds a bachelor's degree in economics and accounting from Haifa University, and is a certified public accountant in Israel.

There are no family relationships between any of the directors or officers named above.

Audit Committee and Audit Committee Financial Expert

Until June 30, 2020 the members of our Audit Committee were Doron Shorrer, Nachum Rosman and Israel Ben-Yoram. As a result of the voting outcome from the 2020 Annual Meeting, on June 30, 2020, each of Messrs. Ben-Yoram and Rosman resigned as members of the Board effective immediately. Messrs. Ben-Yoram's and Rosman's resignations as members of the Board also constituted their resignations as members of the Audit Committee. Effective July 1, 2020, the Board appointed Ms. Kwiat and Mr. Braun to serve on the Audit Committee and determined that Mr. Doron Shorrer is an Audit Committee financial expert. Doron Shorrer is the Chairman of the Audit Committee, and our Board has determined that all members of the Audit Committee are "independent" as defined by the rules of the SEC and the Nasdaq rules and regulations. The Audit Committee operates under a written charter that is posted on our website at www.pluristem.com. The information on our website is not incorporated by reference into this Annual Report. The primary responsibilities of our Audit Committee include:

- Appointing, compensating and retaining our registered independent public accounting firm;

- Overseeing the work performed by any outside accounting firm;

- Assisting the Board in fulfilling its responsibilities by reviewing: (i) the financial report provided by us to the SEC, our stockholders or to the general public, and (ii) our internal financial and accounting controls; and

- Recommending, establishing and monitoring procedures designed to improve the quality and reliability of the disclosure of our financial condition and results of operations.

Our Audit Committee held seven meetings from July 1, 2019 through June 30, 2020 (fiscal year 2020).

Compensation Committee

Until June 30, 2020 the members of our Compensation Committee were Doron Shorrer, Nachum Rosman and Israel Ben-Yoram. As a result of the voting outcome from the 2020 Annual Meeting, on June 30, 2020, Messrs. Israel Ben-Yoram and Rosman resigned as members of the Board, effective immediately. Messrs. Ben-Yoram's and Rosman's resignations as members of the Board also constituted their resignations as members of the Compensation Committee. Effective July 1, 2020, the Board appointed Mr. Braun to serve on the Compensation Committee. The Board has determined that all of the members of the Compensation Committee are "independent" as defined by the rules of the SEC and Nasdaq rules and regulations. The Compensation Committee operates under a written charter that is posted on our website at www.pluristem.com. The information on our website is not incorporated by reference into this Annual Report. The primary responsibilities of our Compensation Committee include:

- Reviewing and recommending to our Board of the annual base compensation, the annual incentive bonus, equity compensation, employment agreements and any other benefits of our executive officers;

- Administering our equity based plans and making recommendations to our Board with respect to our incentive–compensation plans and equity–based plans; and

- Annually reviewing and making recommendations to our Board with respect to the compensation policy for such other officers as directed by our Board.

Our Compensation Committee held nine meetings during fiscal year 2020. The Compensation Committee did not receive advice from or retain any consultants during fiscal year 2020.

Nominating Committee

Until June 30, 2020 the members of our Nominating Committee were Mark Germain, Doron Shorrer and Nachum Rosman. As a result of the voting outcome from the 2020 Annual Meeting, on June 30, 2020, Mr. Rosman resigned as member of the Board, effective immediately. Nachum Rosman's resignations as members of the Board also constituted his resignations as member of the Nominating Committee. Mr. Germain is the Chairman of the Nominating Committee. The Board has determined that all of the members of the Nominating Committee are "independent" as defined by the rules of the SEC and Nasdaq rules and regulations. The Nominating Committee operates under a written charter that is posted on the "Investors" section of our website, www.pluristem.com. The primary responsibilities of our Nominating Committee include:

- Overseeing the composition and size of the Board, developing qualification criteria for Board members and actively seeking, interviewing and screening individuals qualified to become Board members for recommendation to the Board;

- Recommending the composition of the Board for each annual meeting of stockholders; and

- Reviewing periodically with the Chairman of the Board and the Chief Executive Officer the succession plans relating to positions held by directors, and making recommendations to the Board with respect to the selection and development of individuals to occupy those positions.

Director Nominations

The Nominating Committee is responsible for developing and approving criteria, with Board approval, for candidates for Board membership. The Nominating Committee is responsible for overseeing the composition and size of the Board, developing qualification criteria for Board members and actively seeking, interviewing and screening individuals qualified to become Board members for recommendation to the Board and for recommending the composition of the Board for each of the Company's annual meetings. The Board as a whole is responsible for nominating individuals for election to the Board by the stockholders and for filling vacancies on the Board that may occur between annual meetings of the stockholders.

Nominees for director will be selected on the basis of their integrity, business acumen, knowledge of our business and industry, age, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. No particular criteria will be a prerequisite or will be assigned a specific weight, nor does the Company have a diversity policy. The Company believes that the backgrounds and qualifications of its directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

We have never received communications from stockholders recommending individuals to any of our independent directors. Therefore we do not yet have a policy with regard to the consideration of any director candidates recommended by stockholders. In fiscal year 2020, we did not pay a fee to any third party to identify or evaluate, or assist in identifying or evaluating, potential nominees for our Board. We have not received any recommendations from stockholders for Board nominees. All of the nominees for election at the Meeting are current members of our Board.

Code of Ethics

Our Board has adopted a Code of Business Conduct and Ethics that applies to, among other persons, members of our Board, our officers including our CEO (being our principal executive officer) and our CFO (being our principal financial and accounting officer) and our employees.

Our Code of Business Conduct and Ethics is posted on our Internet website at www.pluristem.com. The information on our website is not incorporated by reference into this Annual Report. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Conduct by posting such information on the website address specified above.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the SEC and to provide us with copies of those filings.

We have reviewed all forms provided to us or filed with the SEC. Based on that review and on written information given to us by our executive officers and directors, we believe that all Section 16(a) filings during the past fiscal year were filed on a timely basis and that all directors, executive officers and 10% beneficial owners have fully complied with such requirements during the past fiscal year, except as follows:

- A Form 3, filed on June 29, 2020, was filed late by Clover Wolf Capital – Limited Partnership, which did not involve a transaction; and
- Two reports on Form 4, filed on June 29, 2020 and July 7, 2020, were filed late by Clover Wolf Capital – Limited Partnership, resulting in 11 transactions and 4 transactions, respectively, not being reported on a timely basis.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

The Compensation Committee of our Board is comprised solely of independent directors as defined by Nasdaq and non-employee directors as defined by Rule 16b-3 under the Exchange Act. The Compensation Committee has the authority and responsibility to review and make recommendations to the Board regarding the compensation of our CEO, Executive Chairman and CFO. Our named executive officers for fiscal year 2020 are those three individuals listed in the *2020* "*Summary Compensation Table*" below. Other information concerning the structure, roles and responsibilities of our Compensation Committee is set forth in "*Board Meetings and Committees—Compensation Committee*" section of this Annual Report.

At our 2019 shareholders meeting, we provided our shareholders with the opportunity to cast an advisory vote on our then named executive officers' compensation. Over 70% of the votes cast on this "2019 say-on-pay vote" were voted in favor of the proposal. We have considered the 2019 say-on-pay vote and we believe that the support from our shareholders for the 2019 say-on-pay vote proposal indicates that our shareholders are supportive of our approach to executive compensation. At our 2019 shareholders meeting, our shareholders voted in favor of the proposal to hold say-on-pay votes every two years. We will continue to consider the outcome of our say-on-pay votes when making compensation decisions regarding our named executive officers.

A discussion of the policies and decisions that shape our executive compensation program, including the specific objectives and elements, is set forth below.

Executive Compensation Objectives and Philosophy

The objective of our executive compensation program is to attract, retain and motivate talented executives who are critical for our continued growth and success and to align the interests of these executives with those of our shareholders. To this end, our compensation programs for executive officers are designed to achieve the following objectives:

- attract, hire, and retain talented and experienced executives;
- motivate, reward and retain executives whose knowledge, skills and performance are critical to our success;
- ensure fairness among the executive management team by recognizing the contributions each executive makes to our success and the tenure of each team member as a factor in achieving such success;
- focus executive behavior on achievement of our corporate objectives and strategy;
- build a mechanism of "pay for performance"; and
- align the interests of management and shareholders by providing management with longer-term incentives through equity ownership.

The Compensation Committee reviews the allocation of compensation components regularly to ensure alignment with strategic and operating goals, competitive market practices and legislative changes. The Compensation Committee does not apply a specific formula to determine the allocation between cash and non-cash forms of compensation. Certain compensation components, such as base salaries, benefits and perquisites, are intended primarily to attract, hire, and retain well-qualified executives. Other compensation elements, such as long-term incentive opportunities, are designed to motivate and reward performance. Long-term incentives are intended to reward our long-term performance and executing our business strategy, and to strongly align named executive officers' interests with those of shareholders. As such, from time to time, the Compensation Committee, and/or the Board, may engage external consultants to provide the Company with data that the Compensation Committee and/or Board may deem to be appropriate in determining the compensation of our executive officers, and the compensation, if any, paid to the members of the Board.

With respect to equity compensation, the Compensation Committee makes awards to executives under our equity compensation plans as approved by the Board. Executive compensation is paid or granted based on such matters as the Compensation Committee deems appropriate, including our financial and operating performance, the alignment of the interests of the executive officers and our shareholders, the performance of our common stock and our ability to attract and retain qualified individuals.

Elements of Executive Officer Compensation

Our executive officer compensation program is comprised of: (i) base salary or monthly compensation; (ii) performance based bonuses; (iii) long-term equity incentive compensation in the form of RSU grants; and (iv) benefits and perquisites.

In establishing overall executive compensation levels and making specific compensation decisions for our executive officers in fiscal year 2020, the Compensation Committee considered a number of criteria, including the executive's position, scope of responsibilities, prior base salary and annual incentive awards and expected contribution. In that regard, our Compensation Committee decided to provide our Executive Chairman, Mr. Aberman, and our CEO, Mr. Yanay, with base salaries, RSU awards, acceleration of such awards under certain circumstances, and performance based bonuses in their respective employment and/or consulting agreement, as opposed to certain terms contained in our CFO's employment agreement, as amended, and compensation package, based on their respective positions, seniority and scope of responsibilities.

Generally, our Compensation Committee reviews and, as appropriate, approves compensation arrangements for our named executive officers, from time to time but not less than once a year. The Compensation Committee also takes into consideration our CEO recommendations for the compensation of our CFO. Our CEO generally presents these recommendations at the time of our Compensation Committee's review of executive compensation arrangements.

On September 10, 2020, our Board, upon recommendation from our Compensation Committee, approved new compensation arrangements for our CEO, CFO and Executive Chairman as well as our non-executive directors. In that regard, the Compensation Committee recently engaged Deloitte Israel to review the Company's existing compensation structure for its executive officers and non-executive directors. Such review included a benchmark analysis that evaluated the compensation that we pay our CEO, CFO, Executive Chairman and non-executive directors in comparison to our peer group. When evaluating the appropriateness of our compensation peer group, the Compensation Committee seeks to construct and approve a peer group of companies in similar industries of similar size to that of our Company. As a result, the Company has revised its compensation structure for its executive officers, Executive Chairman and non-executive directors as further described herein, which shall impact such compensation for the fiscal year ending June 30, 2021.

Base Salary

The Compensation Committee performs a review of base salaries / monthly compensation for our named executive officers from time to time as appropriate. In determining salaries, the Compensation Committee members also take into consideration their understanding of the compensation practices of comparable companies (based on size and stage of development), especially in Israel, where our named executive officers reside; independent third party market data such as compensation surveys to industry, including information relating to peer companies; individual experience and performance adjusted to reflect individual roles; and contribution to our clinical, regulatory, commercial and operational performance. None of the factors above has a dominant weight in determining the compensation of our executive officers, and our Compensation Committee considers the factors as a whole when considering such compensation. In addition, our Compensation Committee may, from time to time, use comparative data regarding compensation paid by peer companies in order to obtain a general understanding of current trends in compensation practices and ranges of amounts being awarded by other public companies, and not as part of an analysis or a formula. We may also change the base salary / monthly compensation of an executive officer at other times due to market conditions. We believe that a competitive base salary / monthly compensation is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. We also believe that attractive base salaries can motivate and reward executives for their overall performance.

Base salaries and/or monthly compensation are established in part based on the individual experience, skills and expected contributions of our executives and our executives' performance during the prior year. Compensation adjustments are made occasionally based on changes in an executive's level of responsibility, Company progress or on changed local and specific executive employment market conditions.

On June 30, 2019, the Board, upon the recommendation of our Compensation Committee, approved, as part of a comprehensive plan to reduce expenses, the reduction of the annual salary of our CEO and the annual compensation paid to our Executive Chairman, each by 25% from their current levels until the earlier of closing market capitalization on the Nasdaq Capital Market reaching $170 million; or (2) June 30, 2020.

On February 6, 2020, the Board, upon the recommendation of our Compensation Committee, approved the increase of our CFO's salary from NIS 36,000 per month to NIS 42,000 per month effective February 1, 2020.

On March 26, 2020, the Board, upon the recommendation of our Compensation Committee, approved the reduction of the annual salary of the CEO, the annual compensation paid to the Executive Chairman, and the annual salary of the CFO each by 50% from their annual salaries as provided in their respective employment and consulting agreements with the Company, until such time as the Company obtains better clarity on the global impact of COVID-19, or the COVID-19 Executive Compensation Reductions.

On May 7 ,2020, the Board approved, effective May 1, 2020, the partial reinstatement of the annual salary, paid monthly, to our CEO, the annual compensation, paid monthly, to our Executive Chairman, and the annual salary, paid monthly, of our CFO each up to 85% from their annual salaries, paid on a monthly basis, as provided in their respective employment and consulting agreements with the Company, or the Partial Salary Reinstatement. The Board also determined that effective on June 1, 2020, such annual fees, salaries and compensation, paid monthly, shall be reinstated at 100%, or the Full Salary Reinstatement.

On September 10, 2020, at the recommendation of our Compensation Committee, our Board approved, effective as of January 1, 2021, on the one hand, an increase to the base salary of our CEO and CFO such that the respective salaries will increase to 99,000 NIS and 65,000NIS, and on the other hand, a decrease to the monthly consulting fee of our Executive Chairman to 142,250 NIS per month starting January 1, 2021 and effective through the earlier of December 31, 2021 or the filing of a BLA. Upon the expiration of the consulting agreement, we intend to enter into a new consulting agreement with Mr. Aberman or an entity which he controls. As a result of these changes, we entered into new employment and service agreements, as the case may be, with of each of our CEO, CFO and Executive Chairman. In this Annual Report, we refer to such base salary amendments as the 2021 Base Salary Adjustments.

In addition, Mr. Aberman and Mr. Yanay are no longer eligible for annual director fees.

Performance Based Bonus

Given the nature of our business, the determination of incentives for our executives is generally tied to success in promoting our Company's development. We are continually seeking non-dilutive sources of funding. In addition, a key component of our strategy is to develop and manufacture cell therapy products for the treatment of multiple disorders through collaboration with other companies and entering into licensing agreements with such companies, such as our agreement with CHA. Therefore, in order to reward our Executive Chairman and CEO, each of Mr. Yanay and Mr. Aberman will be entitled to a bonus equal to 1.5% of amounts received by us from non-dilutive funding received, among other things, from corporate partnering and strategic deals.

On September 10, 2020, our Board, upon recommendation by our Compensation Committee, approved a bonus for Mrs. Franco-Yehuda of 0.5% of amounts received by us from strategic deals or up to the equivalent of three times her monthly salary at the discretion of the Board. Mr. Yanay will also be eligible for a special bonus of up to three times his salary, payable at the discretion of the Board or the Compensation Committee. In addition, our Board approved a target bonus to our CEO, Mr. Yanay, equal to up to seven times his monthly salary and to our CFO, Mrs. Franco-Yehuda, of up to five and a half times her monthly salary, subject to milestones and performance targets that will be set by our Compensation Committee. The Board approved the changes to the performance based bonuses of our CEO and CFO in order to support our business strategy and to promote extraordinary performance and achievement.

On May 7, 2020, the Board, upon the recommendation of our Compensation Committee, approved a one-time bonus to our CFO of NIS 50,000, or approximately $14,000 for her extraordinary efforts relating to the EIB Agreement.

Long-Term Equity Incentive Compensation

Long-term incentive compensation allows the executive officers to share in any appreciation in the value of our common stock. The Compensation Committee believes that stock participation aligns executive officers' interests with those of our shareholders. The amounts of the awards are designed to reward past performance and create incentives to meet long-term objectives. Awards are made at a level expected to be competitive within the biotechnology industry, as well as with Israeli based companies. We do not have a formula relating to, and did not conduct any analysis of, the level of awards that is competitive within the biotechnology industry and Israeli based companies. In determining the amount of each grant, the Compensation Committee also takes into account the number of shares held by the executive prior to the grant. Awards are made on a discretionary basis and not pursuant to specific criteria set out in advance.

RSU awards provide our executive officers with the right to purchase shares of our common stock at a par value of $0.00001, subject to continued employment with our Company. In recent years, we granted our executive officers RSU awards.

We chose to grant RSU awards and not options because RSU awards, once vested, always have an immediate financial value to the holder thereof, unlike options where the exercise price might be below the current market price of the shares and therefore not have any intrinsic value to the holder thereof. Our Executive Chairman, CEO and CFO are entitled to acceleration of the vesting of their awards in the following circumstances: (1) if we terminate their employment, they will be entitled to acceleration of 100% of any unvested award and (2) if they resign, they will be entitled to acceleration of 50% of any unvested award. In addition, our Executive Chairman, CEO and CFO are entitled to an acceleration of 100% of any unvested RSUs in the event of a change in control as defined in their consulting or employment agreement. All grants are approved, upon receipt of recommendation by our Compensation Committee, by our Board.

Benefits and Perquisites

Generally, benefits available to Mr. Yanay and Mrs. Franco-Yehuda are available to all employees on similar terms and include welfare benefits, paid time-off, life and disability insurance and other customary or mandatory social benefits in Israel. We provide our named executive officers with a phone and a Company car, or reimbursement for car or phone expenses, which are customary benefits in Israel to managers and officers. Our Executive Chairman and CEO are also entitled to receive, once a year, a fixed sum equal to the amount of the monthly compensation to such Executive Chairman and CEO. Subsequent to our fiscal year 2020, following the 2021 Base Salary Adjustments, this fixed sum payment will no longer be paid to our Executive Chairman or CEO.

While the agreement will be terminated on the earlier of December 31, 2021 or upon the filing of a BLA, we have agreed to pay Mr. Aberman an adjustment fee as provided above, but only during the period between January 1, 2021 and December 31, 2021, or in the event of a change of control equal to nine months of consulting fees; provided, however that such adjustment fees shall be paid in two installments as follows: (i) 38,250 NIS on January 1, 2021, and 1,307,250 NIS on December 31, 2021.

Mr. Yanay is entitled to a severance payment that equals a month's compensation for each twelve-month period of employment or otherwise providing services to the Company, and an additional adjustment fee that equals the monthly salary amount multiplied by 6, plus the number of years the employment agreement remains in force from September 12, 2018, but in any event no more than 9 years in the aggregate.

In conjunction with the 2021 Base Salary Adjustments, the employment agreement of our CFO was amended to also provide for an adjustment fee that equals her monthly salary amount multiplied by three, plus the number of years the employment agreement remained in force from June 30, 2020, but in any event no more than six months of adjustment fees in the aggregate.

Mrs. Chen Franco-Yehuda is also entitled to severance pay upon termination of employment for any reason, including retirement, based on 8.333% of her monthly base salary, according to section 14 of the Severance Pay Law, 1963.

We do not believe that the benefits and perquisites described above deviate materially from the customary practice for compensation of executive officers by other companies similar in size and stage of development in Israel.

Summary Compensation Table

The following table shows the particulars of compensation paid to our named executive officers for the fiscal years ended June 30, 2020 and 2019. We do not currently have any other executive officers.

Name and Principal Position	Fiscal Year	Salary ($) (1)	Stock-based Awards ($)(2)	All Other Compensation ($)(3)	Total ($)
Zami Aberman	2020	439,704(5)	-	61,540	501,244
Executive Chairman	2019(4)	551,137(5)	478,500	66,857	1,096,494
Yaky Yanay	2020	320,911(7)	-	29,466	350,377
CEO	2019(6)	396,632(7)	461,100	29,253	886,985
Chen Franco-Yehuda	2020	179,229	-	28,461	207,690
CFO	2019(8)	78,889	112,329	13,599	204,817

(1) Salary payments which were in NIS, were translated into US$ at the then current exchange rate for each payment. The salaries of Mr. Yanay and Mrs. Franco-Yehuda are comprised of base salaries and additional payments and provisions such as welfare benefits, paid time-off, life and disability insurance and other customary or mandatory social benefits to employees in Israel.

(2) The fair value recognized for the stock-based awards was determined as of the grant date in accordance with ASC 718. Assumptions used in the calculations for these amounts are included in Note 2(l) to our consolidated financial statements for fiscal year 2020 included elsewhere in this Annual Report.

(3) Represents cost to us in connection with car or car expenses reimbursement and mobile phone expenses. The Company also pays our CEO and Executive Chairman the tax associated with this benefit, which is grossed up and included in the "all other compensation" column for Mr. Aberman. Mr. Yanay's gross up is part of the amount in the Salary column in the table above. For our CFO "all other compensation" includes a onetime bonus of NIS 50,000, or approximately $14,000.

(4) Mr. Aberman ceased to serve as our Co-CEO and commenced to serve solely in his capacity as Executive Chairman on June 24, 2019. The compensation reflects amounts received during the entire fiscal year.

(5) Includes $18,486 and $23,068 paid to Mr. Aberman as compensation for services as a director in fiscal year 2020 and 2019 respectively.

(6) Mr. Yanay ceased to serve as our Co-CEO and commenced to serve as the sole CEO on June 24, 2019. The compensation reflects amounts received during the entire fiscal year.

(7) Includes $18,400 and $23,582 paid to Mr. Yanay as compensation for services as a director in fiscal year 2020 and 2019, respectively.

(8) Mrs. Franco-Yehuda was appointed as our CFO on March 14, 2019. The compensation reflects amounts received during the entire fiscal year.

During the fiscal year ended June 30, 2020, we had the following written agreements and other arrangements concerning compensation with our named executive officers:

(a) Mr. Aberman is engaged with us as a consultant and currently receives a monthly consulting fee of 149,500 NIS (approximately $43,000 per month). In addition, Mr. Aberman is entitled once a year to receive an additional amount that equals the monthly consulting fee. All amounts above are paid plus value added tax. Mr. Aberman is also entitled to a performance based bonus of one and a half percent (1.5%) from amounts received by us from non-diluting funding and strategic deals. Mr. Aberman is entitled to car expenses reimbursement. In addition, Mr. Aberman received annual director fees of $20,000 (set at a rate of 4.25 NIS per U.S. dollar). On June 30, 2019, our Board, upon the recommendation of our Compensation Committee, approved the reduction of the annual compensation paid to Mr. Aberman, and his annual fees paid to him as a director, by 25% from his current levels until the earlier of closing market capitalization on the Nasdaq Capital Market reaching $170 million; or (2) June 30, 2020. On March 26, 2020, the Board, upon the recommendation of our Compensation Committee, approved the COVID-19 Executive Compensation Reduction. On May 7, 2020, the Board approved, effective May 1, 2020, the Partial Salary Reinstatement. In addition, effective June 1, 2020, the Full Salary Reinstatement took effect.

(b) Mr. Yanay received a monthly salary of 80,000 NIS, approximately $23,000 per month. In addition, Mr. Yanay was entitled once a year to receive an additional amount that equals his monthly salary. Mr. Yanay is provided with a cellular phone and a Company car pursuant to the terms of his agreement. Furthermore, Mr. Yanay was entitled to a performance based bonus of one percent (1.5%) from amounts received by us from non-diluting funding and strategic deals. Mr. Yanay received annual director fees of $20,000 (set at a rate of 4.25 NIS per U.S. dollar). On June 30, 2019, our Board, upon the recommendation of our Compensation Committee, approved the reduction of the annual salary of Mr. Yanay, and the annual fees paid to him as a director, by 25% from his current levels until the earlier of closing market capitalization on the Nasdaq Capital Market reaching $170 million; or (2) June 30, 2020. On March 26 ,2020, the Board, upon the recommendation of our Compensation Committee, approved the COVID-19 Executive Compensation Reduction. On May 7, 2020, the Board approved, effective May 1, 2020, the Partial Salary Reinstatement. In addition, effective June 1, 2020, the Full Salary Reinstatement took effect.

(c) Mrs. Franco-Yehuda's monthly salary was 42,000 NIS. Mrs. Franco-Yehuda receives car and cellular phone expense reimbursements pursuant to the terms of her agreement. On March 26, 2020, the Board, upon the recommendation of our Compensation Committee, approved the COVID-19 Executive Compensation Reduction. On May 7, 2020, the Board approved, effective May 1, 2020, the Partial Salary Reinstatement. In addition, effective June 1, 2020, the Full Salary Reinstatement took effect.

Potential Payments Upon Termination or Change-in-Control

We have no plans or arrangements in respect of remuneration received or that may be received by our executive officers to compensate such officers in the event of termination of employment (as a result of resignation, retirement, change-in-control) or a change of responsibilities following a change-in-control, except for the following: (i) in the event of termination of Mr. Aberman's Consulting Agreement, he will be entitled to receive an adjustment fee that equals the monthly consulting fees multiplied by nine; (ii) in the event of termination of Mr. Yanay employment, he is entitled to a severance payment, under Israeli law, that equals a month's compensation for each twelve-month period of employment or otherwise providing services to the Company, and an additional adjustment fee that equals the monthly base salary multiplied by six, plus the number of years the employment agreement is in force from September 12, 2018, but in any event no more than nine months in the aggregate; and (iii) in the event of termination of Mrs. Franco-Yehuda's employment, she is entitled to a severance payment, under Israeli law, that equals a month's compensation for each twelve-month period of employment or otherwise providing services to the Company, and in addition, effective as September 10, 2020, she will be entitled to receive an adjustment fee that equals her monthly salary amount multiplied by three, plus the number of years the employment agreement remains in force from June 30, 2020, but in any event no more than six years in the aggregate.

In addition, Mr. Aberman and Mr. Yanay are entitled to acceleration of the vesting of their stock options and restricted stock in the following circumstances: (1) if we terminate their employment, they will be entitled to acceleration of 100% of any unvested awards and (2) if they resign, they will be entitled to acceleration of 50% of any unvested award. In addition, Mr. Aberman, Mr. Yanay and Mrs. Franco-Yehuda are also entitled to acceleration of 100% of any unvested award in case of our change in control as defined in their respective consulting and employment agreements. Effective September 10, 2020, Mrs. Franco-Yehuda is also entitled to an acceleration of the vesting of any unvested awards in the following circumstances: (1) if we terminate her employment, she will be entitled to acceleration of 100% of any unvested award and (2) if she resigns, she will be entitled to acceleration of 50% of any unvested awards.

The following table displays the value of what our CEO, Executive Chairman and CFO would have received from us had their employment been terminated, or a change in control of us happened on June 30, 2020.

Officer	Salary	Accelerated Vesting of RSUs (1)	Total
Zami Aberman			
Terminated due to officer resignation	$ 388,200	$ 364,650(2)	$ 752,850
Terminated due to discharge of officer	$ 388,200	$ 729,300(3)	$ 1,117,500
Change in control	-	$ 729,300(4)	$ 729,300
Yaky Yanay			
Terminated due to officer resignation	$ 421,708	$ 362,440(2)	$ 784,148
Terminated due to discharge of officer	$ 421,708	$ 724,880(3)	$ 1,146,588
Change in control	-	$ 724,880(4)	$ 724,880
Chen Franco Yehuda			
Terminated due to officer resignation	$ 36,378	-	$ 36,378
Terminated due to discharge of officer	$ 36,378	-	$ 36,378
Change in control	-	$ 77,129(4)	$ 77,129(4)

(1) Value shown represents the difference between the closing market price of our shares of common stock on June 30, 2020 of $8.84 per share and the applicable exercise price of each grant.
(2) 50% of all unvested RSUs issued under the applicable equity incentive plans vest upon a termination without cause under the terms of those plans.
(3) All unvested RSUs issued under the applicable equity incentive plans vest upon a termination due to discharge.
(4) All unvested RSUs issued under the applicable equity incentive plans vest upon a change in control under the terms of those plans.

Pension, Retirement or Similar Benefit Plans

We have no arrangements or plans, except for those we are obligated to maintain pursuant to the Israeli law, under which we provide pension, retirement or similar benefits for directors or executive officers. Our directors and executive officers may receive stock options, RSUs or restricted shares at the discretion of our Board in the future.

Grants of Plan-Based Awards

There were no grants of plan-based equity awards made to our named executive officers during the fiscal year ended June 30, 2020.

Outstanding Equity Awards at the End of Fiscal Year 2020

The following table presents the outstanding equity awards held as of June 30, 2020 by our named executive officers:

	Number of Securities Underlying Unexercised Stock Awards	
Name	Number of shares that have not vested (#)	Market value of shares that have not vested ($)
Zami Aberman	50,000(1)	$ 442,000
	32,500(2)	$ 287,300
Yaky Yanay	50,000(1)	$ 442,000
	32,000(3)	$ 282,880
Chen Franco-Yehuda	625(4)	$ 5,525
	1,850(5)	$ 16,354
	6,250(6)	$ 55,250

(1) 50,000 RSUs vest in 4 equal installments of 12,500 on September 22, 2020 and every 3 months thereafter.

(2) 32,500 RSUs vest as follows:

a. 7,500 RSUs vest in 2 equal installments of 3,750 on September 19, 2020 and 3 months thereafter, and

b. 25,000 RSUs vest in 8 equal installments of 3,125 on March 19, 2021 and every 3 months thereafter.

(3) 32,500 RSUs vest as follows:

a. 7,000 RSUs vest in 2 equal installments of 3,500 on September 19, 2020 and 3 months thereafter, and

b. 25,000 RSUs vest in 8 equal installments of 3,125 on March 19, 2021 and every 3 months thereafter.

(4) 625 RSUs vest as follows:

a. 625 RSUs vest on June 14, 2021.

(5) 1,850 RSUs vest as follows:

a. 250 RSUs vest in 2 equal installments of 125 on September 19, 2020 and 3 months thereafter,

b. 1,000 RSUs vest in 8 equal installments of 125 on March 19, 2021 and every 3 months thereafter, and

c. 600 RSUs vest on December 19, 2022.

(6) 6,250 RSUs vest as follows:

a. 2,250 RSUs vest in 3 equal installments of 750 on September 28, 2020 and every 3 months thereafter, and

b. 4,000 RSUs vest as follows: 12.5% vest on June 28, 2021 and the remaining shares vest in 8 equal installments every 3 months thereafter.

Option Exercises and Stock Vested Table

The following table presents the named executive officers' RSUs that vested during fiscal year 2020.

	Stock Awards	
Name	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Zami Aberman	65,000	255,888
Yaky Yanay	64,000	251,120
Chen Yehuda-Franco	5,175	25,738

Long-Term Incentive Plans-Awards in Last Fiscal Year

We have no long-term incentive plans, other than the 2016 Equity Compensation Plan, or the 2016 Plan, and the 2019 Equity Compensation Plan, or the 2019 Plan, described in Item 12 below.

Compensation of Directors

The following table provides information regarding compensation earned by, awarded or paid to each person for serving as a director who is not an executive officer during fiscal year 2020:

Name	**Fees Earned or Paid in Cash ($)**	**Stock-based Awards ($) (1)**	**Total ($)**
Mark Germain	17,291	-	17,291
Nachum Rosman (2)	21,998	-	21,998
Doron Shorrer	22,479	-	22,479
Hava Meretzki (3)	19,233	-	19,233
Isaac Braun	20,630	-	20,630
Israel Ben-Yoram (2)	21,723	-	21,723
Moria Kwiat	20,105	-	20,105

(1) The fair value recognized for the stock-based awards was determined as of the grant date in accordance with ASC 718. Assumptions used in the calculations for these amounts are included in Note 2(l) to our consolidated financial statements for fiscal year 2020 included elsewhere in this Annual Report.

(2) Effective as of June 29, 2020, and the result of the 2020 Annual Meeting, this director was not reappointed to serve on the Board.

(3) Ms. Meretzki was not re-nominated as a director nominee, and therefore, effective as of June 29, 2020, Ms. Meretzki ceased to serve on the Board.

We reimburse our directors for expenses incurred in connection with attending board meetings according to a written and Board approved policy. We provided the following compensation for directors: annual cash compensation of $15,000; meeting participation fees of $935 per in-person meeting; and for meeting participation by telephone, $435 per meeting. The Board has determined that the dollar rate would be not less than 4.25 NIS per dollar. On September 10, 2020, our Board, upon the recommendation of our Compensation Committee, approved the change of their current compensation components to an annual fee of $35,000 and we will no longer pay additional payments based on meeting participation. In addition, members of our Board of Director committees shall be compensated as follows (i) the Chairman of our Audit Committee shall receive an additional annual fee of $10,000 and, in the event of an annual equity grant issued to directors, or an Annual Director Grant, an additional 10% of equity securities in addition to such grant, and each other member of the Audit Committee shall receive an additional annual fee of $3,000 and, in the event of an Annual Director Grant, an additional 3% of equity securities in addition to such grant; (ii) the Chairman of our Compensation Committee shall receive an additional annual fee of $4,000 and, in the event of an Annual Director Grant, an additional 4% of equity securities in addition to such grant, and each other member of the Compensation Committee shall receive an additional annual fee of $2,000 and, in the event of an Annual Director Grant, an additional 2% of equity securities in addition to such grant; and (iii) the Chairman of our Nominating Committee shall receive an additional annual fee of $4,000 and, in the event of an Annual Director Grant, an additional 4% of equity securities in addition to such grant, and each other member of the Nominating Committee shall receive an additional annual fee of $2,000 and, in the event of an Annual Director Grant, an additional 2% of equity securities in addition to such grant.

On June 30, 2019, our Board, upon the recommendation of our Compensation Committee, approved the reduction of the annual fees paid to each of our directors by 25% from their current levels until the earlier of closing market capitalization on the Nasdaq Capital Market reaching $170 million; or (2) June 30, 2020. On March 26 ,2020, the Board, upon the recommendation of our Compensation Committee, approved the reduction of the annual fee paid to each director by an additional 25%, such that their annual fee was cut by 50%, until such time as the Company obtains better clarity on the global impact of COVID-19. On May 7, 2020, the Board approved, effective May 1, 2020, a partial reinstatement of the annual fee, paid monthly, to each non-executive director of the Company to 85% of such fee. In addition, effective June 1, 2020, the aforementioned compensation reductions no longer applied to the monthly fee of each director and their prior fees reverted back to their prior levels. The non-executive directors, as a group, were also entitled to two and a half percent (2.5%) in cash based on amounts received by us from non-diluting funding and strategic deals, as previously determined by the Board and/or the Compensation Committee; effective September 10, 2020, the non-executive directors are no longer entitled to any such bonuses, however in exceptional circumstances members of the Board may receive bonuses of up to $75,000 per year for extraordinary performance, as well as discretionary bonuses in special circumstances as the Board or the Compensation Committee may decide. During fiscal year 2020, we paid a total of $143,459 in cash to directors as compensation. This amount does not include compensation to Mr. Aberman and Mr. Yanay in their capacity as directors, which is reflected in the Summary Compensation Table for fiscal year 2020 above.

As of June 30, 2020, we have outstanding grants to our non-executive directors aggregating 492,576 restricted shares and RSUs of which 365,861 were exercisable or vested, as the case may be, as follows:

Name	Total of Options, restricted shares and RSUs Granted	Total of restricted shares and RSUs exercisable and vested
Mark Germain	80,646	51,179
Nachum Rosman (1)	83,596	51,812
Doron Shorrer	87,596	76,036
Hava Meretzki (2)	58,621	50,691
Isaac Braun	58,621	50,691
Israel Ben-Yoram (1)	87,746	58,545
Moria Kwiat	35,750	26,907
Total	492,576	365,861

(1) Effective as of June 29, 2020, and the result of the 2020 Annual Meeting, this director was not reappointed to serve on the Board.

(2) Ms. Meretzki was not re-nominated as a director nominee, and therefore, effective as of June 29, 2020, Ms. Meretzki ceased to serve on the Board.

For all directors, the vesting of directors' stock options, RSUs and restricted stock accelerates in the following circumstances: (1) if the director is not re-nominated to serve on the Board or the director is not re-elected by stockholders at a special or annual meeting, this will result in the acceleration of 100% of any unvested award and (2) the voluntary resignation of a director will result in the acceleration of 50% of any unvested award. In addition, a change in control will result in the acceleration of 100% of any unvested award of our directors.

As a result of the voting outcome from the 2020 Annual Meeting, on June 30, 2020, unvested awards held by Messrs. Ben-Yoram and Rosman were accelerated on July 1, 2020 and resulted in the vesting of 11,221 RSUs for Mr. Ben Yoram and 11,560 RSUs for Mr. Rosman.

Other than as described above, we have no present formal plan for compensating our directors for their service in their capacity as directors. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our Board as per policy approved by our Compensation Committee. The Board may award special remuneration to any director undertaking any special services on our behalf other than services ordinarily required of a director.

Other than indicated above, no director received and/or accrued any compensation for his or her services as a director, including committee participation and/or special assignments during fiscal year 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters.

The following table sets forth certain information, to the best knowledge and belief of the Company, as of September 4, 2020 (unless provided herein otherwise), with respect to holdings of our common stock by (1) each person known by us to be the beneficial owner of more than 5% of the total number of shares of our common stock outstanding as of such date; (2) each of our directors; (3) each of our named executive officers; and (4) all of our directors and our executive officers as a group.

Unless otherwise indicated, the address of each person listed below is c/o Pluristem Therapeutics Inc., MATAM Advanced Technology Park, Building No. 5, Haifa, Israel, 3508409.

Name of Beneficial Owner	Beneficial Number of Shares(1)	Percentage
Directors and Named Executive Officers		
Zami Aberman Executive Chairman of the Board of Directors	446,005(2)	1.7%
Yaky Yanay CEO, President and Director	373,098(2)	1.5%
Chen Franco-Yehuda CFO	9,866	*
Isaac Braun Director	61,845(3)	*
Mark Germain Director	52,781	*
Moria Kwiat Director	33,606(4)	*
Doron Shorrer Director	80,516(5)	*
Directors and Executive Officers as a group (7 persons)	1,269,686(6)	5.0%
5% Stockholders		
Clover Wolf Capital – Limited Partnership	3,729,737(7)	14.6%

* = less than 1%

(1) Based on 25,554,668 shares of common stock issued and outstanding as of September 4, 2020. Except as otherwise indicated, we believe that the beneficial owners of the common stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities.

Shares of common stock subject to options, warrants or right to purchase or through the conversion of a security currently exercisable or convertible, or exercisable or convertible within 60 days, are reflected in the table above and are deemed outstanding for purposes of computing the percentage ownership of the person holding such option or warrants, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.

(2) Includes a warrant to acquire up to 7,143 shares.

(3) Includes a warrant to acquire up to 5,000 shares.

(4) Includes a warrant to acquire up to 2,857 shares.

(5) Includes a warrant to acquire up to 1,429 shares.

(6) Includes warrants to acquire up to 30,715 shares.

(7) Based solely on information contained in Form 4 filed with the SEC on August 3, 2020, and data provided by the holder. Clover Wolf Ltd. is the General Partner of Clover Wolf Capital – Limited Partnership. Adi Wolf is the Managing Member and Chief Executive Officer of Clover Wolf Capital – Limited Partnership and also the Chief Executive Officer of Clover Wolf Ltd. All investment decisions are made by Adi Wolf, and thus the power to vote or direct the votes of these shares of Common Stock, as well as the power to dispose or direct the disposition of such shares of Common Stock is held by Adi Wolf through Clover Wolf Capital – Limited Partnership and Clover Wolf Ltd. The address of Clover Wolf Capital – Limited Partnership is 24 Bodenhimer Street, Tel Aviv, Israel 6200838.

Equity Compensation Plan Information

At our annual meeting of our stockholders held on May 31, 2016, our stockholders approved the 2016 Plan. Under the 2016 Plan, options, restricted stock and RSUs may be granted to our officers, directors, employees and consultants or the officers, directors, employees and consultants of our subsidiary. Under the 2016 Plan, the plan administrator is authorized to grant awards to acquire shares of Common Stock, shares of restricted stock and RSUs, in each calendar year, in a number not exceeding two and three-quarters percent (2.75%) of the number of shares of our Common Stock issued and outstanding on a fully diluted basis on the immediately preceding December 31.

In addition, at our annual meeting of our stockholders held on June 13, 2019, our stockholders approved the 2019 Plan. Under the 2019 Plan, options, restricted stock and RSUs may be granted to our officers, directors, employees and consultants or the officers, directors, employees and consultants of our subsidiary. Under the 2019 Plan, the plan administrator is authorized to grant options to acquire shares of common stock, shares of Restricted Stock and RSUs in a number not exceeding 16% of the number of shares of common stock issued and outstanding immediately prior to the grant of such awards on a fully diluted basis.

The following table summarizes certain information regarding our equity compensation plans as of June 30, 2020:

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (2016 Plan and 2019 Plan)
Equity compensation plan approved by security holders	54,871	$ 0	5,256,387

Item 13. Certain Relationships and Related Transactions and Director Independence.

Except for the arrangements described in Item 11 no director, executive officer, principal shareholder holding at least 5% of our common shares, or any family member thereof, had any material interest, direct or indirect, in any transaction, or proposed transaction, during fiscal year 2020, in which the amount involved in the transaction exceeded or exceeds $120,000.

The Board has determined that Doron Shorrer, Isaac Braun, Moria Kwiat and Mark Germain are "independent" directors, as defined by the rules of the SEC and the Nasdaq rules and regulations.

Item 14. Principal Accounting Fees and Services

The fees for services provided by Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, to the Company in the last two fiscal years were as follows:

	Twelve months ended on June 30, 2020	Twelve months ended on June 30, 2019
Audit Fees	$ 110,041	$ 172,014
Audit-Related Fees	None	None
Tax Fees	$ 27,072	$ 19,831
All Other Fees	None	$ 26,231
Total Fees	$ 137,113	$ 218,076

Audit Fees. These fees were comprised of (i) professional services rendered in connection with the audit of our consolidated financial statements for our Annual Report on Form 10-K and internal control over financial reporting, (ii) the review of our quarterly consolidated financial statements for our quarterly reports on Form 10-Q, (iii) audit services provided in connection with other regulatory or statutory fillings and (iv) fees related to the offering we closed in April 2019 and with respect to the Sales Agreement.

Tax Fees. These fees relate to our tax compliance and tax advisory projects.

All Other Fees. These fees were comprised of fees related to assistance in preparation of IIA as well as other grant applications.

SEC rules require that before Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, is engaged by us to render any auditing or permitted non-audit related service, the engagement be:

1. pre-approved by our Audit Committee; or

2. entered into pursuant to pre-approval policies and procedures established by the Audit Committee, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each service, and such policies and procedures do not include delegation of the Audit Committee's responsibilities to management.

The Audit Committee pre-approves all services provided by our independent registered public accounting firm. All of the above services and fees were reviewed and approved by the Audit Committee before the services were rendered.

The Audit Committee has considered the nature and amount of fees billed by Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, and believes that the provision of services for activities unrelated to the audit is compatible with maintaining Kost Forer Gabbay & Kasierer's independence.

PART IV

Item 15. Exhibits.

3.1	Composite Copy of the Company's Articles of Incorporation as amended on July 2, 2020 (incorporated by reference to Exhibit 4.1 of our registration statement on Form S-3 filed on July 16, 2020).
3.2	Composite Copy (marked) of the Company's Articles of Incorporation as amended on July 2, 2020 (incorporated by reference to Exhibit 4.2 of our registration statement on Form S-3 filed on July 16, 2020).
3.3*	Amended and Restated By-laws as amended on September 10, 2020.
3.4*	Amended and Restated By-laws as amended on September 10, 2020 (marked).
4.1	Form of Common Stock Purchase Warrant dated January 25, 2017 (incorporated by reference to Exhibit 4.1 of our current report on Form 8-K filed on January 20, 2017).
4.2	Form of Common Stock Purchase Warrant dated April 2019 (incorporated by reference to Exhibit 4.1 of our current report on Form 8-K filed on April 5, 2019).
4.3*	Description of Securities.
10.1	Summary of Lease Agreement dated January 22, 2003, by and between Pluristem Ltd. and MTM – Scientific Industries Center Haifa Ltd., as supplemented on December 11, 2005, June 12, 2007 and July 19, 2011 (incorporated by reference to Exhibit 10.2 of our annual report on Form 10-K filed September 12, 2011).
10.2	Summary of Supplement to the Lease Agreement by and between Pluristem Ltd. and MTM – Scientific Industries Center Haifa Ltd dated July 31, 2012 (incorporated by reference to Exhibit 10.3 of our annual report on Form 10-K filed on September 11, 2013).
10.3	Summary of Supplement to the Lease Agreement by and between Pluristem Ltd. and MTM – Scientific Industries Center Haifa Ltd dated December 31, 2012 (incorporated by reference to Exhibit 10.4 of our annual report on Form 10-K filed on September 11, 2013).
10.4	Summary of Supplement to the Lease Agreement by and between Pluristem Ltd. and MTM – Scientific Industries Center Haifa Ltd dated February 3, 2015 (incorporated by reference to Exhibit 10.1 of our quarterly report on Form 10-Q filed on May 6, 2015).
10.5	Assignment Agreement dated May 15, 2007 between Pluristem Therapeutics Inc. and each of Technion Research and Development Foundation Ltd., Shai Meretzki, Dr. Shoshana Merchav (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on May 24, 2007).
10.6	Assignment Agreement dated May 15, 2007 between Pluristem Therapeutics Inc. and Yeda Research and Development Ltd. (incorporated by reference to Exhibit 10.2 of our current report on Form 8-K filed on May 24, 2007).
10.7	Exclusive License and Commercialization Agreement dated June 26, 2013, between Pluristem Ltd. and CHA (incorporated by reference to Exhibit 10.8 of our annual report on Form 10-K filed on September 11, 2013).
10.8*	Summary of Directors' Ongoing Compensation. +

10.9	2016 Equity Compensation Plan (incorporated by reference to our Definitive Proxy Statement on Schedule 14A filed on April 4, 2016). +
10.10	Form of Stock Option Agreement under the 2016 Equity Compensation Plan (incorporated by reference to Exhibit 10.17 of our annual report on Form 10-K filed on September 7, 2016). +
10.11	Form of Restricted Stock Agreement under the 2016 Equity Compensation Plan (incorporated by reference to Exhibit 10.18 of our annual report on Form 10-K filed on September 7, 2016). +
10.12	Form of Restricted Stock Agreement (Israeli directors and officers) under the 2016 Equity Compensation Plan (incorporated by reference to Exhibit 10.19 of our annual report on Form 10-K filed on September 7, 2016). +
10.13	2019 Equity Compensation Plan (incorporated by reference to our Definitive Proxy Statement on Schedule 14A filed on April 25, 2019). +
10.14	Form of Stock Option Agreement under the 2019 Equity Compensation Plan (incorporated by reference to Exhibit 10.19 of our annual report on Form 10-K filed on September 12, 2019). +
10.15	Form of Restricted Stock Agreement under the 2019 Equity Compensation Plan (incorporated by reference to Exhibit 10.20 of our annual report on Form 10-K filed on September 12, 2019). +
10.16	Form of Restricted Stock Agreement (Israeli directors and officers) under the 2019 Equity Compensation Plan (incorporated by reference to Exhibit 10.21 of our annual report on Form 10-K filed on September 12, 2019). +
10.17*	Amended and Restated Consulting Agreement between Pluristem Ltd. and Rose High Tech Ltd. dated September 10, 2020. +
10.18*	Amended and Restated Employment Agreement between Pluristem Ltd. and Yaky Yanay dated September 10, 2020. +
10.19*	Amended and Restated Employment Agreement between Pluristem Ltd. and Chen Franco-Yehuda dated September 10, 2020. +
10.20*^	Finance Contract between the European Investment Bank, as Lender, and Pluristem GmBH, as borrower, and Pluristem Therapeutics Inc. and Pluristem Ltd., as Original Guarantors, dated April 29, 2020.
10.21	Open Market Sales Agreement, dated July 16, 2020, between the Company and Jefferies LLC (incorporated by reference to Exhibit 1.2 of our registration statement on Form S-3 filed on July 16, 2020).
21.1*	List of Subsidiaries of the Company.

23.1*	Consent of Kost Forer Gabbay & Kasierer, A member of Ernst & Young Global.
31.1*	Certification pursuant to Rule 13a-14(a)/15d-14(a) of Yaky Yanay.
31.2*	Certification pursuant to Rule 13a-14(a)/15d-14(a) of Chen Franco-Yehuda.
32.1**	Certification pursuant to 18 U.S.C. Section 1350 of Yaky Yanay.
32.2**	Certification pursuant to 18 U.S.C. Section 1350 of Chen Franco-Yehuda.
101 *	The following materials from our Annual Report on Form 10-K for the fiscal year ended June 30, 2020 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Loss, (iv) the Statements of Changes in Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to the Consolidated Financial Statements, tagged as blocks of text and in detail.

* Filed herewith.

** Furnished herewith.

\+ Management contract or compensation plan.

^ Certain identified information in the exhibit has been excluded from the exhibit because it is both (i) not material and (ii) would likely cause competitive harm to Pluristem if publicly disclosed.

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

Pluristem Therapeutics Inc.

By: /s/ Yaky Yanay
Yaky Yanay, Chief Executive Officer and President

Dated: September 10, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Yaky Yanay
Yaky Yanay, Chief Executive Officer, President and Director
(Principal Executive Officer)

Dated: September 10, 2020

By: /s/ Chen Franco-Yehuda
Chen Franco-Yehuda, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Dated: September 10, 2020

By: /s/ Zami Aberman
Zami Aberman, Executive Chairman of the Board of Directors

Dated: September 10, 2020

By: /s/ Isaac Braun
Isaac Braun, Director

Dated: September 10, 2020

By: /s/ Mark Germain
Mark Germain, Director

Dated: September 10, 2020

By: /s/ Moria Kwiat
Moria Kwiat, Director

Dated: September 10, 2020

By: /s/ Doron Shorrer
Doron Shorrer, Director

Dated: September 10, 2020

Exhibit 3.3

AMENDED AND RESTATED BYLAWS

OF

PLURISTEM THERAPEUTICS, INC.

A Nevada Corporation

ARTICLE I

STOCKHOLDERS

SECTION 1

Annual Meeting. Annual meetings of the Stockholders, shall be held annually on the day and at the time as may be set by the Board of Directors from time to time, at which annual meeting the Stockholders shall elect by vote a Board of Directors and transact such other business as may properly be brought before the meeting.

SECTION 2

Special Meetings. Special meetings of the Stockholders for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the President or the Secretary by resolution of the Board of Directors or at the request in writing of Stockholders owning a majority of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose of the proposed meeting.

SECTION 3

Place of Meetings. All annual meetings of the Stockholders shall be held at the registered office of the Corporation or at such other place within or outside the State of Nevada as the Directors shall determine. Special meetings of the Stockholders may be held at such time and place within or outside the State of Nevada as shall be stated in the notice of the meeting, or in a duly executed waiver of notice thereof. Business transacted at any special meeting of Stockholders shall be limited to the purposes stated in the notice.

SECTION 4

Quorum; Adjourned Meetings. The holders of at least thirty three and one third percent (33 1/3%) of the Stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the Stockholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the Stockholders, the Stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. At the adjourned meeting, thirty three and one third percent (33 1/3%) of the issued and outstanding Stock entitled to vote present in person or represented by proxy shall constitute a quorum.

SECTION 5

Voting. Each Stockholder of record of the Corporation holding Stock which is entitled to vote at this meeting shall be entitled at each meeting of Stockholders to one vote for each share of Stock standing in his name on the books of the Corporation. Upon the demand of any Stockholder, the vote for Directors and the vote upon any question before the meeting shall be by ballot.

When a quorum is present or represented at any meeting, the vote of the holders of a majority of the Stock having voting power present in person or represented by proxy shall be sufficient to elect Directors or to decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

SECTION 6

Proxies. At any meeting of the Stockholders any Stockholder may be represented and vote by a proxy or proxies appointed by an instrument in writing. In the event that any such instrument in writing shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated unless the instrument shall otherwise provide. No proxy or power of attorney to vote shall be used to vote at a meeting of the Stockholders unless it shall have been filed with the secretary of the meeting. All questions regarding the qualification of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by the inspectors of election who shall be appointed by the Board of Directors, or if not so appointed, then by the presiding Officer of the meeting.

ARTICLE II

DIRECTORS

SECTION 1

Management of Corporation. The business of the Corporation shall be managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or clone by the Stockholders.

SECTION 2

Number, Tenure, and Qualifications. The number of Directors which shall constitute the whole board shall be at least one. The number of Directors may from time to time be increased or decreased by directors' resolution to not less than one nor more than fifteen. No decrease in the number of Directors shall shorten the term of any incumbent Directors. The Directors shall be elected at the annual meeting of the Stockholders and except as provided in Section 3 of this Article, each Director elected shall hold office until the expiration of the term for which such Director is elected and until his successor is elected and qualified or his office has been declared vacant in the manner provided in these Bylaws. Directors need not be Stockholders.

SECTION 3

Vacancies. Vacancies in the Board of Directors including those caused by an increase in the number of Directors, may be filled by a majority of the remaining Directors, though not less than a quorum, or by a sole remaining Director, and each Director so elected shall hold office until his successor is elected at an annual or a special meeting of the Stockholders. The holders of two-thirds of the outstanding shares of Stock entitled to vote may at any time peremptorily terminate the term of office of all or any of the Directors by vote at a meeting called for such purpose. Such removal shall be effective immediately, even if successors are not elected simultaneously.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any Directors, or if the authorized number of Directors be increased, or if the Stockholders fail at any annual or special meeting of Stockholders at which any Director or Directors are elected to elect the full authorized number of Directors to be voted for at that meeting.

If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board or the Stockholders shall have power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

SECTION 4

Annual and Regular Meetings. Regular meetings of the Board of Directors shall be held at any place within or outside the State which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the absence of such designation regular meetings shall be held at the registered office of the Corporation. Special meetings of the Board may be held either at a place so designated or at the registered office.

Regular meetings of the Board of Directors may be held without call or notice at such time and at such place as shall from time to time be fixed and determined by all the Board of Directors.

SECTION 5

First Meeting. The first meeting of each newly elected Board of Directors shall be held immediately following the adjournment of the meeting of Stockholders and at the place thereof. No notice of such meeting shall be necessary to the Directors in order legally to constitute the meeting, provided a quorum be present. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

SECTION 6

Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or the President or by the Chief Financial Officer (the "CFO"), or by any one Director. Unless the board consists of 6 or more directors, in which case any two directors rather than one director may call a special meeting of the board.

Written notice of the time and place of special meetings shall be delivered personally to each Director, or sent to each Director by mail, facsimile transmission, electronic mail or by other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records or if such address is not readily ascertainable, at the place in which the meetings of the Directors are regularly held. In case such notice is mailed, it shall be deposited in the United States mail at least five (5) days prior to the time of the holding of the meeting. In case such notice is hand delivered, faxed or emailed as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, faxing, emailing or delivery as above provided shall be due, legal and personal notice to such Director.

SECTION 7

Business of Meetings. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as if transacted at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 8

Quorum, Adjourned Meetings. A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision (lone or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number be required by law or by the Articles of Incorporation. Any action of a majority, although not at a regularly called meeting, and the record thereof, if assented to in writing by all of the other members of the Board shall be as valid and effective in all respects as if passed by the Board in regular meeting.

A quorum of the Directors may adjourn any Directors meeting to meet again at a stated day and hour- provided, however, that in the absence of a quorum, a majority of the Directors present at any Directors meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Notice of the time and place of holding an adjourned meeting need to be given to the absent Directors if the time and place be fixed at the meeting adjourned.

SECTION 9

Committees. The Board of Directors may, by resolution adopted by a majority of the whole Board, designate one or more committees of the Board of Directors, each committee to consist of at least one or more of the Directors of the Corporation which, to the extent provided in the resolution, shall have and may exercise the power of the Board of Directors in the management of the business and affairs of the Corporation and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. The members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. At meetings of such committees, a majority of the members or alternate members shall constitute a quorum for the transaction of business, and the act of a majority of the members or alternate members at any meeting at which there is a quorum shall be the act of the committee.

The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors.

SECTION 10

Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

SECTION 11

Special Compensation. The Directors may be paid their expenses of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like reimbursement and compensation for attending committee meetings.

ARTICLE III

NOTICES

SECTION 1

Notice of Meetings. Notices of meetings of Stockholders shall be in writing and signed by the President or the Chief Executive Officer (the "CEO") or the CFO or a Vice President or the Secretary or an Assistant Secretary or by such other person or persons as the Directors shall designate. Such notice shall state the purpose or purposes for which the meeting of Stockholders is called and the time and the place, which may be within or without this State, where it is to be held. A copy of such notice shall be delivered personally to, sent by facsimile transmission or electronic mail or shall be mailed, postage prepaid, to each Stockholder of record entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before such meeting. If mailed, it shall be directed to a Stockholder at his address as it appears upon the records of the Corporation and upon such mailing of any such notice, the service thereof shall be complete and the time of the notice shall begin to run from the date upon which such notice is deposited in the mail for transmission to such Stockholder. Personal delivery of any such notice to any Officer of a Corporation or association, or to any member of a partnership shall constitute delivery of such notice to such Corporation, association or partnership. In the event of the transfer of Stock after delivery of such notice of and prior to the holding of the meeting it shall not be necessary to deliver or mail notice of the meeting to the transferee.

SECTION 2

Effect of Irregularly Called Meetings. Whenever 90% of the parties entitled to vote at any meeting, whether of Directors or Stockholders, consent, either by a writing on the records of the meeting or filed with the Secretary, or by presence at such meeting and oral consent entered on the minutes, or by taking part in the deliberations at such meeting without objection, the doings of such meeting shall be as valid as if had at a meeting regularly called and noticed, and at such meeting any business may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time, and if any meeting be irregular for want of notice or of such consent, provided a quorum was present at such meeting, the proceedings of said meeting may be ratified and approved and rendered likewise valid and the irregularity or defect therein waived by a writing signed by all parties having the right to vote at such meeting, and such consent or approval of Stockholders may be by proxy or attorney, but all such proxies and powers of attorney must be in writing.

SECTION 3

Waiver of Notice. Whenever any notice whatever is required to be given under the provisions of the statutes, of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE IV

OFFICERS

SECTION 1

Election. The Officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer and such other officers with such other titles as the Board may determine, none of whom need be Directors. Any person may hold two or more offices, and any office may be held by two or more persons. In the event the Board of Directors appoints two or more persons as holders of one office, all references herein to such office shall be deemed to refer to the co-holders of the office and shall be interpreted accordingly. The Board of Directors may appoint a Chairman of the Board, Vice Chairman of the Board, a CEO, a Chief Financial Officer ("CFO"), Vice Presidents, Assistant Treasurers and Assistant Secretaries.

SECTION 2

Chairman of the Board. The Chairman of the Board shall preside at meetings of the Stockholders and the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

SECTION 3

Vice Chairman of the Board. The Vice Chairman shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board and shall perform such other duties as the Board of Directors may from time to time prescribe.

SECTION 4

President. The President shall have the general powers and duties of management and supervision usually vested in the office of president of a corporation.

SECTION 5

Vice President. The Vice Presidents shall act under the direction of the President and in the absence or disability of the President shall perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe. The Board of Directors may specify the order of seniority of the Vice Presidents. The duties and powers of the President shall descend to the Vice Presidents in such specified order of seniority.

SECTION 6

Secretary. The Secretary shall act under the direction of the President. Subject to the direction of the President, the Secretary shall attend all meetings of the Board of Directors and all meetings of the Stockholders and record the proceedings. The Secretary shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the Stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the President, the CEO or the Board of Directors.

SECTION 7

Assistant Secretaries. The Assistant Secretaries shall act under the direction of the President and the CEO. In order of their seniority, unless otherwise determined by the President, the CEO or the Board of Directors, they shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary, They shall perform such other duties and have such other powers as the President, the CEO or the Board of Directors may from time to time prescribe.

SECTION 8

Treasurer. The Treasurer shall act under the direction of the President and the CEO. Subject to the direction of the President and the CEO the Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the President, the CEO or the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President, the CEO and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all the Treasurer's transactions as Treasurer and of the financial condition of the Corporation

SECTION 9

Assistant Treasurers. The Assistant Treasurers in the order of their seniority, unless otherwise determined by the President, the CEO or the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the President, the CEO or the Board of Directors may from time to time prescribe.

SECTION 10

Compensation. The salaries and compensation of all Executive Officers of the Corporation shall be fixed by the Board of Directors.

SECTION 11

Removal; Resignation. The Officers of the Corporation shall hold office at the pleasure of the Board of Directors. Any Officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

ARTICLE V

CAPITAL STOCK

SECTION 1

Certificates. Every Stockholder shall be entitled to have a certificate signed by two of the following: the President, the CEO, the CFO, the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation. If the Corporation shall be authorized to issue more than one class of Stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of the various classes of Stock or series thereof and the qualifications, limitations or restrictions of such rights, shall be set forth in full or summarized on the face or back of the certificate, which the Corporation shall issue to represent such Stock.

If a certificate is signed (1) by a transfer agent other than the Corporation or its employees or (2) by a registrar other than the Corporation or its employees, the signatures of the Officers of the Corporation may be facsimiles. In case any Officer who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such Officer before such certificate is issued, such certificate may be issued with the same effect as though the person had not ceased to be such Officer. The seal of the Corporation, or a facsimile thereof, may, but need not be, affixed to certificates of Stock.

SECTION 2

Surrendered, Lost or Destroyed Certificates. The Board of Directors may direct a certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of Stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

SECTION 3

Replacement Certificates. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, if it is satisfied that all provisions of the laws and regulations applicable to the Corporation regarding transfer and ownership of shares have been complied with, to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

SECTION 4

Record Date. The Board of Directors may fix in advance a date not exceeding sixty (60) days nor less than ten (10) days preceding the date of any meeting of Stockholders, or the date for the payment of any distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital Stock shall go into effect, or a date in connection with obtaining the consent of Stockholders for any purpose, as a record date for the determination of the Stockholders entitled to notice of and to vote at any such meeting, and any adjournment thereof, or entitled to receive payment of any such distribution, or to give such consent, and in such case, such Stockholders, and only such Stockholders as shall be Stockholders of record on the date so fixed, shall be entitled to notice of and to vote at such meeting, or any adjournment thereof, or to receive payment of such distribution, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any Stock on the books of the Corporation after any such record date fixed as aforesaid.

SECTION 5

Registered Owner. The Corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and distribution, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nevada.

ARTICLE VI

GENERAL PROVISIONS

SECTION 1

Registered Office. The registered office of this Corporation shall be in the State of Nevada.

The Corporation may also have offices at such other places both within and outside the State of Nevada as the Board of Directors may from time to time determine or the business of the Corporation may require.

SECTION 2

Distributions. Distributions upon capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Distributions may be paid in cash, in property or in shares of capital stock, subject to the provisions of the Articles of Incorporation.

SECTION 3

Reserves. Before payment of any distribution, there may be set aside out of any funds of the Corporation available for distributions such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing distributions or for repairing or maintaining any property of the Corporation or for such other purpose as the Directors shall think conducive to the interest of the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

SECTION 4

Checks; Notes. All checks or demands for money and notes of the Corporation shall be signed by such Officer or Officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 5

Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SECTION 6

Corporate Seal. The Corporation may or may not have a corporate seal, as may from time to time be determined by resolution of the Board of Directors. If a corporate seal is adopted, it shall have inscribed thereon the name of the Corporation and the words "Corporate Seal" and "Nevada". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

SECTION 7

Forum Selection. Unless the Corporation consents in writing to the selection of an alternative forum, a federal court located within the State of Nevada, or if such court determines such forum is the inappropriate venue to hear such claim then any state court located within the State of Nevada, shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any actions asserting a claim arising pursuant to any provision of the Nevada Revised Statutes, the Articles of Incorporation or these Bylaws, in each case as amended, or (iv) any action asserting a claim governed by the internal affairs doctrine, in each such case subject to such court having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article 6.

ARTICLE VII

INDEMNIFICATION

SECTION 1

Indemnification of Officers and Directors, Employees and Other Persons. Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or a person of whom he is the legal representative is or was a Director or Officer of the Corporation or is or was serving at the request of the Corporation or for its benefit as a Director or Officer of another Corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the general Corporation law of the State of Nevada from time to time against all expenses, liability and loss (including attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. The expenses of Officers and Directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the Corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the Director or Officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the Corporation. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such Directors, Officers or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any bylaw, agreement, vote of Stockholders, provision of law or otherwise, as well as their rights under this Article.

SECTION 2

Insurance. The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a Director or Officer of another Corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

Section 3

Further Bylaws. The Board of Directors may from time to time adopt further Bylaws with respect to indemnification and may amend these and such Bylaws to provide at all times the fullest indemnification permitted by the General Corporation Law of the State of Nevada.

ARTICLE VIII

AMENDMENTS

SECTION 1

Amendments by Stockholders. The Bylaws may be amended by a majority vote of all the Stock issued and outstanding and entitled to vote for the election of Directors of the Stockholders, provided notice of intention to amend shall have been contained in the notice of the meeting.

SECTION 2

Amendments by Board of Directors. The Board of Directors by a majority vote of the whole Board at any meeting may amend these Bylaws, including Bylaws adopted by the Stockholders, but a 66% majority vote of the Stockholders may from time to time specify particular provisions of the Bylaws, which shall not be amended by the Board of Directors.

APPROVED AND ADOPTED this 10th day of September, 2020.

/s/ Yaky Yanay (Sign)

Yaky Yanay
CEO and President

Exhibit 3.4

AMENDED AND RESTATED BYLAWS

OF

PLURISTEM THERAPEUTICS, INC.

A Nevada Corporation

ARTICLE I

STOCKHOLDERS

SECTION 1

Annual Meeting. Annual meetings of the Stockholders, shall be held annually on the day and at the time as may be set by the Board of Directors from time to time, at which annual meeting the Stockholders shall elect by vote a Board of Directors and transact such other business as may properly be brought before the meeting.

SECTION 2

Special Meetings. Special meetings of the Stockholders for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the President or the Secretary by resolution of the Board of Directors or at the request in writing of Stockholders owning ~~thirty three and thirty four hundredths percent (33.34%) in amount~~ a majority of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose of the proposed meeting.

SECTION 3

Place of Meetings. All annual meetings of the Stockholders shall be held at the registered office of the Corporation or at such other place within or outside the State of Nevada as the Directors shall determine. Special meetings of the Stockholders may be held at such time and place within or outside the State of Nevada as shall be stated in the notice of the meeting, or in a duly executed waiver of notice thereof. Business transacted at any special meeting of Stockholders shall be limited to the purposes stated in the notice.

SECTION 4

Quorum; Adjourned Meetings. The holders of at least thirty three and one third percent (33 1/3%) of the Stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the Stockholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the Stockholders, the Stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. At the adjourned meeting, thirty three and one third percent (33 1/3%) of the issued and outstanding Stock entitled to vote present in person or represented by proxy shall constitute a quorum.

SECTION 5

Voting. Each Stockholder of record of the Corporation holding Stock which is entitled to vote at this meeting shall be entitled at each meeting of Stockholders to one vote for each share of Stock standing in his name on the books of the Corporation. Upon the demand of any Stockholder, the vote for Directors and the vote upon any question before the meeting shall be by ballot.

When a quorum is present or represented at any meeting, the vote of the holders of a majority of the Stock having voting power present in person or represented by proxy shall be sufficient to elect Directors or to decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

SECTION 6

Proxies. At any meeting of the Stockholders any Stockholder may be represented and vote by a proxy or proxies appointed by an instrument in writing. In the event that any such instrument in writing shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated unless the instrument shall otherwise provide. No proxy or power of attorney to vote shall be used to vote at a meeting of the Stockholders unless it shall have been filed with the secretary of the meeting. All questions regarding the qualification of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by the inspectors of election who shall be appointed by the Board of Directors, or if not so appointed, then by the presiding Officer of the meeting.

ARTICLE II

DIRECTORS

SECTION 1

Management of Corporation. The business of the Corporation shall be managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or clone by the Stockholders.

SECTION 2

Number, Tenure, and Qualifications. The number of Directors which shall constitute the whole board shall be at least one. The number of Directors may from time to time be increased or decreased by directors' resolution to not less than one nor more than fifteen. No decrease in the number of Directors shall shorten the term of any incumbent Directors. The Directors shall be elected at the annual meeting of the Stockholders and except as provided in Section ~~2~~3 of this Article, each Director elected shall hold office until the expiration of the term for which such Director is elected and until his successor is elected and qualified or his office has been declared vacant in the manner provided in these Bylaws. Directors need not be Stockholders.

SECTION 3

Vacancies. Vacancies in the Board of Directors including those caused by an increase in the number of Directors, may be filled by a majority of the remaining Directors, though not less than a quorum, or by a sole remaining Director, and each Director so elected shall hold office until his successor is elected at an annual or a special meeting of the Stockholders. The holders of two-thirds of the outstanding shares of Stock entitled to vote may at any time peremptorily terminate the term of office of all or any of the Directors by vote at a meeting called for such purpose. Such removal shall be effective immediately, even if successors are not elected simultaneously.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any Directors, or if the authorized number of Directors be increased, or if the Stockholders fail at any annual or special meeting of Stockholders at which any Director or Directors are elected to elect the full authorized number of Directors to be voted for at that meeting.

If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board or the Stockholders shall have power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

SECTION 4

Annual and Regular Meetings. Regular meetings of the Board of Directors shall be held at any place within or outside the State which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the absence of such designation regular meetings shall be held at the registered office of the Corporation. Special meetings of the Board may be held either at a place so designated or at the registered office.

Regular meetings of the Board of Directors may be held without call or notice at such time and at such place as shall from time to time be fixed and determined by all the Board of Directors.

SECTION 5

First Meeting. The first meeting of each newly elected Board of Directors shall be held immediately following the adjournment of the meeting of Stockholders and at the place thereof. No notice of such meeting shall be necessary to the Directors in order legally to constitute the meeting, provided a quorum be present. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

SECTION 6

Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or the President or by the Chief Financial Officer (the "CFO"), ~~by any Vice President~~ or by any one Director. Unless the board consists of 6 or more directors, in which case any two directors rather than one director may call a special meeting of the board.

Written notice of the time and place of special meetings shall be delivered personally to each Director, or sent to each Director by mail, facsimile transmission, electronic mail or by other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records or if such address is not readily ascertainable, at the place in which the meetings of the Directors are regularly held. In case such notice is mailed, it shall be deposited in the United States mail at least five (5) days prior to the time of the holding of the meeting. In case such notice is hand delivered, faxed or emailed as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, faxing, emailing or delivery as above provided shall be due, legal and personal notice to such Director.

SECTION 7

Business of Meetings. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as if transacted at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 8

Quorum, Adjourned Meetings. A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision (lone or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number be required by law or by the Articles of Incorporation. Any action of a majority, although not at a regularly called meeting, and the record thereof, if assented to in writing by all of the other members of the Board shall be as valid and effective in all respects as if passed by the Board in regular meeting.

A quorum of the Directors may adjourn any Directors meeting to meet again at a stated day and hour- provided, however, that in the absence of a quorum, a majority of the Directors present at any Directors meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Notice of the time and place of holding an adjourned meeting need to be given to the absent Directors if the time and place be fixed at the meeting adjourned.

SECTION 9

Committees. The Board of Directors may, by resolution adopted by a majority of the whole Board, designate one or more committees of the Board of Directors, each committee to consist of at least one or more of the Directors of the Corporation which, to the extent provided in the resolution, shall have and may exercise the power of the Board of Directors in the management of the business and affairs of the Corporation and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. The members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. At meetings of such committees, a majority of the members or alternate members shall constitute a quorum for the transaction of business, and the act of a majority of the members or alternate members at any meeting at which there is a quorum shall be the act of the committee.

The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors.

SECTION 10

Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

SECTION 11

Special Compensation. The Directors may be paid their expenses of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like reimbursement and compensation for attending committee meetings.

ARTICLE III

NOTICES

SECTION 1

Notice of Meetings. Notices of meetings of Stockholders shall be in writing and signed by the President or the Chief Executive Officer (the "CEO") or the CFO or a Vice President or the Secretary or an Assistant Secretary or by such other person or persons as the Directors shall designate. Such notice shall state the purpose or purposes for which the meeting of Stockholders is called and the time and the place, which may be within or without this State, where it is to be held. A copy of such notice shall be delivered personally to, sent by facsimile transmission or electronic mail or shall be mailed, postage prepaid, to each Stockholder of record entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before such meeting. If mailed, it shall be directed to a Stockholder at his address as it appears upon the records of the Corporation and upon such mailing of any such notice, the service thereof shall be complete and the time of the notice shall begin to run from the date upon which such notice is deposited in the mail for transmission to such Stockholder. Personal delivery of any such notice to any Officer of a Corporation or association, or to any member of a partnership shall constitute delivery of such notice to such Corporation, association or partnership. In the event of the transfer of Stock after delivery of such notice of and prior to the holding of the meeting it shall not be necessary to deliver or mail notice of the meeting to the transferee.

SECTION 2

Effect of Irregularly Called Meetings. Whenever 90% of the parties entitled to vote at any meeting, whether of Directors or Stockholders, consent, either by a writing on the records of the meeting or filed with the Secretary, or by presence at such meeting and oral consent entered on the minutes, or by taking part in the deliberations at such meeting without objection, the doings of such meeting shall be as valid as if had at a meeting regularly called and noticed, and at such meeting any business may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time, and if any meeting be irregular for want of notice or of such consent, provided a quorum was present at such meeting, the proceedings of said meeting may be ratified and approved and rendered likewise valid and the irregularity or defect therein waived by a writing signed by all parties having the right to vote at such meeting, and such consent or approval of Stockholders may be by proxy or attorney, but all such proxies and powers of attorney must be in writing.

SECTION 3

Waiver of Notice. Whenever any notice whatever is required to be given under the provisions of the statutes, of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE IV

OFFICERS

SECTION 1

Election. The Officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer and such other officers with such other titles as the Board may determine, none of whom need be Directors. Any person may hold two or more offices, and any office may be held by two or more persons. In the event the Board of Directors appoints two or more persons as holders of one office, all references herein to such office shall be deemed to refer to the co-holders of the office and shall be interpreted accordingly. The Board of Directors may appoint a Chairman of the Board, Vice Chairman of the Board, a CEO, a Chief Financial Officer ("CFO"), Vice Presidents, Assistant Treasurers and Assistant Secretaries.

SECTION 2

Chairman of the Board. The Chairman of the Board shall preside at meetings of the Stockholders and the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

SECTION 3

Vice Chairman of the Board. The Vice Chairman shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board and shall perform such other duties as the Board of Directors may from time to time prescribe.

SECTION 4

President. The President shall have the general powers and duties of management and supervision usually vested in the office of president of a corporation.

SECTION 5

Vice President. The Vice Presidents shall act under the direction of the President and in the absence or disability of the President shall perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe. The Board of Directors may specify the order of seniority of the Vice Presidents. The duties and powers of the President shall descend to the Vice Presidents in such specified order of seniority.

SECTION 6

Secretary. The Secretary shall act under the direction of the President. Subject to the direction of the President, the Secretary shall attend all meetings of the Board of Directors and all meetings of the Stockholders and record the proceedings. The Secretary shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the Stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the President, the CEO or the Board of Directors.

SECTION 7

Assistant Secretaries. The Assistant Secretaries shall act under the direction of the President and the CEO. In order of their seniority, unless otherwise determined by the President, the CEO or the Board of Directors, they shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary, They shall perform such other duties and have such other powers as the President, the CEO or the Board of Directors may from time to time prescribe.

SECTION 8

Treasurer. The Treasurer shall act under the direction of the President and the CEO. Subject to the direction of the President and the CEO the Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the President, the CEO or the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President, the CEO and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all the Treasurer's transactions as Treasurer and of the financial condition of the Corporation

SECTION 9

Assistant Treasurers. The Assistant Treasurers in the order of their seniority, unless otherwise determined by the President, the CEO or the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the President, the CEO or the Board of Directors may from time to time prescribe.

SECTION 10

Compensation. The salaries and compensation of all Executive Officers of the Corporation shall be fixed by the Board of Directors.

SECTION 11

Removal; Resignation. The Officers of the Corporation shall hold office at the pleasure of the Board of Directors. Any Officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

ARTICLE V

CAPITAL STOCK

SECTION 1

Certificates. Every Stockholder shall be entitled to have a certificate signed by two of the following: the President, the CEO, the CFO, the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation. If the Corporation shall be authorized to issue more than one class of Stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of the various classes of Stock or series thereof and the qualifications, limitations or restrictions of such rights, shall be set forth in full or summarized on the face or back of the certificate, which the Corporation shall issue to represent such Stock.

If a certificate is signed (1) by a transfer agent other than the Corporation or its employees or (2) by a registrar other than the Corporation or its employees, the signatures of the Officers of the Corporation may be facsimiles. In case any Officer who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such Officer before such certificate is issued, such certificate may be issued with the same effect as though the person had not ceased to be such Officer. The seal of the Corporation, or a facsimile thereof, may, but need not be, affixed to certificates of Stock.

SECTION 2

Surrendered, Lost or Destroyed Certificates. The Board of Directors may direct a certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of Stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

SECTION 3

Replacement Certificates. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, if it is satisfied that all provisions of the laws and regulations applicable to the Corporation regarding transfer and ownership of shares have been complied with, to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

SECTION 4

Record Date. The Board of Directors may fix in advance a date not exceeding sixty (60) days nor less than ten (10) days preceding the date of any meeting of Stockholders, or the date for the payment of any distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital Stock shall go into effect, or a date in connection with obtaining the consent of Stockholders for any purpose, as a record date for the determination of the Stockholders entitled to notice of and to vote at any such meeting, and any adjournment thereof, or entitled to receive payment of any such distribution, or to give such consent, and in such case, such Stockholders, and only such Stockholders as shall be Stockholders of record on the date so fixed, shall be entitled to notice of and to vote at such meeting, or any adjournment thereof, or to receive payment of such distribution, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any Stock on the books of the Corporation after any such record date fixed as aforesaid.

SECTION 5

Registered Owner. The Corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and distribution, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nevada.

ARTICLE VI

GENERAL PROVISIONS

SECTION 1

Registered Office. The registered office of this Corporation shall be in the State of Nevada.

The Corporation may also have offices at such other places both within and outside the State of Nevada as the Board of Directors may from time to time determine or the business of the Corporation may require.

SECTION 2

Distributions. Distributions upon capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Distributions may be paid in cash, in property or in shares of capital stock, subject to the provisions of the Articles of Incorporation.

SECTION 3

Reserves. Before payment of any distribution, there may be set aside out of any funds of the Corporation available for distributions such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing distributions or for repairing or maintaining any property of the Corporation or for such other purpose as the Directors shall think conducive to the interest of the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

SECTION 4

Checks; Notes. All checks or demands for money and notes of the Corporation shall be signed by such Officer or Officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 5

Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SECTION 6

Corporate Seal. The Corporation may or may not have a corporate seal, as may from time to time be determined by resolution of the Board of Directors. If a corporate seal is adopted, it shall have inscribed thereon the name of the Corporation and the words “Corporate Seal” and “Nevada”. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

SECTION 7

Forum Selection. Unless the Corporation consents in writing to the selection of an alternative forum, a federal court located within the State of Nevada, or if such court determines such forum is the inappropriate venue to hear such claim then any state court located within the State of Nevada, shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation’s stockholders, (iii) any actions asserting a claim arising pursuant to any provision of the Nevada Revised Statutes, the Articles of Incorporation or these Bylaws, in each case as amended, or (iv) any action asserting a claim governed by the internal affairs doctrine, in each such case subject to such court having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article 6.

ARTICLE VII

INDEMNIFICATION

SECTION 1

Indemnification of Officers and Directors, Employees and Other Persons. Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or a person of whom he is the legal representative is or was a Director or Officer of the Corporation or is or was serving at the request of the Corporation or for its benefit as a Director or Officer of another Corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the general Corporation law of the State of Nevada from time to time against all expenses, liability and loss (including attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. The expenses of Officers and Directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the Corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the Director or Officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the Corporation. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such Directors, Officers or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any bylaw, agreement, vote of Stockholders, provision of law or otherwise, as well as their rights under this Article.

SECTION 2

Insurance. The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a Director or Officer of another Corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

Section 3

Further Bylaws. The Board of Directors may from time to time adopt further Bylaws with respect to indemnification and may amend these and such Bylaws to provide at all times the fullest indemnification permitted by the General Corporation Law of the State of Nevada.

ARTICLE VIII

AMENDMENTS

SECTION 1

Amendments by Stockholders. The Bylaws may be amended by a majority vote of all the Stock issued and outstanding and entitled to vote for the election of Directors of the Stockholders, provided notice of intention to amend shall have been contained in the notice of the meeting.

SECTION 2

Amendments by Board of Directors. The Board of Directors by a majority vote of the whole Board at any meeting may amend these Bylaws, including Bylaws adopted by the Stockholders, but a 66% majority vote of the Stockholders may from time to time specify particular provisions of the Bylaws, which shall not be amended by the Board of Directors.

APPROVED AND ADOPTED this ~~29~~10th day of ~~March, 2017~~September, 2020.

/s/ Yaky Yanay (Sign)
Yaky Yanay
~~Co-~~CEO and President

Exhibit 4.3

DESCRIPTION OF SECURITIES

Under the Amended and Restated Articles of Incorporation (the "Articles") of Pluristem Therapeutics Inc. (the "Company"), the Company is authorized to issue up to sixty million (60,000,000) shares of common stock, par value $0.00001 per share (the "Common Stock") and one million (1,000,000) shares of preferred stock, par value $0.00001 per share (the "Preferred Stock").

The following is a summary of some of the terms of the Company's Common Stock, which is the Company's only class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended. The Common Stock is listed on the Nasdaq Capital Market under the symbol "PSTI". This summary is not complete, and is subject to and qualified by the provisions of the Company's Articles and the Company's Amended and Restated Bylaws (the "Bylaws"). The terms of the Common Stock are also subject to and qualified by the applicable provisions of the Nevada Revised Statues.

Common Stock

The holders of shares of Common Stock vote together as one class on all matters as to which holders of Common Stock are entitled to vote. Except as otherwise required by applicable law and subject to the preferential rights of any outstanding Preferred Stock, all voting rights are vested in and exercised by the holders of Common Stock with each share of our Common Stock being entitled to one vote, including in all elections of directors. The Company does not have a classified board of directors (the "Board"). Subject to preferences that may be applicable to any outstanding Preferred Stock, the holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the Board out of legally available funds therefore. The Company has not declared any dividends on its Common Stock and does not anticipate paying any dividends on its Common Stock in the foreseeable future. In the event of the Company's liquidation, dissolution or winding up, holders of the Common Stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior liquidation rights of Preferred Stock, if any, then outstanding. The Common Stock has no cumulative voting rights and no preemptive or other rights to subscribe for shares of the Company. There are no redemption or sinking fund provisions applicable to the Common Stock. All shares of Common Stock currently outstanding are fully paid and non-assessable.

Anti-Takeover Effects of the Company's Articles and Bylaws

Certain provisions of the Company's Articles and Bylaws could have the effect of delaying, deterring or preventing another party from acquiring or seeking to acquire control of the Company. For example, the Company's Articles and Bylaws include provisions that:

- allow the Board, subject to a majority vote of the entire Board, to amend the Company's Bylaws at any meeting;
- provide that only stockholders owning thirty three and thirty four hundredths percent (33.34%) in amount of the entire capital stock of the Company's issued and outstanding and entitled to vote may call a special meeting of the Company's stockholders;
- the Board may from time to time increase or decrease the number of directors then comprising the Board, and may from time to time fill any vacancies, if any, on the Board; and
- empower the Board to issue from time to time one or more series of Preferred Stock, with such designations, rights, preferences and limitations as the Board may determine by resolution. The rights, preferences and limitations of separate series of Preferred Stock may differ with respect to such matters among such series of Preferred Stock as may be determined by the Board, including, without limitation, the rate of dividends, method and nature of payment of dividends, terms of redemption, amounts payable on liquidation, sinking fund provisions (if any), conversion rights (if any) and voting rights.

Exhibit 10.8

Summary of Directors Ongoing Compensation

Effective as September 10, 2020, our non-executive officer directors receive cash compensation as follows:

- Annual compensation of $35,000;

- The Chairman of our Audit Committee shall receive an additional annual fee of $10,000 and in the event of an annual equity grant issued to directors, or an Annual Director Grant, an additional 10% of equity securities in addition to such grant, and each other member of the Audit Committee shall receive an additional annual fee of $3,000 and, in the event of an Annual Director Grant, an additional 3% of equity securities in addition to such grant;

- The Chairman of our Compensation Committee shall receive an additional annual fee of $4,000 and, in the event of an Annual Director Grant, an additional 4% of equity securities in addition to such grant, and each other member of the Compensation Committee shall receive an additional annual fee of $2,000 and, in the event of an Annual Director Grant, an additional 2% of equity securities in addition to such grant; and

- The Chairman of our Nominating Committee shall receive an additional annual fee of $4,000 and, in the event of an Annual Director Grant, an additional 4% of equity securities in addition to such grant, and each other member of the Nominating Committee shall receive an additional annual fee of $2,000 and, in the event of an Annual Director Grant, an additional 2% of equity securities in addition to such grant.

In exceptional circumstances, our non-executive directors may receive bonuses of up to $75,000 per year for extraordinary performance, as well as discretionary bonuses in special circumstances as the Board of Directors or the Compensation Committee may decide.

Exhibit 10.17

AMENDED AND RESTATED CONSULTING AGREEMENT

This Consulting Agreement (this "**Agreement**") is entered into as of September 10, 2020 (the "**Effective Date**") by and between Pluristem Ltd., with its principal place of business at MATAM Park, Building 5, Haifa 31905 Israel ("**Company**"), and Rose High Tech Ltd. of Tel Mond, Israel ("**Consulting Company**").

(Each may be referred to as a "**Party**" and collectively the "**Parties**".)

WHEREAS, the Company and the Consulting Company are parties to a certain consulting agreement dated September 18, 2018 (together collectively: "**Consulting Agreement**"); and

WHEREAS the Parties hereto wish to terminate the Consulting Agreement and to enter into a new agreement in accordance with the provisions set forth in this Agreement; and

WHEREAS the Consulting Company is willing to provide the Company with the Services, as defined below, to be rendered to the Company solely by Mr. Zami Aberman (**Zami Aberman** or, together with Consulting Company, the "**Consultant**"); and

WHEREAS, Consultant has the skills, connections and experience necessary to assist the Company in the development of its business, strategy and operations; and

WHEREAS, Company wishes to retain Consultant, as an independent contractor, to provide Company with the Services, on a non-exclusive basis, pursuant to the terms and conditions hereunder;

NOW THEREFORE, in consideration of the premises and mutual covenants and agreements herein, the Parties, intending to be legally bound, hereby agree as follows:

1. **The Services**

1.1. The Consultant shall, during the Term of this Agreement (as defined below), provide the Company with services of Executive Chairman (the "**Services**").

1.2. Consultant shall use all reasonable endeavors to promote, develop and expand Company's business, shall devote all necessary time and attention to the performance of his duties, and will work in coordination with the Company.

1.3. Consultant shall report to the Board of Directors of the Company (the "**Board**") and comply with its instructions and guidelines.

1.4. Without derogating from the above, the Consultant shall act in accordance with the Company's policies, regulations and general instructions as shall be published and updated from time to time, including, but not limited to, the Company's Sexual Harassment Policies, the Company's Insider Trade Policy, the Company's whistle blowing policy, the Company's Ethic Code etc. Without derogating from the provisions of Section 4 below, in the event of a breach of this Section 1.4 or any of the policies mentioned herein, Company shall have the right to immediately terminate this Agreement without prior notice, based on Company's sole discretion.

2. **Representations and Warranties**

Each Party hereby represents and warrants to the other Party as follows:

2.1. It is not a party to any contract or agreement preventing it from entering into this Agreement and carrying out its obligations hereunder, and such do not violate, conflict with or constitute a default under applicable law.

2.2. When executed, this Agreement shall become its legal, valid and binding obligation, enforceable in accordance with the Agreement's terms.

2.3. It has, and during the term of this Agreement shall continue to maintain, the expertise, knowledge, capacity, financial means, facilities and personnel necessary to carry out its obligations under this Agreement.

3. **Consideration**

As sole and full consideration for the Services, Consultant shall be entitled to the followings (the "**Consideration**"):

3.1. Consulting Fees. In considerations for the Services, commencing on September 10, 2020, the Company shall pay the Consultant a monthly gross amount of 149,500 New Israeli Shekels (NIS) plus VAT ("**Consulting Fees**"), against a duly issued invoice. Commencing on January 1, 2021, and for so long as this Agreement remains in effect, the Consulting Fees shall be reduced to a monthly gross amount of 142,250 NIS.

3.2. Fixed Bonus. Consultant shall be eligible to receive an annual bonus payment of 149,500 NIS on October 31, 2020.

3.3. Special Bonus. Consultant shall be entitled to receive performance based bonus of 1.5% of the sums actually received by the Company in case of: (i) consummation of a merger, acquisition or sale of all or substantially all of the outstanding securities or assets of the Company; (ii) non-diluting funding; and (iii) any other significant corporate transactions, including the equity component of such transaction, as determined by the Parent Company's Board of Directors. For the avoidance of any doubt, Consultant is also entitled to receive such Special Bonus on events that materialized during the Adjustment Period and the Notice Period. Consultant is also entitled to receive such Special Bonus on events that materialized during 9 months after the conclusion of the Notice Period (termination) according to section 4.1.

3.4. Car. The Company shall reimburse the Consultant for all reasonable expenses incurred with respect to the Consultant Car. The Company shall reimburse the Consultant for all actual maintenance (including but not limited to: gas and toll road), tax and insurance expenses relating to such vehicle. The Company will reimburse the Consultant for tax amounts paid by the Consultant relating to the vehicle that are required to keep the Consultant Fee unaffected. It is hereby clarified that the Company shall not pay any tickets or fines resulting state and/or municipal traffic violations.

3.5. Cellular Phone. The Company shall provide the Consultant with a cellular phone and shall bear all expenses relating to such cellular phone.

3.6. Vacation Days. Consultant shall be entitled to twenty four (24) vacation days per year.

3.7. Reimbursement for Expenses. Consultant shall be entitled to receive prompt reimbursement of all direct expenses reasonable incurred by him in connection with the performance of his duties hereunder; *provided, however*, that the Consultant has submitted, in writing, in the proper formant, an expense report for the same, together with written receipts, in accordance with the Expense Policy (each, an "**Expense Report**"), and the Expense Report has been submitted within fifteen (15) days of the incurrence of the expenses. The Company will issue a company credit card that will be used by the Consultant only for expenses reasonable incurred by him in connection with the performance of his duties. The Consultant hereby acknowledges that once reimbursement has been received for goods purchased by the Consultant on behalf of the Company, such goods shall become the sole property of the Company.

3.8. D&O Insurance and indemnification. The Company undertakes to cause that the Consultant in its capacity as Office Holder of the Company, shall be covered by the Company's D&O insurance policy, as shall be in effect from time to time. Furthermore, the Company shall act to provide indemnification to the Consultant in his capacity as an officer of the Company.

3.9. For the avoidance of doubt, other than the Consideration, Consultant shall not be entitled to any further payment or compensation in connection with the performance of the Services, including any reimbursement of costs and expenses.

3.10. For the avoidance of doubt, it is hereby clarified that each party to this Agreement will be liable for its own tax payments. In addition, any consideration shall include VAT at the applicable rate required by law and regulations.

3.11. The Company shall withhold taxes from any paid Consideration, at an applicable rate as required by applicable laws and regulations, or at a rate that is determined by an authorized approval or certificate of the Israeli Tax Authority that may be provided to the Company by Consultant.

4. **Term and Termination**

4.1. This Agreement shall commence as of the Effective Date and shall continue in full force until the earlier of December 31, 2021 or the filing by the Company of a Biologics License Application, unless terminated by either party according to section 4.2 or section 4.5 (the "**Term**").

4.2. Either Party may terminate this Agreement by giving the other Party ninety (90) days written notice (the "**Notice Period**"). Consultant shall continue to provide the Services during the Notice Period and shall be entitled to receive the Consideration for such Services. The Company retains the right, at its sole discretion and at any time within the Notice Period, to terminate, immediately and unilaterally, the Services, by giving a written notice to Consultant. Provided, however, that, Consultant shall be entitled to receive the Consideration. Furthermore, in the event of Change of Control during or following which (and up to 12 months of such Change of Control) the engagement terms of Consultant (including position, authority, etc.) and/or the rights he is entitled to under this Agreement will be subject to an adverse change by Company (regardless of whether or not the engagement of Consultant was actually terminated), or Change in Control which led to the termination of engagement by either party, regardless of reason, Consultant shall be entitled to such gross amounts that would have been paid to Consultant during the Notice Period and Adjustment Fees that have not otherwise been paid to him by the Company during the Term or applicable Notice Period or Adjustment Period.

4.3. In the end of the Notice Period, the value of any unused vacation days will be paid to the Consultant, at a value of the Consulting Fee divided by 22. Such payment shall be made against a duly issued invoice.

4.4. Adjustment Period - In the event of termination of this Agreement according to the terms of Section 4.2 above, but only during the period between January 1, 2021 and December 31, 2021, or in the event of a Change of Control, Consultant will be entitled, in addition to any amounts payable to him during the Notice Period, to adjustment fees (the "**Adjustment Fees**") equal to nine (9) months Consulting Fees; provided, however that such adjustment fees shall be paid in two installments as follows: (i) 38,250 NIS on January 1, 2021, and 1,307,250 NIS on December 31, 2021.

4.5. Notwithstanding, Company may, at its sole discretion, immediately terminate the Agreement by giving written notice to the Consultant in the event that the Consultant engage in any illegal, unfair, or deceptive business practices or unethical conduct whatsoever, whether or not related to the Services. In case of termination according to this Section, the Services shall terminate immediately and unilaterally, and Consultant shall not be entitled to receive any amounts, including the Consideration.

4.6. Termination of this Agreement shall be without prejudice to any other right or remedy of either Party as stipulated in this Agreement. All covenants set forth in this Agreement designated or designed to survive its Term, shall survive the termination or expiration of this Agreement for any reason.

5. **Stock Based Awards**

During the term of this Agreement, Zami Aberman shall be entitled to participate in any of Pluristem Therapeutics Inc.'s (the Parent Company) equity compensation plans, whether currently in existence or as may be adopted in the future by the Parent Company's shareholders, from time to time (the "Plan"), and may be granted such awards, pursuant to any relevant grant instruments, that may be granted in accordance with the Plan (the "Awards") as shall be determined by the Board and/or the Parent Company's Compensation Committee.

It is hereby clarified that the grant of the Awards is subject to (a) the approval of the Parent Company's Board of Directors and/or Compensation Committee and (b) execution of any documents required pursuant to applicable law and the terms of the Plan, including execution of a grant Award agreement, and an irrevocable proxy. The terms of the Award, including but not limited to, the number of Awards granted, the exercise price, vesting period, adjustments and exercise period shall be determined in accordance with the provisions of the Plan and the executed grant Award agreement.

Zami Aberman shall be entitled to immediate acceleration of the of unvested Awards in the following circumstances: (i) in case of the termination of the Company of this Employment Agreement, 100% of any unvested Awards; (ii) in case of the termination of Employee of this Employment Agreement, 50% of any unvested Awards; and (iii) in the event of a Change of Control (as hereinafter defined) of the Parent Company (or the Company), 100% of any unvested Awards.

For purposes of this Agreement, "Change of Control" shall mean the occurrence of any of the following: (i) any one person, or more than one person acting as a group or in concert, acquires beneficial ownership of stock of the Parent Company that, together with stock held by such person or group, constitutes more than thirty percent (30%) of the total voting power of the stock of the Parent Company; (ii) any consolidation or merger of the Parent Company into another corporation or entity where the stockholders of the Parent Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own, directly or indirectly, securities representing in the aggregate more than fifty percent (50%) of the combined voting power of all the outstanding securities of the surviving corporation (or of its ultimate parent corporation, if any); (iii) the sale, lease or other transfer of all or substantially all of the Parent Company's assets to an independent, unaffiliated third party in a single transaction or a series of related transactions; or (iv) the date that fifty percent (50%) or more of the members of the Parent Company's Board of Directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by fifty percent (50%) or more of the members of the Parent Company's Board of Directors prior to the date of the appointment or election.

Any tax imposed on Consultant with respect to the grant and/or the exercise of the Award shall be borne by the Consultant.

6. **Confidentiality, Intellectual Property Assignment and Non-Competition**

The Consultant undertakes to fully comply with the Confidentiality, Intellectual Property Assignment and Non-Competition provisions set forth in Exhibit A.

7. **Scope of Relationship**

The relationship between the Company and Consultant shall be that of independent contractors. Neither Party is a partner, joint-venture, agent, employee or legal representative of the other, nor has either Party the authority to assume or create any obligation on behalf of the other, to bind the other or to represent itself as such to any third party. Consultant shall bear all social benefits required under any applicable law and shall not receive nor be entitled to overtime pay, insurance, severance payments or similar fringe or employment benefits from the Company.

7.1. The Consultant affirms that this Agreement does not create any employee relationship between the Consultant and the Company.

7.2. Without derogating from the above, Consultant shall reimburse and compensate the Company in the event that the Company is required to pay any sum of money to the Consultant and/or the Consultant's heirs and/or dependents and/or to the National Social Security Authority (*Bituach Leumi*) and/or the tax authorities and/or any other party that sues in the name of the Consultant or on Consultant's behalf, for any rights deriving from a status of an employee of the Company.

7.3. The parties acknowledge that had the Company elected to retain the services of Consultant as an employee and had Consultant agreed to accept such employment, the salary payable to Consultant would be substantially lower than the Consulting Fee (as the Fee takes into account all social benefits that would otherwise be payable to an employee including, severance payments, etc.). Therefore, if any labor court, or other competent authority, determines that an employer-employee relationship does in fact exist between the Company and Consultant, the following shall apply:

7.3.1 For the period as to which it is claimed or determined that an employment relationship existed between the Company and Consultant (the "**Relevant Period**"), Consultant's Fee shall be such amount equal to 67% of the Fee due to him for each month during the Relevant Period, and such consideration shall constitute the full Fee payable to Consultant on which basis any social contributions will be calculated.

7.3.2 Consultant hereby agrees to immediately repay the Company any amount which the Company has paid is under this Agreement, above the payments set forth in Section 7.3.1, such repaid amount to be linked to the Israeli Consumer Price Index and include interest at the annual rate of 5%.

7.3.3 The Company may set off any of the Consultant's debt to the Company under this Section 7.3 from any amounts payable to Consultant under this Agreement or pursuant to his relationship with the Company in his capacity as such. For the avoidance of doubt, no deduction (as described in this section) shall exempt Consultant from repaying the Company the Consultant's overall debt.

7.4. The above obligations of the Consultant shall survive the termination of this Agreement.

8. **Miscellaneous**

This Agreement, including its exhibits, when signed by the authorized representatives of the Parties hereto, shall constitute the sole and entire agreement between the Parties, with respect to the subject matter of this Agreement, and shall supersede any and all prior agreements, whether oral or written. No amendment or waiver to this Agreement shall be effective unless in writing and signed by authorized representatives of the Parties. This Agreement shall be governed by and construed in accordance with the laws of the State of Israel, without regard to its rules regarding conflict of laws. The competent courts located in the district of Tel-Aviv, Israel, shall have exclusive jurisdiction with respect to any claims or disputes arising out of or concerning this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

/s/ Yaky Yanay /s/ Chen Franco-Yehuda	/s/ Zami Aberman
Pluristem Ltd.	**Rose High Tech Ltd.**

EXHIBIT A
Confidentiality, Intellectual Property Assignment and Non-Competition

1. Secrecy

(a) The Consultant recognizes and acknowledges that its access whether prior to the date hereof or thereafter, to the trade secrets and confidential or proprietary information (collectively, the "**Confidential Information**") of the Company and the Company's subsidiaries and other affiliates (collectively, the "**Companies**"), is essential to the services the Consultant is giving to the Companies (the "**Services**").

(b) By way of illustration and not limitation, such Confidential Information shall include (i) any and all information concerning the business and affairs of the Companies, product specifications, data, know-how, compositions, processes, formulas, methods, designs, samples, inventions and ideas, past, current and planned development or experimental work, current and planned distribution methods and processes, customer lists, current and anticipated customer requirements, price lists, market studies, business plans, computer software and programs (including object code and source code), computer software and database technologies, systems, structures and architectures (and related processes, algorithms, compositions, improvements, know-how, inventions, discoveries, concepts, ideas, designs, methods and information) of the Company, and any other information, however documented of the Companies; (ii) any and all information concerning the business and affairs of the Companies (which includes historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, personnel training and techniques and materials), however documented; and (iii) all derivatives, improvements and enhancements to the Company's technology which are created or developed in relation to the Services; and (iv) information of third parties as to which the Company has an obligation of confidentiality; and (v) any and all notes, analysis, compilations, studies, summaries, and other material prepared by or for the Companies containing or based, in whole or in part, on any information included in the foregoing.

(c) The Confidential Information shall not include information which: (i) has become publicly known and made generally available through no wrongful act of the Consultant; (ii) was known to the Consultant prior to its involvement with the Companies; or (iii) is required to be disclosed as a result of court order to other legal process, provided, however, that the Consultant shall limit disclosure the required minimum, and will promptly notify the Company of the request to disclose the Confidential Information and the parts thereof that will, or have been disclosed.

(d) Consultant further recognizes and acknowledges that such Confidential Information is a valuable and unique asset of the Company's, and that its use or disclosure (except use or disclosure as required for giving the Companies the Services) would cause the Company substantial loss and damages. Consultant undertakes and agrees that it will not, in whole or in part, disclose such Confidential Information to any person or organization under any circumstances (except use or disclosure as required for giving the Companies the Services), will not make use of any such Confidential Information for the Consultant's own purposes or for the benefit of any other person or organization, and will not reproduce any of the Confidential Information without the Company's prior written consent.

(e) Consultant will not disclose or otherwise make available to the Companies in any manner any confidential information received by Consultant from third parties.

(f) The obligations set forth in this section are perpetual, and shall survive termination of any agreement regarding Services given to the Company by the Consultant.

(g) Consultant further recognizes and acknowledges that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to certain limited purposes. Consultant agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in giving the Company the Services consistent with the Company's agreement with the third party.

2. Return of Materials. Upon termination of any agreement regarding the Services, or at the request of the Company before such termination, Consultant will promptly deliver to the Company all copies of all written and tangible material, in Consultant's possession or under Consultant's control, incorporating the Confidential Information or otherwise relating to the Company's business, without retaining any copies thereof. The obligations set forth in this subsection shall survive termination of any agreement regarding the Services between Consultant and the Company.

3. Ownership of Property and Rights

(a) Exclusive Property. Consultant confirms that all Confidential Information and Works are, will be, and shall remain the exclusive property of the Company including all intellectual property rights therein under patent, copyright, trade secrets and similar laws in all countries throughout the world. All business records, papers and documents however documented kept or made by the Consultant as part of the Services given by it to the Company shall be and remain the property of the Company.

For the purpose of this section, the term "**Works**" shall mean any and all works, projects or Inventions (as defined below) performed and/or developed by the Consultant for or used by the Companies or otherwise included in the source code or object code of the Company's products or otherwise used in the business of the Companies whether made prior or after the date of this Agreement.

(b) Assignment & Waiver. Consultant hereby assigns and waives to the Company, without additional consideration to the Consultant, the entire right, title and interest in the Works and to any ideas, inventions, original works of authorship, developments, improvements, modifications, enhancements, trade secrets, and in and to any documentation, software, hardware, firmware, creative works, know-how and information, conceived or reduced to practice, in whole or in part, by Consultant during Consultant's period giving the Company the Services, or caused to be conceived or reduced to practice, during the above period, and/or related to the Companies' business, whether or not patentable, copyrightable or otherwise protectable, and Consultant assigns to the Company as above stated, the entire right, title and interest in and to any proprietary rights therein or based thereon including all intellectual property rights therein under patent, copyright, trade secrets and similar laws in all countries throughout the world (collectively, the "**Inventions**"). This assignment applies to all Works and Inventions created before, on and after the date of this Agreement, and also includes the right to sue for and recover damages for any past, present and/or future infringement of any of the Works and/or Inventions.

For the avoidance of doubt, it is agreed and clarified that the provisions of this Section 3 would also apply to any Company IP constituting a service invention as defined in the Israeli Patents Law, 5727-1967 (the "**Service Invention**" and the "**Patents Law**", respectively), and such would constitute Consultant's property unless Company explicitly approved otherwise, in writing, within six months of receiving written notice of the Service Invention (for the avoidance of doubt, Section 132(b) of the Patents Law will not apply to the Service Invention). Consultant hereby waives any right to royalties, payment, or any other compensation from the Company with regard to any assigned Inventions and/or Works, as well as the ownership, utilization or commercial use of any Service Invention. For the avoidance of doubt, it is agreed that this Section 3 shall be deemed a "**Contract**" for the purpose of Section 134 of the Patents Law, and as such would prohibit Consultant from applying to the Compensation and Royalties Committee regarding the Service Inventions.

(c) Perfection of Rights. Consultant shall provide all assistance the Company may request, and shall execute, verify and deliver such documents and perform such other acts (including appearing as a witness) the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such proprietary rights and the assignment thereof, as set forth above. Consultant's obligation to assist the Company with respect to proprietary rights in any and all countries shall continue beyond the termination of any agreement between the Company and Consultant regarding the Services, but the Company shall compensate the Consultant at a reasonable rate after termination of such agreement for the time actually spent by the Consultant at the Company's request on providing such assistance.

(d) Consultant represents and warrants that except for the Company's rights in the Inventions and/or the Works, no other third party has any rights whether contractual, by law or otherwise from any kind whatsoever in the Inventions and/or the Works or in any intellectual property rights relating thereto. Consultant further represents and warrants that it has not granted to any third party any licenses in and to any of the Works, Inventions or any of the intellectual property rights relating thereto.

(e) Survivability. The obligations set forth in this section are perpetual, and shall survive termination of any agreement regarding Services given to the Company by the Consultant.

(f) Attorney-in-fact. If the Company is unable because of the Consultant's mental or physical incapacity or the Consultant's refusal to cooperate with the Company after receiving the Company's request pursuant Section 3(c) above to secure the Consultant's signature to application for any Israeli or foreign patent or copyright registration covering Inventions, Works or original works of authorship assigned to the Company as set forth above, Consultant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Consultant's agent and attorney-in-fact, to act on behalf and instead to execute and file any such application and to do all other lawfully permitted acts to further the prosecution and issuance of letter patent or copyright registration thereon with same legal force and effect as if executed by the Consultant.

4. No Competition. For so long as Consultant is giving Services to the Company and continuing for 12 months after the termination or expiration of any agreement between the Consultant and the Company regarding such Services, the Consultant shall not, directly or indirectly:

(a) solicit, endeavor to entice away from the Companies or otherwise interfere with the relationship of the Companies with any person or organization who is, or was within the preceding 6 months, a customer of the Companies, or who is employed by the Companies; or

(b) own an interest in, manage, operate, join, control, or participate in or be connected with, as an officer, employee, partner, stockholder, consultant or otherwise, any project, at such time, competing with the core technology and business of the Company anywhere in the world or providing products or services substantially similar to the products or services offered by the Company. It is hereby agreed that holding up to 3% of a publicly traded company by the Consultant shall not be deemed as engagement in competition with the Company.

5. Enforcement. The Company may enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for the breach of this Agreement. This Agreement shall be enforced to the fullest extent permissible under the laws of the State of Israel, without regard to its conflict of law principles. If any portion of this Agreement shall be adjudicated to be invalid or unenforceable, it shall be deemed to be amended to delete such portion. Consultant expressly consents to the exclusive personal jurisdiction and venue of Tel-Aviv courts for any lawsuit arising from or relating to this Agreement and venue of Tel-Aviv courts for any lawsuit arising from or relating to this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written first above.

/s/ Yaky Yanay /s/ Chen Franco-Yehuda	/s/ Zami Aberman
Pluristem Ltd.	**Rose High Tech Ltd.**

Exhibit 10.18

Amended and Restated Employment Agreement

Duly made and executed on the date set forth in **Appendix 1**

By and Between

Pluristem Ltd.
Company number 513371666
(hereinafter the "**Company**")

and

Yaacov (Yaky) Yanay I.D. 28621605
(hereinafter the **"Employee")**
(other details as set forth in **Appendix 1**)

WHEREAS, the Employee has been employed by the Company since October 15, 2006 and the Employee and the Company seek to enter into this Employment Agreement (the "Agreement") to set forth the terms of the Employee's employment as the Company's Chief Financial Officer; and

WHEREAS, this Amended and Restated Employment Agreement amends and restated that certain Employment Agreement dated September 12, 2018;

WHEREAS, the Employee represents that, he has the requisite skills and training to fulfill his obligations as set forth herein;

NOW, THEREFORE, in consideration of the undertakings of the parties, it is hereby agreed:

1. DUTIES AND RESPONSIBILITIES

1.1 **Position**. The Employee shall serve in the position set forth in Appendix 1 hereto, and shall report to the Board the Directors or as set forth in Appendix 1.

1.2 **Exclusivity**. unless Company agrees otherwise (in advance and in writing), the Employee (i) shall devote his full working time (as defined herein), attention, energies, skills, knowledge and experience to the faithful, responsible, competent, diligent, and conscientious performance of his duties and responsibilities hereunder and best efforts to the business and affairs of the company; (ii) shall not engage in or be associated with, directly or indirectly, any business which is competitive, directly or indirectly, with the business of the Company, as more fully described in Appendix 2 attached hereto, and (iii) shall not undertake or accept any other paid or unpaid employment or occupation;

1.3 **Traveling**. The Employee's employment may require travel outside Israel and the Employee agrees to such travel as may be necessary in order to fulfill his duties hereunder. The employee shall engage in such travel as may reasonably be required in connection with the performance of his duties. All reasonable travel and other expenses incurred by the employee (in accordance with the policies as established from time to time) in carrying out his duties hereunder will be reimbursed by the Company on presentation to it of expense accounts and appropriate documentation in accordance with the customary procedures of the Company for reimbursement of employee expenses.

1.4 **Compliance**. Without derogating from the above, the Employee shall act in accordance with the Company's policies, regulations and general instructions as shall be published and updated from time to time, including, but not limited to, the Company's Sexual Harassment Policies, the Company's Insider Trade Policy, the Company's whistle blowing policy, the Company's Ethic Code etc. Without derogating from the provisions of Section 2.4 below, in the event of a breach of this Section 1.4 or any of the policies mentioned herein, Company shall have the right to immediately terminate this Agreement without prior notice, based on Company's sole discretion.

1.5 **Exclusivity of Agreement**. This Agreement is personal and special, and exclusively defines the entire relationship between the Company and the Employee and all compensation and/or benefits to which the Employee is entitled from the Company. This Agreement supersedes any prior agreements, understandings and arrangements, oral or written, applied, exchanged or signed between the parties hereto with respect to the subject matter hereof. The Employee shall not be entitled to, and shall not demand, any other compensation and/or benefit from the Company, unless explicitly provided for hereunder, and no practice and/or custom existing between the Company and other employees, if any, shall apply to the relationship between the Employee and the Company, unless explicitly incorporated into this Agreement, and then only to the extent so incorporated. This Agreement shall be considered as a notification of the terms of employment as required by law.

1.6 Capacity and Working Week. Employee shall work on a full time basis (constituting 182 monthly hours). Employee shall be entitled to a half-hour break every day, which will not be counted towards Employee's working time. The weekly rest day shall be Saturday. The customary working week at the Company is Sunday through Thursday, and the customary work day is between 9:00am to 18:00pm (such that it shall consist of 9 hours per working day, except for a one fixed day of the week, to be determined by the Company, that shall consist of only 8 working hours). Notwithstanding the foregoing, it is hereby clarified that due to Employee's duties, he may be required to perform overtime work, as further described herein.

2. TERM AND TERMINATION

2.1 **Term of Engagement**. This Agreement shall become effective on the date set forth in Appendix 1 (the "Commencement Date"), and will remain in force until terminated by a party at any time by giving a prior written notice of termination or resignation (the "Term"), of a period as set forth in Appendix 1 (the "Notice Period").

2.2 **Notice Period**. During the Notice Period, the Employee shall continue to provide all services per this Agreement in full and in a proper manner and shall cooperate with the Company and use his best efforts to assist in the integration into the Company's organization of the person or persons who will assume the Employee's responsibilities. Notwithstanding the above, the Company shall be entitled to waive the Employee's services with the Company during the Notice Period or any part thereof and/or terminate the employer-employee relationship prior to the completion of the Notice Period. In such event, , the Company shall pay the Employee the amount equal to the compensatory payment as required by the Prior Notice Law, and the Employee shall immediately return to the Company any and all equipment provided to him by the Company (including any car, computer, documents, data, etc.).

2.3 **Adjustment Period**- The parties agree that in the event of the termination of the employment for any reason (other than for Justifiable Cause), or in the event of a Change of Control (as defined herein) during or following which (and up to 12 months of such Change of Control) the employment terms of Employee (including position, authority, etc.) and/or the rights he is entitled to under this Agreement will be subject to an adverse change by Company (regardless of whether or not the employment of Employee was actually terminated), or Change in Control which led to the termination of employment by either party, regardless of reason (the **"Change in Control Trigger Event**"), the Employee will be entitled to an adjustment period commencing on the date of termination of the Notice Period and ending six (6) months from the date of termination of the advance notice, in addition to the advance notice period (the "**Adjustment Period**"). Employee will accumulate additional one month to the Adjustment Period, per each employment year commencing September 2018 the date of signing the original Co-CEO employment agreement, but in any case the Adjustment Period will not exceed nine (9) months. During the Adjustment Period, the Employee will be entitled to receive Base Salary from the Company, including maintenance of vehicle, maintenance of telephone, Pension Insurance and Education Fund, and any other elements of compensation entitled under this employment agreement as adjustment fees (hereinafter: "**Adjustment Fee**") that will be paid on a monthly basis. During the Adjustment Period the Employee will be available to the Company reasonably, as will be mutually agreed between the Employee and the Company. In order to clarify- (i) in a Change of Control Trigger Event, Employee shall also be entitled to amounts equivalent to those that would have been payable to Employee under the Notice Period; (ii) if the Adjustment Fee is paid to Employee pursuant to the Change in Control Trigger Event, and Employee's employment is terminated during 12 months from the Change of Control, no additional Adjustment Fee will be paid, (iii) if Adjustment Fee is payable to Employee pursuant to a Change in Control Trigger Event, then the salary to be taken into account for this calculation shall be the salary prior to its reduction (if applicable).

2.4 **Termination for Justifiable Cause**. Notwithstanding the provisions of Sections 2.2 above, the Company shall have the right to terminate this Agreement and the employer-employee relationship hereunder at any time for a Justifiable Cause (as defined below), by giving the Employee a notice of termination for cause.

The term "**Justifiable Cause**" shall mean (a) indictment or conviction of the Employee for committing a crime; or (b) a serious breach of trust including but not limited to theft, fraud, disclosure to unauthorized persons or entities of confidential or proprietary information of the Company and/or the engaging by the Employee in any business competitive to the business of the Company; or (c) any breach of Sections 4 or 5 of this Agreement; or (d) any sexual harassment; or (e) violent behavior; or (f) consistent noncompliance with Company's policies, orders and regulations; or (g) performance, by the Employee, of any act that entitles the Company to dismiss him without paying him any or partial severance pay in connection with such dismissal under applicable law.

2.5 **Final Settling**. At the end of the employer-employee relationship, the Company and the Employee shall conduct a final settling of the Employee's accounts to be held according to the Company's records. Such settling of accounts shall be final and no party shall have any further claim or demand from the other party. It is agreed that, subject to the applicable laws, the Company shall be entitled to deduct any amount the Employee shall owe the Company at such time from the amounts he shall be entitled to.

2.6 **Release of Funds**. It is hereby agreed between the parties that in case of resignation (other than upon termination in circumstances justifying dismissal without any or partial severance pay under applicable law), all sums accumulated in the Employee's Pension Insurance policies (after completion of payment of all premiums previously due with respect to such Pension Insurance Policies), shall be released and transferred to the Employee. In case of dismissal the employee will be entitled to severance payment as defined in the Severance Pay Law1963.

2.7 **Return of Equipment**. At the end of the employer-employee relationship the Employee shall return to the Company any and all documents, professional literature, equipment and property belonging to the Company, which may be in Employee's possession at such time. Should the Employee refuse and/or fail to do so, the Company shall have the right, in addition to any other remedy available under any law, to offset the value of such property (as shall be determined solely by the Company) from the amounts (if any) that the Employee might be entitled to.

2.8 **Degree of Trust**. Employee understands and acknowledges that due to the nature of his work and duties, he may be required to work during overtime hours. Employee further acknowledges that since his positions involved a high and special degree of trust, and since the Company cannot keep specific track of all of the Employee's overtime hours, the provisions of Work and Rest Law, 5711-1951 regarding overtime pay shall not apply to Employee, and that the Base Salary has been determined while taking into account reasonable capacity of overtime work by Employee.

3. BASE SALARY AND BENEFITS

3.1 **Base Salary**

3.1.1 **General**. The Company shall pay the Employee a Base monthly salary in the amount set forth in Appendix 1 (the "**Base Salary**"). As detailed below, the Base Salary is inclusive of overtime payment and special non-competition monthly compensation (as such terms are defined below). It is clarified that the Base Salary alone shall be taken into account in calculating and determining Employees social and/or fringe benefits (including with respect to any allocation in favor of pension, severance and/or education fund).

The Base Salary shall be comprehensive and all-inclusive and it shall be deemed to embody any and all compensation the Employee shall be entitled to in connection with his employment by the Company.

3.1.2 **Payment**. The Base Salary for each month shall be payable until the 9th calendar day of the following calendar month.

3.1.3 **Occasional Benefits**. Any benefit, of any kind, granted to the Employee by the Company and which is not specified in this Agreement (a "Benefit"), shall be deemed as a non-recurring event, and shall neither give rise to any new right of the Employee, nor constitute a practice and/or custom and/or precedent between the parties which shall obligate the Company on any additional and/or other occasions. It is hereby agreed, that any such Benefit shall be a supplement above and beyond the Employee's Base Salary, and shall not to be taken into account for the purpose of calculating the Employee's social entitlements or rights.

3.1.4 **Tax Deductions**. The Company shall legally deduct and withhold income tax payments and any other obligatory payments, such as social security and health insurance, from all the payments, which shall be paid to the Employee in accordance with this Agreement and as required by law at such time.

3.2 **Non-Competition Compensation**. The Employee acknowledges that an amount equal to 10% of the Base Salary is paid to him as a special supplementary monthly compensation in consideration for the Employee's obligation not to perform any Competitive Activity (as stated in Section 4 to Appendix 2 hereto; the "Special Non-Competition Compensation"). The specific amount of Non-Competition Compensation (which may be updated pursuant to any change in the Base Salary amount) is detailed in Appendix 1. The Employee warrants and represents that the Special Non-Competition Compensation amount constitutes real, appropriate and full compensation for any prejudice he may suffer due to his obligation not to engage with any competitive activity, including but not limited to restriction of his freedom of employment.

3.3 **Recuperation Pay**. The Employee shall be entitled to Recuperation Pay ("Dmey Havra'a") in accordance with the applicable law.

3.4 **Vacation**. The Employee shall be entitled to the number of work days' vacation in each calendar year, as set forth in Appendix 1. The Employee is obligated to use at least seven (7) consecutive vacation days during each calendar year, commencing on the Commencement Date (as defined in Appendix 1) and during each calendar year thereafter. To the extent permitted by law, unused vacation days may be carried forward from one calendar year to the next. Any vacation days that are unused within two (2) years following the year in which they were accumulated, shall expire.

3.5 **Sick Leave**. The Employee shall be entitled to paid sick leave according to the law or in accordance with the Company's policies, as amended from time to time.

3.6 **Pension Insurance**. The Company and the Employee will obtain and maintain Managers Insurance and/or a comprehensive Pension Fund according to the Employee's choice ("Pension Insurance"). The Employee is entitled to receive the Company's contribution for his Pension Insurance Policies (Pension Funds and/or Managers Insurance) from the date indicated in Appendix 1:

3.6.1 The Company shall affect a Pension Insurance Policy (the "**Policy**") for the Employee, and shall pay the percentages detailed in Appendix 1 towards such Policy, on account of severance pay and Tagmulim.

3.6.2 In case Employee elects to be insured in a manager insurance scheme, the Company shall make additional payments, as detailed in Appendix 1, on account of disability insurance, in accordance with Company's policies.

3.6.3 Unless otherwise is indicated in Appendix 1, the Company shall deduct the percentage set forth in Appendix 1 from the Base Salary for Pension Insurance to be paid on behalf of the Employee towards such Policy.

It is clarified that the Employee shall bear any and all taxes, which may apply with respect to any contribution, which exceeds the recognized tax ceilings with respect to the Pension Insurance.

3.6.4 In the event that the Company's allocations to Employee's Pension Insurance, which is a pension scheme, exceed the maximum exempted amount under law, then Employee may elect to either: A. obtain an additional managers insurance toward the Company will allocate the percentages detailed in Appendix 1 which shall reflect only the balance Base Salary amount of which such allocation under the pension scheme exceeded the maximum exempted amount ("**Alternative A**"), or B. waive any such additional allocation altogether ("**Alternative B**").

In case Employee choses Alternative A, upon termination by the Company or resignation by the Employee, Employee shall be solely entitled to all amounts accrued under all Pension Insurance. In case Employee choses Alternative B then Employee shall be entitled, if applicable, in addition to the Pension Insurance amounts, to receive severance pay based on Severance Pay Law calculated on the basis of the Base Salary amounts per which the Company did not make any allocation to Pension Insurance. In the event that Employee choses Alternative B but his employment is terminated without any additional right to severance pay according to Severance Pay Law, then Employee shall nevertheless be entitled to an amount reflecting his final Base Salary multiplied by the number of years of actual employment, minus the severance allocations accrued to him under the Pension Insurance.

3.7 **Education Fund**. The Employee is entitled to Education Fund payments from the date indicated in Appendix 1 (if at all) as follows:

3.7.1 The Company shall pay a sum equal to a percentage that is detailed in Appendix 1 of the Base Salary for Education Fund and (ii) shall deduct a percentage that is detailed in Appendix 1 from the Base Salary for Education Fund to be paid on behalf of the Employee toward a further education fund. Use of this fund shall be in accordance with the policies of the relevant fund.

3.7.2 With respect to Education Fund payment, Employee may elect that the salary base of calculation shall be less than the Base Salary. In such event, the balance between the amounts that would have be allocated by the Company towards such Education Fund had the entire Base Salary would have been taken into account, and the amount actually allocated by the Company pursuant to Employees request shall be paid as an additional compensation (gross) ("Additional Compensation') together with the Base Salary and shall not be taken into account with respect to any social or fringe benefit such as pension, severance payments, education fund etc., and will not be considered as part of the Base Salary for all intents and purposes. In such case, Employee will inform the Company of such request and will sign a written consent.

3.8 **Military Reserve Duty**. Employee shall inform the company of any military reserve duty employee has been ordered to perform, immediately after he has been notified of the same. Employee undertakes to provide company with proper confirmation of active military reserve duty, so that company may collect from the national insurance institute all amounts to which employee or company is entitled in connection with such service.

3.9 **Cellular Phone**. The Company will provide the Employee with a personal cellular phone and shall bear expenses associated with the usage of the employee's personal cellular phone as indicated in Appendix 1. Any tax withholding arising out of this reimbursement shall be solely borne by the employee.

3.10 **Vehicle**. In order to fulfill its duties, the Company will provide the Employee with a private car as indicated in Appendix 1 or a similar executive vehicle as agreed from time to time with the compensation committee. The Company will bear all the payments to the leasing company as well as all the current expenses involved in the maintenance of the vehicle, including fuel, parking, insurance, a subscription to travel on toll roads and the like. The full tax liability that will arise from the position of the vehicle to the Employee will apply to the Company ("full grossing up"). It is hereby clarified that the Employee shall be entitled to continue to hold and use the vehicle during the period of prior notice, whether in the event of dismissal or in the event of resignation, whether he worked during these periods or not. The Employee may waive his right to be provided with a private car from the Company pursuant to this Agreement, in which case the Company shall pay the Employee an additional monthly compensation which shall not be taken into account with respect to any social or fringe benefit such as pension, severance payments, education fund etc. at the amount equal to the value of the benefit of such company's car prior to such waiver and as determined from time to time by the Compensation Committee.

3.11 **Stock based awards**. During the term of this Agreement, subject to the below approvals, Employee shall be entitled to participate in any of Pluristem Therapeutics Inc.'s (the Parent Company) equity compensation plans, whether currently in existence or as may be adopted in the future by the Parent Company's shareholders, from time to time (the "Plan"), and may be granted such awards, pursuant to any relevant grant instruments, that may be granted in accordance with the Plan (the "Awards") as shall be determined by the Board and/or the Parent Company's Compensation Committee.

It is hereby clarified that the grant of the Awards is subject to (a) the approval of the Parent Company's Board of Directors and/or Compensation Committee and (b) execution of any documents required pursuant to applicable law and the terms of the Plan, including execution of a grant Award agreement, and an irrevocable proxy. The terms of the Award, including but not limited to, the number of Awards granted, the exercise price, vesting period, adjustments and exercise period shall be determined in accordance with the provisions of the Plan and the executed grant Award agreement.

Employee shall be entitled to immediate acceleration of the of unvested Awards in the following circumstances: (i) in case of the termination of the Company of this Employment Agreement, 100% of any unvested Awards; (ii) in case of the termination of Employee of this Employment Agreement, 50% of any unvested Awards; and (iii) in the event of a Change of Control (as hereinafter defined) of the Parent Company (or the Company), 100% of any unvested Awards.

For purposes of this Agreement, "**Change of Control**" shall mean the occurrence of any of the following: (i) any one person, or more than one person acting as a group or in concert, acquires beneficial ownership of stock of the Parent Company that, together with stock held by such person or group, constitutes more than thirty percent (30%) of the total voting power of the stock of the Parent Company; (ii) any consolidation or merger of the Parent Company into another corporation or entity where the stockholders of the Parent Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own, directly or indirectly, securities representing in the aggregate more than fifty percent (50%) of the combined voting power of all the outstanding securities of the surviving corporation (or of its ultimate parent corporation, if any); (iii) the sale, lease or other transfer of all or substantially all of the Parent Company's assets to an independent, unaffiliated third party in a single transaction or a series of related transactions; or (iv) the date that fifty percent (50%) or more of the members of the Parent Company's Board of Directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by fifty percent (50%) or more of the Parent Company's Board of Directors prior to the date of the appointment or election.

Any tax imposed on Employee with respect to the grant and/or the exercise of the Award shall be borne by the Employee.

3.12 **Special Bonus**. Employee shall be entitled to receive performance based bonus of 1.5% of the sums actually received by the Company during the Term, as well as the Notice Period and Adjustment Period, in case of: (i) consummation of a merger, acquisition or sale of all or substantially all of the outstanding securities or assets of the Company; (ii) non-diluting funding; and (iii) any other significant corporate transactions, including the equity component of such transaction, as determined by the Parent Company's Board of Directors. Employee is entitled to receive such Special Bonus on events that materialized during the Notice Period and during the Adjustment Period. In addition, the Employee shall be entitled to up to the equivalent of three times the Base Salary at the discretion of the Board for extraordinary performance or achievements.

3.13 **Target Bonus**. Subject to meeting milestones determined annually by the Company's Compensation Committee and/or the Board, the Employee shall be entitled to a performance bonus in a gross amount of up to seven times the Base Salary.

3.14. **D&O Insurance and indemnification**. The Company agree to continue and maintain a directors' and officers' liability insurance policy covering the Employee at a level, and on terms and conditions, no less favorable to him than the coverage the Company provides other similarly-situated executives or directors until such time as suits against the Employee are no longer permitted by law. Furthermore, the Company shall act to provide indemnification to the Employee in his capacity as an officer of the Company.

4. PROPRIETARY INFORMATION AND WORK PRODUCT; EQUIPMENT

4.1 **Non-Disclosure and Non-Competition Agreement**. Concurrently with the execution of this Agreement, the Employee is executing the Non-Disclosure and Non-Competition Agreement, which is attached hereto as Appendix 2, and which is an integral part hereof.

4.2 **Monitoring of Systems**. The Company's Systems (as defined below) or access which is provided to the Employee are and shall remain the sole property of the Company. The Employee shall use such Systems for business purposes only. To ensure the security of such Systems and to protect the Company's confidential and proprietary information, the Company reserves the right, and the Employee hereby agrees that the Company and anyone on its behalf may, at any time and for any purpose, monitor the Employee's use of the Systems and monitor, copy, transfer and disclose all electronic communications and content transmitted by or stored in such Systems, regardless of the location, time or purpose of such use (other than protected private use in accordance to law). For the purposes of this Section 4.2, "Systems" include any equipment and software of any kind, including Employee's computer, Company's mailbox, Company's and/or Employee's telephone, etc. Employee acknowledges and approves that the provisions of this Section 4.2 are reasonable in light of the Employee's position with the Company, in the course of which the Employee has and shall gain broad knowledge of the Company's Proprietary Information.

4.3 Employee understands and acknowledges that for internal corporate, HR, finance and enterprise reasons, Company may share, transfer, convey and make available certain personal information of the Employee (such as personal and demographic information, financial, personal records, or other personally identifiable information) (collectively: the "**Employee Information**") to the Parent and its respective personnel, consultants, advisors and officers. Employee further understands that Parent is operating outside the EEA and as such is not subject to privacy rules applicable in Israel and/or EEA. Nevertheless, Company shall take all reasonable efforts to make sure that the Parent maintains and treats the Employee Information in standards no less stringent than the privacy standards and requirements which apply to the Company.

4.4 Survival. Sections 4 above will remain in full force and effect after termination of this Agreement.

5. WARRANTIES

5.1 The Employee has the knowledge, abilities and skills required to perform the duties of his position.

5.2 The Employee shall inform the Company, immediately upon becoming aware of any matter in which he or a member of his immediate family or affiliate has a personal interest or which might create a conflict of interests with his duties under this Agreement.

5.3 In carrying out his duties under this Agreement, the Employee shall not make any representations, or give any guaranties on behalf of the Company, except as authorized to do.

5.4 The Employee represents and warrants that he is aware of the Condition Precedent and the fact that this Agreement might not become effective if the Condition Precedent will not be satisfied. Notwithstanding the above, the Employee represents and warrants that on the effective date he will be free to provide services to the Company upon the terms contained in this Agreement and that there are nor will be no employment contracts, consulting contracts or restrictive covenants preventing full performance of his duties hereunder.

5.5 The Employee represents and warrants that he will not use during the course of his employment with the Company any trade secrets or proprietary information that is the property of his previous employer(s) in such a manner that may breach any confidentiality or noncompetition agreement or other obligation the Employee may have with such former employer(s).

6. GENERAL PROVISIONS

6.1 In this Agreement words importing the masculine gender shall include the feminine gender.

6.2 This Agreement shall not be amended, modified or varied by any oral agreement or representation or otherwise than by written instrument executed by either parties or their duly authorized representatives.

6.3 This Agreement is personal to the Employee, and the Employee shall not assign or delegate his rights or duties to a third party, whether by contract, will or operation of law, without the Company's prior written consent.

6.4 This Agreement shall inure to the benefit of the Company's successors and assigns.

6.5 Each notice and/or demand given by one party pursuant to this Agreement shall be given in writing and shall be sent by registered mail to the other party at the address appearing in the caption of this Agreement, and such notice and/or demand shall be deemed given at the expiration of seven (7) days from the date of mailing by registered mail or immediately if delivered by hand. Such address shall be effective unless notice of a change in address is provided by registered mail to the other party.

6.6 It is hereby agreed between the parties that the laws of the State of Israel shall apply to this Agreement. The legally authorized courts in the district of Tel Aviv, Israel, shall have exclusive jurisdiction over the parties hereto and subject matter hereof.

6.7 No Waiver. No delay, failure, or forbearance to exercise any right, power, or remedy accruing to either party upon breach or default under this Agreement shall be deemed a waiver of any prior or subsequent breach or default of this Agreement, nor affect the validity of any provision of this Agreement.

6.8 Integration. This Agreement sets forth the entire agreement between the parties on the subject hereof and supersedes any previous oral or written agreements, understandings, memoranda, emails, letters or representations on the subject matter hereof.

6.9 Severance. If any one or more of the terms of this Agreement shall for any reason be held to be invalid or unenforceable, such term shall be construed in a manner to enable it to be enforced to the extent compatible with applicable law. Any determination of the invalidity or unenforceability of any provision of the Agreement shall not affect the remaining provisions hereof unless the business purpose of this Agreement is substantially frustrated thereby.

6.10. The Company is not a party to any Collective Agreement.

6.11. The above and the said in the appendixes shall be without prejudice to any right conferred to the Employee by any law, Extension Order or Collective Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written:

/s/ Zami Aberman /s/ Chen Franco-Yehuda	/s/ Yaacov (Yaky) Yanay
Pluristem Ltd.	**Yaacov (Yaky) Yanay**
Date: September 10, 2020	Date: September 10, 2020

Appendix 1

1	**Employee Personal Details**	**Full Name: Yaacov (Yaky) Yanay** I.D. Number: 28621605, Date of Birth: 22/06/1971, Address: Shimshit, Israel
2	Position in the Company	CEO & President, reporting to the Board of Directors of the Company
3	Commencement Date	September 10, 2020
4	Period of prior notice (mutual)	180 days
	Adjustment Period	6 months, and up to additional 3 months as defined at Section 2.3
5	Base Salary:	80,000 NIS, increasing to 99,000 NIS effective January 1, 2021
6	Yearly Vacation Days	24 Days
7	Pension Insurance	Entitled
	For severance pay	8.33 % of Base Salary, unless Employee decides that such percentage will be calculated on a lower amount of Base Salary as described at 3.6.4.
	For *Tagmulim*	6.5 % of Base Salary for Pension Fund No less than 6.5% and not more than 7.5% of Base Salary for Mangers Insurance, Unless Employee decides that such percentage will be calculated on a lower amount of Base Salary as described at 3.6.4
	For disability pension	Not more than 2.5 % of Base Salary but in accordance with the applicable plan that was selected by the Company, unless Employee decides that such percentage will be calculated on a lower amount of Base Salary as described at 3.6.4
	Deduct from Employee (on account of Tagmulim)	6 % of Base Salary for Manager's Insurance or Pension Fund, unless Employee decides that such percentage will be calculated on a lower amount of Base Salary as described at 3.6.4
8	Education Fund	Entitled
	Payment by Company	7.5% of Base Salary for Education Fund , unless Employee decides that such percentage will be calculated on a lower amount of Base Salary as described at 3.7.2
	Deduct from Employee (on account of education fund)	2.5% of Base Salary for Education Fund , unless Employee decides that such percentage will be calculated on a lower amount of Base Salary as described at 3.7.2
9	Cellular Telephone	Entitled to Cellular phone and reimbursement relevant expenses
10	Vehicle	Subaru Forester or a model equivalent, in accordance with company policy. The full tax liability that will arise from the position of the vehicle to the Employee will apply to the Company
11	Target Bonus	Subject to meeting milestones determined annually by the Company's Compensation Committee and/or the Board, the Employee shall be entitled to a performance bonus in a gross amount of up to seven times the Base Salary.
12	Special Bonus	Upon the completion of each non-dilutive funding and other transaction as defined in Section 3.12, which may include, among other things, corporate partnering and strategic deals, after the date hereof, a special bonus equal to 1.5% of the amounts actually received during the term, as the Notice Period and Adjustment Period, in such funding. In addition, the Employee shall be entitled to up to the equivalent of three times the Base Salary at the discretion of the Board for extraordinary performance or achievements.

/s/ Zami Aberman /s/ Chen Franco-Yehuda
Pluristem Ltd.

Date: September 10, 2020

/s/ Yaacov (Yaky) Yanay
THE EMPLOYEE, Yaacov (Yaky) Yanay

Date: September 10, 2020

Appendix 2

Non-Disclosure and Non-Competition Agreement

I acknowledge that as a result of my employment by **Pluristem Ltd.** (the "**Company**"), I may develop, receive, or otherwise have access to confidential or proprietary information that is of value to the Company. I therefore agree, as a condition of my employment, as follows:

1. NON - DISCLOSURE

1.1. Recognition of Company's Rights; Non - disclosure. At all times during my employment and thereafter, I will hold in strictest confidence and will not disclose, disseminate, use, copy, lecture upon or publish in any manner or fashion whatsoever, any of the Company's Proprietary Information (as such term is defined below), except as such disclosure, use or publication may be required in connection with my work for the Company, or unless an officer of the Company expressly authorizes such in writing in advance. I will obtain the Company's written approval before publishing or submitting for publication any material (written, verbal, or otherwise) that relates to my work at the Company and/or incorporates any Proprietary Information. I hereby assign to the Company any rights I may have or acquire in such Proprietary Information and recognize that all Proprietary Information shall be the sole property of the Company and its assigns.

1.2. Proprietary Information. The term "**Proprietary Information**" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, "**Proprietary Information**" includes (a) trade secrets, inventions, pending patents, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, inventions, discoveries, developments, designs and techniques (excluding inventions that are not assignable under Section 2.4, hereinafter collectively referred to as "**Inventions**"); and (b) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and any unpublished financial statements and/or information, licenses, strategies, forecasts and projections, prices and costs, suppliers and customers; (c) information regarding the skills and compensation of other employees, management or other personnel of the Company; and (d) information that is disclosed in the furtherance of the business of the Company including, without limitation, the area of activity in which the Company is involved, the Company's technical, business and financial information, documentation, records, files, memoranda, reports, drawings, plans, price lists, customer lists, and the like. Notwithstanding the foregoing, it is understood that, at all such times, I am free to use information which is generally known in the trade or industry, which is not gained as result of a breach of this Agreement, to whatever extent and in whichever way I wish.

1.3. Third Party Information. I understand, in addition, that the Company has received and in the future will receive from third parties confidential or proprietary information ("**Third Party Information**") subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of my employment and thereafter, I will hold Third Party Information in the strictest confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use, except in connection with my work for the Company, Third Party Information unless expressly authorized by an officer of the Company in writing.

1.4. No Improper Use of Information of Prior Employers and Others. During my employment with the Company, I will not improperly use or disclose any Proprietary Information and/or confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person.

2. ASSIGNMENT OF INVENTIONS

2.1. Proprietary Rights. The term "**Proprietary Rights**" shall mean all trade secret, patent, copyright, mask work and other intellectual property rights throughout the world.

2.2. Prior Inventions. I hereby confirm that I have transferred and assigned in whole to the Company any and all of my rights, title and interest in any and all Inventions, which are currently being used or contemplated to be used by the Company on the date hereof. Notwithstanding the foregoing, other than inventions referred to in the immediately preceding sentence, inventions, if any, patented or unpatented, which I made prior to the commencement of my employment with the Company ("**Prior Inventions**") are excluded from the scope of this Agreement. If, in the course of my employment with the Company, I incorporate a Prior Invention into a Company product, process or machine, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, unlimited worldwide license (with rights to sublicense through multiple tiers of sublicenses) to make, have made, modify, use and/or sell and/or otherwise use as the Company may wish, such Prior Invention. Without derogating from the foregoing, I agree that I will not incorporate, or permit to be incorporated, Prior Inventions in any Company Inventions without the Company's prior written consent.

Prior Inventions: _____ ***[Please List all Prior Inventions (if any)]***

2.3. Assignment of Inventions. I will promptly disclose to the Company, or any persons designated by it, all Inventions made or conceived or reduced to practice or learned by me, either alone or jointly with others, during the employment term, as a result of tasks assigned by the Company or as a result of the use of premises and/or equipment owned, leased, or contracted for by the Company. Furthermore, subject to Section 2.4, I hereby assign and agree to assign in the future (when any such Inventions or Proprietary Rights are first reduced to practice or first fixed in a tangible medium, as applicable) to the Company all my right, title and interest in and to any and all Inventions (and all Proprietary Rights with respect thereto) whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by me, either alone or jointly with others, during the period of my employment with the Company and which are connected and/or related to the Company's business and which have been created or developed as part of my work for the Company. Inventions assigned to the Company, or to a third party as directed by the Company pursuant to this Section 2, are hereinafter referred to as "**Company Inventions**".

2.4. Government or Third Party. I also agree to assign all my right, title and interest in and to any particular Company Invention to any third party, including without limitation government agency, as directed by the Company.

2.5. Works made for Hire. I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during my employment with the Company are "works made for hire" as contemplated under Chapter H of the Patents Law of 1967 (the "**Patents Law**"), that all such "works made for hire" are owned by the Company, its successors, assigns or nominees, and that I shall not be entitled to any compensation, other than the Base Salary, for creation or assignment of the same to the Company, its successors, assigns or nominees; it being acknowledged and agreed that the Base Salary and all other employment terms under the Employment Agreement shall constitute the sole consideration and remuneration for any Inventions, including, without limitation, "works made for hire", regardless of the current or future value of the Invention. I understand and agree that the decision whether or not to commercialize or market any invention developed by me (including the Inventions), solely or jointly with others, is within the Company's sole and unfettered discretion and for the Company's sole benefit and that no royalty will be due to me as a result of the Company's efforts to commercialize or market any such invention (including the Inventions). This Section 2.5 shall be deemed as an "agreement" for purposes of Section 134 of the Patents Law. Furthermore, Employee waives any right to receive any notice by Company regarding any Inventions pursuant to Section 132 of the Patents Law.

2.6. I acknowledge and agree that in event that, notwithstanding the agreement stipulated herein, it will be decided by a competent authority, court or any other competent tribunal, either due to my application or any other source, that I may deserve additional compensation for Company Inventions, in addition to any amounts paid to me by the Company under and according to my employment agreement (a "**Claim**"), my Base Salary (as defined in the Agreement) shall be reduced, retroactively effective as of the date of the beginning of my employment by the Company to an amount equal to 80% (eighty percent) of the Base Salary actually paid to me by the Company (the "**Agreed Alternative Payment**") and I shall be obligated to return to the Company, on the day the Claim was made and/or the demand which contradicts this Agreement was made, all additional amounts that I received from the Company beyond the Agreed Alternative Payment, retroactively from my employment Start Date onward (the "**Excess Amount**"), plus interest as of the original date of payment thereof. I acknowledge that the Company shall be entitled to set off such Excess Amounts against all amounts that I shall be entitled to under the Agreement, or under the decision of the Court or of any other competent tribunal or authority. Such set-off shall not derogate from the Company's right to collect any additional amounts from me.

In addition, I undertake, by signing this Agreement that I will not, directly or indirectly, make a claim and /or sue and/or demand, from the Company and/or any of its officers, employees and shareholders any additional compensation for creation or assignment of Inventions beyond the amounts paid to me by the Company according to my Employment Agreement.

2.7. Copyright Works. Without derogating from the forgoing, I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by copyright are the property of the Company pursuant to applicable copyright law.

2.8. Enforcement of Proprietary Rights. I will assist the Company in every proper way to obtain, and from time to time enforce, any Proprietary Rights relating to Company Inventions in any and all countries. To that end I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. In addition, I will execute, verify and deliver assignments of such Proprietary Rights to the Company or its designee. My obligation to assist the Company with respect to Proprietary Rights relating to such Company Inventions in any and all countries shall continue beyond the termination of my employment, but the Company shall compensate me at a reasonable rate, to be discussed with the Company, after my termination for the time actually spent by me at the Company's request on such assistance, subject to my consent, which will not be withheld for unreasonable reasons.

2.9. Power of Attorney. In the event the Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in Section 2.8 hereof, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and in my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph with the same legal force and effect as if executed by me. I hereby waive and quitclaim to the Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

3. RECORDS

I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

4. COMPETITIVE ACTIVITIES

I acknowledge that I have carefully reviewed the provisions of this Agreement, the Employment Agreement and the appendices thereof, fully understand the consequences thereof, and have assessed the respective advantages and disadvantages to me in entering into this Agreement. In light of the aforesaid, I agree that, during the period of my employment by the Company and for a period of one (1) year thereafter, I will not, directly or indirectly, carry on or engage in any employment or business activity, or hold an interest in any business, either as an employee, owner, partner, agent, shareholder, director, consultant or otherwise, which is competitive with the business of the Company ("**Competitive Activity**"). I agree further that for the period of my employment by the Company and for a period of one (1) year thereafter, I will not induce, solicit, employ or entice away or endeavor to solicit, employ or entice away any employee of the Company to leave the employ of the Company or to perform any Competitive Activity. In addition, I agree not to solicit, canvass or approach or endeavor to solicit, canvass or approach any person who was provided with services by the Company or its subsidiaries, or has provided services to the Company or its subsidiaries, at any time during the twelve (12) months immediately prior to the termination date of this Agreement, for the purpose of offering services which are competitive with those provided by the Company. I acknowledge that due to my position, the Proprietary Information I am and shall be exposed to and the nature of the business of the Company - any Competitive Activity performed by me will severely harm the legitimate rights and interests of the Company, including but not limited to its Proprietary Rights. In light of all the foregoing I acknowledge that this non-competition undertaking is reasonable, proportional and does not exceed the minimum required to protect the Company's legitimate rights and interests. I warrant and represent that the Special Non-Compensation Monthly Compensation (as such term is defined in the Employment Agreement) constitutes a real, appropriate and full consideration to any prejudice I may suffer due to my undertaking not to engage with any Competitive Activity, including but not limited to any restriction to my freedom of employment.

5. NO CONFLICTING OBLIGATION

I represent that my performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree not to enter into, any agreement, written or oral in conflict herewith.

6. RETURN OF COMPANY DOCUMENTS

When I leave the employ of the Company, I will deliver to the Company any and all drawings, notes, memoranda, specifications, devices, formulas, and documents, together with all copies thereof, and any other material containing or disclosing any Company Inventions, Third Party Information or Proprietary Information of the Company.

7. NOTIFICATION OF NEW EMPLOYER

In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer of my rights and obligations under this Agreement.

8. GENERAL PROVISIONS

8.1. Severability. I acknowledge that the provisions of this Agreement serve as an integral part of the terms of my employment and reflect the reasonable requirements of the Company in order to protect its legitimate interests with respect to the subject matter hereof. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. If moreover, any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

8.2. Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

8.3. Survival. The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

8.4. Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

8.5. Entire Agreement. The obligations pursuant to Sections 1 and 2 of this Agreement shall apply to any time during which I was previously employed (if at all), am or will be in the future employed, by the Company, including as a consultant if no other agreement governs nondisclosure and assignment of inventions during such period. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior discussions or agreements between us with respect to the subject matter hereof. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

8.6. Governing Law. This Agreement shall be governed by, and construed in accordance with the laws of the State of Israel, without giving effect to the rules respecting conflict-of-law.

8.7. Jurisdiction. The legally authorized courts in the district of Tel Aviv, Israel, shall have exclusive jurisdiction over the parties hereto and subject matter hereof.

This Agreement shall be effective as of the date the Employment Agreement of the Employee was made effective.

I HAVE READ THIS AGREEMENT CAREFULLY AND UNDERSTAND ITS TERMS.

ACCEPTED AND AGREED TO:

/s/ Zami Aberman /s/ Chen Franco-Yehuda	/s/ Yaacov (Yaky) Yanay
Pluristem Ltd.	**THE EMPLOYEE, Yaacov (Yaky) Yanay**
Date: September 10, 2020	Date: September 10, 2020

Exhibit 10.19

Amended and Restated Employment Agreement

Duly made and executed on the date set forth in **Appendix 1**

By and Between

Pluristem Ltd.
Company number 513371666
(hereinafter the "**Company**")

and

Chen Franco Yehuda I.D. 038749859
(hereinafter the **"Employee")**
(other details as set forth in **Appendix 1**)

WHEREAS, the Employee has been employed by the Company since May 1, 2013 and the Employee and the Company seek to enter into this Employment Agreement (the "Agreement") to set forth the terms of the Employee's employment as the Company's Chief Financial Officer; and

WHEREAS, this Amended and Restated Employment Agreement amends and restated that certain Employment Agreement dated May 6, 2019;

WHEREAS, the Employee represents that, she has the requisite skills and training to fulfill her obligations as set forth herein;

NOW, THEREFORE, in consideration of the undertakings of the parties, it is hereby agreed:

1. DUTIES AND RESPONSIBILITIES

1.1 **Position**. The Employee shall serve in the position of Chief Financial Officer, as set forth in Appendix 1 hereto, and shall report to Company's CEO, or as set forth in Appendix 1.

1.2 **Exclusivity**. Unless the Company agrees otherwise (in advance and in writing), the Employee (i) shall devote her full working time (as defined herein), attention, energies, skills, knowledge and experience to the faithful, responsible, competent, diligent, and conscientious performance of her duties and responsibilities hereunder and best efforts to the business and affairs of the company; (ii) shall not engage in or be associated with, directly or indirectly, any business which is competitive, directly or indirectly, with the business of the Company, as more fully described in **Appendix 2** attached hereto; and (iii) shall not undertake or accept any other paid or unpaid employment or occupation.

1.3 **Traveling**. The Employee's employment may require travel outside Israel and the Employee agrees to such travel as may be necessary in order to fulfill her duties hereunder. The Employee shall engage in such travel as may reasonably be required in connection with the performance of her duties. All reasonable travel and other expenses incurred by the employee (in accordance with the policies as established from time to time) in carrying out her duties hereunder will be reimbursed by the Company on presentation to it of expense accounts and appropriate documentation in accordance with the customary procedures of the Company for reimbursement of employee expenses.

1.4 **Compliance**. Without derogating from the above, the Employee shall act in accordance with the Company's policies, regulations and general instructions as shall be published and updated from time to time, including, but not limited to, the Company's Sexual Harassment Policies, the Company's Insider Trade Policy, the Company's whistle blowing policy, the Company's Ethic Code etc. Without derogating from the provisions of Section 2.4 below, in the event of a breach of this Section 1.4 or any of the policies mentioned herein, Company shall have the right to immediately terminate this Agreement without prior notice, based on Company's sole discretion.

1.5 **Exclusivity of Agreement**. This Agreement is personal and special, and exclusively defines the entire relationship between the Company and the Employee and all compensation and/or benefits to which the Employee is entitled from the Company. This Agreement supersedes any prior agreements, understandings and arrangements, oral or written, applied, exchanged or signed between the parties hereto with respect to the subject matter hereof. The Employee shall not be entitled to, and shall not demand, any other compensation and/or benefit from the Company, unless explicitly provided for hereunder, and no practice and/or custom existing between the Company and other employees, if any, shall apply to the relationship between the Employee and the Company, unless explicitly incorporated into this Agreement, and then only to the extent so incorporated. This Agreement shall be considered as a notification of the terms of employment as required by law.

1.6 **Capacity and Working Week**. Employee shall work on a full time basis (constituting 182 monthly hours). Employee shall be entitled to a half-hour break every day, which will not be counted towards Employee's working time. The weekly rest day shall be Saturday. The customary working week at the Company is Sunday through Thursday, and the customary work day is between 9:00am to 18:00pm (such that it shall consist of 9 hours per working day, except for a one fixed day of the week, to be determined by the Company, that shall consist of only 8 working hours). Notwithstanding the foregoing, it is hereby clarified that due to Employee's duties, she may be required to perform overtime work, as further described herein.

2. TERM AND TERMINATION

2.1 **Term of Engagement**. This Agreement shall become effective on the date set forth in Appendix 1 (the "**Commencement Date**"), and will remain in force until terminated by a party at any time by giving a prior written notice of termination or resignation (the "**Term**"), of a period as set forth in Appendix 1 (the "**Notice Period**").

2.2 **Notice Period**. During the Notice Period, the Employee shall continue to provide all services per this Agreement in full and in a proper manner and shall cooperate with the Company and use her best efforts to assist in the integration into the Company's organization of the person or persons who will assume the Employee's responsibilities. Notwithstanding the above, the Company shall be entitled to waive the Employee's services with the Company during the Notice Period or any part thereof and/or terminate the employer-employee relationship prior to the completion of the Notice Period. In such event, , the Company shall pay the Employee the amount equal to the compensatory payment as required by the Prior Notice Law, and the Employee shall immediately return to the Company any and all equipment provided to her by the Company (including any car, computer, documents, data, etc.).

2.3 **Adjustment Period**- The parties agree that in the event of the termination of the employment for any reason (other than for **Justifiable Cause**), or in the event of a Change of Control (as defined herein) during or following which (and up to 12 months of such Change of Control) the employment terms of Employee (including position, authority, etc.) and/or the rights she is entitled to under this Agreement will be subject to an adverse change by Company (regardless of whether or not the employment of Employee was actually terminated), or Change in Control which led to the termination of employment by either party, regardless of reason (the **"Change in Control Trigger Event**"), the Employee will be entitled to an adjustment period commencing on the date of termination of the Notice Period and ending three (3) months from the date of termination of the advance notice, in addition to the advance notice period (the "**Adjustment Period**"). Employee will accumulate additional one month to the Adjustment Period, per each employment year commencing June 30, 2020, but in any case the Adjustment Period will not exceed six (6) months. During the Adjustment Period, the Employee will be entitled to receive an amount equal to the Base Salary from the Company, including maintenance of vehicle, maintenance of telephone, and amounts equal to those that would have been paid as Pension Insurance and Education Fund to the Employee had she still been employed by Company, and any other elements of compensation entitled under this employment agreement as adjustment fees (hereinafter: "**Adjustment Fee**") that will be paid on a monthly basis. During the Adjustment Period the Employee may be available to the Company reasonably, as will be mutually agreed between the Employee and the Company. In order to clarify- (i) in a Change of Control Trigger Event, Employee shall also be entitled to amounts equivalent to those that would have been payable to Employee under the Notice Period; (ii) if the Adjustment Fee is paid to Employee pursuant to the Change in Control Trigger Event, and Employee's employment is terminated during 12 months from the Change of Control, no additional Adjustment Fee will be paid, (iii) if Adjustment Fee is payable to Employee pursuant to a Change in Control Trigger Event, then the salary to be taken into account for this calculation shall be the salary prior to its reduction (if applicable).

2.4 **Termination for Justifiable Cause**. Notwithstanding the provisions of Sections 2.2 above, the Company shall have the right to terminate this Agreement and the employer-employee relationship hereunder at any time for a Justifiable Cause (as defined below), by giving the Employee a notice of termination for cause.

The term "**Justifiable Cause**" shall mean (a) indictment or conviction of the Employee for committing a crime; or (b) a serious breach of trust including but not limited to theft, fraud, disclosure to unauthorized persons or entities of confidential or proprietary information of the Company and/or the engaging by the Employee in any business competitive to the business of the Company; or (c) any breach of Sections 4 or 5 of this Agreement; or (d) any sexual harassment; or (e) violent behavior; or (f) consistent noncompliance with Company's policies, orders and regulations; or (g) performance, by the Employee, of any act that entitles the Company to dismiss her without paying her any or partial severance pay in connection with such dismissal under applicable law.

2.5 **Final Settling**. At the end of the employer-employee relationship, the Company and the Employee shall conduct a final settling of the Employee's accounts to be held according to the Company's records. Such settling of accounts shall be final and no party shall have any further claim or demand from the other party. It is agreed that, subject to the applicable laws, the Company shall be entitled to deduct any amount the Employee shall owe the Company at such time from the amounts she shall be entitled to.

2.6 **Release of funds**. It is hereby agreed between the parties that at the end of the employment relationship, other than upon termination in circumstances justifying dismissal without any or partial severance pay under applicable law, all sums accumulated in the Employee's pension insurance policies (after completion of payment of all premiums previously due with respect to such pension insurance policies), shall be released and transferred to the Employee. The Company and Employee agree and acknowledge that in the event the Company transfers ownership of Employee's pension insurance policies to the Employee, the severance portion thereof shall constitute full and final payment towards any severance pay the Company may be required to pay to the Employee pursuant to the Severance Pay Law 5727-1963, and that this section is in accordance with the provisions of section 14 of the Severance Pay Law 5727-1963, and with the general approval of the labor minister, dated June 30, 1998 (issued in accordance with the said section 14).

2.7 **Return of Equipment**. At the end of the employer-employee relationship the Employee shall return to the Company any and all documents, professional literature, equipment and property belonging to the Company, which may be in Employee's possession at such time. Should the Employee refuse and/or fail to do so, the Company shall have the right, in addition to any other remedy available under any law, to offset the value of such property (as shall be determined solely by the Company) from the amounts (if any) that the Employee might be entitled to.

2.8 **Degree of Trust**. Employee understands and acknowledges that due to the nature of his work and duties, she may be required to work during overtime hours. Employee further acknowledges that since her positions involved a high and special degree of trust, and since the Company cannot keep specific track of all of the Employee's overtime hours, the provisions of Work and Rest Law, 5711-1951 regarding overtime pay shall not apply to Employee, and that the Base Salary has been determined while taking into account reasonable capacity of overtime work by Employee.

3. BASE SALARY AND BENEFITS

3.1 **Base Salary**

3.1.1 **General**. The Company shall pay the Employee a Base monthly salary in the amount set forth in Appendix 1 (the "**Base Salary**"). As detailed below, the Base Salary is inclusive of overtime payment and special non-competition monthly compensation (as such terms are defined below). It is clarified that the Base Salary alone shall be taken into account in calculating and determining Employees social and/or fringe benefits (including with respect to any allocation in favor of pension, severance and/or education fund).

The Base Salary shall be comprehensive and all-inclusive and it shall be deemed to embody any and all compensation the Employee shall be entitled to in connection with her employment by the Company.

3.1.2 **Payment**. The Base Salary for each month shall be payable until the 9th calendar day of the following calendar month.

3.1.3 **Occasional Benefits**. Any benefit, of any kind, granted to the Employee by the Company and which is not specified in this Agreement (a "**Benefit**"), shall be deemed as a non-recurring event, and shall neither give rise to any new right of the Employee, nor constitute a practice and/or custom and/or precedent between the parties which shall obligate the Company on any additional and/or other occasions. It is hereby agreed, that any such Benefit shall be a supplement above and beyond the Employee's Base Salary, and shall not to be taken into account for the purpose of calculating the Employee's social entitlements or rights.

3.1.4 **Tax Deductions**. The Company shall legally deduct and withhold income tax payments and any other obligatory payments, such as social security and health insurance, from all the payments, which shall be paid to the Employee in accordance with this Agreement and as required by law at such time.

3.2 **Non-Competition Compensation**. The Employee acknowledges that an amount equal to 10% of the Base Salary is paid to her as a special supplementary monthly compensation in consideration for the Employee's obligation not to perform any Competitive Activity (as stated in Section 4 to Appendix 2 hereto; the "**Special Non-Competition Compensation**"). The specific amount of Non-Competition Compensation (which may be updated pursuant to any change in the Base Salary amount) is detailed in Appendix 1. The Employee warrants and represents that the Special Non-Competition Compensation amount constitutes real, appropriate and full compensation for any prejudice she may suffer due to her obligation not to engage with any competitive activity, including but not limited to restriction of her freedom of employment.

3.3 **Recuperation Pay**. The Employee shall be entitled to Recuperation Pay ("*Dmey Havra'a*") in accordance with the applicable law.

3.4 **Vacation**. The Employee shall be entitled to the number of work days' vacation in each calendar year, as set forth in Appendix 1. The Employee is obligated to use at least seven (7) consecutive vacation days during each calendar year, commencing on the Commencement Date (as defined in Appendix 1) and during each calendar year thereafter. To the extent permitted by law, unused vacation days may be carried forward from one calendar year to the next. Any vacation days that are unused within two (2) years following the year in which they were accumulated, shall expire.

3.5 **Sick Leave**. The Employee shall be entitled to paid sick leave according to the law or in accordance with the Company's policies, as amended from time to time.

3.6 **Pension Insurance**.

The Company and the Employee will obtain and maintain Managers Insurance and/or a comprehensive Pension Fund according to the Employee's choice ("**Pension Insurance**"). The Employee is entitled to receive the Company's contribution for her Pension Insurance Policies (Pension Funds and/or Managers Insurance) from the date indicated in Appendix 1:

3.6.1 The Company shall affect a Pension Insurance Policy (the "**Policy**") for the Employee, and shall pay the percentages detailed in Appendix 1 towards such Policy, on account of severance pay and *Tagmulim*.

3.6.2 The Company shall make additional payments, as detailed in Appendix 1, on account of disability insurance, in accordance with Company's policies.

3.6.3 Unless otherwise is indicated in Appendix 1, the Company shall deduct the percentage set forth in Appendix 1 from the Base Salary for Pension Insurance to be paid on behalf of the Employee towards such Policy.

It is clarified that the Employee shall bear any and all taxes, which may apply with respect to any contribution, which exceeds the recognized tax ceilings with respect to the Pension Insurance.

3.7 **Education Fund**. The Employee is entitled to Education Fund payments from the date indicated in Appendix 1 (if at all) as follows:

3.7.1 The Company shall pay a sum equal to a percentage that is detailed in Appendix 1 of the Base Salary for Education Fund and (ii) shall deduct a percentage that is detailed in Appendix 1 from the Base Salary for Education Fund to be paid on behalf of the Employee toward a further education fund. Use of this fund shall be in accordance with the policies of the relevant fund.

3.7.2 With respect to Education Fund payment, the Employee may elect that the salary base of calculation shall be less than the Base Salary. In such event, the balance between the amounts that would have be allocated by the Company towards such Education Fund had the entire Base Salary would have been taken into account, and the amount actually allocated by the Company pursuant to the Employee's request shall be paid as an additional compensation (gross) together with the Base Salary and shall not be taken into account with respect to any social or fringe benefit such as pension, severance payments, education fund etc., and will not be considered as part of the Base Salary for all intents and purposes. In such case, the Employee will inform the Company of such request and will sign a written consent.

3.8 **Military Reserve Duty.** The Employee shall inform the Company of any military reserve duty the Employee has been ordered to perform, immediately after she has been notified of the same. The Employee undertakes to provide the Company with proper confirmation of active military reserve duty, so that the Company may collect from the national insurance institute all amounts to which the Employee or the Company is entitled in connection with such service.

3.9 **Cellular Phone**. The Company will provide the Employee with a personal cellular phone and shall bear expenses associated with the usage of the employee's personal cellular phone as indicated in Appendix 1. Any tax withholding arising out of this reimbursement shall be solely borne by the employee.

3.10 **Vehicle**. In order to fulfill its duties, the Company will provide the Employee with a private car as indicated in Appendix 1 or a similar executive vehicle at the Company's sole discretion or reimburse the Employee's car expenses in a fix amount as indicated in Appendix 1 in case the Employee will decide to use her personal car. The Company will bear all the payments to the leasing company as well as all the current expenses involved in the maintenance of the vehicle, including fuel, parking, insurance, a subscription to travel on toll roads and the like. It is hereby clarified that the Employee shall be entitled to continue to hold and use the vehicle during the period of prior notice, whether in the event of dismissal or in the event of resignation, whether she worked during these periods or not.

3.11 **Stock based awards**.

During the term of this Agreement, subject to the below approvals, the Employee shall be entitled to participate in any of Pluristem Therapeutics Inc.'s (the "**Parent Company**") equity compensation plans, whether currently in existence or as may be adopted in the future by the Parent Company's shareholders, from time to time (the "**Plan**"), and may be granted such awards, pursuant to any relevant grant instruments, that may be granted in accordance with the Plan (the "**Awards**") as shall be determined by the Board and/or the Parent Company's Compensation Committee. It is hereby clarified that the grant of the Awards is subject to (a) the approval of the Parent Company's Board of Directors and/or Compensation Committee and (b) execution of any documents required pursuant to applicable law and the terms of the Plan, including execution of a grant Award agreement, and an irrevocable proxy. The terms of the Award, including but not limited to, the number of Awards granted, the exercise price, vesting period, adjustments and exercise period shall be determined in accordance with the provisions of the Plan and the executed grant Award agreement.

Employee shall be entitled to immediate acceleration of the unvested Awards in the following circumstances: (i) in case of the termination of the Company of this Employment Agreement, 100% of any unvested Awards; (ii) in case of the termination of Employee of this Employment Agreement, 50% of any unvested Awards; and (iii) in the event of a Change of Control (as hereinafter defined) of the Parent Company (or the Company), 100% of any unvested Awards.

For purposes of this Agreement, "Change of Control" shall mean the occurrence of any of the following: (i) any one person, or more than one person acting as a group, acquires ownership of stock of the Parent Company that, together with stock held by such person or group, constitutes more than thirty percent (30%) of the total voting power of the stock of the Parent Company; (ii) any consolidation or merger of the Parent Company into another corporation or entity where the stockholders of the Parent Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own, directly or indirectly, securities representing in the aggregate more than fifty percent (50%) of the combined voting power of all the outstanding securities of the surviving corporation (or of its ultimate parent corporation, if any); (iii) the sale, lease or other transfer of all or substantially all of the Parent Company's assets to an independent, unaffiliated third party in a single transaction or a series of related transactions; or (iv) the date that a majority of the members of the Parent Company's Board of Directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Parent Company's Board of Directors prior to the date of the appointment or election.

Any tax imposed on Employee with respect to the grant and/or the exercise of the Award shall be borne by the Employee.

3.12 [RESERVED]

3.11 **Target Bonus**. Subject to meeting milestones determined annually by the Company's Compensation Committee and/or the Board, the Employee shall be entitled to a performance bonus in a gross amount of up to five and a half times the Base Salary.

3.12 **Special Bonus**. Employee shall be entitled to receive performance based bonus of 0.5% of the sums actually received by the Company during the Term, as well as the Notice Period and Adjustment Period, in case of: (i) consummation of a merger, acquisition or sale of all or substantially all of the outstanding securities or assets of the Company; (ii) non-diluting funding; and (iii) any other significant corporate transactions, including the equity component of such transaction, as determined by the Parent Company's Board of Directors. Employee is entitled to receive such Special Bonus on events that materialized during the Notice Period and during the Adjustment Period. In addition, the Employee shall be entitled to up to the equivalent of three times the Base Salary at the discretion of the Board for extraordinary performance or achievements.

3.14. **D&O Insurance and indemnification**. The Company agree to continue and maintain a directors' and officers' liability insurance policy covering the Employee at a level, and on terms and conditions, no less favorable to her than the coverage the Company provides other similarly-situated executives or directors until such time as suits against the Employee are no longer permitted by law. Furthermore, the Company shall act to provide indemnification to the Employee in his capacity as an officer of the Company.

4. PROPRIETARY INFORMATION AND WORK PRODUCT; EQUIPMENT

4.1 **Non-Disclosure and Non-Competition Agreement**. Concurrently with the execution of this Agreement, the Employee is executing the Non-Disclosure and Non-Competition Agreement, which is attached hereto as **Appendix 2**, and which is an integral part hereof.

4.2 **Monitoring of Systems**. The Company's Systems (as defined below) or access which is provided to the Employee are and shall remain the sole property of the Company. The Employee shall use such Systems for business purposes only. To ensure the security of such Systems and to protect the Company's confidential and proprietary information, the Company reserves the right, and the Employee hereby agrees that the Company and anyone on its behalf may, at any time and for any purpose, monitor the Employee's use of the Systems and monitor, copy, transfer and disclose all electronic communications and content transmitted by or stored in such Systems, regardless of the location, time or purpose of such use (other than protected private use in accordance to law). For the purposes of this Section 4.2, "**Systems**" include any equipment and software of any kind, including Employee's computer, Company's mailbox, Company's and/or Employee's telephone, etc. Employee acknowledges and approves that the provisions of this Section 4.2 are reasonable in light of the Employee's position with the Company, in the course of which the Employee has and shall gain broad knowledge of the Company's proprietary information.

4.3 Employee understands and acknowledges that for internal corporate, HR, finance and enterprise reasons, Company may share, transfer, convey and make available certain personal information of the Employee (such as personal and demographic information, financial, personal records, or other personally identifiable information) (collectively: the "**Employee Information**") to the Parent and its respective personnel, consultants, advisors and officers. Employee further understands that Parent is operating outside the EEA and as such is not subject to privacy rules applicable in Israel and/or EEA. Nevertheless, Company shall take all reasonable efforts to make sure that the Parent maintains and treats the Employee Information in standards no less stringent than the privacy standards and requirements which apply to the Company.

4.4 **Survival**. Sections 4 above will remain in full force and effect after termination of this Agreement.

5. WARRANTIES

5.1 The Employee has the knowledge, abilities and skills required to perform the duties of her position.

5.2 The Employee shall inform the Company, immediately upon becoming aware of any matter in which she or a member of her immediate family or affiliate has a personal interest or which might create a conflict of interests with her duties under this Agreement.

5.3 In carrying out her duties under this Agreement, the Employee shall not make any representations, or give any guaranties on behalf of the Company, except as authorized to do.

5.4 The Employee represents and warrants that on the effective date she will be free to provide services to the Company upon the terms contained in this Agreement and that there are no employment contracts, consulting contracts or restrictive covenants preventing full performance of her duties hereunder.

5.5 The Employee represents and warrants that she will not use during the course of her employment with the Company any trade secrets or proprietary information that is the property of her previous employer(s) in such a manner that may breach any confidentiality or noncompetition agreement or other obligation the Employee may have with such former employer(s).

6. GENERAL PROVISIONS

6.1 In this Agreement words importing the masculine gender shall include the feminine gender.

6.2 This Agreement shall not be amended, modified or varied by any oral agreement or representation or otherwise than by written instrument executed by either parties or their duly authorized representatives.

6.3 This Agreement is personal to the Employee, and the Employee shall not assign or delegate her rights or duties to a third party, whether by contract, will or operation of law, without the Company's prior written consent.

6.4 This Agreement shall inure to the benefit of the Company's successors and assigns.

6.5 Each notice and/or demand given by one party pursuant to this Agreement shall be given in writing and shall be sent by registered mail to the other party at the address appearing in the caption of this Agreement, and such notice and/or demand shall be deemed given at the expiration of seven (7) days from the date of mailing by registered mail or immediately if delivered by hand. Such address shall be effective unless notice of a change in address is provided by registered mail to the other party.

6.6 It is hereby agreed between the parties that the laws of the State of Israel shall apply to this Agreement. The legally authorized courts in the district of Tel Aviv, Israel, shall have exclusive jurisdiction over the parties hereto and subject matter hereof.

6.7 No Waiver. No delay, failure, or forbearance to exercise any right, power, or remedy accruing to either party upon breach or default under this Agreement shall be deemed a waiver of any prior or subsequent breach or default of this Agreement, nor affect the validity of any provision of this Agreement.

6.8 Integration. This Agreement sets forth the entire agreement between the parties on the subject hereof and supersedes any previous oral or written agreements, understandings, memoranda, emails, letters or representations on the subject matter hereof.

6.9 Severance. If any one or more of the terms of this Agreement shall for any reason be held to be invalid or unenforceable, such term shall be construed in a manner to enable it to be enforced to the extent compatible with applicable law. Any determination of the invalidity or unenforceability of any provision of the Agreement shall not affect the remaining provisions hereof unless the business purpose of this Agreement is substantially frustrated thereby.

6.10. The Company is not a party to any Collective Agreement.

6.11. The above and the said in the appendices shall be without prejudice to any right conferred to the Employee by any law, Extension Order or Collective Bargaining Agreement which apply to the Employee.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written:

/s/ Yaky Yanay /s/ Zami Aberman	/s/ Chen Franco-Yehuda
Pluristem Ltd.	**Chen Franco-Yehuda**
Date: September 10, 2020	Date: September 10, 2020

Appendix 1

1	**Employee Personal Details**	**Full Name: Chen Franco** I.D. Number: 038749859, Date of Birth: 13 August 1983,
2	Position in the Company Direct manager	CFO, Secretary and Treasurer CEO
3	Commencement Date	September 10, 2020
4	Period of prior notice (mutual)	90 days
	Adjustment Period	3 months, and up to additional 3 months as defined at Section 2.3
5	Base Salary:	42,000 NIS; increasing to 65,000 NIS effective January 1, 2021
6	Yearly Vacation Days	23 Days
7	Pension Insurance	Entitled
	➢ For severance pay	8.33% of Base Salary
	➢ For *Tagmulim*	6.5% of Base Salary for Pension Fund No less than 6.5% and not more than 7.5% of Base Salary for Mangers Insurance
	➢ For disability insurance	Not more than 2.5% of Base Salary but in accordance with the applicable plan that was selected by the Company.
	➢ Deduct from Employee (on account of Tagmulim)	6% of Base Salary for Manager's Insurance or Pension Fund
8	Education Fund	Entitled
	➢ Payment by Company	7.5 % of Base Salary for Education Fund, unless the Employee decides that such percentage will be calculated on a lower amount of Base Salary as described at 3.7.2
	➢ Deduct from Employee (on account of education fund)	2.5 % of Base Salary for Education Fund, unless the Employee decides that such percentage will be calculated on a lower amount of Base Salary as described at 3.7.2
9	Cellular Telephone	Entitled to Cellular phone and reimbursement relevant expenses
10	Vehicle	Mazda CX-5 or a model equivalent, in accordance with company policy or a fixed amount of NIS 4,000
11	Special Bonus	Upon the completion of each non-dilutive funding and other transaction as defined in Section 3.12, which may include, among other things, corporate partnering and strategic deals, after the date hereof, a special bonus equal to 0.5% of the amounts actually received in such funding. In addition, the Employee shall be entitled to up to the equivalent of three times the Base Salary at the discretion of the Board for extraordinary performance or achievements.
13.	Target Bonus	Subject to meeting milestones determined annually by the Company's Compensation Committee and/or the Board, the Employee shall be entitled to a performance bonus in a gross amount of up to five and a half times the Base Salary.

/s/ Yaky Yanay /s/ Zami Aberman

Pluristem Ltd.

Date: September 10, 2020

/s/ Chen Franco-Yehuda

THE EMPLOYEE Chen Franco-Yehuda

Date: September 10, 2020

Appendix 2

Non-Disclosure and Non-Competition Agreement

I acknowledge that as a result of my employment by **Pluristem Ltd.** (the "**Company**"), I may develop, receive, or otherwise have access to confidential or proprietary information that is of value to the Company. I therefore agree, as a condition of my employment, as follows:

1. NON - DISCLOSURE

1.1. Recognition of Company's Rights; Non - disclosure. At all times during my employment and thereafter, I will hold in strictest confidence and will not disclose, disseminate, use, copy, lecture upon or publish in any manner or fashion whatsoever, any of the Company's Proprietary Information (as such term is defined below), except as such disclosure, use or publication may be required in connection with my work for the Company, or unless an officer of the Company expressly authorizes such in writing in advance. I will obtain the Company's written approval before publishing or submitting for publication any material (written, verbal, or otherwise) that relates to my work at the Company and/or incorporates any Proprietary Information. I hereby assign to the Company any rights I may have or acquire in such Proprietary Information and recognize that all Proprietary Information shall be the sole property of the Company and its assigns.

1.2. Proprietary Information. The term "**Proprietary Information**" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, "**Proprietary Information**" includes (a) trade secrets, inventions, pending patents, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, inventions, discoveries, developments, designs and techniques (excluding inventions that are not assignable under Section 2.4, hereinafter collectively referred to as "**Inventions**"); and (b) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and any unpublished financial statements and/or information, licenses, strategies, forecasts and projections, prices and costs, suppliers and customers; (c) information regarding the skills and compensation of other employees, management or other personnel of the Company; and (d) information that is disclosed in the furtherance of the business of the Company including, without limitation, the area of activity in which the Company is involved, the Company's technical, business and financial information, documentation, records, files, memoranda, reports, drawings, plans, price lists, customer lists, and the like. Notwithstanding the foregoing, it is understood that, at all such times, I am free to use information which is generally known in the trade or industry, which is not gained as result of a breach of this Agreement, to whatever extent and in whichever way I wish.

1.3. Third Party Information. I understand, in addition, that the Company has received and in the future will receive from third parties confidential or proprietary information ("**Third Party Information**") subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of my employment and thereafter, I will hold Third Party Information in the strictest confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use, except in connection with my work for the Company, Third Party Information unless expressly authorized by an officer of the Company in writing.

1.4. No Improper Use of Information of Prior Employers and Others. During my employment with the Company, I will not improperly use or disclose any Proprietary Information and/or confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person.

2. ASSIGNMENT OF INVENTIONS

2.1. Proprietary Rights. The term "**Proprietary Rights**" shall mean all trade secret, patent, copyright, mask work and other intellectual property rights throughout the world.

2.2. Prior Inventions. I hereby confirm that I have transferred and assigned in whole to the Company any and all of my rights, title and interest in any and all Inventions, which are currently being used or contemplated to be used by the Company on the date hereof. Notwithstanding the foregoing, other than inventions referred to in the immediately preceding sentence, inventions, if any, patented or unpatented, which I made prior to the commencement of my employment with the Company ("**Prior Inventions**") are excluded from the scope of this Agreement. If, in the course of my employment with the Company, I incorporate a Prior Invention into a Company product, process or machine, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, unlimited worldwide license (with rights to sublicense through multiple tiers of sublicenses) to make, have made, modify, use and/or sell and/or otherwise use as the Company may wish, such Prior Invention. Without derogating from the foregoing, I agree that I will not incorporate, or permit to be incorporated, Prior Inventions in any Company Inventions without the Company's prior written consent.

Prior Inventions: _____ ***[Please List all Prior Inventions (if any)]***

2.3. Assignment of Inventions. I will promptly disclose to the Company, or any persons designated by it, all Inventions made or conceived or reduced to practice or learned by me, either alone or jointly with others, during the employment term, as a result of tasks assigned by the Company or as a result of the use of premises and/or equipment owned, leased, or contracted for by the Company. Furthermore, subject to Section 2.4, I hereby assign and agree to assign in the future (when any such Inventions or Proprietary Rights are first reduced to practice or first fixed in a tangible medium, as applicable) to the Company all my right, title and interest in and to any and all Inventions (and all Proprietary Rights with respect thereto) whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by me, either alone or jointly with others, during the period of my employment with the Company and which are connected and/or related to the Company's business and which have been created or developed as part of my work for the Company. Inventions assigned to the Company, or to a third party as directed by the Company pursuant to this Section 2, are hereinafter referred to as "**Company Inventions**".

2.4. Government or Third Party. I also agree to assign all my right, title and interest in and to any particular Company Invention to any third party, including without limitation government agency, as directed by the Company.

2.5. Works made for Hire. I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during my employment with the Company are "works made for hire" as contemplated under Chapter H of the Patents Law of 1967 (the "**Patents Law**"), that all such "works made for hire" are owned by the Company, its successors, assigns or nominees, and that I shall not be entitled to any compensation, other than the Base Salary, for creation or assignment of the same to the Company, its successors, assigns or nominees; it being acknowledged and agreed that the Base Salary and all other employment terms under the Employment Agreement shall constitute the sole consideration and remuneration for any Inventions, including, without limitation, "works made for hire", regardless of the current or future value of the Invention. I understand and agree that the decision whether or not to commercialize or market any invention developed by me (including the Inventions), solely or jointly with others, is within the Company's sole and unfettered discretion and for the Company's sole benefit and that no royalty will be due to me as a result of the Company's efforts to commercialize or market any such invention (including the Inventions). This Section 2.5 shall be deemed as an "agreement" for purposes of Section 134 of the Patents Law. Furthermore, Employee waives any right to receive any notice by Company regarding any Inventions pursuant to Section 132 of the Patents Law.

2.6. I acknowledge and agree that in event that, notwithstanding the agreement stipulated herein, it will be decided by a competent authority, court or any other competent tribunal, either due to my application or any other source, that I may deserve additional compensation for Company Inventions, in addition to any amounts paid to me by the Company under and according to my employment agreement (a "**Claim**"), my Base Salary (as defined in the Agreement) shall be reduced, retroactively effective as of the date of the beginning of my employment by the Company to an amount equal to 80% (eighty percent) of the Base Salary actually paid to me by the Company (the "**Agreed Alternative Payment**") and I shall be obligated to return to the Company, on the day the Claim was made and/or the demand which contradicts this Agreement was made, all additional amounts that I received from the Company beyond the Agreed Alternative Payment, retroactively from my employment Start Date onward (the "**Excess Amount**"), plus interest as of the original date of payment thereof. I acknowledge that the Company shall be entitled to set off such Excess Amounts against all amounts that I shall be entitled to under the Agreement, or under the decision of the Court or of any other competent tribunal or authority. Such set-off shall not derogate from the Company's right to collect any additional amounts from me.

In addition, I undertake, by signing this Agreement that I will not, directly or indirectly, make a claim and /or sue and/or demand, from the Company and/or any of its officers, employees and shareholders any additional compensation for creation or assignment of Inventions beyond the amounts paid to me by the Company according to my Employment Agreement.

2.7. Copyright Works. Without derogating from the forgoing, I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by copyright are the property of the Company pursuant to applicable copyright law.

2.8. Enforcement of Proprietary Rights. I will assist the Company in every proper way to obtain, and from time to time enforce, any Proprietary Rights relating to Company Inventions in any and all countries. To that end I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. In addition, I will execute, verify and deliver assignments of such Proprietary Rights to the Company or its designee. My obligation to assist the Company with respect to Proprietary Rights relating to such Company Inventions in any and all countries shall continue beyond the termination of my employment, but the Company shall compensate me at a reasonable rate, to be discussed with the Company, after my termination for the time actually spent by me at the Company's request on such assistance, subject to my consent, which will not be withheld for unreasonable reasons.

2.9. Power of Attorney. In the event the Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in Section 2.8 hereof, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and in my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph with the same legal force and effect as if executed by me. I hereby waive and quitclaim to the Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

3. RECORDS

I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

4. COMPETITIVE ACTIVITIES

I acknowledge that I have carefully reviewed the provisions of this Agreement, the Employment Agreement and the appendices thereof, fully understand the consequences thereof, and have assessed the respective advantages and disadvantages to me in entering into this Agreement. In light of the aforesaid, I agree that, during the period of my employment by the Company and for a period of one (1) year thereafter, I will not, directly or indirectly, carry on or engage in any employment or business activity, or hold an interest in any business, either as an employee, owner, partner, agent, shareholder, director, consultant or otherwise, which is competitive with the business of the Company ("**Competitive Activity**"). I agree further that for the period of my employment by the Company and for a period of one (1) year thereafter, I will not induce, solicit, employ or entice away or endeavor to solicit, employ or entice away any employee of the Company to leave the employ of the Company or to perform any Competitive Activity. In addition, I agree not to solicit, canvass or approach or endeavor to solicit, canvass or approach any person who was provided with services by the Company or its subsidiaries, or has provided services to the Company or its subsidiaries, at any time during the twelve (12) months immediately prior to the termination date of this Agreement, for the purpose of offering services which are competitive with those provided by the Company. I acknowledge that due to my position, the Proprietary Information I am and shall be exposed to and the nature of the business of the Company - any Competitive Activity performed by me will severely harm the legitimate rights and interests of the Company, including but not limited to its Proprietary Rights. In light of all the foregoing I acknowledge that this non-competition undertaking is reasonable, proportional and does not exceed the minimum required to protect the Company's legitimate rights and interests. I warrant and represent that the Special Non-Compensation Monthly Compensation (as such term is defined in the Employment Agreement) constitutes a real, appropriate and full consideration to any prejudice I may suffer due to my undertaking not to engage with any Competitive Activity, including but not limited to any restriction to my freedom of employment.

5. NO CONFLICTING OBLIGATION

I represent that my performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree not to enter into, any agreement, written or oral in conflict herewith.

6. RETURN OF COMPANY DOCUMENTS

When I leave the employ of the Company, I will deliver to the Company any and all drawings, notes, memoranda, specifications, devices, formulas, and documents, together with all copies thereof, and any other material containing or disclosing any Company Inventions, Third Party Information or Proprietary Information of the Company.

7. NOTIFICATION OF NEW EMPLOYER

In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer of my rights and obligations under this Agreement.

8. GENERAL PROVISIONS

8.1. Severability. I acknowledge that the provisions of this Agreement serve as an integral part of the terms of my employment and reflect the reasonable requirements of the Company in order to protect its legitimate interests with respect to the subject matter hereof. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. If moreover, any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

8.2. Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

8.3. Survival. The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

8.4. Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

8.5. Entire Agreement. The obligations pursuant to Sections 1 and 2 of this Agreement shall apply to any time during which I was previously employed (if at all), am or will be in the future employed, by the Company, including as a consultant if no other agreement governs nondisclosure and assignment of inventions during such period. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior discussions or agreements between us with respect to the subject matter hereof. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

8.6. Governing Law. This Agreement shall be governed by, and construed in accordance with the laws of the State of Israel, without giving effect to the rules respecting conflict-of-law.

8.7. Jurisdiction. The legally authorized courts in the district of Tel Aviv, Israel, shall have exclusive jurisdiction over the parties hereto and subject matter hereof.

This Agreement shall be effective as of the date the Employment Agreement of the Employee was made effective.

I HAVE READ THIS AGREEMENT CAREFULLY AND UNDERSTAND ITS TERMS.
ACCEPTED AND AGREED TO:

/s/ Yaky Yanay /s/ Zami Aberman	/s/ Chen Franco-Yehuda
Pluristem Ltd.	**THE EMPLOYEE, Chen Franco-Yehuda**
Date: September 10, 2020	Date: September 10, 2020

Exhibit 10.20

Execution Version

Contract number (FI No): 92335
Contract number (FI No): 91870
Serapis No: 2019-0880

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL AND (ii) WOULD LIKELY CAUSE COMPETITIVE HARM TO PLURISTEM THERAPEUTICS INC. IF PUBLICLY DISCLOSED. OMISSIONS ARE DENOTED IN BRACKETS WITH ASTERISKS THROUGHOUT THIS EXHIBIT.

Innovative Cell Therapies (EGFF)

Finance Contract

between the

European Investment Bank
as Lender

and

Pluristem GmbH
as Borrower

and

Pluristem Therapeutics Inc.
Pluristem Ltd.
as Original Guarantors

29 April 2020

THIS CONTRACT IS MADE ON 29 APRIL 2020 BETWEEN:

The **European Investment Bank** having its seat at 100 blvd Konrad Adenauer, Luxembourg, L-2950 Luxembourg, represented by Martin Vatter and Björn Bronger _____ and _____ (the "**Bank**")

and

Pluristem GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated in Germany, having its office at Brentanoweg 9, 14469 Potsdam, Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Berlin (*Charlottenburg*) under HRB 213655, represented by Chen Franco-Yehuda, Yaacob Yanay and Zalman Aberman (the "**Borrower**")

and

Pluristem Therapeutics Inc., a Nevada corporation company incorporated under the laws of Nevada, whose registered office is at MATAM Advanced Technology Park, Building No. 5, Haifa, Israel 3508409, registered with the Nevada Secretary of State Office under Entity Number - C12337-2001, and NV business ID - NV20011300167, represented by Chen Franco-Yehuda, Yaacob Yanay and Zalman Aberman (the "**Original Guarantor 1**")

and

Pluristem Ltd., a limited liability company incorporated under the laws of the State of Israel, whose registered office is at MATAM Advanced Technology Park
Building 5, Haifa 3508409, Israel, registered with the Israeli Companies Registry under no. 51-337166-6, represented by Chen Franco-Yehuda, Yaacob Yanay and Zalman Aberman (the "**Original Guarantor 2**" and, together with Original Guarantor 1, the "**Original Guarantors**" and each an "**Original Guarantor**")

WHEREAS:

(A) The Borrower has stated that it is undertaking a research, development and innovation project relating to innovative cell therapies in Germany and other EU countries as more particularly described in the technical description (the "**Technical Description**") set out in Schedule A (*Investment Specification and Reporting*) (the "**Investment**"). The total cost of the Investment, as estimated by the Bank, is approx. EUR 100,000,000 (one hundred million euro).

(B) The Bank, considering that the financing of the Investment falls within the scope of its functions, agreed to provide the Borrower with a credit (including a profit participation credit (*partiarisches Darlehen*)) in an amount of up to EUR 50,000,000 (fifty million euro) under this Finance Contract (the "**Contract**") to finance the Investment; **provided that** the amount of the loan hereunder shall not, in any case, exceed 50% (fifty per cent.) of the cost of the Investment. The Parties agree that a maximum of EUR 10,000,000 (ten million euros) can be used for therapies targeting COVID-19, unless a successful compassionate study done in Germany (or other European country) shows strong positive results, in which case such amount may be increased in accordance with the cost table and investment plan in Schedule A (*Investment Specification and Reporting*). The Parties being aware of the differences between a profit participation credit (*partiarisches Darlehen*) and a silent partnership (*stille Gesellschaft*), that the Bank will not participate in any loss of the Borrower or any other Group Company and that this Contract provides for a profit participation credit (*partiarisches Darlehen*), have consciously decided to enter into this Contract.

(C) This operation benefits from a guarantee from the European Union under the European Fund for Strategic Investments ("**EFSI**").

(D) The statute of the Bank provides that the Bank shall ensure that its funds are used as rationally as possible in the interests of the European Union; and, accordingly, the terms and conditions of the Bank's loan operations must be consistent with relevant policies of the European Union.

(E) The Bank considers that access to information plays an essential role in the reduction of environmental and social risks, including human rights violations, linked to the projects it finances and has therefore established its transparency policy, the purpose of which is to enhance the accountability of the Bank's group towards its stakeholders and the citizens of the European Union in general.

(F) The processing of personal data shall be carried out by the Bank in accordance with applicable European Union legislation on the protection of individuals with regard to the processing of personal data by the European Union institutions and bodies and on the free movement of such data.

(G) The Bank supports the implementation of international and EU standards in the field of anti-money laundering and countering the financing of terrorism and promotes tax good governance standards. It has established policies and procedures to avoid the risk of misuse of its funds for purposes which are illegal or abusive in relation to applicable laws. The Bank's group statement on tax fraud, tax evasion, tax avoidance, aggressive tax planning, money laundering and financing of terrorism is available on the Bank's website and offers further guidance to the Bank's contracting counterparties.

(H) Under current law, the Bank is exempted from withholding under FATCA pursuant to the intergovernmental agreement entered into between the Grand Duchy of Luxembourg and the US signed on 28 March 2014, ratified in Luxembourg on 25 July 2015 and in full force and effect from 29 July 2015, implementing the FATCA provisions of the US Hiring Incentives to Restore Employment Act of 2010.

It is hereby agreed as follows:

ARTICLE 1

Interpretation and definitions

1.1 Interpretation

In this Contract:

(a) references to Articles, Recitals, Schedules and (Sub-)Paragraphs are, save if explicitly stipulated otherwise, references respectively to articles of, and recitals, schedules and (sub-)paragraphs of schedules to, this Contract. All Recitals and Schedules form part of this Contract;

(b) references to "law" or "laws" mean (a) any applicable law and any applicable treaty, constitution, statute, legislation, decree, normative act, rule, regulation, judgement, order, writ, injunction, determination, award or other legislative or administrative measure or judicial or arbitral decision in any jurisdiction which is binding or applicable case law, and (b) EU Law;

(c) references to applicable law, applicable laws or applicable jurisdiction means (a) a law or jurisdiction applicable to the Borrower or any other Obligor (as the context requires), its respective rights and/or obligations (in each case arising out of or in connection with the Finance Documents), its capacity and/or assets and/or the Investment; and/or, as applicable, (b) a law or jurisdiction (including in each case the Bank's Statute) applicable to the Bank, its rights, obligations, capacity and/or assets;

(d) references to a provision of law are references to that provision as amended or re-enacted;

(e) references to any Finance Document or other agreement or instrument are references to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

(f) "promptly" is to be construed as *unverzüglich* (without undue delay) within the meaning of Section 121 para. 1 sentence 1 of the BGB;

(g) words and expressions in plural shall include singular and *vice versa*;

(h) a Default (other than an Event of Default) is "continuing" if it has not been remedied or waived and an Event of Default is "continuing" if it has not been waived; and

(i) terms defined in the GDPR (as defined below), including the terms "data subject", "personal data", "processing", have the same meanings when used in Paragraph 25 (*Data Protection*) of Schedule G (*General Undertakings*) of, this Contract.

This Contract is made in the English language. For the avoidance of doubt, the English language version of this Contract shall prevail over any translation of this Contract. However, where a German translation of a word or phrase appears in the text of this Contract, the German translation of such word or phrase shall prevail.

Definitions

In this Contract:

"**Accepted Tranche**" means a Tranche in respect of a Disbursement Offer which has been duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline.

"**acting in concert**" means acting together pursuant to an agreement or understanding (whether formal or informal).

"**Appraisal Fee**" has the meaning given to such term in the Finance Fee Letter.

"**Authorisation**" means an authorisation, permit, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Authorised Signatory**" means a person authorised to sign individually or jointly (as the case may be) Disbursement Acceptances on behalf of the Borrower and named in the most recent List of Authorised Signatories and Accounts received by the Bank prior to the receipt of the relevant Disbursement Acceptance.

"**BGB**" means the German Civil Code (*Bürgerliches Gesetzbuch*).

"**Business Day**" means a day (other than a Saturday or Sunday) on which the Bank and commercial banks are open for general business in Luxembourg (Grand Duchy of Luxembourg), Frankfurt am Main (Germany), Tel Aviv (Israel) and New York City (US).

"**Cancellation Fee**" has the meaning given to such term in the Finance Fee Letter.

"**Change in the Beneficial Ownership**" means a change in the ultimate ownership or control of the Borrower according to the definition of "beneficial owner" set out in article 3(6) of Directive 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as amended, supplemented or restated.

"**Change-of-Control Event**" means:

(a) any person or group of persons acting in concert gains Control of the Borrower or of any entity directly or ultimately Controlling the Borrower;

(b) the Original Guarantor 1 ceases to (i) Control the [**] or (ii) be the beneficial owner directly or indirectly through Controlled subsidiaries of [**]% of the issued share capital of the [**]; unless the Bank has given its prior written consent (which shall not be unreasonably withheld and which shall occur within a reasonable amount of time) to any decrease in the ownership of the share capital of the [**], provided that the Original Guarantor 1 retains Control directly or indirectly in the [**]*;*

(c) the Original Guarantor 1 ceases to (i) Control the [**] or (ii) be the beneficial owner directly or indirectly through wholly owned subsidiaries of [**]% of the issued share capital of the [**]; or

~~(d)~~ Senior Management Personnel ceases to be the beneficial owner directly or indirectly of more than [**] of their ownership in the issued share capital of the Borrower, which is as of the day of this contract: Yaacob Yanay (birth date: [**]; address: [**]) - [**] shares and Zalman Aberman, (birth date: [**]; address: [**]) - [**]shares.

"**Change-of-Law Event**" means the enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) that occurs after the date of this Contract and which, in the opinion of the Bank, would materially impair an Obligor's ability to perform its obligations under the Finance Documents.

"**Code**" means the US Internal Revenue Code of 1986, as amended.

"**Compliance Certificate**" means a certificate substantially in the form set out in Schedule E (*Form of Compliance Certificate*).

"**Contract Number**" shall mean each Bank generated number identifying this Contract and indicated on the cover page of this Contract after the letters "FI N°".

"**Control**" means (i) owning (directly or indirectly) more than 50% (fifty per cent) of the shares in an entity, (ii) the power to cast, or to control the casting of, more than 50% (fifty per cent) of the total number of votes held by all shareholders of an entity, (iii) the power to appoint or remove all, or the majority, of the directors of an entity, and/or (iv) the power to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise, and "**Controlling**" and "**Controlled**" have the corresponding meanings.

"**Credit**" has the meaning given to it in Article 2.1 (*Amount of Credit*).

"**Default**" means an Event of Default or any event or circumstance specified in Article 9 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under this Contract or any combination of any of the foregoing) be an Event of Default.

"**Deferred Interest Rate**" means 4% (400 basis points) per annum for Tranche A, 3% (300 basis points) per annum for Tranche B and 2% (200 basis points) per annum for Tranche C.

"**Disbursement Acceptance**" means a copy of the Disbursement Offer duly countersigned by the Borrower.

"**Disbursement Acceptance Deadline**" means the date and time of expiry of a Disbursement Offer as specified therein.

"**Disbursement Account**" means, in respect of each Tranche, the bank account set out in the most recent List of Authorised Signatories and Accounts.

"**Disbursement Date**" means the date on which disbursement of a Tranche is made by the Bank.

"**Disbursement Offer**" means a letter substantially in the form set out in Schedule C (*Form of Disbursement Offer/Acceptance*).

"**Dispute**" has the meaning given to it in Article 10.2 (*Jurisdiction*).

"**Disruption Event**" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with this Contract; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of either the Bank or the Borrower, preventing that Party from:

(i) performing its payment obligations under this Contract; or

(ii) communicating with other Parties in accordance with the terms of this Contract,

and which disruption (in either such case as per Sub-Paragraphs (a) or (b) above) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"**Drop Dead Fee**" means the "Drop Dead Fee" as agreed between the Bank and the Borrower in the Finance Fee Letter.

"**EBITDA**" means, in respect of any Relevant Period, the consolidated operating profit of the Group before taxation (excluding the results from discontinued operations):

(a) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any Group Company (calculated on a consolidated basis) in respect of that Relevant Period;

(b) not including any accrued interest owing to any Group Company;

(c) after adding back any amount attributable to the amortisation or depreciation of assets of members of the Group;

(d) before taking into account any Exceptional Items;

(e) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;

(f) plus or minus the Group's share of the profits or losses (after finance costs and tax) of entities which are not Group Companies;

(g) before taking into account any unrealised gains or losses on any financial instrument (other than any derivative instrument which is accounted for on a hedge accounting basis); and

(h) before taking into account any gain arising from an upward revaluation of any other asset,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation.

"**EFSI**" has the meaning given in Recital (C).

"**EFSI Application Form**" means the Borrower's application form for financing under the EFSI Regulation dated 9 January 2020.

"**EFSI Regulation**" means the Regulation 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, as amended, supplemented or restated.

"**Environment**" means the following, insofar as they affect human health or social well-being:

(a) fauna and flora;

(b) soil, water, air, climate and the landscape; and

(c) cultural heritage and the built environment,

and includes, without limitation, occupational and community health and safety.

"**Environmental Approval**" means any Authorisation required by Environmental Law.

"**Environmental Claim**" means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

"**Environmental Law**" means EU Law including principles and standards, and national laws and regulations, of which a principal objective is the preservation, protection or improvement of the Environment.

"**EU Directives**" means the directives of the European Union.

"**EU Law**" means the *acquis communautaire* of the European Union as expressed through the Treaties of the European Union, the regulations, the EU Directives, delegated acts, implementing acts, and the case law of the Court of Justice of the European Union.

"**EUR**" or "**euro**" means the lawful currency of the Member States of the European Union which adopt or have adopted it as their currency in accordance with the relevant provisions of the Treaty on European Union and the Treaty on the Functioning of the European Union or their succeeding treaties.

"**EURIBOR**" has the meaning given to it in Schedule B (*Definition of EURIBOR*).

"**Event of Default**" means any of the circumstances, events or occurrences specified in Article 9 (*Events of Default*) following the expiry of any applicable remedy period set out therein.

"**Exceptional Items**" means any material items of an unusual or non-recurring nature which represent gains or losses including those arising on:

(a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;

(b) disposals, revaluations, write downs or impairment of non-current assets or any reversal of any write down or impairment;

(c) disposals of assets associated with discontinued operations; and

(d) any other examples of "exceptional items" (as such term has the meaning attributed to it in IFRS).

"**Expert Determination**" has the meaning given to it in Article 4.3 (*Profit Participation*).

"**FATCA**" means*:*

(a) Sections 1471 to 1474 of the Code or any associated regulations or other official guidance;

(b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or

(c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US. Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**Fee Letters**" means the Finance Fee Letter and the Initial Fee Letter.

"**Final Availability Date**" means the day falling 36 (thirty-six) months after the date of this Contract.

"**Finance Documents**" means this Contract, any Guarantee Agreement, the Fee Letters, the MAR Side Letter and any other document designated a "Finance Document" by the Borrower and the Bank.

"**Finance Lease**" means any lease or hire purchase contract which would, in accordance with IFRS in force prior to 1 January 2019, be treated as a finance or capital lease.

"**Finance Fee Letter**" means the fee letter from the Bank to the Borrower, dated on or about the date hereof.

"**Fixed Rate**" means 0% (zero basis points) per annum for Tranche A, 1% (100 basis points) per annum for Tranche B and 1% (100 basis points) per annum for Tranche C.

"**Fixed Rate Tranche**" means a Tranche which is specified as a Fixed Rate Tranche in the relevant Disbursement Offer.

"**GAAP**" means generally accepted accounting principles in the jurisdiction of incorporation of the respective Obligor, including IFRS.

"**GDPR**" means General Data Protection Regulation (EU) 2016/679.

"**Germany**" means the Federal Republic of Germany.

"**Group**" means the Group Companies, taken together as a whole.

"**Group Company**" means the Original Guarantor 1 and its Subsidiaries.

"**Guarantee Agreement**" means a guarantee and indemnity agreement in form and substance satisfactory to the Bank to be entered into by a Guarantor as guarantor and the Bank as beneficiary.

"**Guarantor**" means the Original Guarantors and each Material Subsidiary which enters into a Guarantee Agreement in accordance with Sub-Paragraph (b) of Paragraph 16 (*Guarantees*) of Schedule H (*General Undertakings*).

"**IFRS**" means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"**Illegal Activities**" means any of the following illegal activities or activities carried out for illegal purposes: tax crimes (as referred to in the directive (EU) 2015/849 of 20 May 2015), fraud, corruption, coercion, collusion, obstruction, money laundering, financing of terrorism or any illegal activity that may affect the financial interests of the EU, according to applicable laws.

"**Indebtedness**" means any:

(a) obligations for borrowed money;

(b) indebtedness under any acceptance credit;

(c) indebtedness under any bond, debenture, note or similar instrument;

(d) instrument under any bill of exchange;

(e) indebtedness in respect of any interest rate or currency swap or forward currency sale or purchase or other form of interest or currency hedging transaction (including without limit caps, collars and floors);

(f) indebtedness under any Finance Lease;

(g) indebtedness (actual or contingent) under any guarantee, bond security, indemnity or other agreement;

(h) indebtedness (actual or contingent) under any instrument entered into for the purpose of raising finance;

(i) indebtedness in respect of a liability to reimburse a purchaser of any receivables sold or discounted in the event that any amount of those receivables is not paid;

(j) indebtedness arising under a securitisation; or

(k) other transaction which has the commercial effect of borrowing.

"**Initial Fee Letter**" means the fee letter from the Bank to the Borrower dated 6 January 2020.

"**InsO**" means the German Insolvency Code (*Insolvenzordnung*).

"**Intellectual Property Rights**" means intellectual property rights (*gewerbliche Schutzrechte; Immaterialgüterrechte*) of every designation (including, without limitation, patents, utility patents, copyrights, design rights, trademarks, software, service marks and know how) whether capable of registration or not.

"**Investment**" has the meaning given to that term in Recital (A).

"**Lead Organisation**" means the European Union, the United Nations and international standard setting organisations including the International Monetary Fund, the Financial Stability Board, the Financial Action Task Force, the Organisation for Economic Cooperation and Development and the Global Forum on Transparency and Exchange of Information for Tax Purposes and any successor organisations.

"**List of Authorised Signatories and Accounts**" means a list (signed by Authorised Signatories), in form and substance satisfactory to the Bank, setting out: (i) the Authorised Signatories, accompanied by evidence of signing authority of the persons named on the list and specifying if they have individual or joint signing authority, (ii) the specimen signatures of such persons, and (iii) the bank account(s) to which disbursements may be made under this Contract (specified by IBAN code if the country is included in the IBAN Registry published by SWIFT, or in the appropriate account format in line with the local banking practice), BIC/SWIFT code of the bank and the name of the bank account(s) beneficiary.

"**Loan**" means the aggregate of the amounts disbursed from time to time by the Bank under this Contract.

"**Loan Outstanding**" means the aggregate of the amounts disbursed from time to time by the Bank under this Contract that remains outstanding.

"**MAR Side Letter**" means the side letter, dated on or about the date hereof and entered into between the Guarantor 1, the Borrower and the Bank.

"**Material Adverse Change**" means, any event or change of condition, which, in the opinion of the Bank has a material adverse effect on:

(a) the ability of any Obligor to perform its respective obligations under the Finance Documents;

(b) the business, operations, property, condition (financial or otherwise) or prospects of any Obligor or the Group as a whole; or

(c) the legality, validity or enforceability of, or the effectiveness or ranking of, or the value of any Security granted to the Bank, or the rights or remedies of the Bank under the Finance Documents.

"**Material Subsidiary**" means any Subsidiary from time to time, whose gross revenues, total assets or EBITDA represents not less than 5% of (i) the consolidated gross revenues of the Group or, (ii) the Total Assets, or, (iii) as the case may be, the consolidated EBITDA of the Group, as calculated based on the then latest consolidated audited accounts of the Group.

"**Maturity Date**" means, for each Tranche, the last or sole Repayment Date of that Tranche as specified in the relevant Disbursement Offer, being not later than 5 (five) years from the Disbursement Date of the relevant Tranche. For the avoidance of doubt, each drawdown is treated separately for specifying the "Maturity Date".

"**Non-EIB Financing**" includes any loan (save for the Loan and any other direct loans from the Bank to the Borrower (or any other Group Company) credit bond or other form of financial indebtedness or any obligation for the payment or repayment of money originally granted to the Borrower (or any other Group Company) or a Guarantor) for a term of more than 3 (three) years.

"**Obligor**" means the Borrower and each Guarantor.

"**Parties**" means the parties to this Contract and "**Party**" means any of them.

"**Payment Date**" means the annual dates specified in the Disbursement Offer until and including the Maturity Date, save that, in case any such date is not a Relevant Business Day, it means for a Fixed Rate Tranche, the following Relevant Business Day, without adjustment to the interest due under Article 4.1 (*Fixed Rate Tranches*) except for those cases where a payment is made as a single instalment in accordance with Article 5.1 (*Repayment*), and to the final interest payment only, when it shall mean the preceding Relevant Business Day, with adjustment to the interest due under Article 4.1 (*Fixed Rate Tranches*).

"**Permitted Disposal**" means each disposal permitted in accordance with Paragraph 7(b) (*Disposal of assets*) of Schedule H (*General Undertakings*).

"**Permitted Guarantees**" means each and every guarantee permitted in accordance with Paragraph 16 (*Guarantees*) of Schedule H (*General Undertakings*).

"**Permitted Hedging**" has the meaning given to such term in Paragraph 17 (*Hedging*) of Schedule H (*General Undertakings*).

"**Permitted Indebtedness**" means Indebtedness of the Borrower and/or any Group Company which is permitted in accordance with Paragraph 15 (*Indebtedness*) of Schedule H (*General Undertakings*).

"**Permitted Security**" means Security of the Borrower and/or any Group Company which is permitted in accordance with Sub-Paragraph (c) of Paragraph 23 (*Negative pledge*) of Schedule H (*General Undertakings*).

"**Prepayment Amount**" means the amount of a Tranche to be prepaid by the Borrower in accordance with Articles 5.2 (*Voluntary prepayment*), 5.3 (*Compulsory prepayment*) or 9.1 (*Right to demand repayment*).

"**Prepayment Date**" means the date on which the Borrower proposes or is requested by the Bank, as applicable, to effect prepayment of a Prepayment Amount.

"**Prepayment Event**" means any of the events described in Article 5.3 (*Compulsory Prepayment*).

"**Prepayment Fee**" means, in relation to a Prepayment Amount in respect of a Tranche, a fee as follows:

(a) a fee of [**]% of the Prepayment Amount if the Prepayment Date is after the relevant Disbursement Date but before or on the first anniversary of such Disbursement Date;

(b) a fee of [**]% of the Prepayment Amount if the Prepayment Date is after the first anniversary of the relevant Disbursement Date but before or on the second anniversary of such Disbursement Date;

(c) a fee of [**]% of the Prepayment Amount if the Prepayment Date is after the second anniversary of the relevant Disbursement Date but before or on the third anniversary of such Disbursement Date; or

(d) a fee of [**]% of the Prepayment Amount if the Prepayment Date is after the third anniversary of the relevant Disbursement Date but before the Maturity Date,

with such fee being payable on the applicable Prepayment Date.

"**Prepayment Notice**" means a written notice from the Bank to the Borrower in accordance with Article 5.2.3 (*Prepayment mechanics*).

"**Prepayment Request**" means a written request from the Borrower to the Bank to prepay all or part of the Loan Outstanding, in accordance with Article 5.2.1 (*Prepayment option*).

"**Profit Participation Payment Date**" has the meaning given to it in Article 4.3 (*Profit Participation*).

"**Profit Participation Payments**" has the meaning given to it in Article 4.3 (*Profit Participation*).

"**Profit Participation Period**" has the meaning given to it in Article 4.3 (*Profit Participation*).

"**Relevant Business Day**" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (TARGET2) is open for the settlement of payments in EUR.

"**Relevant Period**" means each period of 12 (twelve) months ending on or about the last day of the financial year.

"**Repayment Date**" shall mean each Payment Date specified in the Disbursement Offer for the repayment of a Tranche in accordance with Article 5.1 (*Normal repayment*).

"**Repeating Representations**" means each of the representations set out in Schedule G (*Representations and Warranties*) other than those Paragraphs thereof which are identified with the words "*(Non-repeating)*" at the end of the Paragraphs.

"**Security**" means any mortgage, land charge (*Grundschuld*), pledge, lien, charge, assignment, security transfer (*Sicherungsübereignung*), retention of title arrangements, hypothecation, or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Senior Management Change**" means that any Senior Management Personnel of any Obligor has ceased to be actively involved in the management of any of the Obligors.

"**Senior Management Personnel**" means each of Zalman Aberman and Yaacob Yanay.

"**Subsidiary**" means an entity of which the Original Guarantor 1 has direct or indirect control or owns directly or indirectly more than 50% (fifty per cent.) of the voting capital or similar right of ownership and "control" for this purpose means the power to direct the management and the policies of the entity, whether through the ownership of voting capital, by contract or otherwise.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Technical Description**" has the meaning given to it in Recital (A).

"**Total Assets**" means the total consolidated assets of the Group, as shown in the Borrower's latest consolidated financial statements, as at the end of any Relevant Period.

"**Tranche**" means each disbursement made or to be made under this Contract consisting of Tranche A, Tranche B and Tranche C. In the event that no Disbursement Acceptance has been received, Tranche shall mean a Tranche as offered under Article 2.2.2 (*Disbursement Offer*).

"**Tranche A**" means the first Tranche in the amount set out in Paragraph (a) of Article 2.2.1 (*Tranches*), in relation to which a Fixed Rate shall be paid in accordance with Article 4.1 (*Fixed Rate Tranches*), in relation to which Profit Participation Payments are granted to the Bank in accordance with Article 4.3 (*Profit Participation*) and a Deferred Interest Rate shall be paid in accordance with Article 4.2 (*Deferred Interest*).

"**Tranche B**" means the second Tranche in the amount set out in Paragraph (b) of Article 2.2.1 (*Tranches*), in relation to which a Fixed Rate shall be paid in accordance with Article 4.1 (*Fixed Rate Tranches*), in relation to which Profit Participation Payments are granted to the Bank in accordance with Article 4.3 (*Profit Participation*) and a Deferred Interest Rate shall be paid in accordance with Article 4.2 (*Deferred Interest*).

"**Tranche C**" means the third Tranche in the amount set out in Paragraph (c) of Article 2.2.1 (*Tranches*), in relation to which a Fixed Rate shall be paid in accordance with Article 4.1 (*Fixed Rate Tranches*), in relation to which Profit Participation Payments are granted to the Bank in accordance with Article 4.3 (*Profit Participation*) and a Deferred Interest Rate shall be paid in accordance with Article 4.2 (*Deferred Interest*).

"**US**" means the United States of America.

"**Voluntary Non EIB Prepayment**" means a voluntary prepayment by any Group Company (for the avoidance of doubt, prepayment shall include a repurchase, redemption or cancellation where applicable) of a part or the whole of any Non-EIB Financing where:

(a) such prepayment is not made within a revolving credit facility (save for the cancellation of a revolving credit facility); or

(b) such prepayment is not made out of the proceeds of a loan or other indebtedness having a term at least equal to the unexpired term of the Non-EIB Financing prepaid.

"**Whole EIB Investments**" means the Loan and all Fixed Rates, Deferred Interest Rates, Prepayment Fees and Profit Participation Payments.

ARTICLE 2

Credit and Disbursements

2.1 Amount of Credit

By this Contract, the Bank establishes in favour of the Borrower, and the Borrower accepts, a loan (*including a profit participation credit (partiarisches Darlehen)*) in an amount of EUR 50,000,000 (fifty million euro) for the financing of the Investment (the "**Credit**").

2.2 Disbursement procedure

2.2.1 Tranches

The Bank shall disburse the Credit in Euros in 3 (three) Tranches, as set out below:

(a) Tranche A, in an amount of EUR 20,000,000 (twenty million euro);

(b) Tranche B, in an amount of EUR 18,000,000 (eighteen million euro); and

(c) Tranche C, in an amount of EUR 12,000,000 (twelve million euro).

2.2.2 Disbursement Offer

Upon request by the Borrower and subject to Article 2.5 (*Conditions of Disbursement*), provided that no event mentioned in Sub-Paragraph (b) of Article 2.6 (*Cancellation*) has occurred and is continuing, the Bank shall send to the Borrower a Disbursement Offer for the disbursement of a Tranche. The latest time for receipt by the Borrower of a Disbursement Offer is 10 (ten) days before the Final Availability Date. The Disbursement Offer shall specify:

(a) the amount of the Tranche;

(b) the Disbursement Date, which shall be a Relevant Business Day, falling at least 10 (ten) days after the date of the Disbursement Offer and on or before the Final Availability Date;

(c) the interest rate basis of the Tranche, namely:

(i) that it is a Fixed Rate Tranche;

(ii) the Fixed Rate;

(iii) the Deferred Interest Rate applicable to such Tranche; and

(iv) the Payment Dates and interest periods;

(d) the terms and frequency for repayment of principal;

(e) first Repayment Date and the Maturity Date (each to the extent applicable);

(f) the Disbursement Acceptance Deadline; and

(g) the relevant Profit Participation Payments.

2.2.3 Disbursement Acceptance

(a) The Borrower may accept a Disbursement Offer by delivering a Disbursement Acceptance to the Bank no later than the Disbursement Acceptance Deadline. The Disbursement Acceptance shall be signed by an Authorised Signatory with individual representation rights or 2 (two) or more Authorised Signatories with joint representation right and shall specify the Disbursement Account to which disbursement of the Tranche should be made in accordance with Article 2.3 (*Disbursement Account*).

(b) If a Disbursement Offer is duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline, and provided the conditions in Article 2.5.3 (*All Tranches – Other Conditions*) are met, the Bank shall make the Accepted Tranche available to the Borrower in accordance with the relevant Disbursement Offer and subject to the terms and conditions of this Contract.

(c) The Borrower shall be deemed to have refused any Disbursement Offer which has not been duly accepted in accordance with its terms on or before the Disbursement Acceptance Deadline, in which case the Tranche shall not be made available to the Borrower by the Bank, and the Credit shall not be affected.

2.3 Disbursement Account

(a) Disbursement shall be made to the Disbursement Account specified in the relevant Disbursement Acceptance, provided that such Disbursement Account is acceptable to the Bank.

(b) Only one Disbursement Account may be specified for each Tranche.

2.4 Currency of disbursement

The Bank shall disburse each Tranche in EUR.

2.5 Conditions of Disbursement

2.5.1 Initial Documentary Conditions Precedent

No Disbursement Offer will be provided by the Bank under this Contract unless the Bank has confirmed that it has received all of the documents and other evidence listed in Schedule F (*Initial Documentary Conditions Precedent*) in form and substance satisfactory to it.

2.5.2 All Tranches - Documentary Conditions Precedent

No Disbursement Offer, including the first Disbursement Offer, will be provided by the Bank under this Contract unless the Bank has confirmed that it has received, in form and substance satisfactory to it

(a) a certificate from the Borrower in the form of Schedule D (*Form of Drawdown Certificate*), signed by an Authorised Signatory of the Borrower and dated no earlier than the date falling 14 (fourteen) days before the Disbursement Date;

(b) a certificate (signed by one or more Authorised Signatories of the Borrower as appropriate) from the Borrower which confirms that the Borrower has sufficient resources to pay its debts as they fall due for at least [**] months from the Disbursement Date not taking into account the disbursement of the proposed Tranche, including, without limitation, a copy of a current electronic extract from the commercial register (Handelsregisterauszug) of the Borrower and an up-to-date search on www.insolvenzbekanntmachungen.de in relation to the Borrower

2.5.3 All Tranches – Other Conditions

The Bank will only be obliged to make any Accepted Tranche available to the Borrower if on the Disbursement Date for the proposed Tranche:

(a) the Repeating Representations are correct in all respects; and

(b) no event or circumstance has occurred and is continuing which constitutes or would with the expiry of a grace period and/or the giving of notice under this Contract constitute:

(i) an Event of Default; or

(ii) a Prepayment Event other than pursuant to Article 5.3.1 (*Cost Reduction*),

or would, in each case, result from the disbursement of the proposed Tranche.

2.5.4 Tranche A – Additional Conditions Precedent

Without prejudice to the generality of Articles 2.5.1 (*Initial Documentary Conditions Precedent*) to 2.5.3 (*All Tranches – Other Conditions*), no Disbursement Offer will be provided by the Bank under this Contract in respect of Tranche A unless the Bank has confirmed that it has received in form and substance satisfactory to it:

(a) evidence that expenditures matching the amount of the tranche to be disbursed have been incurred or are committed to the Investment starting from 1 January 2020; and

(b) [**] for clinical trial/compassionate use/emergency use of PLX for COVID-19 patients in a clinical site protocol [**].

2.5.5 Tranche B – Additional Conditions Precedent

Without prejudice to the generality of Articles 2.5.1 (*Initial Documentary Conditions Precedent*) to 2.5.3 (*All Tranches – Other Conditions*), no Disbursement Offer will be provided by the Bank under this Contract in respect of Tranche B unless Tranche A has been disbursed and the Bank has confirmed that it has received in form and substance satisfactory to it:

(a) evidence satisfactory to the Bank of positive [**] of PLX-PAD [**] programme, meeting the [**], sufficient to apply for [**] in the European Union or evidence satisfactory to the Bank of completion of enrolment of [**] patients for PLX-PAD [**] programme in [**];

(b) evidence satisfactory to the Bank of completion of [**] or of enrolment of [**] patients for PLX-PAD [**] programme; and

(c) end of development of the [**] and readiness for technology transfer [**], signed off by the management of the Borrower or conclusion of [**], as evidenced by a final qualification report signed off by the management of a Group Company.

2.5.6 Tranche C – Additional Conditions Precedent

Without prejudice to the generality of Articles 2.5.1 (*Initial Documentary Conditions Precedent*) to 2.5.3 (*All Tranches – Other Conditions*), no Disbursement Offer will be provided by the Bank under this Contract in respect of Tranche C unless Tranche A and Tranche B have been disbursed and the Bank has confirmed that it has received in form and substance satisfactory to it:

(a) [**] approval in the European Union of PLX-PAD for [**] or [**] approval in the European Union of PLX-PAD for [**];

(b) evidence of the completion of the manufacturing scale up by additional unit of [**];

(c) evidence of the start of equivalent pivotal trial in [**] or, subject to the Bank providing its positive opinion any other [**] for new indication in PLX product or subject to the Bank providing its positive opinion [**] and any other indication that is related to COVID-19; and

(d) evidence of a satisfactory equity capital increase of minimum EUR 20,000,000 or equivalent amount coming from business development activities after 7 April 2020.

2.5.7 Satisfaction of milestones

In the event that the milestones for Tranche A or Tranche B are not satisfied, the Borrower will inform the Bank in due course and might request the Bank to reasonably consider (without any obligation of the Bank to accept such request and making any decision in its sole and absolute discretion) to which extent the corresponding milestones can be modified to allow a drawdown under Tranche B and/or Tranche C, as appropriate and applicable.

2.6 Cancellation

(a) The Borrower may send a written notice to the Bank requesting the cancellation of the undisbursed portion of the Credit. The written notice:

(i) must specify whether the Borrower would like to cancel the undisbursed portion of the Credit in whole or in part and, if in part, the amount of the Credit the Borrower would like to cancel; and

(ii) must not relate to an Accepted Tranche which has a Disbursement Date falling within 5 (five) Business Days of the date of the written notice.

Upon receipt of such written notice, the Bank shall cancel the requested undisbursed portion of the Credit with immediate effect.

(b) At any time upon the occurrence of the following events, the Bank may notify the Borrower in writing that the undisbursed portion of the Credit shall be cancelled in whole or in part:

(i) a Prepayment Event, which for the avoidance of doubt and only in case of event pursuant to Article 5.3.1 (*Cost reduction*), by an amount equal to the amount by which it is entitled to cancel the Credit;

(ii) an Event of Default; or

(iii) an event or circumstance which would with the passage of time or giving of notice under this Contract constitute a Prepayment Event other than pursuant to Article 5.3.1 (*Cost reduction*) or an Event of Default.

On the date of such written notification the relevant undisbursed portion of the Credit shall be cancelled with immediate effect.

2.7 Fee for cancellation of an Accepted Tranche

(a) If pursuant to sub-paragraph (a) of Article 2.6 (*Cancellation*) the Borrower cancels an Accepted Tranche, the Borrower shall pay to the Bank the Cancellation Fee.

(b) If pursuant to sub-paragraph (b) of Article 2.6 (*Cancellation*) the Bank cancels all or part of an Accepted Tranche, the Borrower shall pay to the Bank the Cancellation Fee.

(c) If an Accepted Tranche is not disbursed on the Disbursement Date because the conditions precedent set out in Article 2.5.3 (*All Tranches – Other Conditions*) are not satisfied on such date, such Tranche shall be cancelled and the Borrower shall pay to the Bank the Cancellation Fee.

2.8 Cancellation after expiry of the Credit

On the day following the Final Availability Date, and unless otherwise specifically agreed to in writing by the Bank, any part of the Credit in respect of which no Disbursement Acceptance has been received in accordance with Article 2.2.3 (*Disbursement Acceptance*) shall be automatically cancelled, without any notice being served by the Bank to the Borrower.

2.9 Appraisal Fee

(a) The Borrower shall pay to the Bank the Appraisal Fee in accordance with the terms of the Finance Fee Letter.

(b) For the avoidance of doubt, the Appraisal Fee payable under the Finance Fee Letter is independent of any other fees stipulated in this Contract or any other Finance Document.

(c) The Borrower hereby authorises the Bank to retain out of the Tranche A the Appraisal Fee. An amount retained by the Bank out of Tranche A in payment of the Appraisal Fee shall be treated as having been disbursed by the Bank.

2.10 Drop Dead Fee

(a) The Borrower shall pay to the Bank the Drop Dead Fee in accordance with the terms of the Finance Fee Letter.

(b) For the avoidance of doubt, the Drop Dead Fee payable under the Finance Fee Letter is independent of any other fees stipulated in this Contract or any other Finance Document.

2.11 Sums due under Article 2

Sums due under Article 2.6 (*Cancellation*) shall be payable in EUR. Sums due under Article 2.6 (*Cancellation*) shall be payable within 15 (fifteen) days of the Borrower's receipt of the Bank's demand or within any longer period specified in the Bank's demand.

ARTICLE 3

The Loan

3.1 Amount of Loan

The Loan shall comprise the aggregate amount of Tranches disbursed by the Bank under the Credit.

3.2 Currency of repayment, interest and other charges

(a) Interest, Profit Participation Payments, repayments and other charges payable in respect of each Tranche shall be made by the Borrower in EUR.

(b) Any other payment shall be made in the currency specified by the Bank having regard to the currency of the expenditure to be reimbursed by means of that payment.

ARTICLE 4

Interest

4.1 Fixed Rate Tranches

The Borrower shall pay interest on the outstanding balance of each Fixed Rate Tranche at the Fixed Rate annually in arrears on the relevant Payment Dates specified in the Disbursement Offer, and calculated on the basis of sub-paragraph (a) of Article 6.1 (*Day count convention*). If the period from the Disbursement Date to the first Payment Date is 15 (fifteen) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

4.2 Deferred Interest

If a Deferred Interest Rate is specified in the Disbursement Offer in relation to a Tranche, interest shall accrue on the outstanding balance of such Tranche at the Deferred Interest Rate, and calculated on the basis of sub-paragraph (a) of Article 6.1 (*Day count convention*), and such interest shall be due and payable on the Maturity Date of such Tranche or, where a Tranche is prepaid, on the Prepayment Date. For the avoidance of doubt, any such interest shall not be capitalised and shall not bear interest.

4.3 Profit Participation

(a) In addition to the interest payable pursuant to Articles 4.1 (*Fixed Rate Tranches*) and Article 4.2 (*Deferred Interest*) above and in consideration of the Bank making the Credit available to the Borrower in accordance with this Contract, the Borrower hereby grants and reserves for the benefit of the Bank, a participation in the Group's consolidated annual turnover for the period starting with the financial year 2024 until and including the financial year 2030 (7 years) (the "**Profit Participation Period**") equal to up to:

(i) 2.3% of the annual Group's consolidated annual turnover below USD 350,000,000 ("**Profit Participation Rate I**");

(ii) 1.2% of the annual Group's consolidated annual turnover between USD 350,000,000 and EUR 500,000,000 ("**Profit Participation Rate II**"); and

(iii) 0.20% of the annual Group's consolidated annual turnover exceeding USD 500,000,000 ("**Profit Participation Rate III**"),

(together the "**Profit Participation Payments**") and hereby undertakes to pay the respective Profit Participation Payments to the Bank subject to the terms of this Contract.

(b) For the avoidance of doubt and by way of distinction from a silent partnership (*stille Beteiligung*), the Bank does not participate in any loss of the Borrower or any other Group Company.

(c) The obligation of the Borrower to pay the Profit Participation Payments will apply after Tranche A has been disbursed, in each case pro rata according to the actual amounts disbursed.

(d) Each Profit Participation Payment shall become due and payable on the 30th of October of each year (each a "**Profit Participation Payment Date**"), starting with the 30 October 2024 for the financial year 2024. For the avoidance of doubt, the further Profit Participation Payments shall become due and payable on 30 October 2025 for the financial year 2025, 30 October 2026 for the financial year 2026, on 30 October 2027 for the financial year 2027, on 30 October 2028 for the financial year 2028, on 30 October 2029 for the financial year 2029, on 30 October 2030 for the financial year 2030.

(e) The Borrower shall have the right (but not the obligation) to buy back unpaid Profit Participation Payments at any time with at least 30 (thirty) calendar days prior notice, in full or partially (at least 50%) with a cash payment equal to the higher of:

(i) net present value of all unpaid Profit Participation Payments, as determined by an Independent Expert (the "**Expert Determination**");

(ii) an amount which corresponds to a 20% (twenty per cent.) annual internal rate of return on the Whole EIB Investments, discounted by the Fixed Rates, Deferred Interest Rates, Prepayment Fees and Profit Participation Payments already paid; or

(iii) an amount which corresponds to an annual cash-on-cash return/multiple on the Whole EIB Investments of 2.5x, discounted by the Fixed Rates, Deferred Interest Rates, Prepayment Fees and Profit Participation Payments already paid.

For the avoidance of doubt, if the Borrower buys back the unpaid Profit Participation Payments only in part, the cash payment shall be reduced correspondingly. The cash payments due under this paragraph (e) of Article 4.3 only, being the Profit Participation Payment amount payable under Sub-Paragraphs (i), (ii) or (iii) shall not exceed EUR 50,000,000 (Euro fifty million) at any time.

(f) If the Bank and the Borrower have not appointed an Independent Expert within 30 (thirty) days of any such request, the Independent Expert shall be appointed by the President of the Chamber of Industry and Commerce Berlin (*Industrie- und Handelskammer Berlin*) upon application by either the Bank or the Borrower. The costs related to the Expert's Determination shall be borne by the Borrower and the Expert's Determination shall, in the absence of manifest error, be conclusive and binding on all Parties to this Contract as to the matters to which it relates. The Borrower shall, within 30 (thirty) Business Days of delivery of the Expert's Determination and upon the Bank's demand, pay to the Bank the amount determined by the Expert Determination.

(g) The Borrower shall withhold any statutory withholding tax (*Kapitalertragssteuer*) from the Profit Participation Payments and shall pay it to the competent tax office.

4.4 Interest on overdue sums

(a) Without prejudice to Article 9 (*Events of default*) and by way of exception to Article 4.1 (*Fixed Rate Tranches*) and Article 4.2 (*Deferred Interest)*, if the Borrower fails to pay any amount (other than any interest amount) payable by it under the Contract on its due date, interest shall accrue on any such overdue amount (other than any interest amount) from the due date to the date of actual payment at an annual rate equal to:

(i) for overdue sums of the Tranches to which the Fixed Rate and the Deferred Interest Rate apply, the higher of (A) the applicable Fixed Rate and Deferred Interest Rate plus [**]% or (B) [**]%; and

(ii) for overdue sums other than under Sub-Paragraph (i) of this Article 4.4 (a) (*Interest on overdue sums*) above, [**]%,

and shall be payable in accordance with the demand of the Bank.

(b) If an Obligor fails to pay any interest amount payable by it under any Finance Document on its due date, it shall make a liquidated damages payment (*pauschalierter Schadensersatz*) from the due date up to the date of actual payment at an annual rate equal to the higher of (i) the applicable Fixed Rate and/or Deferred Interest Fixed Rate [**]% or (ii) EURIBOR [**]%, provided that the relevant Obligor shall have the right to prove that no damages have arisen, or that damages have not arisen in the asserted amount. The amount determined in accordance with this Article 4.4(b) shall be payable in accordance with the demand of the Bank.

(c) For the purpose of determining EURIBOR in relation to this Article 4.4 (*Interest on overdue sums*), the relevant periods within the meaning of Schedule B (*Definition of EURIBOR*) shall be successive periods of one month commencing on the due date.

(d) If the overdue sum is in a currency other than the currency of the Loan, the relevant interbank rate that is generally retained by the Bank for transactions in that currency [**]% shall apply, calculated in accordance with the market practice for such rate.

ARTICLE 5

Repayment

5.1 Normal repayment

5.1.1 Repayment of Tranche A and Tranche B

The Borrower shall repay Tranche A and Tranche B, together with all other amounts outstanding under this Contract in relation to that Tranche, in a single instalment on the Maturity Date of that Tranche.

5.1.2 Repayment of Tranche C

The Borrower shall repay Tranche C by equal annual instalments of principal together with all other amounts outstanding under this Contract in relation to that Tranche C on the Repayment Dates specified in the relevant Disbursement Offer.

The first Repayment Date of Tranche C shall fall on the first Repayment Date immediately following the third (3rd) anniversary of the Disbursement Date of such Tranche C.

The last Repayment Date of Tranche C shall fall not later than 5 (five) years from the Disbursement Date of Tranche C.

5.2 Voluntary prepayment

5.2.1 Prepayment option

(a) Subject to Articles 5.2.2 (*Prepayment Fee*) and 5.4 (*General*), the Borrower may prepay all or part of any Tranche, together with accrued interest (including any interest under Article 4.2 (*Deferred Interest*), any Profit Participation Payments specified under Article 4.3 (*Profit Participation*), any Prepayment Fee and indemnities if any, upon giving a Prepayment Request with at least 60 (sixty) calendar days prior notice specifying:

(i) the Prepayment Amount;

(ii) the Prepayment Date; and

(iii) each Contract Number.

(b) The Prepayment Request shall be irrevocable.

(c) For the avoidance of doubt, a partial or total voluntary prepayment shall not have any effect on the Profit Participation Payments during their applicable period.

5.2.2 Prepayment Fee

If the Borrower prepays a Tranche, the Borrower shall pay the relevant Prepayment Fee on the Prepayment Date.

5.2.3 Prepayment mechanics

Upon presentation by the Borrower to the Bank of a Prepayment Request, the Bank shall issue a Prepayment Notice to the Borrower, not later than 15 (fifteen) days prior to the Prepayment Date. The Prepayment Notice shall specify the Prepayment Amount, the accrued interest due thereon and the Prepayment Fee. If the Prepayment Notice specifies Prepayment Fee, it shall also specify the deadline by which the Borrower may accept the Prepayment Notice, and the Borrower must accept the Prepayment Notice no later than such deadline as a condition to prepayment.

The Borrower shall make a prepayment in accordance with the Prepayment Notice and shall accompany the prepayment by the payment of accrued interest (including any interest under Articles 4.2 (*Deferred Interest)* and Prepayment Fee or indemnity, if any, due on the Prepayment Amount, as specified in the Prepayment Notice, and shall identify each Contract Number in the prepayment transfer.

5.3 Compulsory prepayment

5.3.1 Cost Reduction

If the total cost of the Investment at completion by the final date specified in the Technical Description falls below the figure stated in Recital (A) so that the amount of the Credit exceeds 50% (fifty per cent.) of such total cost, the Bank may forthwith, by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan Outstanding up to the amount by which the Credit exceeds 50% (fifty per cent.) of the total cost of the Investment.

5.3.2 Change Events

The Borrower shall promptly inform the Bank if:

(a) a Change-of-Control Event has occurred or is likely to occur in respect of itself or a Guarantor;

(b) there is or is likely to be an enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) that occurs or is likely to occur after the date of this Contract and which, in the opinion of the Borrower, would impair an Obligor's ability to perform its obligations under the Finance Documents; or

(c) a Senior Management Change has occurred or is likely to occur.

In such case, or if the Bank has reasonable cause to believe that a Change-of-Control Event, a Change-of-Law Event or a Senior Management Change has occurred or is likely to occur, the Borrower shall, on request of the Bank, consult with the Bank as to the impact of such event. If 30 (thirty) days have passed since the date of such request and the Bank is of the opinion that the effects of such event cannot be mitigated to its satisfaction, or in any event if a Change-of-Control Event, Change-of-Law Event or Senior Management Change has actually occurred, the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and/or, (in respect of a Senior Management Change, only to the extent such occurrence would lead to a Material Adverse Change) demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued or outstanding under this Contract.

5.3.3 Illegality

If it becomes unlawful in any applicable jurisdiction for the Bank to perform any of its obligations as contemplated in this Contract or to fund or maintain the Loan, the Bank shall promptly notify the Borrower and may immediately cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued or outstanding under this Contract.

5.3.4 Disposals

If the Borrower disposes of assets forming part of the Investment or shares in subsidiaries holding assets forming part of the Investment, without the approval of the Bank, the Borrower shall apply all proceeds of such disposal to prepay the Loan Outstanding (in part or in whole), together with accrued interest, promptly following receipt of such proceeds in accordance with sub-paragraph (b) of Paragraph 7 (*Disposal of assets*) of Schedule H (*General Undertakings*).

5.3.5 Breach of pari passu

If the payment obligations under this Contract rank less than *pari passu* in right of payment with any other present or future unsecured and unsubordinated obligations under any of the Non-EIB Financings except for obligations mandatorily preferred by law applying to companies generally, the Borrower shall promptly notify the Bank and the Bank may immediately cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued or outstanding under this Contract.

5.3.6 Prepayment Fee

In the case of a Prepayment Event in relation to a Tranche, the Borrower shall pay the relevant Prepayment Fee. For the avoidance of doubt, compulsory prepayment shall not have any effect on the Profit Participation Payments during their applicable period.

5.3.7 Prepayment mechanics

Any sum demanded by the Bank pursuant to Articles 5.3.1 (*Cost Reduction*) to 5.3.3 (*Illegality*) shall be paid on the date indicated by the Bank in its notice of demand, such date being a date falling not less than 30 (thirty) days from the date of the demand (or, if earlier, the last day of any applicable grace period permitted by law in respect of the event in Article 5.3.3 (*Illegality*)).

5.4 General

(a) A repaid or prepaid amount may not be re-borrowed.

(b) If the Borrower prepays a Tranche on a date other than a relevant Payment Date, or if the Bank exceptionally accepts, solely upon the Bank's discretion, a Prepayment Request with prior notice of less than 30 (thirty) calendar days, the Borrower shall pay to the Bank an administrative fee in such an amount as the Bank shall notify to the Borrower.

ARTICLE 6

Payments

6.1 Day count convention

Any amount due under this Contract and calculated in respect of a fraction of a year shall be determined based on a year of 360 (three hundred and sixty) days and a month of 30 (thirty) days;

6.2 Time and place of payment

(a) If neither this Contract nor the Bank's demand specifies a due date, all sums other than sums of interest, indemnity and principal are payable within 15 (fifteen) days of the Borrower's receipt of the Bank's demand.

(b) Each sum payable by the Borrower under this Contract shall be paid to the following account:

Bank:	European Investment Bank
City:	Luxembourg
Account number:	
SWIFT Code/BIC:	
Remark:	

or such other account notified by the Bank to the Borrower.

(c) The Borrower shall provide each Contract Number as a reference for each payment made under this Contract.

(d) Any disbursements by and payments to the Bank under this Contract shall be made using account(s) acceptable to the Bank. Any account in the name of the Borrower held with a duly authorised financial institution in the jurisdiction where the Borrower is incorporated or where the Investment is undertaken is deemed acceptable to the Bank.

6.3 No set-off by the Borrower

All payments to be made by the Borrower under this Contract shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim, unless the counterclaim is undisputed (*unbestritten*) or has been confirmed in a final non-appealable judgement (*rechtskräftig festgestellt*).

6.4 Disruption to Payment Systems

If either the Bank determines (in its discretion) that a Disruption Event has occurred or the Bank is notified by the Borrower that a Disruption Event has occurred:

(a) the Bank may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Contract as the Bank may deem necessary in the circumstances;

(b) the Bank shall not be obliged to consult with the Borrower in relation to any changes mentioned in Sub-Paragraph (a) of Article 6.4 (*Disruption to Payment* Systems) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes; and

(c) the Bank shall not be liable for any damages, costs or losses whatsoever arising as a result of a Disruption Event or for taking or not taking any action pursuant to or in connection with this Article 6.4 (*Disruption to Payment Systems*).

6.5 Application of sums received

6.5.1 General

Sums received from the Borrower shall only discharge its payment obligations if and when received in accordance with the terms of this Contract.

6.5.2 Partial payments

If the Bank receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Contract, the Bank shall apply that payment in or towards payment of:

(a) first, any unpaid fees, costs, indemnities and expenses due under this Contract;

(b) secondly, any accrued interest due but unpaid under this Contract;

(c) thirdly, any principal due but unpaid under this Contract;

(d) fourthly, any Profit Participation Payments due but unpaid under this Contract; and

(e) fifthly, any other sum due but unpaid under this Contract.

6.5.3 Allocation of sums related to Tranches

(a) In case of:

(i) a partial voluntary prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied *pro rata* to each outstanding instalment, or, at the request of the Borrower, in inverse order of maturity,

(ii) a partial compulsory prepayment of a Tranche that is subject to a repayment in several instalments, the amount prepaid shall be applied in reduction of the outstanding instalments in inverse order of maturity.

(b) Sums received by the Bank following a demand under Article 9.1 (*Right to demand repayment*) and applied to a Tranche, shall reduce the outstanding instalments in inverse order of maturity. The Bank may apply sums received between Tranches at its discretion.

(c) In case of receipt of sums which cannot be identified as applicable to a specific Tranche, and on which there is no agreement between the Bank and the Borrower on their application, the Bank may apply these between Tranches at its discretion.

ARTICLE 7

Borrower undertakings and representations

(a) Each Obligor makes the representations and warranties set out in Schedule G (*Representations and Warranties*) to the Bank on the date of this Contract in respect of itself.

(b) The Repeating Representations are deemed to be made by each Obligor on the date of each Disbursement Acceptance, each Disbursement Date and each Payment Date by reference to the facts and circumstances then existing.

(c) The undertakings in Schedule H (*General Undertakings*) and Schedule I (*Information and Visits*) remain in force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is available.

ARTICLE 8

Charges and expenses

8.1 Taxes, duties and fees

(a) The Borrower shall pay all Taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution or implementation of each Finance Document or any related document and in the creation, perfection, registration or enforcement of any security for the Loan to the extent applicable.

(b) The Borrower shall pay all principal, interest, Profit Participation Payments, indemnities and other amounts due under this Contract gross without any withholding or deduction of any national or local impositions whatsoever, provided that if the Borrower is required by law or an agreement with a governmental authority or otherwise to make any such withholding or deduction, it will gross up the payment to the Bank so that after withholding or deduction, the net amount received by the Bank is equivalent to the sum due.

(c) If requested by the Borrower, the Bank shall provide the Borrower with a completed US Internal Revenue Service Form W-8BEN-E.

8.2 Other charges

The Borrower shall bear all charges and expenses, including professional, banking or exchange charges incurred in connection with the preparation, execution, implementation, enforcement and termination of the Finance Documents (including, but not limited to, any Guarantee Agreement entered into pursuant to Paragraph 16 (*Guarantees*) of Schedule H (*General Undertakings*)) or any related document, any amendment, supplement or waiver in respect of the Finance Documents or any related document, and in the amendment, creation, management, enforcement and realisation of any security for the Loan.

8.3 Increased costs, indemnity and set-off

(a) The Borrower shall pay to the Bank any costs or expenses incurred or suffered by the Bank as a consequence of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation which occurs after the date of this Contract, in accordance with or as a result of which (i) the Bank is obliged to incur additional costs in order to fund or perform its obligations under this Contract, or (ii) any amount owed to the Bank under this Contract or the financial income resulting from the granting of the Credit or the Loan by the Bank to the Borrower is reduced or eliminated.

(b) Without prejudice to any other rights of the Bank under this Contract or under any applicable law, the Borrower shall indemnify and hold the Bank harmless from and against any loss incurred as a result of any full or partial discharge that takes place in a manner other than as expressly set out in this Contract.

(c) The Bank may set off any matured obligation due from the Borrower under this Contract (to the extent beneficially owned by the Bank) against any obligation (whether or not matured) owed by the Bank to the Borrower regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Bank may set off in an amount estimated by it in good faith to be the amount of that obligation.

ARTICLE 9

Events of default

9.1 Right to demand repayment

The Bank may demand (in writing) without prior notice or any judicial or extra judicial step immediate repayment by the Borrower of all or part of the Loan Outstanding (as requested by the Bank), together with accrued interest, any Profit Participation Payment, any Prepayment Fee and all other accrued or outstanding amounts under this Contract, if:

(a) any amount payable pursuant to any Finance Document is not paid on the due date at the place and in the currency in which it is expressed to be payable, unless (i) its failure to pay is caused by an administrative or technical error or a Disruption Event and (ii) payment is made within 3 (three) Business Days of its due date;

(b) any information or document given to the Bank by or on behalf of any Obligor or any representation, warranty or statement made or deemed to be made by any Obligor in, pursuant to or for the purpose of entering into any Finance Document or in connection with the negotiation or performance of any Finance Document is or proves to have been incorrect, incomplete or misleading in any material respect;

(c) following any default of any Obligor in relation to any loan, or any obligation arising out of any financial transaction, other than the Loan,

(i) such Obligor is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, discharge, close out or terminate ahead of maturity such other loan or obligation; or

(ii) any financial commitment for such other loan or obligation is cancelled or suspended;

(d) any Obligor is unable to pay its debts as they fall due, or suspends its debts, or makes or seeks to make a composition with its creditors including a moratorium, or commences negotiations with one or more of its creditors with a view to rescheduling any of its financial indebtedness;

(e) any corporate action, legal proceedings or other procedure or step is taken in relation to the suspension of payments (*Zahlungseinstellung*), a moratorium of any indebtedness, which is not a direct consequence of COVID-19 and based on a German or European legislation applicable to the Borrower, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) or an order is made or an effective resolution is passed for the winding up of any Obligor, or if any Obligor takes steps towards a substantial reduction in its capital, is declared insolvent or ceases or resolves to cease to carry on the whole or any substantial part of its business or activities or any situation similar to any of the above occurs under any applicable law;

(f) any Obligor incorporated in Germany is unable to pay its debts as they fall due (*zahlungsunfähig*) within the meaning of Section 17 InsO or is overindebted (*überschuldet*) within the meaning of Section 19 InsO;

(g) an encumbrancer takes possession of, or a receiver, liquidator, administrator, administrative receiver or similar officer is appointed, whether by a court of competent jurisdiction or by any competent administrative authority or by any person, of or over, any part of the business or assets of any Obligor or any property forming part of the Investment;

(h) any Obligor defaults in the performance of any obligation in respect of any other loan granted by the Bank or financial instrument entered into with the Bank;

(i) any Obligor defaults in the performance of any obligation in respect of any other loan made to it from the resources of the Bank or the European Union;

(j) any distress, execution, sequestration or other process is levied or enforced upon the property of any Obligor or any property forming part of the Investment and is not discharged or stayed within 14 (fourteen) days;

(k) a Material Adverse Change occurs, as compared with the position at the date of this Contract;

(l) it is or becomes unlawful for any Obligor to perform any of its obligations under the Finance Documents, or the Finance Documents are not effective in accordance with its terms or is alleged by any Obligor to be ineffective in accordance with its terms; or

(m) any Obligor fails to comply with any other provision under the Finance Documents (including, without limitation, each of the undertakings in Schedule H (*General Undertakings*) and Schedule I (*Information and Visits*)), unless the non-compliance or circumstance giving rise to the non-compliance is capable of remedy and is remedied within 20 (twenty) Business Days from the earlier of the Obligor becoming aware of the non-compliance and a notice served by the Bank on such Obligor.

9.2 Other rights at law

Article 9.1 (*Right to demand repayment*) shall not restrict any other right of the Bank at law (e.g. pursuant to Section 314 BGB) to require prepayment of the Loan Outstanding together with any sum, interest, fee or accrued amount, irrespectively of the fact that the Contract might convert into a so called settlement contractual relationship (*Abwicklungsschuldverhältnis*).

9.3 Prepayment Fee

In case of demand under Article 9.1 (*Right to demand repayment*), the Borrower shall pay the Bank the amount demanded together with the relevant Prepayment Fee.

9.4 Non-Waiver

No failure or delay or single or partial exercise by the Bank in exercising any of its rights or remedies under this Contract shall be construed as a waiver of such right or remedy. The rights and remedies provided in this Contract are cumulative and not exclusive of any rights or remedies provided by law.

ARTICLE 10

Law and jurisdiction, miscellaneous

10.1 Governing Law

This Contract and any non-contractual obligations arising out of or in connection with it shall be governed by the laws of Germany.

10.2 Jurisdiction

(a) The courts of Frankfurt am Main, Germany have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with this Contract (including a dispute regarding the existence, validity or termination of this Contract or the consequences of its nullity) or any non-contractual obligation arising out of or in connection with this Contract.

(b) The Parties agree that the courts of Frankfurt am Main, Germany are the most appropriate and convenient courts to settle Disputes between them and, accordingly, that they will not argue to the contrary.

(c) This Article 10.2 (*Jurisdiction*) is for the benefit of the Bank only. As a result and notwithstanding Sub-Paragraph (a) above, it does not prevent the Bank from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Bank may take concurrent proceedings in any number of jurisdictions.

10.3 Place of performance

Unless otherwise specifically agreed by the Bank in writing, the place of performance under this Contract, shall be the seat of the Bank.

10.4 Evidence of sums due

In any legal action arising out of this Contract the certificate of the Bank as to any amount or rate due to the Bank under this Contract shall, in the absence of manifest error, be prima facie evidence of such amount or rate.

10.5 Entire Agreement

This Contract (together with the other Finance Documents) constitutes the entire agreement between the Bank and the Borrower in relation to the provision of the Credit hereunder, and supersedes any previous agreement, whether express or implied, on the same matter.

10.6 Third party rights

A person who is not a Party to this Contract has no right to enforce or to enjoy the benefit of any term of this Contract (no *echter Vertrag zugunsten Dritter* within the meaning of Section 328 para. 1 BGB).

10.7 Invalidity

If at any time any term of this Contract is or becomes illegal (*nichtig*), invalid or unenforceable in any respect, or this Contract is or becomes ineffective (*unwirksam*) in any respect, under the laws of any jurisdiction, such illegality (*Nichtigkeit*), invalidity, unenforceability or ineffectiveness (*Unwirksamkeit*) shall indisputably (*unwiderlegbar*) not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other term of this Contract or the effectiveness in any other respect of this Contract in that jurisdiction; or

(b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Contract or the effectiveness of this Contract under the laws of such other jurisdictions,

without any Party to this Contract having to argue (*darlegen*) and prove (*beweisen*) such Parties' intent to uphold this Contract even without the void, invalid or ineffective provisions.

The illegal, invalid, unenforceable or ineffective provision shall be deemed replaced by such legal, valid, enforceable and effective provision that in legal and economic terms comes closest to what the Parties intended or would have intended in accordance with the purpose of this Contract if they had considered the point at the time of conclusion of this Contract. The same applies in the event that this Contract or any other Finance Document does not contain a provision which it needs to contain in order to achieve the economic purpose as expressed herein (*Regelungslücke*).

10.8 Amendments

Any amendment to this Contract (including this Article 10.8) or any other Finance Document shall be made in writing (or in notarial form, if required) and shall be signed by the Parties hereto.

10.9 Counterparts

This Contract may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

10.10 Assignment and transfer by the Bank

(a) Subject to Sub-Paragraph (b) of this Article 10.10 (*Assignment and transfer by the Bank*), the consent of the Borrower is required for an assignment or transfer (by way of assumption of debt (*Vertragsübernahme*), novation, sub-participation or otherwise) by the Bank of all or part of its rights, benefits or obligations under the Finance Documents, unless the assignment or transfer:

(i) is to a Bank Affiliate; or

(ii) is made at a time when an Event of Default has occurred and is continuing; or

(iii) is made in respect of a sub-participation or securitisation (or similar transaction of broadly equivalent economic effect) where the Bank remains the lender of record of the Loan.

(b) The consent of the Borrower to an assignment or transfer must not be unreasonably withheld or delayed. The Borrower will be deemed to have given its consent (5) five Business Days after the Bank has requested it unless consent is expressly refused by the Borrower within that time.

(c) The Bank shall have the right to disclose all information relating to or concerning the Borrower, the Group, the Finance Documents and the Loan in connection with or in contemplation of any such assignment or transfer.

For the purpose of this Article 10.10 (*Assignment and transfer by the Bank*):

"Affiliate" means any entity directly or indirectly Controlling, Controlled by or under common Control with the Bank.

"Bank Affiliate" means an Affiliate of the Bank and any other entity or platform initiated, managed or advised by the Bank.

ARTICLE 11

Final Articles

11.1 Notices

11.1.1 Form of notice

(a) Any notice or other communication given under this Contract must be in writing and, unless otherwise stated, may be made by letter and electronic mail.

(b) Notices and other communications for which fixed periods are laid down in this Contract or which themselves fix periods binding on the addressee, may be made by hand delivery, registered letter or by electronic mail. Such notices and communications shall be deemed to have been received by the other Party:

(i) on the date of delivery in relation to a hand-delivered or registered letter;

(ii) in the case of any electronic mail sent by the Borrower to the Bank, only when actually received in readable form and only if it is addressed in such a manner as the Bank shall specify for this purpose, or

(iii) in the case of any electronic mail sent by the Bank to the Borrower, when the electronic mail is sent.

(c) Any notice provided by the Borrower or any Guarantor to the Bank by electronic mail shall:

(i) mention each Contract Number in the subject line; and

(ii) be in the form of a non-editable electronic image (pdf, tif or other common non-editable file format agreed between the Parties) of the notice signed by one or more Authorised Signatories of the Borrower as appropriate, attached to the electronic mail.

(d) Notices issued by the Borrower pursuant to any provision of this Contract shall, where required by the Bank, be delivered to the Bank together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.

(e) Without affecting the validity of electronic mail or communication made in accordance with this Article 11.1 (*Notices*), the following notices, communications and documents shall also be sent by registered letter to the relevant Party at the latest on the immediately following Business Day:

(i) Disbursement Acceptance;

(ii) any notices and communication in respect of the cancellation of a disbursement of any Tranche, Prepayment Request, Prepayment Notice, Event of Default, any demand for prepayment, and

(iii) any other notice, communication or document required by the Bank.

(f) The Parties agree that any above communication (including via electronic mail) is an accepted form of communication, shall constitute admissible evidence in court and shall have the same evidential value as an agreement under hand.

11.1.2 Addresses

The address and electronic mail address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication to be made or document to be delivered under or in connection with this Contract is:

For the Bank	Attention: OPS/ENPST/3-GC&IF 100 boulevard Konrad Adenauer L-2950 Luxembourg Email address OPS-ENPST3- [**]
For the Borrower	Attention: Department/Division Finance Department Brentanoweg 9, 14469 Potsdam, Germany Email address [**]
For the Guarantor 1	Attention: Department/Division Finance Department MATAM Advanced Technology Park, Building 5, Haifa 3508409, Israel Email address [**]
For the Guarantor 2	Attention: Department/Division Finance Department MATAM Advanced Technology Park, Building 5, Haifa 3508409, Israel Email address [**]

11.1.3 Demand after notice to remedy

The Bank and the Obligors shall promptly notify the other Parties in writing of any change in their respective communication details.

11.2 English language

(a) Any notice or communication given under or in connection with this Contract must be in English.

(b) All other documents provided under or in connection with this Contract must be:

(i) in English; or

(ii) if not in English, and if so required by the Bank, accompanied by a certified English translation and, in this case, the English translation will prevail.

11.3 Conclusion of this Contract (*Vertragsschluss*)

(a) The Parties to this Contract may choose to conclude this Contract by an exchange of signed signature page(s), transmitted by any means of telecommunication (*telekommunikative Übermittlung*) such as by way of electronic photocopy or by way of qualified electronic signatures (*qualifizierte elektronische Signatur*) within the meaning of Section 126a BGB.

(b) If the Parties to this Contract choose to conclude this Contract pursuant to this Article 11.3 (*Conclusion of this Contract (Vertragsschluss)*), they will transmit the signed signature page(s) of this Contract to the following attorneys of Noerr LLP (Börsenstr. 1, 60313 Frankfurt am Main, Germany) via email: Andreas Naujoks (**), Michael Schuhmacher (**) and Dorian Legel (**) (each a "**Recipient**"). The Contract will be considered concluded once a Recipient has actually received the signed signature page(s) (*Zugang der Unterschriftsseite(n)*) from all Parties (whether electronic photocopy or other means of telecommunication and at the time of the receipt of the last outstanding signature page(s) by such one Recipient).

(c) For the purposes of this Article 11.3 (*Conclusion of this Contract (Vertragsschluss)*) only, the Parties to this Contract appoint each Recipient as their attorney (*Empfangsvertreter*) and expressly allow (*gestatten*) each Recipient to collect the signed signature page(s) from all and for all Parties to this Contract. For the avoidance of doubt, each Recipient will have no further duties connected with its position as Recipient. For the purposes of proof and confirmation, each Obligor has to provide the Bank with original signature pages(s) or signature page(s) signed by way of qualified electronic signatures (*qualifizierte elektronische Signatur*) within the meaning of Section 126a BGB after signing this Contract.

Signed for and on behalf of
EUROPEAN INVESTMENT BANK

By: /s/ Martin Vatter
Name: Martin Vatter
Title: Head of Unit and Managerial Advisor

By: /s/ Björn Bronger
Name: Björn Bronger
Title: Counsel

Signed for and on behalf of

PLURISTEM GMBH
as Borrower

By: /s/ Chen Franco-Yehuda
Name: Chen Franco-Yehuda
Title: CFO

By: /s/ Yaacob Yanay
Name: Yaacob Yanay
Title: CEO

By: /s/ Zalman Aberman
Name: Zalman Aberman
Title: Executive Chairman

Signed for and on behalf of

PLURISTEM THERAPEUTICS INC.
as Original Guarantor 1

By: /s/ Chen Franco-Yehuda
Name: Chen Franco-Yehuda
Title: CFO

By: /s/ Yaacob Yanay
Name: Yaacob Yanay
Title: CEO

By: /s/ Zalman Aberman
Name: Zalman Aberman
Title: Executive Chairman

Signed for and on behalf of

PLURISTEM LTD.
as Original Guarantor 2

By: /s/ Chen Franco-Yehuda
Name: Chen Franco-Yehuda
Title: CFO

By: /s/ Yaacob Yanay
Name: Yaacob Yanay
Title: CEO

By: /s/ Zalman Aberman
Name: Zalman Aberman
Title: Executive Chairman

Investment Specification and Reporting

A.1 Technical Description

Purpose, Location

The project concerns the Borrower´s R&D activities in placenta-derived cell therapeutics, related to both early- and late-stage development programmes. R&D expenses will comprise net costs (OPEX (e.g. personnel collaboration & consultant, IP, subcontractors, other)) related to the pre-clinical and clinical development (clinical trials, regulatory approvals) for the Borrower's pipeline products, as well as materials necessary to manufacture the products for the use in the clinical trials. The activities will be carried out or coordinated at the company's R&D centre in Berlin (Germany).

Description

The research and development projects will focus on the following areas:

- **PLX-PAD** that is being developed for indications such as Critical Limb Ischemia (CLI), muscle regeneration following hip fracture intermittent claudication and Chronic Graft-Versus-Host-Disease;
- **PLX – R18** is a product stimulating regeneration of damaged bone marrow to produce blood cells, targeting haematological disorders such as Acute Radiation Syndrome (ARS) and incomplete hematopoietic recovery following hematopoietic cell transplantation (HCT) as main indications in clinical development and;
- **PLX for COVID-19** is currently being tested under compassionate use program in Israel and the US for Severe acute respiratory illness as part of complications caused by the coronavirus (COVID-19). The Company plans to initiate a clinical trial for this indication in EU following the receipt of the regulatory approvals.

Calendar

The project will be implemented from January 2020 until December 2022.

A.2 PROJECT INFORMATION TO BE SENT TO THE BANK AND METHOD OF TRANSMISSION

1. Dispatch of information: designation of the person responsible

The information below has to be sent to the Bank under the responsibility of:

	Financial and Technical Contact
Company	Pluristem GmbH
Contact person	Chen Franco-Yehuda
Title	CFO
Function / Department financial and technical	
Address	Matam Park, Building 05, Haifa, 3508409, Israel
Phone	+[**]
Fax	
Email	[**]

The above-mentioned contact person is the responsible contact for the time being.
The Borrower shall inform the Bank immediately in case of any change.

2. Information on the project's implementation

The Borrower shall deliver to the Bank the following information on project progress during implementation at the latest by the deadline indicated below.

Document / information	**Deadline**	**Frequency of reporting**
Project Progress Report		
[**]	[**]	*Semi-annual*

3. Information on the end of works and first year of operation

The Borrower shall deliver to the Bank the following information on project completion and initial operation at the latest by the deadline indicated below.

Document / information	Date of delivery to the Bank
Project Completion Report, including: - [**]	*30th April 2023*

Language of reports *English*

Cost table

mEUR (projected costs)	2020	2021	2022	Total 2020-22
R&D costs in EU				
Personnel	[**]	[**]	[**]	[**]
Clinical trials & regulation	[**]	[**]	[**]	[**]
New product development	[**]	[**]	[**]	[**]
Covid-19 project (including manufacturing)	[**]	[**]	[**]	[**]
Lab materials for EU (GMBH & manufacturing facility)	[**]	[**]	[**]	[**]
Additional costs related to EU activities from IL				
Raw materials for production	[**]	[**]	[**]	[**]
Total cost (EU)	[**]	[**]	[**]	[**]

Schedule B

Definition of EURIBOR

"**EURIBOR**" means:

(a) in respect of a relevant period of less than one month, the Screen Rate (as defined below) for a term of one month;

(b) in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and

(c) in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "**Representative Period**").

For the purposes of Paragraphs (b) and (c) above, "available" means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), under the sponsorship of EMMI and EURIBOR ACI, or any successor to that function of EMMI and EURIBOR ACI as determined by the Bank.

"**Screen Rate**" means the rate of interest for deposits in EUR for the relevant period as published at 11h00, Brussels time, or at a later time acceptable to the Bank on the day (the "**Reset Date**") which falls 2 (two) Relevant Business Days prior to the first day of the relevant period, on Reuters page EURIBOR 01 or its successor page or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such Screen Rate is not so published, the Bank shall request the principal euro-zone offices of four major banks in the euro-zone, selected by the Bank, to quote the rate at which EUR deposits in a comparable amount are offered by each of them as at approximately 11h00, Brussels time, on the Reset Date to prime banks in the euro-zone interbank market for a period equal to the Representative Period. If at least 2 (two) quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations.

If fewer than 2 (two) quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the euro-zone, selected by the Bank, at approximately 11h00, Brussels time, on the day which falls 2 (two) Relevant Business Days after the Reset Date, for loans in EUR in a comparable amount to leading European Banks for a period equal to the Representative Period.

If no rate is available as provided above, EURIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

For the purposes of the foregoing definitions:

(a) All percentages resulting from any calculations referred to in this Schedule B will be rounded, if necessary, to the nearest one thousandth of a percentage point, with halves being rounded up.

(b) The Bank shall inform the Borrower without delay of the quotations received by the Bank.

(c) If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EMMI and EURIBOR ACI (or any successor to that function of EMMI and EURIBOR ACI as determined by the Bank), the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

Form of Disbursement Offer/Acceptance

To: Pluristem GmbH

From: European Investment Bank

Date:

Subject: Disbursement Offer/Acceptance for the Finance Contract between European Investment Bank and Pluristem GmbH dated 29 April 2020 (the "**Finance Contract**")

Contract Numbers (FI No)	92335 91870
Serapis Number	2019-0880

Dear Sirs,

We refer to the Finance Contract. Terms defined in the Finance Contract have the same meaning when used in this letter.

Following your request for a Disbursement Offer from the Bank, in accordance with Article 2.2.2 (*Disbursement Offer*) of the Finance Contract, we hereby offer to make available to you the following Tranche:

(a)	Tranche	[A/B/C]
(b)	Amount to be disbursed:	EUR [amount]
(c)	Disbursement Date:	[Date]
(d)	Interest rate basis:	Fixed Rate Tranche
(e)	Fixed Rate:	[Rate] %
(f)	Deferred Interest Rate (if applicable):	[Rate] %
(g)	Payment Dates and interest periods:	[●]
(h)	Terms and frequency for repayment of principal:	[bullet (for Tranches A and B)] / [annual amortisation payments (for Tranche C)]
(i)	[First Repayment Date and Maturity Date (for Tranche C)] / [Maturity Date (for Tranche A and B)]:	[●]
(j)	Profit Participation Payments:	[Profit Participation Payments]

To make the Tranche available subject to the terms and conditions of the Finance Contract, the Bank must receive a Disbursement Acceptance in the form of a copy of this Disbursement Offer duly signed on your behalf, to the following electronic mail [*mail*] no later than the Disbursement Acceptance Deadline of [*time*], Luxembourg time, on [*date*].

The Disbursement Acceptance below must be signed by an Authorised Signatory and must be fully completed as indicated, to include the details of the Disbursement Account.

If not duly accepted by the above stated time, the offer contained in this document shall be deemed to have been refused and shall automatically lapse.

If you do accept the Tranche as described in this Disbursement Offer, all the related terms and conditions of the Finance Contract shall apply, in particular, the provisions of Article 2.5 (*Conditions of Disbursement*).

Yours faithfully,

EUROPEAN INVESTMENT BANK

[*On letterhead of the Borrower*]

We hereby accept the above Disbursement Offer for and on behalf of the Borrower:

_____

Date:

Account to be credited:

Account N°:

Account Holder/Beneficiary:

(please, provide IBAN format if the country is included in IBAN Registry published by SWIFT, otherwise an appropriate format in line with the local banking practice should be provided)

Bank name, identification code (BIC) and address:

Payment details to be provided:

Please transmit information relevant to:

Name(s) of the Borrower's Authorised Signatory(ies):

Signature(s) of the Borrower's Authorised Signatory(ies):

IMPORTANT NOTICE TO THE BORROWER:

BY COUNTERSIGNING ABOVE YOU CONFIRM THAT THE LIST OF AUTHORISED SIGNATORIES AND ACCOUNTS PROVIDED TO THE BANK WAS DULY UPDATED PRIOR TO THE PRESENTATION OF THE ABOVE DISBURSEMENT OFFER BY THE BANK.

IN THE EVENT THAT ANY SIGNATORIES OR ACCOUNTS APPEARING IN THIS DISBURSEMENT ACCEPTANCE ARE NOT INCLUDED IN THE LATEST LIST OF AUTHORISED SIGNATORIES AND ACCOUNTS RECEIVED BY THE BANK, THE ABOVE DISBURSEMENT OFFER SHALL BE DEEMED AS NOT HAVING BEEN MADE.

Schedule D

Form of Drawdown Certificate

To: European Investment Bank

From: Pluristem GmbH

Date:

Subject: Finance Contract between European Investment Bank and Pluristem GmbH dated 29 April 2020 (the "**Finance Contract**")

Contract Numbers (FI No)	92335 91870
Serapis Number	2019-0880

Dear Sirs,

Terms defined in the Finance Contract have the same meaning when used in this letter.

For the purposes of Article 2.5 (*Conditions of Disbursement*) of the Finance Contract we hereby certify to you as follows:

(a) no Prepayment Event has occurred and is continuing unremedied;

(b) no security of the type prohibited under Paragraph 23 (*Negative pledge*) of Schedule H (*General Undertakings*) has been created or is in existence;

(c) there has been no material change to any aspect of the Investment or in respect of which we are obliged to report under the Finance Contract, save as previously communicated by us;

(d) no Default, Event of Default or a Prepayment Event other than pursuant to Article 5.3.1 (*Cost Reduction*) of the Finance Contract has occurred or is continuing, or would, in each case, result from the disbursement of the proposed Tranche;

(e) no litigation, arbitration administrative proceedings or investigation is current or to our knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against us or any of our subsidiaries any unsatisfied judgement or award;

(f) the Repeating Representations are correct in all respects;

(g) no Material Adverse Change has occurred, as compared with the situation at the date of the Finance Contract; and

(h) the borrowing of the Credit, or any part thereof, by the Borrower is within the corporate powers of the Borrower.

Yours faithfully,

For and on behalf of Pluristem GmbH

Date:

By: _____ By: _____

Name: Name:

Title: Title:

Form of Compliance Certificate

To: European Investment Bank

From: Pluristem GmbH

Date:

Subject: Finance Contract between European Investment Bank and Pluristem GmbH dated 29 April 2020 (the "**Finance Contract**")

Contract Numbers (FI No)	92335 91870
Serapis Number	2019-0880

Dear Sirs,

We refer to the Finance Contract. This is a Compliance Certificate. Terms defined in the Finance Contract have the same meaning when used in this Compliance Certificate.

We hereby confirm:

(a) [insert information regarding asset disposal];

(b) [no security of the type prohibited under Paragraph 23 (*Negative pledge*) of Schedule H (*General Undertakings*) has been created or is in existence;]

(c) [no Default, Event of Default or a Prepayment Event other than pursuant to Article 5.3.1 (Cost Reduction) of the Finance Contract has occurred or is continuing.] [*If this statement cannot be made, this certificate should identify any potential event of default that is continuing and the steps, if any, being taken to remedy it*].

Yours faithfully,

Signed for and on behalf of

Pluristem GmbH

By: _____ By: _____

Name: Name:
Title: Title:

Initial Documentary Conditions Precedent

(a) The duly executed Finance Documents.

(b) A structure chart showing the Group certified as being complete and correct by an authorised signatory of the Borrower provided such certification is dated no earlier than the date falling 14 (fourteen) days before the Disbursement Date.

(c) The constitutional documents of each Obligor, being:

(A) in relation to an Obligor incorporated in Germany (i) an up-to-date (dated no earlier than the date falling 14 (fourteen) days before the Disbursement Date) an electronic copy of an electronic extract from the commercial register (*Handelsregisterauszug*), (ii) its articles of association (*Satzung/Gesellschaftsvertrag*) and copies of any by-laws and rules of procedures (*Geschäftsordnungen*) and (iii) its list of shareholders (*Gesellschafterliste*) or list of supervisory board members and board members (if applicable);

(B) in relation to an Obligor incorporated in Israel (i) an up-to-date (dated no earlier than the date falling 14 (fourteen) day before the Disbursement Date) electronic copy of an electronic extract of such Obligor obtained from the Israeli Registry of Companies, (ii) its articles of association and, if applicable, its memorandum of association and (iii) its list of shareholders and board members; and

(C) in relation to an Obligor incorporated in the US (i) an up-to-date (dated no earlier than the date falling 14 (fourteen) days before the Disbursement Date) certificate of good standing or equivalent certification issued by the Secretary of State or authorizing authority of its jurisdiction of formation, (ii) a certified copy of its articles of incorporation and all amendments thereto, (iii) copies of any by-laws or equivalent governing documents, and (iv) its list of shareholders or list of supervisory board members and board members (if applicable).

(d) A certificate of an authorised signatory of each Obligor certifying that each copy document relating to it specified in Schedule F (*Initial Documentary Conditions Precedent*) is correct, complete and in full force and effect as at a date no earlier than the date falling 14 (fourteen) days before the Disbursement Date.

(e) A copy of the resolution of the competent body (board of directors (*Vorstand*), supervisory board (*Aufsichtsrat*), administrative board (*Verwaltungsrat*) or general meeting of shareholders (*Gesellschafterversammlung*)) of each Obligor:

(i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and duly authorising the execution of the Finance Documents to which it is a party;

(ii) duly authorising the relevant signatories to execute the Finance Documents to which it is a party on its behalf; and

(iii) authorising a signatory or signatories, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.

(f) The List of Authorised Signatories and Accounts.

(g) A legal enforceability opinion of Noerr LLP, addressed to the Bank on the legality, validity and enforceability of the Finance Documents (except for any fee letters governed by Luxembourg law).

(h) A legal enforceability opinion of Arendt & Medernach, addressed to the Bank on the legality, validity and enforceability of the Finance Fee Letter.

(i) A legal capacity opinion of Dentons Europe LLP, legal adviser to the Borrower, addressed to the Bank, and dated no earlier than the date falling 14 (fourteen) days before the Disbursement Date:

(i) which includes an insolvency search (on www.insolvenzbekanntmachungen.de) on the relevant Obligor conducted on the date of such legal opinion; and

(i) on the due incorporation, valid existence of each Obligor, the authority and capacity of each Obligor to enter into the Finance Documents and perform its obligations thereunder, non-conflict with constitutional documents and on laws applicable to companies generally in Germany, no consents, registrations or filings are required and no stamp duty is to be paid in respect of the Finance Documents, all corporate and other action required to be taken has indeed been taken, the due execution of the Finance Documents, choice of law and enforceability of judgments and that the Obligor is not entitled to claim immunity.

(j) A legal capacity opinion of Har Even & Co or another law firm acceptable to the Bank, legal adviser to the Original Guarantor 2 in Israel, addressed to the Bank, and dated no earlier than the date falling 14 (fourteen) days before the Disbursement Date:

(i) which includes an insolvency search on the relevant Obligor incorporated in Israel conducted on the date of such legal opinion; and

(ii) on the due incorporation and valid existence of each Obligor incorporated in Israel, the authority and capacity of each Obligor incorporated in Israel to enter into the Finance Documents and perform its obligations thereunder, non-conflict with constitutional documents and on laws applicable to companies generally in Israel, no consents, registrations or filings are required and no stamp duty is to be paid in respect of the Finance Documents, all corporate and other action required to be taken has indeed been taken, the due execution of the Finance Documents, choice of law and enforceability of judgments and that the Obligor is not entitled to claim immunity.

(k) A legal capacity opinion of Sullivan & Worcester or another law firm acceptable to the Bank, legal adviser to the Original Guarantor 1 in the US, addressed to the Bank, and dated no earlier than the date falling 14 (fourteen) days before the Disbursement Date:

(i) which includes an insolvency search on the relevant Obligor incorporated in the US conducted on the date of such legal opinion; and

(ii) on the due incorporation and valid existence of each Obligor incorporated in the US, the authority and capacity of each Obligor incorporated in the US to enter into the Finance Documents and perform its obligations thereunder, non-conflict with constitutional documents and on laws applicable to companies generally in the US, no consents, registrations or filings are required and no stamp duty is to be paid in respect of the Finance Documents, all corporate and other action required to be taken has indeed been taken, the due execution of the Finance Documents, choice of law and enforceability of judgments and that the Obligor is not entitled to claim immunity.

(l) The latest audited financial statements of each Obligor.

(m) Evidence of payment of all the fees and expenses as required under the Finance Documents.

(n) A copy of any other document, authorisation, opinion or assurance which the Bank has notified the Borrower is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, the Finance Documents or the validity and enforceability of the same.

Representations and Warranties

1. Authorisations and Binding Obligations

(a) Each Obligor is duly incorporated and validly existing as a company with limited liability under the laws of its jurisdiction of incorporation.

(b) Each Obligor has the power to carry on its business as it is now being conducted and to own its property and other assets, and to execute, deliver and perform its obligations under the Finance Documents.

(c) Each Obligor has obtained all necessary Authorisations in connection with the execution, delivery and performance of the Finance Documents and in order to lawfully comply with its obligations thereunder, and in respect of the Investment, and all such Authorisations are in full force and effect and admissible in evidence.

(d) The execution and delivery of, the performance of each Obligor's obligations under and compliance with the provisions of the Finance Documents do not and will not contravene or conflict with:

(i) any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject;

(ii) any agreement or other instrument binding upon it which might reasonably be expected to have a material adverse effect on its ability to perform its obligations under the Finance Documents; or

(iii) any provision of its constitutional documents.

(e) The obligations expressed to be assumed by each Obligor in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations, subject to any general principles of law limiting its obligations.

2. No default or other adverse event

(a) There has been no Material Adverse Change since 13 January 2020. *(Non-repeating)*

(b) No event or circumstance which constitutes an Event of Default has occurred and is continuing unremedied or unwaived.

3. No proceedings

(a) No litigation, arbitration, administrative proceedings or investigation is current or to its knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against it or any of its Subsidiaries any unsatisfied judgement or award.

(b) To the best of its knowledge and belief (having made due and careful enquiry) no material Environmental Claim has been commenced or is threatened against any Obligor.

(c) As at the date of this Contract, no Obligor has taken any action to commence proceedings for, nor have any other steps been taken or legal proceedings commenced or, so far as the Borrower is aware, threatened against any Obligor for its insolvency, winding up or dissolution, or for any Obligor to enter into any arrangement or compositions for the benefit of creditors, or for the appointment of an administrator, receiver, administrative receiver, examiner, trustee or similar officer.

4. Security

At the date of this Contract, no Security exists over the assets of any Group Company other than Permitted Security.

5. Ranking

(a) Its payment obligations under this Contract rank not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law applying to companies generally.

(b) No financial covenants have been concluded with any other creditor of any Obligor.

(c) No Voluntary Non EIB Prepayment has occurred.

6. Anti-Corruption

(a) Each Obligor is in compliance with all applicable European Union and national legislation, including any applicable anti-corruption legislation.

(b) To the best of its knowledge, no funds invested in the Investment by any Obligor or any other Group Company are of illicit origin, including products of money laundering or linked to the financing of terrorism.

(c) No Obligor is engaged in any Illegal Activities and to the best of the Borrower's knowledge no Illegal Activities have occurred in connection with the Investment. (*Non-repeating*)

7. Accounting and Tax

(a) The latest available consolidated and unconsolidated audited accounts of the Borrower and the other Obligors have been prepared on a basis consistent with previous years and have been approved by its auditors as representing a true and fair view of the results of its operations for that year and accurately disclose or reserve against all the liabilities (actual or contingent) of the Borrower and the other Obligors, as relevant.

(b) The accounting reference date of the Borrower is 30 June .

(c) No Obligor is required to make any deduction for or on account of any Tax from any payment it may make under the Finance Documents. (*Non-repeating*)

(d) All Tax returns required to have been filed by each Obligor or on its behalf under any applicable law have been filed when due and contain the information required by applicable law to be contained in them.

(e) Each Obligor has paid when due all Taxes payable by it under applicable law except to the extent that it is contesting payment in good faith and by appropriate means.

(f) With respect to Taxes which have not fallen due or which it is contesting, each Obligor is maintaining reserves adequate for their payment and in accordance, where applicable, with GAAP.

(g) Under the laws of the jurisdiction of incorporation of each Obligor, it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents, or the transactions contemplated by the Finance Documents. (*Non-repeating*)

8. Information provided

(a) Any factual information provided by any Group Company for the purposes of entering into this Contract and any related documentation was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated and continues to be true and accurate in all material respect as at the date of this Contract.

(b) The Group structure chart is true, complete and accurate in all material respects and represents the complete corporate structure of the Group as at the date of this Contract, and other than as set out therein the Borrower owns no other equity and/or shares in any other business entity. (*Non-repeating*)

(c) As at the date of this Contract, (i) information provided by the Borrower under the EFSI Application Form is complete, accurate and true in all respects; and (ii) the Borrower (and the Group as a whole where relevant) complies with the eligibility and exclusion criteria to be the beneficiary of the Credit as such criteria are listed in the EFSI Application Form. (*Non-repeating*)

9. No indebtedness

No Obligor has Indebtedness outstanding other than Permitted Indebtedness. (*Non-repeating*).

10. No Immunity

No Obligor, nor any of its assets, is entitled to immunity from suit, execution, attachment or other legal process.

11. Pensions

The pension schemes for the time being operated by the Obligors (if any) are funded in accordance with their rules and to the extent required by law or otherwise comply with the requirements of any law applicable in the jurisdiction in which the relevant pension scheme is maintained.

12. Investment

The Borrower holds all rights to develop and commercialise the products resulting from the Investment.

General Undertakings

1. Use of Loan

The Borrower shall use all amounts borrowed by it under the Loan to carry out the Investment.

2. Completion of Investment

The Borrower shall or shall procure that the Investment is carried out in accordance with the Technical Description as may be modified from time to time with the approval of the Bank, and complete it by the final date specified therein.

3. Procurement procedure

The Borrower shall secure goods and services for the Investment (a) in so far as they apply to it or to the Investment, in accordance with EU Law in general and in particular with the relevant EU Directives, and (b) in so far as EU Directives do not apply, by procurement procedures which, to the satisfaction of the Bank, respect the criteria of economy and efficiency and, in case of public contracts, the principles of transparency, equal treatment and non-discrimination on the basis of nationality.

4. Compliance with laws

Each Obligor shall comply in all respects with all laws and regulations to which it or the Investment is subject.

5. Environment

The Borrower shall:

(i) implement and operate the Investment in compliance with Environmental Law;

(ii) obtain, maintain and comply with requisite Environmental Approvals for the Investment,

and upon becoming aware of any breach of this Paragraph 5 (*Environment*):

(i) the Borrower shall promptly notify the Bank;

(ii) the Borrower and the Bank will consult for up to 15 (fifteen) Business Days from the date of notification with a view to agreeing the manner in which the breach should be rectified; and

(iii) the Borrower shall remedy the breach within 30 (thirty) Business Days of the end of the consultation period.

6. Integrity

Each Obligor shall take, within a reasonable timeframe, appropriate measures in respect of any member of its management bodies who has been convicted by a final and irrevocable court ruling of an Illegal Activity perpetrated in the course of the exercise of his/her professional duties, in order to ensure that such member is excluded from any Obligor's activity in relation to the Loan or the Investment.

7. Disposal of assets

(a) Except as provided below, no Obligor shall, and each Obligor shall procure that no Group Company will, either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily dispose of all or any part of any Group Company's business, undertaking or assets (including any shares or security of any entity or a business or undertaking, or any interest in any of them).

(b) Sub-paragraph (a) above does not apply to any such disposal (each a "Permitted Disposal"):

(i) made with the prior written consent of the Bank (which will not be unreasonably withheld);

(ii) made on arm's length terms in the ordinary course of business of a Group Company;

(iii) made on arm's length terms and at fair market value for cash, which is reinvested in assets of comparable or superior type, value and quality;

(iv) made on arm's length terms in exchange for other assets comparable or superior as to type, value and quality;

(v) by one Obligor to another Obligor;

(vi) constituted by a licence of Intellectual Property Rights;

(vii) made in relation to non-material assets which have depreciated to less than [**]% of their initial value or which are obsolete;

(viii) excluding any disposal otherwise permitted under (ii) to (vii) above, disposals where the higher of the market value or consideration receivable for such disposals does not exceed (x) [**]% of Total Assets during any financial year, and (y) [**]% of Total Assets during the term of the Credit; or

(ix) arising as a result of Permitted Security,

provided that the disposal is not of assets forming part of (A) the Investment or (B) shares in subsidiaries holding assets forming part of the Investment or (C) Intellectual Property Rights in connection with the Investment, which are only to be owned by or licensed to the Borrower, which may not be disposed of unless either (a) the Borrower or the respective Guarantor consults the Bank in relation to such disposal, and the Bank approves the disposal, or (b) the proceeds of the disposal are applied to prepay the Bank in accordance with Article 5.3.4 (*Disposals*).

For the purposes of this Paragraph 7 (*Disposal of assets*), "dispose" and "disposal" includes any act effecting sale, transfer, lease or other disposal (*Verfügung*).

8. Maintenance of assets

Each Obligor shall maintain, repair, overhaul and renew all assets required in relation to the Investment as required to keep such assets in good working order.

9. Insurances

Each Obligor shall, and shall procure that each other Group Company will, maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

10. Change in business

Each Obligor shall procure that no substantial change is made to the general nature of the business of the Borrower, a Guarantor or the Group as a whole from that carried on at the date of this Contract.

11. Merger

No Obligor shall, and Guarantor 1 shall procure that no other Group Company will, enter into any amalgamation, demerger, merger or corporate reconstruction unless:

(a) with the prior written consent of the Bank (which will not be unreasonably withheld); or

(b) such amalgamation, demerger, merger or corporate reconstruction does not result in a Material Adverse Change and is on a solvent basis, and provided that:

(i) only Group Companies are involved;

(ii) the resulting entity will not be incorporated or located in a country which is in a jurisdiction that is blacklisted by any Lead Organisation in connection with activities such as money laundering, financing of terrorism, tax fraud and tax evasion or harmful tax practices as such blacklist may be amended from time to time; and

(iii) if the Borrower is involved, (i) the rights and obligations of the Borrower under this Contract will remain with the Borrower, (ii) the surviving entity will be the Borrower and the statutory seat of the Borrower would not as a result of such merger be transferred to a different jurisdiction, (iii) the merger will not have an effect on the validity, legality or enforceability of the Borrower's obligations under this Contract; and (iv) all of the business and assets of the Borrower are retained by it.

12. Books and records

Each Obligor shall ensure that it has kept and will continue to keep proper books and records of account, in which full and correct entries shall be made of all financial transactions and its assets and business, including expenditures in connection with the Investment, in accordance with GAAP as in effect from time to time.

13. Ownership

(a) The Original Guarantor 1 shall maintain not less than [**]% of the share capital, directly or indirectly, of each of its Material Subsidiaries, unless a prior written consent of the Bank is received by the Borrower.

(b) The Original Guarantor 1 shall (i) maintain Control over [**] and (ii) be the beneficial owner directly or indirectly through Controlled subsidiaries of [**]% of the issued share capital of the Borrower; unless the Bank has given its prior written consent (which shall not be unreasonably withheld and which shall occur within a reasonable amount of time) to any decrease in the ownership of the share capital of the Borrower, provided that the Original Guarantor 1 retains Control directly or indirectly in the Borrower;

(c) The Borrower or the respective Original Guarantor shall immediately notify the Bank in the event of a new entity becoming a Subsidiary of the Borrower or of an Original Guarantor through any means, including but not limited to acquisition, creation and spin-off.

(d) The undertakings in sub-paragraphs (a), (b) and (c) above shall be calculated in accordance with GAAP as applied by the Borrower and the Original Guarantors on the date of this Contract and as GAAP is amended from time to time and tested annually.

14. Acquisitions

No Obligor shall, and Guarantor 1 shall procure that no other Group Company will, invest in (including by way of payment into the capital reserve (*Kapitalrücklage*)) or acquire any entity or a business going concern or an undertaking (whether whole or substantially the whole of the assets or business), or any division or operating unit thereof, or any shares or securities of any entity or a business or undertaking (or in each case, any interest in any of them) (or agree to any of the foregoing), save for an acquisition or investment:

(a) with the prior written consent of the Bank (which will not be unreasonably withheld);

(b) by one Obligor of an asset sold, leased, transferred or otherwise disposed of by another Obligor;

(c) by a Group Company of all the shares or other ownership interests in any limited liability company or corporation, limited liability partnership or any equivalent company, provided that:

(i) such entity has not yet commenced commercial operations;

(ii) such entity is incorporated in a country that is a member of either or both of the European Union or the Organisation of Economic Co-Operation and Development; and

(iii) no Event of Default is continuing on the date the relevant acquisition agreement is entered into or would occur as a result of the acquisition; or

(d) of shares or other ownership interests in any limited liability company or corporation, limited liability partnership or any equivalent company, the consideration for which does not exceed an aggregate amount of (x) EUR [**] during any financial year, and (y) EUR [**] during the term of the Credit, provided that:

(i) no Event of Default is continuing on the date the relevant acquisition agreement is entered into or would occur as a result of the acquisition;

(ii) the acquired entity is engaged in a business similar or complementary to the business carried on by the Group as at the date of this Contract;

(iii) the acquired entity is not incorporated or located in a jurisdiction that is blacklisted by any Lead Organisation in connection with activities such as money laundering, financing of terrorism, tax fraud and tax evasion or harmful tax practices as such blacklist may be amended from time to time;

(iv) in respect of any acquisition where the consideration exceeds EUR [**], legal and financial due diligence reports (including customary reliance letters in favour of the Bank) and a business plan (in the form of the most recent budget adjusted for the expected effects of the acquisition) in respect of the 3 (three) next following financial years and any other due diligence reports received in connection with the acquisition (if any) are provided to the Bank; and

(v) the Borrower provides a Compliance Certificate for the 2 (two) 12 (twelve) month financial periods immediately following the acquisition, updated on a pro forma basis as if the acquisition has occurred.

15. Indebtedness

No Obligor shall, and each Obligor shall procure that no other Group Company will, incur any Indebtedness, save for Indebtedness incurred:

(a) with the prior written consent of the Bank (which will not be unreasonably withheld);

(b) under this Contract;

(c) under any Finance Lease (excluding, for the avoidance of doubt, any rental payment obligations) if the aggregate liability in respect of the equipment leased does not at any time exceed EUR [**] (or its equivalent in another currency or currencies);

(d) under Permitted Hedging;

(e) under a loan made by one Obligor to another Obligor;

(f) under any letters of credit provided that such Indebtedness does not, singularly or in aggregate, exceed EUR [**] (or its equivalent in another currency or currencies);

(g) in respect of a Permitted Guarantee;

(h) not permitted by the preceding sub-paragraphs and the outstanding amount of which does not exceed EUR [**] (or its equivalent) in aggregate for the Group at any time; or

(i) under the royalty commitments or similar instruments listed in Schedule J *(Royalty commitments and similar instruments).*

16. Guarantees

No Obligor shall, and each Obligor shall procure that no other Group Company will, issue or allow to remain outstanding any guarantees in respect of any liability or obligation of any person save for:

(i) with the prior written consent of the Bank; or

(ii) guarantees issued in the ordinary course of trade by any Group Company under or in connection with:

(1) the Guarantee Agreement;

(2) any negotiable instruments;

(3) any performance bond;

(4) any Permitted Indebtedness; or

(5) the issuance by one Obligor to another Obligor.

17. Hedging

No Obligor shall, and each Obligor shall procure that no other Group Company will, enter into any derivative transaction other than Permitted Hedging, where "**Permitted Hedging**" means:

(a) any derivative transaction by a Group Company to hedge actual or projected exposure arising in the ordinary course of trading and not for speculative purposes; and

(b) any derivative instrument of a Group Company which is accounted for on a hedge accounting basis but is not entered into for speculative purposes.

18. Restrictions on distributions

No Obligor shall, and Guarantor 1 shall procure that no other Group Company will, declare or distribute dividends, or return or purchase shares, save for:

(a) with the prior written consent of the Bank;

(b) payments to a Group Company as a result of a solvent liquidation or reorganisation of a Group Company which is not an Obligor; and

(c) any dividend payments made by any subsidiary of the Borrower.

19. Restrictions on loans

No Obligor shall, and each Obligor shall ensure that no other member of the Group will, be a creditor in respect of any Indebtedness, save for:

(a) any trade credit extended by any member of the Group to its customers on normal commercial terms and in the ordinary course of its trading activities;

(b) any loan made by one member of the Group (other than an Obligor) to another member of the Group;

(c) a loan made by one Obligor to another Obligor; or

(d) any other Indebtedness or loan advanced to or made available by any member of the Group with the prior written consent of the Bank.

20. Restrictions on intercompany loans

No Obligor shall, and each Obligor shall procure that no other Group Company will, make any payment in respect of any intercompany loan, save for:

(a) with the prior written consent of the Bank;

(b) where the lender of the intercompany loan is an Obligor; or

(c) the payments to a Group Company as a result of a solvent liquidation or reorganisation of a Group Company which is not an Obligor.

21. Intellectual Property Rights

Each Obligor shall, and shall procure that each other Group Company will, (i) obtain, safeguard and maintain its rights with respect to the Intellectual Property Rights required for the implementation of the Investment in accordance with this Contract, including complying with all material contractual provisions and that the implementation of the Investment in accordance with this Contract will not result in the infringement of the rights of any person with regard to the Intellectual Property Rights and (ii) ensure that any existing Intellectual Property Rights required for the implementation of the Investment will be owned by or licensed to the Borrower, and where such Intellectual Property Rights which are owned by a Group Company are capable of registration, are registered to such party and ensure that any future Intellectual Property Rights required for the implementation of the Investment will be owned by or licensed to the Borrower, and where such Intellectual Property Rights which are owned by a Group Company are capable of registration, are registered to the Borrower.

22. Maintenance of Status

Each Obligor shall, and shall procure that each other Group Company shall, remain duly incorporated and validly existing as a corporate entity with limited liability under the jurisdiction in which it is incorporated and that it will have no centre of main interests, permanent establishment or place of business outside the jurisdiction in which it is incorporated, and that it will continue to have the power to carry on its business as it is now being conducted and continue to own its property and other assets.

23. Negative pledge

(a) No Obligor shall (and each Obligor shall procure that no other Group Company will) create or permit to subsist any Security over any of its assets.

(b) For the purposes of this Paragraph 23 (*Negative pledge*), the term Security shall also include any arrangement or transaction on assets or receivables or money (such as the sale, transfer or other disposal of assets on terms whereby they are or may be leased to or re-acquired by any Group Company, the sale, transfer or other disposal of any receivables on recourse terms or any arrangement under which money or the benefit of a bank account or other account may be applied or set off or any preferential arrangement having a similar effect) in circumstances where the arrangement or transaction is entered into primarily as a method of raising credit or of financing the acquisition of an asset.

(c) Sub-paragraph (a) above does not apply to any Security, listed below:

(i) any Security listed in Paragraph 4 (*Security*) of Schedule G (*Representation and Warranties*) except to the extent the principal amount secured by that Security exceeds the amount stated;

(ii) any netting or set-off arrangement entered into by any Group Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(iii) any payment or close out netting or set-off arrangement pursuant to any Permitted Hedging, but excluding any Security under a credit support arrangement in relation to a hedging transaction;

(iv) any lien arising by operation of law and in the ordinary course of trading;

(v) any Security over or affecting any asset acquired by Group Company after the date of this Contract if:

(1) the Security was not created in contemplation of the acquisition of that asset by a Group Company;

(2) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a Group Company; and

(3) the Security is removed or discharged within [**] months of the date of acquisition of such asset;

(vi) any Security over or affecting any asset of any company which becomes a Group Company after the date of this Contract, where the Security is created prior to the date on which that company becomes a Group Company, if:

(1) the Security was not created in contemplation of the acquisition of that company;

(2) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and

(3) the Security is removed or discharged within [**] months of that company becoming a Group Company;

(vii) any Security entered into pursuant to this Contract;

(viii) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a Group Company in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any Group Company; or

(ix) any Security securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Security given by a Group Company other than any permitted under sub-paragraphs (i) to (viii) above) does not exceed EUR [**](or its equivalent in another currency or currencies).

24. Other Undertakings

Each Obligor shall take note of the Bank's group statement on tax fraud, tax evasion, tax avoidance, aggressive tax planning, money laundering and financing of terrorism (as published on the Bank's website and as may be amended from time to time).

25. Data Protection

Before disclosing any personal data (other than mere contact information relating to the Borrower's or any Guarantor´s personnel involved in the management of this Contract) to the Bank in connection with this Contract, the Borrower and each of the Original Guarantors shall ensure that each data subject of those personal data:

(i) has been informed of the disclosure (including the categories of personal data to be disclosed); and

(ii) has the information in (or has been provided with an appropriate link to) the Bank's privacy statement in relation to its lending and investment activities set out at the relevant time at https://www.eib.org/en/privacy/lending (or such other address as the Bank may notify to the Borrower in writing from time to time).

26. Clauses by Inclusion

If the Borrower or any other Group Company (including the Guarantors) concludes with any other secured and unsubordinated creditor a financing agreement that includes a loss-of-rating clause or a covenant or other provision regarding its financial ratios, if applicable, that is not provided for in this Contract or is more favourable to the relevant creditor than any equivalent provision of this Contract is to the Bank, the Borrower shall promptly inform the Bank and shall provide a copy of the more favourable provision to the Bank. The Bank may request that the Borrower promptly executes an agreement to amend this Contract so as to provide for an equivalent provision in favour of the Bank.

Information and Visits

1. Information concerning the Investment

(a) The Borrower shall deliver to the Bank:

(i) the information in content and in form, and at the times, specified in Part A.2 (*Information Duties*) of Schedule A (*Investment Specification and Reporting*) or otherwise as agreed from time to time by the Parties to this Contract;

(ii) any such information or further document concerning the Investment as the Bank may require to comply with its obligations under the EFSI Regulation; and

(iii) any such information or further document concerning the financing, procurement, implementation, operation and environmental matters of or for the Investment as the Bank may reasonably require within a reasonable time;

provided always that if such information or document is not delivered to the Bank on time, and the Borrower does not rectify the omission within a reasonable time set by the Bank in writing, the Bank may remedy the deficiency, to the extent feasible, by employing its own staff or a consultant or any other third party, at the Borrower's expense and the Borrower shall provide such persons with all assistance necessary for the purpose.

(b) The Borrower shall submit for the approval of the Bank without delay any material changes to the Investment, also taking into account the disclosures made to the Bank in connection with the Investment prior to the signing of this Contract, in respect of, inter alia, the total cost, plans, timetable or to the expenditure programme or financing plan for the Investment.

(c) The Borrower shall promptly inform the Bank of:

(i) any action initiated or any objection raised by any third party or any genuine complaint received by the Borrower or any Environmental Claim that is to its knowledge commenced, pending or threatened against it with regard to environmental or other matters affecting the Investment; and

(ii) any fact or event known to the Borrower, which may substantially prejudice or affect the Borrower's ability to execute the Investment;

(iii) a genuine allegation, complaint or information with regard to Illegal Activities related to the Loan and/or the Investment; and

(iv) any non-compliance by it with any applicable Environmental Law;

and set out the action to be taken with respect to such matters;

(d) If the total cost of the Investment exceeds the estimated figure set out in Recital (A), the Borrower shall notify the Bank without delay and shall inform the Bank of its plans to fund the increased costs.

(e) The Borrower shall, and shall procure that each other Group Company shall, promptly inform the Bank if at any time it becomes aware of the illicit origin (including products of money laundering or linked to the financing of terrorism) of any funds invested in the Investment by the Borrower or by its controlling entities or another Group Company.

(f) The Borrower shall provide to the Bank, if so requested:

(i) a certificate of its insurers showing that all assets required in order to carry out the Investment are insured with reputable underwriters or insurance companies against those risks and to the extent as is usual for companies carrying on the same or substantially similar business; and

(ii) annually, a list of policies in force covering any aspect of the Investment, together with confirmation of payment of the current premiums.

2. Information concerning the Borrower

(a) The Borrower shall deliver to the Bank:

(i) as soon as they become available but in any event within 120 (one hundred and twenty) days after the end of each of its financial years its audited consolidated and unconsolidated annual report, balance sheet, cash flow statement, profit and loss account and auditors report for that financial year together with a Compliance Certificate signed by 2 (two) directors;

(ii) as soon as they become available but in any event within 120 (one hundred and twenty) days after the end of each of the relevant accounting periods its interim consolidated and unconsolidated semi-annual report, balance sheet, profit and loss account and cash flow statement for the first half-year of each of its financial years together with a Compliance Certificate signed by 2 (two) directors;

(iii) such further information, evidence or document concerning its general financial situation or such certificates of compliance with the undertakings of Article 7 (*Borrower undertakings and representations*) as the Bank may deem necessary or may reasonably require to be provided within a reasonable time;

(iv) any such further information, evidence or document concerning the compliance with the due diligence requirements of the Bank, including, but not limited to "know your customer" (KYC) or similar identification procedures, when requested and within a reasonable time; and

(v) such further information, evidence or document concerning the factual information or documents provided to the Bank for the purposes of entering into this Contract, as the Bank may deem necessary or may require to be provided within a reasonable time.

(b) The Borrower shall inform the Bank immediately of:

(i) any Default or Event of Default having occurred or being threatened or anticipated;

(ii) to the extent permitted by law, any material litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which, to the best of its knowledge and belief is current, threatened or pending:

(1) against the Borrower or its controlling entities or members of the Borrower's management bodies in connection with Illegal Activities related to the Loan or the Investment; or

(2) which might if adversely determined result in a Material Adverse Change;

(iii) any measure taken by the Borrower pursuant to Paragraph 6 (*Integrity*) of Schedule H (*General Undertakings*);

(iv) any Change in the Beneficial Ownership of the Borrower; and

(v) any Voluntary Non EIB Prepayment that has occurred or is likely to occur.

3. Visits by the Bank

(a) Each Obligor shall allow the Bank and, when either required by the relevant mandatory provisions of EU law or pursuant to the EFSI Regulation, the European Court of Auditors, the Commission, the European Anti-Fraud Office, as well as persons designated by the foregoing;

(i) to visit the sites, installations and works comprising the Investment;

(ii) to interview representatives of each Obligor, and not obstruct contacts with any other person involved in or affected by the Investment; and

(iii) to conduct such on the spot audits and checks as they may wish and review the Obligors' books and records in relation to the execution of the Investment and to be able to take copies of related documents to the extent not prohibited by the law.

(b) Each Obligor shall provide the Bank, or ensure that the Bank is provided, with all necessary assistance for the purposes described in this Paragraph 3 (*Visits by the Bank*).

(c) In the case of a genuine allegation, complaint or information with regard to Illegal Activities related to the Loan and/or the Investment, the Borrower shall consult with the Bank in good faith regarding appropriate actions. In particular, if it is proven that a third party committed Illegal Activities in connection with the Loan and/or the Investment with the result that the Loan or the EFSI financing were misapplied, the Bank may, without prejudice to the other provisions of this Contract, inform the Borrower if, in its view, the Borrower should take appropriate recovery measures against such third party. In any such case, the Borrower shall in good faith consider the Bank's views and keep the Bank informed.

4. Disclosure and publication

(a) The Borrower acknowledges and agrees that:

(i) the Bank may be obliged to communicate information relating to the Borrower and the Investment to any competent institution or body of the European Union in accordance with the relevant mandatory provisions of European Union law or pursuant to the EFSI Regulation; and

(ii) the Bank may publish in its website or produce press releases containing information related to the financing provided pursuant to this Contract with support of the EFSI, including the name, address and country of establishment of the Borrower the purpose of the financing, and the type and amount of financial support received under this Contract.

(b) The Borrower agrees to cooperate with the Bank to ensure that any press releases or publications made by the Borrower regarding the financing and the Investment include an appropriate acknowledgement of the financial support provided by the Bank with the backing of the European Union through EFSI.

(c) If requested by the Bank, the Borrower undertakes to refer to this financing and other Bank financings in its public communications, if appropriate, during the availability period, and in connection with any drawdowns, and communications on major corporate events.

5. Confidential information

Where the Borrower or any other Obligor provides information to the Bank in connection with this Contract, it shall do so in compliance with the provisions of the MAR Side Letter. The Bank will handle information received by the Borrower or any other Obligor in compliance with the provisions of the MAR Side Letter in accordance with the provisions of the MAR Side Letter.

Schedule J

Royalty commitments and similar instruments

The following royalty commitments and similar instruments (current as of the date of this Contract), including any commitments and instruments replacing, extending, amending, varying, novating or superseding such existing commitments and instruments and any new commitments and instruments of similar nature entered into on arm's length terms in the ordinary course of business in the future, with no obligation of repayment at the moment of receiving the grant financing and the repayment linked to the success of the financed program, shall constitute permitted Indebtedness under this Contract and shall in any individual case not exceed [**]% of the total annual Group's consolidated revenues.

Counterparty	Purpose of engagement	Type of financing/ agreement	% of Royalties	Related to revenues derived from	Paid until Apr 2020 - k USD	Contingent liability as on Mar 31th, 2020 - k USD	Maximum Contingent Liability CAP - k USD	Date of Contract	Date of Liability expiration
Israeli Innovation Authority	Innovation support	Royalty payments	3%-4%	Total revenues	170	27.550	NO CAP	ongoing applications	No expiry
Israeli Ministry of Economy	"Smart Money" - marketing support - Japan	Royalty payments	5%	Only on sales in Japan	0	112	112	Dec 28, 2014	Dec 31, 2021
Israeli Ministry of Economy	"Smart Money" marketing support - China	Royalty payments	5%	Only on sales in China	0	101	230	Apr 30, 2017	Apr 30, 2026
Israeli Ministry of Economy	"Shalav" marketing - USA	Royalty payments	3%	Only on sales in USA	0	50	50	Mar 29, 2018	Mar 29, 2025
Ichilov Medical Center in Tel Aviv, Israel	Collaboration	Royalty payments	1%	Only on sales related GVHD indication	0	0	250	Sep, 24, 2017	No expiry
Charit'e/ BCRT – Berlin, Germany	Collaboration	Royalty payments	1%-2%	sales related to several indications - see list below *	0	0	NO CAP	original contract from 2007 + Appendices and Additions	No expiry
TES Holdings Co.,Ltd Tokyo, JAPAN	Collaboration	Royalty payments	5% + consumption Tax	Only on sales in Japan related to ischmic indications	0	0	NO CAP	Apr 5, 2016	March 1th, 2023

Exhibit 21.1

List of Subsidiaries of the Pluristem Therapeutics Inc.

Pluristem, Ltd., an Israeli company.

Pluristem GmbH, incorporated under the laws of Germany.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-3 (Registration No. 333-239890) and in the Registration Statements on Form S-8 (Registration No. 333-248685, 333-248686 333-229535, 333-222888, 333-217770, 333-212299, 333-206848, 333-196537, 333-173777 and 333-162577) pertaining to the Amended and Restated 2005 Stock Option Plan and the 2016 Equity Compensation Plan of Pluristem Therapeutics Inc. of our reports dated September 10, 2020, with respect to the consolidated financial statements of Pluristem Therapeutics Inc., included in this Annual Report (Form 10-K) for the year ended June 30, 2020.

/s/ Kost Forer Gabbay & Kasierer

Tel Aviv, Israel
September 10, 2020

Kost Forer Gabbay & Kasierer
A Member of Ernst & Young Global

Exhibit 31.1

CERTIFICATION

I, Yaky Yanay, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended June 30, 2020, of Pluristem Therapeutics Inc.;

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

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

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

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

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

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

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

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

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

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

Dated: September 10, 2020

/s/ Yaky Yanay
Yaky Yanay
Chief Executive Officer, President
(Principal Financial Officer)

Exhibit 31.2

CERTIFICATION

I, Chen Franco-Yehuda, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended June 30, 2020, of Pluristem Therapeutics Inc.;

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

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

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

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

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

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

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

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

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

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

Dated: September 10, 2020

By: /s/ Chen Franco-Yehuda
Chen Franco-Yehuda
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Annual Report on Form 10-K of Pluristem Therapeutics Inc. (the "Company") for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, as the Chief Executive Officer and President of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350 that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: September 10, 2020

/s/ Yaky Yanay
Yaky Yanay
Chief Executive Officer, President

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Annual Report on Form 10-K of Pluristem Therapeutics Inc. (the "Company") for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, as the Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350 that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 10, 2020

By: /s/ Chen Franco-Yehuda
Chen Franco-Yehuda
Chief Financial Officer